



FINANCIAL STATEMENTS
FOR PERIOD ENDED **SEPTEMBER 30 | 2018**



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MANAGEMENT'S RESPONSIBILITY FOR CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the third periods ended September 30, 2018 and September 30, 2017

The accompanying unaudited condensed consolidated interim financial statements and all the data included in this report have been prepared by and are the responsibility of the Board of Directors and management of Olympia Financial Group Inc. ("Olympia").

The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards as set out in the Handbook of the Chartered Professional Accountants of Canada and reflect management's best estimates and judgments based on currently available information. In the opinion of management, the unaudited condensed consolidated interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards appropriate in the circumstances.

The Board of Directors has reviewed and approved the accompanying unaudited condensed consolidated interim financial statements for the periods ended September 30, 2018, and September 30, 2017.

The Audit Committee, comprised of non-management directors, acts on behalf of the Board of Directors to ensure that management fulfills its financial reporting and internal control responsibilities. Management maintains appropriate systems of internal control. Policies and procedures are designed to give reasonable assurance that transactions are properly authorized, assets are safeguarded and financial records properly maintained to provide reliable information for the preparation of the unaudited condensed consolidated interim financial statements.

Internal controls are further supported by an internal audit function which conducts periodic audits of Olympia's financial reporting and internal controls. The internal audit function reports to the Audit Committee. In performing its duties, the Audit Committee acts only in an oversight capacity and necessarily relies on the work and assurances of Olympia's management.

Olympia's independent auditor, PricewaterhouseCoopers LLP, has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada.

Signed Rick Skauge

Signed Gerhard Barnard

Rick Skauge
PRESIDENT & CHIEF EXECUTIVE OFFICER
Calgary, Canada, November 8, 2018

Gerhard Barnard, CPA, CMA
CHIEF FINANCIAL OFFICER

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (UNAUDITED)

	September 30, 2018	December 31, 2017
ASSETS		
Current assets		
Cash & cash equivalents (note 9)	\$ 16,050,998	\$ 10,140,523
Restricted cash in circulation (note 10)	-	3,823,110
Trade & other receivables (note 6)	2,815,442	1,413,359
Inventory	130,429	223,114
Prepaid expenses	555,440	732,914
Derivative financial instruments (notes 6 and 12)	2,391,203	9,236,934
Total current assets	21,943,512	25,569,954
Non-current assets		
Restricted cash & investments (note 8)	506,000	500,000
Equipment & other (note 13)	1,214,863	2,232,396
Intangible assets (note 14)	2,092,413	1,849,693
Financial asset at fair value through other comprehensive income	44,341	48,932
Promissory note receivable (note 4)	1,413,939	-
Derivative financial instruments (notes 6 and 12)	-	729,459
Deferred tax assets (note 18)	1,535,622	1,435,531
Total non-current assets	6,807,178	6,796,011
Total assets	\$ 28,750,690	\$ 32,365,965
LIABILITIES		
Current liabilities		
Trade & other payables (notes 6 and 15)	\$ 1,228,417	\$ 1,278,144
Deferred revenue (note 16)	3,700,253	313,256
Other liabilities & charges	2,062,756	1,648,081
Cash in circulation due to bank (note 10)	-	3,823,110
Revolving credit facility (note 11)	5,057,347	4,812,347
Derivative financial instruments (notes 6 and 12)	1,840,232	7,796,036
Current tax liability	96,792	102,212
Total current liabilities	13,985,797	19,773,186
Other liabilities	860,973	1,068,776
Derivative financial instruments (notes 6 and 12)	-	543,073
Total liabilities	\$ 14,846,770	\$ 21,385,035
EQUITY		
Share capital (note 17)	\$ 7,886,989	\$ 7,886,989
Contributed surplus (note 17)	86,373	86,373
Retained earnings	6,015,350	3,048,996
Equity attributable to owners of Olympia	13,988,712	11,022,358
Non-controlling interests	(84,792)	(41,428)
Total equity	13,903,920	10,980,930
Total equity & liabilities	\$ 28,750,690	\$ 32,365,965

Contingencies (note 24)

Approved on behalf of the Board of Directors

Signed Rick Skauge

Rick Skauge
DIRECTOR

November 8, 2018

Signed Brian Newman

Brian Newman, CPA, CA
DIRECTOR

See accompanying notes to the unaudited condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF NET EARNINGS AND COMPREHENSIVE INCOME (UNAUDITED)

	NINE MONTHS ENDED		THREE MONTHS ENDED	
	September 30, 2018	September 30, 2017 ⁽¹⁾	September 30, 2018	September 30, 2017 ⁽¹⁾
Revenue				
Service revenue (note 7)	\$ 28,858,764	\$ 24,128,232	\$ 9,451,524	\$ 7,767,116
Interest earned as trustee (note 7)	7,566,421	5,508,020	2,644,400	1,955,451
Interest (note 7)	899,885	552,813	318,530	250,825
	37,325,070	30,189,065	12,414,454	9,973,392
Expenses				
Direct expenses (note 7)	2,335,950	2,136,777	733,878	561,765
Administrative expenses (note 7)	23,276,616	20,812,230	7,668,723	6,801,735
Depreciation and amortization (note 7)	566,416	623,212	181,671	194,862
Other losses/(gains), net (notes 7 and 19)	1,120,430	(249,568)	808,697	(7,870)
	27,299,412	23,322,651	9,392,969	7,550,492
Earnings before income tax	10,025,658	6,866,414	3,021,485	2,422,900
Income tax expense (notes 7 and 18)				
Current	2,664,431	1,999,538	804,455	755,972
Deferred tax expense/(recovery)	50,083	(110,993)	16,564	(39,908)
Total income tax expense	2,714,514	1,888,545	821,019	716,064
Net earnings and comprehensive income from continuing operations attributable to:				
Shareholders of Olympia	\$ 7,354,508	\$ 4,977,869	\$ 2,214,489	\$ 1,706,836
Non-controlling interests	\$ (43,364)	\$ -	\$ (14,023)	\$ -
Net (loss)/earnings and comprehensive (loss)/income from discontinued operations (note 4)	\$ (417,700)	\$ (737,699)	\$ 25,372	\$ (263,789)
Net earnings and comprehensive income from combined operations for the period	\$ 6,893,444	\$ 4,240,170	\$ 2,225,838	\$ 1,443,047
Earnings per share attributable to shareholders of Olympia - continuing operations				
Basic and diluted (note 20)	\$ 3.06	\$ 2.07	\$ 0.92	\$ 0.71
(Loss)/earnings per share attributable to shareholders of Olympia - discontinued operations				
Basic and diluted (note 20)	\$ (0.17)	\$ (0.31)	\$ 0.01	\$ (0.11)
Earnings per share attributable to shareholders of Olympia - combined operations				
Basic and diluted (note 20)	\$ 2.89	\$ 1.76	\$ 0.93	\$ 0.60

⁽¹⁾ 2017 balances have been restated due to the classification of the ATM division as a Discontinued Operation. Refer to Note 4 in the unaudited condensed consolidated interim financial statements.

See accompanying notes to the unaudited condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

	Attributable to shareholders of Olympia			Non-Controlling Interest	Total Equity
	Share Capital	Contributed Surplus	Retained Earnings		
Balance at January 1, 2017	\$ 7,886,989	\$ 86,373	\$ 2,672,169	\$ -	\$ 10,645,531
Net earnings and comprehensive income from combined operations	-	-	4,240,170	-	4,240,170
Dividends (note 21)	-	-	(4,475,784)	-	(4,475,784)
Balance as at September 30, 2017	\$ 7,886,989	\$ 86,373	\$ 2,436,555	\$ -	\$ 10,409,917
Balance as at January 1, 2018	\$ 7,886,989	\$ 86,373	\$ 3,048,996	\$ (41,428)	\$ 10,980,930
Net earnings and comprehensive income from combined operations	-	-	6,936,808	(43,364)	6,893,444
Dividends (note 21)	-	-	(3,970,454)	-	(3,970,454)
Balance as at September 30, 2018	\$ 7,886,989	\$ 86,373	\$ 6,015,350	\$ (84,792)	\$ 13,903,920

See accompanying notes to the unaudited condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (UNAUDITED)

NINE MONTHS ENDED SEPTEMBER 30	2018	2017
Cash flows from operating activities		
Net earnings from continuing operations	\$ 7,311,144	\$ 4,977,869
Items not affecting cash		
Depreciation of equipment & other	314,708	399,527
Amortization of intangible assets	251,708	223,685
Other	13,941	-
Loss on disposal of assets	35,708	4,483
Fair value change in investments	-	45,000
Deferred income taxes recovery	50,083	(110,993)
Foreign exchange loss/(gain) (note 19)	1,076,313	(250,142)
Changes in non-cash working capital balances (note 22)	500,993	4,732,382
Cash flows from operating activities from continuing operations	9,554,598	10,021,811
Cash flows used in operating activities from discontinued operations (note 4)	(270,830)	(476,697)
Net cash from operating activities	9,283,768	9,545,114
Cash flows from investing activities		
Purchase of equipment & other (note 13)	(424,966)	(247,291)
Proceeds from sale of equipment & other	-	955
Purchase of intangible assets (note 14)	(579,272)	(164,084)
Release of restricted investment for collateral, net	(6,000)	1,930,000
Cash flows (used)/from investing activities from continuing operations	(1,010,238)	1,519,580
Cash flow used in investing activities from discontinued operation (note 4)	-	(230,647)
Net cash from investing activities	(1,010,238)	1,288,933
Cash flows from financing activities		
Revolving credit facility	245,000	27,302
Loan repaid/(provided) to Olympia ATM (note 4)	733,669	(1,131,539)
Sale of assets for issuance of promissory note (note 4)	1,362,399	-
Dividends (note 21)	(3,970,454)	(4,475,784)
Cash flow used in financing activities from continuing operations	(1,629,386)	(5,580,021)
Cash flow used in financing activities from discontinued operations (note 4)	(4,556,779)	(571,196)
Net cash used in financing activities	(6,186,165)	(6,151,217)
Net change in cash position	2,087,365	4,682,830
Cash, beginning of period	13,963,633	10,470,074
Cash, end of period	\$ 16,050,998	\$ 15,152,904
Cash is represented by:		
Cash & cash equivalents (note 9)	\$ 16,050,998	\$ 11,735,719
Restricted cash & restricted cash in circulation (note 10)	-	3,417,185
	\$ 16,050,998	\$ 15,152,904
Other information for continuing operations		
Interest earned and received as trustee	\$ 3,905,329	\$ 4,994,374
Interest received	\$ 805,418	\$ 567
Income taxes paid	\$ 2,568,000	\$ 2,008,200

See accompanying notes to the unaudited condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

1. NATURE OF BUSINESS

Olympia Financial Group Inc. (“Olympia”) is governed by the *Business Corporations Act* (Alberta). Olympia is a reporting issuer in British Columbia, Alberta and Ontario, and its common shares are listed on the Toronto Stock Exchange (“TSX”). Olympia’s registered and head office is 2300, 125 - 9th Avenue SE, Calgary, Alberta T2G 0P6.

The majority of Olympia’s business is conducted through its wholly owned subsidiary Olympia Trust Company (“Olympia Trust”), a non-deposit taking trust corporation.

Olympia Trust received its letters patent on September 6, 1995, authorizing the formation of a trust corporation to be registered under the *Loan and Trust Corporations Act* (Alberta). Olympia Trust acts as a trustee for self-directed registered plans and provides foreign currency exchange as well as corporate and shareholder services. Olympia Trust is licensed to conduct trust activities in Alberta, British Columbia, Saskatchewan, Manitoba, Quebec, Newfoundland and Labrador, Prince Edward Island, New Brunswick and Nova Scotia. The Private Health Services Plan division conducts its business through Olympia Benefits Inc. (“OBI”), a wholly owned subsidiary of Olympia. Olympia ATM Inc. (“ATM”) was incorporated under the *Business Corporations Act* (Alberta) as a wholly owned subsidiary of Olympia, and was focused on building an automated teller machine (“ATM”) distribution network and on growing its portfolio of ATMs. During the period ended September 30, 2018, substantially all the assets of ATM were sold to Tarman ATM Inc., a corporation owned and controlled by Olympia’s President and CEO. Following the sale of the assets, ATM was amalgamated with OBI on August 10, 2018. Exempt Edge Inc. (“EEI”) was incorporated under the *Business Corporations Act* (Alberta) on November 28, 2016, as a subsidiary of Olympia. EEI focuses on the provision of information technology services to exempt market dealers, registrants and issuers.

2. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements for the nine months ended September 30, 2018, have been prepared in accordance with IAS 34 “Interim Financial Reporting” as issued by the International Accounting Standards Board (“IASB”). The unaudited condensed consolidated interim financial statements (“interim consolidated financial statements”) should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2017, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the IASB. The policies applied in these interim consolidated financial statements are consistent with accounting policies and methods of computation used for the audited annual consolidated financial statements for the year ended December 31, 2017, except as noted in Note 3. Income taxes on earnings in the interim periods are accrued using the income tax rate that would be applicable to the expected total annual earnings.

These interim consolidated financial statements have been approved and authorized for issuance by the Board of Directors, on November 8, 2018.

These interim consolidated financial statements are presented in Canadian dollars, Olympia’s functional currency. All references to \$ are in Canadian dollars and references to US\$ are in United States dollars.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

The preparation of these interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Certain of the prior year comparative figures have been reclassified to conform to the presentation adopted for the current year.

3. CHANGES IN ACCOUNTING POLICIES

A number of new amended standards became applicable on January 1, 2018, and Olympia had to change its accounting policies and/or make retrospective adjustments as a result of adopting the following standards:

- IFRS 9 “Financial Instruments”
- IFRS 15 “Revenue from Contracts with Customers”

The impact of the adoption of these standards and the new accounting policies are disclosed below.

IFRS 9 “Financial instruments” - impact of adoption

Trade receivables

Olympia applies the IFRS 9 simplified approach to measuring Expected Credit Losses (“ECL”), which uses a lifetime expected loss allowance for all trade and other receivables. Olympia holds trade receivables that do not have a significant financing component. To determine the amount of the ECL to be recognized in the financial statements, Olympia has set up a provision matrix based on its historically observed default rates. Olympia adjusts the matrix for forward-looking estimates and has established that the expected credit loss should be calculated as follows:

- less than 90 days: nominal;
- between 90 days and 365 days: 20% of carrying value;
- more than one year but less than three years past due: 70% of carrying value; and
- three or more years past due: 100% of carrying value.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the failure of a customer to make contractual payments for a period of greater than 365 days past due, and the value of a customer’s asset being assessed to be nominal.

The loss allowance for trade receivables as at December 31, 2017, remains consistent with the reported consolidated financial statements for the year ended December 31, 2017.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

Classification

As of January 1, 2018, Olympia classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through Other Comprehensive Income ["OCI"] or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on Olympia's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether Olympia has made an irrevocable election at the time of initial recognition to account for the equity investment at Fair Value Through Other Comprehensive Income ("FVOCI").

Olympia has elected to recognize its investment in a private issuer at FVOCI.

Measurement

At initial recognition, Olympia measures a financial asset at its fair value plus, in the case of a financial asset not at Fair Value Through Profit or Loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

IFRS 15 "Revenue from Contracts with Customers"

Effective January 1, 2018, Olympia adopted IFRS 15, "Revenue From Contracts With Customers" ("IFRS 15") replacing IAS 11, "Construction Contracts," IAS 18, "Revenue" and several revenue-related interpretations. Olympia adopted IFRS 15 using the modified retrospective with cumulative effect approach using the following practical expedients:

- Electing to apply the standard retrospectively only to contracts that were not completed contracts on January 1, 2018; and
- For modified contracts, evaluating the original contract together with any contract modifications at the date of initial application.

IFRS 15 did not have any impact on Olympia's accounting policies and did not require retrospective adjustments.

Future accounting pronouncements

There were no new or amended accounting standards issued during the three and nine months ended September 30, 2018, that are applicable to Olympia in future periods. As noted in the annual consolidated financial statements for the year ended December 31, 2017, IFRS 16 "Leases" is effective for annual reporting periods beginning on or after January 1, 2019. Olympia is currently evaluating the impact that the standard will have on the consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

4. DISCONTINUED OPERATIONS

On June 5, 2018, Olympia announced the sale of substantially all the assets of its wholly owned subsidiary, Olympia ATM Inc. Olympia ATM Inc. entered into an agreement with Tarman ATM Inc. ("Tarman"), a corporation owned and controlled by Olympia's president and Chief Executive Officer ("CEO"). The sale closed on August 3, 2018, with an effective date of July 1, 2018.

The purchase price paid by Tarman is equal to the aggregate net book value of the assets used by the ATM division. The assets' book value at June 5, 2018, was estimated to be \$1.40 million. The purchase price was paid by the delivery of a secured demand promissory note (the "promissory note") for \$1.40 million by Tarman. The outstanding principal amount of the promissory note bears interest at prime plus 0.25%. All interest accrued under the promissory note shall be paid on an annual basis on or before the 30th day of June of each calendar year. Subject to Canadian Western Bank's consent (as discussed below), commencing June 30, 2020, Tarman is required to repay the outstanding principal amount of the promissory note in annual installments of \$140,000 on or before the 30th day of June of each calendar year, with the outstanding balance of the principal amount to be repaid in full on or before June 30, 2023.

In connection with the financing of the vault cash used by Tarman, Olympia agreed to postpone to Canadian Western Bank ("CWB") the payment of all amounts owed to it by Tarman and is required to obtain CWB's consent prior to accepting any payment from Tarman. Olympia also agreed to subordinate to CWB all security interests granted to Olympia by Tarman.

For the period ended September 30, 2018, interest of \$13,939 has accrued.

Assets sold consist of the following:

Assets held for sale	September 30, 2018
Equipment and other	915,645
Intangible assets	76,027
Accounts receivable	200,999
Prepaid expenses	32,273
Inventory	137,455
	<hr/> 1,362,399

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

Results from discontinued operations:

Results from discontinued operations	NINE MONTHS ENDED		THREE MONTHS ENDED	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Revenue				
Service revenue	\$ 1,487,412	\$ 2,328,365	\$ 21,621	\$ 858,497
Interest	21,618	4,204	14,491	2,850
	1,509,030	2,332,569	36,112	861,347
Expenses				
Direct expenses	990,779	1,819,897	2,760	651,598
Administrative expenses	910,220	1,319,105	(11,873)	459,709
Depreciation and amortization	174,105	302,048	13,051	105,751
Other losses/(gains), net	1,800	(113,692)	(6,225)	498
	2,076,904	3,327,358	(2,287)	1,217,556
(Loss)/earnings before income tax	(567,874)	(994,789)	38,399	(356,209)
Deferred tax recovery/(expense)	150,174	257,090	(13,027)	92,420
Total income tax recovery/(expense)	150,174	257,090	(13,027)	92,420
Net (loss)/earnings and comprehensive (loss)/earnings from discontinued operations	\$ (417,700)	\$ (737,699)	\$ 25,372	\$ (263,789)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

Cash flows from discontinued operations included in the consolidated statements of cash flows are as follows:

NINE MONTHS ENDED SEPTEMBER 30	2018	2017
Cash flows from operating activities		
Net loss	\$ (417,700)	\$ (737,699)
Items not affecting cash		
Depreciation of equipment & other	158,747	240,259
Amortization of intangible assets	15,358	61,789
Loss on disposal of assets	1,800	-
Deferred income taxes recovery	(150,174)	(257,090)
Changes in non-cash working capital balances	121,139	216,044
Net cash used in operating activities	(270,830)	(476,697)
Cash flows from investing activities		
Purchase of equipment & other	-	(296,293)
Proceeds from sale of equipment & other	-	65,646
Net cash from/(used) in investing activities	-	(230,647)
Cash flows from financing activities		
Cash in circulation due to bank	(3,823,110)	(1,702,735)
Loan (repaid)/from Olympia Financial Group Inc.	(733,669)	1,131,539
Net cash used in financing activities	(4,556,779)	(571,196)
Net change in cash position	(4,827,609)	(1,278,540)
Cash, beginning of period	4,874,226	5,660,600
Cash, end of period	\$ 46,617	\$ 4,382,060
Cash is represented by:		
Cash & cash equivalents	\$ 46,617	\$ 964,875
Restricted cash & restricted cash in circulation (note 10)	-	3,417,185
	\$ 46,617	\$ 4,382,060

5. FUNDS IN TRUST

Self-Directed Registered Plans division ("RRSP")

At September 30, 2018, RRSP administered self-directed registered plans consisting of private company securities and mortgages with a cost value of \$4.05 billion (December 31, 2017 - \$4.09 billion) plus cash, public securities, term deposits and outstanding cheques with an estimated fair value of \$532.44 million (December 31, 2017 - \$535.35 million). These assets are the property of the account holders and Olympia Trust does not maintain effective control over the assets. Therefore, the assets are not reflected in these interim consolidated financial statements. Olympia earned interest income from funds held in trust of \$7.57 million for the nine months ended September 30, 2018 (September 30, 2017 - \$5.51 million).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

Private Health Services Plan division (“Health”)

At September 30, 2018, Health held funds in trust of \$10.44 million (December 31, 2017 - \$10.12 million) on behalf of its self-insured private health clients. These assets are the property of the plan holders and OBI does not maintain effective control over the assets. Therefore, the assets are not reflected in these interim consolidated financial statements.

Foreign Exchange division (“FX”)

At September 30, 2018, FX held funds in trust of \$2.06 million (December 31, 2017 - \$5.31 million) for clients who have paid margin requirements on forward foreign exchange contracts and \$13.04 million (December 31, 2017 - \$13.59 million) of outstanding payments. These assets are the property of the contract holders and Olympia Trust does not maintain effective control over the assets. Therefore, the assets are not reflected in these interim consolidated financial statements.

6. FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS

Fair value of financial instruments

The fair value of cash and cash equivalents, restricted cash and investments, restricted cash in circulation and cash in circulation due to the bank, trade and other receivables, trade and other payables, revolving credit facility and other liabilities and charges approximate their carrying amounts due to the short-term maturity of these instruments. Derivative financial instruments are measured at fair value through profit or loss. The fair value of all forward foreign exchange contracts is based on current bid prices for their respective terms to maturity in an active market. The promissory note receivable is measured at amortized cost.

Risks associated with financial instruments

Olympia is exposed to financial risks arising from normal course business operations and its financial assets and liabilities. The financial risks include liquidity risk and market risk relating to foreign currency exchange rates, interest rates and credit risk.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

(i) Liquidity risk

Liquidity risk is the risk that Olympia will encounter difficulties in meeting its financial obligations. Olympia manages its liquidity risk by keeping surplus cash in liquid investments and fixed term deposits with a highly rated financial institution. This allows Olympia to earn interest on surplus cash while having access to it within a very short time.

The timing of cash outflows is outlined in the following tables:

At September 30, 2018	Current	31 to 60 days	61 to 90 days	Over 90 days	Total
Trade and other payables	\$ 1,227,043	\$ -	\$ 981	\$ 393	\$ 1,228,417
Other liabilities and charges ⁽¹⁾	1,788,299	-	-	-	1,788,299
Total	\$ 3,015,342	\$ -	\$ 981	\$ 393	\$ 3,016,716

At December 31, 2017	Current	31 to 60 days	61 to 90 days	Over 90 days	Total
Trade and other payables	\$ 1,251,312	\$ 16,033	\$ 10,799	\$ -	\$ 1,278,144
Other liabilities and charges ⁽¹⁾	1,356,208	-	-	-	1,356,208
Cash in circulation due to bank	3,823,110	-	-	-	3,823,110
Total	\$ 6,430,630	\$ 16,033	\$ 10,799	\$ -	\$ 6,457,462

At September 30, 2018, trade and other payables totaled \$1.23 million (December 31, 2017 - \$1.28 million). Olympia continues to meet all of the obligations associated with its financial liabilities.

The liquidity risk relating to derivative financial instruments payable is outlined in the table below:

	September 30, 2018	December 31, 2017
Current	\$ 1,091,914	\$ 501,075
31 to 60 days	37,089	539,665
61 to 90 days	57,110	565,106
Over 90 days	654,119	6,190,190
	\$ 1,840,232	\$ 7,796,036
Non-current (1-3 years)	\$ -	\$ 543,073

The previous table presents the expected maturity dates of the foreign exchange contracts.

Liquidity risk is associated with Olympia's credit facility. The credit facility is available to finance day-to-day operations to a maximum principal amount of \$8.50 million (December 31, 2017 - \$8.50 million), and bears interest at the Canadian prime rate plus 0.25%. For the nine months ended September 30, 2018, a balance of \$5.06 million is outstanding (December 31, 2017 - \$4.81 million). Olympia has determined the principal and interest to be current.

Security for the credit facility includes a general security agreement providing a first security interest in all present and after acquired property.

⁽¹⁾ Other liabilities and charges excludes leasehold inducement, straight-line rent and onerous contract obligation.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

(ii) Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices and is composed of the following:

Foreign currency exchange risk

Olympia is exposed to changes in foreign exchange rates when, and if, revenues or financial instruments fluctuate because of changing rates. Transactions in the applicable financial market are executed consistent with established risk management policies. Olympia purchases forward contracts whenever it enters into a transaction to buy or sell foreign currency in the future. These contracts are both short term and long term in nature and are in the normal course of business. Management understands that the currency markets are volatile and therefore subject to higher risk.

Olympia applies the following policy to mitigate the currency risk:

- For forward contracts, a margin of 5% is payable on signature of the contract;
- Olympia sets up a corresponding position with its currency supplier; and
- If market rates vary by 4% or more, the client is required to adjust their margin to match the variance by the end of the trading day.

Olympia's FX division maintains various foreign currency bank accounts of which Canadian dollar and United States dollar bank accounts are the most significant. It is Olympia Trust's policy to limit the amount of foreign currencies on hand to \$1.25 million to reduce exposure to foreign currency risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Olympia is exposed to interest rate risk as the cash flows generated from interest bearing instruments fluctuate in response to changes in market interest rates. The primary exposure is related to cash balances and fixed term deposits.

If the interest rates were to have increased by 1%, it is estimated that Olympia's after-tax earnings for the period ended September 30, 2018, would have increased by approximately \$2.84 million (September 30, 2017 - \$2.94 million). A 1% decrease in interest rates would have had an equal but opposite effect. This sensitivity analysis assumes that all other variables remain constant.

Credit risk

Credit risk is the risk that the counterparty to a financial asset will default, resulting in Olympia incurring a financial loss. Before material transactions begin with a new counterparty, the counterparty's creditworthiness is assessed by the FX division. The assessment practice considers both quantitative and qualitative factors. Olympia constantly monitors the exposure to any single customer or counterparty along with the financial position of the customer or counterparty. If it is deemed that a customer or counterparty has become materially weaker, Olympia will work to reduce the credit exposure and lower the credit limit allocated. Olympia is exposed to credit risk on its cash and cash equivalents, restricted cash and investments, restricted cash in circulation, trade

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

and other receivables, promissory note receivable and derivative financial instruments receivable. The maximum exposure to credit risk of Olympia at the end of the year is the carrying value of cash and cash equivalents, restricted cash and investments, restricted cash in circulation, trade and other receivables, promissory note receivable and derivative financial instruments receivable.

- *Cash and cash equivalents*

Olympia mitigates its exposure to credit risk by maintaining its bank accounts with a highly rated financial institution.

- *Restricted cash and investments and restricted cash in circulation*

Olympia limits its counterparty credit risk on these assets by dealing with reputable counterparties and assessing their credit ratings via the services of an independent ratings agency. The Treasury bond held for collateral is "AAA" rated.

- *Trade and other receivables*

Olympia has policies and procedures in place to govern the credit risk it will assume. Trade receivables over 90 days are considered past due. As of September 30, 2018, net trade receivables of \$2.54 million (December 31, 2017 - \$0.62 million) were past due but deemed not impaired. The increase in trade receivables is mainly due to fees charged in connection with the restructuring of an exempt market issuer.

Included in trade and other receivables at December 31, 2017, was a \$0.12 million demand loan to Tarman, a company controlled by the president and CEO of Olympia. The loan was fully repaid in the first quarter of 2018.

The balance relates to a number of independent clients which Olympia is actively pursuing through its internal collection process. As a result, management considers the outstanding amounts to be recoverable.

The aging of these receivables is as follows:

	September 30, 2018	December 31, 2017
Current	\$ 207,614	\$ 753,939
31 to 60 days	-	15,579
61 to 90 days	70,613	28,407
Over 90 days	3,006,733	1,229,256
Allowance for doubtful accounts	(469,518)	(613,822)
	\$ 2,815,442	\$ 1,413,359

The allowance for doubtful accounts is based on an account portfolio analysis.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

Movements on Olympia's provision for impairment of trade receivables are as follows:

	September 30, 2018	December 31, 2017
At January 1	\$ 613,822	\$ 244,154
Increase in provision	162,592	616,733
Receivables written off	(306,896)	(247,065)
Allowance for doubtful accounts	\$ 469,518	\$ 613,822

The provision for impaired receivables has been included in administrative expenses in the condensed consolidated statements of net earnings and comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

- *Derivative financial instruments receivable*

The expected maturity relating to derivative financial instruments receivable and foreign exchange contracts is outlined in the table below. The receivables can all be offset with one counterparty:

	September 30, 2018	December 31, 2017
Current	\$ 1,372,327	\$ 572,398
31 to 60 days	52,411	648,240
61 to 90 days	71,663	636,671
Over 90 days	894,802	7,379,625
	\$ 2,391,203	\$ 9,236,934
Non-current (1-3 years)	\$ -	\$ 729,459

(iii) Capital risk management

Olympia's objectives when managing capital are to safeguard Olympia's ability to continue as a going concern in order to provide returns and benefits to shareholders and to maintain an optimal capital structure to reduce the cost of capital and to meet minimum regulatory capital requirements. In order to maintain or adjust the capital structure, Olympia may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, repurchase shares, sell assets or make further use of its credit facility.

Olympia includes shareholders' equity of \$13.99 million (December 31, 2017 - \$11.02 million) in the definition of capital. Shareholders' equity comprises share capital, contributed surplus and retained earnings.

Olympia's main objectives when managing its capital structure are to:

- Maintain sufficient cash and cash equivalents over the short and medium term in order to finance its growth and development, including capital expenditures;
- Maintain investor and creditor confidence to sustain future development of the business. Olympia's objective when managing capital is to maintain adequate financial flexibility to

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

preserve its ability to meet financial obligations. In managing capital, Olympia estimates its future dividend payments and capital expenditures, which is compared to planned business growth for purposes of sustainability;

- Maintain regulatory capital for Olympia Trust as required by the *Loan and Trust Corporations Act* (Alberta) (\$2.00 million). Similar regulatory capital is required by legislation in Nova Scotia (\$5.00 million). Regulatory capital is defined as share capital and retained earnings. Olympia Trust has maintained these minimum capital requirements throughout the period ended September 30, 2018; and
- Maintain compliance with financial covenants. The financial covenants are reviewed regularly and controls are in place to maintain compliance with the covenants. Olympia complied with its financial covenants for the year ended December 31, 2017, and for the period ended September 30, 2018.

The capital structure of Olympia is managed and adjusted to reflect changes in economic conditions. Capital structure adjustments could include adjusting the level of dividends and/or issuance or repurchase of common shares. In support thereof, management reviews the financial position of Olympia on a monthly and cumulative basis. Financing decisions are set based on the timing and extent of expected operating and capital cash outlays. Factors considered when determining capital and the amount of operational cash requirements are weighed against the costs associated with excess cash, its terms and availability and whether to issue equity. Olympia works towards managing its capital objectives to the extent possible while facing the challenges of market conditions and the public's assessment of Olympia's risk profile. Olympia's capital management objectives have remained substantively unchanged over the periods presented.

7. OPERATING SEGMENTS

Olympia has six operating segments, of which five are business segments and offer different products and services and are managed separately because they require different technology and marketing strategies. The ATM division is classified as a discontinued operation and its results from operation are shown in Note 4. The Corporate division is a cost centre and earns incidental revenue. For each of the divisions, Olympia's president, chief financial officer and other executive management review internal management reports on a monthly basis.

Segment profit/(loss) is used to measure performance. Olympia's president and other executive management believe that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segmental transactions consist mainly of cost recoveries, which are recognized at cost. In addition, reportable segments are managed on a functional basis through regular reporting to the president and other executive management.

Olympia does not disclose a measure of segment assets, because the president and other executive management do not use this information to assess performance and allocate resources. Olympia reports net earnings/(loss) information for all operating segments to the president and other executive management. All other assets and liabilities are reported on a consolidated basis. Costs are allocated to segments based on usage.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

Net operations for the nine months ended September 30, 2018

	Health	RRSP	FX	EI	CSS	Corporate	Total
Service revenue	\$ 5,819,979	\$ 14,967,962	\$ 7,504,106	\$ 372,347	\$ -	\$ 194,370	\$28,858,764
Interest revenue	166,160	7,864,325	161,242	544	-	274,035	8,466,306
Direct expenses	(1,334,473)	(38,662)	(823,463)	(139,352)	-	-	(2,335,950)
	4,651,666	22,793,625	6,841,885	233,539	-	468,405	34,989,120
Administrative expenses	(2,834,587)	(15,021,104)	(4,696,747)	(484,927)	(44,597)	(194,654)	(23,276,616)
Depreciation & amortization	(60,464)	(384,726)	(63,967)	(55,356)	(93)	(1,810)	(566,416)
Other (losses), net (note 19)	(2,064)	(39,473)	(1,078,893)	-	-	-	(1,120,430)
Earnings/(loss) before income taxes	1,754,551	7,348,322	1,002,278	(306,744)	(44,690)	271,941	10,025,658
Income taxes (expense)/recovery ⁽¹⁾	(451,995)	(1,941,363)	(264,793)	89,923	11,807	(158,093)	(2,714,514)
Net earnings/(loss)	\$ 1,302,556	\$ 5,406,959	\$ 737,485	\$ (216,821)	\$ (32,883)	\$ 113,848	\$ 7,311,144

Net operations for the nine months ended September 30, 2017

	Health	RRSP	FX	EI	Corporate	Total
Service revenue	\$ 5,579,800	\$ 13,663,546	\$ 4,750,906	\$ 132,922	\$ 1,058	\$ 24,128,232
Interest revenue	108,763	5,689,598	76,044	543	185,885	6,060,833
Direct expenses	(1,330,662)	(70,406)	(628,596)	(107,113)	-	(2,136,777)
	4,357,901	19,282,738	4,198,354	26,352	186,943	28,052,288
Administrative expenses	(2,928,387)	(13,571,906)	(4,004,495)	(197,138)	(110,304)	(20,812,230)
Depreciation & amortization	(94,592)	(392,137)	(103,821)	(28,966)	(3,696)	(623,212)
Other gains & (losses), net (note 19)	-	(586)	250,154	-	-	249,568
Earnings/(loss) before income taxes	1,334,922	5,318,109	340,192	(199,752)	72,943	6,866,414
Income taxes (expense)/recovery ⁽¹⁾	(365,929)	(1,478,911)	(94,604)	52,245	(1,346)	(1,888,545)
Net earnings/(loss)	\$ 968,993	\$ 3,839,198	\$ 245,588	\$ (147,507)	\$ 71,597	\$ 4,977,869

Revenue earned from one customer in the FX division represents approximately 14% of the FX division's total revenue earned for the nine months ended September 30, 2018. No one client contributed more than 10% of Olympia's revenue for the nine months ended September 30, 2017.

⁽¹⁾ No income tax adjustment has been made regarding the elimination of intercompany transactions.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

Net operations for the three months ended September 30, 2018

	Health	RRSP	FX	EI	CSS	Corporate	Total
Service revenue	\$ 1,863,572	\$ 4,689,414	\$ 2,767,212	\$ 131,326	\$ -	\$ -	\$ 9,451,524
Interest revenue	59,556	2,782,164	57,313	(240)	-	64,137	2,962,930
Direct expenses	(437,731)	(22,047)	(245,338)	(28,762)	-	-	(733,878)
	1,485,397	7,449,531	2,579,187	102,324	-	64,137	11,680,576
Administrative expenses	(906,843)	(4,961,667)	(1,506,624)	(183,414)	(44,597)	(65,578)	(7,668,723)
Depreciation & amortization	(15,659)	(130,175)	(16,690)	(19,031)	(93)	(23)	(181,671)
Other gains & (losses), net (note 19)	(2,032)	(5,880)	(800,785)	-	-	-	(808,697)
Earnings/(loss) before income taxes	560,863	2,351,809	255,088	(100,121)	(44,690)	(1,464)	3,021,485
Income taxes (expense)/recovery ⁽¹⁾	(141,965)	(623,345)	(67,693)	30,004	11,807	(29,827)	(821,019)
Net earnings/(loss)	\$ 418,898	\$ 1,728,464	\$ 187,395	\$ (70,117)	\$ (32,883)	\$ (31,291)	\$ 2,200,466

Net operations for the three months ended September 30, 2017

	Health	RRSP	FX	EI	Corporate	Total
Service revenue	\$ 1,602,235	\$ 4,425,858	\$ 1,699,653	\$ 39,312	\$ 58	\$ 7,767,116
Interest revenue	41,173	2,061,969	34,687	298	68,149	2,206,276
Direct expenses	(276,881)	(25,357)	(233,373)	(26,154)	-	(561,765)
	1,366,527	6,462,470	1,500,967	13,456	68,207	9,411,627
Administrative expenses	(919,178)	(4,414,350)	(1,361,001)	(75,345)	(31,861)	(6,801,735)
Depreciation & amortization	(26,448)	(123,348)	(30,472)	(13,428)	(1,166)	(194,862)
Other gains & (losses), net (note 19)	-	(280)	8,180	-	(30)	7,870
Earnings/(loss) before income taxes	420,901	1,924,492	117,674	(75,317)	35,150	2,422,900
Income taxes (expense)/recovery ⁽¹⁾	(124,123)	(576,195)	(35,413)	21,403	(1,736)	(716,064)
Net earnings/(loss)	\$ 296,778	\$ 1,348,297	\$ 82,261	\$ (53,914)	\$ 33,414	\$ 1,706,836

Revenue earned from one customer in the FX division represents approximately 11% of the FX division's total revenue earned for the three months ended September 30, 2018 and September 30, 2017.

⁽¹⁾No income tax adjustment has been made regarding the elimination of intercompany transactions.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

8. RESTRICTED CASH AND INVESTMENTS

	September 30, 2018	December 31, 2017
Foreign exchange trading investment collateral provided	\$ 506,000	\$ 500,000
	\$ 506,000	\$ 500,000

Restricted cash and investments comprises a Treasury bond provided as collateral to a financial institution securing Olympia Trust's foreign exchange trading platform. The Treasury bond has a term of one year from issuance and earns interest at a rate of 1.40% (December 31, 2017 - 0.59%). Restricted cash and investments are not readily accessible for use in operations and are therefore reported separately from cash and cash equivalents.

9. CASH AND CASH EQUIVALENTS

	September 30, 2018	December 31, 2017
Cash at bank and on hand	\$ 15,254,363	\$ 9,167,957
Non-restricted cash in circulation	796,635	972,566
	\$ 16,050,998	\$ 10,140,523

Cash at bank and on hand is readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

Non-restricted cash in circulation refers to Olympia's cash in ATM cassettes and cash in transit.

10. RESTRICTED CASH IN CIRCULATION

With the sale of substantially all the assets of ATM, the restricted cash in circulation was returned, resulting in a \$nil balance at September 30, 2018, (December 31, 2017 - \$3.82 million) and ATM's cash bailment agreement was terminated.

ATM had entered into a bailment agreement with a financial institution to provide the ATM division with cash that could only be used in ATMs. ATM paid a fee for using the cash based on the total amount of cash outstanding at any given time, as well as paid fees related to the bundling and preparation of such cash prior to it being loaded in the ATMs. ATM had access and rights to the cash and bore the risk in the case of loss. ATM had obtained the required insurance coverage in the event of loss of cash while in circulation.

ATM's cash bailment agreement was for a term of five years, through to November 2020, and bore interest at the Canadian prime rate. The available bailment cash limit was \$20.00 million.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

11. REVOLVING CREDIT FACILITY

As at September 30, 2018, Olympia has drawn \$5.06 million (December 31, 2017 - \$4.81 million) on its established credit facility. The credit facility in place has a maximum amount of \$8.50 million (December 31, 2017 - \$8.50 million) which can be drawn, and bears interest at the Canadian prime rate plus 0.25%. The credit facility is subject to review at any time, and in any event will be reviewed annually based on Olympia's audited financial statements for the year ended December 31, 2018.

The credit facility is subject to certain covenants and other limitations that, if breached, could cause a default, which might result in a requirement for immediate repayment of all amounts outstanding. Olympia considers that it has one significant covenant that is monitored on an ongoing basis, being the cash flow coverage ratio. As at September 30, 2018, Olympia was in compliance with all covenants.

Security for the credit facility includes a general security agreement providing a first security charge over all present and after acquired property.

Credit facility	September 30, 2018	December 31, 2017
Available balance at January 1	\$ 8,500,000	\$ 8,500,000
Drawn	(5,057,347)	(4,812,347)
Available at the end of the period/year	\$ 3,442,653	\$ 3,687,653

12. DERIVATIVE FINANCIAL INSTRUMENTS

	Fair value as at September 30, 2018	Notional amount as at September 30, 2018	Fair value as at December 31, 2017	Notional amount as at December 31, 2017
Current assets	\$ 2,391,203	\$ 32,449,364	\$ 9,236,934	\$ 112,034,573
Non-current assets (1-3 years)	\$ -	\$ -	\$ 729,459	\$ 8,810,123
Current liabilities	\$ 1,840,232	\$ 30,645,288	\$ 7,796,036	\$ 107,958,340
Non-current liabilities (1-3 years)	\$ -	\$ -	\$ 543,073	\$ 8,400,009

Olympia Trust has entered into foreign exchange contracts with its customers and currency suppliers. The expiry dates of the above derivatives vary between October 1, 2018, and June 28, 2019. As a result, no portion of the foreign exchange contracts is classified as non-current.

Forward foreign exchange contracts are measured at fair value through profit or loss based on contractual maturities and are presented at their fair value on the balance sheet. Changes in fair values of forward foreign exchange contracts at fair value through profit or loss are recorded in "other (losses)/gains, net" in the consolidated statement of net earnings and comprehensive income. The fair value of all forward foreign exchange contracts is based on current bid prices for their respective remaining terms to maturity in an active market. As at September 30, 2018, Olympia has margins held in Canadian dollars of \$2.06 million (December 31, 2017 - \$5.31 million).

For the period ended September 30, 2018, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into or out of Level 3 fair value measurements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

The following table presents Olympia's derivative financial assets and liabilities measured at fair value and categorized by level according to the significance of the inputs used in making these measurements:

	September 30, 2018		Level 1	Level 2	Level 3
Recurring measurements					
Financial assets - derivative financial instruments	\$ 2,391,203	\$	-	\$ 2,391,203	\$ -
Financial liabilities - derivative financial instruments	(1,840,232)		-	(1,840,232)	-
	\$ 550,971	\$	-	\$ 550,971	\$ -
	December 31, 2017		Level 1	Level 2	Level 3
Recurring measurements					
Financial assets - derivative financial instruments	\$ 9,966,393	\$	-	\$ 9,966,393	\$ -
Financial liabilities - derivative financial instruments	(8,339,109)		-	(8,339,109)	-
	\$ 1,627,284	\$	-	\$ 1,627,284	\$ -

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

13. EQUIPMENT AND OTHER

	Furniture & fixtures	Leasehold improvements	Computers & equipment	ATM equipment	Total
September 30, 2018					
Cost					
At beginning of year	\$ 1,499,304	\$ 3,307,502	\$ 2,497,727	\$ 1,467,560	\$ 8,772,093
Additions	68,638	123,779	132,029	100,520	424,966
Reclassification	1,560	(1,677)	(843)	960	-
Disposals	(395,962)	(4,854)	(1,997,161)	(1,354,354)	(3,752,331)
At end of period	\$ 1,173,540	\$ 3,424,750	\$ 631,752	\$ 214,686	\$ 5,444,728
<i>Accumulated depreciation</i>					
At beginning of year	\$ 1,247,936	\$ 2,579,050	\$ 2,244,883	\$ 467,828	\$ 6,539,697
Disposals	(356,075)	(7,508)	(1,888,614)	(531,090)	(2,783,287)
Depreciation charge for the period	100,168	147,961	90,074	135,252	473,455
At end of period	\$ 992,029	\$ 2,719,503	\$ 446,343	\$ 71,990	\$ 4,229,865
Closing net book value	\$ 181,511	\$ 705,247	\$ 185,409	\$ 142,696	\$ 1,214,863
December 31, 2017					
Cost					
At beginning of year	\$ 1,378,869	\$ 3,070,994	\$ 2,375,129	\$ 1,253,666	\$ 8,078,658
Additions	121,035	236,508	124,436	321,903	803,882
Disposals	(600)	-	(1,838)	(108,009)	(110,447)
At end of year	\$ 1,499,304	\$ 3,307,502	\$ 2,497,727	\$ 1,467,560	\$ 8,772,093
<i>Accumulated depreciation</i>					
At beginning of year	\$ 1,090,982	\$ 2,359,557	\$ 2,065,665	\$ 219,810	\$ 5,736,014
Disposals	(140)	-	(419)	(33,534)	(34,093)
Depreciation charge for the year	157,094	219,493	179,637	281,552	837,776
At end of year	\$ 1,247,936	\$ 2,579,050	\$ 2,244,883	\$ 467,828	\$ 6,539,697
Closing net book value	\$ 251,368	\$ 728,452	\$ 252,844	\$ 999,732	\$ 2,232,396

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

14. INTANGIBLE ASSETS

	Internally generated software	Computer software	ATM processing contracts	Other	Total
September 30, 2018					
Cost					
At beginning of year	\$ 1,850,960	\$ 1,210,020	\$ 1,082,968	\$ 41,032	\$ 4,184,980
Additions	576,967	-	-	2,305	579,272
Disposals	(69,445)	(166,285)	(139,000)	(16,032)	(390,762)
At end of period	\$ 2,358,482	\$ 1,043,735	\$ 943,968	\$ 27,305	\$ 4,373,490
Accumulated depreciation					
At beginning of year	\$ 354,923	\$ 942,715	\$ 1,015,216	\$ 22,433	\$ 2,335,287
Amortization charge for the period	191,332	57,985	9,584	8,165	267,066
Disposals	(69,445)	(154,967)	(80,832)	(16,032)	(321,276)
At end of period	\$ 476,810	\$ 845,733	\$ 943,968	\$ 14,566	\$ 2,281,077
Closing net book value	\$ 1,881,672	\$ 198,002	\$ -	\$ 12,739	\$ 2,092,413
December 31, 2017					
Cost					
At beginning of year	\$ 1,763,813	\$ 1,335,020	\$ 1,082,968	\$ 41,032	\$ 4,222,833
Additions	248,347	-	-	-	248,347
Disposals	(286,200)	-	-	-	(286,200)
Reclassification	125,000	(125,000)	-	-	-
At end of year	\$ 1,850,960	\$ 1,210,020	\$ 1,082,968	\$ 41,032	\$ 4,184,980
Accumulated depreciation					
At beginning of year	\$ 419,139	\$ 856,930	\$ 797,512	\$ 8,755	\$ 2,082,336
Amortization charge for the year	221,984	85,785	67,287	13,678	388,734
Impairment	-	-	150,417	-	150,417
Disposals	(286,200)	-	-	-	(286,200)
At end of year	\$ 354,923	\$ 942,715	1,015,216	\$ 22,433	\$ 2,335,287
Closing net book value	\$ 1,496,037	\$ 267,305	\$ 67,752	\$ 18,599	\$ 1,849,693

Additions

The capital additions of \$0.58 million in internally generated software relates to the continued development and enhancement of cloud based online systems in the EEI division as well as the mobile application development in the Registered Plans division.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

15. TRADE AND OTHER PAYABLES

	September 30, 2018	December 31, 2017
Trade and other payables	\$ 274,610	\$ 437,742
Agents and commissions payable	197,953	213,819
Amounts due to related parties	154,968	83,388
Government taxes	600,886	543,195
	\$ 1,228,417	\$ 1,278,144

16. DEFERRED REVENUE

	September 30, 2018	December 31, 2017
Annual registered plan services administration fees	\$ 3,329,081	\$ 16,100
Annual health spending account fee	371,172	297,156
	\$ 3,700,253	\$ 313,256

At September 30, 2018, deferred revenue totaled \$3.70 million (December 31, 2017 - \$0.31 million). Deferred revenue is comprised of annual RRSP administration fees and Health's annual fees for maintaining customers' health spending accounts. The unearned portion of these annual fees is recognized as deferred revenue at the time of billing and revenue is recognized on a straight-line basis in relation to Olympia rendering these services.

17. SHARE CAPITAL AND CONTRIBUTED SURPLUS

	Number of common shares	Share capital	Contributed surplus	Total
At January 1, 2017 and January 1, 2018	2,406,352	\$ 7,886,989	\$ 86,373	\$ 7,973,362
Balance at September 30, 2017 and 2018	2,406,352	\$ 7,886,989	\$ 86,373	\$ 7,973,362

The total authorized number of common shares is unlimited (December 31, 2017 - unlimited common shares). All issued shares are fully paid.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

18. INCOME TAXES

a) The significant components which give rise to deferred income tax assets and liabilities are as follows:

	September 30, 2018	December 31, 2017
Bad debts provision and other	\$ 132,061	\$ 127,799
Non-capital losses	1,395,169	1,360,561
Carrying amount of equipment higher than the tax basis	8,392	(54,991)
Cumulative eligible capital available for tax purposes	-	2,162
	\$ 1,535,622	\$ 1,435,531

b) Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The average annual rate used for the nine months ended September 30, 2018, was 27% (September 30, 2017 - 27%).

	September 30, 2018	September 30, 2017
Earnings before income tax	\$ 10,025,658	\$ 6,866,414
Anticipated income tax expense	2,706,928	1,853,932
Non-deductible expenses	19,871	19,714
Adjustment in respect of prior years	(15,820)	14,899
Other	3,535	-
	\$ 2,714,514	\$ 1,888,545
Current tax expense	\$ 2,664,431	\$ 1,999,538
Deferred tax expense/(recovery)	50,083	(110,993)
	\$ 2,714,514	\$ 1,888,545

19. OTHER LOSSES/(GAINS), NET

	September 30, 2018	September 30, 2017
Unrealized foreign exchange loss/(gain)	\$ 1,076,313	\$ (250,154)
Loss on disposal of assets	44,117	586
	\$ 1,120,430	\$ (249,568)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

20. EARNINGS PER SHARE

Basic and diluted

Basic earnings per share is calculated by dividing the profit attributable to equity holders of Olympia by the weighted average number of common shares in issue during the period.

Nine months ended	September 30, 2018	September 30, 2017
Net earnings from continuing operations attributable to shareholders of Olympia	\$ 7,354,508	\$ 4,977,869
Net loss from discontinued operations	(417,700)	(737,699)
Total net earnings	\$ 6,936,808	\$ 4,240,170
Weighted average number of shares (basic and diluted)	2,406,352	2,406,352
Basic and diluted earnings per share - continuing operations	\$ 3.06	\$ 2.07
Basic and diluted loss per share - discontinued operations	\$ (0.17)	\$ (0.31)
Basic and diluted earnings per share - combined operations	\$ 2.89	\$ 1.76
Three months ended	September 30, 2018	September 30, 2017
Net earnings from continuing operations attributable to shareholders of Olympia	\$ 2,214,489	\$ 1,706,836
Net earnings/(loss) from discontinued operations	25,372	(263,789)
Total net earnings	\$ 2,239,861	\$ 1,443,047
Weighted average number of shares (basic and diluted)	2,406,352	2,406,352
Basic and diluted earnings per share - continuing operations	\$ 0.92	\$ 0.71
Basic and diluted earnings/(loss) per share - discontinued operations	\$ 0.01	\$ (0.11)
Basic and diluted earnings per share - combined operations	\$ 0.93	\$ 0.60

21. DIVIDENDS PER SHARE

The dividends declared and paid amounted to \$3.97 million (September 30, 2017 - \$4.48 million).

22. CHANGES IN NON CASH WORKING CAPITAL

	September 30, 2018	September 30, 2017
Trade & other receivables	\$ (1,735,179)	\$ (399,113)
Current taxes receivable	-	105,883
Prepaid expenses	108,190	156,626
Inventory	(144,544)	-
Trade & other payables	40,347	496,620
Deferred revenue	3,386,997	2,965,819
Current taxes payable	(5,420)	39,304
Long term promissory note (note 4)	(1,413,939)	-
Other liabilities & charges	472,344	290,247
Other liabilities	(207,803)	1,076,996
	\$ 500,993	\$ 4,732,382

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

23. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2017	Cash flows	2018
Revolving credit facility	\$ 4,812,347	\$ 245,000	\$ 5,057,347
Cash in circulation due to bank	3,823,110	(3,823,110)	-
	\$ 8,635,457	\$ (3,578,110)	\$ 5,057,347

24. CONTINGENCIES

Olympia is not a money lender nor does it guarantee or participate in loans or mortgages of any type, except in its capacity as trustee of conventional and syndicated mortgages.

Olympia is defendant and plaintiff in a number of legal actions that arise in the normal course of business, the losses or gains from which, if any, are not anticipated to have a material effect on the condensed consolidated financial statements.

25. RELATED PARTY TRANSACTIONS

Olympia's president and CEO owns and controls 29.24% of Olympia's shares. During the year, Olympia entered into transactions with the following related parties:

- Companies and businesses controlled by the president and CEO of Olympia;
- Companies and businesses associated with the directors of Olympia;
- Companies and businesses controlled by management of Olympia;
- Family members of the president, management and directors; and
- Key management and directors.

The following transactions with related parties were measured at the exchange amount, which is the amount of consideration agreed to by the parties:

Service revenue

	September 30, 2018	September 30, 2017
Companies and businesses controlled by the president and CEO	\$ 9,326	\$ 10,317
	\$ 9,326	\$ 10,317

Interest revenue

	September 30, 2018	September 30, 2017
Companies and businesses controlled by the president and CEO	\$ 22,734	\$ -
	\$ 22,734	\$ -

Interest revenue from associated entities totaled \$22,734 for the nine months ended September 30, 2018, (September 30, 2017 - \$nil) and consists of interest earned from outstanding receivables and the promissory note receivable.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

Administrative expenses

	September 30, 2018	September 30, 2017
Companies and businesses controlled by the president and CEO	\$ 2,589,710	\$ 1,847,456
Olympia Charitable Foundation	74,933	45,171
	\$ 2,664,643	\$ 1,892,627

Administrative expenses paid to associated entities totaled \$2.66 million for the nine months ended September 30, 2018 (September 30, 2017 - \$1.89 million), and consisted of the following:

- The Olympia Charitable Foundation is funded by Olympia and the employees of Olympia. Olympia donated a total of \$74,933 for the nine months ended September 30, 2018 (September 30, 2017 - \$45,171).
- Management fees are paid to Tarman based on a percentage of pre-tax profits of Olympia's divisions, except for the Private Health Services Plan division, where the management fee is based on a percentage of health claims administered. These fees are for services provided as president and CEO of Olympia. For the nine months ended September 30, 2018, this amounted to \$2.59 million (September 30, 2017 - \$1.85 million).

Trade and other receivables include amounts receivable from related parties

	September 30, 2018	December 31, 2017
Companies and businesses controlled by the president and CEO (current)	\$ 314,240	\$ 365,028
Companies and businesses controlled by the president and CEO (non-current)	1,413,938	-
	\$ 1,728,178	\$ 365,028

On June 5, 2018, Olympia announced the sale of substantially all the assets of its wholly owned subsidiary, Olympia ATM Inc. to Tarman, a corporation owned and controlled by Olympia's president and CEO. The sale closed on August 3, 2018.

The purchase price paid by Tarman is equal to the aggregate net book value of the assets used by the ATM division. The assets book value at June 5, 2018, was estimated to be \$1.40 million. The purchase price was paid by the delivery of a secured demand promissory note (the "promissory note") for \$1.40 million by Tarman. The outstanding principal amount of the promissory note bears interest at prime plus 0.25%. All interest accrued under the promissory note shall be paid on an annual basis on or before the 30th day of June of each calendar year. Subject to Canadian Western Bank's consent commencing June 30, 2020, Tarman is required to repay the outstanding principal amount of the promissory note in annual installments of \$140,000 on or before the 30th day of June of each calendar year, with the outstanding balance of the principal amount to be repaid in full on or before June 30, 2023.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

Trade and other payables and provision for other liabilities and charges include amounts payable to related parties

	September 30, 2018	December 31, 2017
Companies and businesses controlled by the president and CEO	\$ 138,981	\$ 160,298
Directors' fees	117,524	45,377
	\$ 256,505	\$ 205,675

CORPORATE INFORMATION

Directors

Rick Skauge
Gerard Janssen¹²³⁴
Brian Newman¹²³⁴
Craig Skauge
Diana Wolfe¹²³⁴
Dennis Nerland
Tony Lanzl

Board Committees

- ¹ Audit Committee
- ² Corporate Governance Committee
- ³ Executive Compensation Committee
- ⁴ Investment Committee

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EXECUTIVE TEAM



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*President and Chief
Executive Officer*



CRAIG SKAUGE
*Executive Vice President
and President, Olympia
Trust Company*



GERHARD BARNARD
*Chief Financial Officer and
Vice President, Finance*



ROBIN FRY
CEO, Olympia Benefits Inc.



KEN FRY
*President,
Olympia Benefits Inc.*



DERICK KACHUIK
*Vice President,
Foreign Exchange*



ANDREA GILLIS
*Vice President, Client Services
Registered Plans*



KELLY REVOL
*Vice President, Operations
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DEAN NAUGLER
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