CURRENCY EXCHANGE INTERNATIONAL, CORP.

Condensed Interim Consolidated Financial Statements
For the three and six months ended March 31, 2013
(Expressed in U.S. Dollars)
(Unaudited)

CURRENCY EXCHANGE INTERNATIONAL, CORP.

Condensed Interim Consolidated Financial Statements
For the three and six months ended March 31, 2013
(Expressed in U.S. Dollars)
(Unaudited)

TABLE OF CONTENTS

Management's Responsibility for Condensed Interim Consolidated Financial Statements	1
Condensed Interim Consolidated Statements of Financial Position	2
Condensed Interim Consolidated Statements of Income and Comprehensive Income	3
Condensed Interim Consolidated Statements of Changes in Equity	4
Condensed Interim Consolidated Statements of Cash Flows	5
Notes to Condensed Interim Consolidated Financial Statements	6-28

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) *"Wade Bracy"*
Wade Bracy
Chief Financial Officer

Orlando, Florida
May 3, 2013

CURRENCY EXCHANGE INTERNATIONAL, CORP.
Condensed Interim Consolidated Statements of Financial Position
As at March 31, 2013 and September 30, 2012
(Expressed in U.S. Dollars)
(Unaudited)

ASSETS

	March 31, 2013	September 30, 2012
Current assets	$	$
Cash (Note 5)	16,131,824	16,564,453
Accounts receivable	1,125,636	603,602
Restricted cash held in escrow (Note 6)	327,386	132,340
Income tax recoverable	21,698	-
Other current assets (Note 21)	397,695	312,975
Total current assets	18,004,239	17,613,370
Property and equipment (Note 8)	388,480	391,125
Intangible assets (Note 9)	282,731	185,929
Other assets	34,514	35,204
Total assets	18,709,964	18,225,628
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	911,246	682,572
Accrued expenses	340,206	690,212
Income taxes payable	-	146,438
Deferred rent	34,882	23,995
Warrant liability (Note 14)	1,094,562	418,827
Total current liabilities	2,380,896	1,962,044
Total long term liabilities		
Deferred tax liability	73,754	36,610
Total liabilities	2,454,650	1,998,654
Equity		
Share capital (Note 16)	3,954,748	3,872,068
Equity reserves (Note 16)	8,065,965	7,623,905
Stock options (Note 16)	192,091	64,409
Broker options (Note 16)	-	129,512
Retained earnings	4,042,510	4,537,080
Total equity	16,255,314	16,226,974
Total liabilities and equity	18,709,964	18,225,628

Commitments and contingencies (Notes 7 and 20)

Subsequent events (Note 22)

Approved on behalf of Board of Directors:

(signed) "Randolph Pinna", Director

(signed) "Chirag Bhavsar", Director

Refer to accompanying notes to the unaudited condensed interim consolidated financial statements .

CURRENCY EXCHANGE INTERNATIONAL, CORP.
Condensed Interim Consolidated Statements of Income and Comprehensive Income
Three and six months ended March 31, 2013
(Expressed in U.S. Dollars)
(Unaudited)

	Six months ended		Three months ended	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
Revenues	$	$	$	$
Commissions from trading (Note 4)	5,214,546	5,255,201	2,661,871	2,811,008
Fee income (Note 4)	512,799	537,478	257,421	265,685
Total revenues	5,727,345	5,792,679	2,919,292	3,076,693
Operating expenses (Note 18)	4,983,755	4,329,765	2,483,935	2,444,988
Net operating income	743,590	1,462,914	435,357	631,705
Other income (expense)				
Other income	6,413	82	4,500	50
Gain on forward contract (Note 13)	-	92,343	-	37,269
Fair value change in warrant liability (Note 14)	(636,321)	286,950	(639,192)	286,950
Interest and accretion (Note 11)	(12,231)	(124,448)	(6,583)	(56,322)
Expenses related to Exchange Bank of Canada (Note 19)	(193,538)	-	(60,149)	-
Warrant issue costs	-	(124,171)	-	(124,171)
Total other (expense) income	(835,677)	130,756	(701,424)	143,776
(Loss) income before income taxes	(92,087)	1,593,670	(266,067)	775,481
Income tax (expense)	(402,663)	(559,987)	(309,021)	(278,066)
Net (loss) income for the period	(494,750)	1,033,683	(575,087)	497,415
(Loss) profit for the period	(494,750)	1,033,683	(575,087)	497,415
Translation differences	(113,622)	-	(113,622)	-
Total other comprehensive (loss) income, net of income taxes	(113,622)	-	(113,622)	-
Total comprehensive (loss) income for the period	(608,372)	1,033,683	(688,709)	497,415
(Loss) earnings per share (Note 17)				
- **basic**	$ (0.13)	$ 0.39	$ (0.15)	$ 0.18
- **diluted**	$ (0.13)	$ 0.39	$ (0.15)	$ 0.18
Weighted average number of common shares outstanding (Note 17)				
- **basic**	3,889,553	2,659,803	3,874,888	2,829,401
- **diluted**	3,892,059	2,660,636	3,877,395	2,831,076

Refer to accompanying notes to the unaudited condensed interim consolidated financial statements.

CURRENCY EXCHANGE INTERNATIONAL, CORP.
Condensed Interim Consolidated Statements of Changes in Equity
Six months ended March 31, 2013
(Expressed in U.S Dollars)
(Unaudited)

	Common Stock			Broker Options		Stock Options			
	Shares	**Amount**	**Equity Reserves**	**Broker Options**	**Amount**	**Stock Options**	**Amount**	**Retained Earnings**	**Total**
	#	$	$	#	$	#	$	$	$
Balance at September 30, 2011	2,492,068	2,492,068	1,847,842	-	-	-	-	1,819,428	6,159,338
Net comprehensive income	-	-	-	-	-	-	-	536,269	536,269
Balance, December 31, 2011	2,492,068	2,492,068	1,847,842	-	-	-	-	2,355,697	6,695,607
Issuance of shares (Note 16)	1,380,000	1,380,000	6,479,701	-	-	-	-	-	7,859,701
Issuance of broker options (Note 16)	-	-	-	82,800	129,512	-	-	-	129,512
Issuance of stock options (Note 16)	-	-	-	-	-	90,000	64,409	-	64,409
Share issue costs (Note 16)	-	-	(703,638)	-	-	-	-	-	(703,638)
Net comprehensive income	-	-	-	-	-	-	-	2,181,383	2,181,383
Balance, September 30, 2012	3,872,068	3,872,068	7,623,905	82,800	129,512	90,000	64,409	4,537,080	16,226,974
Issuance of shares (Note 16)	82,680	82,680	465,584	-	-	-	-	-	548,264
Exercise of broker options (Note 16)	-	-	89,910	(82,680)	(129,324)	-	-	-	(39,414)
Expiry of broker options (Note 16)	-	-	188	(120)	(188)	-	-	-	-
Issuance of stock options (Note 16)	-	-	-	-	-	116,000	127,682	-	127,682
Gain on foreign currency translation	-	-	(113,622)	-	-	-	-	-	(113,622)
Net loss	-	-	-	-	-	-	-	(494,570)	(494,570)
Balance, March 31, 2013	3,954,748	3,954,748	8,065,965	-	-	206,000	192,091	4,042,510	16,255,314

Refer to accompanying notes to the unaudited condensed interim consolidated financial statements.

CURRENCY EXCHANGE INTERNATIONAL, CORP.
Condensed Interim Consolidated Statements of Cash Flows
Six months ended March 31, 2013 and March 31, 2012
(Expressed in U.S. Dollars)
(Unaudited)

	Six months ending March 31, 2013	Six months ending March 31, 2012
Cash flows from operating activities	**$**	**$**
Net (loss) income	(494,750)	1,033,683
Adjustments to reconcile net income to net cash flows from operating activities		
Amortization	138,459	117,330
Stock based compensation	127,682	-
Gain on disposal of assets	(5,381)	-
Deferred taxes	37,144	-
Fair value change in warrant liability	636,321	(286,950)
(Decrease) increase in cash due to change in:		
Accounts receivable	(522,034)	(466,775)
Other assets	(105,728)	104,599
Restricted cash held in escrow	(195,046)	12,369
Accounts payable, accrued expenses, and deferred rent	(256,882)	(363,975)
Change in foreign exchange translation	(113,622)	10,709
Net cash flows from operating activities	(753,657)	160,990
Cash flows from investing activities		
Purchase of property and equipment	(120,225)	(104,918)
Purchase of intangible assets	(124,318)	(21,085)
Proceeds from sale of equipment	17,488	-
Net cash flows from investing activities	(227,236)	(126,003)
Cash flows from financing activities		
Proceeds from issue of common shares and warrants	-	9,240,936
Proceeds from exercise of broker options	548,264	-
Issue costs	-	(574,126)
(Repayment) of long-term debt	-	(222,141)
(Repayment) of short-term note payable	-	(1,865,180)
(Repayment) of shareholder loan payable	-	(167,010)
Net cash flows from financing activities	548,264	6,412,479
Net change in cash	(432,629)	6,447,466
Cash, beginning of period	16,564,453	8,588,662
Cash, end of period	16,131,824	15,036,128
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the period for income taxes	518,379	826,191
Cash paid during the period for interest	7,156	81,575
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES		
Warrants issued on conversion of broker options	39,414	-
Broker options issued for services	-	129,512

Refer to accompanying notes to the unaudited condensed interim consolidated financial statements.

1. Nature of Operations, 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 Corporations Act on April 7, 1998. The Company changed its name to Currency Exchange International, Corp. on October 19, 2007 and commenced its current business operations at that time. The Company is a public corporation whose shares are listed and posted for trading on the Toronto Stock Exchange (TSX) under the symbol "CXI" and the over the counter market (OTC) 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 currently maintains a head office and four vaults as well as 24 branch locations. The Company's registered head office is located at 4901 Vineland Road, Suite 580, Orlando, Florida, 32811, United States of America. The majority of the Company's operations are currently in the United States.

Basis of presentation

The presentational currency of the Company's unaudited condensed interim consolidated financial statements is the U.S. dollar. The accounting policies set out in Note 2 have been applied consistently to all periods presented in these financial statements. These unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis, with exception to certain financial instruments measured at fair value. In addition these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Statement of compliance

These unaudited condensed interim consolidated financial statements of the Company and its subsidiary were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"). They do not include all of the information required for full annual financial statements.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS issued and outstanding as of May 3, 2013, the date the Board of Directors approved the statements. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending October 31, 2013 could result in restatement of these condensed interim consolidated financial statements.

The same accounting policies are used in the preparation of these unaudited condensed interim consolidated financial statements as for the most recent audited annual financial statements and reflect all the adjustments necessary for the fair presentation in accordance with IFRS of the results for the interim periods presented.

Use of estimates

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

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

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

Carrying value of intangible assets
The Company makes significant judgments about the value of its proprietary software, www.ceifx.com. Once the scope of a project is deemed technologically feasible, the Company capitalizes costs incurred for the planning, development, and testing phases of modules developed within its software. Subsequent to the completion of the software development cycle, each module is amortized over a period of five years. Costs relating to software maintenance, regular software updates, and minor software customizations are expensed as incurred.

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

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

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

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

Contingencies
Refer to Note 7 and 20.

Comparative figures
Comparative figures have been reclassified to conform to the current period's presentation.

2. Accounting Policies

Principles of consolidation
The unaudited condensed interim consolidated financial statements comprise the financial statements of the Company and its wholly-owned subsidiaries, Currency Exchange International of Canada Corp, a corporation incorporated under the Canada Business Corporations Act and Currency Exchange International America Corp., a corporation incorporated under the Florida Corporations Act. At this time, Currency Exchange International America Corp. is not operational and holds no assets or liabilities.

Subsidiaries are entities over which the Company has control, where control is defined as the power to govern financial and operating policies of an entity so as to obtain benefit from its activities. Subsidiaries are fully consolidated from the date control is transferred to the Company, and are de-consolidated from the date control ceases. All material intercompany transactions are eliminated on consolidation

Cash
Cash includes, but is not limited to:

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

Foreign cash is recorded at market value based on foreign exchange rates as at March 31, 2013 and September 30, 2012, respectively.

Accounts receivable
Trade accounts receivable are stated net of an allowance for doubtful accounts. Accounts receivable consist primarily of bulk currency trades with a settlement cycle of 24 to 48 hours. The amount of accounts receivable varies widely from period to period due to the volume of activity and timing differences. There is minimal counter-party risk as the bulk of the Company's receivables reside with banks and other financial institutions. Management estimates the allowance based on an analysis of specific customers, taking into consideration the age of past due accounts and an assessment of the customer's ability to pay. The Company does not accrue interest on past due receivables. Management determined that allowance for doubtful accounts was $Nil as of March 31, 2013 and September 30 2012, respectively.

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

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

2. Accounting Policies (continued)

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

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

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

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

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

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

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

2. Accounting Policies (continued)

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

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

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

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

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

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

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

2. Accounting Policies (continued)

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

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

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

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

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

As of March 31, 2013 and September 30, 2012, cash including foreign currencies held in tills and vaults and the warrant liability are classified as Level 1 financial instruments

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

3. New Accounting Polices and Future Accounting Pronouncements

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

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

IFRS 9 (2009) Financial Instruments ("IFRS 9 (2009)") was issued in November 2009 and contained requirements for financial assets. The standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 (2009) also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. IFRS 9 (2009) amends some of the requirements of IFRS 7 including added disclosures about investments in equity instruments designated through fair value of other comprehensive income.

IFRS 9 (2010) Financial Instruments ("IFRS 9 (2010)") was issued in October 2010 and contains all of the requirements in IFRS 9 (2009), as well as requirements for financial liabilities. Most of the guidance in IFRS 9 (2010) related to the recognition and measurement of financial liabilities remains unchanged from current IFRS. This standard is required to be applied for accounting periods beginning on or after January 1, 2015, with earlier adoption permitted. The Company has not yet determined the impact of the amendments to IFRS 9 on its unaudited interim consolidated financial statements.

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

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

3. New Accounting Polices and Future Accounting Pronouncements (continued)

IFRS 13 *Fair Value Measurement* ("IFRS 13") was issued in May, 2011 and provides guidance on how to measure fair value, as well as requiring specific disclosures related to fair value measurements recognized and in the financial statements.. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company has not yet determined the impact of IFRS 13 on its unaudited condensed interim consolidated financial statements.

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

IAS 32 Financial Instruments - Presentation ("IAS 32") was amended to clarify the criteria that should be considered in determining whether an entity has a legally enforceable right of set off in respect of its financial instruments. Amendments to IAS 32 are applicable to annual periods beginning on or after January 1, 2014 with retrospective application required. Earlier application is permitted. The Company has not yet determined the impact of IAS 32 on its unaudited condensed interim consolidated financial statements.

Three and six months ended March 31, 2013 (Expressed in U.S. Dollars)

4. Operating Segments

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

	Commissions from trading	Fee income	Total revenues
Six months ended March 31, 2013	$	$	$
United States	4,626,110	512,013	5,138,123
Canada	588,436	786	589,222
Total	5,214,546	512,799	5,727,345
Six months ended March 31, 2012			
United States	5,135,813	532,132	5,667,945
Canada	119,388	5,346	124,734
Total	5,255,201	537,478	5,792,679
Three months ended March 31, 2013			
United States	2,379,965	257,426	2,637,391
Canada	281,901	-	281,901
Total	2,661,871	257,421	2,919,292
Three months ended March 31, 2012			
United States	2,687,308	260,754	2,948,062
Canada	123,700	4,931	128,631
Total	2,811,008	265,685	3,076,693

	March 31, 2013			September 30, 2012		
	United States	Canada	Total	United States	Canada	Total
	$	$	$	$	$	$
Cash	12,729,415	3,402,409	16,131,824	10,018,626	6,545,827	16,564,453
Accounts receivable	498,757	626,879	1,125,636	389,754	213,848	603,602
Restricted cash held in escrow	327,386	-	327,386	132,340	-	132,340
Income tax recoverable	19,632	2,066	21,698	-	-	-
Other current assets	378,799	18,896	397,695	304,019	8,956	312,975
Property and equipment	311,929	76,551	388,480	301,405	89,720	391,125
Intangible assets	282,731	-	282,731	185,929	-	185,929
Other assets	28,331	6,183	34,514	28,819	6,385	35,204
Total assets	14,576,980	4,132,984	18,709,964	11,360,892	6,864,736	18,225,628

Three and six months ended March 31, 2013 (Expressed in U.S. Dollars)

5. Cash

Included within cash of $16,131,824 at March 31, 2013 (September 30, 2012 - $16,564,453) are the following balances:

	March 31, 2013	September 30, 2012
	$	$
Cash held in transit, vaults, tills and consignment locations	11,371,206	15,026,294
Cash deposited in bank accounts in jurisdictions of which it operates	4,760,618	1,538,159
Total	16,131,824	16,564,453

6. 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 $327,386 at March 31, 2013 (September 30, 2012 - $132,340)

7. Operating Leases

The Company has entered into non-cancellable operating lease and license agreements with terms in excess of one year for the use of certain facilities. The rent expense associated with these leases for the six months ending March 31, 2013 was $641,461 (six months ended March 31, 2012- $528,266). The licensing fees associated with these agreements for the six months ended March 31, 2013 were $110,950 (six months ending March 31, 2012 - $104,632).

The following is a schedule of future minimum rental payments and license fees required under these agreements as of March 31, 2013:

Year ended	Remaining minimum payments required
October 31, 2013	$515,160
October 31, 2014	$687,569
October 31, 2015	$263,659
October 31, 2016	$41,193
October 31, 2017	$31,640
Total	**$1,539,221**

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

Three and six months ended March 31, 2013 (Expressed in U.S. Dollars)

8. Property and Equipment

Property and equipment consisted of the following as of March 31, 2013 and September 30, 2012:

Cost	**Vehicles** $	**Computer equipment** $	**Furniture and equipment** $	**Leasehold improvements** $	**Total** $
Balance, September 30, 2011	51,567	88,062	100,927	462,135	702,691
Additions	14,806	44,183	70,899	127,352	257,240
Disposals		(7,761)	-	-	(7,761)
Balance, September 30, 2012	66,373	124,484	171,826	589,487	952,170
Additions	16,077	9,647	20,164	74,337	120,225
Disposals	(31,087)	-	-	-	(31,087)
Balance, March 31, 2013	51,363	134,131	191,990	663,824	1,041,308

Amortization	**Vehicles** $	**Computer equipment** $	**Furniture and equipment** $	**Leasehold improvements** $	**Total** $
Balance, September 30, 2011	30,146	64,623	66,753	185,057	346,579
Amortization	12,100	25,501	29,995	150,350	217,946
Disposals	-	(3,480)	-	-	(3,480)
Balance, September 30, 2012	42,246	86,644	96,748	335,407	561,045
Amortization	5,292	13,935	20,077	71,639	110,942
Disposals	(19,159)	-	-	-	(19,159)
Balance, March 31, 2013	28,378	100,579	116,825	407,046	652,828

Carrying amounts	**Vehicles** $		**Computer equipment** $	**Furniture and equipment** $	**Leasehold improvements** $	**Total** $
Balance, September 30, 2012	24,127		37,840	75,078	254,080	391,125
Balance, March 31, 2013	22,985	-	33,552	75,165	256,778	388,480

9. Intangible Assets

Intangible assets are comprised of the Company's internally developed software and its related modules. Amortization is computed on an individual product basis over the estimated economic life of the product using the straight-line method. The balance of intangible assets as of March 31, 2013 and September 30, 2012 consisted of:

	Cost $	**Amortization** $	**Net Book Value** $
Balance, September 30, 2011	149,201	14,900	134,301
Additions	82,389	30,761	51,628
Balance, September 30, 2012	231,590	45,661	185,929
Additions	124,318	27,516	96,802
Balance, March 31, 2013	355,908	73,177	282,731

10. 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 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.

11. Line of Credit and Short-Term Note Payable

On January 4, 2011, the Company entered into a Master Purchasing Agreement to borrow up to Cdn$5,000,000 with a shareholder of the Company. On December 14, 2011, the Company amended the terms of the Master Purchasing Agreement to reduce the available credit from Cdn$5,000,000 to Cdn$2,000,000 upon completion of the offering described in Note 16. The Master Purchasing Agreement is subordinate to the credit line held with Branch Banking and Trust Company described below and is not securitized. Specific repayment terms and interest rates are negotiated when drawings are made. On December 19, 2012 the Company entered into an arrangement to receive a net value of $993,400 in an exchange for a promise to repay $1,000,000 on January 17, 2013. As at March 31, 2013, the outstanding balance on the short-term note payable was $Nil (September 30, 2012 - $Nil). During the six months ending March 31, 2013, the Company recognized interest and accretion expense of $6,600 (six months ending March 31, 2012 - interest and accretion of $105,775).

In May of 2012, the Company entered into a line of credit agreement with Branch Banking and Trust Company for a principal amount of up to $1,000,000. The line of credit bears interest at the bank's prime rate (as at March 31, 2013 3.25%) and is secured against the Company's cash and non-cash assets. Any and all future debt is subordinate to the credit line. As at March 31 2013, the balance on the line of credit was $Nil (September 30, 2012 - $Nil). During the six months ended March 31, 2013, the Company recognized interest of $259 (six months ending March 31, 2012 - $Nil).

12. 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 focus to minimize the potential adverse effects on the Company's financial performance.

Financial risk management is carried out by the 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 below analysis 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.

Three and six months ended March 31, 2013 (Expressed in U.S. Dollars)

12. Risk Management (continued)

Credit Risk

Credit risk is the risk of financial loss associated with a counterparty’s inability to fulfill its payment obligations. The Company’s credit risk is primarily attributable to cash 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 (Note 2) 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 AR by category is below:

	March 31, 2013	**September 30, 2012**
Customer type	**$**	**$**
Domestic and international financial institutions	333,924	215,114
Money service businesses	783,761	377,839
Other	7,951	10,649
Total	**1,125,636**	**603,602**

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.

Foreign Currency Risk

The volatility of the Company's foreign currency holdings may be increased as a result of the political and financial environment of the corresponding issuing country. Management believes its exposure to foreign currency fluctuations is mitigated by the short-term nature and rapid turnover of its foreign currency inventory, as well as 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. During any given time the Company may have up to $2,000,000 in minor or exotic foreign currencies that are held in transit, vaults tills or consignment locations that are un-hedged. The amount of unhedged inventory at March 31, 2013 was $1,502,024. A 2% increase/reduction in the market price for the aggregate of the company's un-hedged foreign currencies would result in an exchange gain/loss of approximately +$30,000/-$30,000.

12. Risk Management (continued)

Foreign Currency Risk (continued)

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 at March 31, 2013, 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 (Note 5). These amounts are not subject to interest rate risk. Generally, most cash held on deposit is non-interest bearing.

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 (Note 11).

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.

As at March 31, 2013, if interest rates had been 50 basis points higher/lower with all other variables held constant, post tax profit for the six months ended would have been approximately $50 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.

Three and six months ended March 31, 2013 (Expressed in U.S. Dollars)

12. Risk Management (continued)

The following are non-derivative contractual financial liabilities:

As at March 31, 2013

Non-derivative financial liabilities	Carrying amount	Contractual amount	Within current fiscal year	Between 1 and 2 fiscal years
	$	$	$	$
Accounts payable	911,246	911,246	911,246	-
Accrued expenses	340,206	340,206	340,206	-

As at September 30, 2012

Non-derivative financial liabilities	Carrying amount	Contractual amount	Within current fiscal year	Between 1 and 2 fiscal years
	$	$	$	$
Accounts payable	682,572	682,572	-	682,572
Accrued expenses	690,212	690,212	-	690,212

The Company had unused lines of credit amounting to $3,000,000 at March 31, 2013 (September 30, 2012 - $3,000,000).

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.

13. Foreign Currency Forward Contracts

The Company enters into foreign currency forward contracts on a daily basis to mitigate the risk of fluctuations in the exchange rates of its major currency holdings. The forward contracts are recognized at fair value and the gain or loss is recorded daily and is included in commissions on the consolidated statements of income and comprehensive income. The Company's management strategy is to reduce the risk of fluctuations associated with foreign exchange rate changes. The foreign currency forward contracts can be closed immediately resulting in the collateral being liquidated. For the six months ended March 31, 2013, the change in foreign currency value was a gain of $47,653 (six months ended March 31, 2012 - gain - $16,696), the net change from foreign currency forward contracts related to foreign currency inventory holdings was a gain of $39,473 (six months ended March 31, 2012 - loss - $35,503). For the three months ended March 31, 2013, the change in foreign currency value was a loss of $75,227 (three months ended March 31, 2012 - gain - $89,765), the net change from foreign currency forward contracts related to foreign currency inventory holdings was a gain of $135,774 (three months ended March 31, 2012 - loss - $89,746).

13. Foreign Currency Forward Contracts (continued)

As at March 31, 2013 and September 30, 2012 approximately $327,386 and $132,340, respectively, were being held as collateral on these contracts and is reflected as restricted cash held in escrow in the consolidated statements of financial position. See Note 6.

As at March 31, 2013 and September 30, 2012, management has assessed that the fair value of the above foreign currency forward contracts was a nominal amount, given their short-term nature.

In December of 2011, the Company entered in to a forward contract to purchase Cdn$2,000,000 to mitigate the foreign currency exchange risk relating to a short term Cdn$2,000,000 loan entered in to under the Master Purchasing Agreement described in Note 11. The forward contract expired on the date of the Company's public offering described in Note 16. During the six months ending March 31, 2013, the company realized an exchange gain on the forward contract of $Nil (six months ending March 31, 2012 - gain- $92,343).

14. Warrant Liability

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

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

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

On December 24, 2012, 59,634 broker compensation options described in Note 16 were exercised enabling each option holder one common share and one common share purchase warrant.

In February 2013, 40 broker compensation options described in Note 16 were exercised enabling each option holder one common share and one common share purchase warrant.

In March of 2013, 23,006 broker compensation options described in Note 16 were exercised enabling each option holder one common share and one common share purchase warrant.

Three and six months ended March 31, 2013 (Expressed in U.S. Dollars)

14. Warrant Liability (continued)

As at March 31, 2013, the Company adjusted the fair value of the warrant liability to $1,094,562 based on the quoted market price of the warrants of Cdn$0.76 on March 31, 2013. As a result, the Company realized a non-cash loss of $636,321 during the six months ended March 31, 2013 (six months ended March 31, 2012 - gain - $286,950). During the three month ended March 31, 2013 the Company realized a non-cash loss of $639,192 (three months ended March 31, 2012 - gain - $286,950).

	Warrants	Remaining Expected Life	Weighted average exercise price	Value per warrant	Value
	#	(years)	Cdn$	Cdn$	$
Balance, September 30, 2012	1,380,000	0.94	7.50	0.30	418,827
Issued December 24, 2012	59,634	0.71	7.50	0.30	18,137
Issued February 2013	40	0.54	7.50	1.15	45
Issued March 2013	23,006	0.50	7.50	0.95	21,232
Change in fair value (liability) and foreign exchange gain	-	-	-	-	636,321
Balance, March 31, 2013	1,462,680	0.69	7.50	0.76	1,094,562

15. Retirement Plan

The Company has a defined contribution 401(k) retirement plan which covers substantially all employees in the United States who are twenty-one years of age and have achieved 1,000 hours of service with the Company in a period of twelve consecutive months. Participating employees may elect to defer a portion of their compensation on a before or after tax basis in accordance with Section 401(k) of the Internal Revenue Code. The Company makes matching dollar for dollar contributions of up to 4% of each plan participant's gross wages. For the three and six months ending March 31, 2013 the Company's matching contribution expense was $19,146 and $42,505, respectively (2012 - $13,385 and $26,043).

16. Shareholders' Equity

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

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

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

Three and six months ended March 31, 2013 (Expressed in U.S. Dollars)

16. Shareholders' Equity (continued)

The Company issued broker compensation options entitling the agents to acquire a maximum of 82,800 units at Cdn$6.65 per unit until March 11, 2013. Each unit consists of one common share and one common share purchase warrant exercisable at a price of Cdn$7.50 until September 8, 2013. The grant date fair value of the broker options of $129,512 was determined based on the Black-Scholes option pricing model using the assumptions as presented below:

Risk-free interest rate	0.18%
Expected volatility	59%
Expected dividend yield	Nil
Expected life (years)	1
Fair value of unit at grant date	Cdn$6.65
Fair value of option at grant date	$1.56

During the six months ending March 31, 2013, 82,680 broker compensation units were exercised at a price of Cdn$6.65 per unit, for proceeds of Cdn$549,822 ($548,264).

	Broker Options #	Remaining Expected Life (years)	Weighted Average Exercise Price Cdn$	Value $
Balance, September 30, 2011	-	-	-	-
Issued, March 9, 2012	82,800	1	6.65	129,512
Balance, September 30, 2012	82,800	0.44	6.65	129,512
Exercised, December 24, 2012	(59,634)	0.21	6.65	(93,277)
Exercised, February 2013	(40)	0.05	6.65	(63)
Exercised, March 2013	(23,006)	-	6.65	(35,985)
Expired, March 2013	(120)	-	6.65	(187)
Balance, March 31, 2013	-	-	-	-

In connection with the offering, the Company also paid cash commission to the agents in the amount of $555,135, and incurred other professional fees and expenses of $272,674 for a total cost of $827,809 of which $703,638 was allocated to common shares and $124,171 related to warrants was expensed.

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, 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.

Three and six months ended March 31, 2013 (Expressed in U.S. Dollars)

16. Shareholders' Equity (continued)

On May 4, 2012, the Company granted 90,000 stock options to select employees and directors with an exercise price of Cdn$7.50 and an expiry date of May 4, 2017. During the three and six months ending March 31, 2012, the Company realized stock based compensation in the amount of $36,232 and $74,852, respectively (three and six months ending March 31, 2012 - $Nil , respectively) which was determined based on the vested portion of the Black-Scholes option pricing model using the assumptions presented below:

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

On December 17, 2012, the company granted 116,000 stock options to select employees and directors with an exercise price of Cdn$7.50 and an expiry date of December 18, 2017. During the three and six months ending March 31, 2012, the Company realized stock based compensation in the amount of $45,603 and $52,830, respectively (three and six months ending March 31, 2012 - $Nil and $Nil, respectively) which was determined based on the vested portion of the Black-Scholes option pricing model using the assumptions presented below:

Risk-free interest rate	0.74%
Expected volatility	49%
Expected dividend yield	Nil
Expected life (years)	5
Fair value of share at grant date	Cdn$6.75
Fair value of option at grant date	$2.66

The outstanding options as at March 31, 2013 and September 30, 2012 and the respective changes during the periods are summarized as follows:

	Six months ending March 31, 2013			Year ending September 30, 2012		
	Number of options	Weighted average exercise price	Vested amount during the period	Number of options	Weighted average exercise price	Vested amount during the period
	#	Cdn$	Cdn$	#	Cdn$	Cdn$
Outstanding, beginning of period	90,000	7.50	74,852	-	-	-
Granted	116,000	7.50	52,830	90,000	7.50	64,409
Exercised	-	-	-	-	-	-
Expired	-	-	-	-	-	-
Outstanding, end of period	206,000	7.50	127,682	90,000	7.50	64,409

Three and six months ended March 31, 2013 (Expressed in U.S. Dollars)

16. Shareholders' Equity (continued)

The following options are outstanding and exercisable at March 31, 2013:

Options Outstanding and Exercisable

Exercise price	Number outstanding	Average remaining contractual life	Number exercisable
Cdn$	#	(years)	#
7.50	90,000	4.1	-
7.50	116,000	4.72	-

17. Net (Loss) Earnings Per Common Share

The calculation of earnings per share is presented below. Diluted earnings per share for the six and three month months ending March 31, 2013 did not include the 1,380,000 warrants and 90,000 stock options as they were anti-dilutive. During the three and six months ending March 31, 2012, diluted earnings per share did not include the effect of 1,380,000 warrants as they were anti-dilutive.

	Six months ended		Three month ended	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Basic				
Net (loss) income	($494,750)	$1,033,683	($575,087)	$497,415
Weighted average number of shares outstanding	3,889,553	2,659,803	3,874,888	2,829,401
Basic earnings per share	($0.13)	$0.39	($0.15)	$0.18
Diluted				
Net (loss) income	($494,750)	$1,033,683	($575,087)	$497,415
Weighted average number of shares outstanding	3,892,059	2,660,636	3,877,395	2,831,076
Diluted earnings per share	($0.13)	$0.39	($0.15)	$0.18

Three and six months ended March 31, 2013 (Expressed in U.S. Dollars)

18. Operating Expenses

	Six months ended		Three months ended	
	March 31, 2013	**March 31, 2012**	**March 31, 2013**	**March 31, 2012**
	$	$	$	$
Salaries and benefits	2,359,039	1,880,109	1,212,836	979,551
Rent (Note 7)	641,461	528,266	320,350	280,708
Legal and professional	417,648	480,295	205,734	352,109
Insurance	188,809	125,290	91,668	69,041
Postage and shipping	477,698	361,148	220,450	227,559
Stock based compensation (Note 16)	127,682	-	81,835	-
Travel and lodging	84,412	81,777	45,477	46,081
License and fees	139,158	123,871	73,549	69,353
Amortization	138,459	117,330	69,849	59,370
Software maintenance	62,521	177,833	33,114	93,690
Foreign exchange loss/(gain)	6,656	83,461	(44,333)	41,650
Automotive and mileage	54,894	47,229	27,260	26,009
Currency signage	33,674	38,768	19,285	17,395
Utilities	54,623	48,529	27,822	25,525
Office supplies	35,013	30,573	19,130	16,255
Other expenses	162,009	205,286	79,910	140,692
Operating expenses	4,983,755	4,329,765	2,483,935	2,444,988

19. Exchange Bank of Canada

On November 23, 2012, the Company submitted its application to continue its wholly-owned subsidiary, Currency Exchange International of Canada Corp., as a new Canadian Schedule I bank. Subject to review and approval of the application by the Office of the Superintendent of Financial Institutions (Canada) and the Minister of Finance (Canada), the new bank will be called "Exchange Bank of Canada" in English and "Banque de Change du Canada" in French and will have its head office in Toronto. During the three and six months ending March 31, 2013, the Company recognized legal and administrative expenses of $60,149 and $193,538, respectively, in relation to the application process (three and six months ending March 31, 2012 - $Nil, respectively).

Three and six months ended March 31, 2013 (Expressed in U.S. Dollars)

20. 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 six months ended March 31, 2013 and six months ended March 31, 2012 was as follows:

	Six months ended	
	March 31, 2013	**March 31, 2012**
	$	$
Short-term benefits	256,771	196,497
Post-employment benefits	7,920	3,186
Stock based compensation	127,682	-

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

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

The Company incurred legal and professional fees in the aggregate of Cdn$14,653 and Cdn$24,228 for the three and six months ending March 31, 2013, respectively (three and six months ending March 31, 2012 - $39,700 and $48,943, respectively) charged by entities controlled by directors or officers of the Company. During the three and six months ended March 31, 2013, the Company incurred an expense $83,441 and $127,682, respectively, from stock options to officers and directors (three and six months ended March 31, 2012 - $Nil and $Nil).

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

Three and six months ended March 31, 2013 (Expressed in U.S. Dollars)

21. Other Current Assets

	March 31, 2013	September 30, 2012
	$	$
Prepaid rent	108,733	107,752
Prepaid insurance	89,853	57,879
Forward escrow deposits	4,979	5,083
Due on debit and credit cards	125,993	89,111
Other assets	68,137	53,150
Total	397,695	312,975

22. Subsequent Events

The Company appointed Mr. Peter Scherer as Chief Financial Officer of Currency Exchange International, Corp. and its wholly owned subsidiary, Currency Exchange International of Canada Corp., effective May 1, 2013.

On May 3, 2013 the Company granted 22,000 Options at a price of Cdn$7.65, with an expiration date of May 3, 2018. The options vest under the terms described in Note 16.