Management's Discussion and Analysis of Financial Condition and Results of Operations for the three and nine months ended September 30, 2012

This Management's Discussion and Analysis ("MD&A") is dated November 13, 2012 and should be read in conjunction with the unaudited condensed consolidated interim financial statements and the accompanying notes of DirectCash Payments Inc. ("DirectCash" or the "Company") for the period ended September 30, 2012 (the "2012 Q3 Financial Statements"), along with Management's Discussion and Analysis and the audited consolidated financial statements for the year ended December 31, 2011 (the "2011 Year End Financial Statements"). Results are reported in Canadian dollars and have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP") which comprise International Financial Reporting Standards ("IFRS").

The financial statements include those of DirectCash and all of its subsidiaries and partnerships which include 100% of (a) the outstanding partnership units of DirectCash Limited Partnership, a limited partnership established under the laws of Alberta (b) the outstanding partnership units of the DirectCash ATM Processing Partnership (the "Processing Partnership"), a general partnership established under the laws of Alberta, (c) 100% of the outstanding partnership units of the DirectCash ATM Management Partnership (the "Management Partnership"), a general partnership established under the laws of Alberta, (d) the outstanding shares of DirectCash Acquisition Corp. and DirectCash Management Inc., both incorporated under the laws of Alberta (e) the outstanding shares of DirectCash Payments Australia Pty Ltd., DCP Holdings Australia Pty Ltd. and Customers Limited ("Customers"), corporations organized under the laws of Australia and (f) InfoCash Holdings Limited ("InfoCash"), incorporated under the laws of England and Wales, and all of their respective subsidiary companies.

The 2012 Q3 Financial Statements include the operations of InfoCash after April 30, 2012 and the operations of Customers after July 4, 2012. Effective November 1, 2012 Customers changed its name to DC Payments Pty Limited.

Cautionary statement regarding forward-looking information and statements

This MD&A offers our assessment of DirectCash's future plans and operations and contains "forward-looking information" relating to future events as defined under applicable Canadian securities legislation. DirectCash's actual results or performance could differ materially from those expressed in, or implied by, this forward-looking information. DirectCash can give no assurance that any of the events anticipated will transpire or occur or, if any of them do, what benefits or costs we will derive from them. Forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond DirectCash's ability to control, including but not limited to general economic conditions, interest rates, foreign currency rates, consumer spending, borrowing trends and regulatory changes to name a few. Additional risk and uncertainties are described in DirectCash's Annual information Form for the year ended December 31, 2011 which is available at www.SEDAR.com and in the "Key Business Risks" section of the MD&A.

The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement. Certain statements that contain words such as "could", "believe", "expects", "expected", "will", "intends", "projects", "anticipates", "estimates", "continues" or similar words relating to matters that are not historical facts constitute "forward-looking information" within the meaning of applicable Canadian securities legislation.

The assumptions and estimates relating to the forward-looking information referred to above are updated quarterly and except as required by law, we do not undertake to update any other forward-looking information.

Forward-looking information and statements contained in this MD&A include statements related to DirectCash's projected growth in international operations in the Americas, Australasia and Europe in the ATM business, projected growth in the prepaid and debit terminal business, ability to complete accretive acquisitions on a go forward basis, expansion of DirectCash's merchant base through new and innovative products, impact of acquisitions in United Kingdom and Australia including realizing on expected synergies, ability to continue to acquire long-term recurring services contracts and negotiate renewals thereof in advance of their expiry, ability to maintain current customer relationships, ability to obtain improved supplier terms and manage cost structures internationally, ability to increase our product offerings in Australia and the United Kingdom and the expected increase in capital expenditures due to regulatory mandated security upgrade changes.

Readers are cautioned that our expectations, estimates, projections and assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. With respect to forward-looking statements contained within this MD&A, expectations are based on our current strategic plan and management forecasts, the historical financial performance and operational data of acquired entities, our existing contracts schedule, forecast and budget and projections of increased capital expenditure requires based on our view of the mandated regulatory security upgrade requirements and age of capital assets currently in use by DirectCash.

Business Strategy

ATM business

DirectCash's growth in the ATM business is focused on continuing to add ATM assets through our organic sales force in each of the markets we operate in and acquiring ATM competitors and distributors to add scale and efficiency in our operations. We have typically been able to make these acquisitions at reasonable EBITDA multiples and improve operating efficiencies when we assume control.

Our existing client base of ATMs is managed through dedicated account management teams focused on customer service, and negotiating contract renewals well in advance of the contract expiry of their terms so that we can maximize shareholder value. We continue to invest in technology and infrastructure that offers our clients the world's best reporting and customer service.

The recent acquisitions in Australia and the United Kingdom have provided DirectCash with a greater market for additional acquisitions at attractive multiples. Both of these acquisitions provide DirectCash with an increased ability to add value by benchmarking our cost structures across multiple jurisdictions leading to improved supplier terms.

Prepaid and other products business

The prepaid and other products business offers new and unique products and services to DirectCash and further diversifies our business in new industry segments. The existing business includes prepaid credit cards, prepaid long distance and cellular products, as well as web based payment options, and debit terminals.

The acquisitions of businesses in Australia and the United Kingdom with our existing sales and service infrastructure have allowed DirectCash to transition our existing customer relationships in these markets to in-country personnel rather than servicing these relationships from Canada. We expect that this will increase our ability to service these relationships and increase our sales presence with other clients in these regions. In addition we expect to expand our product offering in Australia and the United Kingdom to include the entire product line currently being offered in Canada.

We continue to augment our technology in the prepaid space to make our products and service different than our competitors and our strategic alliance with DC Bank continues to allow us to offer new innovative products and services that are not easily replicated by our competitors.

Outlook

DirectCash believes it is well positioned with a strong balance sheet and a steady cash flow stream based on long term contracts. DirectCash' focus for the balance of 2012 will be to integrate the acquisitions of Customers and InfoCash, as well as to continue to grow the business in a reasonable and sustainable manner by maintaining current customer relationships and managing our cost structures. In the ATM business, emphasis continues to be on the streamlining of DirectCash's operations as well as continuing to pursue quality accretive acquisitions and additional organic growth within DirectCash's international operations. With the completion of regulatory mandated security upgrade changes in Canada, DirectCash will be positioned to refocus its efforts on growth through quality accretive acquisitions and additional organic growth.

As a result of the acquisition of Customers, the largest deployer of ATMs in Australia, a total of approximately 6,600 ATM sites and related contracts were acquired by DirectCash in Australia and New Zealand. The acquisition provides the opportunity to grow the Customers ATM business platform in Australia and capitalize on the less mature Australian market, where transactions and gross profits per ATM are significantly greater than in the mature Canadian ATM market.

As a result of the acquisition of InfoCash, a total of approximately 4,700 ATM sites and related contracts were acquired by DirectCash in the United Kingdom. Since the acquisition, DirectCash has grown organically, adding 598 ATMs for a total of 5,298 as at September 30, 2012. This growth positions DirectCash as the second largest deployer of ATMs in the United Kingdom. DirectCash's focus in this market moving forward is to continue to grow the ATM business in Europe through quality accretive acquisitions and organic growth.

In the prepaid products line of business DirectCash will strive to increase diversification, both in terms of product offerings such as MasterCard prepaid cards, bank accounts and related financial services through DirectCash's strategic alliance with DirectCash Bank, and in terms of the number of customers DirectCash serves in order to reduce DirectCash's dependence on a small group of large volume customers.

DirectCash will continue to organically grow the debit terminal business via cross selling to existing customers and through the pursuit of new customer relationships. Quality accretive acquisitions will be pursued as opportunities arise.

At the time of acquisition by the Company, Customers held a 47.75% interest in New Zealand ATM Services Limited ("NZ ATM"), which represented a control position. The results of NZ ATM have been consolidated with the results of the Company.

On November 12, 2012 the founding shareholders of NZ ATM, NZ ATM and DC Payments Pty Limited ("DC Payments") entered into a Deed of Settlement and Release whereby the founding shareholders sold to DC Payments their 52.25% shareholdings in NZ ATM plus shareholder loans for NZ$1.2 million (approximately $1.0 million) effective immediately. As part of this transaction the Put and Call arrangement between the founding shareholders and DC Payments has been eliminated for no consideration.

On November 9, 2012, DirectCash in addition to The CashStore Financial Services Inc. ("CashStore") and DC Bank were named in a class action lawsuit as it relates to payday loans and related fees in the province of Manitoba. DirectCash is indemnified by CashStore and in turn has indemnified DC Bank. DirectCash has retained counsel on this matter.

Summary Operating and Financial Results

	Three months ended September 30		Nine months ended September	
	2012	2011	2012	2011
Summary operating results				
Number of machines				
Active ATM terminals[1]	19,423	7,848	19,423	7,848
Number of transactions				
ATM transactions	27,929,616	9,013,934	47,732,637	25,998,143
Other transactions	4,386,524	4,947,649	13,584,552	14,419,444
Summary financial results				
(thousands, except for per share amounts)				
Revenue	67,017	28,466	126,977	85,251
EBITDA[2]	18,095	9,931	38,246	28,634
EBITDA margin[3]	27.0%	34.9%	30.1%	33.6%
Net Income (Loss)	(2,468)	4,380	4,656	11,774
Net Income (Loss) attributable to common shareholders	(2,096)	4,380	5,028	11,774
Per share, basic	(0.14)	0.32	0.35	0.86
Per share, diluted	(0.14)	0.32	0.35	0.85
Funds from operations[3]	8,704	8,854	25,033	26,163
Funds from operations per share, basic[3]	0.57	0.64	1.75	1.90
Funds from operations per share, diluted[3]	0.56	0.64	1.74	1.89
Dividends declared	5,418	4,775	14,968	14,324
Dividends declared per share[4]	0.35	0.35	1.04	1.04
Funds from operations payout ratio[4]	62.2%	53.9%	59.8%	54.7%
Total assets	436,252	157,774	436,252	157,774
Total long-term debt	199,112	-	199,112	-
Common shares outstanding, end of period	16,639	13,839	16,639	13,839

[1] *DirectCash has included statistics only for sites that recoded a transaction in the last calendar month of the period indicated.*

[2] *An additional GAAP measure - see the definition under "Additional GAAP Measure".*

[3] *A non-GAAP measure – see the definitions under "Non-GAAP Measures".*

[4] *See the discussion under "Funds from operations and funds from operations per share"*

Additional GAAP Measure

DirectCash has presented earnings before interest, taxes, depreciation and amortization ("EBITDA") as a subtotal in its condensed consolidated interim statement of operations. EBITDA is an important measure utilized by management in assessing the financial performance of the Company relative to its operating plans and budgets. It is also the primary measurement utilized by the holders of our long term debt. The Company has presented EBITDA prior to the deduction for acquisition-related expenses. These expenses relate to the acquisitions of Customers and InfoCash, which resulted in the expansion of the Company into two new primary geographical segments and are non-recurring expenditures. The Company has also presented EBITDA prior to unrealized foreign exchange gains and losses which is consistent with the Company's financial covenants. The Company's EBITDA may differ from similar computations as reported by other issuers and, accordingly, may not be comparable to EBITDA as reported by such issuers. The Company has provided a reconciliation between EBITDA and net income (loss) is disclosed in the "EBITDA" discussion below.

Non-GAAP Measures

There are a number of financial calculations that are not defined performance measurements under GAAP but which DirectCash believes are useful and accepted performance measurements utilized by the investing public in assessing the overall financial performance of the Company and to compare cash flows between entities.

EBITDA margin
EBITDA margin means EBITDA expressed as a percentage of total revenue.

EBITDA per share
EBITDA per share is calculated on the same basis as basic net income (loss) per share, utilizing the basic and diluted weighted average number of common shares outstanding during the period.

Funds from operations and funds from operations per share
DirectCash calculates funds from operations as net income (loss) plus or minus depreciation, amortization, deferred income taxes, share based compensation and unrealized foreign exchange losses (gains) and after provision for productive capital maintenance capital expenditures (see discussion below). Readers are cautioned that funds from operations cannot be assured to continue at equivalent levels in the future. DirectCash's funds from operations and funds from operations per share may differ from similar computations as reported by other issuers and, accordingly, may not be comparable to funds from operations and funds from operations per share as reported by such issuers. Reconciliation between funds from operations and net income (loss) is disclosed in the "Funds from Operations" discussion below.

Beginning January 1, 2011 (starting with the January 31, 2011 record date), shareholders of DirectCash have received monthly payments in the form of dividends, with the initial monthly dividend set at $0.115 per Common Share. All dividends are eligible dividends for the purpose of the Income Tax Act (Canada) unless indicated otherwise. Dividends are funded by the generation of funds from operations of the business. As of January 1, 2011, all of the income generated at the level of the various subsidiaries of the Company is taxed by applicable government authorities with the remaining after-tax funds either being retained by the subsidiary or distributed up to the Company where it can be made available for payment of dividends by DirectCash. Continued future distribution of dividends (and the amount of any dividends) is subject to DirectCash's Board of Directors approval. DirectCash's Board of Directors is not obligated to distribute all net available cash as dividends to shareholders.

Productive capital maintenance expenditures
DirectCash differentiates capital expenditures between growth and productive capital maintenance ("Maintenance Capital"). There is no such distinction under GAAP. However,

DirectCash believes it is important to differentiate between them as maintenance capital expenditures represent an adjustment to funds from operations while growth capital does not.

Maintenance capital expenditures are defined as expenditures required to service and maintain DirectCash's existing productive capacity, while growth capital is expended to increase DirectCash's productive capacity by adding additional sources of revenue not currently in existence. Current measures of productive capacity that DirectCash utilizes include ATMs and debit terminals under contract (see "Operational Highlights"), software and hardware upgrades to existing infrastructure, ATM and debit terminal equipment upgrades necessary to meet changing regulatory requirements, contract extension incentives, and fleet vehicle purchases and upgrades. Examples of growth capital expenditures include the acquisition of a competitor's assets, the cost of an ATM in a new location, or technology costs related to new sources of revenue.

Readers are cautioned that the Company's computation of productive maintenance capital expenditure may differ from similar computations as reported by other issuers and, accordingly, may not be comparable to productive maintenance capital expenditures as reported by such issuers.

Non-cash working capital

Non-cash working capital is not a defined IFRS measure. DirectCash calculates changes in non-cash working capital as changes during a reporting period in current assets (excluding cash in circulation and restricted funds) and current liabilities (excluding revolving credit facility and restricted funds).

Financial and Operating Review

Operations for the three and nine months ended September 30, 2012:

	Three months ended September 30, 2012			Three months ended September 30, 2011		
	Active ATM terminals¹	ATM transactions	Other transactions	Active ATM terminals¹	ATM transactions	Other transactions
Americas	**7,565**	**8,048,572**	**4,353,531**	7,848	9,013,934	4,900,759
Australasia	**6,560**	**13,634,052**	**18,199**	-	-	46,890
Europe	**5,298**	**6,246,992**	**14,794**	-	-	-
Total	**19,423**	**27,929,616**	**4,386,524**	7,848	9,013,934	4,947,649

	Nine months ended September 30, 2012			Nine months ended September 30, 2011		
	Active ATM terminals¹	ATM transactions	Other transactions	Active ATM terminals¹	ATM transactions	Other transactions
Americas	**7,565**	**23,817,750**	**13,448,764**	7,848	25,998,143	14,267,118
Australasia	**6,560**	**13,634,052**	**76,508**	-	-	152,326
Europe	**5,298**	**10,280,835**	**59,280**	-	-	-
Total	**19,423**	**47,732,637**	**13,584,552**	7,848	25,998,143	14,419,444

¹DirectCash has included statistics only for sites that recorded a transaction in the last calendar month of the period indicated.

Compared to the prior year, the number of active ATMs increased by 11,575. The net increase is primarily a result of the acquisition of approximately 4,700 and 6,600 sites and related contracts of InfoCash on May 25, 2012 and Customers on July 4, 2012, respectively.

ATM transactions increased during the three and nine months ended September 30, 2012 compared to the prior year period due to the increased number of ATMs deployed, which was primarily a result of the acquisitions of InfoCash and Customers.

DirectCash's goal in the ATM business in Canada is to continue to maintain existing customer relationships, add sites and grow aggregate transactions through accretive acquisitions and to maximize site profitability through cost and quality control. DirectCash's international ATM operations are focused on adding ATM assets through organic growth, quality accretive acquisitions as they become available and maintaining existing customer relationships. In addition, DirectCash is implementing operating standards and capitalizing on organizational efficiencies between the companies.

Other transactions declined by 11% and 6% respectively for the three and nine months ended September 30, 2012 compared to the prior year period. Prepaid card activations declined which was primarily a result of the introduction of regulations in the payday loan industry, in which DirectCash has a significant customer, that restrict the number of consecutive loans a customer can be issued and caused the customer to close approximately 40 low volume locations in Canada. Further contributing to the decline was a regulatory change during the period in the tax rebate business in Ontario, in which DirectCash has a customer. Debit terminal transactions were relatively flat across the periods presented.

DirectCash continues to pursue organic growth in this business and to grow market share by providing retailers with unique products and services.

Revenue

Total revenue increased by 135% and 49% respectively for the three and nine months ended September 30, 2012, as compared to the prior year period. Revenue by geographical segment, which includes Americas, Australasia and Europe, is as follows:

Revenue by Line of Business

(thousands)	Three months ended September 30, 2012			Three months ended September 30, 2011		
	ATM Business	Prepaid and other	Total	ATM Business	Prepaid and other	Total
Americas	$ 12,689	$ 12,511	$ 25,200	$ 13,660	$ 14,473	$ 28,133
Australasia	32,674	121	32,795	-	325	325
Europe	8,931	91	9,022	-	8	8
Total Revenue	$ 54,294	$ 12,723	$ 67,017	$ 13,660	$ 14,806	$ 28,466

(thousands)	Nine months ended September 30, 2012			Nine months ended September 30, 2011		
	ATM Business	Prepaid and other	Total	ATM Business	Prepaid and other	Total
Americas	$ 38,851	$ 39,684	$ 78,535	$ 39,954	$ 44,270	$ 84,224
Australasia	32,684	509	33,193	-	897	897
Europe	14,644	605	15,249	-	130	130
Total Revenue	$ 86,179	$ 40,798	$ 126,977	$ 39,954	$ 45,297	$ 85,251

Revenue from ATM business includes the revenue from the sale of ATM machines and parts, processing ATM transactions as well as miscellaneous revenues and interest received.

Revenue from prepaid and other business includes the revenue from processing transactions from the debit terminal and prepaid product lines of business as well as revenue from sales of debit terminals and related parts and prepaid products, consisting of (a) prepaid cash cards (debit and credit) and (b) prepaid telephone cards (both physical (“hard cards”) and electronic (“virtual vouchers”)).

Revenue – Americas

The Americas includes DirectCash’s Canadian, Mexican and U.S.A. operations and was DirectCash’s main operation prior to the international acquisitions in 2012.

The decrease of 7% over 2011 in the Americas’ revenue for the nine months ended September 30, 2012 is primarily attributable to the prepaid and other products business. The ATM revenue in the Americas declined by 3% in the nine months ended September 30, 2012 due to a combination of a reduction in active terminals and a decline in average transactions per terminal. DirectCash continues to maintain existing customer relationships, add sites and grow aggregate transactions through accretive acquisitions within the geographical region and to maximize site profitability through cost and quality control.

The decrease in prepaid and other products is primarily due to a decline in the sale of prepaid cash cards, telephone cards and debit terminals. The decrease in the sale of prepaid cash cards is a result of timing of sales, as customers order intermittently in large quantities to benefit from volume discounts. The decrease in the sale of debit terminals is a result of customer preference towards full placement and rental of units rather than full ownership. Additionally contributing to the decrease was the decline in prepaid card activations and transactions, which can be attributed to regulations in the payday loan industry, in which DirectCash has a significant customer, that restrict the number of consecutive loans a customer can be issued and caused the customer to close approximately 40 low volume locations in Canada. Further contributing to the decline was a regulatory change during the period in the tax rebate business in Ontario, in which DirectCash has a customer.

Revenue – Australasia

DirectCash entered into the Australian ATM market through the acquisition of Customers on July 4, 2012. DirectCash had pre-existing prepaid and other product operations in Australia prior to the Customers acquisition.

During the three and nine months ended September 30, 2012 revenue from the Australian ATM business totaled $32.7 million. DirectCash's Australian ATM operations are also focused on adding ATM assets through organic growth, quality accretive acquisitions within the geographical region as they become available and maintaining existing customer relationships. In addition, DirectCash is implementing operating standards and capitalizing on organizational efficiencies between the companies.

Revenue – Europe

DirectCash achieved a significant market share of the UK non-bank ATM industry through the acquisition of InfoCash.

During the three and nine months ended September 30, 2012, revenue from the UK ATM business totaled $8.9 million and $14.6 million respectively and is fully attributable to InfoCash. DirectCash's UK ATM operations have similar focus as its Australian operations.

DirectCash's prepaid and other products business in the UK showed a steady increase in both the three and nine months ended September 30, 2012 as a result of growth in revenue from an existing customer.

There is historic seasonality in processing transaction volumes, with the highest ATM transaction activity occurring in the summer months. As such, in Canada and the United Kingdom the second and third quarters of the year are traditionally DirectCash's strongest quarters in terms of processing transactions and gross profitability, with Australia and Mexico being the opposite.

Gross Profit

On an aggregate basis, gross profits have increased by 107% and 38% respectively for the three and nine months ended September 30, 2012, as compared to the prior year period. Gross profit by geographical segment is as follows:

Gross profit by Line of Business

(thousands)	Three months ended September 30, 2012			Three months ended September 30, 2011		
	ATM Business	Prepaid and other	Total	ATM Business	Prepaid and other	Total
Americas	**$ 6,841**	**$ 5,942**	**$ 12,783**	$ 7,754	$ 6,950	$ 14,703
gross profit margin	*53.9%*	*47.5%*	*50.7%*	*56.8%*	*48.0%*	*52.3%*
Australasia	**15,743**	**60**	**15,803**	-	251	251
gross profit margin	*48.2%*	*49.6%*	*48.2%*	*0.0%*	*77.2%*	*77.2%*
Europe	**2,370**	**(24)**	**2,346**	-	5	5
gross profit margin	*26.5%*	*-26.1%*	*26.0%*	*0.0%*	*62.5%*	*62.5%*
Total Gross Profit	**$ 24,954**	**$ 5,978**	**$ 30,932**	$ 7,754	$ 7,206	$ 14,960
gross profit margin	*46.0%*	*47.0%*	*46.2%*	*56.8%*	*48.7%*	*52.6%*

(thousands)	Nine months ended September 30, 2012			Nine months ended September 30, 2011		
	ATM Business	Prepaid and other	Total	ATM Business	Prepaid and other	Total
Americas	**$ 19,969**	**$ 19,162**	**$ 39,131**	$ 22,128	$ 20,196	$ 42,324
gross profit margin	*51.4%*	*48.3%*	*49.8%*	*55.4%*	*45.6%*	*50.3%*
Australasia	**15,753**	**299**	**16,052**	-	672	672
gross profit margin	*48.2%*	*58.7%*	*48.4%*	*0.0%*	*74.9%*	*74.9%*
Europe	**4,126**	**(39)**	**4,087**	-	89	89
gross profit margin	*28.2%*	*-6.4%*	*26.8%*	*0.0%*	*68.5%*	*68.5%*
Total Gross Profit	**$ 39,848**	**$ 19,422**	**$ 59,270**	$ 22,128	$ 20,957	$ 43,085
gross profit margin	*46.2%*	*47.6%*	*47.0%*	*55.4%*	*46.3%*	*50.5%*

Gross profit represents the margin of the revenue over the cost of sales attributable to each geographical location. Gross profit margin is the percent of gross profit over revenue attributable to each geographical location.

Gross Profitability – Americas

Total gross profits from the Americas for the three and nine months ended September 30, 2012 decreased by 13% and 8% respectively over the prior year period.

The ATM gross profit margin decreased during the nine months ended September 30, 2012 as compared to the prior year period as a result of the decline in ATM revenue as well as increased armoured car expenses related to the increased number of ATMs that DirectCash has armored carriers load compared to the prior year period. The Company also incurred additional costs of approximately $1.2 million associated with ATM chip liability and sanctions, upgrading ATM safe doors to harden against theft and for regulatory mandated security upgrade changes to be completed by the end of 2012.

The prepaid and other products gross profit margins increased during the nine months ended September 30, 2012 as compared to the prior year period as a result of fees associated with bank accounts and related products offered through DirectCash's strategic alliance with DC Bank.

Gross Profitability – Australasia

Gross profit from the ATM Business is fully attributable to DC Payments Pty Limited (formerly Customers).

The prepaid and other products gross profit margins decreased during the three and nine months ended September 30, 2012, which is primarily due to a decline in the sale of prepaid cash cards. The decrease in the sale of prepaid cash cards is a result of timing of sales, as customers order intermittently in large quantities to benefit from volume discounts as well as lower transaction based income.

Gross Profitability – Europe

Gross profit from the ATM Business is fully attributable to InfoCash.

The prepaid and other products gross profit margins decreased during the three and nine months ended September 30, 2012 in the UK as well due to a decrease in margin on the sale of prepaid card products and transaction processing fees.

Selling, General & Administrative Expenses ("SG&A")

SG&A is made up of personnel and other expenses. For the three and nine months ended September 30, 2012 SG&A expenses increased by 140% and 58%, respectively, over the prior year period, reflecting the acquisitions of Customers and InfoCash.

As of September 30, 2012 the Company had approximately 320 full time equivalent employees compared to approximately 165 as of December 31, 2011. Personnel costs for Q3 2012 include approximately $1.0 million in severance costs incurred in Australia to streamline operations. This is expected to result in annual cost savings of approximately $3.1 million. Personnel costs for the three and nine months ended September 31, 2012 also include salaries and benefits from the addition of employees brought on to assist in DirectCash's growth and implementation of network ATM chip upgrades required to be completed by the end of 2012.

Other expenses for the three and nine months ended September 30, 2012 include additional fees associated with compliance related to Anti-Money Laundering regulations and to the bank account product offered through DirectCash's strategic alliance with DirectCash Bank. Increased sales expenses were incurred as DirectCash moves to regain its presence within northern Canada in the ATM business, with the expiry of the contract of an ATM customer in the first quarter of 2012 that impacted 175 ATMs, and increase its presence within this geographic location in the prepaid products business, which DirectCash believes is a strategic revenue opportunity.

As a percentage of gross profits, SG&A was 36% (YTD - 36%) during the three months ended September 30, 2012 compared to 31% (YTD - 31%) for the same period last year.

Bailment facility

DirectCash has access to bailment facilities for the supply of cash to ATMs owned by the Company in Australia and United Kingdom. Under these facilities, cash is owned by the bailment provider who has contracts directly with settlement agents and armored car carriers. DirectCash does not have access to this cash; the only purpose is to load cash into ATMs governed under the bailment agreement. As a result of the above factors, no asset or liability is shown for these amounts in the financial statements.

In Australia, the Company is charged for this facility based on the amount drawn and the BBSY 30-day rate plus a margin. In United Kingdom, the company is charged for this facility based on the amount drawn and three-month LIBOR rate plus a margin. The Company capitalized transaction costs of approximately $1.5 million relating to these facilities.

Acquisition-Related Expenses

For the three and nine months ended September 30, 2012, DirectCash incurred $1.7 million and $4.1 million of acquisition costs for the InfoCash and Customers acquisitions completed on May

25, 2012 and July 4, 2012, respectively. These costs primarily include professional fees incurred in completion of the due diligence for the acquisitions, legal services, travel and staff bonus costs for those individuals directly engaged in the due diligence process. The acquisition costs have been excluded from EBITDA.

Finance Costs

For the nine months ended September 30, 2012 finance costs increased by $4.9 million over the prior year period. This is primarily due to the addition of $178.6 million in acquisition related debt from $31.4 million as of December 31, 2011 to $210 million (see "*Long-term Debt*" section for detail) and one-time finance costs of $1.7 million incurred on bridge facilities utilized for the Customers acquisition.

The Company's senior secured and bailment facilities are at variable interest rates and DirectCash is therefore exposed to risk in the event of interest rate fluctuations. DirectCash has not entered into any interest rate swaps or other financial arrangements that mitigate the exposure to interest rate fluctuations on its senior secured facilities as at September 30, 2012. For the nine months period ended September 30, 2012, if underlying market interest rates had increased/decreased by 1% on the senior secured facility with all other variables held constant, net earnings before tax would have been approximately $0.8 million lower/higher.

Realized Gain on Foreign Exchange

DirectCash entered into a series of foreign exchange forward contracts (A$222 million) with two international financial institutions in May and June 2012. The contracts were entered into to manage the foreign currency risk associated with the Customers acquisition which was payable in Australian dollars. The Company realized a foreign exchange gain on June 28, 2012 of $2.8 million on the contracts. The distribution of the funds for the Customers acquisition occurred on July 4, 2012 at an exchange rate of $1.0412 resulting in an additional realized foreign exchange gain of $1.2 million.

Net Income (Loss)

Net income (loss) decreased by $6.8 million and $7.1 million for the three and nine months ended September 30, 2012, respectively compared to the comparable 2011 periods. The decrease is primarily due to the increase in SG&A, amortization of intangible assets and higher finance costs attributable to the acquisitions during the period. In addition, DirectCash incurred one-time acquisition-related costs during the current period. Amortization of intangible assets acquired pursuant to the InfoCash and Customers acquisitions was $7.1 million for the three months ended September 30, 2012 (2011 - $nil) and $8.4 million for the nine months then ended (2011 - $nil).

EBITDA

The following is the reconciliation from net income (loss) to EBITDA:

(thousands)	Three Months Ended September 30		Nine Months Ended September 30	
	2012	2011	**2012**	2011
Net Income (loss)	**$ (2,468)**	$ 4,380	**$ 4,656**	$ 11,774
Add (deduct):				
Finance costs	5,303	430	6,191	1,244
Acquisition-related expenses	1,663	-	4,055	-
Depreciation of property and equipment	4,012	1,215	6,758	3,568
Amortization of intangible assets	9,505	2,741	16,013	8,359
Unrealized loss (gain) on foreign exchange	1,468	(5)	(149)	(4)
Current income tax expense	982	723	1,256	795
Deferred income tax expense (benefit)	(2,370)	447	(534)	2,898
EBITDA	**$ 18,095**	$ 9,931	**$ 38,246**	$ 28,634
EBITDA margin	*27.0%*	*34.9%*	*30.1%*	*33.6%*

For the three and nine months ended September 30, 2012, EBITDA increased by 82% and 34% respectively over prior year levels, as compared with the respective 107% and 38% increases in gross profits. This reflects the higher SG&A costs, including termination expenses, as previously discussed. Results for the three months ended September 30, 2012 also reflect higher costs in Australasia for switching and telecommunication costs. DirectCash has recently successfully renegotiated the switching contract effecting per transaction fee reductions of approximately 50% and extending the term of the contract. The Company also internalized technician services during the quarter which will be reflected in lower costs for the balance of the year.

Additionally, bailment facilities are utilized in Australasia and Europe, and these charges are deducted from EBITDA.

The negative impact of the increased operating expenses has been partially offset by the realized gain on forward foreign exchange.

As a percentage of revenue, EBITDA was 27% and 30% respectively during the three and nine months ended September 30, 2012 compared to 35% and 34% during the prior year periods. The increase in SG&A and operating costs exceeded the increase in revenue which can be expected in the early stages of the integration process subsequent to significant acquisitions.

Funds from Operations

The following is the reconciliation from net income (loss) to funds from operations:

Funds from operations

(thousands, except for per share amounts)	Three months ended September 30 2012	Three months ended September 30 2011	Nine months ended September 30 2012	Nine months ended September 30 2011
Per consolidated financial statements:				
Net income (loss)	**$ (2,468)**	$ 4,380	**$ 4,656**	$ 11,774
Add/(Deduct):				
Deferred income tax expense (benefit)	**(2,370)**	447	**(534)**	2,898
Share based compensation	**331**	453	**1,182**	1,116
Unrealized loss (gain) on foreign exchange	**1,468**	(5)	**(149)**	(4)
Depreciation of property and equipment	**4,012**	1,215	**6,758**	3,568
Amortization of intangible assets	**9,505**	2,741	**16,013**	8,359
	10,478	9,231	**27,926**	27,711
Productive capacity maintenance	**(1,774)**	(377)	**(2,893)**	(1,548)
Funds from operations	**$ 8,704**	$ 8,854	**$ 25,033**	$ 26,163
Funds from operations per weighted share (basic) [1]	***$ 0.57***	*$ 0.64*	***$ 1.75***	*$ 1.90*
Funds from operations per weighted share (diluted) [1]	***$ 0.56***	*$ 0.64*	***$ 1.74***	*$ 1.89*
Dividends declared	**$ 5,418**	$ 4,775	**$ 14,968**	$ 14,324
Dividends declared per share	***$ 0.35***	*$ 0.35*	***$ 1.04***	*$ 1.04*
Funds from operations payout ratio	**62.2%**	53.9%	**59.8%**	54.7%

[1]*Include Funds from non controlling interest operations.*

Cash dividends and productive maintenance capital programs have been historically funded via cash from operations, while growth capital expenditures have primarily been funded with debt. Additional borrowing and equity issues may be required to increase productive capacity over time and to fund the acquired operation.

Funds from operations cannot be assured to continue at historical levels. See “Key Business Risks” for a list of factors which could negatively impact cash flows. DirectCash intends to utilize DirectCash’s credit facilities as part of its capital structure in order to fund future capital growth, operating within the covenants of DirectCash’s credit facility, thus enhancing funds from operations.

Contractual Obligations

As at September 30, 2012

(thousands)	2012	1-3 Years	4-5 Years	Thereafter	Total
Operating leases[1]	$ 492	$ 5,319	$ 1,980	$ 5,092	$ 12,883
Long-term debt at face value including interest[2]	3,808	67,288	84,712	141,250	297,058
Total	$ 4,300	$ 72,607	$ 86,692	$ 146,342	$ 309,941

[1] *Includes rent of office and warehouse space and equipment; the above amounts include $9.7 million of commitments acquired pursuant to the Customers and InfoCash acquisitions.*

[2] *Includes future interest payments, assuming current interest rates.*

Capital Expenditures

DirectCash incurred the following expenditures of a capital nature:

Capital Expenditures, cash based

(thousands)	Three months ended September 30		Nine months ended September 30	
	2012	2011	**2012**	2011
Property and equipment	**$ 4,526**	$ 641	**$ 6,305**	$ 3,765
Intangible assets	**-**	61	**204**	121
Acquisitions	**183,879**	-	**207,035**	-
Cash capital expenditures	**$ 188,405**	$ 702	**$ 213,544**	$ 3,886
Split between growth and maintenance:				
Growth capital	**$ 186,631**	$ 325	**$ 210,651**	$ 2,337
Maintenance capital	**1,774**	377	**2,893**	1,549
	$ 188,405	$ 702	**$ 213,544**	$ 3,886

Growth capital expenditures relate to acquisitions and other expenditures that increase DirectCash's productive capacity, while maintenance capital expenditures maintain productive capacity at existing levels.

Growth capital maintenance expenditures for the period are higher as compared to the prior year period due to the acquisition of InfoCash and Customers. Growth capital expenditures can vary widely between reporting periods due to the intermittent nature and varying size of acquisitions.

Business Acquisitions

Customers

On July 4, 2012, DirectCash acquired 100% of the outstanding shares of Customers, a public company listed on the ASX (the "Customers acquisition"). The Customers acquisition was implemented through a court-approved Scheme of Arrangement under Australian Law. Total consideration for the purchase was A$173 million (approximately $180 million) in cash plus the assumption of $43 million in outstanding debt of Customers.

Headquartered in Melbourne, Australia, Customers is the largest ATM operator in Australia with additional operations in New Zealand. Customers provides ATM services primarily for retail, gaming, entertainment, and hospitality industries, as well as mobile ATM services for corporations and financial institutions. A total of approximately 6,600 ATM sites and related contracts were acquired as well as the related business and staff.

The purchase was accounted for using the acquisition method, with DirectCash being the acquirer for accounting purposes, whereby the assets and liabilities are recorded at their fair values with the excess of the aggregate consideration over the fair value of the identifiable net assets allocated to goodwill. Following the acquisition, the net assets, liabilities and operations of Customers' operating entities were combined with the Company's operating entities and continued as DirectCash.

The following summarizes the Customers acquisition; the allocations are preliminary and subject to change pending receipt of final information. The total purchase consideration was allocated to the assets acquired and liabilities assumed, including identifiable intangible assets, based on their respective fair values at the date of acquisition. Such allocation resulted in goodwill of approximately $91.6 million, which has been assigned to the Company's Australasia reporting segment, and is primarily attributable to the value of the assembled workforce as well as expected synergies including cost savings from economies of scale, reduction of head office costs, and enhanced purchasing power through higher volumes:

	Cdn $	A $
Working capital deficiency[1]	(13,639)	(13,099)
Property and equipment	44,152	42,405
Intangible assets	134,685	129,356
Other long-term liabilities	(386)	(371)
Goodwill	91,629	88,003
Bank indebtedness	(42,988)	(41,287)
Deferred tax liability	(33,246)	(31,930)
Total	**$180,207**	**$173,077**

[1] The working capital deficiency is primarily attributable to assumed obligations related to a shareholder agreement to acquire the non-controlling interests in New Zealand ATM Services Limited.

The business combination resulted in the following approximate contribution to DirectCash from the date of acquisition:

	Revenue	EBITDA	Net income before taxes
Since acquisition date	$ 32,674	$ 8,299	$ 611

InfoCash

On May 25, 2012 DirectCash completed an acquisition of 100% of the shares of InfoCash for consideration of £11.8 million (approximately $19 million). InfoCash operates a portfolio of ATMs in the United Kingdom. A total of 4,700 ATM sites and related contracts were acquired as well as the related business and staff.

The following summarizes the InfoCash acquisition; the allocations are preliminary and subject to change pending receipt of final information. The total purchase consideration was allocated to the assets acquired and liabilities assumed, including identifiable intangible assets, based on their respective fair values at the date of acquisition:

	Cdn $	GBP £
Cash	400	250
Working capital deficiency[1]	(3,988)	(2,495)
Property and equipment	5,589	3,503
Intangible assets	21,948	13,732
Other long-term liabilities	(570)	(357)
Deferred tax liability	(4,519)	(2,827)
Total	**$18,860**	**£11,806**

[1] Includes cdn $3.60 million in merchant liabilities which were repaid in June, 2012.

The acquired assets consisted mainly of the residual rights in contracts to operate and place and service ATM machines at certain locations in the United Kingdom.

Subsequent to the disclosure made in the previous quarter, the Company negotiated a total of £65 thousand (approximately $104 thousand) purchase price adjustments to working capital with the vendor and adjusted the purchase price allocation for intangibles assets and deferred tax liability by £653 thousand (approximately $1.0 million) as a result of further information received.

This business combination resulted in the following approximate contribution to DirectCash from the date of acquisition:

	Revenue	EBITDA	Net loss before taxes
Since acquisition date	$ 14,644	$ 1,270	$ (3,597)

Pro-forma Results

Had both the Customers and InfoCash acquisitions occurred on January 1, 2012, for the nine-month period ended September 30, 2012, DirectCash estimates that pro-forma revenue and net loss before taxes would have been approximately $197 million and $14 million, respectively. The pro-forma net loss is calculated after giving effect to the impact of fair value assessments and certain pro-forma adjustments including amortization of the acquired intangible assets and depreciation of property and equipment, but does not include any pro-forma interest adjustments. The pro-forma financial results are not necessarily indicative of the actual results that would have occurred had the transactions been completed on January 1, 2012, nor does it reflect the impact of any potential operating efficiencies, savings from expected synergies, or costs to integrate the operations. The pro-forma financial results are not necessarily indicative of the future results to be expected for the consolidated operations.

Other Information

The following are included in the Company's 2012 Q3 Financial Statements:

(thousands)	Customers	InfoCash
Current assets	$ 15,189	$ 1,929
Non current assets	261,347	23,776
Current liabilities	(25,445)	(2,985)
Non current liabilities	(29,093)	(7,347)

Related Party Transactions

DirectCash Bank

DirectCash is party to various services and marketing agreements with DirectCash Bank ("DC Bank"), in which DirectCash provides transaction processing and technology services to DC Bank and DC Bank provides services and products to DirectCash or its customers for a fee. All contracts are negotiated at market terms and rates. DC Bank is indirectly owned by two of the original principals of DirectCash, who continue to maintain significant ownership in DirectCash. One of DC Bank's significant shareholders (indirectly through a holding corporation) is also the Company's President and CEO. Another of DC Bank's significant shareholders (indirectly through a holding corporation) is also a director of DirectCash. Any transactions with DC Bank are approved by independent directors of the Company. DirectCash has agreed to indemnify DC Bank from certain losses/costs that DC Bank may incur as a result of DC Bank's involvement in issuing Prepaid Cards to DirectCash's customers.

DirectCash Limited Partnership and the Processing Partnership have provided limited guarantees to a financial institution relating to DC Bank. These guarantees were provided in connections with facilitating a prepaid card service offering by DC Bank that DirectCash views as beneficial for the Company's customers and is complementary to DirectCash's product and service offerings.

During the three and nine months ended September 30, 2012, DirectCash paid $385 thousand and $1,123 thousand (2011: $354 thousand and $1,084 thousand), respectively, of fees to DC Bank associated with various agreements with DC Bank. The related party balance payable to DC Bank at September 30, 2012 was $152 thousand (December 31, 2011: $156 thousand).

Changes in Capital Structure

During the period and in order to fund the Customers acquisition and retire the Customers debt, certain credit facilities, as described under Liquidity and Capital Resources, were established by a syndicate of lenders in favour of DirectCash.

As at November 13, 2012 the number of common shares outstanding was 16,639,279.

Liquidity and Capital Resources

DirectCash believes that the funds generated from operations will be sufficient to allow DirectCash to meet ongoing requirements for working capital, maintenance capital expenditures including investments in technology capital, interest expense, and cash dividends to shareholders.

DirectCash's actual cash generated from operations will be dependent upon future financial performance, which in turn will be subject to financial, tax, business and other factors.

Credit Facilities utilized for working capital

As of September 30, 2012, DirectCash utilized approximately $3.1 million of total available credit facilities of $115 million. A summary of DirectCash's available credit at September 30, 2012 is as follows:

Credit facilities

(thousands)	Utilized	Limit	Available
Revolving credit facility	$ 3,079	$ 115,000	$ 111,921
Total	$ 3,079	$ 115,000	$ 111,921

DirectCash has a $115 million five-year revolving credit facility available for general corporate purposes which replaced the existing credit facility. Interest and fees payable in respect of the revolving facility are based upon the ratio of consolidated funded debt to consolidated EBITDA (as defined in the debt agreements) and are adjusted quarterly. The new revolving facility matures on June 28, 2017.

The revolving facility includes a $15.0 million swing-line facility and an A$16.6 million ($17.25 million) foreign currency sublimit. The interest rate has been initially set at the primary lender's prime rate plus 2.25%. Additionally, DirectCash is required to pay a commitment fee on the unused portion of the revolving facility. As at September 30, 2012, the Company has posted letters of credit totaling approximately $3.1 million (US$ 2.5 million and A$ 0.6 million) in connection with third-party contracts in Canada and Australia. These letters of credit reduce the Company's borrowing capacity under the revolving facility.

Long-term Debt

	September 30, 2012	December 31, 2011
Term Loan	$ 72,250	$ -
Term Loan - A$ in Cdn	12,513	-
Unsecured Senior Notes	125,000	-
Obligation under finance leases	514	-
Total	**210,277**	**-**
Unamortized transaction costs	(8,181)	-
	202,096	**-**
Current portion of long-term debt	(3,532)	-
Current portion of unamortized transaction costs	549	-
Long-term debt	**$ 199,113**	$ -

In order to fund the Customers acquisition and retire the Customers debt, DirectCash established certain credit facilities with a syndicate of lenders. The facilities included a Revolving Facility, a Term Loan, an Equity Bridge Loan and a Bond Bridge Loan as described below. The Company capitalized transaction costs of approximately $5.3 million related to these facilities.

Under these credit facilities, DirectCash is subject to certain financial covenants and has agreed that the ratio of consolidated funded debt to consolidated EBITDA (as defined in the credit facilities) will not exceed 3.5 to 1.0, with the permitted ratio decreasing to 2.5 to 1.0 by July, 2015, and that the ratio of EBITDA (as defined in the credit facilities) less unfunded capital expenditures, dividends and cash taxes to interest expense and scheduled principal payments on funded debt will equal or exceed 1.25 to 1.0. The financial covenants are adjusted for the first three quarters following the Customers acquisition and thereafter are calculated on a four quarter trailing basis. DirectCash has also agreed that during its first four fiscal quarters following the closing of the Customers acquisition it will not pay dividends or make other distributions to DirectCash shareholders in excess of $1.38 per common share per annum. As at September 30, 2012, DirectCash was in compliance with all applicable covenants and ratios under the facilities.

Substantially all of the Company's assets, including the shares of its material subsidiaries (as defined in the credit facilities) and partnership interests are pledged to secure borrowings made under the senior facilities.

The credit facilities established under the senior secured facilities consisted of the following:

a) Term Loan

DirectCash has an $85 million five-year non-revolving amortizing term credit facility including an A$12.25 million ($12.75 million) foreign currency sublimit. Interest and fees payable in respect of the term loan are also based upon the ratio of consolidated funded debt for borrowed money to consolidated EBITDA (as defined in the debt agreements) and are adjusted quarterly. The interest rate has been initially set at the primary lender's prime rate plus 2.25%. 50% of the term loan amortizes over five years in quarterly installments commencing February 28, 2013 and matures on June 28, 2017.

b) Equity Bridge Loan

DirectCash had a $50 million one-year non-revolving equity bridge facility. The equity bridge was drawn on June 28, 2012 and utilized in full to fund a portion of the purchase price payable on the Customers acquisition. The interest rate was initially set at the interest rate applicable for the revolving and term facilities plus 2.5%. On August 9, 2012, this facility was repaid in full with the proceeds of the Company's equity offering.

c) Bond Bridge Loan

DirectCash had a $125 million one-year non-revolving renewable bond bridge facility. The bond bridge was drawn on June 28, 2012 and utilized in full to fund a portion of the purchase price payable on the Customers acquisition. Interest and fees payable in respect of the bond bridge were based upon the credit ratings received from each of Moody's Investors Service, Inc. and Standard & Poor's Ratings Services LLC at the date of calculation and the time elapsed following the funding date. The interest rate was initially set at the primary lender's prime rate plus 6%. On August 8, 2012, this facility was repaid in full with the proceeds of the Company's senior notes offering.

Unsecured Senior Notes

On August 8, 2012, DirectCash issued $125 million aggregate principal amount of seven year unsecured senior notes (the "Notes") at par maturing on August 8, 2019 and capitalized transaction costs of approximately $6.2 million related to their issuance. The Notes are direct senior unsecured obligations ranking pari passu with all other present and future senior unsecured indebtedness of DirectCash and bear interest at 8.125 % per annum, payable semi-annually on February 8th and August 8th. The Notes were offered on a private placement basis through a syndicate of underwriters. The net proceeds were used to repay the bond bridge loan drawn in respect of the Customers acquisition.

The Notes are guaranteed by all of the Company's subsidiaries and partnerships and contain no maintenance covenants.

Working Capital

Non-cash working capital fluctuates between periods and is dependent upon factors such as short term inventory requirements, the timing of bulk inventory shipments, and the timing of accounts receivable collections and payment of liabilities.

Fluctuations in DirectCash's non-cash working capital requirements are funded with DirectCash's revolving credit facility.

Financial Instruments and Risk Management

DirectCash's financial assets and liabilities at September 30, 2012 comprise cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, dividend payable and long-term debt (including the current portion).

Fair value of financial instruments

The fair value of the Company's unsecured senior notes is based on market information, which reflects the discounted present value of the principle and interest payments using effective yield for instruments having the same term and risk characteristics. The fair value of DirectCash's unsecured senior notes at September 30, 2012 was approximately $127.7 million while the face value was $125.0 million.

The fair value of all other financial assets and liabilities approximate their carrying values.

Interest rate risk

Interest rate risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's senior secured and bailment facilities are at variable interest rates and DirectCash is therefore exposed to risk in the event of interest rate fluctuations. DirectCash has not entered into any interest rate swaps or other financial arrangements that mitigate the exposure to interest rate fluctuations on its senior secured facilities as at September 30, 2012. For the nine months period ended September 30, 2012, if underlying market interest rates had increased/decreased by 1% on the senior secured facility with all other variables held constant, net earnings before tax would have been approximately $0.8 million lower/higher.

As at September 30, 2012 the Company held an interest rate swap on A$50.0 million of its bailment facilities which expired October 31, 2012. Subsequent to September 30, 2012 the Company entered into two interest rate swaps on its bailment facilities; October 31, 2012 to October 31, 2014 – A$50.0 million at a 3.22% fixed spread and October 31, 2012 to October 31, 2015 – A$50.0 million at a 3.28% fixed spread relative to the monthly BBSY rate.

Currency risk

DirectCash operates internationally and is therefore exposed to foreign exchange risk. DirectCash's primarily exposures are from fluctuations in the Canadian dollar relative to the Australian dollar (A$), Great British Pounds (GBP£), Peso and US dollar ($US).

DirectCash entered into a series of foreign exchange forward contracts (A$222 million) with two international financial institutions in May and June 2012. The contracts were settled on June 28, 2012. The Company had no outstanding foreign exchange forward contracts at September 30, 2012.

Liquidity risk

DirectCash's policy is to maintain a conservative debt to total capitalization structure, a diverse customer base, and sufficient capacity within its credit facilities to meet immediate liquidity requirements. Principal repayments are not required on the unsecured senior notes until their maturity in 2019. The Company also has a revolving credit facility of $115.0 million (note 5(a)), which gives DirectCash additional short-term financial flexibility for its working capital requirements.

Significant Customers

None of the customers for the nine months period ended September 30, 2012, accounted for greater than 10% of DirectCash's overall revenues. For the nine months period ended September 30, 2011, there was one customer accounted for 29% of DirectCash's overall revenues.

Off Balance Sheet Arrangements

DirectCash has access to bailment facilities for the supply of cash to ATMs owned by the Company in Australia and United Kingdom. Under these facilities, cash is owned by the bailment provider who has contracts directly with settlement agents and armored car carriers. DirectCash does not have access to this cash; the only purpose is to load cash into ATMs governed under the bailment agreement. As a result of the above factors, no asset or liability is shown for these amounts in the financial statements.

As at September 30, 2012, the Company has posted letters of credit totaling approximately $3.1 million. These letters of credit reduce the Company's borrowing capacity under the revolving facility.

Disclosure Controls and Procedures (DC&P)

DC&P are defined in Multilateral Instrument 52-109, "Certification of Disclosure in Issuers Annual and Interim Filings" as "controls and other procedures of an issuer that are designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that information required to be disclosed by an issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the issuer's management, including its certifying officers, as appropriate to allow timely decisions regarding required disclosure".

DC&P are designed to provide reasonable assurance that all relevant information is gathered and reported to senior DirectCash management, including the Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure.

As at the end of 2011, DirectCash management evaluated the effectiveness of the design and operation of DirectCash's disclosure controls and procedures and concluded that DirectCash's DC&P are not effective to ensure that material information relating to DirectCash is made known to management of DirectCash on a timely basis and is included in DirectCash's public disclosures, due to the weaknesses in internal control identified below in the "Internal control over financial reporting" section.

Due to the timing of the acquisitions, for the interim period ended September 30, 2012 DirectCash has limited its design of DC&P to exclude controls, policies and procedures of DC Payments Pty Limited (formerly Customers) and InfoCash Holdings Ltd. and their respective subsidiary companies.

Internal control over financial reporting (ICFR)

ICFR is defined in Multilateral Instrument 52-109, "Certification of Disclosure in Issuers Annual and Interim Filings" as "a process designed by, or under the supervision of, an issuer's certifying officers, and effected by the issuer's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP and includes those policies and procedures that:

(i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the issuer;
(ii) are designed to provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with the issuer's GAAP, and that receipts and expenditures of the issuer are being made only in accordance with authorizations of management and directors of the issuer; and
(iii) are designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the issuer's assets that could have a material effect on the annual financial statements or interim financial reports;"

DirectCash's management is responsible for establishing and maintaining adequate internal control over financial reporting of DirectCash.

DirectCash's internal control over financial reporting includes those policies and procedures that:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of DirectCash;
(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of DirectCash are being made only in accordance with authorizations of management and directors of DirectCash; and
(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of DirectCash's assets that could have a material effect on the financial statements.

A material weakness in internal controls is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements would not be prevented or detected on a timely basis by DirectCash.

Internal control over financial reporting, no matter how well designed has inherent limitations and cannot provide absolute assurance that the objectives of the control system will be met. Therefore internal control over financial reporting determined to be effective can provide only reasonable assurance with respect to financial statement preparation and may not prevent or detect all misstatements.

Management of DirectCash conducted an evaluation of the effectiveness of internal control over financial reporting based on the framework from "Internal Control – Integrated Framework" published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Based on this evaluation, DirectCash's management concluded that DirectCash's ICFR, as defined in NI 52-109, was not effective as at the reporting date, due to the following material weaknesses:

- Due to the small size of DirectCash, it did not maintain effective segregation of duties over certain transactions which can lead to ineffective monitoring, supervision and potential misappropriation of assets.
- Due to the limited number of people employed, DirectCash does not have in-house expertise to deal with complex legal, IT, taxation, accounting and reporting issues.

Impact of Material Weaknesses
Due to their nature, the potential impact of these material weaknesses cannot be assessed or predicted with any degree of accuracy.

Remediation to Address Material Weakness
DirectCash does not plan to remediate the above mentioned weaknesses as the cost would outweigh the benefits. DirectCash engages outside expertise to assist with complex issues when deemed necessary.

Changes in Internal Control over Financial Reporting
Due to the timing of the acquisitions, for the interim period ended September 30, 2012 DirectCash has limited its design of ICFR to exclude controls, policies and procedures of DC Payments Pty Limited (formerly Customers) and InfoCash Holdings Ltd. and their respective subsidiary companies. Except for this limitation, there were no significant changes.

Critical accounting judgments and estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated interim financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. The following judgements and estimates are those deemed by management to be material to DirectCash's financial statements:

Judgements:

a. **Depreciation and amortization**

Depreciation and amortization methods for ATM equipment, office equipment, computers, automobiles and debit terminal equipment are based on management's judgement of the most appropriate method to reflect the pattern of each class of asset's future economic benefit expected to be consumed. Among other factors, these judgements are based on industry standards and DirectCash's specific history and experience.

b. **Impairment**

Assessment of impairment is based on management's judgement of whether there are sufficient internal and external factors that would indicate that an asset or CGU is impaired. The determination of CGUs is also based on management's judgements and is an assessment of the smallest group of assets that generate cash inflows independently of other assets.

c. **Lease classification**

Assessing whether a lease is a finance lease or an operating lease is based on management's judgement of the criteria applied in IAS 17 – Leases. The most prevalent leases of DirectCash are for ATM leases in the UK operations. Management has determined that all of the UK leases referred to above are finance leases.

d. **Business combination**

The purchase price allocation for business combinations is based on management's judgements of the criteria applied in IFRS 3 – Business Combinations.

Estimates:

a. **Impairment of non-financial assets**

Impairment exists when the carrying value of an asset or cash generating units (CGU) exceeds its recoverable amount, which is the higher of (a) its fair value less costs to sell and (b) its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is estimated based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that DirectCash is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The identified CGUs for the impairment test were determined according to the criteria under IAS 36, Impairment of Assets. When the annual impairment test was performed as at December 31, 2011, the recoverable amount of each CGU was greater than the carrying value and no impairment was recorded. There were no indicators of impairment during the interim period September 30, 2012.

b. **Income taxes**

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. DirectCash reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

c. **Useful lives of equipment**

DirectCash estimates the useful lives of equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of equipment is based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of equipment would increase the recorded expenses and decrease the non-current assets.

Key Business Risks

For discussion of additional business risks, see "Risk Factors" detailed in the Annual Information Form dated March 16, 2012 available on SEDAR (www.sedar.com).

Software Viruses and Network Intrusion

DirectCash maintains many different networks and management information systems (some of which are interconnected) and some of which are connected to the internet or to other external networks. DirectCash may be susceptible to viruses and network intrusions by third parties. Furthermore, network intrusions that occur on outside networks (or the internet) that DirectCash connects to can spread to DirectCash. Any intrusion or virus could impact the performance of the transaction processing capabilities of DirectCash and in a worst case scenario could require temporary shut down of the affected systems (and the related services offered by DirectCash), and compromise information about customers, users and employees. Systems that are accessed through the internet are also subject to "denial of service" attacks - these attacks do not involve an intrusion into the system but can effectively make the systems unavailable to DirectCash's customers/employees. DirectCash maintains significant and complex security policies and procedures to manage these risks, some of which include intrusion detection software, virus monitoring software, IP blocking, IP tracking software, complex encryption for transactions, network monitoring and reporting solutions as well as application and data base level restrictions and controls through network design and implementation.

Possible Failure to Realize Anticipated Benefits of the Customers acquisition and the InfoCash acquisition

DirectCash has completed the Customers acquisition and the InfoCash acquisition to strengthen its position in the ATM industry and to create the opportunity to achieve the anticipated benefits. Achieving the benefits of the acquisitions depends in part on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as on DirectCash's ability to realize the anticipated growth opportunity and synergies from combining each of the Customers and InfoCash businesses and operations with those of DirectCash. The integration of the businesses acquired requires the dedication of substantial management effort, time and resources, which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. The integration process may result in the loss of key employees and the disruption of ongoing business, customer and employee relationships that may adversely affect DirectCash's ability to achieve the anticipated benefits of the acquisitions. In addition, DirectCash has (directly or indirectly) retained certain management personnel related to the acquired businesses, each of whom DirectCash (and its subsidiaries) relies on for the effective management of the respective businesses, the loss of whom could have an adverse effect on DirectCash.

Credit Facility Risk

DirectCash Payments is required to comply with covenants under its credit facilities which include certain financial ratio tests, which from time to time either affect the availability, or price, of additional funding. The failure of DirectCash to comply with such covenants, which may be affected by events beyond its control, could result in the default under the credit facilities which could result in DirectCash being required to repay amounts owing thereunder. Even if DirectCash is able to obtain new financing, it may not be on commercially reasonable terms or terms that are acceptable to it. If DirectCash is unable to repay amounts owing, the lenders under the credit facility could proceed to foreclose or otherwise realize upon the collateral granted to them to secure the indebtedness. The acceleration of DirectCash's indebtedness under one agreement may permit acceleration of indebtedness under other agreements that contain cross default or cross-acceleration provisions. In addition, the credit facilities may impose operating and financial restrictions on DirectCash, restrictions on the payment of dividends, repurchase or making of other distributions with respect to the DirectCash's securities, incurring of additional indebtedness, provision of guarantees, the assumption of loans, making of capital expenditures, entering into of amalgamations, mergers, take-over bids or disposition of assets, among others.

Vault Cash

DirectCash maintains cash in many ATMs (i.e. DirectCash is the owner of the cash and is responsible for replenishing cash in such ATMs), and funds certain of its vault cash requirements in part from a revolving credit facility. Funding increasing vault cash requirements from available lines of credit brings DirectCash closer to the lender's limits under the credit facility. This reduces the credit available for DirectCash to use for other purposes. Further, if vault cash requirements increase past DirectCash's ability to fund such requirements and it could not arrange an appropriate expansion of such credit facilities, then it would have to consider funding alternatives for some ATMs which could result in a reduced level of profitability from the affected ATMs. Vault cash is also attained via bailment arrangements in Australia and the UK, where in general, cash is rented under a bailment arrangement from financial institutions and negotiated fees are paid for the use of that money. A typical requirement of such facilities is that DirectCash maintains specific types of insurance in certain values. Such bailment arrangements and insurance policies may not always be available as required, on acceptable terms, or at all. DirectCash's ability to obtain this funding at a level sufficient to operate its business and to increase the size of this funding as the business grows will have a significant impact on its business and operations. Additionally, certain terms under the bailment agreements contain cross-defaults and, in the event of a default, could have a material adverse impact on its business. Any amendment or cancellation of these facilities would result in an inability to replenish cash in its ATMs in Australia and the UK markets, which would have a significant impact on its business and operations.

Corruption and Bribery Risk

DirectCash's operations are governed by, and involve interactions with, many levels of government in numerous countries. Like most companies, DirectCash is required to comply with anti-corruption and anti-bribery laws, including the Canadian Corruption of Foreign Public Officials Act and the U.S. Foreign Corrupt Practices Act, as well as similar laws in the countries in which DirectCash conducts its business. In recent years, there has been a general increase in both the frequency of enforcement and severity of penalties under such laws, resulting in greater scrutiny and punishment to companies convicted of violating anti-bribery laws. Furthermore, a company may be found liable for violations by not only its employees, but also by its third party agents. Although DirectCash takes steps to mitigate such risks, such measures are not always effective in ensuring that DirectCash, its employees or third party agents will comply strictly with such laws. If DirectCash finds itself subject to an enforcement action or is found to be in violation of such laws, this may result in significant penalties, fines and/or sanctions imposed on DirectCash resulting in a material adverse effect on DirectCash's reputation and results of its operations.

Litigation

In the normal course of operations, DirectCash may become involved in, named as a party to, or be the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions. The outcome of outstanding, pending or future proceedings, including the November 9, 2012 statement of claim, which is referenced in the "Outlook" section of this MD&A, cannot be predicted with certainty and may be determined adversely to DirectCash and as a result, could have a material adverse effect on assets, liabilities, business, financial condition and results of operations. Even if DirectCash prevails in any such legal proceeding, the proceedings could be costly and time-consuming and would divert the attention of management and key personnel from DirectCash's business operations, which could adversely affect its financial condition.

Global Financial Crisis

Deterioration in global credit markets, as well as changes in legislative and regulatory requirements, could have a negative impact on financial institutions that DirectCash conducts business with.

DirectCash has a significant number of customer and vendor relationships with financial institutions in all of its key markets, including relationships in which DirectCash provides services for ATMs that are financial institution branded. Additionally, DirectCash relies on a small number of financial institution partners to provide them with the cash that DirectCash maintains in ATMs. Turmoil in the global credit markets in the future, such as that recently experienced, may have a negative impact on those financial institutions and DirectCash's relationships with them. In particular, if the liquidity positions of the financial institutions deteriorate significantly, these institutions may be unable to perform under their existing agreements with them. If these defaults were to occur, DirectCash may not be successful in its efforts to identify new business partners and vault cash providers and cash providers, and the underlying economics of any new arrangements may not be consistent with our current arrangements.

Corporate Structure Risk

DirectCash is dependent upon cash dividends, distributions or other transfers from its subsidiaries in order to repay any debt DirectCash may incur, make dividend payments to its shareholders and meet its other obligations. The right of DirectCash, as a unitholder or shareholder of these entities, to realize on the assets of these entities in the event of their bankruptcy or insolvency, would be subordinate to the rights of their creditors and claimants preferred by statute.

Foreign Exchange Risk

DirectCash's payments to shareholders and debt holders are denominated in Canadian and Australian dollars. However, a significant portion of DirectCash's revenues and expenses are denominated in foreign currencies, including United States dollars, Australian dollars, Mexican Peso and British pounds. As a result, DirectCash is exposed to currency exchange rate risks. Exchange rates may vary substantially and may give rise to favourable or unfavourable foreign currency exposure. There can be no assurance that any arrangements to mitigate this exchange rate risk will be sufficient to fully protect against this risk. If hedging transactions do not fully protect against this risk, changes in the currency exchange rate between Canadian dollars and the foreign currencies in which DirectCash operates could adversely affect DirectCash's ability to pay dividends and discharge interest obligations and its financial position.

Regulatory Risks in Australia

Under amendments made by the Gambling Regulation Amendment (Licensing) Act 2009 (Vic), ATMs will not be permitted in approved gaming venues in Victoria, Australia from July 1, 2012, unless specifically approved by the Victorian Commission for Gambling and Liquor Regulation. DirectCash is developing an electronic funds transfer at point-of-sale ("EFTPOS") solution which is intended to comply with legislation governing the operation of EFTPOS devices in gaming venues; however, it is unclear how successful DirectCash's EFTPOS solution will be in the market. It is also uncertain whether similar legislation will be passed in other states of Australia.

The Commonwealth Government has released exposure drafts of the National Gambling Reform Bill 2012 and the National Gambling Reform (Related Matters) Bill 2012. The exposure draft contain a requirement that by February 1, 2013, a $250 per card per day withdrawal limit be placed on all ATMs in gaming venues nationally, except in casinos and in communities where this may cause unreasonable inconvenience. The exposure drafts have yet to be introduced into Parliament and whether the exposure drafts will be passed in the current or an amended form is unknown. However, the imposition of any limitations on ATM withdrawals in gaming venues may impact DirectCash's ability to earn revenue from the 23% of its Australian convenience ATM fleet located in gaming venues (excluding Victoria).

A joint Federal Department of Treasury and Reserve Bank of Australia Taskforce is examining whether there is a need for further measures to enhance competition and transparency across Australia's ATM industry. The measures that will be adopted and their impact on DirectCash are currently unknown.

Additionally, ATM charges in some remote Aboriginal communities may be reduced or abolished in the near future, following public concern over the affordability of these fees. DirectCash does not expect the net impact of these changes to significantly affect DirectCash's financial performance.

Structural and Cyclical Changes Occurring in the Payments Sector in Australia

Cash remains the most common form of payment by consumers in Australia. Nonetheless, cash use as a share of total payments has declined, falling as a share of both the number and value of payments. This may adversely affect the performance and sustainability of DirectCash's business. There are also a number of ongoing technology and security developments occurring in the payments sector which DirectCash may not be able to successfully implement in a timely and cost-effective manner.

Regulatory Risk in Prepaid Cards

The FCAC is anticipating changing the regulation of prepaid cards, limiting the types of fees and when they can be charged. This could impact the Company's revenues in the event that it cannot compensate with other fees.

Additional Information

Additional information about DirectCash, including DirectCash's Annual Information Form and other public filings is available on SEDAR (www.sedar.com) and on DirectCash's website (www.directcash.net).

Summary of Quarterly Results

The following table presents a summary of DirectCash's selected consolidated financial information for the eight quarters ended September 30, 2012:

Quarterly information

(thousands except per share amounts)	2012			2011				2010
	Q3	Q2	Q1	Q4	Q3	Q2	Q1 [1]	Q4[1]
Revenue								
ATM business	$ 54,294	$ 18,189	$ 13,696	$ 12,644	$ 13,660	$ 13,213	$ 13,081	$ 12,942
Prepaid and other	12,723	13,889	14,186	14,447	14,806	14,921	15,570	14,858
	$ 67,017	$ 32,078	$ 27,882	$ 27,091	$ 28,466	$ 28,134	$ 28,651	$ 27,800
Gross Profit								
ATM business	$ 24,954	$ 7,965	$ 6,929	$ 6,320	$ 7,753	$ 7,185	$ 7,189	$ 6,600
	46.0%	*43.8%*	*50.6%*	*50.0%*	*56.8%*	*54.4%*	*55.0%*	*51.0%*
Prepaid and other	5,978	6,568	6,876	7,120	7,207	6,852	6,898	6,777
	47.0%	*47.3%*	*48.5%*	*49.3%*	*48.7%*	*45.9%*	*44.3%*	*45.6%*
Total Gross Profit	$ 30,932	$ 14,533	$ 13,805	$ 13,440	$ 14,960	$ 14,037	$ 14,088	$ 13,377
	46.2%	*45.3%*	*49.5%*	*49.6%*	*52.6%*	*49.9%*	*49.2%*	*48.1%*
EBITDA	$ 18,095	$ 11,396	$ 8,476	$ 8,036	$ 9,935	$ 9,515	$ 9,187	$ 8,469
EBITDA margin	*27.0%*	*35.5%*	*30.4%*	*29.7%*	*34.9%*	*33.8%*	*32.1%*	*30.5%*
EBITDA per weighted share (basic) [2]	*1.18*	*0.83*	*0.62*	*0.58*	*0.72*	*0.69*	*0.67*	*0.61*
EBITDA per weighted share (diluted) [2]	*1.17*	*0.82*	*0.61*	*0.58*	*0.72*	*0.69*	*0.66*	*0.61*
Net income (loss) attributable to common shareholders	$ (2,094)	$ 3,902	$ 3,220	$ 8,549	$ 4,379	$ 3,892	$ 3,501	$ (8,387)
Net income (loss) per share attributable to common shareholders								
basic	$ (0.14)	$ 0.28	$ 0.23	$ 0.62	$ 0.32	$ 0.28	$ 0.25	$ (0.61)
diluted	$ (0.14)	$ 0.28	$ 0.23	$ 0.62	$ 0.32	$ 0.28	$ 0.25	$ (0.61)
Dividends declared	$ 5,418	$ 4,775	$ 4,775	$ 4,775	$ 4,775	$ 4,775	$ 4,775	$ 8,235
Dividends declared per share	$ 0.35	$ 0.35	$ 0.35	$ 0.35	$ 0.35	$ 0.35	$ 0.35	$ 0.60

[1] Certain reclassification of prior period amounts have been made to conform to current year presentations.

[2] Include EBITDA from non controlling interest.