CURRENCY EXCHANGE INTERNATIONAL, CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS AND YEAR ENDED OCTOBER 31, 2017 AND 2016

Scope of Analysis

This Management Discussion and Analysis ("**MD&A**") covers the results of operations, and financial condition of Currency Exchange International, Corp. and its subsidiary (the "**Company,**" or "**CXI**") for the three months and year ended October 31, 2017 and 2016, including the notes thereto. This document is intended to assist the reader in better understanding and assessing operations and the financial results of the Company.

This MD&A has been prepared as at January 9, 2017 in accordance with International Financial Reporting Standards ("**IFRS**) issued by the International Accounting Standards Board ("**IASB**") and interpretations of the International Financial Reporting Interpretations Committee ("**IFRIC**") and should be read in conjunction with the audited consolidated financial statements of the Company for the years ended October 31, 2017 and 2016 and the notes thereto. A detailed summary of the Company's significant accounting policies is included in Note 2 of the Company's audited consolidated financial statements for the year ended October 31, 2017. The functional currency of the Company is the U.S. Dollar. The functional currency of the Company's Canadian subsidiary, Exchange Bank of Canada ("**EBC**"), is the Canadian Dollar. The Company's presentation currency is the U.S. Dollar. Unless otherwise noted, all references to currency in this MD&A refer to U.S. Dollars. The consolidated financial statements and the MD&A have been reviewed by the Company's Audit Committee and approved by its Board of Directors.

In this document, "our", "Company" and "CXI" refer to Currency Exchange International, Corp. collectively with its subsidiary, EBC.

Additional Information

Additional information relating to the Company, including annual financial statements, is available on the Company's SEDAR profile at www.sedar.com and on the Company's website at www.ceifx.com ("**CEIFX**").

Forward Looking Statements

This MD&A contains certain “forward-looking information” as defined in applicable securities laws. These statements relate to future events or the Company’s future performance. All statements other than statements of historical fact are forward-looking information. Often, but not always, forward-looking information can be identified by the use of words such as “plans”, “expects”, “budgeted”, “scheduled”, “estimates”, “continues”, “forecasts”, “projects”, “predicts”, “intends”, “anticipates” or “believes”, or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. The forward-looking information in this MD&A speaks only as of the date of this MD&A or as of the date specified in such statements. The following table outlines certain significant forward-looking information contained in this MD&A and provides the material assumptions used to develop such forward-looking information and material risk factors that could cause actual results to differ materially from the forward-looking information.

Forward-looking information	Assumptions	Risk factors
Sensitivity analyses relating to foreign currencies and interest rates	All factors other than the variable in question remain unchanged; CXI’s entire unhedged balance of foreign currency holdings is affected uniformly by changes in exchange rates; CXI’s interest-bearing instruments and obligations were constant during the period	Exchange rate and interest rate fluctuations

Inherent in forward-looking information are risks, uncertainties and other factors beyond the Company’s ability to predict or control. Please also make reference to those risk factors referenced in the “Risk Factors” section in the Company’s MD&A for the year ended October 31, 2017. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking information in this MD&A, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking information contained in this MD&A.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking information. All forward-looking information herein is qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking information. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information, whether as a result of new information or future events or otherwise, except as may be required by applicable securities laws. If the Company does update any forward-looking information, no inference should be drawn that it will make additional updates with respect to that or other forward-looking information, unless required by applicable securities laws.

Overview

CXI is a publicly traded company (TSX:CXI;OTCBB:CURN) specializing in providing currency exchange and related products to financial institutions, money service businesses, travel companies, and to clients through its company owned branches and inventory on consignment locations, throughout the United States and Canada, by utilizing the Company's proprietary online software system, CEIFX. The Company has developed CEIFX, its proprietary customizable web-based software, as an integral part of its business and believes that it represents an important competitive advantage. CEIFX is also an on-line compliance and risk management tool. The trade secrets associated with CEIFX are protected via copyright, restricted access to both the software and its source code, and secure maintenance of source code by the head office. CEIFX is updated regularly and on-going system development and enhancement is a core activity of the Company.

Issuance of banking license

On November 23, 2012, the Company submitted its application to continue its wholly-owned Canadian subsidiary, Currency Exchange International of Canada Corp ("**CXIC**"), as a new Canadian Schedule I bank. In September of 2016, the Office of the Superintendent of Financial Institutions ("**OSFI**") and the Minister of Finance, issued letters patent for the bank and CXIC is now Exchange Bank of Canada ("**EBC**"). The head office of EBC is located in Toronto, Ontario, Canada.

The objective of EBC is to continue to expand current and future business opportunities and become a leading banker's bank for foreign exchange products and services. Obtaining a Canadian bank charter benefits the Canadian banking system by providing a domestic alternative for foreign exchange services to financial institutions in Canada. The foreign currency bank note market for financial institutions in Canada is primarily serviced by foreign financial institutions. A Canadian bank charter affords the Company numerous advantages including the opportunity to bank with Central Banks, thereby obtaining a source of stable, cost-effective funds, as well as collateral reductions with correspondent banks, and enhancing existing financial institution relationships.

The Company is a reporting issuer in the provinces of British Columbia, Alberta, and Ontario.

The Company has the following sources of revenues which are reported as commissions and fees:

- Commission revenue is comprised of the spread between the cost and selling price of foreign currency products, including bank notes, wire transmissions, cheque collections and draft issuances and the revaluation of foreign exchange positions to market value, combined with the net gain or loss from foreign currency forward contracts used to offset the revaluation of inventory positions and commissions paid to bank and non-bank financial institutions on the sale and purchase of currency products. The amount of this spread is based on competitive conditions and the convenience and value added services offered; and

- Fee revenue is comprised of the following:

    - Fees generated at the Company's branch locations and certain inventory on consignment locations from foreign currency (bank note) exchange, foreign traveler's cheques, and fees collected on payroll cheque cashing; and

    - Fees collected on foreign wire transfers, foreign drafts, and foreign cheque collection transactions.

The following are some of the characteristics of the Company's revenue streams:

Overview (continued)

- The Company operates three vaults that serve Canada and the United States as well as two small vaults that serve local markets on the West Coast and Northeast Regions of the United States and serve as distribution centers for its branch network as well as order fulfillment centers for its clients including financial institutions, money service businesses, and other corporate clients. Revenues generated from vaults have greater scale as the Company maintains a sales force to increase its geographic customer base. Exchange rate margins vary from customer to customer and are dependent on criteria such as exchange volumes and customer setup. On-boarding of new clients, specifically banking clients, normally requires an upfront investment, such as training, and currency signage, as well as additional one-time shipping costs to distribute start-up materials. The Company also normally absorbs information technology costs to customize the CEIFX software for specific client use during the customer implementation phase. There are two common customer setups:

    - Centralized setup - For customers with a high volume of foreign currency exchange who maintain and manage their own inventory in central vault facilities, the Company offers bulk wholesale bank note trading. Trades of this nature are generally executed at lower margins as the cost per transaction is low and the average value is high. The customer implementation phase is normally shorter and the costs of on-boarding clients is low;

    - Decentralized setup - Many customers have determined that it is advantageous to avoid a currency inventory and allow their locations to buy and sell directly from CXI. Transactions in a decentralized setup typically are executed at a higher margin as the average transaction is low and the cost to fulfill each trade is higher than that of a centralized setup. Several of the Company's financial institutions outsource their currency needs in return for a commission based upon exchange volume. When a client outsources their currency needs, the Company is granted access to the entire branch network thus immediately increasing its geographic footprint and expanding its customer base. The customer implementation phase is normally longer in a decentralized setup and the cost of client on-boarding is higher as these clients normally require additional training and support;

- The Company operates 41 branch locations which are located in high tourist traffic areas, staffed by CXI employees, and located across the United States. These locations hold domestic and foreign currencies to buy and sell on demand. The currency exchange margins associated with the transactions occurring at these locations are generally higher in order to recapture costs of deployed capital in the form of domestic and foreign currencies, rent, payroll, and other general and administrative costs;

- CXI and EBC currently maintain inventory in the form of domestic and foreign bank notes in financial institutions and other high traffic locations. These locations can be very profitable as there are no occupancy costs or payroll. Foreign exchange currency is placed in these locations on a consignment basis. At October 31, 2017, the Company had inventory on consignment in 703 locations, primarily located inside financial institutions across the United States and Canada. To encourage inventory turnover, the Company pays commissions as a percentage on volumes generated by these locations; and

- Company owned branch locations generally act as a net buyer of foreign currency whereas CXI's bank and non-bank clients generally act as a net seller. Excess currency collected via the branch network can be redeployed to financial institutions and non-bank clients which reduces the need to source currency through wholesale sources at a greater cost, thus increasing currency margins.

(All amounts expressed in U.S. Dollars unless otherwise noted)

Overview (continued)

The Company has aggressively grown its branch network as well as the number of wholesale relationships over the years. Below is a list of the Company's wholesale company relationships and transacting locations as well as a listing of its 41 branch locations:

Store	City	State	Start date	Store	City	State	Start date
Apple Bank - Avenue of Americas	New York	NY	2011	Mechanics Bank - Berkeley	Berkeley	CA	2007
Apple Bank - Grand Central Station	New York	NY	2011	Mechanics Bank - San Francisco	San Francisco	CA	2008
Apple Bank - Penn Station	New York	NY	2013	Mission Valley	San Diego	CA	2015
MacArthur Mall	Norfolk	VA	2009	Montgomery at Bethesda	Bethesda	MD	2013
Apple Bank - Union Square	New York	NY	2014	North County	Escondido	CA	2017
Arundel Mills Mall	Hanover	MD	2012	Ontario Mills Mall	Ontario	CA	2007
Aventura Mall Booth #1	Aventura	FL	2008	Potomac Mills Mall	Woodbridge	VA	2007
Aventura Mall Booth #2	Aventura	FL	2012	Queens Center	New York	NY	2017
Century City Mall	Los Angeles	CA	2009	San Francisco City Center	San Francisco	CA	2011
Cherry Creek	Denver	CO	2014	San Jose Great Mall	San Jose	CA	2011
Citadel Outlets	Los Angeles	CA	2014	Santa Monica Place	Santa Monica	CA	2012
Copley Place Mall	Boston	MA	2009	Sawgrass Mills Mall Booth #1	Sunrise	FL	2007
Dadeland Mall	Miami	FL	2009	Sawgrass Mills Mall Booth #2	Sunrise	FL	2010
Dolphin Mall	Miami	FL	2009	Shops at Northbridge	Chicago	IL	2013
Florida Mall Booth #1	Orlando	FL	2007	SouthCenter	Tukwila	WA	2012
Florida Mall Booth #2	Orlando	FL	2014	Sunvalley Shopping Center	Concord	CA	2015
Apple Bank - Upper East Side	New York	NY	2014	The Galleria at Fort Lauderdale	Ft. Lauderdale	FL	2013
Garden State	Paramus	NJ	2015	The Orlando Eye	Orlando	FL	2015
Glendale Galleria	Glendale	CA	2016	Tyson's Corner Center	Tyson's Corner	VA	2014
International Market Place	Honolulu	HI	2016	Washington Square Mall	Portland	OR	2017
Mainplace at Santa Ana	Santa Ana	CA	2013				

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Company owned branch locations	14	15	18	23	26	32	36	38	41
Wholesale company relationships	61	70	123	245	364	469	521	928	977
Number of transacting locations	190	267	1,983	2,455	5,741	8,274	10,157	13,603	15,026

The Company's largest asset is cash. The cash position consists of local currency notes, both in U.S. and Canadian Dollars, held in inventory at its branch and consignment locations to facilitate the buying and selling of foreign currency, as well as foreign currency held at the Company's vaults, branch locations, consignment locations, or cash inventory in transit between Company locations. The Company also has traditional bank deposits which act as reserves to maintain operations and as settlement accounts to facilitate currency transactions at various financial institutions.

Accounts receivable consist primarily of bulk wholesale transactions where the Company is awaiting payment. The credit risk associated with accounts receivable is limited, as the Company's receivables consist primarily of bulk currency trades with a settlement cycle of 24 to 48 hours. There is minimal counterparty risk as the majority of the Company's receivables reside with financial institutions and money service business customers. The company has longstanding relationships with most of its customers and has a strong repayment history.

Accounts payable consist mainly of foreign currency transactions and commissions payable at period end where the Company receives currency from a customer and then remits payment at a later date.

(All amounts expressed in U.S. Dollars unless otherwise noted)

Purchase of assets from U.S. Exchange House, Inc.

On March 28, 2014, the Company purchased certain assets of U.S. Exchange House, Inc. ("**USEH**"), pertaining to its bank note operations located in the United States and Canada. The Company acquired USEH's customer trading relationships, certain prepaid and fixed assets and the USEH trading software used to operate the bank note business. CXI paid $2,350,000 in cash on closing and had two additional contingent payments of up to a maximum of $1,325,000 each and payable within sixty days of the first and second anniversary after closing.

The Company estimated the likelihood of future revenues to determine the estimated contingent consideration. During the second quarter of fiscal 2016, the actual amount of contingent consideration was determined, and the Company recorded a revaluation of contingent consideration of $96,359 for the year ended October 31, 2016. At the end of that period, contingent consideration was transferred to accounts payable and was paid in full as of October 31, 2017.

SELECTED FINANCIAL DATA

The below chart summarizes the performance of the Company over the last eight fiscal quarters.

Three-months ending	Revenue $	Net operating income $	Net income (loss) $	Total assets $	Total equity $	Earnings (loss) per share (diluted) $
10/31/2017	9,355,315	2,609,517	1,337,947	63,968,227	56,492,618	$0.21
7/31/2017	9,862,335	3,597,678	1,944,247	71,348,901	55,545,083	$0.39
4/30/2017	7,172,429	1,424,291	625,052	66,875,712	52,111,070	$0.09
1/31/2017	6,087,142	290,024	(85,776)	60,399,965	51,438,703	($0.01)
10/31/2016*	7,692,144	2,219,101	1,379,937	62,196,008	50,752,352	0.22
7/31/2016*	7,708,332	2,603,843	1,484,257	71,027,239	49,568,941	0.24
4/30/2016*	5,854,925	1,160,181	479,540	57,181,863	48,527,966	0.08
1/31/2016*	5,572,055	894,364	298,377	50,313,593	46,308,790	0.05

* Restatement made in Fiscal Year 2015 to correct the presentation of a gain on foreign exchange along with its corresponding income tax impact which was required to be presented under IFRS as other income. The foreign exchange gain was previously disclosed under comprehensive income with no corresponding tax provision. The restatement does not impact the Company's revenues, operating expenses, or net operating income.

Seasonality is reflected in the timing of when foreign currencies are in greater or lower demand. In a normal operating year there is seasonality to the Company's operations with higher revenues generally from March until September and lower revenues from October to February. This coincides with peak tourism seasons in North America when there are generally more travelers entering and leaving the United States and Canada.

(All amounts expressed in U.S. Dollars unless otherwise noted)

Selected Financial Results for the three months and year ended October 31, 2017 and October 31, 2016

	Year ended October 31, 2017 $	Year ended October 31, 2016 $	Three months ended October 31, 2017 $	Three months ended October 31, 2016 $
Revenue	32,477,220	26,827,456	9,355,315	7,692,144
Operating expenses	24,555,711	19,949,967	6,745,797	5,473,043
Net Operating income	7,921,509	6,877,489	2,609,517	2,219,101
Total other income/(expense), net	26,854	(138,183)	15,321	(16,568)
EBITDA*	7,948,363	6,739,306	2,624,838	2,202,533
Net income	3,821,469	3,642,111	1,337,947	1,379,937
Basic earnings per share	0.62	0.59	0.22	0.22
Diluted earnings per share	0.61	0.58	0.21	0.22

* Earnings before interest, taxes, depreciation and amortization

	October 31, 2017	October 31, 2016
Total assets	63,968,227	62,196,008
Total long term financial liabilities	-	-
Total equity	56,492,618	50,752,351

Results of operations – year ended October 31, 2017 and 2016

A breakdown of revenues by geographic location is presented below:

	Total revenues	
	Year ended October 31, 2017 $	Year ended October 31, 2016 $
United States	28,505,302	22,053,195
Canada	3,971,918	4,774,261
Total	32,477,220	26,827,456

During the year ended October 31, 2017 total commission revenues increased by 21% to $32,477,220 compared to $26,827,456 for the year ended October 31, 2016. Since October 31, 2016, the Company has added 49 new wholesale relationships comprising 1,423 locations, of which 26 wholesale relationships representing 1,400 transacting locations were added in the United States and 23 wholesale relationships representing 23 transacting locations were added in Canada. During the year ended October 31, 2017, the number of transactions between the Company and its customers increased 38% to 974,000 transactions from 704,000 for the same period in the previous year.

During the year ended October 31, 2017, operating expenses increased 23% to $24,555,711 compared to $19,949,967 for the year ended October 31, 2016, the major components of which are presented below:

(All amounts expressed in U.S. Dollars unless otherwise noted)

Results of operations – year ended October 31, 2017 and 2016 (continued)

	Year ended October 31, 2017 $	Year ended October 31, 2016 $	Change $	Change %
Salaries and benefits	13,060,957	10,787,911	2,273,046	21%
Rent	3,018,722	2,652,296	366,426	14%
Legal, professional and director's fees	1,768,647	1,054,277	714,370	68%
Postage and shipping	3,449,837	2,546,923	902,914	35%
Stock based compensation	556,379	650,216	(93,837)	-14%
Executive replacement costs	299,177	-	299,177	N/A
Software Maintenance	373,954	340,177	33,777	10%
Insurance	339,067	350,185	(11,118)	-3%
Other general and administrative	1,688,971	1,567,982	120,989	8%
Total operating expenses	24,555,711	19,949,967	4,605,744	23%

- Salaries and benefits increased 21% to $13,060,957 from $10,787,911 which is attributed to increases in the Company's employment base for the period. The increase in staffing is a result of hiring in the areas of compliance, information technology, operations, payments, vault operations and sales as well as adding 3 company owned branch locations;

- Rent increased 14% to $3,018,722 from $2,652,296. The Company has opened 3 new branch locations as well as the expansion of the Toronto and Orlando vault locations since October 31, 2016;

- Legal, professional and directors' fees increased 68% to $1,768,647 from $1,054,277. The increase is related primarily to audit and legal fees to support the Company's wholly owned subsidiary, EBC;

- Postage and shipping increased 35% to $3,449,837 from $2,546,923 and is due to an increase in the frequency of inbound and outbound shipments. The Company incurs shipping fees from couriers and armored carriers to transport currency between the Company's stores and customers. The Company added 49 new customers representing 1,423 new transacting locations since October 31, 2016 which has led to a 38% increase in transactional activity thus increasing shipping costs. Additionally, the Company has increased the frequency of inbound and outbound armored shipments due to an increase in high value, bulk shipments to centralized clients. Shipping fees collected by the Company are netted against shipping charges charged to the Company;

- Stock based compensation decreased 14% to $556,379 from $650,216 for the vested portion of stock options granted pursuant to the Company's stock option plan. The decrease is due to 40,069 options that were forfeited in Q3 2017 as well as 22,572 options used in a cashless option exercise. The options have an expiry date of 5 years from the date of the grant, unless otherwise stated by the Board of Directors, and have a weighted average exercise price of Cdn$22.31. There were 442,223 options outstanding at October 31, 2017 compared to 521,592 options outstanding at October 31, 2016;

- Executive replacement costs increased to $299,177 from $Nil due to the replacement of two senior executives in the company;

(All amounts expressed in U.S. Dollars unless otherwise noted)

Results of operations – year ended October 31, 2017 and 2016 (continued)

- Software maintenance has increased 10% to $373,954 from $340,177 due to increased investment into the Company's software, CEIFX; and

- Other general and administrative expenses increased 8% to $1,688,971 from $1,567,982. Other expenses are comprised of travel and lodging, software maintenance, utilities, bank service charges, foreign exchange gains and losses through profit and loss, and other general and administrative expenses. The increase is partly due to start up fees for the new bank to join certain payments associations, increased bank service fees from higher volume of transactions and the revaluation of foreign currency assets and liabilities.

The ratio of operating expenses to total revenue for the year ended October 31, 2017 was 76% compared to 74% for the year ended October 31, 2016. Over time, the Company will endeavor to increase its operating efficiency by the addition of new bank and non-bank financial institutions in Canada and the United States to redeploy currency purchased by its branches, affiliate partners, and other clientele.

Other income and expenses are comprised of the following:

	Year ended October 31, 2017 $	**Year ended October 31, 2016 $**
Other income (expense)	26,854	(41,824)
Revaluation of contingent consideration	-	(96,359)
Interest and accretion expense	(162,554)	(95,758)
Depreciation and amortization	(1,324,211)	(1,311,526)
Income tax expense	(2,640,129)	(1,689,911)
Total other expense	(4,100,041)	(3,235,378)

- Other income (expense) increased to $26,854 from ($41,824) and relates to interest collected for surplus cash deposits held at various financial institutions in Canada and the United States as well as other miscellaneous income and expense. Expenses pertaining to completing the bank license application decreased to $Nil from $58,683;

- Revaluation of contingent consideration relates to the change in contingent consideration from customer trading relationships acquired from the USEH acquisition. At January 31, 2016, the remaining contingent consideration was reassessed and the Company recorded a revaluation of contingent consideration of $96,359 for the year ended October 31, 2016. At the end of the period, contingent consideration was transferred to accounts payable;

- Interest and accretion expense increased to $162,554 from $95,758 and relates to interest payments on credit lines;

- Depreciation and amortization increased to $1,324,211 from $1,311,526 and relates to amortization of the Company's intangible assets and depreciation of fixed assets over their estimated economic life; and

- Income tax expense increased to $2,640,129 from $1,689,911 and is a total of federal income tax as well as various state and provincial taxes for the jurisdictions in which the Company operates. The effective tax rate for the year ended October 31, 2017 is 38% compared to 28% for the year ended October 31, 2016. The increase is due to more income being generated in the United States than in Canada.

(All amounts expressed in U.S. Dollars unless otherwise noted)

Results of operations – three month periods ended October 31, 2017 and 2016

A breakdown of revenues by geographic location is presented below:

	Total revenues	
	Three months ended October 31, 2017 $	**Three months ended October 31, 2016 $**
United States	8,152,456	6,509,599
Canada	1,202,859	1,182,545
Total	9,355,315	7,692,144

During the three month period ended October 31, 2017 total commission revenues increased by 22% to $9,355,315 compared to $7,692,144 for the three month period ended October 31, 2016. Since October 31, 2016, the Company has added 49 new wholesale relationships comprising 1,423 locations, of which 26 wholesale relationships representing 1,400 transacting locations were added in the United States and 23 wholesale relationships representing 23 transacting locations were added in Canada. During the three month period ended October 31, 2017, the number of transactions between the Company and its customers increased 32% to 278,000 transactions from 211,000 for the same period in the previous year.

During the three month period ended October 31, 2017, operating expenses increased 23% to $6,745,797 compared to $5,473,045 for the three month period ended October 31, 2016, the major components of which are presented below:

	Three months ended October 31, 2017 $	**Three months ended October 31, 2016 $**	**Change $**	**Change %**
Salaries and benefits	3,694,561	2,848,522	846,039	30%
Rent	832,203	708,856	123,347	17%
Legal, professional and director's fees	465,038	214,178	279,858	131%
Postage and shipping	867,981	768,015	99,966	13%
Stock based compensation	167,258	174,057	(6,799)	-4%
Executive replacement costs	18,602	-	18,602	N/A
Software Maintenance	46,361	99,381	(53,020)	-53%
Insurance	90,697	73,850	16,847	23%
Other general and administrative	563,096	586,186	(52,088)	-9%
Total operating expenses	6,745,797	5,473,045	1,272,752	23%

- Salaries and benefits increased 30% to $3,694,561 from $2,848,522 which is attributed to increases in the Company's employment base for the period. The increase in staffing is a result of the hiring employees engaged in the areas of compliance, information technology, payments, operations, vault operations and sales as well as adding 3 company owned branch locations;

- Rent increased 17% to $832,203 from $708,856. The Company has opened 3 new branch locations as well as the expansion of the Toronto and Orlando vault locations since October 31, 2016;

- Legal, professional and directors' fees increased to $465,038 from $214,178. The increase is related primarily to legal fees to support the Company's wholly owned subsidiary, EBC;

Results of operations – three month period ended October 31, 2017 and October 31, 2016 (continued)

- Postage and shipping increased 13% to $867,981 from $768,015 and is due to an increase in the frequency of inbound and outbound shipments. The Company incurs shipping fees from couriers and armored carriers to transport currency between the Company's stores and customers. The Company added 49 new customers representing 1,423 new transacting locations since October 31, 2016 which has led to a 38% increase in transactional activity thus increasing shipping costs. Additionally, the Company has increased the frequency of inbound and outbound armored shipments due to an increase in high value, bulk shipments to centralized clients. Shipping fees collected by the Company are netted against shipping charges charged to the Company;

- Stock based compensation decreased 4% to $167,258 from $174,057 for the vested portion of stock options granted pursuant to the Company's stock option plan. The decrease is due to 40,069 options that were forfeited in Q3 2017 as well as 22,572 options used in a cashless option exercise. The options have an expiry date of 5 years from the date of the grant, unless otherwise stated by the Board of Directors, and have a weighted average exercise price of Cdn$22.31. There were 442,223 options outstanding at October 31, 2017 compared to 521,592 options outstanding at October 31, 2016;

- Executive replacement costs increased to $18,602 from $Nil due to the replacement of two senior executives in the company;

- Software maintenance has decreased 53% to $46,361 from $99,381 due to increased capitalization of internally developed software including investments into the Company's software, CEIFX, offset by increased costs related to miscellaneous software to support IT and Finance functions and to non-capitalized software-related expenditures to support the bank expansion; and

- Other general and administrative expenses decreased 9% to $563,096 from $586,186. Other expenses are comprised of travel and lodging, software maintenance, utilities, bank service charges, foreign exchange gains and losses through profit and loss, and other general and administrative expenses.

The ratio of operating expenses to total revenue for three month period ended October 31, 2017 was 72% compared to 71% for the three month period ended October 31, 2016. Correspondingly, the ratio traditionally is higher during the winter months and decreases as the fiscal year progresses. This is due to the cyclical nature of the business as the Company has more exchange volumes from March to September and the Company is able to redeploy the currency it purchases in the summer months from its branch locations and resell it to other financial institutions and non-financial institution customers, thus bypassing currency wholesalers and widening its gross margins. The Company expects this ratio to remain consistent with the seasonality of the business in the short term. Over time, the Company will endeavor to increase its operating efficiency by the addition of new bank and non-bank financial institutions in Canada and the United States to redeploy currency purchased by its branches, affiliate partners, and other clientele.

(All amounts expressed in U.S. Dollars unless otherwise noted)

Results of operations – three month period ended October 31, 2017 and October 31, 2016 (continued)

Other income and expenses are comprised of the following:

	Three months ended October 31, 2017 $	**Three months ended October 31, 2016 $**
Other income (expense)	15,321	(16,568)
Interest and accretion expense	(58,817)	(37,866)
Depreciation and amortization	(354,710)	(308,864)
Income tax expense	(873,364)	(475,866)
Total other expense	(1,271,570)	(839,164)

- Other income (expense) increased to $15,321 from ($16,568) and relates to interest collected for surplus cash deposits held at various financial institutions in Canada and the United States as well as other miscellaneous income and expense. Expenses pertaining to completing the bank license application decreased to $Nil from $19,826;

- Interest and accretion expense increased to $58,817 from $37,866 and relates to interest payments on credit lines;

- Depreciation and amortization increased to $354,710 from $308,864 and relates to amortization of the Company's intangible assets and depreciation of fixed assets over their estimated economic life; and

- Income tax expense increased to $873,364 from $475,866 and is a total of federal income tax as well as various state and provincial taxes for the jurisdictions in which the Company operates. The effective tax rate for the three month period ending October 31, 2017 is 37% compared to 23% for the three month period ended October 31, 2016. The increase is due to more income being generated in the United States than in Canada.

Cash flows

Cash flows from operating activities during the year ended October 31, 2017 resulted in an inflow of $5,508,783 compared to an inflow of $2,446,143 during the year ended October 31, 2016. The reason for the increase in operating cash flow was due to a decrease in accounts receivable as well as an increase in accrued expenses. The actual amount of accounts receivable and accounts payable fluctuate from period to period due to the volume of activity and timing differences. In most instances accounts receivable and accounts payable have a settlement cycle of 24 to 48 hours. Operating cash flow is generated by commission and fee income, and is offset by operating expenses.

Cash used in investing activities during the year ended October 31, 2017 resulted in an outflow of $976,314 compared to an outflow of $595,863 during the year ended October 31, 2016. This represents additions to property and equipment and to the internally developed software, CEIFX.

Cash used by financing activities during the year ended October 31, 2017 was $2,428,902 compared to cash provided by financing of $3,293,301 during the year ended October 31, 2016. The primary reason for the decrease in inflows relates to a repayment of the line of credit partially offset by the exercise of executive stock options.

(All amounts expressed in U.S. Dollars unless otherwise noted)

Liquidity and capital resources

At October 31, 2017, the Company had working capital of $52,778,077 (October 31, 2016 - $47,016,377).

The Company maintains a revolving line of credit with BMO Harris Bank, N.A. which was increased in March of 2017 to $15,000,000 to assist with its short-term cash flow needs. At October 31, 2017, the balance outstanding was $Nil (October 31, 2016 - $3,181,805). The line of credit bears interest at Libor plus 2.0%

In April of 2017, the Company's wholly-owned Canadian subsidiary, EBC established a revolving line of credit with Bank of Montreal with available credit of Cdn$3,000,000 ($2,326,844) being secured against cash assets held in its vaults. The line of credit bears interest at CDN prime plus .5%. At October 31, 2017, the balance outstanding was $Nil.

The Company had a total available balance of unused lines of credit of $17,326,844 at October 31, 2017 (October 31, 2016 - $9,055,205).

Selected annual financial information

The following tables set out selected consolidated financial information of the Company for the periods indicated. Each investor should read the following information in conjunction with those financial statements for the relevant period and notes related thereto. The operating results for any past period are not necessarily indicative of results for any future period. The selected financial information set out below has been derived from the consolidated financial statements of the Company.

	Year ended October 31, 2017 $	**Year ended October 31, 2016 $**	**Year ended October 31, 2015 $**	**Year ended October 31, 2014 $**
Revenues	32,477,220	26,827,456	24,075,775	22,005,953
Net operating income (1)	7,921,509	6,877,489	7,137,444	7,189,769
Net income	3,821,469	3,642,111	4,665,985	4,249,225
Basic earnings per share	$0.62	0.59	0.80	0.78
Diluted earnings per share	$0.61	0.58	0.77	0.77
Total assets	63,968,227	62,196,008	52,112,593	39,709,302
Total liabilities	7,475,609	11,443,657	5,352,490	6,982,895
Total non-current financial liabilities	-	-	-	585,144
Working capital	52,778,077	47,016,377	42,674,895	28,935,018

Notes:

1. Operating income for prior periods has been adjusted to exclude depreciation and amortization expense.

Commitments and contingencies

On October 1, 2011, the Company entered into an employment agreement with the President and CEO of the Company. Such agreement contains clauses requiring additional payments of a minimum of $450,000 to be made upon the occurrence of certain events such as a change of control of the Company or termination for reasons other than cause. As the likelihood of a change of control of the Company is not determinable, the contingent payments have not been reflected in the consolidated financial statements.

(All amounts expressed in U.S. Dollars unless otherwise noted)

Commitments and contingencies (continued)

The Company has entered into non-cancellable operating leases with terms in excess of one year for the use of certain facilities. The minimum rental payments associated with these leases are $5,532,896 and are payable as follows:

	Within 1 year	1 to 5 years	after 5 years	Total
	$	$	$	$
October 31, 2017	2,256,996	3,275,900	0	5,532,896
October 31, 2016	2,351,712	3,805,658	246,359	6,403,729

Off-balance sheet arrangements

There are currently no off-balance sheet arrangements which could have an effect on current or future results or operations, or on the financial condition of the Company.

Hedging activity

Other than as noted below, the Company does not engage in any form of hedged, derivative or leveraged trading. The Company does not extend credit to any of its customers, other than through industry standard settlement terms.

The Company enters into non-deliverable foreign currency forward contracts on a daily basis to mitigate the risk of fluctuations in the exchange rates of its holdings of major currencies. Changes in the fair value of the contracts and the corresponding gains or losses are recorded daily and are included in commissions from trading on the consolidated statements of income and comprehensive income. The Company's management strategy is to reduce the risk of fluctuations associated with foreign exchange rate changes. The foreign currency forward contracts can be closed immediately resulting in the collateral being liquidated.

The fair value of forward contracts, which represents the amount that would be (paid)/received by the Company if the forward contracts were terminated at October 31, 2017 was $17,858 - (October 31, 2016 - $44,771).

At October 31, 2017 and October 31, 2016 approximately $1,972,168 and $1,240,694, respectively, were being held as collateral on these contracts and are reflected as restricted cash held in escrow in the consolidated statements of financial position.

Transactions with related parties

The remuneration of directors and key management personnel during the year ended October 31, 2017 and October 31, 2016 were as follows:

	Year ended	
	October 31, 2017	**October 31, 2016**
	$	$
Short-term benefits	2,308,625	1,826,519
Post-employment benefits	99,332	62,146
Stock based compensation	676,565	640,251
	3,084,522	2,528,916

The Company incurred legal and professional fees in the aggregate of $145,404 for the year ended October 31, 2017 (2016 - $23,530) charged by entities controlled by directors or officers of the Company.

(All amounts expressed in U.S. Dollars unless otherwise noted)

Transactions with related parties (continued)

Advances between CXI and EBC are provided under a Revolving Line of Credit, renewed May 31, 2017; loans attract interest at LIBOR + 2%, are repayable on demand, and are unsecured. At October 31, 2017, the intercompany loan balance was $1,100,000 (2016 - $Nil).

Option grants

The Company adopted an incentive stock option plan dated April 28, 2011 (the "**Plan**"). The Plan is a rolling stock option plan, under which 10% of the outstanding shares at any given time are available for issuance thereunder. The purpose of the Plan is to promote the profitability and growth of the Company by facilitating the efforts of the Company to attract and retain directors, senior officers, employees and management. Vesting terms under the Plan will occur 1/3 upon the first anniversary, 1/3 upon the second anniversary and 1/3 upon the third anniversary of the grant unless otherwise specified by the Board of Directors.

Below is information related to each option grant:

Date of Grant	Expiry Date	Share price at grant date (Cdn$)	Amount granted	Risk-free interest rate	Expected volatility	Exercise Price (Cdn$)	Fair value of option at grant date ($)
29-Oct-13	29-Oct-18	10.86	35,640	1.29%	35%	10.86	3.44
29-Oct-13	29-Oct-18	10.86	114,420	1.29%	35%	10.86	3.44
9-Jul-14	9-Jul-19	13.24	1,762	1.70%	29%	13.24	3.58
30-Oct-14	30-Oct-19	18.00	87,215	1.61%	27%	16.21*	4.97
30-Oct-14	30-Oct-19	18.00	24,144	1.61%	27%	16.21*	4.97
11-Mar-15	11-Mar-20	28.40	2,726	1.62%	25%	28.15*	5.75
30-Oct-15	30-Oct-20	23.50	28,972	1.47%	32%	24.64*	5.10
30-Oct-15	30-Oct-20	23.50	89,435	1.47%	32%	24.64*	5.10
16-Jan-16	16-Jan-21	17.89	17,600	1.46%	33%	17.79*	3.86
11-Mar-16	11-Mar-21	21.30	4,182	1.45%	34%	22.78*	4.78
28-Mar-16	28-Mar-21	23.15	2,261	1.37%	34%	22.45*	5.87
26-Oct-16	25-Oct-21	32.96	22,757	1.30%	34%	30.75*	8.46
26-Oct-16	25-Oct-21	32.96	66,820	1.30%	34%	30.75*	8.46
6-Jun-17	6-Jun-22	20.79	9,865	1.71%	37%	21.53*	5.27
26-Oct-17	26-Oct-22	26.84	25,039	2.07%	36%	25.52*	7.69
26-Oct-17	26-Oct-22	26.84	76,981	2.07%	36%	25.52*	7.69

*Exercise price determined by average share price for previous 20 trading days

The outstanding options at October 31, 2017 and the respective changes during the periods are summarized as follows:

	Number of options #	Weighted average price Cdn$
Outstanding at October 31, 2015	424,866	15.49
Granted	113,620	28.28
Exercised	(16,894)	8.61
Outstanding at October 31, 2016	521,592	18.50
Granted	111,885	25.17
Exercised	(128,613)	9.99
Cancelled through cashless exercise	(22,572)	17.28
Forfeited	(40,069)	25.54
Outstanding at October 31, 2017	442,223	22.31

(All amounts expressed in U.S. Dollars unless otherwise noted)

Option grants (continued)

The following options are outstanding and exercisable at October 31, 2017:

Grant Date	Exercise price (Cdn$)	Number outstanding	Average remaining contractual life (years)	Number exercisable
29-Oct-13	10.86	17,820	0.99	17,820
29-Oct-13	10.86	40,013	0.99	40,013
30-Oct-14	16.21	59,365	2.00	59,365
30-Oct-14	16.21	20,120	2.00	20,120
11-Mar-15	28.15	2,726	2.36	1,817
30-Oct-15	24.64	28,972	3.00	28,972
30-Oct-15	24.64	70,657	3.00	47,106
16-Jan-16	17.79	11,733	3.21	-
11-Mar-16	22.78	4,182	3.36	1,394
26-Oct-16	30.75	19,506	3.99	19,506
26-Oct-16	30.75	55,244	3.99	18,415
6-Jun-17	21.53	9,865	4.60	-
26-Oct-17	25.52	25,039	4.99	-
26-Oct-17	25.52	76,981	4.99	-
Total		442,223		254,528

Subsequent events

On December 22, 2017, the President of the United States signed tax reform legislation, which includes a broad range of tax reform proposals affecting businesses, including corporate tax rates, business deductions, and international tax provisions. Many of these provisions significantly differ from current US tax law, resulting in pervasive financial reporting implications.

Had the tax reform legislation been signed prior to October 31, 2017, the estimated effect on the Company's consolidated financial statements for 2017 would have been a decrease in current tax expense of $931,000 and a one-time increase in deferred tax expense of $308,000 for a net decrease in overall tax expense of $623,000. The increase in deferred tax expense arises from a reduction in deferred tax assets of identical amount. The deferred tax asset was generated on the basis of the former higher tax rate and will be liquidated over time at the lower rate now in effect. This change represents an estimated reduction in the statutory tax rate in the United States from 38.5% to 26.7%.

The estimated one-time increase in deferred tax expense is expected to be recognized by the Company in the first quarter of the 2018 year. Income before income taxes will be taxed at the lower statutory rate on a prospective basis from the date the tax reform legislation was signed. There will also be an impact on deferred taxes related to the repatriation of funds from the Company's wholly-owned Canadian subsidiary, of which the quantitative impact cannot yet be reasonably estimated.

Accounting standards and policies

The Company's accounting policies are described in Note 2 to the Company's audited consolidated financial statements for the years ended October 31, 2017 and 2016.

Risk factors

The operations of the Company are speculative due to the high-risk nature of its business. These risk factors could materially affect the Company's financial condition and/or future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company. Although the following are major risk factors identified by management, they do not comprise a definitive list of all risk factors related to the Company, and other risks and uncertainties not presently known by management could impair the Company and its business in the future.

Future capital needs and uncertainty of additional financing

The Company may need to raise funds in order to support expansion, develop new or enhanced services and products, respond to competitive pressures, acquire complementary businesses or technologies or take advantage of unanticipated opportunities. The Company may be required to raise additional funds through public or private financing, strategic relationships or other arrangements. There can be no assurance that such additional funding, if needed, will be available on terms attractive to the Company, or at all. Furthermore, any additional equity financing may be dilutive to shareholders and debt financing, if available, may involve restrictive covenants. If additional funds are raised through the issuance of equity securities, the percentage ownership of the shareholders of the Company will be reduced, shareholders may experience additional dilution in net book value per share, or such equity securities may have rights, preferences or privileges senior to those of the holders of Common Shares. If adequate funds are not available on acceptable terms, the Company may be unable to develop or enhance its business, take advantage of future opportunities or respond to competitive pressures, any of which could have a material adverse effect on the Company's business, financial condition and operating results.

Competition

The Company faces competition from established competitors such as Travelex Group, Wells Fargo Bank, Bank of America and American Express, and also from competitors using alternative technologies. While the market for foreign currency exchange is highly fragmented in the United States, the Company believes that it must continue to develop new products and services and introduce enhancements to its existing products and services in a timely manner if it is to remain competitive. Even if the Company introduces new and enhanced products and services, it may not be able to compete effectively because of the significantly greater financial, technical, marketing and other resources available to some of its competitors. As the markets for the Company's products and services expand, additional competition may emerge and competitors may commit more resources to competitive products and services. There can be no assurance that the Company will be able to compete successfully in these circumstances.

Management of Growth

The Company may experience rapid growth in the scope of its operations. In order to manage its current operations and any future growth effectively, the Company will need to continue to implement and improve its operational, financial compliance and management information systems, as well as hire, manage and retain its employees and maintain its compliant corporate culture including technical and customer service standards.

(All amounts expressed in U.S. Dollars unless otherwise noted)

Credit Risk

Credit risk is the risk of financial loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash in bank accounts, accounts receivable and forward contracts from hedging counterparties.

All banking relationships are negotiated by senior management. The Company maintains accounts in high quality financial institutions. At various times, the Company's bank balances exceed insured limits.

The credit risk associated with accounts receivable is limited, as the Company's receivables consist primarily of bulk currency trades with a settlement cycle of 24 to 48 hours. There is minimal counterparty risk as the majority of the Company's receivables reside with financial institutions and money service business customers. The company has longstanding relationships with most of its money service business customers and has a strong repayment history. For the purpose of risk control, the customers are grouped as follows: domestic and international financial institutions, money service businesses, and other customers. Credit limits are established for each customer, whereby the credit limit represents the maximum open amount without requiring payments in advance. These limits are reviewed regularly by senior management. Due to seasonality, amounts in accounts receivable are usually at their highest during peak periods.

A breakdown of accounts receivable by category is below:

	At October 31, 2017	At October 31, 2016
Customer type	**$**	**$**
Domestic and international financial institutions	3,625,821	3,562,076
Money service businesses	2,674,168	4,405,212
Other	144,042	118,973
Total	6,444,031	8,086,261

The maximum exposure to credit risk is represented by the carrying amount of each financial asset on the statement of financial position. There are no commitments that could increase this exposure to more than the carrying amount.

Foreign Currency Risk

The volatility of the Company's foreign currency holdings may increase as a result of the political and financial environment of the corresponding issuing country. Several currencies have limited exchange rate exposure as they are pegged to the U.S. Dollar, the reporting currency of the Company. Management believes its exposure to foreign currency fluctuations is mitigated by the short-term nature and rapid turnover of its foreign currency inventory, as well as the use in certain instances of forward contracts to offset these fluctuations. Due to their nature, some minor and exotic foreign currencies cannot be hedged or are too cost prohibitive to hedge. In order to mitigate the risks associated with holding these foreign currencies, the Company assigns wider bid/ask spreads and maintains specific inventory targets to minimize the impact of exchange rate fluctuations. These targets are reviewed regularly and are increased or decreased to accommodate demand within acceptable risk tolerances. The amount of unhedged inventory held in tills, vaults and in transit at October 31, 2017 was approximately $7,930,000 (October 31, 2016 - $6,400,000). The amount of currency that is unhedged and that is not pegged to the U.S. Dollar is approximately $5,320,000 (October 31, 2016 - $3,250,000). A 2% increase/reduction in the market price for the aggregate of the Company's unhedged/un-pegged foreign currencies would result in an exchange gain/loss of approximately +$106,000/-$106,000 (October 31, 2016 gain/loss of approximately +$65,000/-$65,000).

(All amounts expressed in U.S. Dollars unless otherwise noted)

Foreign Currency Risk (continued)

On a consolidated basis, the Company is also exposed to foreign currency fluctuations between the U.S. Dollar and the Canadian Dollar, being the functional currency of its Canadian subsidiary. The Company does not hedge its net investment in its Canadian subsidiary and the related foreign currency translation of its earnings.

Interest Rate Risk

At October 31, 2017, the Company had access to interest bearing financial instruments in cash, short term accounts payable and line of credit. A significant amount of the Company's cash is held as foreign currency bank notes in tills and vaults. These amounts are not subject to interest rate risk. Cash held in some of the Company's accounts are interest bearing; however, since prevailing interest rates are low there is minimal interest rate risk. Borrowings bear interest at variable rates. Cash and borrowings issued at variable rates expose the Company to cash flow interest rate risk. For the interest rate profile of the Company's interest bearing financial liabilities, refer to Note 12 of the consolidated financial statements.

The Company manages interest rate risk in order to reduce the volatility of the financial results as a consequence of interest rate movements. For the decision whether new borrowings shall be arranged at a variable or fixed interest rate, senior management focuses on an internal long-term benchmark interest rate and considers the amount of cash currently held at a variable interest rate. Currently the interest rate exposure is un-hedged.

If interest rates had been 50 basis points higher/lower with all other variables held constant, after tax profit for the year ended October 31, 2017 would have been approximately +$11,600/-11,600 higher/lower as a result of credit lines held at variable interest rates.

Liquidity Risk

Liquidity Risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The CFO informs the Chief Executive Officer, the Board of Directors, and the Audit Committee of capital and liquidity issues as they occur in accordance with established policies and guidelines. The Company targets to have a cash reserve or credit lines greater than 15% of the Company's prior year's revenues.

The following are non-derivative contractual financial liabilities:

At October 31, 2017

Non-derivative financial liabilities	**Carrying amount**	**Estimated contractual amount**	**This fiscal year**	**Future fiscal years**
	$	**$**	**$**	**$**
Accounts payable	4,939,749	4,939,749	4,939,749	$Nil
Accrued expenses	2,115,943	1,885,351	1,885,351	$Nil
Income taxes payable	419,917	419,917	419,917	$Nil

At October 31, 2016

Non-derivative financial liabilities	**Carrying amount**	**Estimated contractual amount**	**Next fiscal year**	**Future fiscal years**
	$	**$**	**$**	**$**
Accounts payable	5,984,751	5,984,751	5,984,751	$Nil
Accrued expenses	1,509,411	1,285,606	1,285,606	$Nil
Income taxes payable	767,690	767,690	767,690	$Nil
Line of credit	3,181,805	3,181,805	3,181,805	$Nil

(All amounts expressed in U.S. Dollars unless otherwise noted)

Capital Management

The Company manages capital through its financial and operational forecasting processes. The Company defines working capital as total current assets less current liabilities. The Company reviews its working capital and forecasts its cash flows based on operating expenditures, and other investing and financing activities related to its daily operations.

	At October 31, 2017	**At October 31, 2016**
Current assets	60,253,686	58,460,034
Current liabilities	(7,475,609)	(11,443,657)
Working capital	52,778,077	47,016,377

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, obtaining loan financing, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

Product Development and Rapid Technological Change

The advent of the “cashless society” may erode the physical bank note currency markets resulting in a significant adverse effect upon the Company’s continued growth and profitability. While the enabling technology has existed for over a decade, the development of a truly cashless society continues to be slowed by such factors as issues respecting infrastructure, cultural resistance, distribution problems and patchwork regulations. Nevertheless, the success of the Company could be seriously affected by a competitor’s ability to develop and market competing technologies.

To remain competitive, the Company must continue to enhance and improve the responsiveness, functionality and features of its technology and website, CEIFX. The Internet and the e-commerce industry are characterized by rapid technological change, changes in user and customer requirements and preferences, frequent new product and service introductions embodying new technologies and the emergence of new industry standards and practices that could render the Company’s existing operations and proprietary technology and systems obsolete. The Company’s success will depend, in part, on its ability to develop leading technologies useful in its business, enhance its existing services, develop new services and technology that address the increasingly sophisticated and varied needs of its existing and prospective customers and respond to technological advances and emerging industry standards and practices on a cost-effective and timely basis. The development of Internet based and other proprietary technology entails significant technical, financial and business risks. There can be no assurance that the Company will successfully implement new technologies or adapt its website, proprietary technology and transaction-processing systems to customer requirements or emerging industry standards. If the Company is unable to adapt in a timely manner in response to changing market conditions or customer requirements for technical, legal, financial or other reasons, the Company’s business could be materially adversely affected.

Intellectual Property

Proprietary rights are important to the Company’s success and its competitive position. Although the Company seeks to protect its proprietary rights, its actions may be inadequate to protect any trademarks and other proprietary rights or to prevent others from claiming violations of their trademarks and other proprietary rights. In addition, effective copyright and trademark protection may be unenforceable or limited in certain countries, and the global nature of the Internet makes it impossible to control the ultimate protection of the Company’s intellectual work product. Any of these claims, with or without merit, could subject the Company to costly litigation and the diversion of the time and attention of its technical management personnel.

Government Regulation and Compliance

Any non-compliance with regulatory currency licensing and transaction reporting procedures could result in significant financial penalties and the possibility of criminal prosecution. The Company has a robust regulatory compliance management regime, overseen by experienced, Board-appointed Officers leading a well-resourced staff. The Company and its subsidiaries are regularly subject to regulatory as well as internal and/or external audits. Several countries prohibit non-banks from providing currency exchange transaction services. While the Company believes the possibility is remote, the risk does exist that the jurisdictions in which it operations may someday institute regulations to prohibit non-banks from providing foreign currency exchange services

Network Security Risks

Despite the implementation of network security measures by the Company, its infrastructure is potentially vulnerable to computer break-ins and similar disruptive problems. Concerns over Internet security have been, and could continue to be, a barrier to commercial activities requiring consumers and businesses to send confidential information over the Internet. Computer viruses, break-ins or other security problems could lead to misappropriation of proprietary information and interruptions, delays or cessation in service to the Company's clients. Moreover, until more comprehensive security technologies are developed, the security and privacy concerns of existing and potential clients may inhibit the growth of the Internet as a medium for commerce.

Risk of System Failure or Inadequacy

The Company's operations are dependent on its ability to maintain its equipment in effective working order and to protect its systems against damage from fire, natural disaster, power loss, telecommunications failure or similar events. In addition, the growth of the Company's customer base may strain or exceed the capacity of its computer and telecommunications systems and lead to degradations in performance or systems failure. The Company may in the future experience failure of its information systems which may result in decreased levels of service delivery or interruptions in service to its customers. While the Company continually reviews and seeks to upgrade its technical infrastructure and maintains a fully integrated, offsite, backup server farm to limit the likelihood of systems overload or failure, any damage, failure or delay that causes interruptions in the Company's operations could have a material and adverse effect on the Company's business.

In addition, some of the Company's applications are hosted by third parties. Any failure on the part of third parties to maintain their equipment in good working order and to prevent system disruptions could have a material and adverse effect on the Company's business.

Theft and Risk of Physical Harm to Personnel

The Company stores and transports bank notes as part of its daily business and faces the risk of theft and employee dishonesty.

The Company maintains a crime insurance policy which provides coverage against theft and employee dishonesty, but any particular claim is subject to verification that it is within policy limits which may not be assured and may require legal proceedings to enforce coverage. The Company's Audit Committee monitors internal controls and the CEIFX technology monitors and accounts for all fund balances in real time.

In addition, employees and agents of the Company are potentially subject to physical harm if subjected to a forcible robbery. The Company's Management Committee oversees the deployment of a comprehensive security program which includes surveillance cameras, alarms, safe/vault equipment alarms and additional intrusion protection devices, as well as multiple staff on site at all times.

Reliance on Key Personnel

The Company currently has a small senior management group, which is sufficient for the Company's present level of activity. The Company's future growth and its ability to develop depend, to a significant extent, on its ability to attract and retain highly qualified personnel. The Company relies on a limited number of key employees, consultants and members of senior management and there is no assurance that the Company will be able to retain such key employees, consultants and senior management. The loss of one or more of such key employees, consultants or members of senior management, if not replaced, could have a material adverse effect on the Company's business, financial condition and prospects.

The development of the Company is dependent upon its ability to attract and retain key personnel, particularly the services of the President and CEO, Randolph W. Pinna. The loss of Mr. Pinna’s services could have a materially adverse impact on the business of the Company. There can be no assurance that the Company can retain its key personnel or that it can attract and train qualified personnel in the future. The Company currently has key person insurance on Mr. Pinna of $4.5 million.

Control of the Company

Randolph W. Pinna, the Chief Executive Officer and Chairman of the Company, is the principal shareholder of the Company and the promoter of the Company. Mr. Pinna beneficially owns approximately 22%, net of options, of the issued and outstanding Common Shares.

By virtue of his status as the principal shareholder of the Company and by being a director and officer of the Company, Randolph W. Pinna has the power to exercise significant influence over all matters requiring shareholder approval, including the election of directors, amendments to the Company’s articles and by-laws, mergers, business combinations and the sale of substantially all of the Company’s assets. As a result, the Company could be prevented from entering into transactions that could be beneficial to the Company or its other shareholders. Also, third parties could be discouraged from making a take-over bid. As well, sales by Randolph W. Pinna of a substantial number of Common Shares could cause the market price of Common Shares to decline.

Mr. Randolph Pinna's influence over the control of the Company is mitigated by the Company's appointment of a Lead Independent Director, Chirag Bhavsar, on December 7, 2012 as well as the independent majority of its Board of Directors and its Committees.

Global Economic and Financial Market Conditions

Market events and conditions, including disruption in the U.S. and Canadian, international credit markets and other financial systems and the deterioration of U.S. and Canadian, global economic conditions, could, among other things, impact tourism and impede access to capital or increase the cost of capital, which would have an adverse effect on the Company's ability to fund its working capital and other capital requirements.

Market disruptions could, among other things, make it more difficult for the Company to obtain, or increase its cost of obtaining, capital and financing for its operations. The Company's access to additional capital may not be available on terms acceptable to the Company or at all.

Market Price and Volatile Securities Markets

Market forces may render it difficult or impossible for the Company to secure purchasers to purchase its securities at a price which will not lead to severe dilution to existing shareholders, or at all. In addition, shareholders may realize less than the original amount paid on dispositions of their Common Shares during periods of such market price decline.

International Issuer, Management and Directors

The Company is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada. Certain of the officers and directors of the Company reside outside of Canada. Although the Company and such persons have appointed Peterson Law Professional Company as their agents for service of process in Canada, it may not be possible for investors to enforce judgments obtained in Canada against the Company or such persons.