



FINANCIAL STATEMENTS
FOR PERIOD ENDED JUNE 30 | 2018



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MANAGEMENT'S RESPONSIBILITY FOR CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the second periods ended June 30, 2018 and June 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 Audit Committee, on behalf of the Board of Directors, has reviewed and approved the accompanying unaudited condensed consolidated interim financial statements for the periods ended June 30, 2018, and June 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

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

Signed Gerhard Barnard

Gerhard Barnard, CPA, CMA
CHIEF FINANCIAL OFFICER

CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS (UNAUDITED)

	June 30, 2018	December 31, 2017
ASSETS		
Current assets		
Cash & cash equivalents (note 9)	\$ 19,519,379	\$ 10,140,523
Restricted cash in circulation (note 10)	1,845,485	3,823,110
Trade & other receivables (note 6)	3,273,944	1,413,359
Inventory	151,699	223,114
Prepaid expenses	765,026	732,914
Assets held for sale (note 4)	1,364,269	-
Derivative financial instruments (notes 6 and 12)	4,734,022	9,236,934
Total current assets	31,653,824	25,569,954
Non-current assets		
Restricted cash & investments (note 8)	506,000	500,000
Equipment & other (note 13)	1,270,953	2,232,396
Intangible assets (note 14)	1,782,867	1,849,693
Financial asset at fair value through other comprehensive income	46,260	48,932
Derivative financial instruments (notes 6 and 12)	-	729,459
Deferred tax assets (note 18)	1,565,213	1,435,531
Total non-current assets	5,171,293	6,796,011
Total assets	\$ 36,825,117	\$ 32,365,965
LIABILITIES		
Current liabilities		
Trade & other payables (notes 6 and 15)	\$ 1,540,890	\$ 1,278,144
Deferred revenue (note 16)	6,862,415	313,256
Other liabilities & charges	2,217,321	1,648,081
Cash in circulation due to bank (note 10)	1,845,485	3,823,110
Revolving credit facility (note 11)	6,762,347	4,812,347
Derivative financial instruments (notes 6 and 12)	3,384,795	7,796,036
Current tax liability	159,740	102,212
Total current liabilities	22,772,993	19,773,186
Other liabilities	930,240	1,068,776
Derivative financial instruments (notes 6 and 12)	-	543,073
Total liabilities	\$ 23,703,233	\$ 21,385,035
EQUITY		
Share capital (note 17)	\$ 7,886,989	\$ 7,886,989
Contributed surplus (note 17)	86,373	86,373
Retained earnings	5,219,291	3,048,996
Equity attributable to owners of Olympia	13,192,653	11,022,358
Non-controlling interests	(70,769)	(41,428)
Total equity	13,121,884	10,980,930
Total equity & liabilities	\$ 36,825,117	\$ 32,365,965

Contingencies (note 24)

Approved on behalf of the Board of Directors

Signed Rick Skauge

Rick Skauge
DIRECTOR

August 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)

	SIX MONTHS ENDED		THREE MONTHS ENDED	
	June 30, 2018	June 30, 2017 ⁽¹⁾	June 30, 2018	June 30, 2017 ⁽¹⁾
Revenue				
Service revenue (note 7)	\$ 19,407,240	\$ 16,361,116	\$ 10,307,906	\$ 8,278,431
Interest earned as trustee (note 7)	4,922,021	3,552,569	2,500,854	1,785,933
Interest (note 7)	581,355	301,988	372,765	198,209
	24,910,616	20,215,673	13,181,525	10,262,573
Expenses				
Direct expenses (note 7)	1,602,072	1,575,012	827,220	884,667
Administrative expenses (note 7)	15,607,893	14,010,495	8,248,501	7,171,735
Depreciation and amortization (note 7)	384,745	428,350	192,416	166,300
Other losses/(gains), net (notes 7 and 19)	311,733	(241,698)	189,443	(274,725)
	17,906,443	15,772,159	9,457,580	7,947,977
Earnings before income tax	7,004,173	4,443,514	3,723,945	2,314,596
Income tax expense (notes 7 and 18)				
Current	1,859,976	1,243,566	1,042,936	612,736
Deferred tax expense/(recovery)	33,519	(71,085)	(43,737)	(19,998)
Total income tax expense	1,893,495	1,172,481	999,199	592,738
Net earnings and comprehensive income from continuing operations attributable to:				
Shareholders of Olympia	\$ 5,140,019	\$ 3,271,033	\$ 2,741,900	\$ 1,721,858
Non-controlling interests	\$ (29,341)	\$ -	\$ (17,154)	\$ -
Net loss and comprehensive loss from discontinued operations (note 4)	\$ (443,072)	\$ (473,910)	\$ (198,877)	\$ (259,420)
Net earnings and comprehensive income from combined operations for the period	\$ 4,667,606	\$ 2,797,123	\$ 2,525,869	\$ 1,462,438
Earnings per share attributable to shareholders of Olympia - continuing operations				
Basic and diluted (note 20)	\$ 2.14	\$ 1.36	\$ 1.14	\$ 0.72
Loss per share attributable to shareholders of Olympia - discontinued operations				
Basic and diluted (note 20)	\$ (0.18)	\$ (0.20)	\$ (0.08)	\$ (0.11)
Earnings per share attributable to shareholders of Olympia - combined operations				
Basic and diluted (note 20)	\$ 1.96	\$ 1.16	\$ 1.06	\$ 0.61

⁽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	-	-	2,797,123	-	2,797,123
Dividends (note 21)	-	-	(3,248,553)	-	(3,248,553)
Balance as at June 30, 2017	\$ 7,886,989	\$ 86,373	\$ 2,220,739	\$ -	\$ 10,194,101
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	-	-	4,696,947	(29,341)	4,667,606
Dividends (note 21)	-	-	(2,526,652)	-	(2,526,652)
Balance as at June 30, 2018	\$ 7,886,989	\$ 86,373	\$ 5,219,291	\$ (70,769)	\$ 13,121,884

See accompanying notes to the unaudited condensed consolidated interim financial statements

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (UNAUDITED)

SIX MONTHS ENDED JUNE 30	2018	2017 ⁽¹⁾
Cash flows from operating activities		
Net earnings from continuing operations	\$ 5,110,678	\$ 3,271,033
Items not affecting cash		
Depreciation of equipment & other	217,862	283,368
Amortization of intangible assets	166,883	144,981
Loss on disposal of assets	42,495	2,285
Fair value change in investments	-	30,000
Deferred income taxes recovery/(expense)	33,519	(71,085)
Foreign exchange loss/(gain) (note 19)	278,057	(241,974)
Changes in non-cash working capital balances (note 22)	5,109,708	5,995,329
Cash flows from operating activities from continuing operations	10,959,202	9,413,937
Cash flows used in operating activities from discontinued operations (note 4)	(1,431,148)	(158,917)
Net cash from operating activities	9,528,054	9,255,020
Cash flows from investing activities		
Purchase of equipment & other	(286,896)	(206,777)
Purchase of intangible assets	(191,442)	(76,675)
Release of restricted investment for collateral, net	(6,000)	1,480,000
Cash flows (used)/from investing activities from continuing operations	(484,338)	1,196,548
Cash flow from/(used) in investing activities from discontinued operation (note 4)	911,792	(190,378)
Net cash from investing activities	427,454	1,006,170
Cash flows from financing activities		
Revolving credit facility	380,000	37,302
Loan to Olympia ATM Inc. (note 4)	(594,590)	(750,884)
Dividends (note 21)	(2,526,652)	(3,248,553)
Cash flow from financing activities from continuing operations	(2,741,242)	(3,962,135)
Cash flow from/(used) in financing activities from discontinued operations (note 4)	186,965	(381,666)
Net cash used in financing activities	(2,554,277)	(4,343,800)
Net change in cash position	7,401,231	5,917,389
Cash, beginning of period	13,963,633	10,470,074
Cash, end of period	\$ 21,364,864	\$ 16,387,463
Cash is represented by:		
Cash & cash equivalents (note 9)	\$ 19,519,379	\$ 12,400,093
Restricted cash & restricted cash in circulation (note 10)	1,845,485	3,987,370
	\$ 21,364,864	\$ 16,387,463
Other information for continuing operations		
Interest earned and received as trustee	\$ 3,196,726	\$ 3,943,269
Interest received	\$ 519,307	\$ 198,825
Income taxes paid	\$ 1,662,000	\$ 1,340,736

⁽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.

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 company to be registered under the *Loan and Trust Corporations Act* (Alberta). Olympia Trust acts as a trustee for self-directed registered plans and also provides foreign currency exchange 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 June 30, 2018, management announced its intention to sell substantially all the assets of ATM. ATM incorporated ATM1SOURCE Inc. (“ATM1SOURCE”) under the *Business Corporations Act* (Alberta). ATM1SOURCE was amalgamated with ATM on January 1, 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 six months ended June 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 Audit Committee, on behalf of the Board of Directors, on August 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 from 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 as close to nil.

The loss allowances 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 six months ended June 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. has entered into a provisional agreement with Tarman ATM Inc. ("Tarman"), a corporation owned and controlled by Olympia's president and Chief Executive Officer ("CEO").

The purchase price paid by Tarman is equal to the aggregate net book value of the assets used in the ATM business. The assets book value at June 5, 2018, was estimated to be \$1.40 million. The purchase price shall be 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 shall bear 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 an annual installment 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 in the ATM business 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.

The sale closed on August 3, 2018.

Available for sale assets consist of the following:

Assets held for sale	June 30, 2018
Equipment & other	915,645
Intangible assets	76,027
Trade & other receivables	200,869
Prepaid expenses	34,273
Inventory	137,455
	<hr/>
	1,364,269

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

Results from discontinued operations:

	SIX MONTHS ENDED		THREE MONTHS ENDED	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Results from discontinued operations				
Revenue				
Service revenue	\$ 1,465,791	\$ 1,469,868	\$ 763,687	\$ 817,937
Interest	7,127	1,354	3,676	831
	1,472,918	1,471,222	767,363	818,768
Expenses				
Direct expenses	988,019	1,168,299	498,612	659,928
Administrative expenses	922,093	859,396	474,403	407,516
Depreciation and amortization	161,054	196,297	65,231	101,348
Other losses/(gains), net	8,025	(114,190)	1,500	728
	2,079,191	2,109,802	1,039,746	1,169,520
Loss before income tax	(606,273)	(638,580)	(272,383)	(350,752)
Deferred tax recovery	163,201	164,670	73,506	91,332
Total income tax recovery	163,201	164,670	73,506	91,332
Net loss and comprehensive loss from discontinued operations	\$ (443,072)	\$ (473,910)	\$ (198,877)	\$ (259,420)

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:

SIX MONTHS ENDED JUNE 30	2018	2017
Cash flows from operating activities		
Net loss	\$ (443,072)	\$ (473,910)
Items not affecting cash		
Depreciation of equipment & other	145,696	155,675
Amortization of intangible assets	15,358	40,622
Loss on disposal of assets	9,192	-
Deferred income taxes recovery	(163,201)	(164,670)
Changes in non-cash working capital balances	(995,121)	283,366
Net cash used in operating activities	(1,431,148)	(158,917)
Cash flows from investing activities		
Purchase of equipment & other	(79,880)	(201,493)
Proceeds from sale of equipment & other	-	11,115
Reclassification of long term assets to available for sale	991,672	-
Net cash from/(used) in investing activities	911,792	(190,378)
Cash flows from financing activities		
Revolving credit facility	1,570,000	-
Cash in circulation due to bank	(1,977,625)	(1,132,550)
Loan from Olympia Financial Group Inc.	594,590	750,884
Net cash from/(used) in financing activities	186,965	(381,666)
Net change in cash position	(332,391)	(730,961)
Cash, beginning of period	5,687,313	5,660,600
Cash, end of period	\$ 5,354,922	\$ 4,929,639
Cash is represented by:		
Cash & cash equivalents	\$ 3,509,437	\$ 942,269
Restricted cash & restricted cash in circulation (note 10)	1,845,485	3,987,370
	\$ 5,354,922	\$ 4,929,639

5. FUNDS IN TRUST

Self-Directed Registered Plans division ("RRSP")

At June 30, 2018, RRSP administered self-directed registered plans consisting of private company securities and mortgages with a cost value of \$3.99 billion (December 31, 2017 - \$4.09 billion) plus cash, public securities, term deposits and outstanding cheques with an estimated fair value of \$560.26 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 \$4.92 million for the six months ended June 30, 2018 (June 30, 2017 - \$3.55 million).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

Private Health Services Plans division (“Health”)

At June 30, 2018, Health held funds in trust of \$9.65 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 June 30, 2018, FX held funds in trust of \$2.91 million (December 31, 2017 - \$5.31 million) for clients who have paid margin requirements on forward foreign exchange contracts and \$27.13 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, available for sale assets, 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

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.

(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 June 30, 2018	Current	31 to 60 days	61 to 90 days	Over 90 days	Total
Trade and other payables	\$ 1,540,890	\$ -	\$ -	\$ -	\$ 1,540,890
Other liabilities and charges ⁽¹⁾	1,937,075	-	-	-	1,937,075
Cash in circulation due to bank	1,845,485	-	-	-	1,845,485
Total	\$ 5,323,450	\$ -	\$ -	\$ -	\$ 5,323,450

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 June 30, 2018, trade and other payables totaled \$1.54 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:

	June 30, 2018	December 31, 2017
Current	\$ 738,591	\$ 501,075
31 to 60 days	72,690	539,665
61 to 90 days	1,651,479	565,106
Over 90 days	922,035	6,190,190
	\$ 3,384,795	\$ 7,796,036
Non-current (1-3 years)	\$ -	\$ 543,073

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

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 six months ended June 30, 2018, a balance of \$6.76 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.

(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 June 30, 2018, would have increased by approximately \$1.98 million (June 30, 2017 - \$1.97 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

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 and other receivables 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 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 June 30, 2018, net trade receivables of \$2.14 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. During the first three months of the period ended June 30, 2018, the loan was fully repaid.

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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

The aging of these receivables is as follows:

	June 30, 2018	December 31, 2017
Current	\$ 262,394	\$ 753,939
31 to 60 days	841,544	15,579
61 to 90 days	30,328	28,407
Over 90 days	2,598,041	1,229,256
Allowance for doubtful accounts	(458,363)	(613,822)
	\$ 3,273,944	\$ 1,413,359

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

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

	June 30, 2018	December 31, 2017
At January 1	\$ 613,822	\$ 244,154
Increase in provision	129,043	616,733
Receivables written off	(284,502)	(247,065)
Allowance for doubtful accounts	\$ 458,363	\$ 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:

	June 30, 2018	December 31, 2017
Current	\$ 1,011,585	\$ 572,398
31 to 60 days	103,531	648,240
61 to 90 days	2,186,621	636,671
Over 90 days	1,432,285	7,379,625
	\$ 4,734,022	\$ 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

Olympia includes shareholders' equity of \$13.19 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 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 June 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 June 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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

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 six months ended June 30, 2018

	Health	RRSP	FX	EI	Corporate	Total
Service revenue	\$ 3,956,407	\$10,278,548	\$ 4,736,894	\$ 241,021	\$ 194,370	\$19,407,240
Interest revenue	106,604	5,082,161	103,929	784	209,898	5,503,376
Direct expenses	(896,742)	(16,615)	(578,125)	(110,590)	-	(1,602,072)
	3,166,269	15,344,094	4,262,698	131,215	404,268	23,308,544
Administrative expenses	(1,927,744)	(10,059,437)	(3,190,123)	(301,513)	(129,076)	(15,607,893)
Depreciation & amortization	(44,805)	(254,551)	(47,277)	(36,325)	(1,787)	(384,745)
Other losses, net (note 18)	(32)	(33,593)	(278,108)	-	-	(311,733)
Earnings/(loss) before income taxes	1,193,688	4,996,513	747,190	(206,623)	273,405	7,004,173
Income taxes (expense)/recovery ⁽¹⁾	(310,030)	(1,318,018)	(197,100)	59,919	(128,266)	(1,893,495)
Net earnings/(loss)	\$ 883,658	\$ 3,678,495	\$ 550,090	\$ (146,704)	\$ 145,139	\$ 5,110,678

Net operations for the six months ended June 30, 2017

	Health	RRSP	FX	EI	Corporate	Total
Service revenue	\$ 3,977,565	\$ 9,237,688	\$ 3,051,253	\$ 93,610	\$ 1,000	\$ 16,361,116
Interest revenue	67,590	3,627,629	41,357	245	117,736	3,854,557
Direct expenses	(1,053,781)	(45,049)	(395,223)	(80,959)	-	(1,575,012)
	2,991,374	12,820,268	2,697,387	12,896	118,736	18,640,661
Administrative expenses	(2,009,209)	(9,157,556)	(2,643,494)	(121,793)	(78,443)	(14,010,495)
Depreciation & amortization	(68,144)	(268,789)	(73,349)	(15,538)	(2,530)	(428,350)
Other gains & (losses), net (note 18)	-	(306)	241,974	-	30	241,698
Earnings/(loss) before income taxes	914,021	3,393,617	222,518	(124,435)	37,793	4,443,514
Income taxes (expense)/recovery ⁽¹⁾	(241,806)	(902,716)	(59,191)	30,842	390	(1,172,481)
Net earnings/(loss)	\$ 672,215	\$ 2,490,901	\$ 163,327	\$ (93,593)	\$ 38,183	\$ 3,271,033

Revenue earned from one customer in the FX division represents approximately 16% of the FX division's total revenue earned for the six months ended June 30, 2018. No one client contributed more than 10% of Olympia's revenue for the six months ended June 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 June 30, 2018

	Health	RRSP	FX	EI	Corporate	Total
Service revenue	\$ 1,901,024	\$ 5,774,694	\$ 2,523,315	\$ 108,822	\$ 51	\$10,307,906
Interest revenue	52,268	2,645,260	61,017	605	114,469	2,873,619
Direct expenses	(436,415)	(14,816)	(318,271)	(57,718)	-	(827,220)
	1,516,877	8,405,138	2,266,061	51,709	114,520	12,354,305
Administrative expenses	(948,679)	(5,395,052)	(1,672,270)	(153,846)	(78,654)	(8,248,501)
Depreciation & amortization	(21,803)	(129,298)	(22,075)	(18,512)	(728)	(192,416)
Other gains & (losses), net (note 17)	6	(33,499)	(155,950)	-	-	(189,443)
Earnings/(loss) before income taxes	546,401	2,847,289	415,766	(120,649)	35,138	3,723,945
Income taxes (expense)/recovery ⁽¹⁾	(142,592)	(753,592)	(110,062)	34,882	(27,835)	(999,199)
Net earnings/(loss)	\$ 403,809	\$ 2,093,697	\$ 305,704	\$ (85,767)	\$ 7,303	\$ 2,724,746

Net operations for the three months ended June 30, 2017

	Health	RRSP	FX	EI	Corporate	Total
Service revenue	\$ 1,915,326	\$ 4,672,056	\$ 1,630,879	\$ 60,170	\$ -	\$ 8,278,431
Interest revenue	33,273	1,861,807	24,205	92	64,765	1,984,142
Direct expenses	(562,243)	(21,963)	(246,142)	(54,319)	-	(884,667)
	1,386,356	6,511,900	1,408,942	5,943	64,765	9,377,906
Administrative expenses	(981,544)	(4,662,268)	(1,417,191)	(68,775)	(41,957)	(7,171,735)
Depreciation & amortization	(18,733)	(115,974)	(22,611)	(7,812)	(1,170)	(166,300)
Other gains & (losses), net (note 25)	-	(306)	271,491	-	3,540	274,725
Earnings/(loss) before income taxes	386,079	1,733,352	240,631	(70,644)	25,178	2,314,596
Income taxes (expense)/recovery ⁽¹⁾	(99,940)	(451,308)	(64,116)	15,792	6,834	(592,738)
Net earnings/(loss)	\$ 286,139	\$ 1,282,044	\$ 176,515	\$ (54,852)	\$ 32,012	\$ 1,721,858

Revenue earned from one customer in the FX division represents approximately 19% of the FX division's total revenue earned for the three months ended June 30, 2018. Revenue earned from one customer in the FX division represented approximately 13% of the FX division's total revenue earned for the three months end June 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

	June 30, 2018	December 31, 2017
Foreign exchange trading investments 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

	June 30, 2018	December 31, 2017
Cash at bank and on hand	\$ 16,409,946	\$ 9,167,957
Non-restricted cash in circulation	3,109,433	972,566
	\$ 19,519,379	\$ 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. The increase is due to Olympia using its own cash to load its ATMs.

10. RESTRICTED CASH IN CIRCULATION

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

While armoured courier operations have physical access to the cash loaded in ATMs, risk and rewards of ownership of that cash remains with ATM at all times. ATM's cash bailment agreement is for a term of five years, through to November 2020, and bears interest at the Canadian prime rate. In December 2016, ATM obtained an increase to the available bailment cash limit from \$5.00 million to \$20.00 million.

Based on the foregoing, the cash in circulation and the related obligation due to the bank are reflected separately on the balance sheet. Restricted cash in circulation for the period ended June 30, 2018, was \$1.85 million (December 31, 2017 - \$3.82 million).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

11. REVOLVING CREDIT FACILITY

As at June 30, 2018, Olympia has drawn \$6.76 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. Additional funds drawn were to facilitate ATM cash loading as reflected in Note 9.

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 June 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	June 30, 2018	December 31, 2017
Available balance at January 1	\$ 8,500,000	\$ 8,500,000
Drawn	(6,762,347)	(4,812,347)
Available at the end of the period/year	\$ 1,737,653	\$ 3,687,653

12. DERIVATIVE FINANCIAL INSTRUMENTS

	Fair value as at June 30, 2018	Notional amount as at June 30, 2018	Fair value as at December 31, 2017	Notional amount as at December 31, 2017
Current assets	\$ 4,734,022	\$ 69,189,185	\$ 9,236,934	\$ 112,034,573
Non-current assets (1-3 years)	\$ -	\$ -	\$ 729,459	\$ 8,810,123
Current liabilities	\$ 3,384,795	\$ 64,910,210	\$ 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 July 5, 2018, and June 29, 2019. As a result, a portion of the foreign exchange contracts are 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 June 30, 2018, Olympia has margins held in Canadian dollars of \$2.91 million (December 31, 2017 - \$5.31 million).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the period ended June 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.

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:

	June 30, 2018		Level 1	Level 2	Level 3
Recurring measurements					
Financial assets - derivative financial instruments	\$ 4,734,022	\$	-	\$ 4,734,022	\$ -
Financial liabilities - derivative financial instruments	(3,384,795)		-	(3,384,795)	-
	\$ 1,349,227	\$	-	\$ 1,349,227	\$ -
	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
June 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	96,039	78,320	366,776
Reclassified to asset held for sale	(3,900)	-	(179,506)	(1,338,824)	(1,522,230)
Disposals	(202,335)	(2,121)	(660,165)	(15,530)	(880,151)
At end of period	\$ 1,361,707	\$ 3,429,160	\$ 1,754,095	\$ 191,526	\$ 6,736,488
<i>Accumulated depreciation</i>					
At beginning of year	\$ 1,247,936	\$ 2,579,050	\$ 2,244,883	\$ 467,828	\$ 6,539,697
Disposals	(167,199)	(131)	(657,467)	(6,338)	(831,135)
Reclassified to asset held for sale	(374)	-	(84,675)	(521,536)	(606,585)
Depreciation charge for the period	76,150	96,054	68,969	122,385	363,558
At end of period	\$ 1,156,513	\$ 2,674,973	\$ 1,571,710	\$ 62,339	\$ 5,465,535
Closing net book value	\$ 205,194	\$ 754,187	\$ 182,385	\$ 129,187	\$ 1,270,953
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
June 30, 2018					
Cost					
At beginning of year	\$ 1,850,960	\$ 1,210,020	\$ 1,082,968	\$ 41,032	\$ 4,184,980
Additions	191,442	-	-	-	191,442
Reclassified to asset held for sale	-	(25,351)	(139,000)	-	(164,351)
Disposals	(69,445)	(136,755)	-	-	(206,200)
At end of period	\$ 1,972,957	\$ 1,047,914	\$ 943,968	\$ 41,032	\$ 4,005,871
Accumulated depreciation					
At beginning of year	\$ 354,923	\$ 942,715	\$ 1,015,216	\$ 22,433	\$ 2,335,287
Amortization charge for the period	126,854	39,739	9,584	6,064	182,241
Reclassified to asset held for sale	-	(7,492)	(80,832)	-	(88,324)
Disposals	(69,445)	(136,755)	-	-	(206,200)
At end of period	\$ 412,332	\$ 838,207	\$ 943,968	\$ 28,497	\$ 2,223,004
Closing net book value	\$ 1,560,625	\$ 209,707	\$ -	\$ 12,535	\$ 1,782,867
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 \$0.19 million in internally generated software relates to the continued development and enhancement of cloud based online systems in the EEI division. Olympia offers exempt market dealers access to the systems in order to facilitate their compliance with certain regulatory requirements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

15. TRADE AND OTHER PAYABLES

	June 30, 2018	December 31, 2017
Trade payables	\$ 302,117	\$ 437,742
Agents and commissions payable	212,746	213,819
Amounts due to related parties	115,566	83,388
Government taxes and other payables	910,461	543,195
	\$ 1,540,890	\$ 1,278,144

16. DEFERRED REVENUE

	June 30, 2018	December 31, 2017
Annual registered plan services administration fees	\$ 6,473,723	\$ 16,100
Annual health spending account fees	388,692	297,156
	\$ 6,862,415	\$ 313,256

At June 30, 2018, deferred revenue totaled \$6.86 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 June 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:

	June 30, 2018	December 31, 2017
Bad debts provision	\$ 132,447	\$ 127,799
Non-capital losses	1,416,632	1,360,561
Carrying amount of equipment higher than the tax basis	16,134	(54,991)
Cumulative eligible capital available for tax purposes	-	2,162
	\$ 1,565,213	\$ 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 six months ended June 30, 2018, was 27% (June 30, 2017 - 27%).

	June 30, 2018	June 30, 2017
Earnings from continuing operations before income tax	\$ 7,004,173	\$ 4,443,514
Anticipated income tax expense	1,891,127	1,199,749
Non-deductible expenses	15,484	980
Adjustment in respect of prior years	(16,529)	(28,248)
Other	3,413	-
	\$ 1,893,495	\$ 1,172,481
Current tax expense	\$ 1,859,976	\$ 1,243,566
Deferred tax recovery	33,519	(71,085)
	\$ 1,893,495	\$ 1,172,481

19. OTHER GAINS, NET

	June 30, 2018	June 30, 2017
Unrealized foreign exchange loss	\$ 278,057	\$ 241,974
Loss on disposal of assets and other	33,676	(276)
	\$ 311,733	\$ 241,698

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.

Six months ended	June 30, 2018	June 30, 2017
Net earnings from continuing operations attributable to shareholders of Olympia	\$ 5,140,019	\$ 3,271,033
Net loss from discontinued operations attributable to shareholders of Olympia	(443,072)	(473,910)
Total net earnings	\$ 4,696,947	\$ 2,797,123
Weighted average number of shares (basic and diluted)	2,406,352	2,406,352
Basic and diluted earnings per share - continuing operations	\$ 2.14	\$ 1.36
Basic and diluted loss per share - discontinued operations	\$ (0.18)	\$ (0.20)
Basic and diluted earnings per share - combined operations	\$ 1.96	\$ 1.16

Three months ended	June 30, 2018	June 30, 2017
Net earnings from continuing operations attributable to shareholders of Olympia	\$ 2,741,900	\$ 1,721,858
Net loss from discontinued operations attributable to shareholders of Olympia	(198,877)	(259,420)
Total net earnings	\$ 2,543,023	\$ 1,462,438
Weighted average number of shares (basic and diluted)	2,406,352	2,406,352
Basic and diluted earnings per share - continuing operations	\$ 1.14	\$ 0.72
Basic and diluted loss per share - discontinued operations	\$ (0.08)	\$ (0.11)
Basic and diluted earnings per share - combined operations	\$ 1.06	\$ 0.61

21. DIVIDENDS PER SHARE

The dividends declared and paid amounted to \$2.53 million (June 30, 2017 - \$3.25 million).

22. CHANGES IN NON CASH WORKING CAPITAL

	June 30, 2018	June 30, 2017
Trade & other receivables	\$ (2,088,716)	\$ (1,260,735)
Current taxes receivable	-	(35,258)
Prepaid expenses	(65,161)	19,194
Trade & other payables	277,743	523,303
Deferred revenue	6,549,159	5,867,413
Current taxes payable	58,428	-
Other liabilities & charges	516,791	172,966
Other liabilities	(138,536)	708,446
	\$ 5,109,708	\$ 5,995,329

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	\$ 1,950,000	\$ 6,762,347
Cash in circulation due to bank	3,823,110	(1,977,625)	1,845,485
	\$ 8,635,457	\$ (27,625)	\$ 8,607,832

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 29.14% 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

	June 30, 2018	June 30, 2017
Companies and businesses controlled by the president and CEO	\$ 24,379	\$ 6,854
	\$ 24,379	\$ 6,854

Interest revenue

	June 30, 2018	June 30, 2017
Companies and businesses controlled by the president and CEO	\$ 18,180	\$ -
	\$ 18,180	\$ -

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

Interest revenue from associated entities totaled \$18,180 for the six months ended June 30, 2018, (June 30, 2017 - \$nil) and consists of interest earned from outstanding receivables and the loan provided to Tarman.

Administrative expenses

	June 30, 2018	June 30, 2017
Companies and businesses controlled by the president and CEO	\$ 1,762,071	\$ 1,203,137
Olympia Charitable Foundation	41,160	32,546
	\$ 1,803,231	\$ 1,235,683

Administrative expenses paid to associated entities totaled \$1.80 million for the six months ended June 30, 2018 (June 30, 2017 - \$1.24 million), and consisted of the following:

- The Olympia Charitable Foundation is funded by Olympia and the employees of Olympia. Olympia donated a total of \$41,160 for the six months ended June 30, 2018 (June 30, 2017 - \$32,546).
- 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 six months ended June 30, 2018, this amounted to \$1.76 million (June 30, 2017 - \$1.20 million).

Trade and other receivables include amounts receivable from related parties

	June 30, 2018	June 30, 2017
Companies and businesses controlled by the president and CEO	\$ 349,239	\$ 365,028
	\$ 349,239	\$ 365,028

- On November 29, 2017, Olympia obtained approval from the Board of Directors for a \$120,000 demand loan to Tarman. The secured demand loan was fully repaid in the period ended June 30, 2018. The loan accrued interest at 4.00% per annum.

On June 5, 2018, Olympia announced the sale of substantially all the assets of its wholly owned subsidiary, Olympia ATM Inc. Olympia ATM Inc. has entered into a provisional agreement with Tarman, a corporation owned and controlled by Olympia's president and CEO.

The purchase price paid by Tarman is equal to the aggregate net book value of the assets used in the ATM business. The assets book value at June 5, 2018, was estimated to be \$1.40 million. The purchase price shall be 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 shall bear 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 an annual installment 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)

The sale closed on August 3, 2018.

All the receivables from related parties are current.

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

	June 30, 2018	December 31, 2017
Companies and businesses controlled by the president and CEO	\$ 163,956	\$ 160,298
Directors' fees	66,668	45,377
	\$ 230,624	\$ 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

Head Office

2300, 125 - 9th Avenue SE
Calgary, AB T2G 0P6
Tel: 403-261-0900
Fax: 403-265-1455
www.olympiafinancial.com
info@olympiafinancial.com

Transfer Agent

AST Trust Company
600, 333 - 7th Avenue SW
Calgary, AB T2P 2Z1
Tel: 403-776-3900
Fax: 403-776-3916

Auditors

PricewaterhouseCoopers LLP
Chartered Professional Accountants
Suite 3100, 111 - 5th Avenue SW
Calgary, AB T2P 5L3

EXECUTIVE TEAM



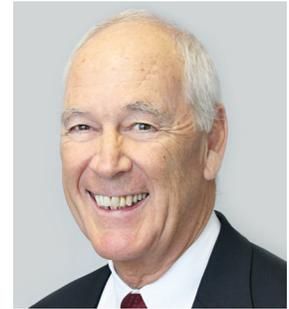
RICK SKAUGE
*President and Chief
Executive Officer*



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
Registered Plans*



JIM WILSON
President, Olympia ATM Inc.



JONATHAN BAHNUIK
General Counsel



RYAN MCKENNA
*Vice President,
Information Technology*



STEPHEN PRESTON
*Vice President,
Exempt Edge Inc.*

2300, 125 - 9th Avenue SE Calgary, Alberta T2G 0P6
Tel: 403-261-0900 • Fax: 403-265-1455
www.olympiafinancial.com info@olympiafinancial.com