OLYMPIA
FINANCIAL GROUP

Q2 2019 REPORT

FINANCIAL STATEMENTS

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MANAGEMENT'S RESPONSIBILITY FOR THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the second periods ended June 30, 2019, and June 30, 2018

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, 2019, and June 30, 2018.

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 and Chief Executive Officer

Signed Gerhard Barnard

Gerhard Barnard, CPA, CMA
Chief Financial Officer

Calgary, Canada, August 8, 2019

CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS (Unaudited)

($)	June 30, 2019	December 31, 2018
ASSETS		
Current assets		
Cash & cash equivalents (note 10)	$ 17,871,491	$ 12,834,906
Inventory	56,518	49,127
Trade & other receivables (note 6)	5,190,332	2,272,037
Prepaid expenses	1,013,993	783,370
Derivative financial instruments (notes 6 and 12)	263,312	406,082
Current tax receivable	634,367	-
Total current assets	25,030,013	16,345,522
Non-current assets		
Restricted cash & investments (note 9)	4,262,000	707,000
Equipment & other (note 13)	1,123,610	1,239,533
Intangible assets (note 14)	2,621,213	2,508,262
Right-of-use assets (notes 3 and 15)	1,340,025	-
Financial asset at fair value through other comprehensive income	41,959	43,714
Long-term lease receivable (note 3)	77,643	-
Derivative financial instruments (notes 6 and 12)	2,738,129	-
Deferred tax assets (note 19)	1,156,949	1,243,256
Promissory note receivable (note 4)	1,400,000	1,428,539
Total non-current assets	14,761,528	7,170,304
Total assets	$ 39,791,541	$ 23,515,826
LIABILITIES		
Current liabilities		
Trade & other payables (notes 6 and 16)	$ 1,444,608	$ 1,341,892
Deferred revenue (note 17)	6,909,610	399,820
Revolving credit facility (notes 11 and 24)	9,305,347	4,207,347
Other liabilities & charges	2,186,232	1,528,078
Lease liabilities (notes 3 and 7)	880,338	-
Derivative financial instruments (notes 6 and 12)	126,201	160,480
Current tax liability	-	5,637
Total current liabilities	20,852,336	7,643,254
Other liabilities	-	791,705
Lease liabilities (notes 3 and 7)	1,499,095	-
Derivative financial instruments (notes 6 and 12)	483,183	-
Total liabilities	$ 22,834,614	$ 8,434,959
EQUITY		
Share capital (note 18)	$ 7,886,989	$ 7,886,989
Contributed surplus (note 18)	86,373	86,373
Retained earnings	9,124,746	7,214,540
Equity attributable to owners of Olympia	17,098,108	15,187,902
Non-controlling interests	(141,181)	(107,035)
Total equity	16,956,927	15,080,867
Total equity & liabilities	$ 39,791,541	$ 23,515,826

Contingencies (note 25)

See accompanying notes to the unaudited condensed consolidated interim financial statements

Approved on behalf of the Board of Directors

Signed Rick Skauge

Rick Skauge
Director

August 8, 2019

Signed Brian Newman

Brian Newman, CPA, CA
Director

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

	SIX MONTHS ENDED		THREE MONTHS ENDED	
	June 30, 2019	June 30, 2018	**June 30, 2019**	June 30, 2018
Revenue				
Service revenue (note 8)	**$18,106,813**	$19,407,240	**$ 9,187,587**	$10,307,906
Trust income (note 8)	**5,930,716**	4,922,021	**3,038,813**	2,500,854
Interest (note 8)	**558,834**	581,355	**402,453**	372,765
	24,596,363	24,910,616	**12,628,853**	13,181,525
Expenses				
Direct expenses (note 8)	**1,917,530**	1,602,072	**792,685**	827,220
Administrative expenses (note 8)	**17,273,307**	15,607,893	**8,381,855**	8,248,501
Depreciation and amortization (notes 8, 13, 14 and 15)	**758,472**	384,745	**381,194**	192,416
Other (gains)/losses, net (notes 8 and 20)	**(2,141,624)**	311,733	**73,705**	189,443
	17,807,685	17,906,443	**9,629,439**	9,457,580
Earnings before income tax	**6,788,678**	7,004,173	**2,999,414**	3,723,945
Income tax expense (notes 8 and 19)				
Current	**1,669,121**	1,859,976	**759,657**	1,042,936
Deferred tax expense/(recovery)	**86,307**	33,519	**(54,770)**	(43,737)
Total income tax expense	**1,755,428**	1,893,495	**704,887**	999,199
Net earnings and comprehensive income from continuing operations attributable to:				
Shareholders of Olympia	**$ 5,067,396**	$ 5,140,019	**$ 2,314,622**	$ 2,741,900
Non-controlling interests	**$ (34,146)**	$ (29,341)	**$ (20,095)**	$ (17,154)
Net loss and comprehensive loss from discontinued operations	**$ -**	$ (443,072)	**$ -**	$ (198,877)
Net earnings and comprehensive income from combined operations for the period	**$ 5,033,250**	$ 4,667,606	**$ 2,294,527**	$ 2,525,869
Earnings per share attributable to shareholders of Olympia - continuing operations				
Basic and diluted (note 21)	**$ 2.11**	$ 2.14	**$ 0.97**	$ 1.14
Loss per share attributable to shareholders of Olympia - discontinued operations				
Basic and diluted (note 21)	**$ -**	$ (0.18)	**$ -**	$ (0.08)
Earnings per share attributable to shareholders of Olympia - combined operations				
Basic and diluted (note 21)	**$ 2.11**	$ 1.96	**$ 0.97**	$ 1.06

See accompanying notes to the unaudited condensed consolidated interim financial statements

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY (Unaudited)

Attributable to owners of Olympia

	Share Capital	Contributed Surplus	Retained Earnings	Non-controlling Interest	Total Equity
Balance 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 22)	-	-	(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
Balance as at January 1, 2019	$ 7,886,989	$ 86,373	$ 7,214,540	$ (107,035)	$ 15,080,867
Adjustment on initial adoption of IFRS 16 (note 3)	-	-	$ 19,977	-	$ 19,977
Adjusted balance as at January 1, 2019	$ 7,886,989	$ 86,373	$ 7,234,517	$ (107,035)	$ 15,100,844
Share repurchase (note 18)	-	-	(800)	-	(800)
Net earnings and comprehensive income from combined operations	-	-	5,067,396	(34,146)	5,033,250
Dividends (note 22)	-	-	(3,176,367)	-	(3,176,367)
Balance as at June 30, 2019	**$ 7,886,989**	**$ 86,373**	**$ 9,124,746**	**$ (141,181)**	**$ 16,956,927**

See accompanying notes to the unaudited condensed consolidated interim financial statements

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (Unaudited)

SIX MONTHS ENDED JUNE 30		2019		2018
Cash flows from operating activities				
Net earnings from continuing operations	$	5,033,250	$	5,110,678
Items not affecting cash				
Depreciation of equipment & other (note 13)		222,194		217,862
Amortization of intangible assets (note 14)		269,317		166,883
Amortization of right-of-use asset (note 15)		266,961		-
Other		7,358		-
Loss on disposal of assets		4,831		42,495
Deferred income taxes recovery		86,307		33,519
Foreign exchange (gain)/loss (note 20)		(2,146,455)		278,057
Changes in non-cash working capital balances (note 23a)		3,820,018		5,109,708
Cash flows from operating activities from continuing operations		7,563,781		10,959,202
Cash flows used in operating activities from discontinued operations		-		(1,431,148)
Net cash from operating activities		7,563,781		9,528,054
Cash flows from investing activities				
Purchase of equipment & other (note 13)		(110,815)		(286,896)
Purchase of intangible assets (note 14)		(382,268)		(191,442)
Purchase of restricted investment for collateral, net (note 9)		(3,555,000)		(6,000)
Cash flows used in investing activities from continuing operations		(4,048,083)		(484,338)
Cash flow from investing activities from discontinued operations (note 4)		-		911,792
Net cash (used in)/from investing activities		(4,048,083)		427,454
Cash flows from financing activities				
Borrowing on revolving credit facility		5,098,000		380,000
Loan provided to Olympia ATM		-		(594,590)
Receipt of lease receivable		20,559		-
Payment of lease liabilities (note 7)		(421,305)		-
Dividends (note 22)		(3,176,367)		(2,526,652)
Cash flow from/(used) in financing activities from continuing operations		1,520,887		(2,741,242)
Cash flow from financing activities from discontinued operations (note 4)		-		186,965
Net cash from/(used) in financing activities		1,520,887		(2,554,277)
Net change in cash position		5,036,585		7,401,231
Cash, beginning of period		12,834,906		13,963,633
Cash, end of period	$	17,871,491	$	21,364,864
Cash is represented by:				
Cash & cash equivalents (note 10)	$	17,871,491	$	19,519,379
Restricted cash & restricted cash in circulation		-		1,845,485
	$	17,871,491	$	21,364,864
Other information for continuing operations				
Interest earned and received as trustee	$	5,936,935	$	3,196,726
Interest received	$	880,478	$	519,307
Income taxes paid	$	2,265,261	$	1,662,000
Non-cash financing and investing activities (note 23b)				

See accompanying notes to the unaudited condensed consolidated interim financial statements

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 services 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. Exempt Edge Inc. ("EEI") was incorporated under the *Business Corporations Act* (Alberta) on November 28, 2016, as a subsidiary of Olympia.

2. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements for the six months ended June 30, 2019, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The unaudited condensed consolidated interim financial statements ("condensed consolidated financial statements") should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2018, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB. The policies applied in these condensed 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, 2018, 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 condensed consolidated interim financial statements have been approved and authorized for issuance by the Audit Committee, on behalf of the Board of Directors, on August 8, 2019.

Olympia's condensed consolidated interim financial statements are presented in Canadian dollars, Olympia's primary operating currency. All references to $ are in Canadian dollars and references to US$ are in United States dollars.

The preparation of the condensed consolidated interim 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 new amended standard became applicable for the current reporting period and Olympia had to change its accounting policies as a result of adopting the following standards:

- IFRS 16 "Leases"

The impact of the adoption of this standard and the new accounting policy is disclosed below.

IFRS 16 "Leases" - impact of adoption

Effective January 1, 2019, Olympia adopted IFRS 16, "Leases" ("IFRS 16"). Olympia has applied the new standard using the modified retrospective approach. The modified retrospective approach does not require restatement of prior period financial information, as it recognizes the cumulative effect as an adjustment to opening retained earnings and applies the standard prospectively. Therefore, comparative information in the consolidated balance sheets, consolidated statements of net earnings and comprehensive income and statements of cash flows has not been restated.

On adoption, management elected to use the following practical expedients permitted under the standard:

- Apply a single discount rate to a portfolio of leases with similar characteristics;
- Account for leases with a remaining term of less than twelve months as at January 1, 2019, as short-term leases;
- Account for lease payments as an expense and not recognize a right-of-use asset if the underlying asset is of a low dollar value (less than $8,000); and
- Use Olympia's previous assessment under IAS 37, "Provisions, Contingent Liabilities and Contingent Assets" ("IAS 37") for onerous contracts instead of reassessing the right-of-use assets for impairment on January 1, 2019.

	Notes	As reported at December 31, 2018	Adjustments	Balance on adoption as at January 1, 2019
Assets				
Trades and other receivables	iv	$ 2,272,037	$ 41,741	$ 2,313,778
Right-of-use assets, net	ii	-	2,680,497	
	iii	-	(73,635)	
	v	-	(999,876)	1,606,986
Long-term lease receivable	iv	-	99,467	99,467
Liabilities and shareholders' equity				
Current portion of lease liabilities	i	-	(855,387)	(855,387)
Non-current lease liabilities	i	-	(1,946,341)	(1,946,341)
Other liabilities	iii and v	(1,528,078)	281,806	(1,246,272)
Non-current other liabilities	v	(791,705)	791,705	-
Retained earnings	ii	(7,214,540)	(19,977)	(7,234,517)
		$ (7,262,286)	$ -	$ (7,262,286)

Notes:

i. Lease liabilities

On adoption of IFRS 16, Olympia recognized lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17, "Leases" ("IAS 17"). Under the principles of the new standard, these leases have been measured at the present value of the remaining lease payments, discounted using Olympia's incremental borrowing rate at January 1, 2019. The incremental borrowing rate as at January 1, 2019 was 5.99%. Leases with a remaining term of less than twelve months and low-value leases were excluded. Total lease liabilities of $2.8 million were recorded as at January 1, 2019.

ii. Right-of-use assets

The associated right-of-use assets were measured at the amount equal to the lease liability on January 1, 2019, less any amount previously recognized under IAS 37 for onerous contract provisions, less previously recognized lease inducement liabilities. This results in a $19,977 adjustment to retained earnings.

iii. Onerous contract provisions

On initial adoption, management has applied the practical expedient to use Olympia's previous assessment under IAS 37 for onerous contracts. This resulted in a reduction of $0.07 million to other liabilities and charges.

iv. Sublease Contract

On transition, Olympia reassessed the classification of its sublease contracts previously classified as operating leases under IAS 17. Olympia concluded that its sublease is a finance lease under IFRS 16, and as a result a $0.14 million net investment in finance lease was recognized on adoption of IFRS 16.

v. Other liabilities

On transition, Olympia applied the remaining balance of the previously recognized lease inducements provision and straight-line rent liability against the right-of-use assets. This resulted in a reduction of $0.28 million in other liabilities and charges, and an adjustment of $0.79 million to non-current other liabilities.

vi. Reconciliation of commitments to lease liability

The following table provides a reconciliation of the commitments as at December 31, 2018, to Olympia's lease liabilities as at January 1, 2019:

Reconciliation of lease liabilities	Total
Office space	$ 3,105,795
Less:	
Short-term leases	(44,440)
Lease liabilities commitments as at December 31, 2018	3,061,355
Impact of discounting	(259,627)
Lease liabilities as at January 1, 2019	$ 2,801,728

Update to significant accounting policies

Leases

Olympia applied IFRS 16 using the modified retrospective approach; therefore, the comparative information provided continues to be accounted for in accordance with Olympia's previous accounting policy found in the annual consolidated financial statements for the year ended December 31, 2018.

The following accounting policy is applicable from January 1, 2019:

Olympia assesses whether a contract is a lease based on whether the contract conveys the right to control the use of an underlying asset for a period of time in exchange for consideration.

As lessee

Leases are recognized as a right-of-use asset and a corresponding lease liability at the date on which the leased asset is available for use by Olympia. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments and payments of penalties for terminating the lease, less any lease incentives receivable. These payments are discounted using Olympia's incremental borrowing rate when the rate implicit in the lease is not readily available. Olympia uses a single discount rate for a portfolio of leases with reasonably similar characteristics.

Lease payments are allocated between the liability and finance costs. The finance cost is charged to net earnings over the lease term.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in the future lease payments arising from a change in an index or rate.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in the consolidated statement of earnings if the carrying amount of the right-of-use asset has been reduced to zero.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability and any initial direct costs incurred less any lease payments made at or before the commencement date.

The right-of-use asset is depreciated, on a straight-line basis, over the shorter of the estimated useful life of the asset or the lease term. The right-of-use asset may be adjusted for certain remeasurements of the lease liability and impairment losses.

Leases that have terms of less than twelve months or leases on which the underlying asset is of low value are recognized as an expense in the statements of net earnings comprehensive income on a straight-line basis over the lease term.

A lease modification will be accounted for as a separate lease if the modification increases the scope of the lease and if the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope. For a modification that is not a separate lease or where the increase in consideration is not commensurate, Olympia will, at the effective date of the lease modification, remeasure the lease liability. Olympia will use its incremental borrowing rate when the rate implicit to the lease is not readily available, a corresponding adjustment to the right-of-use asset. A modification that decreases the scope of the lease will be accounted for by decreasing the carrying amount of the right-of-use asset and recognizing a gain or loss in net earnings that reflects the proportionate decrease in scope.

As lessor

As a lessor, Olympia assesses at inception whether a lease is a finance or operating lease. Leases where Olympia transfers substantially all of the risk and rewards incidental to ownership of the underlying asset are classified as financing leases. Under a finance lease, Olympia recognizes a receivable at an amount equal to the net investment in the lease, which is the present value of the aggregate of lease payments receivable by the lessor. If substantially all the risks and rewards of ownership of an asset are not transferred, the lease is classified as an operating lease. Olympia recognizes lease payments received under operating leases as other income on a straight-line basis over the lease term.

When Olympia is an intermediate lessor, it accounts for its interest in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset from the head lease, not with reference to the underlying assets. If the head lease is a short-term lease to which Olympia applies the exemption for lease accounting, the sublease is classified as an operating lease.

Impacts on financial statement

Impacts for the period

In relation to leases under IFRS 16, Olympia has recognized depreciation and interest costs, instead of recognizing an operating lease expense. During the six months ended June 30, 2019, Olympia recognized $0.27 million of depreciation charge related to the right-of-use asset and $0.08 million in interest costs related to the lease liabilities from these leases.

Critical accounting judgments and estimate uncertainty

Critical judgments in determining the lease term

In determining the lease term, management considers all

facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment.

Future accounting pronouncements

There were no new or amended accounting standards issued during the six months ended June 30, 2019, that are applicable to Olympia in future periods.

4. DISCONTINUED OPERATIONS

In conjunction with the sale of substantially all the assets of Olympia ATM Inc. in 2018, the purchase price was paid by the delivery of a secured demand promissory note (the "promissory note") for $1.40 million by Tarman ATM Inc. ("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. As at June 30, 2019, interest of $57,697 has been paid.

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

5. FUNDS IN TRUST

Registered Plans division ("RRSP")

At June 30, 2019, RRSP administered self-directed registered plans consisting of private company securities and mortgages with a cost value of $4.29 billion (December 31, 2018 – $4.14 billion) plus cash, public securities, term deposits and outstanding cheques with an estimated fair value of $563.35 million (December 31, 2018 – $530.24 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 condensed consolidated financial statements. Olympia earned trust income from funds held in trust of $5.93 million for the six months ended June 30, 2019 (June 30, 2018 - $4.92 million).

Private Health Services Plan division ("Health")

At June 30, 2019, Health held funds in trust of $10.55 million (December 31, 2018 - $11.02 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 condensed consolidated financial statements.

Foreign Exchange division ("FX")

At June 30, 2019, FX held funds in trust of $4.03 million (December 31, 2018 - $1.22 million) for clients who have paid margin requirements on forward foreign exchange contracts and $14.92 million (December 31, 2018 - $5.06 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 condensed consolidated financial statements.

Corporate and Shareholder Services division ("CSS")

At June 30, 2019, CSS held funds in trust and outstanding cheques of approximately $1.27 million (December 31, 2018 - $nil) for clients who have hired Olympia Trust to provide trustee services. These assets are the property of the plan holders and Olympia Trust does not maintain effective control over the assets. Therefore, the assets are not reflected in these condensed 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, trade and other receivables, long-term lease receivable, promissory note receivable, trade and other payables, lease liabilities, revolving credit facility and other liabilities and charges approximate their carrying amounts. 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.

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 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 following 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 $15 million (December 31, 2018 - $8.50 million) and bears interest at the Canadian prime rate plus 0.25%. For the six months ended June 30, 2019, a balance of $9.31 million is outstanding (December 31, 2018 - $4.21 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.

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

At June 30, 2019	Current	31 to 60 days	61 to 90 days	Over 90 days	Total
Trade and other payables	$ 1,395,199	$ 49,409	$ -	$ -	$ 1,444,608
Other liabilities and charges	2,186,232	-	-	-	2,186,232
Lease liabilities	880,338	-	-	-	880,338
Total	**$ 4,461,769**	**$ 49,409**	**$ -**	**$ -**	**$ 4,511,178**
At December 31, 2018					
Trade and other payables	$ 1,341,291	$ -	$ -	$ 601	$ 1,341,892
Other liabilities and charges[1]	1,259,435	-	-	-	1,259,435
Total	**$ 2,600,726**	**$ -**	**$ -**	**$ 601**	**$ 2,601,327**

At June 30, 2019, trade and other payables totaled $1.44 million (December 31, 2018 - $1.34 million). Olympia continues to meet all of the obligations associated with its financial liabilities.

The aging of the undiscounted lease payments is outlined in the following table:

At June 30, 2019	Less than one year	One to two years	Two to three years	More than three years	Total undiscounted lease payments
Lease payments	$ 995,013	$ 995,013	$ 681,246	$ -	$ 2,671,272
	$ 995,013	$ 995,013	$ 681,246	$ -	$ 2,671,272

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

	June 30, 2019	December 31, 2018
Current	**$ 28,727**	$ 15,210
31 to 60 days	**18,862**	19,473
61 to 90 days	**45,680**	16,849
Over 90 days	**32,932**	108,948
	$ 126,201	$ 160,480
Non-current (1- 3 years)	**$ 483,183**	$ -

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

(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 $1.50 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, 2019, would have increased by approximately $2.05 million (June 30, 2018 - $1.98 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, trade 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, 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

Olympia limits its counterparty credit risk on these assets by dealing with reputable counterparties and performing due diligence to assess their credit worthiness.

- 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, 2019, net trade receivables of $3.72 million (December 31, 2018 - $2.04 million) were past due but deemed not impaired.

Included in receivables are amounts totaling $1.22 million relating to the insurance claim stemming from the cyber incident disclosed in a press release on February 3, 2019. These amounts have been mostly offset by similar amounts recorded through accounts payable. Accounts payable has been adjusted to reflect payments made to service providers in the quarter. Olympia engaged the services of a forensic auditor to assist in determining Olympia's claim. Subsequent to period end, Olympia received a partial payout of $0.62 million.

The aging of these receivables is as follows:

	June 30, 2019	December 31, 2018
Current	$ 1,416,952	$ 196,911
31 to 60 days	-	12,657
61 to 90 days	52,123	24,234
Over 90 days	4,301,050	2,609,598
Allowance for doubtful accounts	(579,793)	(571,363)
	$ 5,190,332	$ 2,272,037

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, 2019	December 31, 2018
At January 1	$ 571,363	$ 613,822
Increase in provision	76,989	269,437
Receivables written off	(68,559)	(311,896)
Allowance for doubtful accounts	$ 579,793	$ 571,363

Also included within receivables is a lease receivable of $0.12 million recognized based on the present value of sublet property, as required by the newly adopted IFRS 16.

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 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.

Provision matrix

Olympia has set up a provision matrix based on its historically observed default rates. Olympia adjusts the matrix for forward-looking estimates. The allowance has been calculated based on the provision matrix, and the expected credit loss is as follows:

- less than 90 days: nominal;
- more than 90 days but less than two years past due: $132,748;
- more than two years but less than three years past due: $234,439; and
- three or more years past due: $159,957.

Derivative financial instruments receivable

The expected maturity relating to derivative financial instruments receivable and foreign exchange contracts is outlined in the following table.

	June 30, 2019	December 31, 2018
Current	$ 53,899	$ 17,926
31 to 60 days	28,513	30,960
61 to 90 days	105,674	45,029
Over 90 days	75,226	312,167
	$ 263,312	$ 406,082
Non-current (1- 3 years)	$ 2,738,129	$ -

(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 $17.10 million (December 31, 2018 - $15.19 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 million). Similar regulatory capital is required by legislation in Nova Scotia ($5 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, 2019; and
- Maintain compliance with financial covenants, which includes maintaining a minimum equity of $12 million. The financial covenants are reviewed quarterly, and controls are in place to maintain compliance with the covenants. Olympia complied with its financial covenants for the period ended June 30, 2019.

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. LEASE LIABILITIES

Olympia recognized lease liabilities on the initial application of IFRS 16, which was implemented on January 1, 2019. The movement of the lease liabilities is shown below.

		2019
Balance at January 1	$	2,801,728
Lease repayment		(422,295)
Balance at June 30	$	2,379,433

The current portion as at June 30, 2019, is $0.88 million, with the non-current portion being $1.50 million.

Included under administrative expenses is interest expenses related to the lease liabilities in the amount of $76,201 for the six months ended June 30, 2019.

8. OPERATING SEGMENTS

Olympia has six operating segments or divisions, 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 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.

Included under service revenue are the amounts of $0.38 million and $0.01 million for FX and EEI, respectively. These amounts

are estimated lost revenue expected to be recoverable as part of the insurance claim stemming from the cyber incident disclosed in a press release on February 3, 2019. Olympia is confident amounts recorded are recoverable.

Net operations for the six months ended June 30, 2019

	Health	RRSP	FX	EEI	CSS	Corporate	Total
Service revenue	$ 4,010,375	$ 9,137,886	$ 4,578,889	$ 336,534	$ 38,287	$ 4,842	$ 18,106,813
Interest revenue and trust income	166,887	6,162,176	107,906	513	962	51,106	6,489,550
Direct expenses	(862,820)	(16,492)	(1,016,010)	(22,940)	732	-	(1,917,530)
	3,314,442	15,283,570	3,670,785	314,107	39,981	55,948	22,678,833
Administrative expenses	(1,780,603)	(10,252,191)	(4,002,345)	(516,400)	(591,159)	(130,609)	(17,273,307)
Depreciation and amortization	(76,225)	(486,407)	(140,021)	(40,072)	(15,690)	(57)	(758,472)
Other (losses)/gains, net (note 20)	(1,112)	(1,242)	2,145,776	-	-	(1,798)	2,141,624
Earnings/(loss) before income taxes	1,456,502	4,543,730	1,674,195	(242,365)	(566,868)	(76,516)	6,788,678
Income taxes (expense)/recovery[1]	(362,495)	(1,223,791)	(450,922)	71,634	152,678	57,468	(1,755,428)
Net earnings/(loss)	$ 1,094,007	$ 3,319,939	$ 1,223,273	$ (170,731)	$ (414,190)	$ (19,048)	$ 5,033,250

Service revenue per segment for the six months ended June 30, 2019

	Health	RRSP	FX	EEI	CSS	Corporate	Total
Account set-up fees and onboarding fees	$ -	$ 300,025	$ -	$ 103,750	$ 24,112	$ -	$ 427,887
Annual administration fee and annual health spending account fees	669,837	6,259,808	-	-	13,250	-	6,942,895
Monthly and transaction fees	3,019,832	2,557,884	147,000	223,574	925	-	5,949,215
Trading profits and losses	-	-	4,051,889	-	-	-	4,051,889
Travel and life insurance brokerage fees	276,396	-	-	-	-	-	276,396
Revenue claimed through insurance	-	-	380,000	9,210	-	-	389,210
Other	44,310	20,169	-	-	-	4,842	69,321
Service revenue	$ 4,010,375	$ 9,137,886	$ 4,578,889	$ 336,534	$ 38,287	$ 4,842	$ 18,106,813

[1] No income tax adjustment has been made regarding the elimination of intercompany transactions.

Net operations for the six months ended June 30, 2018

	Health	RRSP	FX	EEI	Corporate	Total
Service revenue	$ 3,956,407	$10,278,548	$ 4,736,894	$ 241,021	$ 194,370	$19,407,240
Interest revenue and trust income	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 and amortization	(44,805)	(254,551)	(47,277)	(36,325)	(1,787)	(384,745)
Other losses, net (note 20)	(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

Service revenue per segment for the six months ended June 30, 2018

	Health	RRSP	FX	EEI	Corporate	Total
Account set-up fees and onboarding fees	$ -	$ 226,700	$ -	$ 138,400	$ -	$ 365,100
Annual administration fee and annual health spending account fees	523,082	6,298,751	-	-	-	6,821,833
Monthly and transaction fees	3,171,408	3,713,104	44,731	102,155	-	7,031,398
Trading profits and losses	-	-	4,681,800	-	-	4,681,800
Travel and life insurance brokerage fees	256,007	-	-	-	-	256,007
Other	5,910	39,993	10,363	466	194,370	251,102
Service revenue	$ 3,956,407	$10,278,548	$ 4,736,894	$ 241,021	$ 194,370	$19,407,240

Revenue earned from one customer in the FX division represents more than 10% of the FX division's total revenue earned for the six months ended June 30, 2019 and June 30, 2018.

[1] No income tax adjustment has been made regarding the elimination of intercompany transactions.

Net operations for the three months ended June 30, 2019

	Health	RRSP	FX	EEI	CSS	Corporate	Total
Service revenue	$ 1,901,754	$ 4,699,063	$ 2,403,297	$ 163,744	$ 17,312	$ 2,417	$ 9,187,587
Interest revenue	82,071	3,270,273	60,594	210	962	27,156	3,441,266
Direct expenses	(403,175)	(34,062)	(348,060)	(8,120)	732	-	(792,685)
	1,580,650	7,935,274	2,115,831	155,834	19,006	29,573	11,836,168
Administrative expenses	(806,174)	(5,285,442)	(1,629,345)	(274,943)	(302,311)	(83,640)	(8,381,855)
Depreciation and amortization	(43,527)	(244,111)	(64,365)	(20,731)	(9,002)	542	(381,194)
Other losses, net (note 20)	(1,112)	(1,242)	(69,553)	-	-	(1,798)	(73,705)
Earnings/(loss) before income taxes	729,837	2,404,479	352,568	(139,840)	(292,307)	(55,323)	2,999,414
Income taxes (expense)/recovery[1]	(171,120)	(637,257)	(88,562)	39,363	77,400	75,289	(704,887)
Net earnings/(loss)	$ 558,717	$ 1,767,222	$ 264,006	$ (100,477)	$ (214,907)	$ 19,966	$ 2,294,527

Service revenue per segment for the three months ended June 30, 2019

	Health	RRSP	FX	EEI	CSS	Corporate	Total
Account set-up fees and onboarding fees	$ -	$ 183,225	$ -	$ 44,000	$ 9,112	$ -	$ 236,337
Annual administration fee and annual health spending account fees	333,036	3,173,238	-	-	7,375	-	3,513,649
Monthly and transaction fees	1,394,773	1,323,068	38,694	113,447	825	-	2,870,807
Trading profits and losses	-	-	2,281,138	-	-	-	2,281,138
Travel and life insurance brokerage fees	135,901	-	-	-	-	-	135,901
Revenue claimed through insurance	-	-	-	-	-	-	-
Other	38,044	19,532	83,465	6,297	-	2,417	149,755
Service revenue	$ 1,901,754	$ 4,699,063	$ 2,403,297	$ 163,744	$ 17,312	$ 2,417	$ 9,187,587

[1] No income tax adjustment has been made regarding the elimination of intercompany transactions.

Net operations for the three months ended June 30, 2018

	Health	RRSP	FX	EEI	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 and amortization	(21,803)	(129,298)	(22,075)	(18,512)	(728)	(192,416)
Other gains and (losses), net (note 20)	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

Service revenue per segment for the three months ended June 30, 2018

	Health	RRSP	FX	EEI	Corporate	Total
Account set-up fees and onboarding fees	$ -	$ 120,600	$ -	$ 45,900	$ -	$ 166,500
Annual administration fee and annual health spending account fees	242,161	3,197,644	-	-	-	3,439,805
Monthly and transaction fees	1,519,079	2,422,697	15,416	62,456	-	4,019,648
Trading profits and losses	-	-	2,501,157	-	-	2,501,157
Travel and life insurance brokerage fees	134,911	-	-	-	-	134,911
Other	4,873	33,753	6,742	466	51	45,885
Service revenue	$ 1,901,024	$ 5,774,694	$ 2,523,315	$ 108,822	$ 51	$10,307,906

No one client contributed more than 10% of any of Olympia's division's total revenue for the three months ended June 30, 2019. Revenue earned from one customer in the FX division represents more than 10% of the FX division's total revenue earned for the three months ended June 30, 2018.

[1] No income tax adjustment has been made regarding the elimination of intercompany transactions.

9. RESTRICTED CASH AND INVESTMENTS

	June 30, 2019	December 31, 2018
Foreign exchange trading investments collateral provided	$ 4,262,000	$ 707,000
	$ 4,262,000	$ 707,000

Restricted cash and investments as at June 30, 2019, of $4.26 million (December 31, 2018 - $0.71 million), consists of cash held by a financial institution as collateral for the performance of foreign exchange trading platform obligations. Restricted cash and investments are not readily accessible for use in operations and are therefore reported separately from cash and cash equivalents. Olympia utilized its revolving credit facility to fund the increased collateral requirements.

10. CASH AND CASH EQUIVALENTS

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 foreign exchange cash in ATM cassettes and cash in transit.

	June 30, 2019	December 31, 2018
Cash at bank and on hand	$ 16,962,346	$ 11,827,579
Non-restricted cash in circulation	909,145	1,007,327
	$ 17,871,491	$ 12,834,906

11. REVOLVING CREDIT FACILITY

As at June 30, 2019, Olympia has drawn $9.31 million (December 31, 2018 - $4.21 million) on its established credit facility. On March 15, 2019, Olympia increased the credit facility amount from $8.50 million to $15 million. Amounts drawn in the current year have been used primarily to facilitate the additional trading collateral requirements for the FX division. The credit facility in place has a maximum amount of $15 million (December 31, 2018 - $8.50 million) which can be drawn and bears interest at the Canadian prime rate plus 0.25%. The credit facility will be reviewed quarterly based on these financial statements.

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. The credit facility contains a number of affirmative covenants, including maintaining specific security, maintaining a specific financial ratio, and maintaining a total equity of $12 million. The financial ratio is a quarterly cash flow coverage ratio of not less than 1.50:1. At June 30, 2019, Olympia's cash flow coverage ratio under the terms of the credit facility was calculated to be 1.88:1 (December 31, 2018 – 3.23:1). Total equity as at June 30, 2019 was $16.96 million, compared to total equity of $15.08 million at December 31, 2018. As at June 30, 2019, 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.

On May 16, 2016, Olympia Trust entered into a contingent credit facility to be used only by the FX division. The contingent credit facility has a maximum of $5.00 million, which can only be used to enter into spot, forward or foreign exchange transactions with the issuing financial institution. The contingent credit facility bears interest at the Canadian prime rate. The contingent credit facility is currently undrawn.

	June 30, 2019	December 31, 2018
Available balance at January 1	$ 15,000,000	$ 8,500,000
Drawn	(9,305,347)	(4,207,347)
Available at the end of the period/year	$ 5,694,653	$ 4,292,653

12. DERIVATIVE FINANCIAL INSTRUMENTS

	Fair value as at June 30, 2019	Notional amount as at June 30, 2019	Fair value as at December 31, 2018	Notional amount as at December 31, 2018
Current assets	$ 263,312	$ 20,879,249	$ 406,082	$ 25,894,166
Non-current assets (1-3 years)	$ 2,738,129	$ 118,338,146	$ -	$ -
Current liabilities	$ 126,201	$ 8,045,170	$ 160,480	$ 5,796,292
Non-current liabilities (1-3 years)	$ 483,183	$ 38,893,642	$ -	$ -

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, 2019, and April 30, 2021. As a result, a 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 gains/(losses), net" in the condensed consolidated statements 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, 2019, Olympia has margins held in Canadian dollars of $4.03 million (December 31, 2018 - $1.22 million).

For the period ended June 30, 2019, 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:

Recurring measurements

	June 30, 2019	Level 1	Level 2	Level 3
Financial assets - derivative financial instruments	$ 3,001,441	$ -	$ 3,001,441	$ -
Financial liabilities - derivative financial instruments	(609,384)	-	(609,384)	-
	$ 2,392,057	$ -	$ 2,392,057	$ -

Recurring measurements

	December 31, 2018	Level 1	Level 2	Level 3
Financial assets - derivative financial instruments	$ 406,082	$ -	$ 406,082	$ -
Financial liabilities - derivative financial instruments	(160,480)	-	(160,480)	-
	$ 245,602	$ -	$ 245,602	$ -

13. EQUIPMENT AND OTHER

June 30, 2019	Leasehold improvements	Computers & equipment	Furniture & fixtures	FX ATM equipment	Total
Cost					
At beginning of year	$ 3,226,243	$ 643,135	$ 1,110,517	$ 294,449	$ 5,274,344
Additions	13,682	64,816	31,344	973	110,815
Disposals	(242,468)	(191,856)	(214,911)	-	(649,235)
At end of period	**$ 2,997,457**	**$ 516,095**	**$ 926,950**	**$ 295,422**	**$ 4,735,924**
Accumulated depreciation					
At beginning of year	$ 2,567,485	$ 434,987	$ 947,377	$ 84,962	$ 4,034,811
Disposals	(242,468)	(184,950)	(217,273)	-	(644,691)
Depreciation charge for the period	103,070	53,890	35,932	29,302	222,194
At end of period	**$ 2,428,087**	**$ 303,927**	**$ 766,036**	**$ 114,264**	**$ 3,612,314**
Closing net book value	**$ 569,370**	**$ 212,168**	**$ 160,914**	**$ 181,158**	**$ 1,123,610**

December 31, 2018	Leasehold improvements	Computers & equipment	Furniture & fixtures	ATM equipment	Total
Cost					
At beginning of year	$ 3,307,502	$ 2,497,727	$ 1,499,304	$ 1,467,560	$ 8,772,093
Additions	143,859	178,249	70,638	180,283	573,029
Reclassification	(1,677)	(843)	1,560	960	-
Disposals	(223,441)	(2,031,998)	(460,985)	(1,354,354)	(4,070,778)
At end of year	**$ 3,226,243**	**$ 643,135**	**$ 1,110,517**	**$ 294,449**	**$ 5,274,344**
Accumulated depreciation					
At beginning of year	$ 2,579,050	$ 2,244,883	$ 1,247,936	$ 467,828	$ 6,539,697
Disposals	(211,205)	(1,923,476)	(421,097)	(531,090)	(3,086,868)
Depreciation charge for the year	199,640	113,580	120,538	148,224	581,982
At end of year	**$ 2,567,485**	**$ 434,987**	**$ 947,377**	**$ 84,962**	**$ 4,034,811**
Closing net book value	**$ 658,758**	**$ 208,148**	**$ 163,140**	**$ 209,487**	**$ 1,239,533**

14. INTANGIBLE ASSETS

June 30, 2019	Internally generated software	Computer software	ATM processing contracts	Other	Total
Cost					
At beginning of year	$ 2,110,319	$ 1,647,523	$ 943,968	$ 27,305	$ 4,729,115
Additions	130,898	251,370	-	-	382,268
Disposals	(16,740)	(431,442)	(943,968)	-	(1,392,150)
At end of period	**$ 2,224,477**	**$ 1,467,451**	**$ -**	**$ 27,305**	**$ 3,719,233**
Accumulated depreciation					
At beginning of year	$ 408,450	$ 851,575	$ 943,968	$ 16,860	$ 2,220,853
Amortization charge for the period	110,438	154,341	-	4,538	269,317
Disposals	(16,740)	(431,442)	(943,968)	-	(1,392,150)
At end of period	**$ 502,148**	**$ 574,474**	**$ -**	**$ 21,398**	**$ 1,098,020**
Closing net book value	**$ 1,722,329**	**$ 892,977**	**$ -**	**$ 5,907**	**$ 2,621,213**

December 31, 2018	Internally generated software	Computer software	ATM processing contracts	Other	Total
Cost					
At beginning of year	$ 1,850,960	$ 1,210,020	$ 1,082,968	$ 41,032	$ 4,184,980
Additions	461,642	616,192	-	2,305	1,080,139
Disposals	(202,283)	(178,689)	(139,000)	(16,032)	(536,004)
At end of year	**$ 2,110,319**	**$ 1,647,523**	**$ 943,968**	**$ 27,305**	**$ 4,729,115**
Accumulated depreciation					
At beginning of year	$ 354,923	$ 942,715	$ 1,015,216	$ 22,433	$ 2,335,287
Amortization charge for the year	255,810	76,231	9,584	10,459	352,084
Disposals	(202,283)	(167,371)	(80,832)	(16,032)	(466,518)
At end of year	**$ 408,450**	**$ 851,575**	**$ 943,968**	**$ 16,860**	**$ 2,220,853**
Closing net book value	**$ 1,701,869**	**$ 795,948**	**$ -**	**$ 10,445**	**$ 2,508,262**

Additions

The capital additions of $0.38 million relate to the continued development and enhancement of cloud based online systems in the Exempt Edge division and development of the second phase of the Registered Plans division's mobile app.

15. RIGHT-OF-USE ASSETS

		2019
Balance at January 1	$	1,606,986
Depreciation		(266,961)
Balance at June 30	$	1,340,025

The right-of-use assets recognition is related to the adoption of IFRS 16 and is depreciated over the term of the lease.

16. TRADE AND OTHER PAYABLES

		June 30, 2019		December 31, 2018
Trade payables	$	351,578	$	719,340
Agents and commissions payable		195,217		207,067
Amounts due to related parties		96,993		107,539
Government taxes and other payables		800,820		307,946
	$	1,444,608	$	1,341,892

17. DEFERRED REVENUE

		June 30, 2019		December 31, 2018
Annual registered plan services administration fees	$	6,420,442	$	6,300
Annual health spending account fee		472,918		393,520
Annual corporate & shareholder services retainer fees		16,250		-
	$	6,909,610	$	399,820

At June 30, 2019, deferred revenue totaled $6.91 million compared to $0.40 million as at December 31, 2018. This is comprised of annual fees that have been received, but not earned, by the Registered Plans division, the Private Health division and the Corporate and Shareholder Services division.

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.

18. SHARE CAPITAL AND CONTRIBUTED SURPLUS

	Number of common shares		Share capital		Contributed surplus		Total
At January 1, 2019	2,406,352	$	7,886,989	$	86,373	$	7,973,362
Shares repurchased and cancelled	(16)		-		-		-
Balance at June 30, 2019	**2,406,336**	**$**	**7,886,989**	**$**	**86,373**	**$**	**7,973,362**
At January 1, 2018	2,406,352	$	7,886,989	$	86,373	$	7,973,362
Balance at June 30, 2018	**2,406,352**	**$**	**7,886,989**	**$**	**86,373**	**$**	**7,973,362**

The total authorized number of common shares is unlimited (December 31, 2018 - unlimited common shares). All issued shares are fully paid.

In April 2019, Olympia repurchased fractional shares from former shareholders at $50 per share. The repurchase was allocated to retained earnings.

19. INCOME TAXES

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

		June 30, 2019		December 31, 2018
Bad debts provision and other	$	274,119	$	154,456
Non-capital losses		994,845		1,314,559
Carrying amount of equipment higher than the tax basis		(112,015)		(225,759)
	$	1,156,949	$	1,243,256

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, 2019, was 26.5% (December 31, 2018 - 27%). On May 28, 2019, the Alberta government introduced Bill 3, reducing the corporate income tax rate to 11% (from 12%) effective July 1, 2019. Because Alberta has a majority government, the corporate tax increase is considered substantively enacted.

		June 30, 2019		June 30, 2018
Earnings from continuing operations before income tax	$	6,788,678	$	7,004,173
Anticipated income tax expense		1,704,924		1,891,127
Non-deductible expenses		21,621		15,484
Adjustment in respect of prior years		5,760		(16,529)
Remeasurement of deferred tax - change in provincial tax rate		23,123		-
Other		-		3,413
	$	1,755,428	$	1,893,495
Current tax expense	$	1,669,121	$	1,859,976
Deferred tax recovery		86,307		33,519
	$	1,755,428	$	1,893,495

20. OTHER (GAINS)/LOSSES, NET

		June 30, 2019		June 30, 2018
Unrealized foreign exchange (gain)/loss	$	(2,146,455)	$	278,057
Loss on disposal of assets and other		4,831		33,676
	$	(2,141,624)	$	311,733

Included in other (gains)/losses, net, is an unrealized forward foreign exchange gain of $2.15 million at June 30, 2019 (June 30, 2018 - ($0.28) million, arising from an increase in the number and size of forward exchange contacts by the FX division.

21. 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, 2019		June 30, 2018
Net earnings from continuing operations attributable to shareholders of Olympia	$	5,067,396	$	5,140,019
Net loss from discontinued operations		-		(443,072)
Total net earnings	$	5,067,396	$	4,696,947
Weighted average number of shares (basic and diluted)		2,406,336		2,406,352
Basic and diluted earnings per share - continuing operations	$	2.11	$	2.14
Basic and diluted loss per share - discontinued operations	$	-	$	(0.18)
Basic and diluted earnings per share - combined operations	$	2.11	$	1.96

Three months ended		June 30, 2019		June 30, 2018
Net earnings from continuing operations attributable to shareholders of Olympia	$	2,314,622	$	2,741,900
Net earnings/(loss) from discontinued operations		-		(198,877)
Total net earnings	$	2,314,622	$	2,543,023
Weighted average number of shares (basic and diluted)		2,406,336		2,406,352
Basic and diluted earnings per share - continuing operations	$	0.97	$	1.14
Basic and diluted earnings/(loss) per share - discontinued operations	$	-	$	(0.08)
Basic and diluted earnings per share - combined operations	$	0.97	$	1.06

22. DIVIDENDS PER SHARE

The aggregate dividends declared amounted to $3.18 million (June 30, 2018 - $2.53 million).

23a. CHANGES IN NON-CASH WORKING CAPITAL

		June 30, 2019		June 30, 2018
Trade & other receivables	$	(2,854,730)	$	(2,088,716)
Current taxes receivable		(634,367)		-
Prepaid expenses		(230,623)		(65,161)
Inventory		(7,391)		-
Trade & other payables		102,716		277,743
Deferred revenue		6,509,790		6,549,159
Current taxes payable		(5,637)		58,428
Other liabilities & charges		940,260		516,791
Other liabilities		-		(138,536)
	$	3,820,018	$	5,109,708

23b. NON-CASH FINANCING AND INVESTING ACTIVITIES

		June 30, 2019
Lease receivable resulting from IFRS 16 included in trade and other receivables	$	141,208
Lease liability resulting from IFRS 16 included in liabilities and charges	$	282,106
	$	423,314

24. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

		2018		Cash flows		2019
Revolving credit facility	$	4,207,347	$	5,098,000	$	9,305,347
	$	4,207,347	$	5,098,000	$	9,305,347

25. 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 consolidated financial statements.

26. RELATED PARTY TRANSACTIONS

Olympia's president and CEO owns and controls 29.26% 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, 2019		June 30, 2018
Companies and businesses controlled by the president and CEO	$	5,886	$	24,379
	$	5,886	$	24,379

Revenue from associated entities totaled $5,886 for the six months ended June 30, 2019 (June 30, 2018 - $24,379). This consisted mainly of revenue from legal services provided by Olympia's in-house general counsel to Tarman, a company controlled by the president and CEO.

Interest revenue	June 30, 2019	June 30, 2018
Companies and businesses controlled by the president and CEO	$ 29,158	$ 18,180
	$ 29,158	$ 18,180

Interest revenue from associated entities totaled $29,158 for the six months ended June 30, 2019, (June 30, 2018 - $18,180), and consists of interest earned from the promissory note receivable.

Administrative expenses	June 30, 2019	June 30, 2018
Companies and businesses controlled by the president and CEO	$ 1,825,901	$ 1,762,071
Olympia Charitable Foundation	38,825	41,160
	$ 1,864,726	$ 1,803,231

Administrative expenses paid to associated entities totaled $1.86 million for the six months ended June 30, 2019 (June 30, 2018 - $1.80 million), and consisted of the following:

- The Olympia Charitable Foundation is funded by Olympia and the employees of Olympia. Olympia donated a total of $38,825 for the six months ended June 30, 2019 (June 30, 2018 - $41,160).
- 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, 2019, this amounted to $1.83 million (June 30, 2018 - $1.76 million).

Trade and other receivables include amounts receivable from related parties	June 30, 2019	December 31, 2018
Companies and businesses controlled by the president and CEO (current)	$ 72,323	$ 57,522
Companies and businesses controlled by directors (non-current)	1,400,000	1,428,539
	$ 1,472,323	$ 1,486,061

Receivables from associated entities totaled $1.47 million for the six months ended June 30, 2019 (December 31, 2018 - $1.49 million), and consisted mainly of the following:

- A receivable in the amount of $61,430 (December 31, 2018 - $57,488) from Tarman, a company controlled by Olympia's president and CEO, reflects the legal services and other services provided to Tarman Inc.
- A receivable in the amount of $10,893 (December 31, 2018 - $34) from Olympia ATM Ltd., Namena Island, Toy Box II and Camera 2 Canvas Inc., companies controlled by the president and CEO of Olympia, for expense recoveries.
- In conjunction with the sale of substantially all assets of Olympia ATM Inc. in 2018, the purchase price paid by Tarman was 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. As at June 30, 2019, interest of $57,697 has been paid.
- Olympia has assessed the expected credit loss as it relates to the promissory note and has determined it to be nominal.

Trade and other payables and provision for other liabilities and charges include amounts payable to related parties		**June 30, 2019**		December 31, 2018
Companies and businesses controlled by the president and CEO	**$**	**104,270**	$	153,502
Directors' fees		**62,454**		69,776
	$	**166,724**	$	223,278

Payables to associated entities totaled $166,724 for the six months ended June 30, 2019 (December 31, 2018 - $223,278), and consisted mainly of the following:

- A payable in the amount of $26,684 (December 31, 2018 - $37,070) to Tarman, a company controlled by the president and CEO of Olympia, for commissions related to the sale of health plans offered by OBI.
- A payable in the amount of $7,856 (December 31, 2018 - $693) to Olympia ATM Ltd., Tarman and Camera 2 Canvas Inc., companies controlled by the president and CEO of Olympia, for expense recoveries.
- A management fee payable in the amount of $69,730 (December 31, 2018 - $115,739) to Tarman, a company controlled by the president and CEO of Olympia, based on a percentage of pre-tax profits of Olympia's divisions.
- A payable for directors' fees of $62,454 (December 31, 2018 - $69,776).

These payables are all current.

CORPORATE INFORMATION

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Tony Lanzl

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[2] Corporate Governance Committee

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