Condensed Consolidated Interim Financial Statements

DIRECTCash PAYMENTS INC.®

For the Three and Nine Months Ended September 30, 2012

DirectCash Payments Inc.
Condensed Consolidated Interim Statements of Financial Position
Canadian dollar in thousands
(unaudited)

	Note	**September 30 2012**	December 31 2011
Assets			
Current assets:			
Cash in circulation		**$ 28,702**	$ 56,280
Restricted funds		**12,266**	12,540
Trade and other receivables		**12,712**	3,535
Inventories		**9,790**	2,957
Prepaid expenses		**3,659**	698
		67,129	76,010
Non-current assets:			
Other assets	*6*	**4,031**	980
Property and equipment	*4*	**57,700**	10,483
Intangible assets	*4*	**156,771**	17,904
Goodwill	*4*	**142,514**	52,366
Deferred tax asset		**8,107**	8,559
		$ 436,252	$ 166,302
Liabilities and Shareholders' equity			
Current liabilities:			
Revolving credit facility, net of operating funds		**$ 5,570**	$ 20,678
Acquisition credit facility	*5*	**-**	31,373
Restricted funds liability		**12,266**	12,540
Trade and other payables		**32,079**	13,022
Other current liabilities	*12*	**11,978**	-
Income tax payable		**-**	51
Dividends payable	*8*	**1,914**	1,592
Current portion of long term debt	*5*	**2,983**	-
		66,790	79,256
Non-current liabilities:			
Other liabilities		**400**	160
Long term debt	*5*	**199,113**	-
Deferred tax liability		**35,138**	-
		234,651	160
Shareholders' equity:			
Share capital	*7*	**257,346**	194,990
Contributed surplus (current and unvested EPSP/LTIP)		**2,086**	2,365
Shares held in trust by EPSP/LTIP Trustee		**(1,414)**	(1,817)
Foreign currency translation reserve		**(4,649)**	(406)
Deficit		**(118,186)**	(108,246)
Equity attributible to common shareholders		**135,183**	86,886
Non-controlling interests		**(372)**	-
Total Shareholders' equity		**134,811**	86,886
		$ 436,252	$ 166,302

Subsequent events (Note 12)

See accompanying notes to the condensed consolidated interim financial statements

DirectCash Payments Inc.

Condensed Consolidated Interim Statements of Operations and Comprehensive Income (loss)

Canadian dollar in thousands (except per share amounts)

(unaudited)

	Note	For the three months ended September 30 2012	2011	For the nine months ended September 30 2012	2011
Revenue		**$ 67,017**	$ 28,466	**$ 126,977**	$ 85,251
Expenses:					
Cost of sales		**36,085**	13,506	**67,707**	42,166
Personnel expenses		**7,164**	2,763	**13,432**	8,165
Other expenses		**3,826**	1,813	**7,662**	5,170
Bailment facility costs	5	**2,715**	-	**2,715**	-
Share-based compensation		**331**	453	**1,182**	1,116
Realized (gain) on foreign exchange	11	**(1,199)**	-	**(3,967)**	-
EBITDA	2	**18,095**	9,931	**38,246**	28,634
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
Finance costs		**5,303**	430	**6,191**	1,244
Unrealized (gain) loss on foreign exchange		**1,468**	(5)	**(149)**	(4)
Net Income (loss) before income taxes		**(3,856)**	5,550	**5,378**	15,467
Current income tax expense		**982**	723	**1,256**	795
Deferred income tax expense (benefit)		**(2,370)**	447	**(534)**	2,898
Net Income (loss)		**$ (2,468)**	$ 4,380	**$ 4,656**	$ 11,774
Other comprehensive loss					
Exchange differences on translation of foreign operations (net of income tax)		**(4,419)**	(631)	**(4,243)**	(499)
Total Comprehensive Income (loss)		**$ (6,887)**	$ 3,749	**$ 413**	$ 11,275
Net Income (loss) attributable to:					
Common shareholders of the Company		**(2,096)**	4,380	**5,028**	11,774
Non controlling interests		**(372)**	-	**(372)**	-
Net Income (loss)		**$ (2,468)**	$ 4,380	**$ 4,656**	$ 11,774
Net income (loss) per share attributable to common shareholders					
Basic	7	**$ (0.14)**	$ 0.32	**$ 0.35**	$ 0.86
Diluted	7	**$ (0.14)**	$ 0.32	**$ 0.35**	$ 0.85

See accompanying notes to the condensed consolidated interim financial statements

DirectCash Payments Inc.

Condensed Consolidated Interim Statements of Changes in Equity

Canadian dollar in thousands

(unaudited)

	Note	Share Capital	Shares held in trust by LTIP/EPSP Trustee	Contributed surplus (current and unvested LTIP/EPSP)	Foreign currency translation reserve	Deficit	Non controlling interest	Total
As at December 31, 2010		**$ 194,990**	**$ (1,472)**	**$ 2,293**	**$ 340**	**$ (109,469)**		$ 86,682
Net income for the period		-	-	-	-	11,774		11,774
Foreign exchange difference through other comprehensive income		-	-	-	(499)	-		(499)
Share based payment transactions (EPSP/LTIP)		-	(169)	15	-	-		(154)
Dividends	*8*	-	-	-	-	(14,324)		(14,324)
As at September 30, 2011		$ 194,990	$ (1,641)	$ 2,308	$ (159)	$ (112,019)		$ 83,479
As at December 31, 2011		**$ 194,990**	**$ (1,817)**	**$ 2,365**	**$ (406)**	**$ (108,246)**		$ 86,886
Net income for the period		-	-	-	-	5,028	(372)	4,656
Foreign exchange difference through other comprehensive income		-	-	-	(4,243)	-		(4,243)
Shares issued for cash	*7*	65,380	-	-	-	-		65,380
Share issue costs (net of tax)	*7*	(3,024)	-	-	-	-		(3,024)
Share based payment transactions (EPSP/LTIP)		-	403	(279)	-	-		124
Dividends	*8*	-	-	-	-	(14,968)		(14,968)
As at September 30, 2012		**$ 257,346**	**$ (1,414)**	**$ 2,086**	**$ (4,649)**	**$ (118,186)**	**$ (372)**	**$ 134,811**

See accompanying notes to the condensed consolidated interim financial statements

DirectCash Payments Inc.

Condensed Consolidated Interim Statements of Cash Flows

Canadian dollar in thousands

(unaudited)

	Note	For the nine months ended September 30 2012	2011
Cash provided by (used in):			
Operations:			
Net income for the period		**$ 4,656**	$ 11,774
Add (deduct) items not involving cash:			
Income tax		**722**	3,693
Unrealized gain on foreign exchange		**(149)**	(4)
Share-based compensation		**1,182**	1,116
Finance costs		**6,191**	1,244
Other		**121**	-
Depreciation of property and equipment		**6,758**	3,568
Amortization of intangible assets		**16,013**	8,359
		35,494	29,750
Changes in non-cash working capital			
Trade and other receivables		**(2,803)**	(1,338)
Inventories		**495**	1,142
Prepaid expenses		**(95)**	(627)
Trade and other payables		**(1,853)**	4,774
Other		**226**	(57)
		(4,030)	3,894
Cash generated from operations		**31,464**	33,644
Paid to EPSP/LTIP trustee (pursuant to the EPSP/LTIP agreements)		**(812)**	(1,270)
Income tax paid		**(1,963)**	(13)
Net cash from operating activities		**28,689**	32,361
Investing:			
Acquisition of property and equipment		**(6,305)**	(3,765)
Acquisition of intangible assets		**(203)**	(121)
Business and asset acquisitions (net of cash acquired)	*4*	**(201,457)**	-
Net cash used in investing activities		**(207,965)**	(3,886)
Financing:			
Proceeds on issue of common shares, net share issue costs paid	*7*	**61,469**	-
Acquisition credit facility advances		**8,627**	1,801
Acquisition credit facility repayments	*5*	**(40,000)**	-
Bridge facilities advances	*5*	**175,000**	-
Bridge facilities repayments	*5*	**(175,000)**	-
Long term debt advances	*5*	**210,000**	-
Long term debt repayment		**(56)**	-
Repayment of debt assumed on acquisition		**(42,988)**	-
Financing fees paid and deferred		**(12,285)**	-
Interest paid on revolving credit facility		**(1,046)**	(458)
Interest paid on acquisition credit facility		**(457)**	(1,244)
Interest paid on long term debt		**(656)**	-
Interest paid on bridge facilities		**(1,705)**	-
Dividends to shareholders	*8*	**(14,646)**	(17,783)
Net cash from (used in) financing activities		**166,257**	(17,684)
Increase (decrease) in cash and cash equivalents		**(13,019)**	10,791
Cash and cash equivalents, beginning of period		**35,602**	27,667
Cash acquired through acquisition	*4*	**400**	-
Foreign exchange gain (loss) on cash held in foreign currency		**149**	(495)
Cash and cash equivalents, end of period		**$ 23,132**	$ 37,962
Cash and cash equivalents is comprised of:			
Cash in circulation		**28,702**	48,751
Revolving credit facility		**(5,570)**	(10,331)
		$ 23,132	$ 38,420

See accompanying notes to the condensed consolidated interim financial statements

1. Corporate information

DirectCash Payments Inc. ("DirectCash" or the "Company") is a publicly traded corporation and is incorporated and domiciled in Alberta, Canada. The condensed consolidated interim financial statements comprise those of DirectCash and its subsidiaries and wholly-owned limited and general partnerships. The Company's registered head office is located at #6, 1420 – 28 Street N.E., Calgary, Alberta.

On July 4, 2012, DirectCash closed the acquisition of Customers Limited ("Customers"), a public company listed on the Australian Stock Exchange ("ASX"), whereby the Company acquired all of the outstanding shares of Customers for A$1.27 per fully diluted share in cash plus the assumption of outstanding debt of Customers. A total of approximately 6,600 ATM sites and related contracts in Australia and New Zealand were acquired by DirectCash pursuant to this acquisition (note 4). Following the acquisition, Customers was delisted from the ASX and effective November 1, 2012 changed its name to DC Payments Pty Limited.

DirectCash entered into an agreement with Triton Systems of Delaware, LLC ("Triton") to acquire the automated teller machine business of InfoCash Holdings Limited ("InfoCash"), a wholly owned subsidiary of Triton based in the United Kingdom, which closed on May 25, 2012. A total of approximately 4,700 ATM sites and related contracts in the United Kingdom were acquired by DirectCash pursuant to this acquisition (note 4).

These condensed consolidated interim financial statements have been prepared by management from the historical records of DirectCash and its subsidiaries.

2. Basis of presentation

Statement of compliance

The condensed consolidated interim financial statements for the period ended September 30, 2012 have been prepared in accordance with International Accounting Standards ("IAS") 34 *Interim Financial Reporting*.

The policies applied in these condensed consolidated interim financial statements are based on International Financial Reporting Standards ("IFRS") issued and outstanding as of November 13, 2012, the date the Board of Directors approved the financial statements.

Basis of measurement

These condensed consolidated interim financial statements are stated in Canadian dollars and were prepared on a going concern basis, under the historical cost basis.

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, as described in Note 5. 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.

Use of estimates and judgements

The preparation of condensed consolidated interim 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 approximation of the amount, event or actions, actual results ultimately may differ from these estimates.

Cash flow statement

Effective September 30, 2012, the Company has presented interest paid in financing activities; formerly interest paid was included in operating activities. All prior period comparative balances have been restated to inform to this classification.

3. Significant accounting policies

During the nine months period, the following policies were adopted:

Leases

Agreements under which payments are made to owners in return for the right to use an asset for a period are accounted for as leases. Leases that transfer substantially all the risks and rewards of ownership are recognized at the commencement of the lease term as finance leases within property and equipment and liabilities at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Finance lease payments are apportioned between interest expense and a reduction of the liability. All other leases are recorded as operating leases, and the costs are recognized in net earnings (loss) on a straight−line basis.

Financial liabilities

Financial liabilities comprise trade and accrued payables, Senior Notes, Term Loan and the amounts outstanding under the Revolving Credit Facility.

Trade and accrued payables, Senior Notes and Term Loan are classified as "financial liabilities measured at amortized cost" and are measured at amortized cost using the effective interest rate method.

Unrealized gains and losses on re-measurement to fair value at each reporting period-end are recognized in net earnings (loss).

Transaction costs relating to the Company's credit facilities are amortized over the applicable term using the effective interest rate method. The liability is presented at amortized cost, net of transaction costs, in the event that amounts are drawn and outstanding at the reporting period-end. In the event that no amounts are outstanding at the reporting period-end, unamortized transaction costs are included in other assets.

Fair value measurements

Fair value measurements are estimates of the amounts for which assets or liabilities could be exchanged at the measurement date, based on the assumption that such exchanges take place between knowledgeable, unrelated parties in unforced transactions. Where available, fair value measurements are derived from prices quoted in active markets for identical assets or liabilities. In the absence of such information, other observable inputs are used to estimate fair value. Where publicly available information is not available, fair value is determined using estimation techniques that take into account market perspectives relevant to the asset or liability so as far as they can reasonably be ascertained, based on predominantly unobservable inputs; such fair value estimations are generally based on the net present value of expected future cash flows.

For a detailed discussion of the principal accounting policies applied in the preparation of these condensed consolidated interim financial statements see the notes to the audited consolidated financial statements for the year ended December 31, 2011. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Income Taxes

DirectCash has specific tax matters under discussion with tax authorities, the outcome of which is uncertain. Where the outcome of these matters is different from the amounts currently recorded, such differences will be recorded in the consolidated financial statements of DirectCash as goodwill or net earnings (loss), as applicable, in the period in which such determination is made.

New Accounting Pronouncements

The following pronouncements from the International Accounting Standards Board ("IASB") are applicable to DirectCash and will become effective for future reporting periods, but have not yet been adopted:

- IFRS 9 *Financial Instruments* – as part of its project to replace IAS 39 *Finance Instruments: Recognition and Measurement*, the IASB issued the first phase of IFRS 9 implementation dealing with the classification and measurement of financial assets. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39.

- IFRS 10 *Consolidated Financial Statements* - replaces IAS 27 *Consolidated Separate Financial Statements*. It introduces a new principle-based definition of control applicable to all investees to determine the scope of consolidation. The standard provides the framework for consolidated financial statements and their preparation based on the principle of control.

- IFRS 11 *Joint Arrangements* - replaces IAS 31 *Interests in Joint Ventures*. IFRS 11 divides joint arrangements into two types, each having its own accounting model. A "joint operation" continues to be accounted for using proportionate consolidation, where a "joint venture" must be accounted for using equity accounting. This differs from IAS 31 where there was the choice to use proportionate consolidation or equity accounting for joint ventures. A "joint operation" is defined as the joint operators having rights to the assets, and obligations for the liabilities relating to the arrangement. In a "joint venture", the joint ventures' have rights to the net assets of the arrangement, typically through their investment in a separate joint venture entity.

- IFRS 12 *Disclosure of Interests in Other Entities* - a new standard which combines all of the disclosure requirements for subsidiaries, associates and joint arrangements, as well as unconsolidated structured entities.

- IFRS 13 *Fair Value Measurement* - a new standard meant to clarify the definition of fair value, provide guidance on measuring fair value and improve disclosure requirements related to fair value measurement.

- IAS 1 *Presentation of Financial Statements* – amendment requires items within other comprehensive loss to be grouped based on whether they can be reclassified to the income statement and is applicable to annual periods beginning on or after July 1, 2012, with earlier adoption permitted.

- IAS 19 *Employee Benefits* amendment – amends the accounting for employee benefits by eliminating the corridor method to defer recognition of actuarial gains and losses, introduces presentation changes for the financial statement effects arising from defined benefit plans, and introduces enhanced disclosure requirements for defined benefit plans.

- IAS 27 *Separate Financial Statements* – establishes the accounting and disclosure requirements for investments in subsidiaries, joint ventures, and associates when an entity prepares separate financial statements and replaces the current IAS 27 *Consolidated and Separate Financial Statements* as the consolidation guidance is included in IFRS 10 *Consolidated Financial Statements*.

(tabular amounts in thousands of Canadian dollars, except as noted)

All of the above pronouncements are effective for annual periods beginning on or after January 1, 2013 with earlier adoption permitted, except for IFRS 9, which is effective January 1, 2015. The Company is currently assessing the impact of adopting these pronouncements.

4. Acquisitions

a. 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$1.27 per fully diluted share in cash plus the assumption of the outstanding debt of Customers

Headquartered in Melbourne, Australia, Customers operates ATMs in Australia and 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 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.

(tabular amounts in thousands of Canadian dollars, except as noted)

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

	Revenue	Net income before taxes
Since acquisition date	$ 32,674	$ 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, 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	Net loss before taxes
Since acquisition date	$ 14,644	$ (3,597)

(tabular amounts in thousands of Canadian dollars, except as noted)

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.

b. Asset Acquisitions

DirectCash acquired certain Canadian assets of several privately held corporations engaged in ATM services for consideration of $667 thousand plus vault cash, subject to customary performance holdbacks and normal course purchase adjustments for the nine-month period ended September 30, 2012.

The majority of the assets acquired consist of the residual rights in contracts to operate and place ATM machines at certain locations. These contracts are valued based on the remaining term of each agreement and the expected net cash flow from that agreement value is allocated to intangible assets and amortized in accordance with the Company's policy.

5. Long-Term Debt

The Company's long-term debt consists of the following:

	September 30, 2012	December 31, 2011
Term Loan (Note 5(a))	$ 72,250	$ -
Term Loan - A$ (Note 5(a)) in Cdn	12,513	-
Unsecured Senior Notes (Note 5(b))	125,000	-
Obligation under finance leases (Note 5(c))	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**	**$ -**

a. Senior Secured Facilities

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:

Revolving Facility

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 totalling 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.

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 instalments commencing February 28, 2013 and matures on June 28, 2017.

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 (note 7).

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 note offering (note 5(b)).

b. 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.

c. Obligation under finance leases

DirectCash has finance leases relating to Automatic Teller Machines ("ATM") and vehicles requiring total minimum lease payments of $0.5 million over the next five years, including interest at a weighted average rate of 7.9%.

d. Acquisition credit facility

The former acquisition credit facility of DirectCash was repaid in full with the proceeds of the new Term Loan and the facility was cancelled.

e. Bailment facilities

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.

(tabular amounts in thousands of Canadian dollars, except as noted)

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.

6. Other Assets

As at September 30, 2012, other assets consist of following:

	September 30, 2012	December 31, 2011
Unamortized transaction costs on revolving credit facility	$ 2,824	$ -
Unamortized bailment facility costs	1,382	-
Other	906	980
Less: current portion[1]	(1,081)	-
	$ 4,031	**$ 980**

[1] Included in prepaid expenses

7. Share Capital

	Number of Shares	Amount
Balance as at December 31, 2011	13,839,279	$ 194,990
Issued on August 9, 2012	2,800,000	65,380
Issue costs (net of $1.0 million tax)	-	(3,024)
Balance as at September 30, 2012	**16,639,279**	**$ 257,346**

On August 9, 2012, DirectCash completed a private placement of 2,800,000 common shares of the Company for cash proceeds of $23.35 per common share and incurred $2.9 million in underwriter fees and approximately $1.1 million in professional advisory fees and other costs related to their issuance and the associated bridge financing. The net proceeds from the issue were used to repay the equity bridge loan drawn in respect of the Customers acquisition, with the remainder of the proceeds added to working capital.

Weighted average number of common shares

The weighted average number of common shares outstanding (basic and diluted) is calculated as follows:

(tabular amounts in thousands of Canadian dollars, except as noted)

	For the three months ended		For the nine months ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Issued common shares	15,421,887	13,839,279	14,370,665	13,839,279
Effect of EPSP/LTIP shares held in trust by EPSP/LTIP Trustee	(66,474)	(84,429)	(77,950)	(94,170)
Weighted Average number of shares (basic)	15,355,413	13,754,850	14,292,715	13,745,109
Weighted Average number of shares (diluted)	15,421,887	13,839,279	14,370,665	13,839,279

8. Dividends declared

The following dividends were declared by DirectCash during the periods indicated.

	For the three months ended		For the nine months ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
11.5 cents monthly per qualifying common share	$ 5,418	$ 4,775	$ 14,968	$ 14,324

Subsequent to September 30, 2012, DirectCash declared dividends in the amount of $1,913,517 (11.5 cents per share for the month of October 2012) and paid dividends in the amount of $1,913,517 (11.5 cents per share for the month of September 2012).

DirectCash' policy has been that shareholders of record on the last business day of the month are entitled to receive dividends at the end of the month following.

9. 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.

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).

(tabular amounts in thousands of Canadian dollars, except as noted)

10. Segment reporting and seasonality of operations

Subsequent to the acquisitions of Customers and InfoCash, management has segmented the Company's business by geographical segment. The Company's operations are segmented into the Americas (Canada, the United States and Mexico), Australasia (Australia and New Zealand) and Europe. Performance is measured based on revenues and gross profit. Cost of sales includes the costs of recurring services and products. Revenues and gross profits by geographic segment are as follows:

	For the three months ended September 30, 2012			
	Americas	**Australasia**	**Europe**	**Total**
Revenues				
ATM	12,689	32,674	8,930	54,293
Prepaid and other	12,511	121	92	12,724
Total	**$ 25,200**	**$ 32,795**	**$ 9,022**	**$ 67,017**
Cost of Sales				
ATM	5,848	16,931	6,560	29,339
Prepaid and other	6,569	61	116	6,746
Total	**$ 12,417**	**$ 16,992**	**$ 6,676**	**$ 36,085**
Gross profit				
ATM	6,841	15,743	2,370	24,954
Prepaid and other	5,942	60	(24)	5,978
Total	**$ 12,783**	**$ 15,803**	**$ 2,346**	**$ 30,932**

	For the three months ended September 30, 2011			
	Americas	**Australasia**	**Europe**	**Total**
Revenues				
ATM	13,660	-	-	13,660
Prepaid and other	14,473	325	8	14,806
Total	$ 28,133	$ 325	$ 8	$ 28,466
Cost of Sales				
ATM	5,906	-	-	5,906
Prepaid and other	7,523	74	3	7,600
Total	$ 13,429	$ 74	$ 3	$ 13,506
Gross profit				
ATM	7,754	-	-	7,754
Prepaid and other	6,950	251	5	7,206
Total	$ 14,704	$ 251	$ 5	$ 14,960

(tabular amounts in thousands of Canadian dollars, except as noted)

	For the nine months ended September 30, 2012			
	Americas	Australasia	Europe	Total
Revenues				
ATM	38,851	32,684	14,644	86,179
Prepaid and other	39,684	509	605	40,798
Total	**$ 78,535**	**$ 33,193**	**$ 15,249**	**$ 126,977**
Cost of Sales				
ATM	18,882	16,931	10,518	46,331
Prepaid and other	20,522	210	644	21,376
Total	**$ 39,404**	**$ 17,141**	**$ 11,162**	**$ 67,707**
Gross profit				
ATM	19,969	15,753	4,126	39,848
Prepaid and other	19,162	299	(39)	19,422
Total	**$ 39,131**	**$ 16,052**	**$ 4,087**	**$ 59,270**

	For the nine months ended September 30, 2011			
	Americas	Australasia	Europe	Total
Revenues				
ATM	39,954	-	-	39,954
Prepaid and other	44,270	897	130	45,297
Total	$ 84,224	$ 897	$ 130	$ 85,251
Cost of Sales				
ATM	17,827	-	-	17,827
Prepaid and other	24,073	225	41	24,339
Total	$ 41,900	$ 225	$ 41	$ 42,166
Gross profit				
ATM	22,127	-	-	22,127
Prepaid and other	20,197	672	89	20,958
Total	$ 42,324	$ 672	$ 89	$ 43,085

Total Assets	**September 30, 2012**	**December 31, 2011**
Americas	$ 133,679	$ 165,978
Australasia	276,450	226
Europe	26,123	97
	$ 436,252	$ 166,302

None of the Company's customers for the nine months period ended September 30, 2012, accounted for greater than 10% of DirectCash's overall revenues (2011: 29%).

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. DirectCash has eliminated the impact of seasonal fluctuations in cash flows to shareholders by equalizing monthly cash dividends.

11. 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).

a. 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.

b. 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.

c. 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$), Great Britain Pounds (GBP£), Mexican Peso and US dollar ($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 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.

The Company had no outstanding foreign exchange forward contracts at September 30, 2012.

d. 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.

12. Subsequent events :

a. 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. As at September 30, 2012, other current liabilities include $2.3 million in shareholder loans and $9.0 million in respect of the Put obligation.

b. 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.