

Consolidated Interim Financial Statements



For the three months ended March 31, 2009

**DirectCash Income Fund**  
**Consolidated Balance Sheets**

	March 31 2009 (unaudited)	December 31 2008
<b>Assets</b>		
Current assets:		
Cash in circulation	\$ 18,895,857	\$ 21,904,332
Restricted funds	9,606,770	8,437,481
Accounts receivable	2,006,388	2,304,552
Loans receivable	942,030	802,183
Inventories (note 2)	3,888,079	3,699,383
Prepaid expenses	599,610	1,179,504
	<b>35,938,734</b>	<b>38,327,435</b>
Equipment	6,681,641	6,340,639
Intangible and other assets	21,595,813	24,893,367
Goodwill	52,365,652	52,365,652
	<b>\$ 116,581,840</b>	<b>\$ 121,927,093</b>
<b>Liabilities and unitholders' equity</b>		
Current liabilities:		
Revolving credit facility (note 3)	\$ 6,828,188	\$ 11,835,386
Acquisition credit facility (note 3)	30,800,000	30,800,000
Restricted funds	9,606,770	8,437,481
Accounts payable and accrued liabilities	6,935,087	6,315,836
Distributions payable	1,433,967	1,433,967
	<b>55,604,012</b>	<b>58,822,670</b>
Deferred rent	178,875	185,500
Deferred revenue	221,425	235,052
<b>Unitholders' equity:</b>		
Capital contributions (note 4):		
Units	72,604,632	72,604,632
Exchangeable partnership units	41,963,273	41,963,273
Deficit	(53,990,377)	(51,884,034)
	<b>60,577,528</b>	<b>62,683,871</b>
	<b>\$ 116,581,840</b>	<b>\$ 121,927,093</b>

See accompanying notes to the consolidated financial statements.

On behalf of the Board:

**"Signed"**  
**Gary Dundas**  
*Director*

**"Signed"**  
**Kevin Wolfe**  
*Director*

Calgary, Canada  
Monday, May 11, 2009

**DirectCash Income Fund**  
**Consolidated Statements of Earnings, Deficit and Comprehensive Income**  
(unaudited)

<i>For the three months ended March 31:</i>	<b>2009</b>	<b>2008</b>
<b>Revenue:</b>		
Recurring services	\$ 17,980,423	\$ 15,070,459
Products	5,588,548	6,770,534
Interest	53,227	167,706
	<b>23,622,198</b>	22,008,699
<b>Expenses:</b>		
Cost of recurring services	7,771,180	6,668,809
Cost of products	5,232,542	6,211,617
Selling, general and administrative	3,211,801	2,746,986
Long-term incentive plan (note 5)	304,750	260,315
Interest (note 3)	300,659	523,131
Depreciation of equipment	712,204	585,635
Amortization of intangible assets	3,793,504	4,598,418
	<b>21,326,640</b>	21,594,911
<b>Net Income before income taxes</b>	<b>2,295,558</b>	413,788
Income taxes	100,000	-
<b>Net earnings and comprehensive income</b>	<b>2,195,558</b>	413,788
Deficit at beginning of period	(51,884,034)	(36,691,639)
Distributions declared (note 6)	(4,301,901)	(4,302,695)
<b>Deficit at end of period</b>	<b>\$ (53,990,377)</b>	\$ (40,580,546)
Weighted average shares:		
Basic and diluted (note 4)	12,469,279	12,471,579
Net earnings per unit:		
Basic and diluted (note 4)	\$ 0.18	\$ 0.03

See accompanying notes to the consolidated financial statements.

**DirectCash Income Fund**  
**Consolidated Statements of Cash Flows**  
(unaudited)

<i>For the three months ended March 31:</i>	<b>2009</b>	<b>2008</b>
<b>Cash provided by (used in):</b>		
Operations:		
Net earnings	\$ 2,195,558	\$ 413,788
Add items not involving cash:		
Depreciation of equipment	712,204	585,635
Amortization of intangible and other assets	3,793,504	4,598,418
	<b>6,701,266</b>	5,597,841
Changes in non-cash working capital	<b>1,151,545</b>	(463,284)
	<b>7,852,811</b>	5,134,557
Investments:		
Acquisitions	-	(1,600,000)
Other capital expenditures	(1,053,207)	(431,478)
Other intangible expenditures	(498,980)	(29,711)
	<b>(1,552,187)</b>	(2,061,189)
Financing:		
Acquisition credit facility	-	1,600,000
Distributions to unitholders	(2,739,912)	(2,491,659)
Distributions to holders of exchangeable partnership units	(1,561,989)	(1,811,036)
	<b>(4,301,901)</b>	(2,702,695)
Increase in cash and cash equivalents	<b>1,998,723</b>	370,673
Cash and cash equivalents, beginning of period	<b>10,068,946</b>	4,344,862
Cash and cash equivalents, end of period	<b>\$ 12,067,669</b>	\$ 4,715,535
Cash and cash equivalents is comprised of:		
Cash in circulation	\$ 18,895,857	\$ 11,288,040
Revolving credit facility	(6,828,188)	(6,572,505)
	<b>\$ 12,067,669</b>	\$ 4,715,535
Cash paid during the period for:		
Interest	\$ 300,659	\$ 520,101
Income Taxes	\$ -	\$ -

See accompanying notes to the consolidated financial statements.

# DIRECTCASH INCOME FUND

Notes to Consolidated Financial Statements, page 1  
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## 1. Basis of presentation and significant accounting policies:

"Fund" means DirectCash Income Fund, an unincorporated, open-ended, limited purpose trust established under the laws of the Province of Alberta.

"DirectCash" means, collectively, DirectCash Management Inc., DirectCash Limited Partnership, DirectCash ATM Management Partnership, DirectCash ATM Processing Partnership, DirectCash Acquisition Corp., DirectCash USA, Inc., DirectCash México S.A. De C.V., DSM Services S.A. De C.V., DirectCash Management Australia Pty. Ltd., DirectCash Trinidad and Tobago Ltd. and any of their controlled affiliates (i.e. the entities involved in the actual operation of the businesses being carried on).

"DirectCash Group" means, collectively, the Fund, DirectCash Commercial Trust and the entities comprised in the definition of "DirectCash".

These consolidated interim financial statements have been prepared by management from the historical records of the Fund and its subsidiaries, and have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), applied on a consistent basis. Certain information and disclosures normally required to be included in annual financial statement notes have been condensed and updated. These financial statements and notes thereto should be read in conjunction with the Fund's audited consolidated financial statements for the year ended December 31, 2008. All significant intercompany balances and transactions have been eliminated.

In the opinion of management of DirectCash, the accompanying unaudited consolidated interim financial statements include all adjustments (of a normal recurring nature) necessary to present fairly the consolidated financial position of the Fund as at March 31, 2009 and the consolidated results of operations and cash flows for the three months then ended.

### (a) Change in accounting policies:

Effective January 1, 2009, DirectCash adopted the new recommendations of the CICA Handbook for Section 3064 Goodwill and Intangible Assets replacing Section 3062, Goodwill and Other Intangible Assets. There was no material impact of the change in accounting policy to the financial statements for the three months ended March 31, 2009.

### (b) Future accounting policies:

The CICA plans to adopt International Financial Reporting Standards ("IFRS") over a transition period expected to end in 2011. The impact of the transition to IFRS on the Fund's financial statements is not yet determinable. The Fund will begin reporting on the timing of DirectCash Group's change over plan and key elements that will be impacted in the second half of 2009.

# DIRECTCASH INCOME FUND

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(c) Revenue recognition:

Revenue from processing transactions and other services is recognized at the time the transactions are processed and the services are provided. Warranty fees received in advance of the warranty period are deferred and recognized over the term of the warranty period. Revenue from product sales is recognized when the risks and rewards of ownership have transferred to the customers and collection is reasonably assured, which is generally at the time the products are delivered. There is historic seasonality of processing transaction volumes, with the highest activity typically occurring in the months of March, April, June, July and August, and the lowest activity typically occurring in the months of November, December, January and February.

(d) Income taxes:

The Fund is a mutual fund trust for purposes of the Income Tax Act (Canada), and is only subject to statutory income taxes on taxable income not distributed to the Unitholders. The income tax obligations relating to distributions of the Fund are the obligations of the Unitholders and, accordingly, no provision for income taxes has been made in respect of the assets and liabilities of the Fund.

Incorporated subsidiaries of the Fund use the liability method of accounting for future income taxes. Under this method, future income tax assets and liabilities are recorded based on temporary differences between the carrying amount of balance sheet items and their corresponding tax basis. Future income tax assets and liabilities are measured using enacted tax rates and laws expected to apply when the tax liabilities or assets are to be settled or realized.

(e) Segmented information:

DirectCash earns revenues from three different lines of business: the sale of ATMs and related products and services ("ATM business"), the sale of telecommunications air-time and, pre-authorized debit services, and prepaid cash cards and related products and services ("Prepaid product business"), and the sale of Debit terminals and related products and services ("Debit terminal business"). Selling, general and administrative expenses are commingled between all lines of business, therefore earnings or losses by line of business are not determinable. Assets and liabilities are shared between the three lines of business and are therefore not determinable by line of business.

(f) Foreign Currency Translation:

DirectCash uses the temporal method for the translation of its integrated foreign operations in Mexico. The translation of financial statements of an integrated foreign operation recognizes exchange gains or losses that arise on translation or settlement of the foreign currency denominated monetary items or non-monetary items carried at market in the determination of net income for the current period. Non-monetary items carried at historical cost are translated using the historical exchange rate that existed at the date of the transaction.

# DIRECTCASH INCOME FUND

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(g) Comprehensive income:

Comprehensive income is defined as the change in equity (net assets) from transactions and other events from non-owner sources. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners.

Other comprehensive income refers to items recognized in comprehensive income but that are excluded from net income calculated in accordance with GAAP. The Fund has not recognized any other comprehensive income for the period ended March 31, 2009 or the comparative prior year quarter.

## 2. Inventories:

As of:	March 31 2009	December 31 2008
ATM parts and accessories	\$ 1,786,895	\$ 1,748,826
ATMs	1,156,484	1,133,807
Telecommunications cards	340,740	279,023
Debit terminals	472,348	439,613
Debit and credit cards	56,268	30,903
Debit terminal parts and accessories	75,344	67,211
	<b>\$ 3,888,079</b>	<b>\$ 3,699,383</b>

For the three months ended March 31, 2009 DirectCash sold inventory of \$2,197,827 (2008 - \$2,906,723), and utilized inventory of \$170,852 (2008 - \$180,587) for third party service obligations and the repair and maintenance of DirectCash's own equipment. During the three months ended March 31, 2009, \$86,049 (2008 - \$56,388) of inventory was written down due to obsolescence. DirectCash's entire inventory is pledged as security under a general security agreement with DirectCash's lender (see note 3).

## 3. Credit facilities:

DirectCash has credit facilities with a Canadian chartered bank (the "Bank"). The credit facilities are secured by a fixed and specific charge over all assets of DirectCash LP, DirectCash ATM Processing Partnership as well as an unlimited guarantee from each of its significant operating affiliates, and are subject to certain financial covenants.

(a) Revolving credit facility:

DirectCash has a \$20,000,000 revolving credit facility, of which \$6,828,188 was utilized at March 31, 2009. In addition DirectCash has an outstanding commercial letter of credit with MasterCard International in the amount of US\$1,000,000 (\$1,260,200 Canadian) relating to DirectCash's prepaid Mastercard program. The revolving credit facility is demand in nature and is utilized for ATM cash machine loading, working capital requirements and commercial letters of credit. This credit facility bears interest at the Bank's prime lending rate. Interest expense related to the revolving credit facility for the three months ended March 31, 2009

# DIRECTCASH INCOME FUND

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was \$88,561 (2008 - \$180,464) comprised of \$85,531 of interest paid (2008 - \$177,434) and \$3,030 of amortized deferred financing costs (2008 - \$3,030).

(b) Acquisition credit facility:

DirectCash has a \$40,000,000 acquisition credit facility, of which \$30,800,000 was utilized at March 31, 2009. The facility is demand in nature and is utilized for the acquisition of additional ATM and Debit Terminal network and Prepaid Product assets, and/or general corporate acquisitions in complimentary business lines. The facility bears interest at the Bank's prime lending rate or at banker's acceptance rates plus 1.4% per annum. Interest paid on the acquisition credit facility for the three months ended March 31, 2009 was \$212,098 (2008 - \$342,667). There are no scheduled principal repayments.

#### 4. Capital contributions:

(a) Participating Trust Units ("Units") of the Fund

Units outstanding and capital contributions as of March 31, 2009 and December 31, 2008 are as follows:

	Number of Units	Capital Contribution
	7,941,775	\$ 72,604,632

An unlimited number of Units may be created and issued pursuant to the Declaration of Trust. Each Unit is transferable and represents an equal and undivided beneficial interest in any distributions from the Fund, whether of net earnings, net realized capital gains or other amounts, and in the net assets of the Fund in the event of a termination or winding up of the Fund. All Units have equal voting rights and privileges.

(b) Exchangeable Partnership Units:

Exchangeable Partnership Units outstanding and capital contributions as of March 31, 2009 and December 31, 2008 are as follows:

	Number of Units	Capital Contribution
	4,527,504	\$ 41,963,273

For each Exchangeable Partnership Unit issued by DirectCash LP a Special Voting Unit is issued by the Fund (i.e. attached to the Exchangeable Partnership Unit). Therefore, the Exchangeable Partnership Units issued by DirectCash LP (along with the equal number of attached Special Voting Units issued by the Fund) have economic and voting rights equivalent to the Units. As a result, the Exchangeable Partnership Units have been treated for accounting purposes as Unit equivalents. The Exchangeable Partnership Units (with the attached Special Voting Units) are

# DIRECTCASH INCOME FUND

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exchangeable, through an exchange procedure, on a one for one basis for Units at the option of the holder, under the terms of the Exchange Agreement. Exchangeable Partnership Units and Special Voting Units are not transferable to any third parties prior to their conversion to Units. Each Exchangeable Partnership Unit entitles the holder to receive distributions from DirectCash LP pro rata with distributions made by the Fund to holders of Units.

Net earnings per unit is calculated on the "if converted" basis, whereby it is assumed that all Exchangeable Partnership Units have been converted to Units.

## 5. Long-term incentive plan ("LTIP"):

Pursuant to the LTIP, DirectCash sets aside a pool of funds based upon the amount by which the Fund's per Unit distributable cash flow exceeds certain defined threshold amounts per below:

<b>Percentage by which distributable cash flow per Unit exceeds base threshold (1)</b>	<b>Maximum proportion of excess distributable cash available for LTIP payments</b>
5% or less	0%
greater than 5% and up to 10%	10% of any excess over 5%
greater than 10% and up to 20%	10% of any excess over 5% to 10%, plus 20% of any excess over 10% to 20%
greater than 20%	10% of any excess over 5% to 10%, plus 20% of any excess over 10% to 20%, plus 30% of any excess over 20%

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(1) \$1.44 per Unit per fiscal year (2008 - \$1.44 per Unit).

For the three months ended March 31, 2009, total LTIP expense was estimated at \$304,750 (2008 - \$260,315), comprised of \$304,750 (2008 - \$260,315) related to financial performance, less net proceeds of \$ nil (2008 - \$ nil) from unvested Units sold in the open market in the first three months of 2009. Unvested Units are not reallocated to other participants.

# DIRECTCASH INCOME FUND

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## 6. Distributions declared:

For the three months ended March 31:	2009	2008
Distributions declared on equity instruments:		
Units	\$ 2,739,912	\$ 2,491,659
Exchangeable partnership units	1,561,989	1,811,036
Total distributions declared	\$ 4,301,901	\$ 4,302,695

The Fund's policy is to pay cash distributions on or about the last day of each month to Unitholders of record on the last business day of the preceding month. The Fund is committed to maintaining its distributions at a high enough rate so as to maintain its current non-taxable status. DirectCash is required to pay income taxes on income earned in Mexico. Distributions paid by the Fund would be calculated after taxes are paid to foreign jurisdictions.

## 7. Related party transactions:

DirectCash LP makes distributions to the holders of Exchangeable Partnership Units. The holders of these units are related parties by virtue of their significant ownership interest in the business (see note 4). Distributions to holders of the Exchangeable Partnership Units for the three months ended March 31, 2009 were \$1,561,989 (2008 - \$1,811,036).

DirectCash is party to various services and marketing agreements with DirectCash Bank ("DC Bank"), whereby DirectCash will provide transaction processing and technology services to DC Bank and DC Bank provides services and products to DirectCash for a fee. All contracts are negotiated at market terms and rates. DirectCash Bank is indirectly owned by the three original principals of DirectCash, who continue to maintain significant ownership (directly through Unit holdings and indirectly through Exchangeable Partnership Units) in the Fund. One of DC Bank's significant shareholders (indirectly through holding corporations) is also DirectCash's President and CEO. During the three months ended March 31, 2009, DirectCash paid \$218,378 (2008 - \$81,546) of transaction processing fees to DC Bank associated with DirectCash's prepaid products line of business.

## 8. Segmented information:

DirectCash segments its revenues and cost of goods sold by line of business. Revenues and gross profits by line of business are as follows:

# DIRECTCASH INCOME FUND

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## For the three months ended March 31, 2009

<i>Line of Business</i>	<b>ATM</b>	<b>Prepaid Product</b>	<b>Debit Terminal</b>	<b>Total</b>
Revenue	\$ 10,085,042	\$ 13,104,391	\$ 432,764	\$ 23,622,197
Cost of goods sold	4,008,161	8,881,616	113,945	13,003,722
<b>Gross Profit</b>	<b>\$ 6,076,881</b>	<b>\$ 4,222,775</b>	<b>\$ 318,819</b>	<b>\$ 10,618,475</b>
<b>Gross Profit as a %</b>	<b>60.3%</b>	<b>32.2%</b>	<b>73.7%</b>	<b>45.0%</b>

## For the three months ended March 31, 2008

<i>Line of Business</i>	<b>ATM</b>	<b>Prepaid Product</b>	<b>Debit Terminal</b>	<b>Total</b>
Revenue	\$ 8,911,914	\$ 12,702,099	\$ 394,686	\$ 22,008,699
Cost of goods sold	3,656,927	9,055,434	168,065	12,880,426
Gross Profit	\$ 5,254,987	\$ 3,646,665	\$ 226,621	\$ 9,128,273
Gross Profit as a %	59.0%	28.7%	57.4%	41.5%

DirectCash has two customers which accounted for approximately 18% and 11% respectively, of DirectCash's overall revenues for the three months ended March 31, 2009 (2008, two customers – 16% and 10% respectively). The revenues from these customers are spread across all lines of business. DirectCash has long-term contractual agreements to provide services to these customers.

### 9. Capital management:

DirectCash's objective is to maintain a strong capital base so as to maintain investor, creditor and market confidence as to sustainability and future development of DirectCash's businesses. DirectCash defines capital as DirectCash's Unitholders' equity plus debt. DirectCash Management Inc.'s Board of Directors does not establish quantitative return on capital criteria for management; but rather promotes year over year sustainable growth of earnings and cash flows. The DirectCash Management Inc Board of Directors also reviews on a quarterly basis the level of distributions paid to Unitholders. There were no changes to DirectCash's approach to capital management during the period. DirectCash is not subject to externally imposed capital requirements, other than those associated with its lending covenants (see note 3).

### 10. Financial instruments and risk management:

The carrying values of cash in circulation, accounts receivable, restricted funds, loans receivable, revolving credit facility, acquisition credit facility, accounts payable and accrued liabilities, and

# DIRECTCASH INCOME FUND

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distributions payable approximate their fair values due to the relatively short periods to maturity of these instruments and the floating interest rates borne by debt instruments.

(a) Foreign currency risk:

DirectCash's exposure to foreign currency fluctuations in regard to international operations was not material given that virtually all of DirectCash's operations are carried out in Canada, with a relatively small number of ATMs placed in the United States and Mexico. DirectCash has cash in ATMs in Mexico denominated both in Peso and US dollars. There are no ATMs with DirectCash owned cash located in the USA (but fee revenue from USA located ATMs is received and some expenses are in US dollars). While some inventory items acquired were denominated in US dollars, price changes resulting from fluctuations in currency levels were not significant and are typically passed on to end users. Other than the cash in circulation (denominated in Mexican pesos and U.S. dollars in the ATM's placed in Mexico) there were no significant financial instruments denominated in non-Canadian currency as of March 31, 2009.

(b) Credit risk:

DirectCash contracts typically provide for the ability to settle ATM and point of sale transactions directly to the benefit of DirectCash. Based on historic default rates DirectCash carries a minimal allowance for doubtful accounts. DirectCash typically also has the contracted ability to require funds to be paid by the customer in advance of funding a prepaid debit or credit card in the prepaid products line of business. During the three months ended March 31, 2009, DirectCash recorded \$3,794 (2008 - \$40,000) of bad debt expense related to accounts receivable that may not be collectible.

The carrying amount of the accounts and loans receivable represents the maximum credit exposure. As of March 31, 2009 the aging of accounts receivable was as follows:

Current	\$	1,221,885
Past due (31-90 days)		218,413
Past due (>90 days)		244,379
Trade accounts receivable	\$	1,684,677
Miscellaneous accounts receivable		321,711
	\$	2,006,388

DirectCash is potentially exposed to credit risk on its restricted funds. DirectCash limits its exposure to credit risk by holding liquid securities with a regulated financial institution. Given the current standing of the regulated financial institution, DirectCash believes that the risk of default on these deposit obligations to be minimal.

# DIRECTCASH INCOME FUND

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(c) Interest rate risk:

DirectCash carries its debt instruments at variable interest rates and 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. For the three months ended March 31, 2009, if underlying market interest rates had increased/decreased by 1% with all other variables held constant, net earnings would have been approximately \$376,282 thousand lower/higher.

(d) Liquidity risk:

DirectCash may be exposed to liquidity risk if it is unable to collect its trade accounts receivable balances on a timely basis, which in turn could impact the ability to meet commitments under credit facilities. DirectCash's policy is to maintain a conservative debt to total capitalization structure, maintain a diverse clientele of well established and well financed entities, and to maintain sufficient capacity within its revolving credit facilities to meet immediate liquidity requirements.

## 11. Comparative figures:

Certain reclassifications of prior period amounts have been made to conform to current year presentations.