Management's Discussion and Analysis of Financial Condition and Results of Operations for the three and nine months ended September 30, 2013

This Management's Discussion and Analysis ("MD&A") is dated November 14, 2013 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, 2013 (the "2013 Q3 Financial Statements"), along with the Management's Discussion and Analysis and the audited consolidated financial statements for the year ended December 31, 2012 (the "2012 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 the outstanding partnership units of (a) DirectCash Canada Limited Partnership, a limited partnership established under the laws of Alberta (b) DirectCash ATM Processing Partnership (the "Processing Partnership"), a general partnership established under the laws of Alberta, (c) DirectCash ATM Management Partnership (the "Management Partnership"), a general partnership established under the laws of Alberta, and 100% of the outstanding shares of DirectCash Management Inc., incorporated under the laws of Alberta, DirectCash Payments Australia Pty Ltd., organized under the laws of Australia and DirectCash Management UK Limited, incorporated under the laws of England and Wales, and all of their respective subsidiary companies.

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. The Company'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 risks and uncertainties are described in DirectCash's Annual Information Form for the year ended December 31, 2012 which is available at www.SEDAR.com.

The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement. Certain statements that contain words such as "could", "may", "believe", "should", "expect", "will", "intends", "plan", "anticipates", "potential", "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 operations in the Americas, Australasia and Europe, ability to complete accretive acquisitions on a go forward basis, ability to grow organically though the Company's sales force, expansion of DirectCash's merchant base through new and innovative products and services, impact of acquisitions in the United Kingdom, Australia and Canada including realizing on expected synergies and ability to realize the anticipated benefits of acquisitions, 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 product offerings in the markets we operate in, the impact of the vault cash rental agreements on the Company's operations, the timing of closing and the anticipated use of proceeds of the Offering (as defined herein), the anticipated benefits to the Company of the Credit Facility Amendment, ability to diversify into new industry segments or to increase diversification in terms of product offerings and the number of customers served and the possible increase in capital expenditures for technology and infrastructure or due to regulatory mandated security upgrade changes and the sufficiency of funds generated from operations to fund the same.

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 budgeted projections of increased capital expenditures required based on management's view of the 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, and acquiring ATM competitors and distributors to add scale and efficiency in our operations. We have been able to make these acquisitions at reasonable EBITDA multiples and improve operating efficiencies when we assume control, driving shareholder value.

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

The acquisitions in Australia and the United Kingdom in 2012 have provided DirectCash with a greater market for additional acquisitions as well as organic growth opportunities. 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, and operating efficiencies.

Prepaid and other products business

The prepaid and other products business offers new and unique products and services to DirectCash clients and further diversifies our business in new industry segments. The existing business includes

prepaid debit and credit cards, prepaid long distance and cellular products as well as debit terminal sales and transaction processing.

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.

Recent Developments

Purchase of Threshold in Canada

On November 1, 2013, DirectCash purchased 100% of the issued and outstanding shares of Threshold Financial Technologies Inc. ("Threshold"), a business operating credit union and financial institution transaction processing services, ATM outsourcing and its own ATMs in Canada, for cash consideration of $50 million less certain customary closing purchase price adjustments (the "Threshold Acquisition").

Threshold is a full service integrated solution provider of comprehensive and innovative payments processing as well as ATM managed service solutions. Threshold specializes in ATM network management and the provision of payment processing services to credit unions, financial institutions and major retailers across Canada. Threshold has two primary business segments, one that provides services to credit unions and other financial institutions (the "CUFI Business") and a non-bank ATM business (the "Non-Bank ATM Business").

About the CUFI Business:

Threshold provides switch and transaction processing services and other managed services to credit unions and financial institutions across Canada. The end-to-end payment solutions provided by Threshold to the credit unions and financial institutions enables those credit unions and financial institutions to outsource their debit and ATM card processing and compete with services similar to those offered by larger banks. The CUFI Business services are broadly comprised of transaction switching services, card provisioning, payments processing, reporting and settlement, fraud management, ATM Cash Management, ATM Fleet Management and project-based consulting services. The CUFI business currently services approximately 70 different financial institutions in Canada. Additionally, Threshold operates THE EXCHANGE® network in Canada, a shared surcharge-free ATM network comprised of over 200 financial institutions.

About the Non-Bank ATM Business:

The Non-Bank ATM Business of Threshold consists of approximately 1,475 retail non-bank ATMs owned and operated under the "LaserCash" brand as well as ATMs managed on behalf of gaming and major retail clients in Canada.

Threshold entered the Canadian payments industry in 1998, and has proven itself as a center of excellence in delivering a wide array of best-in-class payments and ATM solutions. In addition to providing managed solutions, Threshold owns and operates a nationwide private label ATM network. The Company paid $46.2. million on closing of the Threshold Acquisition and deposited $2.0 million in escrow pending finalization of insurance coverage required under the vault cash rental agreement. The acquisition was financed under the Company's Canadian revolving credit facility.

Canadian Vault Cash Rental Agreements

On November 1, 2013, DirectCash entered into two new unsecured vault cash rental agreements with a major Canadian financial institutional for up to $100 million. The first agreement for up to $40 million

was completed as part of the Threshold Acquisition. The second agreement for up to $60 million is for use in the Company's existing Canadian ATM business, representing a significant change to the way in which our Canadian ATM cash loading is financed. The terms of the agreements, however, provide DirectCash with sufficient operational control to ensure the Corporation's ongoing high standards of service reliability.

Under these vault cash rental agreements, the vault cash provider has committed to provide DirectCash with vault cash to be used in its ATMs across Canada. Similar to the facilities in Australia and the United Kingdom, the Company will never have an ownership claim over the vault cash which is loaded into serviced ATMs by third party armored car carriers. Ownership of the vault cash will remain with the vault cash provider. Under the agreements, DirectCash will pay a fee to the vault cash provider which is calculated using the total amount of vault cash in circulation at any given time and the number of notes supplied by the vault cash provider from time to time.

DirectCash expects the vault cash rental agreements will improve operational flexibility and provide it with opportunities to better utilize its own cash. Historically, DirectCash has used its own cash or cash drawn from its revolving credit line to run its Canadian full placement ATM fleet. Over the next 60 days DirectCash expects to migrate its existing Canadian ATM full placement fleet. Once this is complete, DirectCash will redeploy a significant portion of currency previously deployed as cash in circulation, for use in servicing its full placement ATM fleet, for debt repayment.

Bought Deal Financing

In connection with the Threshold Acquisition, DirectCash has entered into an agreement to sell to a syndicate of underwriters (the "Underwriters") led by BMO Capital Markets, on a bought deal basis, 950,000 common shares (the "Common Shares") to be issued at a price of $16.00 per share for gross proceeds of $15.2 million (the "Offering"). Closing of the Offering is expected to occur on or about November 15, 2013. On closing, the net proceeds of the Offering will be utilized to repay outstanding indebtedness.

Amendments to Credit Agreement

Concurrent with obtaining approval for the Threshold Acquisition from our lending syndicate, we negotiated the terms of a series of amendments to our existing credit agreement (the "Credit Facility Amendment"). The amendments were requested to more fully align certain financial metrics with our existing operations, to facilitate the vault cash rental agreements for Threshold and our Canadian operations, and to enhance comparability with our peer group. The Credit Facility Amendment was approved on November 14, 2013.

Pursuant to Credit Facility Amendment, DirectCash will be required to comply with the following financial covenants.

Covenant	New Covenant
Senior Secured Debt Leverage Covenant, as defined	≤ 2.25x* * Steps down to 2.0x January 1, 2016.
Total Debt Leverage Covenant	≤ 3.5x
Fixed Charge Coverage Ratio, as redefined	≥ 1.25x* * Steps up to 1.35x January 1, 2015.

The Australian Dollar

The Australian dollar has declined relative to the Canadian dollar by 7.1% percent since December 31, 2012. Our Australian operations continue to perform consistently and in line with expectations but the devaluation of the Australian dollar during the 2013 financial year has had a negative impact on our consolidated EBITDA. This has been partially mitigated by our Australian dollar denominated debt and our hedging program. We recently exchanged $10.0 million of Canadian dollar debt for Australian dollar denominated debt to obtain a natural hedge against the currency, and have increased our hedge position since our last report to the shareholders.

Asset Purchase – Canada

On October 1, 2013 we acquired the assets of a private company centered in Kelowna, British Columbia for $3.1 million, subject to customary closing adjustments. As part of this acquisition, DirectCash added approximately 205 ATMs to its network.

Outlook

We believe the integration of Threshold's core credit union and financial institution business will strengthen the Company's strategic position in the payments business and position DirectCash as one of Canada's leading independent providers of end-to-end transaction processing and payment solutions. The Threshold Acquisition gives DirectCash a significant presence in the highly strategic credit union and financial institution ATM payments processing services segment and an ATM outsourcing business. In addition, Threshold's Non-Bank ATM Business segment will add 1,475 ATMs to the DirectCash network in Canada.

The Company's focus for the remainder of 2013 will be to continue to integrate its new businesses and international divisions, driving operating efficiencies as well as to continue to grow the business in a reasonable and sustainable manner.

DirectCash is the largest deployer of ATMs in Australia and New Zealand with 6,407 transacting ATMs as at September 30, 2013. The Company actively seeks growth opportunities through the existing ATM business platform and capitalizes on the less mature Australian market, where transactions and gross profits per ATM are significantly greater than in the mature Canadian ATM market.

Since the acquisition in the United Kingdom in May 2012, DirectCash has grown to be the second largest deployer of non bank branded ATMs in the United Kingdom and has added 982 ATMs. As at September 30, 2013 DirectCash had 5,682 ATMs in 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, while adding other product offerings to its Europe division while increasing our margins.

In the ATM business in Canada, emphasis continues to be on maintaining existing customer relationships. With the addition of Threshold we will be able to capitalize on synergies between the two organizations.

Our Mexico operations although small have been challenging due to a change in our bank sponsor arrangement in Q2 2013. A new bank sponsor was obtained and Mexico operations resumed throughout Q3 2013. Our expectation is that Mexico will improve in Q4 2013 as it transitions to the tourist season.

In the prepaid products line of business our focus is diversification both domestically and internationally, to reduce historical reliance on a small group of large volume customers in certain market segments. In early 2014 the Company expects to launch a Prepaid Visa card offering, adding scale and choice for our clients.

We continue to focus on the management and operation of our businesses. DirectCash believes it is well positioned with a strong balance sheet and a steady cash flow stream based on long term contracts, geographically diversity and across a number of industries.

Summary Operating and Financial Results

	Three months ended September 30		Nine months ended September 30	
	2013	**2012**	**2013**	**2012**
Summary operating results				
Number of machines				
Active ATM terminals[1]	**19,536**	19,423	**19,536**	19,423
Number of transactions				
ATM transactions	**28,298,144**	27,948,983	**81,205,203**	47,732,637
Other transactions	**3,014,952**	4,386,524	**10,269,112**	13,584,552
Summary financial results				
($ thousands, except for per share amounts)				
Gross profit[2]	**$29,607**	$30,932	**$88,808**	$59,270
Gross profit margin[3]	**50.4%**	46.2%	**50.5%**	46.7%
EBITDA[4]	**17,355**	18,095	**49,777**	38,246
EBITDA margin[5]	**29.6%**	27.0%	**28.3%**	30.1%
Net income (loss)	**(192)**	(2,468)	**1,353**	4,656
Net income (loss) attributable to common shareholders	**(205)**	(2,096)	**1,335**	5,028
Per share, basic	**(0.01)**	(0.14)	**0.08**	0.35
Per share, diluted	**(0.01)**	(0.14)	**0.08**	0.35
Funds from operations[5]	**$10,745**	$8,918	**$29,609**	$24,396
Funds from operations per share, basic	**0.65**	0.58	**1.79**	1.71
Funds from operations per share, diluted	**0.65**	0.58	**1.78**	1.70
Dividends declared	**5,741**	5,418	**17,222**	14,968
Dividends declared per share	**0.35**	0.35	**0.35**	0.35
Funds from operations payout ratio[5]	**53.4%**	60.8%	**58.2%**	61.4%
Total assets	**388,226**	436,252	**388,226**	436,252
Total long-term debt	**$184,154**	$199,113	**$184,154**	$199,113
Common shares outstanding, end of period	**16,639**	16,639	**16,639**	16,639

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

[2] *Gross profit is calculated as Revenue less Cost of sales*

[3] *Gross profit margin means gross profit expressed as a percentage of total revenue*

[4] *An additional GAAP measure – see definition under "Additional GAAP Measure"*

[5] *A non-GAAP measure – see definition under "Non-GAAP Measures"*

Additional GAAP Measure

DirectCash has presented earnings before interest, taxes, depreciation and amortization ("EBITDA") as a subtotal in its consolidated 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 2012 corporate acquisitions 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) which 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 presented.

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 expense (benefit), non-cash finance costs and unrealized foreign exchange loss (gain) and after provision for productive capital maintenance expenditures (see discussion below). Funds from operations 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 presented. 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. The reconciliation between funds from operations and net income (loss) is disclosed in the "Funds from Operations" discussion below.

Shareholders of DirectCash receive monthly payments in the form of dividends. 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. 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. There is no such distinction under GAAP, however DirectCash believes it is important to differentiate between them. 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. Maintenance capital expenditures include software and hardware upgrades to existing infrastructure, ATM and debit terminal equipment upgrades necessary to meet changing regulatory requirements, contract extension incentives including replacement of equipment under existing or renewed contracts, 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 maintenance capital expenditures 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, bank overdraft, restricted funds and current portion of long-term debt).

Financial and Operating Review

ATM Business:

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

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

Revenue and gross profit by geographical segment is as follows:

Americas

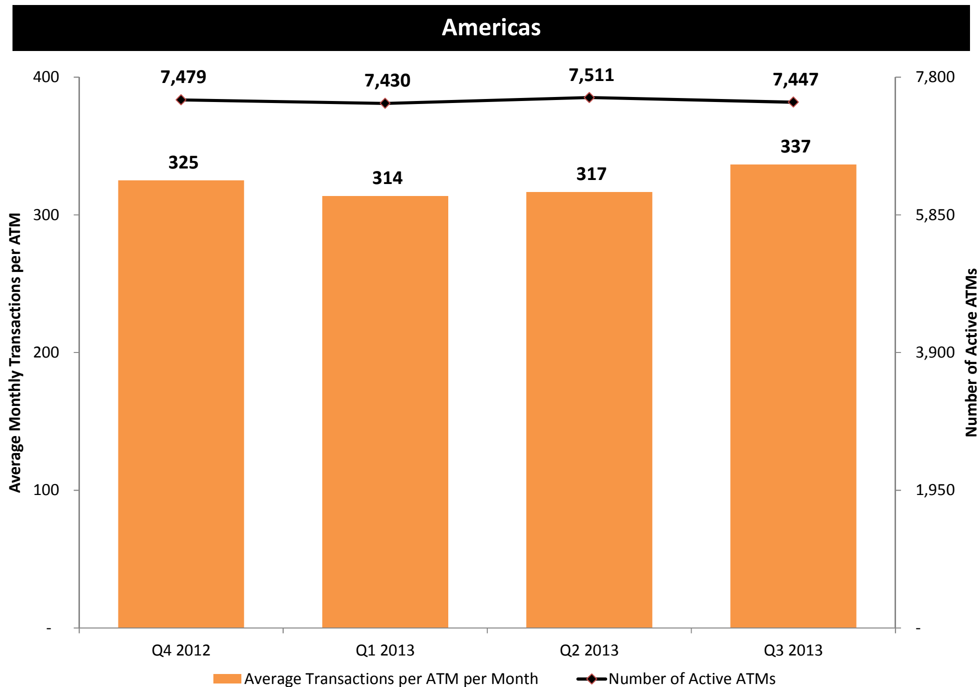
	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
Active ATM Terminals[(1)]	7,447	7,565	7,447	7,565
ATM Transactions	7,519,850	8,067,939	21,646,750	23,817,750
Revenue ($ thousands)	$12,009	$12,690	$34,564	$38,851
Gross Profit ($ thousands)	$6,895	$6,748	$18,995	$19,969
Gross Profit Margin	***57.4%***	***53.2%***	***55.0%***	***51.4%***

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

The Americas includes DirectCash's Canadian and Mexican operations and was DirectCash's main operation prior to the transformative international acquisitions in 2012. Revenue in the Americas is derived approximately 56% from Company-owned ATM machines, of which approximately 65% are cash loaded by DirectCash.

The number of active ATMs in the America's division decreased by 118 machines compared to September 30, 2012, reflecting the removal of 32 ATMs in the US market due to expiry of one contract in March 2013, the closure of low volume locations by a second customer and the continued removal of ATMs from non-performing locations, which should ultimately result in higher volumes per ATM. From June 30, 2013 the number of active ATMs in the Americas division decreased by 64 ATMs, primarily related to uplifts from non-performing locations, offset by 30 ATMs installed pursuant to a new retail chain contract in Ontario. In Canada, the number of active ATMs and ATM transactions exhibits high variation in the months of June through September due to special events. Additionally, transactions per ATM increase in the summer months and start to decline in the fall. In Canada, the monthly average transaction per ATM decreased for the three months ended September 30, 2013 by 5% from 2012 and increased 6% from Q2 2013 to Q3 2013. Discounting for seasonality and special events, we continue to see a decrease in ATM usage in Canada.

In addition, in the first nine months of this year we also saw a 30% decrease in transactions in our Mexico business as we transitioned this business to a new bank sponsor and experienced interruption in ATM transactions.



Monthly average transactions per ATM is calculated as the monthly transactions divided by active ATMs in the last calendar month of the quarter

ATM revenue in the Americas declined by 5% for the three months ended September 30, 2013 compared to 2012. The decrease was primarily due to a $0.5 million decline in revenue in Mexico. Our original sponsor bank in Mexico would not allow us to charge foreign exchange mark-ups on foreign currency dispensing. The Company has reached an arrangement with a new sponsor bank and has migrated all of its ATMs in Mexico over to the new sponsor as at September 30, 2013. This arrangement is for three years and provides for more favorable financial terms for the Company. This transition caused a temporary interruption in transactions. ATM gross profit margin increased from 53.2% in 2012 to 57.4% in 2013 for the three months ended September 30. In Q3 2013 we made positive improvements in our Canadian ATM business, offset by a reduction in Mexico of $0.3 million.

The increase in gross profit margin can be attributed to the margin generated from ancillary revenue in Canada, and to the asset acquisitions made in the fourth quarter of 2012. We also continue to adjust our fees and introduce new products to compensate for transaction declines in the ATM business.

Total gross profit per ATM for the Americas per quarter was $926 for Q3 2013 compared to $892 for Q3 2012, an increase of 4%.

ATM revenue in the Americas declined by $4.3 million or 11% for the nine months ended September 30, 2013 compared to 2012. The decrease was due to a combination of a $1.9 million decrease in revenue from Mexico as discussed above, a reduction in ATMs transactions across Americas and a decline in ATM parts sales. Prior to December 31, 2012 DirectCash was selling ATM upgrades to merchants; as at December 31, 2012 all ATMs were upgraded in Canada, eliminating this sales opportunity. In Mexico, the decline in revenue reflects both lower transactions and a cessation of forex revenue for most of 2013. ATM gross profit decreased by $1.0 million or 5% during the nine months ended September 30, 2013 compared to the 2012 period. Gross profit was negatively impacted by $1.7 million in Mexico, offset by a $0.8 million improvement in our Canadian ATM business, reflecting

improved management. The gross profit margin of the ATM business increased from 51.4% in 2012 to 55.0% in 2013 for the nine months ended September 30.

ATM revenue in the Americas increased by 5% compared to Q2 2013. The increase was due to increased ATM transactions reflecting seasonal activities and growth from new ATM products introduced to the market in 2013 as the Company refocuses its efforts on growth in Canada.

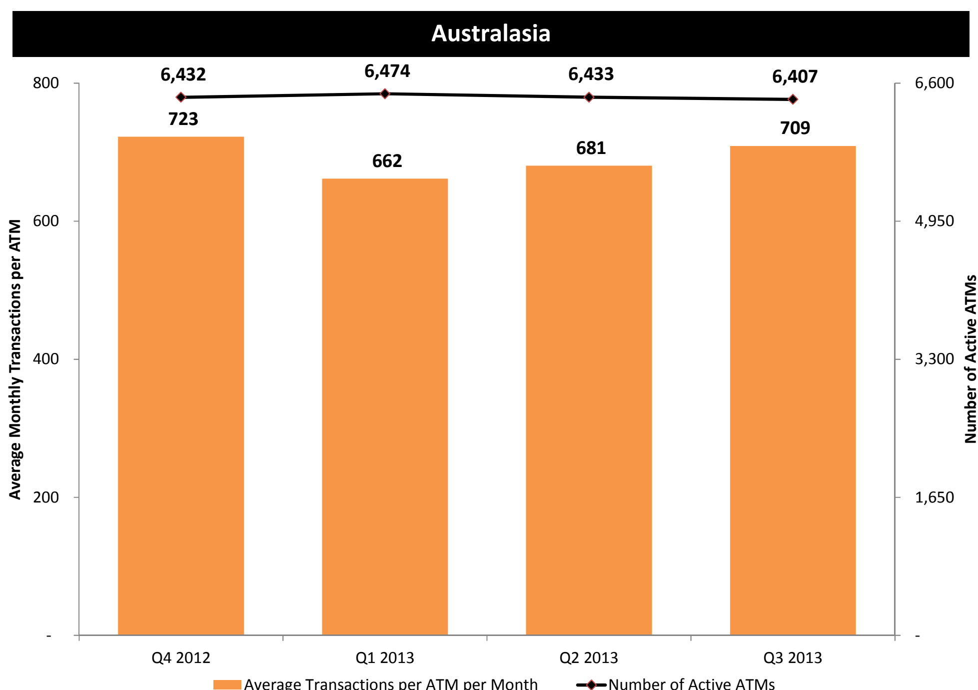
Australasia

	Three months ended September 30,		Nine months ended September 30,	
	2013	**2012**	**2013**	**2012**
Active ATM Terminals[(1)]	6,407	6,560	6,407	6,560
ATM Transactions	13,630,921	13,634,052	39,618,116	13,634,052
Revenue ($ thousands)	$30,680	$32,684	$94,560	$32,684
Gross Profit ($ thousands)	$15,837	$15,753	$49,396	$15,753
Gross Profit Margin	***51.6%***	***48.2%***	***52.2%***	***48.2%***

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

DirectCash entered into the Australian and New Zealand ATM markets through the acquisition of DC Payments Pty Ltd., formerly Customers Limited ("DC Australia") on July 4, 2012. Revenue in the Australasia division is derived from primarily Company-owned ATMs and also from a significant managed services business.

In Australasia, the number of active ATMs decreased by 153 in September 2013 compared to 2012. The monthly average transaction per active ATM for Q3 2013 increased 2% from Q3 2012. While the Company has added 224 ATMs on one significant contract, we continue to remove ATMs from non-performing locations, with the largest reduction being in New Zealand where we have decommissioned approximately 400 ATMs since the acquisition. The number of active ATMs in September 2013 is consistent with June 2013 however, the average monthly transaction per ATM increased by 4%.



Monthly average transactions per ATM is calculated as the monthly transactions divided by active ATMs in the last calendar month of the quarter

ATM revenue for Q3 2013 was $30.7 million on transaction volumes of 13.6 million, compared to Q3 2012 revenue of $32.7 million on transaction volumes of 13.6 million. Q3 2013 revenue was negatively impacted by approximately 8% due to the erosion of the Australian dollar against the Canadian dollar. We increased contractual revenue by $0.3 million for the nine month period by introducing the Canadian contract philosophy to Australasia.

ATM revenue for Q3 2013 was 4% lower than Q2 2013 on higher transactions volumes. Revenue on an Australian dollar basis increased 3% and this was offset by a reduction of 6% due to the erosion of the Australia dollar.

The table below illustrates that the exchange rates between the Australian and Canadian dollar had a negative impact on our reported revenue:

		Three months ended September 30			
		2013	**2012**	**$ change**	**% change**
Australian dollar revenue	AUD	$32,244	$31,731	$513	2%
Weighted average conversion rate		0.9515	1.0300		
Canadian dollar equivalent	CAD	$30,680	$32,684	$(2,004)	(6%)

		Nine months ended September 30			
		2013	2012	$ change	% change
Australian dollar revenue	AUD	$94,224	$31,731	$62,493	197%
Weighted average conversion rate		1.0036	1.0300		
Canadian dollar equivalent	CAD	$94,560	$32,684	$61,876	189%

From the date of acquisition of DC Australia, gross profit margin has shown an upward trend reflecting efficiency achieved through the Company's integration process, including pushing the Canadian operating philosophy to these operations, as discussed above.

The ATM business gross profit margin, excluding hedging gains/losses, increased from 51.0% in Q2 2013 to 51.6% in Q3 2013. On an Australian dollar basis, gross profit was A$16.1 million for Q2 2013 and A$16.6 million for Q3 2013, an increase of 4%. In Q2 2013 the Company incurred costs associated with both the installation of 224 ATMs for a new customer and in cash loading costs in managing the transition from the competitor's site. Q3 2013 results reflect the benefit of a full quarter of the associated transactions and revenue.

The table below illustrates that the exchange rates between the Australian and Canadian dollar had a negative impact on our reported gross profit:

		Three months ended September 30			
		2013	2012	$ change	% change
Australian dollar gross profit	AUD	$16,635	$15,281	$1,354	9%
Weighted average conversion rate		0.9520	1.0309		
Canadian dollar equivalent	CAD	$15,837	$15,753	$84	1%

		Nine months ended September 30			
		2013	2012	$ change	% change
Australian dollar gross profit	AUD	$49,190	$15,281	$33,909	222%
Weighted average conversion rate		1.0042	1.0309		
Canadian dollar equivalent	CAD	$49,396	$15,753	$33,643	214%

Total gross profit per ATM for Australasia per quarter on an Australia dollar basis was A$2,596 for Q3 2013 compared to A$2,329 for Q3 2012, an increase of 11%.

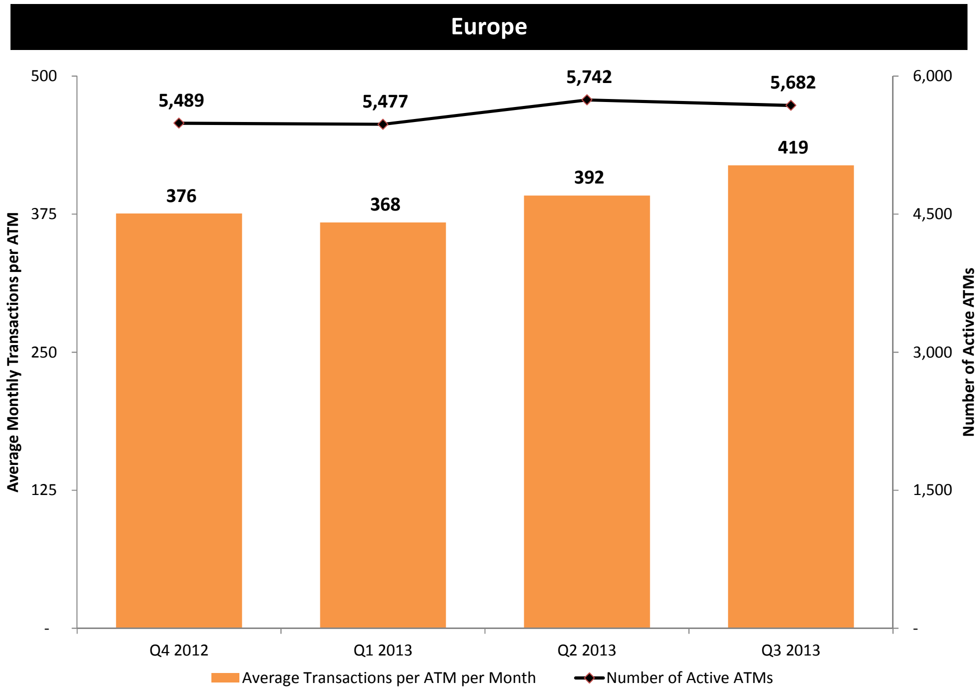
Europe

	Three months ended September 30,		Nine months ended September 30,	
	2013	**2012**	**2013**	**2012**
Active ATM Terminals[(1)]	5,682	5,298	5,682	5,298
ATM Transactions[)]	7,147,373	6,246,992	19,940,337	10,280,835
Revenue ($ thousands)	$9,291	$8,930	$24,164	$14,644
Gross Profit ($ thousands)	$2,925	$2,464	$8,035	$4,126
Gross Profit Margin	*31.5%*	*27.6%*	*33.3%*	*28.2%*

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

DirectCash achieved a significant market share of the United Kingdom ("UK") non-bank ATM industry through the acquisition of InfoCash Holdings Ltd. ("InfoCash") in May 2012. Revenue in the Europe division is derived approximately 60% through Company-owned machines, but for the most part these are merchant-loaded ATM's. The Company is also the provider of parts and repair services for Triton manufactured ATMs in the UK.

Since the acquisition, DirectCash has grown from approximately 4,700 ATMs on acquisition to 5,682 transacting ATMs in September, 2013. The number of active ATMs in the Europe division increased by 384 compared to September 30, 2012 with the average monthly transaction per ATM increasing by 7%. Due to typical seasonal activities, the number of active ATMs decreased by 60 in Q3 2013 compared to Q2 2013. However, the average monthly transaction per ATM for Q3 2013 increased by 7% over Q2 2013, with the difference reflecting the high volume special event season in July and August, including a higher proportion of temporary ATMs which generate higher fees.



Monthly average transactions per ATM is calculated as the monthly transactions divided by active ATMs in the last calendar month of the quarter

ATM revenue for Q3 2013 was $9.3 million on transaction volumes of 7.1 million, compared to Q3 2012 revenue of $8.9 million on transaction volumes of 6.2 million. Revenue increased by 4% while transactions increased by 14%, reflecting the free to use/pay to use variation. The increase of ATM transaction based revenue was also offset by the reduction of revenue generated from Triton parts sales and repair services revenue due to a change in the service providers of one of our competitors who was using our UK operations to repair parts on an outsourcing basis. ATM revenue for Q2 2013 was $8.2 million on transaction volumes of 6.8 million. Q3 2013 revenue compared to Q2 2013 increased primarily due to the higher proportion of pay to use transactions at special events which typically earn the Company higher gross transaction fees and to the GBP Canadian exchange rate.

The table below illustrates that the exchange rates between the British Pound and Canadian dollar had a positive impact on our reported revenue:.

		Three months ended September 30			
		2013	**2012**	**$ change**	**% change**
British pound revenue	GBP	£5,771	£5,676	£95	2%
Weighted average conversion rate		1.6099	1.5732		
Canadian dollar equivalent	CAD	$9,291	$8,930	$361	4%

		Nine months ended September 30			
		2013	2012	$ change	% change
British pound revenue	GBP	£15,252	£9,256	£5,996	65%
Weighted average conversion rate		1.5843	1.5822		
Canadian dollar equivalent	CAD	$24,164	$14,644	$9,520	65%

Total gross profit from Europe for the three months ended September 30, 2013 increased by $0.5 million or 19% over the prior year comparable period.

ATM gross profit margin increased from 27.6% in 2012 to 31.5% in 2013 for the three months ended September 30, also reflecting efficiency achieved through the Company's integration process. Further contributing to the increase was the asset acquisition completed in the fourth quarter in 2012. The gross profit margin for Q3 2013 as compared to Q2 2013 is consistent.

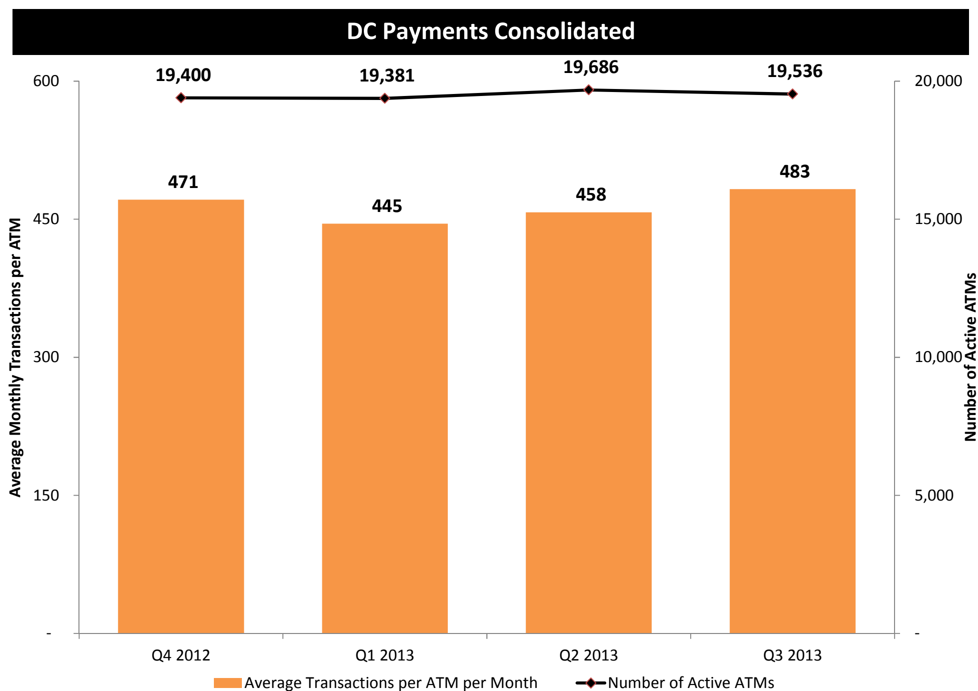
The table below illustrates that the exchange rates between the British Pound and Canadian dollar had a positive impact on our reported gross profit:

		Three months ended September 30			
		2013	2012	$ change	% change
British pound gross profit	GBP	£1,815	£1,545	£270	18%
Weighted average conversion rate		1.6116	1.5948		
Canadian dollar equivalent	CAD	$2,925	$2,464	$461	19%

		Nine months ended September 30			
		2013	2012	$ change	% change
British pound gross profit	GBP	£5,071	£2,611	£2,460	94%
Weighted average conversion rate		1.5845	1.5803		
Canadian dollar equivalent	CAD	$8,035	$4,126	$3,909	95%

Total gross profit per ATM for Europe per quarter on a British pounds basis was £319 for Q3 2013 compared to £292 for Q3 2012, an increase of 9%.

Seasonality impacts the Company in three ways – in higher activity periods, we deploy more temporary ATMs, we load more vault cash into all ATMs and may load them more often, and we realize higher transaction volumes per ATM. The following chart illustrates the variation in monthly average transaction volumes per ATM on a historical 4 quarter trailing basis.



Monthly average transactions per ATM is calculated as the monthly transactions divided by active ATMs in the last calendar month of the quarter

Prepaid and Other Products Business:

Revenue from the prepaid and other products business includes the revenue from processing debit and credit card transactions ("prepaid card transactions") and debit terminal transactions 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 and gross profit by geographical segment, which includes the Americas, Australasia and Europe, is as follows:

	Three months ended September 30, 2013			**Three months ended September 30, 2012**		
($ thousands)	**Transactions**	**Revenue**	**Gross Profit**	**Transactions**	**Revenue**	**Gross Profit**
Americas	2,991,559	$6,655	$3,860	4,353,531	$12,512	$5,943
gross profit margin			*58.0%*			*47.5%*
Australasia	15,570	113	95	18,199	111	50
gross profit margin			*84.1%*			*45.0%*
Europe	7,823	(31)	(5)	14,794	90	(26)
gross profit margin			*16.1%*			*(28.9%)*
Total	3,014,952	$6,737	$3,950	4,386,524	$12,713	$5,967
gross profit margin			*58.6%*			*46.9%*

	Nine months ended September 30, 2013			Nine months ended September 30, 2012		
($ thousands)	**Transactions**	**Revenue**	**Gross Profit**	**Transactions**	**Revenue**	**Gross Profit**
Americas	10,185,746	$22,186	$12,105	13,448,764	$39,684	$19,162
gross profit margin			*54.6%*			*48.3%*
Australasia	51,964	403	300	76,508	509	299
gross profit margin			*74.4%*			*58.7%*
Europe	31,402	81	(23)	59,280	605	(39)
gross profit margin			*(28.4%)*			*(6.4%)*
Total	10,269,112	$22,670	$12,382	13,584,552	$40,798	$19,422
gross profit margin			*54.6%*			*47.6%*

Americas

The primary driver of variation in transactions in the prepaid and other products business is prepaid card transactions. For the three months ended September 30, 2013 compared to the prior year period, prepaid card transactions in Canada declined by 62% The declines reflect a contract expiry with a major customer in Q1 2013 as well as a decrease in card loads due to the closure of locations by a second customer in 2012. The Company does not anticipate being able to replace this customer in the near term due to the long lead time required in a contract of this size. However, we have increased our sales force in this market subsequent to the end of the quarter.

Prepaid card transactions declined by 37% for Q3 2013 relative to Q2 2013. Currently, the Company has two significant customers in the prepaid card business. One of these customers has a highly cyclical business, with highest transaction volume in Q1, declining into Q2 and dropping off significantly for the balance of the year. This customer in the tax preparation business accounted for the decline in transaction volumes from Q2 2013 to Q3 2013.

Total prepaid and other products revenue for Q3 2013 was $6.7 million compared to $7.0 million in Q2 2013, on transaction volumes of 3.0 million compared to 3.4 million. The revenue variance occurs because different fees apply so the revenue earned will vary based on the "basket" of transactions for the applicable period.

For the three months ended September 30, 2013 prepaid and other products revenue declined by $5.9 million or 47% compared to the prior year period.

The gross profit margin of the prepaid and other business for the three month period increased from 47.5% in Q3 2012 to 51.5% in Q2 2013 to 58.0% in Q3 2013. The increase is attributable to diversification achieved throughout the year and the types of services provided across periods.

For the nine months ended September 30, 2013 total prepaid and other products revenue decreased by $17.5 million (44%) and gross profit decreased by $7.1 million (37%). Included in the revenue decrease is $3.5 million of low profit virtual voucher and other telephone sales. The decrease is primarily attributable to the contract expiry and retraction of business as discussed above. However, gross profit margin increased from 48.3% to 54.6% across periods.

Australasia and Europe

The Company's prepaid and other products business revenue in Australasia ceased in October, 2013 as its sole customer's operations were suspended.

DirectCash's prepaid and other products business revenue in UK decreased by 134% and 87% for the three and nine months ended September 30, 2013 compared to the prior year periods. The decrease is primarily due to the closure of low volume locations in UK by one significant customer and we do not anticipate the sales to this customer to rebound. The decline in associated gross profit margins is due primarily to the fixed nature of certain transaction processing costs.

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

SG&A is made up of personnel and other expenses. For the three months ended September 30, 2013 SG&A expenses decreased by 7% over the prior year period. As a percentage of gross profits, SG&A was 36% in Q3 2013 compared to 37% for Q3 2012.

Personnel expenses for the three months ended September 30, 2013 decreased $0.7 million or 9% compared to the prior year period. The decrease was attributable to our Australasia operations where personnel costs in Q3 2012 reflect staff termination costs and an 8% higher exchange rate. Personnel expenses for Q3 2013 decreased $0.4 million or 5% as compared to Q2 2013, also primarily attributable to the Australasia division. Included in Q2 2013 was a $0.2 million one-time settlement cost and a 6% higher exchange rate.

Other expenses for the three months ended September 30, 2013 was consistent with the prior year period and Q2 2013.

For the nine months ended September 30, 2013 SG&A expenses increased by 45% over the prior year period. As a percentage of gross profits, SG&A was 36% year to date in 2013 compared to 38% year to date in 2012.

For the nine months ended September 30, 2013, personnel expenses increased $6.2 million or an increase of 42% compared to the prior year period. Other expenses for the nine months ended September 30, 2013 increased by $4.0 million or 52% compared to the prior year period. These increases were as a result of the full nine months of both Australasia and Europe being included in 2013, compared to three months for Australasia and five months for Europe in the 2012 period.

Vault Cash Rental Agreements

DirectCash has access to vault cash rental facilities for the supply of cash to ATMs operated by the Company in Australia and United Kingdom. Under these facilities, cash is owned by the cash provider who has contracts directly with transaction acquirers, 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 vault cash agreement. The settlement of the cash asset and corresponding liability is through regulated clearing systems and as such a right of set-off exists. As a result of the above factors, such cash and the related obligations are not reflected in the consolidated financial statements. See also “Off Balance Sheet Arrangements”.

As vault cash rental agreements do not have DirectCash holding the cash or allow the Company to have access to the cash and the cash at all times remains the property of the vault cash provider, the cash made available under the agreements is not debt, and nor are the vault cash rental agreements considered debt instruments.

The Company incurred $2.1 million and $6.9 million of vault cash rental costs in Australasia and Europe for the three and nine months ended September 30, 2013 as compared to $2.7 million for both comparative prior year periods. On an Australian dollar basis, vault cash rental costs for Q3 2013 in Australasia decreased 5% over Q2 2013 and 21% over Q3 2012, reflecting better management.

Finance Costs

For the three and nine months ended September 30, 2013 finance costs decreased by $0.3 million and increased $8.2 million over the period year comparable periods.

The decrease for the three month period was primarily attributable to the 2012 utilization of bridge financing between the closing of the Australasia acquisition and the closing of the related financings. The 2013 nine month period is not comparable to 2012 due to the Australasia acquisition and financing thereof which concluded in Q3 2012.

Foreign Exchange

The Company’s primary foreign exchange risk is on the Australian dollar. The dollar has experienced extreme volatility over the last year, ranging from highs of 1.0696 to lows of 0.9216 for the twelve months ended September 30, 2013. The closing exchange rate utilized by the Company in translating Australian denominated assets and liabilities has eroded from 1.0339 on December 31, 2012 to 0.9607 on September 30, 2013, a 7% decline. A similar variation occurred in June and July 2012 as the Company was funding and closing its Australian purchase.

The Company’s earnings are primarily impacted by unrealized gains and losses associated with holding A$ denominated debt, cash balances, hedges and some temporary A$ working capital balances. For the three and nine months ended September 30, 2013 the Company incurred an unrealized loss of $0.5 million and an unrealized gain of $2.8 million related to these items (September 30, 2012 – unrealized loss of $1.5 million for the three months and an unrealized gain of $0.1 million for the nine months).

For the three and nine months ended September 30, 2013 the Company also realized gains and losses associated primarily with the repayment of A$ denominated debt, settlement of A$ hedges and for other foreign currency denominated transactions. Realized gains were $0.4 million and $0.3 million for the three and nine months ended September 30, 2013 and realized gains were $1.2 million and $4.0 million for the three and nine months ended September 30, 2012.

Net Income (Loss)

Net loss for the three months ended September 30, 2013 decreased by $2.3 million compared to the three months ended September 30, 2012. This decrease in net loss is primarily due to an exchange-related decrease in depreciation and amortization costs and the inclusion in 2012 of acquisition-related expenses, offset by related tax impacts.

Net income for the nine month period decreased by $3.3 million compared to the prior year period. The 2013 nine month period is not comparable to 2012 due to the Australasia acquisition which concluded in Q3 2012.

Net income decreased in Q3 2013 by $2.5 million compared to Q2 2013, representing a $3.2 million increase in net income before income taxes and unrealized foreign exchange, offset by a $5.1 million decrease in unrealized foreign exchange, offset by related tax impacts.

EBITDA

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

($ thousands)	Three months ended September 30 2013	Three months ended September 30 2012	Nine months ended September 30 2013	Nine months ended September 30 2012
Net income (loss)	**$(192)**	$(2,468)	**$1,353**	$4,656
Add (deduct):				
Finance costs	**5,020**	5,303	**14,420**	6,191
Acquisition-related expenses	**-**	1,663	**-**	4,055
Depreciation of property and equipment	**3,607**	4,012	**11,606**	6,758
Amortization of intangible assets	**8,417**	9,505	**26,468**	16,013
Unrealized loss (gain) on foreign exchange	**538**	1,468	**(2,848)**	(149)
Current income tax expense	**1,978**	982	**4,644**	1,256
Deferred income tax benefit	**(2,013)**	(2,370)	**(5,866)**	(534)
EBITDA	**$17,355**	$18,095	**$49,777**	$38,246
EBITDA margin(1)	***29.6%***	*27.0%*	***28.3%***	*30.1%*

[1]A non-GAAP measure – see definition under "Non-GAAP Measures"

For the three months ended September 30, 2013, EBITDA decreased by 4% over the prior year period, as compared with the 4% decrease in gross profits. For the nine months ended September 30, 2013, EBITDA increased by 30% over the prior year period, as compared with the 50% increase in gross profits. The gap is attributable to the 154% increase in vault cash rental costs due to full inclusion of the Australasia and United Kingdom results in 2013. In addition, the realized gain on foreign exchange decreased by 93% due to change of the foreign exchange rate in Australian dollar.

As a percentage of revenue, EBITDA was 30% and 28% during the three and nine months ended September 30, 2013, respectively, compared to 27% and 30% during the prior year periods.

Funds from Operations

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

($ thousands, except per share amounts)	Three months ended September 30		Nine months ended September 30	
	2013	2012	2013	2012
Net income (loss)	**$(192)**	$(2,468)	**$1,353**	$4,656
Add (deduct):				
Depreciation of property and equipment	**3,607**	4,012	**11,606**	6,758
Amortization of intangible assets	**8,417**	9,505	**26,468**	16,013
Unrealized loss (gain) on foreign exchange	**538**	1,468	**(2,848)**	(149)
Deferred income tax benefit	**(2,013)**	(2,370)	**(5,866)**	(534)
Other non-cash charges	**845**	545	**2,159**	545
	11,202	10,692	**32,872**	27,289
Productive capacity maintenance capital[(1)]	**(457)**	(1,774)	**(3,263)**	(2,893)
Funds from operations[(1)]	**$10,745**	$8,918	**$29,609**	$24,396
Funds from operations per share, basic[(1)]	***0.65***	*0.58*	***1.79***	*1.71*
Funds from operations per share, diluted[(1)]	***0.65***	*0.58*	***1.78***	*1.70*
Dividends declared	**$5,741**	$5,418	**$17,222**	$14,968
Dividends declared per share	***$0.35***	*$0.35*	***$0.35***	*$0.35*
Funds from operations payout ratio	***53.4%***	*60.8%*	***58.2%***	*61.4%*

[1]A non-GAAP measure – see definition under “Non-GAAP Measures”

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 acquired operations.

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.

Capital Expenditures

Growth capital expenditures relate to acquisitions and other expenditures that increase the Company's productive capacity and can vary widely between reporting periods. For the nine months ended September 30, 2013 growth capital expenditures were $1.9 million, excluding final purchase price adjustments related to the 2012 acquisitions. Included in growth capital expenditures is capital associated with net new ATM sites owned by DirectCash.

Maintenance capital expenditures are costs incurred to maintain productive capacity at existing levels, and include incremental costs incurred for upgrading existing ATM sites owned by DirectCash. For the nine months ended September 30, 2013 maintenance capital expenditures were $3.3 million.

In the United Kingdom, the Company is expected to upgrade approximately 150 ATMs in 2013 in connection with a contract renewal as part of our maintenance capital program.

Related Party Transactions

DirectCash Bank

DirectCash is party to various service 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. DC Bank operates as the card issuer for the Company's prepaid card business. To be a card issuing member of Interac, MasterCard and Visa the entity is required to be a financial institution. DC Bank also provides the Company with the ability to brand ATMs as DC Bank ATM which is a competitive advantage to the Company's business. Without the relationship with DC Bank the Company would not be able to distribute prepaid cards or facilitate bank services with some of its prepaid card clients. 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 the Company. One of DC Bank's significant shareholders (indirectly through a holding corporation) is also DirectCash's President and CEO. Any transactions between DirectCash and DC Bank are approved by independent directors. 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 debit and credit cards to the customers of DirectCash. DirectCash has also provided a guarantee of indebtedness to a maximum of $2 million for the benefit of DC Bank.

During the three and nine months ended September 30, 2013, DirectCash paid approximately $0.4 million and $1.2 million (2012: $0.4 million and $1.1 million) of fees to DC Bank associated with various agreements with DC Bank. The related party balance payable to DC Bank at September 30, 2013 was approximately $0.2 million (December 31, 2012: $0.1 million).

Changes in Capital Structure

As at November 14, 2013 the number of common shares outstanding was 16,639,279.

On October 28, 2013, DirectCash announced an Offering of 950,000 common shares of the Company for cash proceeds of $16.00 per common share less approximately $0.9 million in underwriter fees, professional advisory fees and other costs related to the Offering. The Company anticipates closing of the Offering on November 15, 2013. The net proceeds from the Offering will be used to repay outstanding indebtedness.

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 funds generated from operations will be dependent upon future operational performance, which in turn will be subject to financial, tax, business and other factors.

Credit Facilities utilized for working capital

As of September 30, 2013, DirectCash had utilized approximately $6.0 million (December 31, 2012: $3.1 million) of total available credit facilities of $115 million. A summary of DirectCash's available credit at September 30, 2013 is as follows:

Credit Facilities

($ thousands)	Utilized	Limit	Available
Revolving credit facility	$6,027	$115,000	$108,973
Total	$6,027	$115,000	$108,973

DirectCash has a $115 million five-year revolving credit facility available for general corporate purposes, maturing June 28, 2017. As at September 30, 2013, the Company has posted letters of credit totaling approximately $6.0 million (US$ 5.3 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

Senior Secured Facilities

In order to fund acquisition opportunities, DirectCash has established a credit facility with a syndicate of lenders. The facility includes a Revolving Facility and a Term Loan.

Under the credit facility dated July 23, 2012 and amended October 18, 2013, 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 facility) (the "Total Leverage Ratio) will not exceed 3.25 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 facility) less unfunded capital expenditures, dividends and cash taxes to interest expense and scheduled principal payments on funded debt (as defined in the credit facility) (the "Fixed Charge Coverage Ratio") will equal or exceed 1.25 to 1.0. Consolidated funded debt, as defined, includes amounts outstanding under letters of credit. EBITDA, as defined, is the amount reported in the consolidated financial statements adjusted for other non-cash charges and for pro-forma adjustments related to business acquisitions that occur during the relevant calculation period. These adjustments were not material for the current calculation period.

On an annual basis, until such time as the ratio of consolidated funded debt to consolidated EBITDA is less than or equal to 2.75, the Company is required to repay outstanding advances to the extent of 50% of excess cash flow (as defined in the amended credit facility) for the previous year. As at September 30, 2013, DirectCash was in compliance with all applicable covenants and ratios under the facility.

The Credit facility was further amended on November 14, 2013. The amendments provide the Company with additional operational flexibility included approval for the Threshold Acquisition, removal

of the decreasing component of the Total Leverage Ratio as described above, and certain changes with respect to the definitions of consolidated funded debt, EBITDA and interest expense for purposes of the financial covenants. Pursuant to the amendment, DirectCash will be required to comply with the following financial covenants: (i) Senior Leverage Ratio (as defined in the amended credit facility) must be less than or equal to 2.25 times EBITDA (as defined in the credit facility), which steps down to 2.0 times on January 1, 2016; (ii) Total Leverage Ratio (as defined in the amended credit facility) must be less than or equal to 3.5 times EBITDA (as defined in the credit facility); and (iii) the Fixed Charge Coverage Ratio (as defined in the amended credit facility) must be greater than or equal to 1.25 times, which steps up to 1.35 times on January 1, 2015. Consistent with the Company's existing facilities, the amounts drawn and expenses paid on the Company's new vault cash rental agreements are not debt, and therefore are not applicable in making the foregoing calculations.

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.

Unsecured Senior Notes

DirectCash has $125 million aggregate principal amount of seven year unsecured senior notes (the "Notes") outstanding, maturing on August 8, 2019. 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 contain no maintenance covenants. Pursuant to the terms of the indenture, the Company is limited on the amount of restricted payments, including dividends, which it can make, such restrictions being generally governed by a fixed charge coverage incurrence test and an overall restricted payments basket. The Notes are guaranteed by all of the Company's material subsidiaries and partnerships.

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

The Company's financial instruments include its cash in circulation, trade and other receivables, loans receivable, revolving credit facility, interest rate swaps, foreign exchange contracts, trade and other payables, other liabilities and long-term debt.

Fair value measurements for financial instruments

The fair values of financial instruments are determined with respect to the hierarchy that prioritizes the input to fair value measurement. In the absence of an active market, the Company determines fair value by using valuation techniques that refer to observable market data or estimated market process. Fair values are inherently judgmental, thus the estimated fair values do not necessarily reflect amounts that would be received or paid in case of immediate settlement of these instruments. The use of different estimations, methodologies and assumptions could have a material effect on the estimated fair value amounts.

The carrying value of cash and cash equivalents, trade and other receivables, loans receivable, trade and other payables and other liabilities approximate their fair values due to the relatively short-term nature of these balances. The carrying amount of the long-term debt balance related to borrowings under the Company's term loan, unsecured senior notes and obligations under finance leases. The term loan carrying amount approximates fair value since borrowings are subject to short-term floating interest rates and the spread is consistent with the Company’s current credit spreads. As at September 30, 2013, the fair value of the Company's unsecured senior notes was approximately $124.7 million (December 31, 2012 - $128.4 million) based on best available estimated quoted price. The fair value of the obligations under finance leases is determined by estimating future cash flows on a borrowing by borrowing basis, and discounting these future cash flows using the effective interest rate.

The details of the Company’s foreign exchange contracts are fully disclosed in Note 9 to the 2013 Q3 Financial Statements. As at September 30, 2013, the fair value of the Company's foreign exchange contracts was an asset of approximately $0.04 million.

As at September 30, 2013 the Company held two interest rate swaps: October 31, 2012 to October 31, 2014 – A$50 million at a 3.22% fixed BBSY rate and October 31, 2012 to October 31, 2015 – A$50 million at a 3.28% fixed BBSY rate. As at September 30, 2013, the fair value of the Company's interest rate swaps was a liability of approximately $0.9 million.

The fair value of the Company’s foreign exchange contracts and interest rate swaps were based on pricing models where the inputs include forward curves, volatility estimates and discount rates (level 2 fair values). Level 2 inputs are inputs that are observable for the asset or liability, either directly or indirectly.

Off Balance Sheet Arrangements

DirectCash has access to vault cash rental agreements for the supply of cash to ATMs owned by the Company in Australia and United Kingdom. Under these agreements, cash is owned by the vault cash provider who has contracts directly with transaction acquirers, 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 agreement. The settlement of the cash asset and corresponding liability is through regulated clearing systems and as such a right of set-off exists. As a result of the above factors, no asset or liability is shown for these amounts in the financial statements. The amount of cash in circulation in Australia and United Kingdom under these facilities was approximately $133 million and $199 million as of September 30, 2013 and December 31, 2012, respectively.

On November 1, 2013 the Company entered into two unsecured vault cash rental agreements with a major Canadian financial institution for up to $100 million for its Canadian operations. See *"Recent Developments".*

As at September 30, 2013, the Company has posted letters of credit totaling approximately $6.0 million (US$ 5.3 million and A$ 0.6 million).

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".

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

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.

Management of DirectCash has 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, taxation, regulatory 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 is expanding in-house expertise in several of these areas. However, in some instances 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

There was no significant change in ICFR since December 31, 2012. As at the period ended September 30, 2013 DirectCash's design of ICFR has included controls, policies and procedures for subsidiary companies acquired during the 2012 financial year.

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 2012, 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 due to the weaknesses in internal control identified above in the "Internal control over financial reporting" section.

Critical accounting judgements 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:

Depreciation and amortization

Depreciation and amortization methods for ATM equipment, office equipment, computers, automobiles, debit terminal equipment and acquired contracts and other intangible assets 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.

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.

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 International Accounting Standard ("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.

Business combination

The purchase price allocation for business combinations is based on management's judgements of the criteria applied in International Financial Reporting Standard ("IFRS") 3 – Business Combinations.

Estimates:

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit ("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 based on a discounted cash flow model. The cash flows are derived from internal budgets 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 CGU 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. There is a certain amount of subjectivity and judgement in the CGUs determination and recoverable amount calculation. Judgements and assumptions, described in the consolidated financial statements note detail, are subject to measurement uncertainty and the impact of differences between actual and estimated amounts on the consolidated financial statement of future periods could be material.

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.

Deferred tax assets are recognized only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to be realized, and a judgement as to whether or not there will be sufficient taxable profits available to offset the tax assessed when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as in the amounts recognized in net income (loss) in the period in which the change occurs.

Useful lives of long-lived assets

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 recorded expenses and decrease the carrying value of non-current assets.

DirectCash estimates the useful lives of contracts included in intangible assets based on the average remaining primary term of the contracts acquired and assigns an estimated retention period based on the Company's historical information in the applicable market. It is possible, however, that future regulatory or general economic changes, among other factors, could significantly impact the estimated retention period. 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 contracts would increase the recorded expenses and decrease the varying value of non-current assets.

Other significant areas of judgements

The estimates of fair value for assets acquired and liability assumed through business combination involve certain assumptions and judgements that are subject to measurement uncertainty.

The estimates of net realizable value of inventory involve estimating future selling prices in the applicable market and accordingly, are subject to measurement uncertainty.

Key Business Risks

The Company is exposed to certain risks relating to its ongoing business operations. DirectCash's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance. In order to mitigate the impact of key risks, the company tailors its staffing mix to focus on key areas and engages third party consultants to assist with overall planning where required.

Recent Developments

- In certain segments of our business, namely the prepaid cards segment and the contracts acquired pursuant to the Threshold Acquisition, we rely on a small number of customers for a material portion of that business.
- The Company's future revenue streams are related to contracts which require renewal from time to time. These renewals may be subject to fee renegotiation or may not be renewed at all.
- Achieving the benefits of the Threshold Acquisition depends in part on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as on the Company's ability to realize the anticipated growth opportunity and synergies from combining the Threshold business and operations with our existing business.

For a discussion of additional business risks affecting DirectCash, see "Risk Factors" detailed in the Annual Information Form dated March 16, 2013 available on SEDAR (www.sedar.com).

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, 2013:

Quarterly information ($ thousands except per share amounts)

	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011
Revenue								
ATM Business	$51,980	$51,434	$49,874	$53,287	$54,304	$18,179	$13,696	$12,644
Prepaid and other	6,737	7,186	8,747	11,856	12,713	13,899	14,186	14,447
Total Revenue	58,717	58,620	58,621	65,143	67,017	32,078	27,882	27,091
Gross Profit								
ATM business	$25,657	$24,809	$25,960	$26,436	$24,965	$7,965	$6,929	$6,320
Gross profit margin	*49.4%*	*48.2%*	*52.1%*	*49.6%*	*46.0%*	*43.8%*	*50.6%*	*50.0%*
Prepaid and other	3,950	3,697	4,735	5,996	5,967	6,568	6,876	7,120
Gross profit margin	*58.6%*	*51.4%*	*54.1%*	*50.6%*	*46.9%*	*47.3%*	*48.5%*	*49.3%*
Total Gross Profit	29,607	28,506	30,695	32,432	30,932	14,533	13,805	13,440
Gross profit margin	*50.4%*	*48.6%*	*52.4%*	*49.8%*	*46.2%*	*45.3%*	*49.5%*	*49.6%*
EBITDA	$17,355	$15,181	$17,241	$18,318	$18,095	$11,395	$8,756	$8,036
EBITDA margin	*29.6%*	*25.9%*	*29.4%*	*28.1%*	*27.0%*	*35.5%*	*31.4%*	*29.7%*
EBITDA per weighted share (basic)	*1.05*	*0.92*	*1.04*	*1.11*	*1.18*	*0.83*	*0.64*	*0.58*
EBITDA per weighted share (diluted)	*1.04*	*0.91*	*1.04*	*1.10*	*1.17*	*0.82*	*0.63*	*0.58*
Net income (loss) attributable to common shareholders	$(205)	$2,262	$(722)	$1,830	$(2,096)	$3,903	$3,220	$8,549
per share, basic	*(0.01)*	*0.14*	*(0.04)*	*0.11*	*(0.14)*	*0.28*	*0.23*	*0.62*
per share, diluted	*(0.01)*	*0.14*	*(0.04)*	*0.11*	*(0.14)*	*0.28*	*0.23*	*0.62*
Dividends declared	$5,741	$5,741	$5,741	$5,741	$5,418	$4,775	$4,775	$4,775
Dividends declared per share	*0.35*	*0.35*	*0.35*	*0.35*	*0.35*	*0.35*	*0.35*	*0.35*
Total assets	**$388,226**	**$399,952**	**$428,579**	**$442,738**	**$436,252**	**$419,290**	**$151,086**	**$166,302**
Total long-term debt	**$184,154**	**$185,283**	**$196,340**	**$197,889**	**$199,113**	**$50,475**	**$-**	**$-**
Common shares outstanding end of period	**16,639**	**16,639**	**16,639**	**16,639**	**16,639**	**13,839**	**13,839**	**13,839**