CURRENCY EXCHANGE
INTERNATIONAL

Currency
Exchange
International

2012 Annual Report

Financial Highlights

CURRENCY EXCHANGE INTERNATIONAL

	Twelve Months Ended September 30, 2012	Twelve Months Ended September 30, 2011	Nine Months Ended September 30, 2010
Exchange Volume	$605,412,453	$409,351,138	$115,654,277
Revenues	$12,314,473	$8,683,705	$3,407,289
Operating Income	$3,573,621	$2,796,779	$269,298
Number of Shares Outstanding	3,872,068	2,492,068	2,117,900
Total Assets	$18,225,628	$9,914,292	$5,007,511
Stockholder's Equity	$16,226,974	$6,159,338	$3,343,392

All financials in this report are based in USD unless otherwise stated.

On The Big Board - TSX

CXI completed its IPO on the Toronto Stock Exchange (TSX) March 9, 2012. The capital from the IPO has supported the company's continued growth and aim for its wholly-owned subsidiary to become a Schedule 1 Canadian Bank. CXI trades under the stock symbol CXI.S.

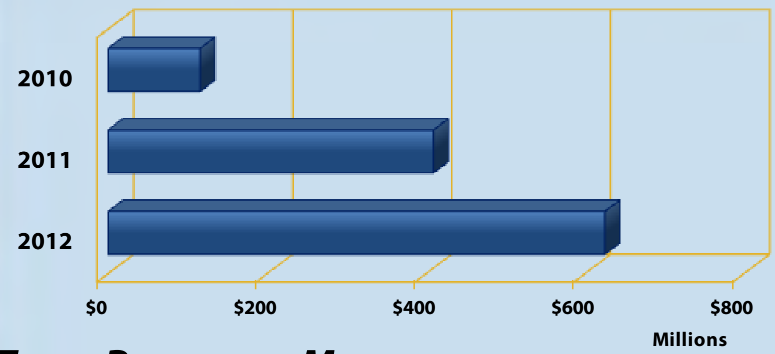
CXI.S LISTED ON TMX Toronto Stock Exchange

Key Ratios*

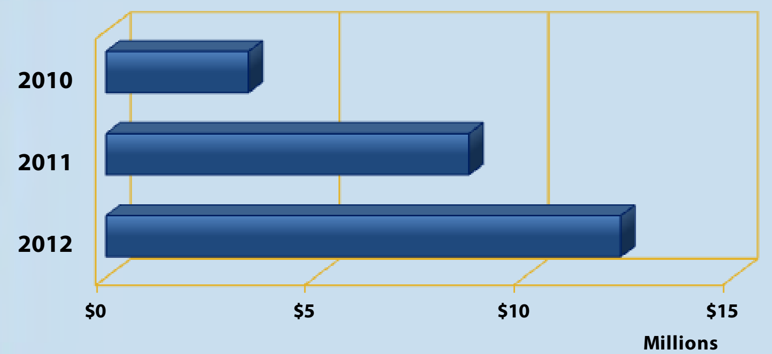
Earnings Per Share	$0.83
Return on Assets	15%
Return on Equity	12%
Efficiency Ratio	71%

*Key Ratios include one-time non-cash gain of $962,408 from the revaluation of the Company's warrant liability.

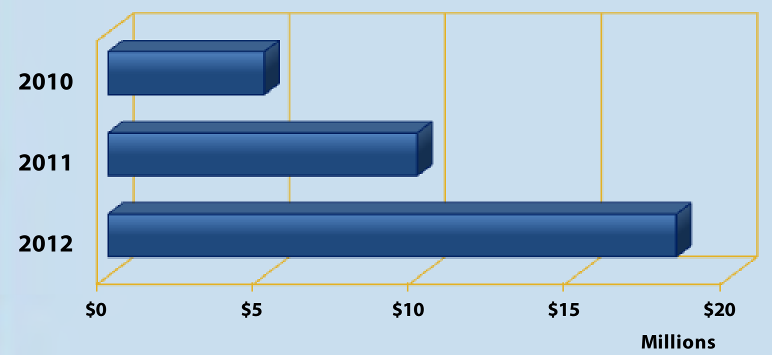
Exchange Volume in Millions



Total Revenue in Millions



Total Assets in Millions



A Message To Our Shareholders

Randolph W. Pinna, President & CEO

I am pleased to present the progress of Currency Exchange International (CXI) for our fiscal year ending September 30, 2012.

CXI had a tremendous year in every aspect of the business. Highlights of some notable milestones achieved this year include:

STRUCTURAL IMPROVEMENTS

- Becoming a Publicly Traded Company on the Toronto Stock Exchange;
- Expanding its Board of Directors with seasoned directors;
- Completing necessary IT improvements of CEIFX.com; and
- Beginning the process of establishing Exchange Bank of Canada.

FINANCIAL RESULTS

- Exchanging more than $600 million dollars;
- Reaching the highest amount of profit in CXI's history with more than $3.5 million in operating income; and
- Equity exceeding $16 million with no debt at year end.

WHOLESALE & RETAIL EXPANSION

- Opening a wholesale vault in Canada;
- Opening five additional retail branches in the U.S.; and
- Growing bank customer relationships to more than 120 institutions and 2,000 branches.

STRUCTURAL IMPROVEMENTS

CXI is clearly focused on becoming the leading wholesale banker's bank for foreign exchange in North America. To accomplish this goal, CXI needs to increase its asset base, while retaining leading talent in both the board of directors and management team of the company.

Upon completing its Initial Public Offering (IPO), CXI became a publicly traded company on the "Big Board" of the Toronto Stock Exchange in March 2012. The IPO consisted of 1,380,000 units and raised Cdn$9,177,000 in capital with each unit consisting of one common share and one common share purchase warrant. The warrant entitles the shareholder to buy an additional common share at Cdn$7.50 and expires on September 9, 2013. It is anticipated that most or all warrants will be exercised and increase the equity of the company to more than $26 million.

The financial results of this year include all significant costs of the IPO. Even still, the company had a record year of profits for its shareholders.

Additionally, CXI is in the early process of establishing a Schedule 1 Canadian Bank, to be known as Exchange Bank of Canada in English and Banque de Change du Canada in French. While this major step is expected to have significant costs, the improved profitability it is anticipated to afford the company outweighs the startup and increased operating costs of the bank. Notably, it is expected to allow CXI to win its biggest revenue generating customers ever, as many larger banks require its wholesale FX provider to be a bank as well.

With this in mind, CXI has added Jim Sardo and Chirag Bhavsar to the board of directors. Their addition brings the total number of directors to seven, four of whom are independent directors as required by the Canadian Banking Regulators.
CXI has continued its dedication to invest in its core,

June 1, 2012 - CXI opens the market for the Toronto Stock Exchange.

CXI has continued its dedication to invest in its core, industry leading, operating software known as CEIFX. This proprietary, online software handles all the products offered by CXI, including cash, cheques and wire payments. With compliance and reporting at the forefront of the system, it is compatible with all regulatory standards currently applicable to CXI in North America.

FINANCIAL RESULTS

While the board and management team executed its plan during the year to improve the structure of the company, the entire CXI team worked diligently to achieve another record year in every aspect of the company's operations.

With assets exceeding $18 million, equity of $16 million and no debt at year end, the company is healthy and well-capitalized. As well, the company exchanged more than $600 million in foreign currency, generating revenues of more than $12 million and operating income in excess of $3.5 million.

These financial results are impressive considering the company bore significant one-time expenses of an IPO, opening a new vault operation in Toronto, Canada and five retail branches in the U.S.

WHOLESALE & RETAIL EXPANSION

The financial and strategic results are attributable to both the management continuing to operate in an efficient and effective manner and the growth of the company's operations in both its wholesale and retail business lines.

CXI's core business is its wholesale relationships with banks and other financial companies. CXI is proud to have added many new relationships this year bringing its total number of client locations to more than 2,400 across the U.S. and Canada.

CXI's retail expansion included opening two new branches in California and one each in Florida, Maryland, and Washington. While a couple of these branches have yet to become profitable, the investments made are strategic to the overall growth potential of the company.

In view of the relationships cultivated throughout the past year, in addition to the profits its retail branches continue to contribute, and the new customers starting in the near future, CXI foresees 2013 to be a profitable year.

On behalf of more than the 140 employee strong Currency Exchange International, I personally thank all of its employees, shareholders, customers and friends for continuing their relationship with CXI. Should you have any questions or wish to discuss anything at all, please feel free to contact me personally.

Sincerely,

Randolph W. Pinna
President & CEO

Years in Review

CXI as it is known today actually began when its President and CEO Randolph Pinna established Foreign Currency Exchange (FCE) in 1987. Before being bought by the Bank of Ireland, FCE grew into a multinational, publicly traded company. After being with the Bank of Ireland for five years, Randolph formed CXI in 2007 and bought the retail operation of FCE, which included retaining 36 employees and key managers.

Since 2007, CXI has experienced its own exponential growth producing a well-rounded company, powered by an experienced management team. The table to the right shows many company milestones in its past five years. The company's structured growth has set the course to complete the goal for its subsidiary to become a Canadian Schedule 1 Bank.

"EBC will provide CXI's current customers and potential customers additional comfort by having its correspondent relationship with a licensed specialty bank such as Exchange Bank of Canada, while providing the company with additional profit opportunities."

- Randolph Pinna, President, CEO, and Chairman of the Board -

HOW WE GOT HERE

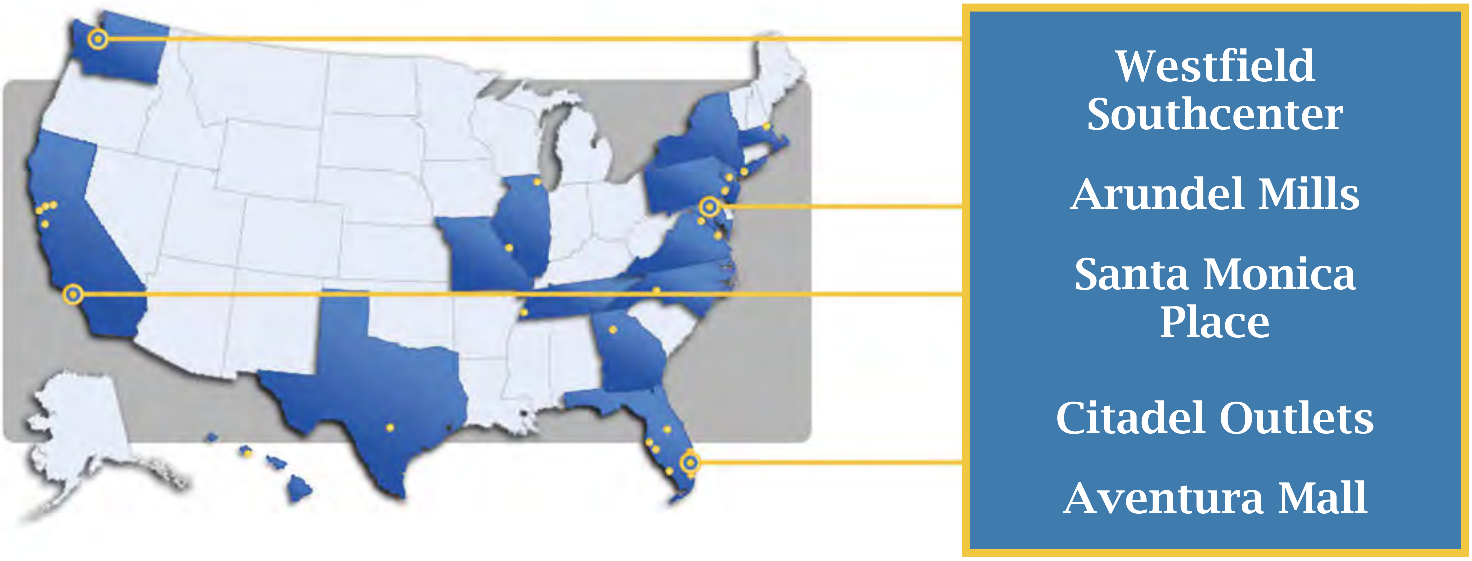
- CXI begins operations when Randolph Pinna purchases the retail operations of FCE.
- Retail operation includes eight retail locations and over the next five years, CXI adds an additional 15 wholly-owned branches.
- CXI expands retail operations with its affiliate program, currently at 11 locations.
- CXI opens its main currency processing center in Miami, Florida and a west coast processing center in California.
- CXI commences servicing financial institutions, allowing its wholesale division to grow rapidly.
- CXI Canada opens for business.
- CXI Canada's Toronto Vault is established.
- CXI completes its Initial Public Offering (IPO) on the Toronto Stock Exchange (TSX).
- More than 400 companies at 2,400 plus locations are serviced by CXI.
- CXI exchanges more than $600 million in volume and has assets totaling more than $18 million.

Currency Exchange International Files Application For New Schedule 1 Bank

Subject to review and approval of the application by the Office of the Superintendent of Financial Institutions (Canada) and the Minister of Finance (Canada), the proposed new bank will be called "Exchange Bank of Canada" in English and "Banque de Change du Canada" in French and will have its head office in Toronto.

The objective of Exchange Bank of Canada is 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 affords the Company numerous advantages, among them it eventually expects to be able to bank with Central banks, including the Bank of Canada and the U.S. Federal Reserve Bank, thereby obtaining a source of stable, cost-effective funds, collateral reductions with corresponding banks, and enhancing existing banking relationships.

Retail Expansion

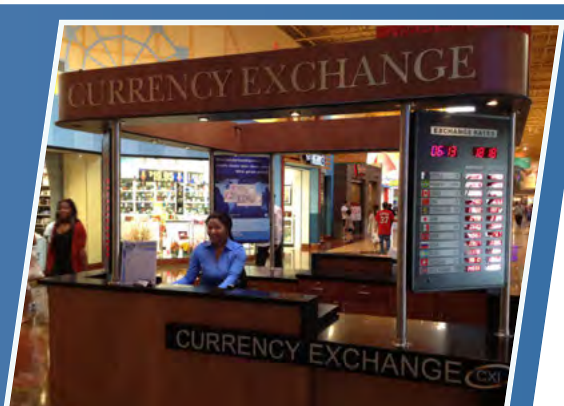


CXI Coast-to-Coast

At CXI, organic growth through opening new branches is nothing new. New locations in 2012 came in both familiar territory and new markets. While opening new locations can have considerable investments up-front, the company continues to prove the internal investment is well-spent, creating profitable, long-lasting branches, especially while it secures agreeable lease terms.

CXI Branch at Santa Monica Place - California

In South Florida, the company opened its second location in the Aventura Mall, following the same successful strategy as when it opened its second branch in the Sawgrass Mills Mall. On the west coast, Los Angeles has continued to appear on the company's radar as an under-served market ripe for a larger CXI presence. CXI opened a location at the Citadel Outlets, located off the busiest highway in the region. The mall has strong marketing ties to international travelers, even providing dedicated transportation for international tourists. Additionally, just west of Los Angeles is the popular beach destination for tourists, Santa Monica. This area has been a target of CXI for some time now. The company was able to sign an agreement with Santa Monica Place Mall in the second half of the year and the branch quickly became profitable.



CXI Branch at Arundel Mills - Maryland

Beyond the familiar, CXI through pro-active research and market testing identified the Seattle, Washington and Baltimore, Maryland areas as key strategic markets. Arundel Mills, near the Baltimore-Washington International Airport, bridges the markets of northern D.C. and Baltimore. The company's first venture on the west coast outside of California landed in Seattle's Westfield Southcenter. The mall, found just outside the Seattle-Tacoma International Airport, has great potential to capture a hefty market share in an ample market.

Wholesale Expansion

Throughout 2012, CXI focused on creating beneficial relationships by reaching agreements with numerous financial institutions in Canada and the United States. The company successfully added clients representing nearly 500 new locations throughout North America. These relationships have provided the company with increased exchange volumes and total profits, as well as an expanded end client base.

CXI's full suite of wholesale product offerings showed gains throughout 2012 and, through exhaustive research and effort, CXI has successfully secured additional vendors for its wholesale network. This results in CXI having the ability to provide a more expansive currency offering in wholesale service packages. CXI's expanded vendor relationships will allow the company to provide more extensive, better priced, fully compliant wire and draft services in 2013.

Foreign Currency Banknotes

Most popular service outsourced to CXI

Customizable setups available including Non-Inventory (hub or decentralized) and On Consignment

International Wires

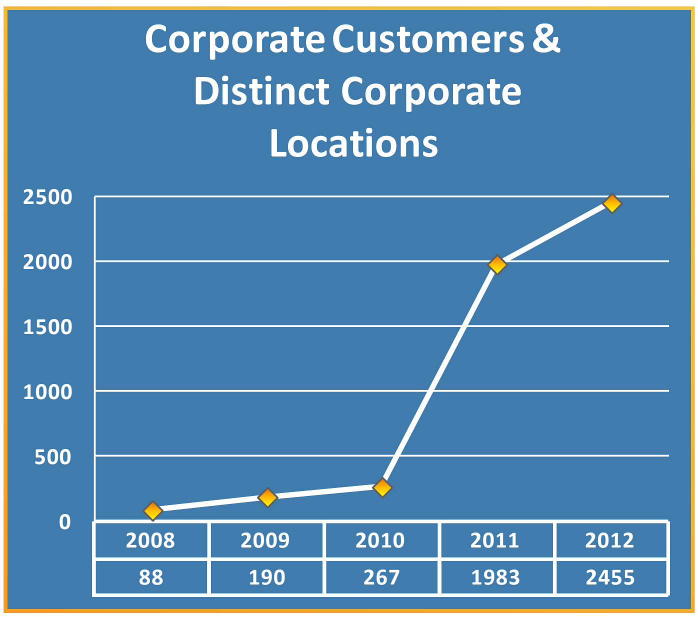
Quickest way to send international payments around the world

Comprehensive list of foreign currencies to select from at the best available rate

Foreign Check Clearing

Wide-range of foreign currencies that can be cleared

Either clear on Cash Letter or Collection basis



Canadian Expansion

CXI Canada successfully opened its Toronto-based operations center in November 2011. The experience of the company's management team in the Canadian market has helped ease any growing pains that typically are associated with opening a vault across the U.S. - Canadian border. The opening of the operations center in Toronto has been pivotal in winning new business and servicing the current business more efficiently for the company. As a result, the scale of currency processed by CXI Canada has risen at a steady rate. Assuming its parent company's Canadian business, CXI Canada now services more than 60 companies representing almost 300 distinct locations serviced. Financial institutions new to the company have found CXI to be the preferred foreign exchange provider in Canada and, in turn, have become great sources of future prospects as they refer more companies to CXI.

The CEIFX Software Advantage

Viewed as a leading application in foreign currency exchange, the CEIFX software continues to generate interest with new and potential customers, while garnering rave review from current users. The web-based software accommodates all product lines offered by CXI including banknotes, traveler's checks, foreign check clearing and drafts, and wire transfer payments. At its core, the system is driven by its Compliance Verification System (CVS). The CVS allows for live OFAC and compliance checks, easy to review matches, live-stop capabilities, and is compliant with all current U.S. and Canadian regulations. Even with such robust capabilities the system remains flexible for many setup types and deployment needs, while being easy to use.

CURRENCY EXCHANGE INTERNATIONAL, CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011

CURRENCY EXCHANGE INTERNATIONAL

Management's Discussion and Analysis
(All amounts expressed in U.S. dollars unless otherwise noted)
For the year ended September 30, 2012

Scope of Analysis

This Management Discussion and Analysis ("**MD&A**") covers the results of operations, financial condition and cash flows of Currency Exchange International, Corp. (the "**Company,**" "**Currency Exchange,**" or **"CXI"**) for the year ended September 30, 2012. This document is intended to assist the reader in better understanding operations and key financial results as they are, in our opinion, at the date of this report.

This MD&A has been prepared as at December 10, 2012 in accordance with National Instrument 51-102 – *Continuous Disclosure Obligations* adopted by the Canadian Securities Administrators. This information has been prepared by management of the Company in accordance with International Financial Reporting Standards ("**IFRS**") and should be read in conjunction with the audited consolidated financial statements of the Company for the years ended September 30, 2012 and 2011, 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. 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, Currency Exchange International Canada Corp.

The functional currency of Currency Exchange International Canada Corp. is the Canadian dollar and the functional currency of the parent is the U.S. 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.

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.

Forward Looking Statements

Certain information provided by CXI in this MD&A and in other documents publicly filed throughout the year that are not recitation of historical facts may constitute forward-looking statements. The words "may", "would", "could", "will", "likely", "estimate", "believe", "expect", "plan", "forecast" and similar expressions are intended to identify forward-looking statements. Readers are cautioned that such statements are only predictions and the actual events or results may differ materially. In evaluating such forward-looking statements, readers should specifically consider the various factors that could cause actual events or results to differ materially from those indicated by such forward-looking statements.

Such forward-looking information may involve important risks and uncertainties that could materially alter results in the future from those expressed or implied in any forward-looking statements made by, or on behalf of, CXI. Some of the factors and risks and uncertainties that cause results to differ from current expectations discussed in this MD&A include, but are not limited to, dependence upon growth in the market for the Company's products, delays in product launches, currency exposure, technology developments by Currency Exchange's competitors and changes in the competitive environment in which Currency Exchange operates.

The foregoing is not an exhaustive list of the factors that may affect CXI's forward -looking statements. These and other factors should be considered carefully and readers should not place undue reliance on CXI's forward-looking statements. CXI assumes no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those reflected in the forward-looking statements.

Management's Discussion and Analysis
(All amounts expressed in U.S. dollars unless otherwise noted)
For the year ended September 30, 2012

Overview

CXI is a publicly traded company (TSX:CXI.S;CXI.WT.S) specializing in providing retail and wholesale currency exchange and related products to banks, travel companies, and to retail clients through its company owned locations and retail affiliates, throughout the United States and Canada, by utilizing the Company's proprietary online software system, CEIFX (www.ceifx.com). 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 and maintenance of source code by the head office only. CEIFX is updated regularly and system development and enhancement is a core activity at the Company.

On November 23, 2012, CXI submitted its application to continue its wholly-owned subsidiary, Currency Exchange International of Canada Corp., as a new Canadian Schedule I bank. Subject to review and approval of the application by the Office of the Superintendent of Financial Institutions (Canada) and the Minister of Finance (Canada), the new bank will be called "Exchange Bank of Canada" in English and "Banque de Change du Canada" in French and will have its head office in Toronto.

The objective of the Exchange Bank of Canada is 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 affords the Company numerous advantages, including banking with Central Banks thereby obtaining a source of stable, cost-effective funds, collateral reductions with corresponding banks, and enhancing existing bank relationships.

The Company has the following sources of revenues which are segmented into commissions and fees:

- commission revenue comprising the spread between the cost of foreign currency and the proceeds received from the sale of such currencies. The amount of this spread is based on competitive conditions and the convenience and value added services offered, particularly through CEIFX.

- fee revenue comprising the following:

    - international exchange fees, including foreign currency (banknote) exchange, foreign traveller's cheques, foreign drafts, cheque collections and foreign wire transfers;

    - fees collected on payroll cheque cashing transactions.

The sources of revenue are complementary and inter-dependent and, therefore, it is not practical or useful to consider them separately, particularly given the early stage of the business of the Company. The following are some of the characteristics of the Company's revenue streams:

- the retail business has higher margins but the wholesale business has greater scale and can be expanded more quickly. The retail businesses involve greater care in selection of locations and require comparatively more management time;

- the retail locations generally act as a net buyer of foreign currency whereas the wholesale business acts as a net seller. Excess currency collected via retail customers can be redeployed to wholesale customers which eliminates the need to source currency through wholesale sources at a greater cost;

- exotic currencies have higher profit margins than other currencies. For instance, the Company experienced higher than normal volumes of exotic currencies from January 2011 until March of 2012. More recently however, volumes of these currencies have declined;

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

Overview (continued)

- affiliated retail locations in high traffic locations can be lucrative as there are no occupancy costs or payroll. Essentially, foreign exchange currency is placed with retail locations on a consignment basis; and
- the sale of telephone cards and attraction tickets through wholly owned and affiliate retail locations is complementary to currency exchange, but also generates high profit margins.

The Company's largest asset is cash. The cash position consists of local currency notes held in inventory at its retail and affiliate stores to facilitate the buying and selling of foreign currency, as well as highly liquid foreign currency held at the Company's vault, retail outlets, affiliate stores, or cash inventory in transit between the Company and its locations, available to trade on a retail or wholesale basis. The Company also has traditional bank deposits which act as reserves to maintain operations and to facilitate currency transactions at various financial institutions.

Accounts receivable consist primarily of bulk wholesale transactions where the Company is awaiting payment. Receivables are highly liquid and typically have a settlement time of two business days with most buyers being banks or other financial institutions.

Accounts payable consist mainly of wholesale currency transactions where the Company receives currency from a wholesale supplier and then remits payment at a later date.

Currency Exchange International is a reporting issuer in the provinces of British Columbia, Alberta and Ontario.

Initial Public Offering

On March 9, 2012, the Company completed its initial public offering ("**IPO,**" or "**Offering**") on the Toronto Stock Exchange ("**TSX**") by issuing 1,380,000 units at a price of Cdn$6.65 per unit for aggregate proceeds of Cdn$9,177,000. Each Unit is comprised of one common share in the capital stock of the Company ("**Common Share**") and one Common Share Purchase Warrant ("**Warrant**"). Funds received were used to finance foreign currency for wholesale and retail growth opportunities as well as debt reduction.

Fiscal 2012 performance highlights

	Year Ended September 30, 2012 (Audited) ($)	**Year Ended September 30, 2011 (Audited) ($)**
Revenue	12,314,473	8,683,705
Operating expenses	8,740,852	5,886,926
Net operating income	3,573,621	2,796,779
Net income and comprehensive income	2,717,652	1,489,686
Basic and diluted earnings per share	0.83	0.66
Total assets	18,225,628	9,914,292
Total long term financial liabilities	-	110,924
Total equity	16,226,974	6,159,338

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

Fiscal 2012 performance highlights (continued)

During 2012, the Company increased its revenues to $12,314,473 compared to $8,683,705 for the previous year. The company increased its operating expenses to $8,740,852 compared to $5,886,926. The Company increased its net operating income to $3,573,621 compared to $2,796,779. The Company's net income and comprehensive income increased to $2,717,652 ($0.83 basic and diluted earnings per share) from $1,489,686 ($0.66 basic and diluted earnings per share). As at September 30, 2012, the Company increased its asset size to $18,225,628 compared to $9,914,292 as at September 30, 2011. As at September 30, 2012, the Company decreased its long term financial liabilities to $Nil from $110,924 as at September 30, 2011. During the year ended September 30, 2012, the Company's shareholder's equity increased to $16,226,974 from $6,159,338 as at September 30, 2011.

Results of operations

During the year ended September 30, 2012, revenues increased to $12,314,473 compared to $8,683,705 for the year ended September 30, 2011. This was a result of the addition of 5 company owned retail stores and 30 inventory on consignment locations as well as expanding its wholesale operations by adding several customers in the United States and opening its vault in Toronto, Canada.

A breakdown of revenues by geographic location is presented below:

	Commissions from trading	**Fee income**	**Total revenues**
Year Ended September 30, 2011	$	$	**$**
United States	7,780,555	903,150	**8,683,705**
Canada	-	-	**-**
Total	**7,780,555**	**903,150**	**8,683,705**
Year Ended September 30, 2012			
United States	10,411,168	1,065,992	**11,477,160**
Canada	834,198	3,115	**837,313**
Total	**11,245,366**	**1,069,107**	**12,314,473**

During the year ended September 30, 2012, operating expenses increased to $8,740,852 compared to $5,886,926 for the year ended September 30, 2011, the main components of which were salaries and benefits, rent, legal and professional, insurance, postage and shipping, stock based compensation, travel and lodging, license and fees, amortization, software maintenance, foreign exchange gain, automotive and mileage, currency signage, utilities, office supplies and other expenses.

- Salaries and benefits increased to $4,060,630 from $2,892,787 which is attributed to staffing costs at the Company's new wholly owned retail outlets, salaries paid to new employees in Canada as well as additional staff added in the compliance, operations, sales, vaults and accounting departments;

- Rent increased to $1,116,003 from $821,407 due to the opening of new retail stores as well as securing leases for new facilities in Toronto, Canada;

Results of operations (continued)

- Legal and professional relating to regular operations decreased to $616,725 from $633,117;

- Insurance increased to $298,023 from $177,977 to acquire additional coverage for the Company's retail portfolio as well as increased currency inventory holdings at its vault location in addition and securing director and officer insurance;

- Postage and shipping increased to $878,711 from $462,621 which is correlated to growth in the Company's revenues and is due primarily to an increase in larger value, insured armored shipments;

- Stock based compensation increased to $64,409 from $2,000 as the Company granted 90,000 stock options on May 4, 2012. The options have an expiry date of 5 years from the date of the grant and can be exercised at a price of Cdn$7.50;

- Travel and lodging increased to $191,784 from $113,566 which is related to the Company's sales force maintaining and creating wholesale growth opportunities;

- License and fees increased to $256,579 from $151,004 and relate primarily to agreements to operate retail locations in certain facilities;

- Amortization increased to $248,707 from $152,481 which relate to completed software modules in CEIFX and fixed assets purchased in fiscal year 2011 being amortized for the year ended September 30, 2012;

- Software maintenance increased to $319,681 from $207,447 which was a result of non-capitalized expenditures to the Company's software, CEIFX, as well increased non-capitalized computer hardware and software purchases for the Company's new retail stores and Canadian operations;

- Foreign exchange gain decreased to $8,774 from $161,031. The $8,774 gain was comprised of a loss of $108,348 on the revaluation of a Cdn$2,000,000 loan from a shareholder of the Company and other foreign exchange gain of $117,122 on transactions throughout the year as well as the change in foreign financial asset and liability balances. The $108,348 loss relating to the revaluation of the Cdn$2,000,000 loan was partially offset by a gain of $92,343 on a forward currency contract to mitigate the exchange rate risk associated with the loan. The $161,031 gain for the year ended September 30, 2011 was comprised of a gain of $188,457 on the revaluation of a Cdn$2,000,000 loan from a shareholder of the Company and other foreign exchange loss of $27,426 on transactions throughout the year as well as the change in foreign financial asset and liability balances. The gain of $188,457 relating to the revaluation of the Cdn$2,000,000 loan was partially offset by a loss on a forward currency contract of $175,847 to mitigate exchange rate risk associated with the loan;

- Automotive and mileage increased to $106,793 from $78,080 which was a result of increased tolls, gasoline, mileage, rental, and parking costs and is related to additional staff and geographic expansion;

- Utilities increased to $101,754 from $84,408 as a result of adding new wholly owned company retail locations and a new vault facility in Toronto;

- Currency signage increased to $91,464 from $52,336 and relate directly to the growth of the Company's wholesale customer base. Signage includes LED black-lit displays, static and counter displays as well as electronic counterfeit detectors;

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

Results of operations (continued)

- Office supplies increased to $75,156 from $51,385 as a result of the addition of five company owned retail stores and non-capitalized expenditures related to the vault facility in Toronto; and

- Other expenses increased to $323,207 from $167,341 and are comprised of miscellaneous items including bank service charges, charitable donations, and dues and subscriptions.

The ratio of operating expenses to total revenue for the year ended September 30, 2012 was 71% (2011 - 68%). The company expects this ratio to increase in the next twelve months as the Company continues to aggressively expand its Canadian operations. After that time, additional revenue generated from the Canadian operation is expected to improve the ratio of operating expenses to total revenue.

Other income and expenses are comprised of the following:

	Year Ended September 30, 2012 (Audited) ($)	**Year Ended September 30, 2011 (Audited) ($)**
Interest income	1,908	546
Gain (loss) on forward contract	92,343	(175,847)
Fair value change in warrant liability	962,408	-
Accretion expense	(42,873)	(45,239)
Interest expense	(108,115)	(141,648)
Warrant issue costs	(124,171)	-
Expenses related to Exchange Bank of Canada	(114,673)	-
Costs related to initial public offering	(231,720)	-
(Loss) gain on disposal of equipment	(4,281)	1,000
Income tax expense	(1,286,795)	(945,905)

- Interest income increased to $1,908 from $546 and relates to surplus cash balances held at several financial institutions and such income was minimal as most cash was deployed in the business and prevailing interest rates were relatively low;

Results of operations (continued)

- Gain (loss) on forward contract increased to a gain $92,343 from a loss of $175,847. The gain of $92,343 relates to the revaluation of a forward contract to mitigate the exchange rate risk of Cdn$2,000,000 loan from a shareholder of the Company. The gain on forward contract was offset by a loss of $108,348 on the revaluation of the Cdn$2,000,000 loan. The loss on forward contract of $175,847 for the year ended September 30, 2011 relates to the revaluation of a forward contract to mitigate the exchange rate risk of a Cdn$2,000,000 loan from a shareholder of the Company. The loss on forward contract was offset by a gain of $188,457 on the revaluation of the Cdn$2,000,000 loan;

- Fair value change in warrant liability increased to a gain of $962,408 from $Nil and relate to a marked to market adjustment of the Company's issued and outstanding warrants, which were issued on March 9, 2012;

- Accretion expense decreased to $42,873 from $45,239 and relate to a Cdn$2,000,000 loan from a shareholder;

- Interest expense decreased to $108,115 from $141,648 as a result of the Company paying off all debt after the completion of the Company's offering;

- Warrant issue costs increased to $124,171 from $Nil and relate to the expense associated with issuing 1,380,000 common share purchase warrants;

- Expenses related to Exchange Bank of Canada increased to $114,673 from $Nil and relate to legal and administrative expenses to file and process the bank application;

- Costs related to initial public offering increased to $231,720 from $Nil and relate to one time legal and professional fees associated with the public offering;

- Loss on disposal of equipment resulted in a loss of $4,281 (2011 – gain of $1,000) and relate to a loss on the disposal of non-core equipment; and

- Income tax expense increased to $1,286,795 from $945,905 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 increase can be attributed to an increase in net operating income.

Cash flows

Cash used in operating activities during the year ended September 30, 2012 was $2,261,836 compared with $2,523,328 during the year ended September 30, 2011. The difference between the operating cash flow and net income for the year ended September 30, 2012 is mainly a result of a non cash gain on the fair value change in warrant liability. Operating cash flow was largely generated by commission and fee income, offset by operating expenses.

Cash used in investing activities during the year ended September 30, 2012 was $339,629 compared to $363,686 during the year ended September 30, 2011. Investments in property and equipment and intangible assets during the year ended September 30, 2012 and September 30, 2011 remained relatively consistent.

Cash flows (continued)

Cash provided from financing activities during the year ended September 30, 2012 was $6,053,584 compared to $3,219,814 in the prior year. During the year ended September 30, 2012, $9,240,936 was generated from a public offering for the issuance of 1,380,000 common shares. The Company incurred share and warrant issuance costs of $698,297. Subsequent to the completion of the public offering, CXI repaid all debt comprised of $222,141 in long-term debt, $2,099,904 (Cdn$2,000,000) in a short-term note payable, and net repayment of a loan to a significant shareholder of $167,010. In the prior year ended, CXI received $324,256 from the issuance of common shares and the exercise of stock options. The Company received additional proceeds of $1,000,150 by issuing a convertible debenture for $500,000 and receipt of $500,150 from a subscription receivable. Additionally, the Company borrowed $2,041,027 (Cdn$2,000,000) in a short-term note payable. The Company repaid long-term debt of $105,999 and made net repayments on a loan to a significant shareholder of $39,620.

Liquidity and capital resources

As at September 30, 2012 had working capital of $15,651,326 (September 30, 2011 - $5,861,804). Working capital consists of cash of $16,564,453 (September 30, 2011 - $8,588,662), accounts receivable of $603,602 (September 30, 2011 - $239,934), restricted cash held in escrow of $132,340 (September 30, 2011 - $99,518) and other current assets of $312,975 (September 30, 2011 - $480,025). This was offset by current liabilities of $1,962,044 (September 30, 2011 - $3,546,335).

The Company also maintains a Cdn$2,000,000 credit line with a shareholder of the Company and a $1,000,000 credit line with Branch Banking and Trust Company to assist its short-term cash flow needs.

Selected annual and quarterly information

The following tables set out selected consolidated financial information of Currency Exchange International for the periods indicated. Each investor should read the following information in conjunction with those financial statements and notes 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.

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

Selected annual and quarterly information (continued)

The following highlights of audited financial data of the Company for the most recently completed three financial years:

	Twelve months ended September 30, 2012	Twelve months ended September 30, 2011	Nine months ended September 30, 2010 (1)
Revenues	$ 12,314,473	$ 8,683,705	$ 3,407,289
Net operating income	$ 3,573,621	$ 2,796,779	$ 269,298
Net income and comprehensive income	$ 2,717,652	$ 1,489,686	$ 129,098
Basic and diluted earnings per share (2)	$ 0.83	$ 0.66	$ 0.07
Total assets	$ 18,225,628	$ 9,914,292	$ 5,007,511
Total liabilities	$ 1,998,654	$ 3,754,954	$ 1,664,119
Total non-current financial liabilities	$ 0	$ 110,924	$ 721,284
Working capital	$ 15,651,326	$ 5,861,804	$ 3,777,905

Notes:
1. The Company changes its year-end to September 30, and reported on the nine months ended September 30, 2010 as a transition year.
2. Adjusted for a 2:1 share split effective June 28, 2011.

The following is a summary of unaudited financial data for the most recently completed eight quarters:

Summary financial information for the most recently completed eight quarters					
Three months ended	**Total revenues**	**Net income**	**Total assets**	**Basic and diluted earnings per share**	**Long-term financial liabilities**
2012					
September 30, 2012	$3,369,548	$1,475,426	$18,225,628	$ 0.38	$ -
June 30, 2012	$3,152,246	$ 208,542	$17,275,581	$ 0.05	$ -
March 31, 2012	$3,076,693	$ 497,415	$16,829,379	$ 0.18	$ -
December 31, 2011	$2,715,986	$ 536,269	$10,391,386	$ 0.22	$ 82,572
2011					
September 30, 2011	$2,988,585	$ 483,399	$ 9,914,292	$ 0.20	$ 110,924
June 30, 2011	$2,521,236	$ 622,490	$ 8,301,486	$ 0.28	$ 137,831
March 31, 2011	$1,744,018	$ 263,303	$ 7,641,197	$ 0.12	$1,157,612
December 31, 2010	$1,429,866	$ 120,494	$ 7,343,821	$ 0.06	$1,194,127

During the eight quarters listed above, the Company generated revenue from commissions from trading and fee income. The sizeable increase in net income and basic and diluted earnings per share during the three months ended September 30, 2012 is primarily related to the non-cash revaluation of the Company's warrant liability.

Commitments and contingencies

The Company is party to a management contract with the President and CEO of the Company. The contract provides maximum commitments of $200,000 in salary for the 2013 fiscal year in addition to a maximum bonus of up to 62.5% of the annual base salary and additional contingencies of a minimum $321,000 to be made upon the occurrence of certain events such as a change of control or termination for reasons other than cause. As the likelihood of a change on control is not determinable, the contingent payments have not been reflected in the consolidated financial statements.

The Company has entered in to non-cancellable operating lease and license arrangements with terms in excess of one year for the use of certain facilities. The minimum rental payments associated with these leases are $2,037,392.

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 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. Furthermore, the Company does not extend margin or leverage to any of its customers.

The Company enters into foreign currency forward contracts on a daily basis to mitigate the risk of fluctuations in the exchange rates of its major currency holdings. The forward contracts are recognized at fair value and the gain or loss is recorded daily and is included in commissions 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 within a twenty-four hour period resulting in the collateral being liquidated. For the year ended September 30, 2012, the change in foreign currency value was a loss of $36,273 (2011 - loss - $44,615), the net change from foreign currency forward contracts related to foreign currency inventory holdings was a gain of $11,046 (2011 - loss - $19,322).

As at September 30, 2012 and September 30, 2011 approximately $132,340 and $99,518, respectively was being held as collateral on these contracts and is reflected as restricted cash in the consolidated statements of financial position.

As at September 30, 2012 and September 30, 2011, management has assessed that the fair value of the above foreign currency forward contracts was a nominal amount, given their short-term nature.

The Company also entered into a foreign currency contract for Cdn$2,000,000 during the year ended September 30, 2011, which matured on December 1, 2011, to mitigate the foreign currency exchange risk relating to the short-term note payable as described in Note 10 to the annual consolidated financial statements. The fair value of this forward contract resulted in a liability of $175,847 as at September 30, 2011. The foreign contract matured and the Company entered into another forward currency contract for Cdn$2,000,000 maturing on February 1, 2012. In February 2012, the Company extended the forward currency contract to March 1, 2012. The forward contract was cancelled in February 2012. For the year ended September 30, 2012, the Company realized a gain on forward contract of $92,343 (September 30, 2011 - loss of $175,847). During the year ended September 30, 2012 the gain on the forward contract was offset by a loss on the revaluation of the Cdn$2,000,000 loan of $108,348 (September 30, 2011 - gain $188,457).

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

Transactions with Related Parties

The remuneration of directors and other members of key management personnel during the years ended September 30, 2012 and 2011 was as follows:

	September 30, 2012 $	**September 30, 2011** $
Short-term benefits	604,073	428,607
Post-employment benefits	9,348	8,857
Stock based compensation	64,409	-

On October 1, 2011, the Company entered into an employment agreement with the President and CEO of the Company. Pursuant to this agreement, the Company is committed to pay an annual base salary of $160,500 per annum indefinitely until such time as the agreement is terminated. On September 25, 2012, the Compensation Committee of the Board of Directors agreed to increase the base salary to $200,000 per annum with a maximum cash bonus of up to 62.5% of the annual base salary as part of the Company's short term incentive plan ("STIP"). This contract contains clauses requiring additional payments of a minimum of $321,000 to be made upon the occurrence of certain events such as a change of control or termination for reasons other than cause.

On September 25, 2012, the Compensation Committee of the Board of Directors created STIP for key officers and executives of the Company. The maximum amount of STIP payable for the fiscal year effective October 1, 2012 will be $368,813 and will be paid upon the achievement of performance objectives. The Company incurred legal and professional fees in the aggregate of Cdn$77,505 ($78,792) (2011 - $65,631) charged by entities controlled by directors or officers during the year ended September 30, 2012. The Company also granted 90,000 stock options to officers and directors resulting in stock-based compensation in the amount of $64,409 for the year ended September 30, 2012 (2011 - $Nil).

During the year ended September 30, 2012, the Company repaid a significant shareholder $167,010 for a loan payable. The balance on the loan payable as at September 30, 2012 was $Nil (2011 - $167,010). During the year, the Company recognized interest expense of $7,076 (2011 - $10,516).

On March 9, 2012 the Company completed its public offering of 1,380,000 units. Officers and directors who participated in the offering combined to purchase a total 8,100 units.

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

Option Grant

The Company granted 90,000 stock options to key employees and directors on May 4, 2012, with each stock option exercisable into one common share of the Company at an exercise price of Cdn$7.50 per share and an expiry date of May 4, 2017. In accordance with the Company's incentive stock option plan, the options are subject to a vesting schedule as follows:

- 1/3 upon first anniversary of grant;
- 1/3 upon second anniversary of grant;
- 1/3 upon third anniversary of grant.

During the year ended September 30, 2012, the Company realized stock-based compensation in the amount of $64,409 which was determined based on the Black-Scholes option pricing model using the assumptions presented below:

Risk-free interest rate	0.78%
Expected volatility	45%
Expected dividend yield	Nil
Expected life (years)	5
Fair value of share at grant date	Cdn$7.30
Fair value of option at grant date	$2.84

Critical accounting estimates

The company's accounting policies are described in Note 2 to the annual consolidated financial statements for the year ended September 30, 2012. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions which affect the amounts reported in the financial statements and accompanying notes. The following is a list of the accounting policies that the company believes are critical, due to the degree of uncertainty regarding the estimates and assumptions involved and the magnitude of asset, liability, revenue or expense being reported.

Assets' carrying values and impairment charges
In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount and fair value less costs to sell in the case of assets and at objective evidence for significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period. The Company reviews property and equipment and intangible assets and assesses for impairment at the end of each reporting period or whenever events or changes in circumstances indicate the carrying value may not be recoverable.

Amortization expense
The Company's property and equipment and intangible assets are amortized over their estimated useful economic lives. Useful lives are based upon management's estimates of the length of time that the assets will generate revenue, which is reviewed at least annually for appropriateness. Changes to these estimates can result in variations in the amounts charged for amortization and in the assets' carrying amounts.

Income taxes and recoverability of potential deferred tax assets
In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

Share-based payments including broker options
Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates, future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions may materially affect the fair value estimates.

Changes in Accounting Policies

New accounting policies
IFRS 7 Financial instruments - Disclosures ("IFRS 7") was amended by the IASB in October 2010 and provides guidance on identifying transfers of financial assets and continuing involvement in transferred assets for disclosure purposes. The amendments introduce new disclosure requirements for transfers of financial assets including disclosures for financial assets that are not derecognized in their entirety, and for financial assets that are derecognized in their entirety but for which continuing involvement is retained. The amendments to IFRS 7 are effective for annual periods beginning on or after July 1, 2011. The Company has implemented this new standard and has determined that it did not have a significant impact on its consolidated financial statements

Future accounting pronouncements
Certain pronouncements were issued by the IASB or IFRIC. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following standards have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9 Financial Instruments ("IFRS 9") was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. This standard is required to be applied for accounting periods beginning on or after January 1, 2015, with earlier adoption permitted. The Company has not yet determined the impact of the amendments to IFRS 9 on its consolidated financial statements.

Future accounting pronouncements (continued)

IFRS 10 Consolidated Financial Statements ("IFRS 10") provides a single model to be applied in the control analysis for all investees, including entities that currently are special purpose entities in the scope of SIC 12 Consolidation – Special purpose entities. In addition, the consolidation procedures are carried forward substantially unmodified from IAS 27 Consolidated and Separate Financial Statements. The Company intends to adopt IFRS 10 in its consolidated financial statements for the annual period beginning October 1, 2013. The Company has not yet determined the impact of IFRS 10 on its consolidated financial statements.

IFRS 12 Disclosure of Involvement with Other Entities ("IFRS 12") was issued in May 2011. IFRS 12 requires a parent company to disclose information about significant judgments and assumptions it has made in determining whether it has control, joint control, or significant influence over another entity and the type of joint arrangement when the arrangement has been structured through a separate vehicle. An entity should also provide these disclosures when changes in facts and circumstances affect the entity's conclusion during the reporting period. This standard is effective for annual periods beginning on or after October 1, 2013, and early adoption is permitted. The Company has not yet determined the impact of IFRS 12 on its consolidated financial statements.

IFRS 13 Fair Value Measurement ("IFRS 13") converges IFRS and U.S. GAAP on how to measure fair value and the related fair value disclosures. The new standard creates a single source of guidance for fair value measurements, where fair value is required or permitted under IFRS, by not changing how fair value is used but how it is measured. The focus will be on an exit price. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company has not yet determined the impact of IFRS 13 on its consolidated financial statements.

IAS 1 Presentation of Financial Statements ("IAS 1") was amended by the IASB in June 2011 in order to align the presentation of items in other comprehensive income with U.S. GAAP standards. Items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012. The Company has not yet determined the impact of the amendments to IAS 1 on its consolidated financial statements.

IAS 32 Financial Instruments - Presentation ("IAS 32") was amended to clarify the criteria that should be considered in determining whether an entity has a legally enforceable right of set off in respect of its financial instruments. Amendments to IAS 32 are applicable to annual periods beginning on or after January 1, 2014 with retrospective application required. Earlier application is permitted. The Company is assessing the impact of IAS 32 on its consolidated financial statements.

Financial Instruments and Other Instruments

Financial assets
Financial assets within the scope of IAS 39 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or derivatives. The Company determines the classification of its financial assets at initial recognition.

Fair value through profit and loss
Financial assets at fair value through profit and loss are initially recognized at fair value with changes in fair value recorded through income. Cash includes local and foreign currencies held in tills, vaults, or in transit are included in this category of financial assets.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Financial assets including cash held by banks, accounts receivable, financial instruments included in other current assets and restricted cash held in escrow are all classified as loans and receivables.

Derivative financial instruments
Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each consolidated statement of financial position date. The resulting gain or loss is recognised in profit or loss immediately. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Financial liabilities
Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss or other financial liabilities. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value. The Company's financial liabilities include accounts payable, accrued expenses, shareholder loan payable, and notes payable are all classified as other financial liabilities. Forward contract liability and warrant liability are classified as fair value through profit or loss.

Other financial liabilities
Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition. Other financial liabilities are derecognized when the obligations are discharged, cancelled or expired.

Financial instruments recorded at fair value
Financial instruments recorded at fair value in the condensed interim statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of September 30, 2012 and September 30, 2011, cash including foreign currencies held in tills and vaults and warrant liability are classified as Level 1 financial instruments. Forward contract liability is classified as a Level 2 financial instrument.

Disclosure of outstanding share data

The Company is authorized to issue 100,000,000 common shares with a par value of $1.00 per common share, of which 3,872,068 Common Shares are issued and outstanding as fully paid as at date of this MD&A. Of the 3,872,068 issued and outstanding as at September 30, 2012, 1,033,282 are held in escrow. Of the 1,033,282 common shares held in escrow, 516,641 common shares are to realized twelve and eighteen months following the closing date of the public offering. The Company granted 90,000 stock options to key employees and directors, with each stock option exercisable into one common share of the Company at an exercise price of Cdn$7.50 per share and an expiry date of May 4, 2017. The Company has 1,380,000 warrants outstanding. Each warrant entitles its holder to purchase one common share at a price of Cdn$7.50 with an expiry date of September 8, 2013. In addition the Company issued broker compensation options entitling the agents to acquire a maximum of 82,800 units at a price $6.65 per unit until March 9, 2013. Each unit consists of one common share and one common share purchase warrant exercisable at a price of Cdn$7.50 until September 8, 2013.

Risk factors

The operations of the Corporation are speculative due to the high-risk nature of its business and present stage of development. These risk factors could materially affect the Corporation'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 Corporation. Although the following are major risk factors identified by management, they do not comprise a definitive list of all risk factors related to the Corporation, and other risks and uncertainties not presently known by management could impair the Corporation and its business in the future.

Limited operating history

The Corporation has only a limited operating history upon which an evaluation of the Corporation and its prospects can be based. Although the Corporation anticipates increases in revenues, it is also incurring substantial expenses in the establishment of its business. To the extent that such expenses do not result in appropriate revenue increases, the Corporation's long-term viability may be materially and adversely affected.

A significant portion of the Corporation's financial resources have been and will continue to be, directed to the development of its business and marketing activities. The success of the Corporation will ultimately depend on its ability to generate cash from its business. There is no assurance that the future expansion of the Corporation's business will be sufficient to raise the required funds to continue the development of its business and marketing activities.

Future capital needs and uncertainty of additional financing

The corporation may need to raise funds in order to support more rapid expansion, develop new or enhanced services and products, respond to competitive pressures, acquire complementary businesses or technologies or take advantage of unanticipated opportunities. The Corporation 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 Corporation, 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 Corporation 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 Corporation may be unable to develop or enhance its business, take advantage of future opportunity or respond to competitive pressures, any of which could have a material adverse effect on the Corporation's business, financial condition and operating results.

Competition

The Corporation 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, there exists little in the way of barriers to entry to this type of business. The Corporation therefore 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 Corporation 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 Corporation'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 Corporation will be able to compete successfully in these circumstances.

Management of Growth

The Corporation has recently experienced, and may continue to experience, rapid growth in the scope of its operations. This growth has resulted in increased responsibilities for the Corporation's existing personnel, the hiring of additional personnel and, in general, higher levels of operating expenses. In order to manage its current operations and any future growth effectively, the Corporation will need to continue to implement and improve its operational, financial and management information systems, as well as hire, manage and retain its employees and maintain its corporate culture including technical and customer service standards. There can be no assurance that the Corporation will be able to manage such growth effectively or that its management, personnel or systems will be adequate to support the Corporation's operations.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Corporation's credit risk is primarily attributable to cash and accounts receivable. The Corporation maintains its cash accounts in high quality financial institutions. At various times, the Corporation's cash in bank balances may exceed the federally insured limits.

The Corporation provides credit, in the normal course of business, to customers. The Corporation performs ongoing credit evaluations of its customers, generally does not require collateral and maintains allowances for potential credit losses, which when realized, have been within the range of management's expectations.

Foreign Currency Price Risk

The Corporation's foreign currency holdings may be volatile due to differences or changes in the political and financial environment of the corresponding issuing country. Management believes its exposure to foreign currency fluctuations is mitigated by the short-term nature and rapid turnover of foreign currency inventory, as well as their use of forward contracts to offset these fluctuations.

Product Development and Rapid Technological Change

The advent of the so called "cashless society" may erode the retail currency markets resulting in a significant adverse effect upon the Corporation'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 Corporation could be seriously affected by a competitor's ability to develop and market competing technologies.

Product Development and Rapid Technological Change (continued)

To remain competitive, the Corporation 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 Corporation's existing operations and proprietary technology and systems obsolete. The Corporation'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 and other proprietary technology entails significant technical, financial and business risks. There can be no assurance that the Corporation will successfully implement new technologies or adapt its website, proprietary technology and transaction-processing systems to customer requirements or emerging industry standards. If the Corporation 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 Corporation's business could be materially adversely affected.

Intellectual Property

Proprietary rights are important to the Corporation's success and its competitive position. Although the Corporation 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 designation of the Corporation's work. Any of these claims, with or without merit, could subject the Corporation to costly litigation and the diversion of the time and attention of its technical management personnel.

Government Regulation and Compliance

Any non-compliance with U.S. Treasury Department currency transaction reporting procedures could result in significant financial penalties and the possibility of criminal prosecution. While the Corporation is largely exempt from these procedures given that (i) transactions originating with hospitality sector clients are subject to certain floor limits that represent a small fraction of the reporting threshold limits, and (ii) transactions originating with banks are subject to the banks own internal compliance reporting procedures, effectively relieving the Corporation of this responsibility, the risk is nevertheless present.

Several countries prohibit non-banks from providing currency exchange transaction services. While the Corporation believes the possibility is remote, there does exist the risk that the United States government 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 Corporation, 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 Corporation'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 Corporation'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 Corporation'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 Corporation 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 Corporation continually reviews and seeks to upgrade its technical infrastructure and provides for certain system redundancies and backup power to limit the likelihood of systems overload or failure, any damage, failure or delay that causes interruptions in the Corporation's operations could have a material and adverse effect on the Corporation's business.

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

Theft & Risk of Physical Harm to Personnel

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

The Corporation 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. Of particular concern are circumstances where employees could collude with customers to engage in theft by evasion of internal and other controls and cause damage which may not be predictable or within the terms of existing insurance coverage. The Corporation's Audit Committee monitors internal controls and the CEIFX technology monitors and account for all fund balances in real time.

In addition, employees and agents of the Corporation are potentially subject to physical harm if subjected to a forcible robbery. The Corporation has an internal risk committee which manages 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 Corporation currently has a small senior management group, which is sufficient for the Corporation's present level of activity. The Corporation's future growth and its ability to develop depend, to a significant extent, on its ability to attract and retain highly qualified personnel. The Corporation relies on a limited number of key employees, consultants and members of senior management and there is no assurance that the Corporation 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 Corporation's business, financial condition and prospects.

The development of the Corporation 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 Corporation. There can be no assurance that the Corporation can retain its key personnel or that it can attract and train qualified personnel in the future. The Corporation currently has key person insurance on Mr. Pinna of $2.5 million.

Reliance on Key Personnel (continued)

To operate successfully and manage its potential future growth, the Corporation must attract and retain highly qualified managerial and financial personnel. The Corporation faces intense competition for qualified personnel in these areas, and there can be no certainty that the Corporation will be able to attract and retain qualified personnel. If the Corporation is unable to hire and retain additional qualified personnel in the future to develop its business, then its financial condition and operating results could be adversely affected.

Control of the Corporation

Randolph W. Pinna, the President, Chief Executive Officer and Chairman of the Corporation, is the principal shareholder of the Corporation and the promoter of the Corporation. Mr. Pinna beneficially owns 1,548,000 of the issued and outstanding Common Shares representing approximately 40% of the Common Shares. See "Directors and Officers" and "Promoters".

Dr. Sanford Pinna is one of seven directors of the Corporation and owns 3,000 Common Shares representing approximately 0.2% of the Common Shares issued and outstanding. Dr. Pinna is not an independent director as he is an immediate family member of Randolph W. Pinna.

By virtue of his status as the principal shareholder of the Corporation, by being a director and officer of the Corporation and having an immediate family member who is also a director and a shareholder, Randolph W. Pinna has the power to exercise significant influence over all matters requiring shareholder approval, including the election of directors, amendments to the Corporation's articles and by-laws, mergers, business combinations and the sale of substantially all of the Corporation's assets. As a result, the Corporation could be prevented from entering into transactions that could be beneficial to the Corporation 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.

All of the Common Shares issued to Randolph W. Pinna and Dr. Sanford Pinna were placed in escrow following completion of the Offering. As at the date of the MD&A 50% of such securities in escrow have been released.

Mr. Randolph Pinna's influence over the control of the corporation is, and on an ongoing basis will be, mitigated by the Corporation's appointment of a Lead Independent Director and the independent majority of its board and its committees. Additionally, should all of the outstanding warrants of the Corporation be exercised prior to the warrant expiry date, and assuming Mr. Pinna does not acquire any additional shares, his beneficial ownership of the issued and outstanding common shares will be reduced to approximately 28% of the common shares.

Global Economic and Financial Market Conditions

Recent market events and conditions, including disruption in the Canadian, U.S. and international credit markets and other financial systems and the deterioration of Canadian, U.S. and 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 Corporation's ability to fund its working capital and other capital requirements.

Global Economic and Financial Market Conditions (continued)

Notwithstanding various actions by U.S., Canadian and foreign governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions have caused the broader credit markets to deteriorate. In addition, general economic indicators have deteriorated, including declining consumer sentiment, increased unemployment and declining economic growth and uncertainty about corporate earnings. These disruptions in the current credit and financial markets have had a significant material adverse impact on a number of financial institutions and have limited access to capital and credit for many companies, such as the Corporation.

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

Market Price and Volatile Securities Markets

Worldwide securities markets have been experiencing a high level of price and volume volatility and market prices of securities of many companies have experienced unprecedented declines in prices which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Market forces may render it difficult or impossible for the Corporation 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 invested on dispositions of their Common Shares during periods of such market price decline.

International Issuer, Management and Directors

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

Liquidity risk

Liquidity risk is the risk that the Corporation will not have sufficient cash resources to meet its financial obligations as they come due. Management does not feel that there is a significant risk with respect to liquidity given the nature of operations.

Interest Risk

The Corporation has cash balances subject to interest risk fluctuations. A significant portion of the Corporation's cash is held in tangible foreign currencies and is not subject to interest risk. Should the Corporation assume any debt, it would also be subject to interest rate fluctuations as various lines of credits and loans are affected by the bank's prime rate. Management would monitor the status of its loans on a consistent basis and base financing decisions accordingly.

CURRENCY EXCHANGE INTERNATIONAL, CORP.

Consolidated Financial Statements
For the years ended September 30, 2012 and September 30, 2011
(Expressed in U.S. Dollars)

McGovern, Hurley, Cunningham, LLP
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Currency Exchange International, Corp.

We have audited the accompanying consolidated financial statements of Currency Exchange International, Corp. and its subsidiary, which comprise the consolidated statements of financial position as at September 30, 2012 and 2011, and the consolidated statements of income and comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Currency Exchange International, Corp. and its subsidiary as at September 30, 2012 and 2011, and their financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

McGOVERN, HURLEY, CUNNINGHAM, LLP

McGovern, Hurley, Cunningham, LLP

Chartered Accountants
Licensed Public Accountants

TORONTO, Canada
December 10, 2012

CURRENCY EXCHANGE INTERNATIONAL, CORP.

Consolidated Financial Statements
Years ended September 30, 2012 and 2011
(Expressed in U.S. Dollars)

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CURRENCY EXCHANGE INTERNATIONAL, CORP.
Consolidated Statements of Financial Position
(Expressed in U.S. Dollars)

ASSETS

	September 30, 2012	September 30, 2011
Current assets	$	$
Cash	16,564,453	8,588,662
Accounts receivable	603,602	239,934
Restricted cash held in escrow (Note 4)	132,340	99,518
Other current assets (Note 20)	312,975	480,025
Total current assets	17,613,370	9,408,139
Property and equipment (Note 6)	391,125	356,112
Intangible assets (Note 7)	185,929	134,301
Other assets	35,204	15,740
Total assets	18,225,628	9,914,292

LIABILITIES AND EQUITY

Current liabilities		
Accounts payable	682,572	775,372
Accrued expenses	690,212	288,970
Income taxes payable (Note 8)	146,438	134,316
Deferred rent	23,995	28,423
Warrant liability (Note 14)	418,827	-
Shareholder loan payable (Note 11)	-	167,010
Short-term note payable (Note 10)	-	1,865,180
Current portion of notes payable (Note 9)	-	111,217
Forward contract liability (Note 13)	-	175,847
Total current liabilities	1,962,044	3,546,335
Total long term liabilities		
Deferred tax liability (Note 8)	36,610	97,695
Notes payable, net of current portion (Note 9)	-	110,924
Total liabilities	1,998,654	3,754,954
Equity		
Share capital (Note 16)	3,872,068	2,492,068
Equity reserves (Note 16)	7,623,905	1,847,842
Stock options (Note 16)	64,409	-
Broker options (Note 16)	129,512	-
Retained earnings	4,537,080	1,819,428
Total equity	16,226,974	6,159,338
Total liabilities and equity	18,225,628	9,914,292

Commitments and contingencies (Notes 5, 19, 21)
Subsequent event (Note 21)

Approved on behalf of the Board of Directors:
(signed) *"Randolph Pinna"*, Director (signed) *"Chirag Bhavsar"*, Director

Refer to accompanying notes to the consolidated financial statements.

CURRENCY EXCHANGE INTERNATIONAL, CORP.
Consolidated Statements of Income and Comprehensive Income
(Expressed in U.S. Dollars)

	Year ended	
	September 30, 2012	September 30, 2011
	$	$
Revenues		
Commissions from trading (Note 3)	11,245,366	7,780,555
Fee income (Note 3)	1,069,107	903,150
Total revenues	12,314,473	8,683,705
Operating expenses (Note 18)	8,740,852	5,886,926
Net operating income	3,573,621	2,796,779
Other income (expense)		
Interest income	1,908	546
Gain (loss) on forward contract (Note 13)	92,343	(175,847)
Fair value change in warrant liability (Note 14)	962,408	-
Accretion expense (Note 10)	(42,873)	(45,239)
Interest expense	(108,115)	(141,648)
Warrant issue costs (Note 16)	(124,171)	-
Expenses related to Exchange Bank of Canada (Note 21)	(114,673)	-
Costs related to initial public offering (Note 16)	(231,720)	-
(Loss) gain on disposal of equipment	(4,281)	1,000
Total other income (expense)	430,826	(361,188)
Income before income taxes	4,004,447	2,435,591
Income tax (expense) (Note 8)	(1,286,795)	(945,905)
Net income and comprehensive income for the year	2,717,652	1,489,686
Earnings per share (Note 17)		
- basic	0.83	0.66
- diluted	0.83	0.66
Weighted average number of common shares outstanding (Note 17)		
- basic	3,268,789	2,260,090
- diluted	3,271,454	2,260,090

Refer to accompanying notes to the consolidated financial statements.

CURRENCY EXCHANGE INTERNATIONAL, CORP.
Consolidated Statements of Changes in Equity
(Expressed in U.S Dollars)

	Common Stock			Broker Options		Stock Options			
	Shares	Amount	Equity Reserves	Broker Options	Amount	Stock Options	Amount	Retained Earnings	Total
	#	$	$	#	$	#	$	$	$
Balance at September 30, 2010	2,117,900	1,058,950	1,954,700	-	-	709,900	-	329,742	3,343,392
Exercise of stock options (Note 16)	-	-	-	-	-	(4,000)	-	-	-
Expiry of stock options (Note 16)	-	-	-	-	-	(705,900)	-	-	-
Issuance of common shares for services (Note 16)	1,000	500	1,500	-	-	-	-	-	2,000
Issuance of common shares for cash (Note 16)	81,500	40,750	283,506	-	-	-	-	-	324,256
Conversion of common shares from debenture (Note 16)	291,668	145,834	854,170	-	-	-	-	-	1,000,004
Stock split (Note 16)	-	1,246,034	(1,246,034)	-	-	-	-	-	-
Net Income	-	-	-	-	-	-	-	1,489,686	1,489,686
Balance at September 30, 2011	2,492,068	2,492,068	1,847,842	-	-	-	-	1,819,428	6,159,338
Issuance of shares (Note 16)	1,380,000	1,380,000	6,479,701	-	-	-	-	-	7,859,701
Issuance of broker options (Note 16)	-	-	-	82,800	129,512	-	-	-	129,512
Issuance of stock options (Note 16)	-	-	-	-	-	90,000	64,409	-	64,409
Share issue costs (Note 16)	-	-	(703,638)	-	-	-	-	-	(703,638)
Net Income	-	-	-	-	-	-	-	2,717,652	2,717,652
Balance, September 30, 2012	3,872,068	3,872,068	7,623,905	82,800	129,512	90,000	64,409	4,537,080	16,226,974

Refer to accompanying notes to the consolidated financial statements.

CURRENCY EXCHANGE INTERNATIONAL, CORP.
Consolidated Statements of Cash Flows
(Expressed in U.S. Dollars)

	Year ended September 30, 2012	Year ended September 30, 2011
Cash flows from operating activities	$	$
Net income	2,717,652	1,489,686
Adjustments to reconcile net income to net cash flows from operating activities		
Amortization	248,707	152,481
Stock based compensation	64,409	2,000
Loss (gain) on disposal of equipment	4,281	(1,000)
Foreign exchange loss (gain) on short term note payable	108,347	(188,457)
Foreign exchange (gain) loss on forward contract	(92,343)	175,847
Accretion expense	42,873	45,239
Warrant issue cost	124,171	-
Non cash fair value change in warrant liability	(962,408)	-
Increase (decrease) in cash due to change in:		
Accounts receivable	(363,668)	579,034
Other assets	147,586	(333,192)
Restricted cash held in escrow	(32,822)	(61,111)
Accounts payable, accrued expenses, income taxes payable, deferred rent and deferred taxes	255,051	662,801
Net cash flows from operating activities	2,261,836	2,523,328
Cash flows from investing activities		
Purchase of property and equipment	(257,240)	(282,832)
Purchase of intangible assets	(82,389)	(81,854)
Proceeds from sale of equipment	-	1,000
Net cash flows from investing activities	(339,629)	(363,686)
Cash flows used in financing activities		
Proceeds from issuance of common shares and warrants	9,240,936	304,256
Exercise of stock options	-	20,000
Proceeds from issuance of convertible debenture	-	500,000
Decrease in subscriptions receivable	-	500,150
Share and warrant issue costs	(698,297)	-
(Repayment) of long-term debt	(222,141)	(105,999)
Borrowings on short-term note payable	-	2,041,027
(Repayment) on borrowings on short-term note payable	(2,099,904)	-
Borrowings on shareholder loan payable	304,997	192,771
(Repayment) on shareholder loan payable	(472,007)	(232,391)
Net cash flows from financing activities	6,053,584	3,219,814
Net change in cash	7,975,791	5,379,456
Cash, beginning of year	8,588,662	3,209,206
Cash, end of year	16,564,453	8,588,662
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for income taxes	1,211,223	697,261
Cash paid during the year for interest	108,115	80,954
Cash received during the year for interest	1,688	-
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES		
Broker options issued for services (Note 16)	129,512	-
Conversion of convertible debenture (Note 9)	-	1,000,004

Refer to accompanying notes to the consolidated financial statements.

1. Nature of Operations, Basis of Presentation

Currency Exchange International, Corp. (the "Company") was originally incorporated under the name Currency Exchange International, Inc. under the Florida Corporations Act on April 7, 1998. The Company changed its name to Currency Exchange International, Corp. on October 19, 2007 and commenced its current business operations at that time. The Company is a public corporation whose shares are listed and posted for trading on the Toronto Stock Exchange (TSX) under the symbol "CXI.S". The Company operates as a money service business and provides currency exchange, wire transfer, and cheque cashing services at its locations in Canada and the United States. The Company currently maintains a head office and four vaults as well as 23 branch locations. The Company's registered head office is located at 4901 Vineland Road, Suite 580, Orlando, Florida, 32811, United States of America. The majority of the Company's operations are currently in the United States.

Basis of presentation
The presentational currency of the Company's consolidated financial statements is the U.S. dollar. The consolidated financial statements of the Company were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies set out below in Note 2 have been applied consistently to all years presented in these financial statements. These consolidated financial statements have been prepared on a historical cost basis, with exception to certain financial instruments measured at fair value. In addition these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The policies applied in these consolidated financial statements are based on IFRS issued and outstanding as at September 30, 2012. The Board of Directors approved the consolidated financial statements on December 10, 2012.

Use of estimates
The preparation of consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

1. Nature of Operations, Basis of Presentation (continued)

Critical accounting estimates
Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- the recoverability of amounts receivable;
- management's amortization policy and impairment assessment for property and equipment and intangible assets;
- management's impairment assessments for other assets;
- estimates for provisions;
- valuation of share-based payments including broker options;
- valuation of warrant liability;
- valuation of short term note payable;
- valuation of forward contract assets and liabilities;
- management's position that there are no income tax considerations required within these financial statements, with exception to those discussed in Note 2 and Note 8.

Estimates and underlying assumptions are reviewed on an ongoing basis. Information about significant areas of estimation and critical judgments in applying accounting policies that have significant effects on the amounts recognized in the consolidated financial statements are included in the following notes:

Assets' carrying values and impairment charges
In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount and fair value less costs to sell in the case of assets and at objective evidence for significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period. The Company reviews property and equipment and intangible assets and assesses for impairment at the end of each reporting period or whenever events or changes in circumstances indicate the carrying value may not be recoverable.

Amortization expense
The Company's property and equipment and intangible assets are amortized over their estimated useful economic lives. Useful lives are based upon management's estimates of the length of time that the assets will generate revenue, which is reviewed at least annually for appropriateness. Changes to these estimates can result in variations in the amounts charged for amortization and in the assets' carrying amounts.

Income taxes and recoverability of potential deferred tax assets
In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

1. Nature of Operations, Basis of Presentation (continued)

Share-based payments including broker options
Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates, future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions may materially affect the fair value estimates.

Contingencies
Refer to Note 19.

Certain comparative amounts have been reclassified to conform to the current year's presentation.

2. Accounting Policies, New Accounting Policies and Future Accounting Pronouncements

Accounting policies

Principles of consolidation
The consolidated financial statements comprise the financial statements of the Company and its wholly-owned subsidiary, Currency Exchange International Canada Corp, a corporation incorporated under the Canada Business Corporations Act.

Subsidiaries are entities over which the Company has control, where control is defined as the power to govern financial and operating policies of an entity so as to obtain benefit from its activities. The Company has a shareholding of 100 percent of the voting rights in its subsidiary. The effects of potential voting rights that are currently exercisable are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date control is transferred to the Company, and are de-consolidated from the date control ceases. All material intercompany transactions are eliminated on consolidation.

Cash
Cash includes, but is not limited to:

- local and foreign currency notes;
- local and foreign monies held in tills and vaults;
- local and foreign monies in transit;
- local and foreign monies in branches or distribution centers; and
- bank accounts.

Foreign cash is recorded at market value based on foreign exchange rates as at September 30, 2012 and 2011, respectively.

Accounts receivable
Trade accounts receivable are stated net of an allowance for doubtful accounts. Management estimates the allowance based on an analysis of specific customers, taking into consideration the age of past due accounts and an assessment of the customer's ability to pay. The Company does not accrue interest on past due receivables. Management determined that allowance for doubtful accounts was $Nil and $Nil as of September 30, 2012 and 2011, respectively.

2. Accounting Policies, New Accounting Policies and Future Accounting Pronouncements (continued)

Revenue recognition
Commissions from trading is the difference between the cost and selling price of foreign currency products, including bank notes, wire transmissions, cheque collections and draft issuances (foreign currency margin) and the revaluation of open foreign exchange positions to market value, together with the net gain or loss from foreign currency forward contracts used to offset the changes in foreign exchange positions and commissions paid on the sale and purchase of currencies. These revenue streams are all reflected in commissions from trading and are recognized at the time each transaction takes place or at the end of each reporting period when revaluations of foreign exchange positions take place.

Fee income includes fees collected on cheque cashing, wire transfers, cheque collections, and currency exchange transactions. Fee income is recognized when the transaction is made on a trade date basis.

Foreign currencies
Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the consolidated statement of financial position date are translated at rates at that date. Exchange gains and losses, which arise from normal trading activities, are included in operating expenses in the consolidated statements of income and comprehensive income when incurred. The functional currency of Currency Exchange International Canada Corp., is the Canadian dollar and the functional currency of the parent is the U.S. dollar.

In situations where the functional currency is not the same as the presentation currency, foreign currency denominated assets and liabilities are translated to their U.S. dollar equivalents using foreign exchange rates in effect at the consolidated statement of financial position date. Revenues and expenses are translated at average rates of exchange during the year. Exchange gains or losses arising on foreign currency translation are included in other comprehensive income.

Foreign currency forward contracts
Foreign currency forward contracts are recognized on the Company's consolidated statement of financial position when the Company becomes a party to the contractual provisions of the instrument. The instrument is derecognized from the consolidated statement of financial position when the contractual rights or obligations arising from that instrument expire or are extinguished. Forward currency contracts are recognized at fair value. The gain or loss on fair value is recognized immediately in the consolidated statement of income and comprehensive income.

Income taxes
Current income tax assets and liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the consolidated statement of financial position date.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. Tax losses available to be carried forward as well as other income tax credits are assessed for recognition as deferred tax assets.

2. Accounting Policies, New Accounting Policies and Future Accounting Pronouncements (continued)

Deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted at the consolidated statement of financial position date. This provision is not discounted. Deferred tax liabilities are always provided for in full. Deferred tax assets are recognized to the extent that it is probable that they will be able to be offset against future taxable income.

Management bases its assessment of the probability of future taxable income on the Company's latest approved forecasts, which are adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The specific tax rules in the numerous jurisdictions in which the Company operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, that deferred tax asset is recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

Changes in deferred tax assets and liabilities are recognized as a component of tax expense in the consolidated statement of income and comprehensive income, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

Leases
The Company has entered into operating leases. Payments on operating lease agreements are recognized and expensed on a straight-line basis over the term of the lease. Associated costs, such as maintenance and insurance, are expensed as incurred.

Property and equipment
Property and equipment is initially recorded at its cost and amortized over its estimated useful life. Cost includes expenditures which are directly attributable to bringing the asset into working condition for its intended useful use. Amortization is calculated on a straight line basis, as follows:

Vehicles	3 years
Computer equipment	3 years
Furniture and equipment	3 years
Leasehold improvements	over the term of the lease

When parts of an asset have different useful lives, amortization is calculated on each separate part. In determining the useful lives of the component parts, the Company considers both parts' physical and technological life limitations. Estimates of remaining useful lives and residual values are reviewed annually. Changes in estimates are accounted for prospectively.

Provisions
Provisions are recognized when (a), the Company has a present obligation (legal or constructive) as a result of a past event, and (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of income and comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

2. Accounting Policies, New Accounting Policies and Future Accounting Pronouncements (continued)

Intangible assets
Intangible assets are comprised of internally developed software and various modules relating to this software. Costs related to the development of software prior to technological feasibility are expensed. Once the Company concludes that technological feasibility has been obtained and the Company intends to use the software, all subsequent development costs are capitalized and reported at cost less any accumulated amortization and any accumulated losses.

Amortization is calculated on a straight line basis over the estimated useful life of 5 years.

Impairment of assets
For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at a cash generating unit level.

An impairment loss is recognized for the amount by which the asset or cash generating unit's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value less costs to sell and value in use. In order to calculate fair value, the Company estimates the discounted present value of future cash flows, plus terminal value.

Impairment losses for cash generating units reduce first the carrying amount of any goodwill allocated to that cash generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit. Non-financial assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist.

The Company also assesses at each consolidated statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and defaults in payment are considered an indication that the receivable is impaired. The carrying amount of these assets is reduced and the amount of the provision is recognized in the consolidated statement of income and comprehensive income.

Management has assessed that as at September 30, 2012 and 2011, there were no asset impairments.

Share-based payments including broker options
The Company's share option plan allows employees and consultants to acquire shares of the Company. Equity settled share based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a graded vesting basis over the period during which the employee becomes unconditionally entitled to the equity instruments, based on the Company's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. For those options that expire after vesting, the recorded value is transferred to retained earnings.

2. Accounting Policies, New Accounting Policies and Future Accounting Pronouncements (continued)

Financial assets
Financial assets within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or derivatives. The Company determines the classification of its financial assets at initial recognition.

Fair value through profit and loss
Financial assets at fair value through profit and loss are initially recognized at fair value with changes in fair value recorded through income. Cash includes local and foreign currencies held in tills, vaults, or in transit are included in this category of financial assets.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Financial assets including cash held by banks, accounts receivable, financial instruments included in other current assets and restricted cash held in escrow are all classified as loans and receivables.

Derivative financial instruments
Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each consolidated statement of financial position date. The resulting gain or loss is recognised in profit or loss immediately. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Financial liabilities
Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss or other financial liabilities. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value. The Company's financial liabilities include accounts payable, accrued expenses, shareholder loan payable, and notes payable which are all classified as other financial liabilities. Forward contract liability and warrant liability are classified as fair value through profit or loss.

Other financial liabilities
Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition. Other financial liabilities are derecognized when the obligations are discharged, cancelled or expired.

2. Accounting Policies, New Accounting Policies and Future Accounting Pronouncements (continued)

Financial instruments recorded at fair value
Financial instruments recorded at fair value in the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of September 30, 2012 and September 30, 2011, cash including foreign currencies held in tills and vaults and warrant liability are classified as Level 1 financial instruments. Forward contract liability is classified as a Level 2 financial instrument.

Earnings per share
The Company presents basic and diluted earnings per share data for its common shares, calculated by dividing the earnings attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the earnings attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive warrants and options outstanding that may add to the total number of common shares.

New accounting policies
IFRS 7 *Financial instruments - Disclosures* (“IFRS 7”) was amended by the IASB in October 2010 and provides guidance on identifying transfers of financial assets and continuing involvement in transferred assets for disclosure purposes. The amendments introduce new disclosure requirements for transfers of financial assets including disclosures for financial assets that are not derecognized in their entirety, and for financial assets that are derecognized in their entirety but for which continuing involvement is retained. The amendments to IFRS 7 are effective for annual periods beginning on or after July 1, 2011. The Company has implemented this new standard and has determined that it did not have a significant impact on its consolidated financial statements

Future accounting pronouncements
Certain pronouncements were issued by the IASB or IFRIC. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following standards have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9 *Financial Instruments* (“IFRS 9”) was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. This standard is required to be applied for accounting periods beginning on or after January 1, 2015, with earlier adoption permitted. The Company has not yet determined the impact of the amendments to IFRS 9 on its consolidated financial statements.

2. Accounting Policies, New Accounting Policies and Future Accounting Pronouncements (continued)

IFRS 10 *Consolidated Financial Statements* ("IFRS 10") provides a single model to be applied in the control analysis for all investees, including entities that currently are special purpose entities in the scope of SIC 12 *Consolidation – Special purpose entities*. In addition, the consolidation procedures are carried forward substantially unmodified from IAS 27 *Consolidated and Separate Financial Statements.* The Company intends to adopt IFRS 10 in its consolidated financial statements for the annual period beginning October 1, 2013. The Company has not yet determined the impact of IFRS 10 on its consolidated financial statements.

IFRS 12 *Disclosure of Involvement with Other Entities* ("IFRS 12") was issued in May 2011. IFRS 12 requires a parent company to disclose information about significant judgments and assumptions it has made in determining whether it has control, joint control, or significant influence over another entity and the type of joint arrangement when the arrangement has been structured through a separate vehicle. An entity should also provide these disclosures when changes in facts and circumstances affect the entity's conclusion during the reporting period. This standard is effective for annual periods beginning on or after October 1, 2013, and early adoption is permitted. The Company has not yet determined the impact of IFRS 12 on its consolidated financial statements.

IFRS 13 *Fair Value Measurement* ("IFRS 13") converges IFRS and U.S. GAAP on how to measure fair value and the related fair value disclosures. The new standard creates a single source of guidance for fair value measurements, where fair value is required or permitted under IFRS, by not changing how fair value is used but how it is measured. The focus will be on an exit price. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company has not yet determined the impact of IFRS 13 on its consolidated financial statements.

IAS 1 *Presentation of Financial Statements* ("IAS 1") was amended by the IASB in June 2011 in order to align the presentation of items in other comprehensive income with U.S. GAAP standards. Items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012. The Company has not yet determined the impact of the amendments to IAS 1 on its consolidated financial statements.

IAS 32 Financial Instruments - Presentation ("IAS 32") was amended to clarify the criteria that should be considered in determining whether an entity has a legally enforceable right of set off in respect of its financial instruments. Amendments to IAS 32 are applicable to annual periods beginning on or after January 1, 2014 with retrospective application required. Earlier application is permitted. The Company is assessing the impact of IAS 32 on its consolidated financial statements.

Years ended September 30, 2012 and 2011 (Expressed in U.S. dollars)

3. Operating Segments

The Company operates in the United States and Canada. The Company's revenue from external customer and information about its assets by geographical location are detailed below:

	Commissions from trading	Fee income	Total revenues
Year Ended September 30, 2011	$	$	$
United States	7,780,555	903,150	8,683,705
Canada	-	-	-
	7,780,555	903,150	8,683,705
Year Ended September 30, 2012			
United States	10,411,168	1,065,992	11,477,160
Canada	834,198	3,115	837,313
	11,245,366	1,069,107	12,314,473

	September 30, 2012			September 30, 2011		
	United States	Canada	Total	United States	Canada	Total
	$	$	$	$	$	$
Cash	10,018,626	6,545,827	16,564,453	8,588,662	-	8,588,662
Accounts receivable	389,754	213,848	603,602	239,934	-	239,934
Restricted cash held in escrow	132,340	-	132,340	99,518	-	99,518
Other current assets	304,019	8,956	312,975	480,025	-	480,025
Property and equipment	301,405	89,720	391,125	356,112	-	356,112
Intangible assets	185,929	-	185,929	134,301	-	134,301
Other assets	28,819	6,385	35,204	15,740	-	15,740
Total assets	11,360,892	6,864,736	18,225,628	9,914,292	-	9,914,292

Years ended September 30, 2012 and 2011 (Expressed in U.S. dollars)

4. Restricted Cash Held in Escrow

Certain of the Company's secured transactions and derivative contracts require the Company to post cash collateral or maintain minimum cash balances in escrow. The foreign currency forward contracts can be closed within a twenty-four hour period resulting in the collateral being liquidated.

The Company had the following cash collateral amounts as at September 30, 2012 and September 30, 2011:

	September 30, 2012	**September 30, 2011**
Restricted Cash	$	$
Collateral related to foreign currency forward contracts (Note 13)	132,340	99,518
Total Restricted Cash	132,340	99,518

5. Operating Leases

The Company has entered into non-cancellable operating lease and license agreements with terms in excess of one year for the use of certain facilities. The rent expense associated with these leases for the year ended September 30, 2012 were approximately $1,116,003 (2011 - $821,407). The licensing fees associated with these agreements for the year ended September 30, 2012 was approximately $218,774 (2011 - $130,109).

The following is a schedule of future minimum rental payments and license fees required under these agreements as of September 30, 2012:

Lease commitments remaining for the years ending September 30		
Less than one year	$	937,765
One to five years		1,099,627
	$	2,037,392

The Company is also responsible for its proportionate share of operating costs.

Years ended September 30, 2012 and 2011 (Expressed in U.S. dollars)

6. Property and Equipment

Property and equipment consisted of the following as of September 30, 2012 and September 30, 2011:

Cost	Vehicles $	Computer equipment $	Furniture and equipment $	Leasehold improvements $	Total $
Balance, September 30, 2010	52,547	72,031	87,563	225,218	437,359
Additions	16,520	16,031	13,364	236,917	282,832
Disposals	(17,500)	-	-	-	(17,500)
Balance, September 30, 2011	51,567	88,062	100,927	462,135	702,691
Additions	14,806	44,183	70,899	127,352	257,240
Disposals	-	(7,761)	-	-	(7,761)
Balance, September 30, 2012	66,373	124,484	171,826	589,487	952,170

Amortization	Vehicles $	Computer equipment $	Furniture and equipment $	Leasehold improvements $	Total $
Balance, September 30, 2010	35,505	44,096	46,750	97,590	223,941
Amortization	12,141	20,527	20,003	87,467	140,138
Disposals	(17,500)	-	-	-	(17,500)
Balance, September 30, 2011	30,146	64,623	66,753	185,057	346,579
Amortization	12,100	25,501	29,995	150,350	217,946
Disposals	-	(3,480)	-	-	(3,480)
Balance, September 30, 2012	42,246	86,644	96,748	335,407	561,045

Carrying amounts	Vehicles $	Computer equipment $	Furniture and equipment $	Leasehold improvements $	Total $
At September 30, 2011	21,421	23,439	34,174	277,078	356,112
At September 30, 2012	24,127	37,840	75,078	254,080	391,125

Years ended September 30, 2012 and 2011 (Expressed in U.S. dollars)

7. Intangible Assets

Intangible assets are comprised of the Company's internally developed software and its related modules. Amortization is computed on an individual product basis over the estimated economic life of the product using the straight-line method. The balance of intangible assets as of September 30, 2012 and September 30, 2011 consisted of:

	Cost	Amortization	Net Book Value
	$	$	$
Balance, September 30, 2010	67,347	2,557	64,790
Additions	81,854	12,343	69,511
Balance, September 30, 2011	149,201	14,900	134,301
Additions	82,389	30,761	51,628
Balance, September 30, 2012	231,590	45,661	185,929

8. Income Taxes

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities as at September 30, 2012 and 2011 consist of the following:

	September 30, 2012	September 30, 2011
Deferred tax assets	$	$
Accrued expenses	49,377	40,176
Stock based compensation	24,875	-
Listing expenses	89,490	-
Allowance for doubtful accounts	686	686
Total deferred tax assets	164,428	40,862
Deferred tax liabilities		
Intangible assets	71,806	51,867
Property and equipment	70,989	86,690
Currency translation	58,243	-
Total deferred tax liabilities	201,038	138,557
Net deferred tax liabilities	36,610	97,695

Reconciliation of the provision for income taxes to the amount calculated using the Company's statutory tax rate for the years ended September 30, 2012 and September 30, 2011 are as follows:

	September 30, 2012		September 30, 2011	
Income before taxes	$	4,004,447	$	2,435,591
Statutory tax rate		39%		34%
Tax expense at statutory rate	$	1,561,734	$	828,100
(Deductible) non-deductible and other amounts	$	(274,939)	$	117,805
Income tax expense	$	1,286,795	$	945,905

Years ended September 30, 2012 and 2011 (Expressed in U.S. dollars)

8. Income Taxes (Continued)

The provisions for income taxes for the years ended September 30, 2012 and September 30, 2011 consists of the following:

	September 30, 2012	September 30, 2011
Current income tax expense	$	$
Federal	1,102,708	700,210
State and provincial	245,172	166,000
Total current income tax expense	1,347,880	866,210
U.S deferred tax (benefit) expense	(61,085)	79,695
Income tax expense	1,286,795	945,905

Examinations that may be conducted by U.S. and Canadian federal, state, and provincial jurisdictions are governed by the statutes of limitations that are currently in force.

9. Note Payable and Debentures

Note payable is comprised of the following:

	September 30, 2012	September 30, 2011
	$	$
Note payable	-	222,141
Less current portion	-	(111,217)
Long-term portion	-	110,924

On April 17, 2009, the Company entered into a loan agreement with RBC Bank (USA). The Company borrowed $100,000 and was to repay the loan in 23 principal payments of approximately $4,000 and one final principal repayment. The Company was obligated to repay all of the accrued unpaid principal payment, accruing at the greater of the prime rate plus 1% and 4%, to a maximum of 18%.

On June 16, 2010, the Company amended this loan, increasing the face amount to $354,167. The amended note payable was due in monthly installments of $9,838 including interest at the greater of the prime rate plus 1% and 4%, with the final payment due on June 16, 2013. The note payable was subject to an increase in interest rates upon default and was secured by the Company's foreign cash accounts, chattel paper, accounts receivable, property and equipment and intangibles. The provisions of this loan require that the Company comply with certain covenants.

The note was repaid in full on March 9, 2012.

9. Note Payable and Debentures (continued)

The convertible debentures are comprised of two different debentures, which are as follows:

(i) In June 2009, the Company entered into a convertible debenture agreement with a shareholder of the Company for $500,004. The convertible debenture bore interest at 8% per annum, maturing on June 30, 2014. The debenture, which was unsecured, required quarterly interest payments with principal due at maturity. The holder of the debenture could call the principal amount together with all accrued interest by delivering to the Company a call notice after the first anniversary and setting a call date that is not less than 150 days or more than 180 days prior to the next anniversary date. In November 2010, the call date of not less than 150 days or more than 180 days prior to the next anniversary date was amended to 212 days and 243 days respectively. The debenture could be converted to 166,668 shares of common stock at a price of $3 a share. During the year ended September 30, 2012, the Company recognized $Nil in interest costs (September 30, 2011 - $34,000).

(ii) In October 2010, the Company entered into a convertible debenture agreement with the same individual described above for $500,000. The convertible debenture bore interest at 8% per annum, maturing on September 30, 2015. The debenture required quarterly interest payments with principal due at maturity. After the third anniversary of the date of issue, the holder of the debenture could call the capital amount together with all accrued interest by delivering to the Company a call notice and setting a call date that is not less than 120 days or more than 150 days prior to the next anniversary date. The debenture could be converted to 125,000 shares of common stock at a price of $4 a share. During the year ended September 30, 2012, the Company recognized $Nil in interest costs (September 30, 2011 - $27,660).

Management has assessed as at the date of issuance of the convertible debentures that the interest rate charged approximated market rate and as a result, a nominal amount was allocated to the equity component of the convertible debentures.

The convertible debentures were subordinate to the note from RBC Bank (USA). On June 23, 2011, the convertible debentures issued in June 2009 and October 2010, were converted into 166,668 and 125,000 shares of the Company, respectively.

10. Line of Credit and Short-Term Note Payable

On January 4, 2011, the Company entered into a line of credit for up to Cdn$5,000,000 ($5,083,000) with a shareholder of the Company. On December 14, 2011, the Company amended the terms of the line of credit to reduce the available credit from Cdn$5,000,000 ($5,083,000) to Cdn$2,000,000 ($2,033,200) upon completion of the public offering described in Note 16. The line of credit is subordinate to the credit line held with Branch Banking and Trust Company described below. Specific repayment terms and interest rates are negotiated when drawings are made.

During the year ended September 30, 2012, the Company borrowed $2,000,000 and realized interest and accretion expense of $88,364 and $42,873, respectively (2011 - interest of $38,153 and accretion of $45,239).

10. Line of Credit and Short-Term Note Payable (continued)

As at September 30, 2012, the outstanding balance on this line of credit was $Nil (September 30, 2011 - $1,865,180).

In May of 2012, the Company entered into a line of credit with Branch Banking and Trust Company for a principal amount of up to $1,000,000. The line of credit bears interest at the bank's prime rate and is secured against the Company's cash and non-cash assets. Any and all future debt is subordinate to the credit line. During the year ended September 30, 2012, the Company realized interest expense of $3,290 on borrowings related to the line of credit (2011 - interest of $Nil). As at September 30, 2012, the balance on the line of credit was $Nil (2011 - $Nil).

11. Shareholder Loan Payable

From time to time, a significant shareholder, who is also an officer and director of the Company, advances funds to the Company. As at September 30, 2012, the Company owed this individual $Nil (September 30, 2011 - $167,010). The balance of these advances bears interest at 5.5% per annum, is unsecured, and is due on demand. During the year ended September 30, 2012, the Company realized interest expenses of $7,076 (2011 - $10,516). The Company repaid the shareholder loan balance of $167,010 during the year ended September 30, 2012.

12. Risk Management

The Company manages its capital to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities.

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.

The Company considers its capital to be equity, which comprises share capital, equity reserves and retained earnings, which as at September 30, 2012, totaled $16,226,974 (September 30, 2011 - $6,159,338). The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on activities related to its daily operations. Selected information is provided to the Board of Directors of the Company. The Company's capital management objectives, policies and processes have remained unchanged during the year ended September 30, 2012 and year ended September 30, 2011.

The Company is subject to various capital requirements imposed by lenders. Refer to Notes 4 and 10 for additional details.

Credit risk:
Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and accounts receivable.

The Company maintains accounts in high quality financial institutions. At various times, the Company's bank balances may exceed the federally insured limits.

12. Risk Management (continued)

The Company provides credit, in the normal course of business, to customers. The Company performs ongoing credit evaluations of its customers, generally does not require collateral and maintains allowances for potential credit losses, which when realized, have been within the range of management's expectations.

Management determined that the allowance for doubtful accounts was $Nil as of September 30, 2012 and September 30, 2011.

Foreign currency price risk:
The Company's foreign currency holdings may be volatile due to differences or changes in the political and financial environment of the corresponding issuing country. 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 their use of forward contracts to offset these fluctuations.

Liquidity risk:
Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. Management does not feel that there is a significant risk with respect to liquidity given the nature of operations.

Interest risk:
The Company has cash balances and may have debt that are subject to interest rate fluctuations. A significant portion of the Company's cash is held in tangible foreign currencies and is not subject to interest risk. The Company's debt facilities are subject to interest rate fluctuations and its credit lines described in Note 10 are affected by the bank's prime rate. Management monitors the status of its loans on a consistent basis and will base financing decisions accordingly.

Sensitivity analysis:
Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible:

(i) Some cash may be subject to floating interest rates.

Sensitivity to a plus or minus one percentage point change in interest rates would have a nominal effect on the Company's net income and comprehensive income.

(ii) The Company holds significant balances in various foreign currencies. The Company mitigates this risk through the usage of foreign currency forward contracts. Refer to Note 13 for additional details. Because most significant positions are covered by these forward contracts, management does not anticipate a material impact with respect to the fluctuation of foreign currency exchange rates.

13. Foreign Currency Forward Contracts

The Company enters into foreign currency forward contracts on a daily basis to mitigate the risk of fluctuations in the exchange rates of its major currency holdings. The forward contracts are recognized at fair value and the gain or loss is recorded daily and is included in commissions 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 within a twenty-four hour period resulting in the collateral being liquidated. For the year ended September 30, 2012, the change in foreign currency value was a loss of $36,273 (2011 - loss - $44,615), the net change from foreign currency forward contracts related to foreign currency inventory holdings was a gain of $11,046 (2011 - loss - $19,322).

As at September 30, 2012 and September 30, 2011 approximately $132,340 and $99,518, respectively was being held as collateral on these contracts and is reflected as restricted cash in the consolidated statements of financial position. See Note 4.

As at September 30, 2012 and September 30, 2011, management has assessed that the fair value of the above foreign currency forward contracts was a nominal amount, given their short-term nature.

The Company also entered into a foreign currency contract for Cdn$2,000,000 ($1,925,113) during the year ended September 30, 2011, which matured on December 1, 2011, to mitigate the foreign currency exchange risk relating to the short-term note payable described in Note 10. The fair value of this forward contract resulted in a liability of $175,847 as at September 30, 2011. The foreign contract matured and the Company entered into another forward currency contract for Cdn$2,000,000 ($1,961,361) maturing on February 1, 2012. In February 2012, the Company extended the forward currency contract to March 1, 2012. The forward contract was cancelled in February 2012. For the year ended September 30, 2012, the Company realized a gain on forward contract of $92,343 (September 30, 2011 - loss of $175,847).

14. Warrant Liability

On March 9, 2012, the Company completed a public offering by issuing 1,380,000 units for gross proceeds of Cdn$9,177,000 (see Note 16). Each unit was comprised of one common share and one common share purchase warrant. The grant date fair value of $1,381,235 was allocated to the warrants based on the Black-Scholes option pricing model using the following inputs:

	March 9, 2012
Risk-free interest rate	0.20%
Expected volatility	59%
Expected dividend yield	Nil
Expected life (years)	1.5
Fair value of common share at grant date	CDN$5.66

Warrants issued by the Company to purchase common shares, for a fixed price stated in Canadian dollars, a currency other than the Company's functional currency of US dollars, and not offered pro rata to all existing shareholders of the same class at the time of issuance, are considered derivative financial liabilities under IFRS. Such warrants are required to be measured and recognized at fair value with changes subsequent to initial recognition included in the consolidated statement of income and comprehensive income. Subsequently the warrants became publically traded and the fair value of the warrants is based on the quoted market price of the warrants at each reporting date. The warrant liability is classified as Level 1 within the fair value hierarchy.

Years ended September 30, 2012 and 2011 (Expressed in U.S. dollars)

14. Warrant Liability (continued)

As at September 30, 2012, the Company adjusted the fair value of the warrant liability to $418,827 based on the quoted market price of the warrants of Cdn$0.30 ($0.30) on September 30, 2012. As a result, the Company realized a non-cash gain of $962,408 during the year ended September 30, 2012 (2011 - $Nil).

	Warrants	Remaining Expected Life	Weighted average exercise price	Value per warrant	Value
	#	(years)	Cdn$	$	$
Balance, September 30, 2010 and 2011	-	-	-	-	-
Issued March 9, 2012	1,380,000	1.5	7.50	1.00	1,381,235
Change in fair value (liability) and foreign exchange gain	-	-	-	(0.70)	(962,408)
Balance, September 30, 2012	1,380,000	0.94	7.50	0.30	418,827

15. Retirement Plan

The Company has a 401(k) retirement plan which covers substantially all employees in the United States who are twenty-one years of age and have achieved 1,000 hours of service with the Company in a period of twelve consecutive months. Participating employees may elect to defer a portion of their compensation on a before or after tax basis in accordance with Section 401(k) of the Internal Revenue Code. The Company makes matching dollar for dollar contributions of up to 4% of plan participant's gross wages. For the year ended September 30, 2012, the Company's matching contribution expense was $57,390 (2011 - $46,003).

16. Shareholders' Equity

Share Capital
The authorized share capital consists of 100,000,000 common shares. The common shares have a par value of $1.00.

In June 2011, the Company obtained approval to split its shares on a 2:1 basis. All references to common shares and per share amounts for all years presented have been retroactively restated to reflect the share split, with the exception of the dollar amounts of share capital and equity reserves. An adjustment to the share capital and equity reserve balances was made during the year ended September 30, 2011 to reflect the adjusted par value of the Company's common shares after the stock split.

During the year ended September 30, 2011, management issued 1,000 shares of the Company's common shares as a bonus to an employee. The shares were issued at their estimated fair value of $2.00 per share, based on the price of the most recently completed share issuance. Compensation expense related to these shares was $2,000.

During the year ended September 30, 2011, the Company issued 57,000 common shares at $3.50 per share for cash proceeds of $199,500 and another 24,500 common shares at $5.00 per share for cash proceeds of approximately $124,500, 4,000 of which resulted from the exercise of options.

Years ended September 30, 2012 and 2011 (Expressed in U.S. dollars)

16. Shareholders' Equity (continued)

On June 23, 2011, the convertible debentures described in Note 9 were converted which resulted in an additional 291,668 common shares being issued for gross proceeds of $1,000,004.

On March 9, 2012, the Company completed a public offering by issuing 1,380,000 units at a price of Cdn$6.65 per unit for gross proceeds of Cdn$9,177,000 ($9,240,936). Each unit was comprised of one common share and one common share purchase warrant. Each warrant entitles its holder to purchase one additional share at a price of Cdn$7.50 until September 8, 2013. An amount of $1,381,235 was allocated as a warrant liability on the date of issue as described in Note 14. In connection with the offering, officers and directors combined to purchase 8,100 common shares.

The Company issued broker compensation options entitling the agents to acquire a maximum of 82,800 units at Cdn$6.65 per unit until March 9, 2013. Each unit consists of one common share and one common share purchase warrant exercisable at a price of Cdn$7.50 until September 8, 2013. The grant date fair value of the broker options of $129,512 was determined based on the Black-Scholes option pricing model using the assumptions as presented below:

Risk-free interest rate	0.18%
Expected volatility	59%
Expected dividend yield	Nil
Expected life (years)	1
Fair value of unit at grant date	Cdn$6.65

	Broker Options #	**Remaining Expected Life (years)**	**Weighted Average Exercise Price Cdn$**	**Value $**
Balance, September 30, 2011	-	-	-	-
Issued, March 9, 2012	82,800	1.00	6.65	129,512
Balance, September 30, 2012	82,800	0.44	6.65	129,512

In connection with the offering, the Company also paid cash commission to the agents in the amount of $555,135, and incurred other professional fees and expenses of $272,674 for a total cost of $827,809 of which $703,638 was allocated to common shares and $124,171 related to warrants was expensed. Cash expenses related to the warrants equated to $104,744 and non-cash expenditures were $19,427. In addition, the Company incurred one-time legal and professional fees of $231,720 relating to the listing. Of the 3,872,068 common shares issued to date, 1,033,282 are held in escrow. Of the 1,033,282 common shares held in escrow, 516,641 common shares are to be realized twelve and eighteen months following the closing date of the public offering.

Years ended September 30, 2012 and 2011 (Expressed in U.S. dollars)

16. Shareholders' Equity (continued)

Stock options

In the nine month period ended September 30, 2010, the Company issued 709,900 stock options to various employees and consultants. The stock options vested on the date in which the board of directors passed a resolution to proceed with an initial public offering in any jurisdiction in North America and expired 45 days afterwards. The options were exercisable into one common share at $5 per share. In June 2011, 4,000 stock options were exercised for gross proceeds of $20,000 and 705,900 options expired unexercised.

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, management and consultants. 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.

On May 4, 2012, the Company granted 90,000 stock options to select employees and directors with an exercise price of Cdn$7.50 and an expiry date of May 4, 2017. During the year ended September 30, 2012, the Company realized stock based compensation in the amount of $64,409 which was determined based on the Black-Scholes option pricing model using the assumptions presented below:

Risk-free interest rate	0.78%
Expected volatility	45%
Expected dividend yield	Nil
Expected life (years)	5
Fair value of share at grant date	Cdn$7.30
Fair value of option at grant date	$2.84

The outstanding options as at September 30, 2012 and September 30, 2011 and the respective changes during the years then ended are summarized as follows:

	September 30, 2012		September 30, 2011	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
	#	$	#	$
Outstanding, beginning of year	-	-	709,900	5.00
Granted	90,000	Cdn$7.50	-	-
Exercised	-	-	(4,000)	5.00
Expired	-	-	(705,900)	5.00
Outstanding, end of year	90,000	Cdn$7.50	-	-

Years ended September 30, 2012 and 2011 (Expressed in U.S. dollars)

16. Shareholders' Equity (continued)

The following options are outstanding and exercisable at September 30, 2012:

Options Outstanding and Exercisable			
Exercise price	**Number outstanding**	**Weighted average remaining contractual life**	**Number exercisable**
Cdn$	#	(years)	#
7.5	90,000	4.59	-

17. Net Earnings Per Common Share

The calculation of earnings per share is presented below. Diluted earnings per share for the year ended September 30, 2012 did not include the effect of 1,380,000 warrants and 90,000 stock options as they were anti-dilutive. Diluted earnings per share for the year ended September 30, 2012 included the 82,800 broker options described in Note 16.

	September 30, 2012	September 30, 2011
Basic		
Net income	$ 2,717,652	$ 1,489,686
Weighted average number of shares outstanding	3,268,789	2,260,090
Basic earnings per share	$ 0.83	$ 0.66
Diluted		
Net income	$ 2,717,652	$ 1,489,686
Weighted average number of shares outstanding	3,271,454	2,260,090
Diluted earnings per share	$ 0.83	$ 0.66

Years ended September 30, 2012 and 2011 (Expressed in U.S. dollars)

18. Operating Expenses

	Year ended September 30, 2012	Year ended September 30, 2011
	$	$
Salaries and benefits	4,060,630	2,892,787
Rent (Note 5)	1,116,003	821,407
Legal and professional	616,725	633,117
Insurance	298,023	177,977
Postage and shipping	878,711	462,621
Stock based compensation (Note 16)	64,409	2,000
Travel and lodging	191,784	113,566
License and fees	256,579	151,004
Amortization	248,707	152,481
Software maintenance	319,681	207,447
Foreign exchange (gain)	(8,774)	(161,031)
Automotive and mileage	106,793	78,080
Currency signage	91,464	52,336
Utilities	101,754	84,408
Office supplies	75,156	51,385
Other expenses	323,207	167,341
Operating expenses	8,740,852	5,886,926

19. Compensation of Key Management Personnel and Related Party Transactions

In accordance with IAS 24 *Related Party Disclosures*, key management personnel are those persons having authority and responsibility for planning, directing and controlling activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. The remuneration of directors and other members of key management personnel during the years ended September 30, 2012 and 2011 was as follows:

	September 30, 2012	September 30, 2011
	$	$
Short-term benefits	604,073	428,607
Post-employment benefits	9,348	8,857
Stock based compensation	64,409	-

On October 1, 2011, the Company entered into an employment agreement with the President and CEO of the Company. Pursuant to this agreement, the Company is committed to pay an annual base salary of $160,500 per annum indefinitely until such time as the agreement is terminated. On September 25, 2012, the Compensation Committee of the Board of Directors agreed to increase the base salary to $200,000 per annum with a maximum cash bonus of up to 62.5% of the annual base salary as part of the Company's short term incentive plan ("STIP"). This contract contains clauses requiring additional payments of a minimum of $321,000 to be made upon the occurrence of certain events such as a change of control or termination for reasons other than cause.

Years ended September 30, 2012 and 2011 (Expressed in U.S. dollars)

19. Compensation of Key Management Personnel and Related Party Transactions (continued)

On September 25, 2012, the Compensation Committee of the Board of Directors created STIP for key officers and executives of the Company. The maximum amount of STIP payable for key officers and executives for the fiscal year effective October 1, 2012 will be $368,813 and will be paid upon the achievement of performance objectives.

The Company incurred legal and professional fees in the aggregate of Cdn$77,505 ($78,792) (2011 - $65,631) charged by entities controlled by directors or officers during the year ended September 30, 2012. The Company also granted 90,000 stock options to officers and directors resulting in stock-based compensation in the amount of $64,409 for the year ended September 30, 2012 (2011 - $Nil).

During the year ended September 30, 2012, the Company repaid a significant shareholder $167,010 for a loan described in Note 11. The balance on the loan payable as at September 30, 2012 was $Nil (2011 - $167,010). During the year, the Company recognized interest expense of $7,076 (2011 - $10,516).

On March 9, 2012 the Company completed its public offering described in Note 16. Officers and directors who participated in the offering combined to purchase a total 8,100 units.

20. Other Current Assets

	September 30, 2012	September 30, 2011
	$	$
Prepaid rent	107,752	85,096
Prepaid insurance	57,879	20,679
Forward escrow deposits	5,083	250,413
Due on debit and credit cards	89,111	70,455
Other assets	53,150	53,382
Total	312,975	480,025

21. Subsequent Events

On October 10, 2012, the Company entered in to a lease extension to retain retail space in South Florida terminating on October 31, 2013 for total rent expense of $51,360.

On October 18, 2012 the Company entered in to a lease extension to retain retail space in Southern California terminating on October 31, 2013 for minimum rental payments of $31,077.

On November 6, 2012, CXI entered in to a lease agreement to secure retail space in South Florida terminating October 31, 2013 for total rent expense of $19,875.

21. Subsequent Events (continued)

On November 23, 2012, CXI submitted its application to continue its wholly-owned subsidiary, Currency Exchange International of Canada Corp., as a new Canadian Schedule I bank. Subject to review and approval of the application by the Office of the Superintendent of Financial Institutions (Canada) and the Minister of Finance (Canada), the new bank will be called "Exchange Bank of Canada" in English and "Banque de Change du Canada" in French and will have its head office in Toronto. During the year ended September 30, 2012, the Company recognized legal and administrative expenses of $114,673 in relation to the application process (year ended September 30, 2011 - $Nil).

CURRENCY EXCHANGE INTERNATIONAL

Board of Directors

Randolph Pinna
CEO, President, and
Chairman of the Board

Mr. Pinna was appointed the CEO, President, and Chairman of the Board when the corporation began operating in October 2007. From 1987 to 2007, Mr. Pinna held the same positions at Foreign Currency Exchange Corp. and similar positions within Bank of Ireland Group's North American operations. Mr. Pinna was responsible for the growth of the company from a small one location operation in Tampa Bay, Florida, to being a multinational publicly traded company on the TSX with more than 30,000 customer and client locations.

Joe August
Independent Board Member

Chirag Bhavsar
Independent Board Member

Mark Mickleborough
Board Member

Dr. Sanford Pinna
Board Member

V. James Sardo
Independent Board Member

James White
Independent Board Member

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