CURRENCY EXCHANGE INTERNATIONAL, CORP.

Condensed Interim Consolidated Financial Statements
For the three month periods ended January 31, 2017 and 2016
(Expressed in U.S. Dollars)
(Unaudited)

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Management's Responsibility for Condensed Interim Consolidated Financial Statements

The accompanying unaudited condensed interim consolidated financial statements of Currency Exchange International, Corp. (the "**Company**”) are the responsibility of management and the Board of Directors.

The unaudited condensed interim consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the unaudited condensed interim consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 - Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes, which are in place to provide it with sufficient knowledge to support management’s representations that it has exercised reasonable diligence that (i) the unaudited condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the unaudited condensed interim consolidated financial statements and (ii) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of, and for the periods presented by, the unaudited condensed interim consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(signed) *"Randolph Pinna"*
Randolph Pinna
President and Chief Executive Officer

(signed) *“Peter Scherer”*
Peter Scherer
Chief Financial Officer

Orlando, Florida
March 7, 2017

CURRENCY EXCHANGE INTERNATIONAL, CORP.
Condensed Interim Consolidated Statements of Financial Position
January 31, 2017 and October 31, 2016
(Expressed in U.S. Dollars)
(Unaudited)

ASSETS

	January 31, 2017	October 31, 2016
Current assets	$	$
Cash (Note 6)	44,786,620	48,435,544
Accounts receivable (Note 14)	9,378,466	8,086,261
Restricted cash held in escrow (Note 7)	1,666,454	1,240,694
Forward contract assets (Note 15)	-	44,771
Other current assets (Note 20)	637,537	652,764
Total current assets	56,469,077	58,460,034
Property and equipment (Note 9)	722,725	719,254
Intangible assets (Note 10)	1,993,339	2,171,501
Other assets	92,906	91,106
Net deferred tax asset	1,121,918	754,113
Total assets	60,399,965	62,196,008

LIABILITIES AND EQUITY

	January 31, 2017	October 31, 2016
Current liabilities		
Accounts payable	5,968,665	5,984,751
Line of credit (Note 12)	1,549,096	3,181,805
Accrued expenses	1,075,572	1,509,411
Forward contract liabilities (Note 15)	300,484	-
Income taxes payable	67,445	767,690
Total current liabilities	8,961,262	11,443,657
Total liabilities	8,961,262	11,443,657
Equity		
Share capital	6,149,815	6,134,815
Equity reserves	25,638,571	24,881,443
Retained earnings	19,650,317	19,736,093
Total equity	51,438,703	50,752,351
Total liabilities and equity	60,399,965	62,196,008

Commitments and contingencies (Note 3 and 8)
Subsequent events (Note 21)

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

CURRENCY EXCHANGE INTERNATIONAL, CORP.
Condensed Interim Consolidated Statements of Operations and Comprehensive Income and Loss
Three month periods ended January 31, 2017 and 2016
(Expressed in U.S. Dollars)
(Unaudited)

	Three months ended	
	January 31, 2017	**January 31, 2016 As restated – Note 4**
Revenues	$	$
Commissions from trading	5,682,512	5,237,493
Fee income	404,630	334,562
Total revenues (Note 5)	6,087,142	5,572,055
Operating expenses (Note 18)	5,797,118	4,677,691
Net operating income	290,024	894,364
Other income (expense)		
Other income (expense)	4,490	(8,714)
Revaluation of contingent consideration (Note 3)	-	(65,552)
Total other income (expense)	4,490	(74,266)
Earnings before interest, taxes, depreciation and amortization	294,514	820,098
Interest and accretion	44,169	4,239
Depreciation and amortization	314,372	353,772
(Loss) income before income taxes	(64,027)	462,087
Income tax expense	21,749	163,710
Net (loss) income for the period	(85,776)	298,377
Other comprehensive income, after tax		
Net (loss) income for the period	(85,776)	298,377
Items that may subsequently be reclassified to profit or loss		
Exchange differences on translating foreign operations	494,403	(893,371)
Total other comprehensive income (loss)	408,627	(594,994)
(Loss) earnings per share (Note 17)		
-basic	($0.01)	$0.05
-diluted	($0.01)	$0.05
Weighted average number of common shares outstanding (Note 17)		
-basic	6,146,527	6,117,921
-diluted	6,376,667	6,237,917

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

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

	Share Capital		Equity Reserves				Retained Earnings	Total Equity
	Shares	Amount	Share premium	Accumulated Other Comprehensive Income (Loss)	Stock Options		Amount	Amount
	#	$	$	$	#	$	$	$
Balance at November 1, 2016	6,134,815	6,134,815	29,082,296	(5,763,851)	521,592	1,562,998	19,736,093	50,752,351
Stock based compensation (Note 16)	-	-	-	-	-	192,349	-	192,349
Issue of share capital and share premium on exercise of stock options (Note 16)	15,000	15,000	112,976	-	(15,000)	(42,600)	-	85,376
Gain on foreign currency translation	-	-	-	494,403	-	-	-	494,403
Net loss	-	-	-	-	-	-	(85,776)	(85,776)
Balance, January 31, 2017	6,149,815	6,149,815	29,195,272	(5,269,448)	506,592	1,712,747	19,650,317	51,438,703
Balance at November 1, 2015 (As restated Note 4)	6,117,921	6,117,921	28,938,419	(5,352,276)	424,866	962,057	16,093,982	46,760,103
Stock based compensation (Note 16)	-	-	-	-	17,600	143,681	-	143,681
Loss on foreign currency translation	-	-	-	(893,371)	-	-	-	(893,371)
Net income	-	-	-	-	-	-	298,377	298,377
Balance, January 31, 2016	6,117,921	6,117,921	28,938,419	(6,245,647)	442,466	1,105,738	16,392,359	46,308,790

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

CURRENCY EXCHANGE INTERNATIONAL, CORP.
Condensed Interim Consolidated Statements of Cash Flows
Three month periods ended January 31, 2017 and 2016
(Expressed in U.S. Dollars)
(Unaudited)

	Three months ended	
	January 31, 2017	**January 31, 2016**
Cash flows from operating activities	**$**	**$**
Net (loss) income	(85,776)	298,377
Adjustments to reconcile net income to net cash flows from operating activities		
Depreciation and amortization	314,372	353,772
Stock based compensation	192,349	143,681
Change in forward contract positions (Note 15)	344,519	159,365
Deferred taxes	(363,527)	(126,577)
Revaluation of contingent consideration (Note 3)	-	65,552
Increase (decrease) in cash due to change in:		
Accounts receivable	(1,222,664)	(2,269,598)
Restricted cash held in escrow	(425,760)	(855,440)
Other assets	14,938	(58,942)
Accounts payable, accrued expenses, and income taxes payable	(1,171,559)	(1,325,290)
Net cash flows from operating activities	(2,403,108)	(3,615,101)
Cash flows from investing activities		
Purchase of property and equipment	(107,545)	(125,863)
Purchase of intangible assets	(38,949)	(48,182)
Net cash outflow from investing activities	(146,494)	(174,045)
Cash flows from financing activities		
Proceeds from exercise of stock options	85,376	-
Net borrowings on line of credit	(1,632,709)	-
Net cash flows from financing activities	(1,547,333)	-
Net change in cash	(4,096,935)	(3,789,145)
Cash, beginning of period	48,435,544	43,690,996
Exchange difference on foreign operations	448,011	(832,643)
Cash, end of period	44,786,620	39,069,208
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the period for income taxes	1,123,625	384,442
Cash paid during the period for interest	44,169	4,239
Cash received during the year for interest	4,490	4,694

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

1. Nature of Operations and Basis of Presentation

Nature of operations
Currency Exchange International, Corp. (the "**Company**") was originally incorporated under the name Currency Exchange International, Inc. under the Florida Business Corporation 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," and the over the counter market ("**OTCBB**") under the symbol "CURN". The Company operates as a money service business and provides currency exchange, wire transfer, and cheque cashing services at its locations in the United States and Canada. The Company maintains a head office and five vaults as well as 38 branch locations. The Company's registered head office is located at 6675 Westwood Boulevard, Suite 300, Orlando, Florida, 32821, United States of America. In September 2016, the Company's wholly owned Canadian Subsidiary, Currency Exchange International of Canada Corp ("**CXIC")** received letters patent to continue as a schedule 1 Bank. The continued entity, Exchange Bank of Canada ("**EBC**") is a non-deposit taking, non-lending financial institution engaged in foreign exchange services.

Basis of presentation
These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 ("**IAS 34**"), Interim Financial Reporting and do not include all of the information required in annual financial statements in accordance with International Financial Reporting Standards ("**IFRS"**). The accounting policies in these condensed interim consolidated financial statements are consistent with those disclosed in the Company's annual consolidated financial statements for the year ended October 31, 2016. The condensed interim consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended October 31, 2016, which have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("**IASB**").

These condensed interim consolidated financial statements were authorized for issue and approved by the Board of Directors on March 7, 2017.

2. Future Accounting Pronouncements

Certain pronouncements were issued by the IASB or International Financial Reporting Interpretations Committee ("**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 July 2014. IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement*. The new standard includes guidance on recognition and derecognition of financial assets and financial liabilities, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company has not yet determined the impact of IFRS 9 on its condensed interim consolidated financial statements.

IFRS 15 *Revenue from Contracts with Customers* ("**IFRS 15**") was issued in May 2014. IFRS 15 replaces IAS 18 *Revenue*, IAS 11 *Construction Contracts*, and some revenue related Interpretations. IFRS 15 establishes a new control-based revenue recognition model; changes the basis for deciding whether revenue is to be recognized over time or at a point in time; provides new and more detailed guidance on specific topics; and expands and improves disclosures about revenue. In July 2015, the IASB approved a one-year deferral of the effective date of IFRS 15 to fiscal periods beginning on or after January 1, 2018, with early adoption permitted. The Company has not yet determined the impact of IFRS 15 on its condensed interim consolidated financial statements.

2. Future Accounting Pronouncements (continued)

IFRS 16 *Leases* ("**IFRS 16**") was issued in January 2016. IFRS 16 replaces IAS 17 *Leases*. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. IFRS 16 is effective for fiscal periods beginning on or after January 1, 2019, with early adoption permitted. The Company has not yet determined the impact of IFRS 16 on its condensed interim consolidated financial statements.

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

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

The Company estimated the likelihood of future revenues to determine the estimated contingent consideration. At January 31, 2016, the remaining contingent consideration was reassessed and the Company recorded a revaluation of contingent consideration of $65,552.

4. Restatement of Prior Period Financial Statements

During the preparation of the Consolidated Financial Statements for the year ended October 31, 2016, a restatement of prior periods was made to correct the presentation of gains on foreign exchange along with the corresponding income tax effect as follows:

	As previously reported	Change	Restated
Consolidated Statement of Changes in Equity At November 1, 2015	**$**	**$**	**$**
Accumulated other comprehensive loss	(2,787,940)	(2,564,336)	(5,352,276)
Retained earnings	14,206,109	1,887,873	16,093,982
Consolidated Statement of Operations and Other Comprehensive Income For the three month period ended January 31, 2016			
Exchange differences on translating foreign operations	(938,337)	44,966	(893,371)

5. Geographical Segments

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

	Revenues ($)		
	United States	**Canada**	**Total**
Three months ended January 31, 2017	5,419,452	667,690	6,087,142
Three months ended January 31, 2016	4,784,480	787,575	5,572,055

5. Geographical Segments (continued)

	At January 31, 2017			At October 31, 2016		
Assets	**United States**	**Canada**	**Total**	**United States**	**Canada**	**Total**
	$	$	$	$	$	$
Cash	30,765,667	14,020,953	44,786,620	32,320,063	16,115,481	48,435,544
Accounts receivable	6,970,141	2,408,325	9,378,466	6,051,174	2,035,087	8,086,261
Restricted cash held in escrow	1,666,454	-	1,666,454	1,240,694	-	1,240,694
Forward contract assets	-	-	-	102,159	(57,388)	44,771
Other current assets	585,320	52,217	637,537	607,694	45,070	652,764
Property and equipment	634,789	87,936	722,725	655,096	64,158	719,254
Intangible assets	1,519,291	474,048	1,993,339	1,642,755	528,746	2,171,501
Other assets	92,906	-	92,906	91,106	-	91,106
Net deferred tax asset	951,523	170,395	1,121,918	701,851	52,262	754,113
Total assets	43,186,091	17,213,874	60,399,965	43,412,592	18,783,416	62,196,008

6. Cash

Included within cash of $44,786,620 at January 31, 2017 (October 31, 2016 - $48,435,544) are the following balances:

	At January 31, 2017	At October 31, 2016
	$	$
Cash held in transit, vaults, tills and consignment locations	37,025,341	41,385,819
Cash deposited in bank accounts in jurisdictions in which the Company operates	7,761,279	7,049,725
Total	44,786,620	48,435,544

7. 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 immediately resulting in the collateral being liquidated. The Company had cash collateral amounts of $1,666,454 at January 31, 2017 (October 31, 2016 - $1,240,694).

8. Operating Leases

The Company and its subsidiary companies entered into non-cancellable operating leases with terms in excess of one year for the use of certain facilities. The rent expense associated with these leases for the three month period ended January 31, 2017 was $673,025 (2015 - $625,428).

9. Property and Equipment

Property and equipment consisted of the following:

	Vehicles	Computer equipment	Furniture and equipment	Leasehold improvements	Total
Cost	$	$	$	$	$
Balance, October 31, 2015	48,601	226,055	428,223	1,278,617	1,981,496
Additions	31,646	28,001	100,699	227,153	387,499
Net exchange differences	-	(645)	(1,840)	(2,906)	(5,391)
Balance, October 31, 2016	80,247	253,411	527,082	1,502,864	2,363,604
Additions	-	10,232	70,185	35,490	115,907
Balance, January 31, 2017	80,247	263,643	597,267	1,538,354	2,479,511

	Vehicles	Computer equipment	Furniture and equipment	Leasehold improvements	Total
Depreciation	$	$	$	$	$
Balance, October 31, 2015	33,381	168,405	245,185	812,338	1,259,309
Additions	16,612	38,489	96,515	237,317	388,933
Net exchange differences	-	(523)	(1,385)	(1,984)	(3,892)
Balance, October 31, 2016	49,993	206,371	340,315	1,047,671	1,644,350
Additions	4,047	10,228	31,177	61,095	106,547
Net exchange differences	-	763	2,084	3,042	5,889
Balance, January 31, 2017	54,040	217,362	373,576	1,111,808	1,756,786

	Vehicles	Computer equipment	Furniture and equipment	Leasehold improvements	Total
Carrying amounts	$	$	$	$	$
Balance, October 31, 2016	30,254	47,040	186,767	455,193	719,254
Balance, January 31, 2017	26,207	46,281	223,691	426,546	722,725

10. Intangible Assets

Intangible assets are comprised of the Company's internally developed software ("**CEIFX**") and its related modules as well as software and customer trading relationships purchased from USEH (Note 3). Amortization for intangibles is computed on an individual basis over the estimated useful life using the straight-line method as follows:

Internally developed software	5 years
Software purchased from USEH	2 years
Customer trading relationships	5 years

10. Intangible Assets (continued)

Intangible assets consisted of the following at January 31, 2017:

Cost	**Internally developed software** $	**Acquired software** $	**Customer trading relationships** $	**Total** $
Balance, October 31, 2015	980,224	480,000	3,288,283	4,748,507
Additions	207,913	-	-	207,913
Balance, October 31, 2016	1,188,137	480,000	3,288,283	4,956,420
Additions	38,949	-	-	38,949
Balance, October 31, 2017	1,227,086	480,000	3,288,283	4,995,369

Amortization	**Internally developed software** $	**Acquired software** $	**Customer trading relationships** $	**Total** $
Balance, October 31, 2015	404,665	380,000	1,041,452	1,826,117
Amortization	201,308	100,000	621,285	922,593
Net exchange differences	-	-	36,209	36,209
Balance, October 31, 2016	605,973	480,000	1,698,946	2,784,919
Amortization	52,697	-	155,128	207,825
Net exchange differences	-	-	9,286	9,286
Balance, October 31, 2017	658,670	480,000	1,863,360	3,002,030

Carrying amounts	**Internally developed software** $	**Acquired software** $	**Customer trading relationships** $	**Total** $
Balance, October 31, 2015	582,164	-	1,589,337	2,171,501
Balance, October 31, 2016	568,416	-	1,424,923	1,993,339

11. Seasonality of Operations

Seasonality is reflected in the timing of when foreign currencies are in greater or lower demand. In a normal operating year there is some seasonality to the Company's operations with higher commissions generally from March until September and lower 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.

12. Line of Credit

The Company maintains a line of credit for access to capital during peak business periods. The Company has a revolving line of credit with BMO Harris Bank, N.A. for up to $10,000,000. The credit line is secured against the Company’s cash and other non-cash assets. The line of credit bears interest at Libor plus 2.0% (at January 31, 2017 – 2.77%). At January 31, 2017, the balance outstanding was $1,549,096 (October 31, 2016 - $3,181,805).

12. Line of Credit (continued)

In June of 2016, the Company's wholly-owned Canadian subsidiary, EBC entered in to an unsecured Master Purchasing Agreement with a shareholder of the Company. EBC has available credit of Cdn$3,000,000 ($2,305,564) under the agreement. Specific payment terms and interest rates are negotiated when drawings are made. At January 31, 2017, the balance outstanding was $Nil.

13. Fair Value Measurement of Financial Instruments

IAS 34 requires that interim financial statements include certain disclosures about the fair value of financial instruments as set out in IFRS 13 and IFRS 7. These disclosures include the classification of fair values within a three-Level hierarchy. The three Levels are defined based on the observation of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability

The fair value determination is the estimated amount that the Company would receive to sell a financial asset or pay to transfer a financial liability in an orderly transaction between market participants at the measurement date.

There were no transfers between Level 1 and Level 2 during the three month period ended January 31, 2017 and the year ended October 31, 2016. The following table shows the Levels within the hierarchy of financial assets and liabilities measured at fair value.

At January 31, 2017

	Level 1	Level 2	Level 3	Total
	$	$	$	$
Financial assets				
Cash	44,786,620	-	-	44,786,620
Total Assets	44,786,620	-	-	44,786,620
Financial liabilities				
Forward contract liabilities	-	300,484	-	300,484
Total liabilities		300,484	-	300,484

At October 31, 2016

	Level 1	Level 2	Level 3	Total
	$	$	$	$
Financial assets				
Cash	48,435,544	-	-	48,435,544
Forward contract assets	-	44,771	-	44,771
Total assets	48,435,544	44,771	-	48,480,315

13. Fair Value Measurement of Financial Instruments (continued)

Cash (Level 1)
The Company's cash balances consisting of local and foreign currency notes held in tills, vaults, bank accounts, and in transit are based upon foreign exchange rates quoted in active markets as of January 31, 2017 and October 31, 2016.

Forward contract positions (Level 2)
The Company's forward contract positions are not traded in active markets. These have been fair valued using observable forward exchange rates. The effects of non-observable inputs are not significant for foreign contract positions.

Due to their short term nature, the carrying value of the following financial instruments approximates their fair value at the balance sheet date:

- Accounts receivable
- Restricted cash held in escrow
- Accounts payable, accrued expenses, line of credit and income taxes receivable and payable

14. Risk Management

The Company's activities expose it to a variety of financial risk: credit risk, foreign currency risk, interest rate risk, and liquidity risk. The Company's risk management policies are designed to minimize the potential adverse effects on the Company's financial performance.

Financial risk management is carried out by the Chief Financial Officer ("**CFO**") under policies approved by senior management and the Board of Directors. Policies are in place to evaluate and monitor risk and in some cases, prescribe that the Company hedge its financial risks.

The analysis below presents information about the Company's exposure to each of the risks arising from financial instruments and the Company's objectives, policies and processes for measuring and managing these risks.

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 in bank accounts, accounts receivable and forward contracts from hedging counterparties.

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

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

14. Risk Management (continued)

A breakdown of accounts receivable by category is below:

	At January 31, 2017	At October 31, 2016
Customer type	**$**	**$**
Domestic and international banks	2,670,795	3,562,076
Money service businesses	6,496,993	4,405,212
Other	210,678	118,973
Total	**9,378,466**	**8,086,261**

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

Foreign Currency Risk

The volatility of the Company's foreign currency holdings may increase as a result of the political and financial environment of the corresponding issuing country. Several currencies have limited exchange rate exposure as they are pegged to the U.S. Dollar, the reporting currency of the Company. Management believes its exposure to foreign currency fluctuations is mitigated by the short-term nature and rapid turnover of its foreign currency inventory, as well as the use in certain instances of forward contracts to offset these fluctuations. Due to their nature, some minor and exotic foreign currencies cannot be hedged or are too cost prohibitive to hedge. In order to mitigate the risks associated with holding these foreign currencies, the Company assigns wider bid/ask spreads and maintains specific inventory targets to minimize the impact of exchange rate fluctuations. These targets are reviewed regularly and are increased or decreased to accommodate demand within acceptable risk tolerances. The amount of unhedged inventory held in tills, vaults and in transit at January 31, 2017 was approximately $8,471,000 (October 31, 2016 - $6,350,000). The amount of currency that is unhedged and that is not pegged to the U.S. Dollar is approximately $5,635,000 (October 31, 2016 - $3,250,000). A 2% increase/reduction in the market price for the aggregate of the Company's unhedged/un-pegged foreign currencies would result in an exchange gain/loss of approximately +$113,000/-$113,000 (October 31, 2016 gain/loss of approximately +$65,000/-$65,000).

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

Interest Rate Risk

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

14. Risk Management (continued)

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 month period ended January 31, 2017 would have been approximately +$3,900/-$3,900 higher/lower as a result of credit lines held at variable interest rates.

Liquidity Risk

Liquidity Risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The CFO informs the Chief Executive Officer, the Board of Directors, and the Audit Committee of capital and liquidity issues as they occur in accordance with established policies and guidelines. The Company targets to have a cash reserve or credit lines greater than 15% of the Company's prior year's revenues.

The following are non-derivative contractual financial liabilities:

At January 31 , 2017

Non-derivative financial liabilities	Carrying amount	Estimated contractual amount	Next fiscal year	Future fiscal years
	$	$	$	$
Accounts payable	5,968,665	5,968,665	5,968,665	$Nil
Accrued expenses	1,075,572	1,075,572	1,075,572	$Nil
Forward Contract Liabilities	300,484	300,484	300,484	$Nil
Income taxes payable	67,445	67,445	67,445	$Nil
Line of credit	1,549,096	1,549,096	1,549,096	$Nil

At October 31 , 2016

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

The Company had available unused lines of credit amounting to $10,756,468 at January 31, 2017 (October 31, 2016 - $9,055,205).

14. Risk Management (continued)

Capital Management

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

	At January 31, 2017	At October 31, 2016
Current assets	56,469,077	58,460,034
Current liabilities	(8,961,262)	(11,443,657)
Working capital	47,507,815	47,016,377

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

15. Foreign Currency Forward Contracts

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

The fair value of forward contracts, which represents the amount that would be received/(paid) by the Company if the forward contracts were terminated at January 31, 2016 was $(300,484) - (October 31, 2016 - $44,771).

At January 31, 2017 and October 31, 2016, $1,666,454 and $1,240,694, respectively, were being held as collateral on these contracts and are reflected as restricted cash held in escrow in the consolidated statements of financial position. See Note 6.

16. 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 of 2016, 13,894 employee stock options were exercised for proceeds of $94,686 (Cdn$120,885).

In October of 2016, 3,000 employee stock options were exercised for proceeds of $16,810 (Cdn$22,500).

In January of 2017, 15,000 employee stock options were exercised for proceeds of $85,376 (Cdn$112,500).

16. Equity (continued)

Stock options

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

Below is information related to each option grant:

Date of Grant	Expiry Date	Share price at grant date (Cdn$)	Amount granted	Risk-free interest rate	Expected volatility	Exercise Price (Cdn$)	Fair value of option at grant date ($)
4-May-12	4-May-17	7.30	90,000	0.78%	45%	7.50	2.84
17-Dec-12	18-Dec-17	6.75	116,000	0.74%	49%	7.50	2.66
3-May-13	3-May-18	7.35	22,000	0.73%	38%	7.65	2.42
29-Oct-13	29-Oct-18	10.86	35,640	1.29%	35%	10.86	3.44
29-Oct-13	29-Oct-18	10.86	114,420	1.29%	35%	10.86	3.44
9-Jul-14	9-Jul-19	13.24	1,762	1.70%	29%	13.24	3.58
30-Oct-14	30-Oct-19	18.00	87,215	1.61%	27%	16.21*	4.97
30-Oct-14	30-Oct-19	18.00	24,144	1.61%	27%	16.21*	4.97
11-Mar-15	11-Mar-20	28.40	2,726	1.62%	25%	28.15*	5.75
30-Oct-15	30-Oct-20	23.50	28,972	1.47%	32%	24.64*	5.10
30-Oct-15	30-Oct-20	23.50	89,435	1.47%	32%	24.64*	5.10
16-Jan-16	16-Jan-21	17.89	17,600	1.46%	33%	17.79*	3.86
11-Mar-16	11-Mar-21	21.30	4,182	1.45%	34%	22.78*	4.78
28-Mar-16	28-Mar-21	23.15	2,261	1.37%	34%	22.45*	5.87
26-Oct-16	25-Oct-21	32.96	22,757	1.30%	34%	30.75*	8.46
26-Oct-16	25-Oct-21	32.96	66,820	1.30%	34%	30.75*	8.46

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

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

	Number of options	Weighted average price
	#	Cdn$
Outstanding at October 31, 2015	424,866	15.49
Granted	113,620	28.28
Exercised	(16,894)	8.61
Outstanding at October 31, 2016	521,592	18.50
Exercised	(15,000)	7.50
Outstanding at January 31, 2017	506,592	18.82

16. Equity (continued)

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

Grant Date	Exercise price (Cdn$)	Number outstanding	Average remaining contractual life (years)	Number exercisable
4-May-12	7.50	30,000	0.25	30,000
17-Dec-12	7.50	28,667	0.88	28,667
3-May-13	7.65	7,333	1.25	7,333
29-Oct-13	10.86	23,760	1.74	23,760
29-Oct-13	10.86	70,720	1.74	70,720
30-Oct-14	16.21	87,215	2.75	58,140
30-Oct-14	16.21	24,144	2.75	24,144
11-Mar-15	28.15	2,726	3.11	909
30-Oct-15	24.64	28,972	3.75	28,972
30-Oct-15	24.64	89,435	3.75	29,812
16-Jan-16	17.79	17,600	3.96	5,867
11-Mar-16	22.78	4,182	4.11	-
28-Mar-16	22.45	2,261	4.16	2,261
26-Oct-16	30.75	22,757	4.73	5,689
26-Oct-16	30.75	66,820	4.73	-
Total		506,592		316,274

17. Earnings per Share

The calculation of earnings per share is presented below. Diluted earnings per share for the three month period ended January 31, 2017 include all stock option grants with the exception of the options granted October 26, 2016 as the strike price exceeded the average stock price for the period.

	Three months ending	
	January 31, 2017	**January 31, 2016**
Basic		
Net (loss) income	($85,776)	$298,377
Weighted average number of shares outstanding	6,146,527	6,117,921
Basic (loss) earnings per share	($0.01)	$0.05
Diluted		
Net (loss) income	($85,776)	$298,377
Weighted average number of shares outstanding	6,376,667	6,237,917
Diluted (loss) earnings per share	($0.01)	$0.05

18. Operating Expenses

	Three months ended	
	January 31, 2017	January 31, 2016
	$	$
Salaries and benefits	3,040,586	2,535,992
Rent	673,025	625,428
Legal, professional and director's fees	415,295	288,296
Postage and shipping	623,076	549,064
Stock based compensation	192,349	143,681
Executive replacement costs	165,803	-
Software maintenance	107,499	79,234
Insurance	83,191	95,707
Other general and administrative	496,294	360,289
Operating expenses	5,797,118	4,677,691

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 three month period ended January 31, 2017 and 2016 was as follows:

	Three months ended	
	January 31, 2017	**January 31, 2016**
	$	$
Short-term benefits	564,255	418,032
Post-employment benefits	46,353	35,691
Stock based compensation	184,765	132,345
	795,373	586,068

The Company incurred legal and professional fees in the aggregate of $38,760 for the three month period ended January 31, 2017 (2016 - $9,703) charged by entities controlled by directors or officers of the Company.

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

20. Other Current Assets

	At January 31, 2017	At October 31, 2016
	$	$
Prepaid rent	201,810	189,463
Prepaid insurance	104,072	143,545
Due on debit and credit cards	27,898	25,886
Other assets	303,757	296,870
Total	637,537	652,764

21. Subsequent Events

The Company evaluated subsequent events through March 7, 2017, the date these condensed interim consolidated financial statements were issued. There were no material subsequent events that required recognition or additional disclosure in the financial statements.