CURRENCY EXCHANGE INTERNATIONAL, CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED JANUARY 31, 2014 AND THREE MONTHS ENDED DECEMBER 31, 2012

Scope of Analysis

This Management Discussion and Analysis ("**MD&A**") covers the results of operations, and financial condition of Currency Exchange International, Corp. and its subsidiaries (the "**Company,**" "**Currency Exchange,**" or **"CXI"**) for the three months ended January 31, 2014 and three months ended December 31, 2012, including the notes thereto. 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 by management as of March 10, 2014 in accordance with International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board **("IASB")** and interpretations of the International Financial Reporting Interpretations Committee **("IFRIC")** and should be read in conjunction with the condensed consolidated financial statements of the Company for the three months ended January 31, 2014 and the three months ended December 31, 2012, and the notes thereto. A detailed summary of the Company's significant accounting policies is included in Note 2 of the Company's audited consolidated financial statements for the thirteen-month period ended October 31, 2013. The functional currency of the Company and its U.S. subsidiary, Currency Exchange International America Corp., is the U.S. dollar. The functional currency of the Company's Canadian subsidiary, Currency Exchange International of Canada Corp., is the Canadian dollar. The Company's presentation currency is the U.S. dollar. Unless otherwise noted, all references to currency in this MD&A refer to U.S. dollars. The consolidated financial statements and the MD&A have been reviewed by the Company's Audit Committee and approved by its board of directors.

In this document, "our", "Company," and "CXI" refer to Currency Exchange International, Corp. collectively with its subsidiaries, Currency Exchange International of Canada Corp. and Currency Exchange International America Corp.

Additional Information

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

Forward Looking Statements

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

Forward-looking information	Assumptions	Risk factors
Status of CXI’s application to continue its subsidiary as a Canadian Schedule I bank, and the objectives for such bank	Regulatory and governmental approval for the establishment of the bank will be received on a timely basis upon terms favorable to CXI; the bank will be able to attract and retain clients	Approvals are made at the discretion of governmental bodies and may not be granted on terms favorable to CXI or at all; the bank has no history of operations
Expectations regarding CXI’s ratio of operating expenses to total revenues	The operations of CXI in the near term, and the costs associated therewith, will be consistent with management’s current expectations; foreign exchange rates and other applicable economic conditions are favorable to CXI; CXI will be able to successfully execute its expansion plans	The possibility that operations will not be consistent with recent history and management’s expectations; increases in transactional or other costs; fluctuations in foreign exchange markets; changes in economic conditions
Sensitivity analyses relating to foreign currencies and interest rates	All factors other than the variable in question remain unchanged; CXI’s entire unhedged balance of foreign currency holdings is affected uniformly by changes in exchange rates; CXI’s interest-bearing instruments and obligations were constant during the period	Exchange rate and interest rate fluctuations

Inherent in forward-looking information are risks, uncertainties and other factors beyond the Company’s ability to predict or control. Please also make reference to those risk factors referenced in the “Risks Factors” section in the Company’s MD&A for the thirteen-month period ended October 31, 2013. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking information in this MD&A, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking information contained in this MD&A.

Forward Looking Statements (continued)

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

Change in reporting period

Effective February 2013, Currency Exchange International, Corp. changed its fiscal year end to October 31, 2013 to conform with the same change in fiscal year end made by its wholly owned subsidiary corporation, Currency Exchange International of Canada Corp. ("CXIC") to comply with the reporting period for Canadian chartered banks as part of the ongoing process of CXIC applying for a bank license in Canada. As a result, the condensed interim consolidated financial statements and the MD&A are presented as the three months ended January 31, 2014 compared to the three months ended December 31, 2012.

Overview

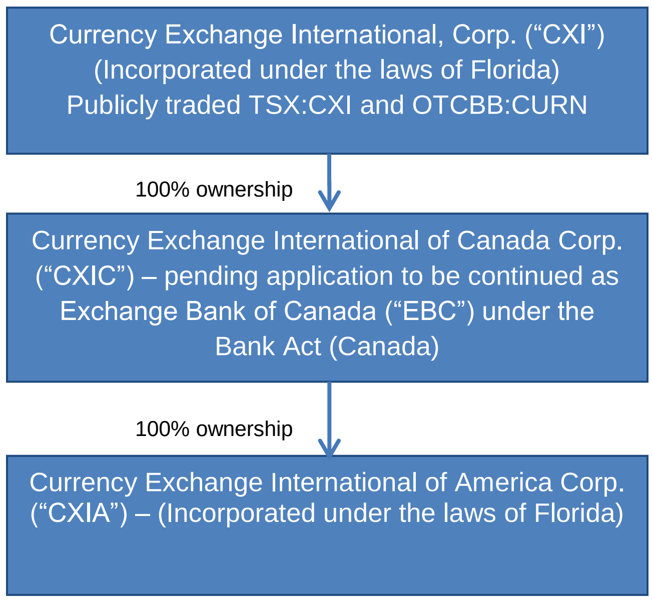
CXI is a publicly traded company (TSX:CXI,OTCBB:CURN) specializing in providing currency exchange and related products to banks, travel companies, and to clients through its company owned branches and inventory on consignment locations, throughout the United States and Canada, by utilizing the Company's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

On November 23, 2012, CXI submitted its application to continue its wholly-owned subsidiary, CXIC, as a new Canadian Schedule I bank. Subject to review and approval of the application by the Office of the Superintendent of Financial Institutions ("OSFI" - 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 the opportunity to bank with Central Banks, thereby obtaining a source of stable, cost-effective funds, collateral reductions with corresponding banks, and enhancing existing bank relationships.

Overview (continued)

CXIC wholly owns Currency Exchange International America Corp. ("**CXIA**"), a Florida corporation incorporated under the *Florida Business Corporation Act*. CXIA was formed pursuant to a request from OSFI to reorganize the corporate structure so as to transfer the operations and assets of the U.S. based business to an entity wholly owned by CXIC.



On October 31, 2013 the Company restructured its operations to add additional capital into CXIC as part of its bank application process.

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

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

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

- Fee revenue is comprised of the following:

    - International exchange fees generated at the Company's branch locations, including foreign currency (banknote) exchange, foreign traveller's cheques, and fees collected on payroll cheque cashing; and

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

Overview (continued)

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

- The Company operates 4 vaults located within the United States and Canada that serve as distribution centers for its branch network as well as order fulfillment centers for its clients including banking institutions, money service businesses, and other corporate clients. Revenues generated from vaults have greater scale as the Company maintains a sales force to increase its geographic customer base. Exchange rate margins vary from customer to customer and are dependent on criteria such as exchange volumes and customer setup. On-boarding of new clients, specifically banking clients, normally require an upfront investment, such as currency signage, as well as additional shipping costs to distribute the materials. The Company also normally absorbs information technology costs to customize the CEIFX software for specific client use during the customer implementation phase. There are two common customer setups:

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

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

- The Company operates 28 branch locations which are located in high-traffic areas, staffed by CXI employees, and located across the United States. These locations hold domestic and foreign currencies to buy and sell on demand. The currency exchange margins associated with these locations are generally higher in order to recapture costs of deployed capital in the form of domestic and foreign currencies, rent, payroll, and other general and administrative costs;

- CXI currently maintains inventory in the form of domestic and foreign bank notes in banks and other high traffic locations. These locations can be very profitable as there are no occupancy costs or payroll. Essentially, foreign exchange currency is placed in these locations on a consignment basis. As at January 31, 2014, the Company had inventory on consignment in 108 tills located across the United States. To encourage inventory turnover, the Company pays commissions as a percentage on volumes generated by these affiliates; and

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

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

Overview (continued)

The Company has aggressively grown its branch network as well as the number of wholesale relationships over the years. Below is a branch and customer matrix of the 28 branch locations:

Store	City	State	Start Date (Fiscal Year)	Store	City	State	Start Date (Fiscal Year)
Apple Bank - Avenue of Americas	New York	NY	FY 2011	Mechanics Bank - Berkeley	Berkeley	CA	FY 2007
Apple Bank - Grand Central Station	New York	NY	FY 2011	Mechanics Bank - San Francisco	San Francisco	CA	FY 2008
Apple Bank - Penn Station	New York	NY	FY 2013	Montgomery at Bethesda	Bethesda	MD	FY 2013
Arundel Mills Mall	Hanover	MD	FY 2012	Ontario Mills Mall	Ontario	CA	FY 2007
Aventura Mall Booth #1	Aventura	FL	FY 2008	Potomac Mills Mall	Woodbridge	VA	FY 2007
Aventura Mall Booth #2	Aventura	FL	FY 2012	San Francisco City Center	San Francisco	CA	FY 2011
Century City Mall	Los Angeles	CA	FY 2009	San Jose Great Mall	San Jose	CA	FY 2011
Copley Place Mall	Boston	MA	FY 2009	Santa Monica Place	Santa Monica	CA	FY 2012
Dadeland Mall	Miami	FL	FY 2009	Sawgrass Mills Mall Booth #1	Sunrise	CA	FY 2007
Dolphin Mall	Miami	FL	FY 2009	Sawgrass Mills Mall Booth #2	Sunrise	CA	FY 2010
Florida Mall Booth #1	Orlando	FL	FY 2007	Shops at Northbridge	Chicago	IL	FY 2013
Florida Mall Booth #2	Orlando	FL	FY 2014	SouthCenter	Tukwila	WA	FY 2012
MacArthur Mall	Norfolk	VA	FY 2009	The Galleria at Fort Lauderdale	Ft. Lauderdale	FL	FY 2013
Mainplace at Santa Ana	Santa Ana	CA	FY 2013	Tyson's Corner Center	Tyson's Corner	VA	FY 2014

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Company owned retail stores	9	14	15	18	23	26	28
Wholesale company relationships	26	61	70	123	245	364	372
Number of transacting locations	88	190	267	1983	2455	5,741	5,755

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

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

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

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

Overview (continued)

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 was comprised of one common share in the capital stock of the Company ("**Common Share**") and one Common Share Purchase Warrant ("**Warrant**") which was able to be exercised at a price of Cdn$7.50 per share until an expiration of September 8, 2013. In addition, the Company issued 82,800 broker compensation units which were comprised of one Common Share and one Warrant which were able to be exercised at $7.50 per share. During the thirteen-month period ended October 31, 2013, 82,680 broker units were exercised for proceeds of Cdn$549,822 ($548,264) and 1,435,725 warrants were exercised for proceeds of Cdn$10,767,938 ($10,384,109). Funds received were used to finance foreign currency inventories at vault locations, increase its branch and inventory on consignment network, and enhance its proprietary software, CEIFX, as well as for debt reduction.

SELECTED FINANANCIAL DATA

Period	Date	Revenue	Net operating income	Net income	Total Assets	Total equity	Earnings per share
(unaudited)		$	$	$	$	$	$
Three-months ending	31-Jan-14	4,127,007	882,995	451,156	32,844,972	29,835,415	0.08
Four-months ending	31-Oct-13	6,463,406	2,207,417	1,669,609	33,681,819	29,763,976	0.39
Three-months ending	30-Jun-13	3,799,683	1,094,456	1,466,835	19,997,719	17,607,201	0.38
Three-months ending	31-Mar-13	2,919,292	435,357	(575,087)	18,709,964	16,255,314	(0.15)
Three-months ending	31-Dec-12	2,808,053	308,233	80,338	19,929,308	16,734,553	0.02
Three-months ending	30-Sep-12	3,369,548	1,433,792	1,475,426	18,225,628	16,226,974	0.38
Three-months ending	30-Jun-12	3,152,246	676,915	208,542	17,275,581	14,711,060	0.05
Three-months ending	31-Mar-12	3,076,693	631,705	497,415	16,829,379	14,478,596	0.18

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

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

Selected Financial Results for the three months ended January 31, 2014 and the three months ended December 31, 2012

	Three months ended January 31, 2014 (Unaudited) $	**Three months ended December 31, 2012 (Unaudited) $**
Revenue	4,127,007	2,808,053
Operating expenses	3,244,012	2,499,820
Net Operating income	882,995	308,233
Total other income	(13,968)	(134,253)
Net income	451,156	80,338
Basic earnings per share	0.08	0.02
Diluted earnings per share	0.08	0.02
	January 31, 2014 (unaudited)	**October 31, 2013 (audited)**
Total assets	32,844,972	33,681,819
Total long term financial liabilities	-	-
Total equity	29,835,415	29,763,976

Results of operations – three months ended January 31, 2014

A breakdown of revenues by geographic location is presented below:

	Total revenues	
	Three months ended January 31, 2014 $	**Three months ended December 31, 2012 $**
United States	2,237,042	2,500,732
Canada	1,889,965	307,321
Total	4,127,007	2,808,053

During the three months ended January 31, 2014 revenues increased to $4,127,007 compared to $2,808,053 for the three months ending December 31, 2012. Revenue growth occurred from establishing four new Company owned branch locations as well as establishing 115 new wholesale relationships making up approximately 3,091 locations since December 31, 2012.

Additionally, there was a reoccurrence of higher than normal trading volumes of exotic currencies, such as the Iraqi Dinar and the Vietnamese Dong which are primarily speculative in nature. Due to their speculative nature, the Company charges a premium when buying and selling these currencies. The Company had previously seen increases of exotic volumes for the year ended September 30, 2011 and for the first half of year ended September 30, 2012; however, the volumes had begun to decline to normal levels beginning in the second half of the year ended September 30, 2012 and had reverted back to historical levels for the thirteen-months ended October 31, 2013.

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

Results of operations –three months ended January 31, 2014 (continued)

On October 31, 2013 the Company restructured its operations to add additional capital into CXIC as part of its bank application process. As a result, the cash and capital in the Canadian subsidiary increased substantially. Additionally, the Company realized revenues of $1,434,569 in Canada that would have previously been classified as being generated in the United States.

If the aforementioned revenues of $1,434,569 were to be subtracted from Canada and added back to the United States, commission revenue would increase to $3,671,611 from $2,500,732 for the three months ended December 31, 2012 and relate primarily to new revenue generated from the Company's branches from adding new locations and instituting an increased pricing strategy during peak periods on the weekends, establishing new relationships and adding bank and non-bank locations, and increases in volumes of exotic currencies. During the three months ended January 31, 2014, the Company increased its branch network in the United States to 28 Company owned locations compared to 24 Company owned locations for the three months ended December 31, 2012. The Company has also added several new wholesale relationship and locations since December 31, 2012.

After adjusting revenues downward by $1,434,569, revenues increased in Canada to $455,396 during the three months ended January 31, 2014 from $307,321 for the three months ended December 31, 2012 and are related to the growth of the Canadian operation. Currency Exchange International of Canada Corp. has added several new wholesale relationships and locations since December 31, 2012.

During the three months ended January 31, 2014, operating expenses increased to $3,244,012 compared to $2,499,820 for the three months ended December 31, 2012, the major components of which are presented below:

	Three months ended January 31, 2014 $	Three months ended December 31, 2012 $	Change $	Change %
Salaries and benefits	1,586,607	1,146,203	440,404	38%
Rent	445,199	375,524	69,675	19%
Legal, professional and director's fees	204,660	211,914	(7,254)	-3%
Postage and shipping	268,572	257,248	11,324	4%
Stock based compensation	176,636	45,847	130,789	285%
Amortization	87,785	68,610	19,175	28%
Other general and administrative	474,553	394,474	80,079	20%
Total operating expenses	3,244,012	2,499,820	744,192	30%

Results of operations –three months ended January 31, 2014 (continued)

- Salaries and benefits increased to $1,586,607 from $1,146,203 which is attributed to increases in a bonus accrual as part of the Company's short term incentive plan, changes in remuneration to key employees, increases in the number of Company owned branch outlets, increases in the number of full and part time employees in Currency Exchange International of Canada Corp., including a new Chief Financial Officer hired in May of 2013, as well as full and part time staff added in the areas of compliance, information technology, operations, sales, vaults and finance in the United States. The Company now employs a total of 163 full and part time employees in the United States and Canada compared to 141 employees for the three months ended December 31, 2012. Full-time employees are engaged in sales, management, administration, and branch tellers/managers. Part-time employees are primarily employed in branch locations and administrative positions.

- Rent increased to $445,199 from $375,524 due to the opening of new branch outlets. The Company has opened 4 outlets since December 31, 2012 as well as moved in to new facilities in Toronto, Canada;

- Legal, professional and directors fees decreased to $204,660 from $211,914;

- Postage and shipping increased to $268,572 from $257,248. The Company was able to keep its shipping costs stable even though the number of inbound and outbound shipments increased by approximately 85% by negotiating more favorable rates with its shipping couriers as well as developing other cost saving efficiencies;

- Stock based compensation increased to $176,636 from $45,847 for the vested portion of stock options granted pursuant to the Company's stock option plan. The options have an expiry date of 5 years from the date of the grant, unless otherwise stated by the Company's Board of Directors, and have a weighted average exercise price of Cdn$8.84. There were 378,060 options outstanding at January 31, 2014 compared to 206,000 shares at December 31, 2012;

- Amortization increased to $87,785 from $68,610 which relate to completed software modules in CEIFX and fixed assets being amortized over their respective lives. The increase was due to capitalized enhancements of CEIFX with build-outs for new stores and new head office in Toronto, Canada; and

- Other general and administrative increased to $474,553 from $394,474. Other expenses are comprised of insurance, travel and lodging, software maintenance, utilities, bank service charges, foreign exchange gains and losses through profit and loss, and other general and administrative expenses. The increase is a result of new, non-capitalized costs for opening a new head office in Toronto, Canada as well as expenditures to support the expansion of the Company's branch network.

The ratio of operating expenses to total revenue for the three months ended January 31, 2014 was 79% compared to 89% for the three months ending December 31, 2012. The ratio traditionally is higher during the winter months and decreases as the year progresses. This normally occurs because the Company is able to redeploy the currency it purchases in the summer months from its branch locations and resell it to other bank and non-bank customers, thus bypassing currency wholesalers and widening its gross margins. The Company expects this ratio to remain steady in the short term as the Company continues to incur costs while building infrastructure to expand its branch network and vault operations. In time, the Company can increase its operating efficiency by the addition of new bank and non-bank financial institutions in Canada and the United States to redeploy excess currency purchased by its branches, affiliate partners, and other clientele.

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

Other income and expenses are comprised of the following:

	Three months ended January 31, 2014 $	Three months ended December 31, 2012 $
Other income (expense)	19,377	1,913
Fair value change in warrant liability	-	2,871
Interest and accretion expense	(3,497)	(5,648)
Expenses related to Exchange Bank of Canada	(29,848)	(133,389)
Income Tax Expense	(417,871)	(93,642)
Total other income/(expense)	(431,839)	(227,895)

- Other income increased to $19,377 from $1,913 and relates to interest income for surplus cash deposits held at various financial institutions in Canada and the United States;

- Fair value change in warrant liability is $Nil during the three month period ended January 31, 2014 from a gain of $2,871 for the three months ended December 31, 2012 and relate to a marked to market adjustment of the Company's issued and outstanding warrants, of which 1,439,634 were outstanding on December 31, 2012. In September 2013 warrants that had not been exercised expired, and the liability was extinguished at that time;

- Interest and accretion expense decreased to $3,497 from $5,648 and relate primarily to interest payments on credit lines;

- Expenses related to Exchange Bank of Canada decreased to $29,848 from $133,389 and relate to legal and administrative expenses to file and process the bank license application; and

- Income tax expense increased to $417,871 from $93,642 and is a total of federal income tax as well as various state and provincial taxes for the jurisdictions in which the Company operates.

Cash flows

Cash flows from operating activities during the three month period ended January 31, 2014 resulted in an outflow of $1,549,106 from an outflow of $605,883 during the three months ended December 31, 2012. The reason for the decrease in operating cash was due primarily to an increase in accounts receivable at period end in addition to decreases in accounts payable. The actual amount of accounts receivables and accounts payable fluctuate widely from period to period due to the volume of activity and timing differences. In most instances accounts receivable and accounts payable have a settlement cycle of 24-48 hours. Operating cash flow is generated by commission and fee income, and is offset by operating expenses.

Cash used in investing activities during the three month period ended January 31, 2014 resulted in an outflow of $167,832 compared to an outflow of $132,605 during the three months ended December 31, 2012. The Company's primary investments consisted of leasehold improvements at branch locations and company offices as well as investments in the Company's proprietary software, CEIFX.

Cash used in financing activities during the three month period ended January 31, 2014 was $Nil compared to net cash of $1,662,515 generated during the three months ended December 31, 2012. During the three months ended December 31, 2012, Cdn$396,566 ($399,531) was generated from the exercise of 59,634 broker options at a price of Cdn$6.65 per option. In addition, the Company borrowed a total of $1,262,984 from its line of credit held with Branch Banking and Trust and from a shareholder of the Company. The amounts were subsequently repaid in January 2013.

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

Liquidity and capital resources

At January 31, 2014, the Company had working capital of $28,970,669 (October 31, 2013 - $28,935,018). Working capital consists of cash of $28,960,663 (October 31, 2013 - $31,130,866), accounts receivable of $2,181,167 (October 31, 2013 - $1,033,359), restricted cash held in escrow of $330,233 (October 31, 2013 - $200,707), and other current assets of $407,772 (October 31, 2013 - $439,795). This was offset by current liabilities of $2,909,166 (October 31, 2013 $3,869,709) which includes accounts payable of $2,261,953 (October 31, 2013 - $2,918,054), accrued expenses of $475,087 (October 31, 2013 - $801,166), and income taxes payable of $172,126 (October 31, 2013 - $150,489).

The Company also maintains a Cdn$2,000,000 credit line with a shareholder of the Company and a $2,000,000 credit line with Branch Banking and Trust Company, a large US bank based in Winston-Salem, N.C., to assist with its short-term cash flow needs.

Selected annual and quarterly information

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

	Thirteen months ended October 31, 2013 (1) $	**Twelve months ended September 30, 2012** $	**Twelve months ended September 30, 2011** $	**Nine months ended September 30, 2010 (2)** $
Revenues	15,990,434	12,314,473	8,683,705	3,407,289
Net operating income	4,045,463	3,573,621	2,796,779	269,298
Net income	2,641,694	2,717,652	1,489,686	129,098
Basic and diluted earnings per share (3)	$0.64	0.83	0.66	0.07
Total assets	33,681,819	18,225,628	9,914,292	5,007,511
Total liabilities	3,917,843	1,998,654	3,754,954	1,664,119
Total non-current financial liabilities	-	-	110,924	721,284
Working capital	28,935,018	15,651,326	5,861,804	3,777,905

Notes:

1. The Company changed its year-end to October 31, and reported on the thirteen months ended October 31, 2013.
2. The Company changed its year-end to September 30, and reported on the nine months ended September 30, 2010 as a transition year.
3. Adjusted for a 2:1 share split effective June 28, 2011.

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

Selected annual and quarterly information (continued)

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

Three months ended	Total revenues $	Operating expenses $	Operating income $	Total assets $
January 31, 2014	4,127,007	3,244,012	882,995	32,844,972
October 31, 2013 (1)	6,463,406	4,255,989	2,207,417	33,681,819
June 30, 2013	3,799,683	2,705,227	1,094,456	19,997,719
March 31, 2013	2,919,292	2,483,935	435,357	18,709,964
December 31, 2012	2,808,053	2,499,820	308,233	19,929,308
September 30, 2012	3,369,548	1,946,465	1,423,083	18,225,628
June 30, 2012	3,152,246	2,475,331	676,915	17,275,581
March 31, 2012	3,076,693	2,444,988	631,705	16,829,379

Notes:
1. 4 months ended October 31, 2013.

The quarter ending September 30, 2012 had higher operating income due to a reclassification of operating expenses incurred during the fiscal year to one-time expenditures relating to the Company's initial public offering and the pursuit of the Canadian bank license.

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 $225,000 in salary for the 2014 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 leases with terms in excess of one year for the use of certain facilities. The minimum rental payments associated with these leases are $3,575,813 and are payable as follows:

Year ended	Remaining minimum payments required
October 31, 2014	$964,522
October 31, 2015	$930,518
October 31, 2016	$612,538
October 31, 2017	$573,793
October 31, 2018	$394,999
October 31, 2019 and thereafter	$99,443
Total	**$3,575,813**

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

Off-Balance Sheet Arrangements

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

Hedging Activity

Other than as noted below, the Company does not engage in any form of hedged, derivative or leveraged trading. Furthermore, the Company does not extend margin or leverage to any of its customers.

The Company enters into non-deliverable foreign currency forward contracts on a daily basis to mitigate the risk of fluctuations in the exchange rates of its holdings of major currencies. Changes in the fair value of the contracts and the corresponding gains or losses are recorded daily and are included in commissions on the consolidated statements of income and comprehensive income. The Company's management strategy is to minimize gains and losses associated with foreign exchange rate changes. The foreign currency forward contracts can be closed immediately resulting in the collateral being liquidated. For the three months ended January 31, 2014, the change in foreign currency value was a gain of $34,079 (three months ended December 31, 2012 - gain of $122,880), the net change from foreign currency forward contracts related to foreign currency inventory holdings was a loss of $81,311 (three months ended December 31, 2012 - loss - $96,301).

At January 31, 2014 and December 31, 2012, management has assessed that the fair value of the above foreign currency forward contracts was a nominal amount, given their short-term nature.

As at January 31, 2014 and October 31, 2013 approximately $330,233 and $200,707, respectively, were being held as collateral on these contracts and are reflected as restricted cash held in escrow in the consolidated statements of financial position.

Transactions with Related Parties

The remuneration of directors and other members of key management personnel during the three months ended January 31, 2014 and the three months ended December 31, 2012 were as follows:

	Three months ended January 31, 2014	**Three months ended December 31, 2012**
	$	$
Short-term benefits	245,280	124,024
Post-employment benefits	2,531	5,416
Stock based compensation	166,568	44,241
	414,379	173,681

On October 29, 2013, the Compensation Committee of the Board of Directors approved a short term incentive plan ("STIP") for key officers and executives of the Company. The maximum amount of STIP payable for key officers and executives for the fiscal year beginning on November 1, 2013 will be $416,000 and will be paid upon the achievement of performance objectives.

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

Transactions with Related Parties (continued)

The Company incurred legal and professional fees in the aggregate of $22,252 for the three months ending January 31, 2014 (three months ending December 31, 2012 - $9,625) charged by entities controlled by directors or officers of the Company. During the three months ended January 31, 2014, the Company incurred an expense $166,568 from stock options to officers and directors (three months ended December 31, 2012 - $44,241).

On March 9, 2012 the Company completed its initial public offering described in Note 17 of the Consolidated Financial Statements for the thirteen-month period ended October 31, 2013 and the year ended September 30, 2012. Officers and directors who participated in the offering combined to purchase a total of 8,100 units.

Option Grant

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 unless otherwise specified by the Company's Board of Directors. Options issued to the Company's directors vest over a one year period.

Below is information related to each option grant:

Date of Grant	**May 4, 2012**	**December 17, 2012**	**May 3, 2013**	**October 29, 2013**	**October 29, 2013**
Expiry Date	May 4, 2017	December 18, 2017	May 3, 2018	October 29, 2018	October 29, 2018
Vesting Schedule	1/3 annually	1/3 annually	1/3 annually	1 year	1/3 annually
Amount granted	90,000	116,000	22,000	35,640	114,420
Exercise Price	Cdn$7.50	Cdn$7.50	Cdn$7.65	Cdn$10.86	Cdn$10.86
Risk-free interest rate	0.78%	0.74%	0.73%	1.29%	1.29%
Expected volatility	45%	49%	38%	35%	35%
Expected dividend yield	Nil	Nil	Nil	Nil	Nil
Expected life (years)	5	5	5	5	5
Fair value of share at grant date	Cdn$7.30	Cdn$6.75	Cdn$7.35	Cdn$10.86	Cdn$10.86
Fair value of option at grant date	$2.84	$2.66	$2.42	$3.44	$3.44
Total amount vested as of October 31, 2013	$ 183,067	$ 155,366	$ 12,335	$ 1,343	$ 1,317
Amount vested for the three months ended January 31, 2014	$ 26,642	$ 46,711	$ 11,822	$ 30,879	$ 60,582
Total amount vested as of January 31, 2014	$ 209,709	$ 202,077	$ 24,157	$ 32,222	$ 61,899

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

Option Grant (continued)

The outstanding options as of January 31, 2014 and October 31, 2013 and the respective changes during the periods are summarized as follows:

	January 31, 2014			October 31, 2013		
	Number of options	Weighted average exercise price	Vesting attributable to period	Number of options	Weighted average exercise price	Vesting attributable to period
	#	Cdn$	Cdn$	#	Cdn$	Cdn$
Outstanding, beginning of period	378,060	8.84	176,636	90,000	7.50	64,409
Granted	-	-	-	288,060	9.26	289,019
Exercised	-	-	-	-	-	-
Expired	-	-	-	-	-	-
Outstanding, end of period	378,060	8.84	176,636	378,060	8.84	353,428

The following options are outstanding and exercisable at January 31, 2014:

	Options Outstanding and Exercisable			
Grant Date	**Exercise price**	**Number outstanding**	**Average remaining contractual life**	**Number exercisable**
	Cdn$	**#**	**(years)**	**#**
May 4, 2012	$7.50	90,000	3.26	30,000
December 17, 2012	$7.50	116,000	3.88	38,666
May 3, 2013	$7.65	22,000	4.25	-
October 29, 2013	$10.86	35,640	4.75	-
October 29, 2013	$10.86	114,420	4.75	-
Total		378,060		68,666

Subsequent events

The Company evaluated subsequent events through March 10, 2014, the date these financial statements and MD&A were issued. There were no material subsequent events that required recognition or additional disclosure in the financial statements.

Accounting standards and policies

The company's accounting policies are described in Note 2 to the Company's audited consolidated financial statements for the thirteen-month period ended October 31, 2013. 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.

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

Risk factors

Major risk factors identified by management are outlined in the MD&A section of the Company's 2013 Annual Report, along with the following major risk factors:

Credit Risk
Foreign Currency Risk
Interest Rate Risk
Liquidity Risk

Credit Risk

Credit risk is the risk of financial loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and accounts receivable. All domestic and international banking relationships are selected by senior management. The Company maintains accounts in high quality financial institutions. At various times, the Company's bank balances may exceed the federally or provincially insured limits.

The credit risk associated with accounts receivable is limited, as the Company's receivables consist primarily of bulk currency trades with a settlement cycle of 24 to 48 hours. There is minimal counterparty risk as the majority of the Company's receivables reside with banks and other financial institutions. For the purpose of risk control, the customers are grouped as follows: domestic and international financial institutions, money service businesses and other customers. Credit limits are established for each customer, whereby the credit limit represents the maximum open amount without requiring payments in advance. A breakdown of accounts receivable by category is below:

	January 31, 2014	**October 31, 2013**
Customer type	**$**	**$**
Domestic and international banks	992,711	443,739
Money service businesses	1,187,364	584,109
Other	1,092	5,511
Total	**2,181,167**	**1,033,359**

These limits are reviewed regularly by senior management.

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

Risk Factors (continued)

Foreign Currency Risk
The volatility of the Company's foreign currency holdings may increase as a result of the political and financial environment of the corresponding issuing country. Several currencies have limited exchange rate exposure as they are pegged to the U.S. Dollar, the reporting currency of the Company. Management believes its exposure to foreign currency fluctuations is mitigated by the short-term nature and rapid turnover of its foreign currency inventory, as well as the use of forward contracts to offset these fluctuations. Due to their nature, some minor and exotic foreign currencies cannot be hedged or are too cost prohibitive to hedge. In order to mitigate the risks associated with holding these foreign currencies, the Company assigns wider bid/ask spreads and maintains specific inventory targets to minimize the impact of exchange rate fluctuations. These targets are reviewed regularly and are increased or decreased to accommodate demand. The amount of unhedged inventory held in vaults, tills and in transit at January 31, 2014 was approximately $2,220,000 (October 31, 2013 - $3,040,000). The amount of currency that is unhedged and that is not pegged to the U.S. Dollar is $1,200,000 (October 31, 2013 - $1,550,000). A 2% increase/reduction in the market price for the aggregate of the Company's unhedged/un-pegged foreign currencies would result in an exchange gain/loss of approximately +$24,000/-$24,000 (October 31, 2013 gain/loss of approximately +$30,000/-$30,000).

On a consolidated basis, the Company is also exposed to foreign currency fluctuations between the US dollar and the functional currencies of its subsidiaries. The major foreign currency giving rise to currency risk is the Canadian dollar.

The Company does not hedge its net investment in its foreign subsidiary and the related foreign currency translation of local earnings.

Interest Rate Risk
As of January 31, 2014, the Company had access to interest bearing financial instruments in cash and short term note payables. A significant amount of the Company's cash is held as foreign currency banknotes in tills and vaults. These amounts are not subject to interest rate risk. Cash held in some of the Company’s accounts are interest bearing; however, since prevailing interest rates are low there is minimal interest rate risk. Borrowings bear interest at fixed and variable rates. Cash and borrowings issued at variable rates expose the Company to cash flow interest rate risk. For the interest rate profile of the Company's interest bearing financial liabilities, refer to Note 12 of the consolidated financial statements for the thirteen-month period ended October 31, 2013.

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

If interest rates had been 50 basis points higher/lower with all other variables held constant, after tax profit for the three months ended January 31, 2014 would have been approximately +$250/-$250 higher/lower as a result of credit lines held at variable interest rates.

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

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

Risk factors (continued)

The following are non-derivative contractual financial liabilities:

	As at January 31, 2014			
Non-derivative financial liabilities	**Carrying amount**	**Contractual amount**	**This fiscal year**	**Future fiscal years**
	$	**$**	**$**	**$**
Accounts payable	2,261,953	2,261,953	2,261,953	-
Accrued expenses	475,087	431,073	431,073	-

	As at October 31, 2013			
Non-derivative financial liabilities	**Carrying amount**	**Contractual amount**	**Next fiscal year**	**Future fiscal years**
	$	**$**	**$**	**$**
Accounts payable	2,918,054	2,918,054	2,918,054	-
Accrued expenses	801,166	757,237	757,237	-

The Company had unused lines of credit amounting to $4,000,000 as of January 31, 2014 (October 31, 2013 - $4,000,000).

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

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.