CURRENCY EXCHANGE INTERNATIONAL, CORP.

Condensed Interim Consolidated Financial Statements
For the three month periods ended January 31, 2019 and 2018
(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) *"Stephen Fitzpatrick"*
Stephen Fitzpatrick
Chief Financial Officer

Orlando, Florida
March 6, 2019

CURRENCY EXCHANGE INTERNATIONAL, CORP.
Condensed Interim Consolidated Statements of Financial Position
January 31, 2019 and October 31, 2018
(Expressed in U.S. Dollars)
(Unaudited)

	January 31, 2019	October 31, 2018
ASSETS		
Current assets	$	$
Cash (Note 5)	55,839,809	56,402,979
Accounts receivable (Note 12)	19,349,202	9,639,897
Restricted cash held in escrow (Note 6)	1,506,426	1,998,942
Forward contract assets (Note 13)	30,646	10,857
Income taxes receivable	884,238	840,213
Other current assets (Note 18)	1,044,447	1,135,586
Total current assets	78,654,768	70,028,474
Property and equipment (Note 7)	1,307,342	990,374
Intangible assets (Note 8)	1,250,429	1,424,879
Other assets	93,282	93,280
Net deferred tax asset	740,130	730,267
Total assets	82,045,951	73,267,274
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	8,951,730	8,312,778
Line of credit (Note 10)	8,460,455	-
Accrued expenses	1,954,776	2,232,559
Total current liabilities	19,366,961	10,545,337
Total liabilities	19,366,961	10,545,337
Equity		
Share capital	6,414,091	6,407,667
Equity reserves	28,652,905	28,529,465
Retained earnings	27,611,994	27,784,805
Total equity	62,678,990	62,721,937
Total liabilities and equity	82,045,951	73,267,274

Subsequent events (Note 20)

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 Other Comprehensive Loss
Three month periods ended January 31, 2019 and 2018
(Expressed in U.S. Dollars)
(Unaudited)

	Three months ended	
	January 31, 2019	January 31, 2018
Revenues	$	$
Commissions revenue	7,947,371	7,926,648
Fee revenue	504,300	476,207
Total revenues (Note 4)	8,451,671	8,402,855
Operating expenses (Note 16)	8,180,261	6,638,559
Net operating income	271,410	1,764,296
Interest revenue	1,460	2,936
Gain on sale of assets	1,976	-
Earnings before interest, taxes, depreciation and amortization	274,846	1,767,232
Interest expense (Note 10)	119,778	64,819
Depreciation and amortization	380,919	335,857
(Loss) income before income taxes	(225,851)	1,366,556
Income tax (benefit) expense	(53,040)	1,050,409
Net (loss) income for the period	(172,811)	316,148
Other comprehensive income, after tax		
Net (loss) income for the period	(172,811)	316,148
Items that may subsequently be reclassified to profit or loss		
Exchange differences on translating foreign operations	(27,228)	803,982
Total other comprehensive (loss) income, after tax	(200,038)	1,120,130
Earnings per share (Note 15)		
-basic	($0.03)	$0.05
-diluted	($0.03)	$0.05
Weighted average number of common shares outstanding (Note 15)		
-basic	6,306,450	6,263,427
-diluted	6,329,649	6,332,385

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
Three month periods ended January 31, 2019 and 2018
(Expressed in U.S Dollars)
(Unaudited)

	Share Capital		Equity Reserves				Retained Earnings	Total Equity
	Shares	Amount	Share premium	Accumulated Other Comprehensive Loss	Stock Options		Amount	Amount
	#	$	$	$	#	$	$	$
Balance at November 1, 2018	6,407,667	6,407,667	32,427,578	(5,489,393)	424,495	1,591,280	27,784,805	62,721,937
Stock based compensation (Note 14)	-	-	-	-	4,127	296,495	-	296,495
Issue of share capital and share premium on exercise of stock options (Note 14)	6,424	6,424	100,563	-	(16,750)	(63,270)	-	43,717
Forfeited options (Note 14)	-	-	-	-	(26,088)	(183,120)	-	(183,120)
Loss on foreign currency translation	-	-	-	(27,228)	-	-	-	(27,228)
Net loss	-	-	-	-	-	-	(172,811)	(172,811)
Balance, January 31, 2019	6,414,091	6,414,091	32,528,141	(5,516,621)	385,784	1,641,385	27,611,994	62,678,990
Balance at November 1, 2017	6,263,428	6,263,428	30,208,552	(5,154,332)	442,223	1,617,408	23,557,562	56,492,618
Stock based compensation (Note 14)	-	-	-	-	-	196,328	-	196,328
Gain on foreign currency translation	-	-	-	803,982	-	-	-	803,982
Net income	-	-	-	-	-	-	316,148	316,148
Balance, January 31, 2018	6,263,428	6,263,428	30,208,552	(4,350,350)	442,223	1,813,736	23,873,710	57,809,076

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 months periods ended January 31, 2019 and 2018
(Expressed in U.S. Dollars)
(Unaudited)

	Three months ended	
	January 31, 2019	**January 31, 2018**
Cash flows from operating activities	**$**	**$**
Net loss	(172,811)	316,148
Adjustments to reconcile net income to net cash flows from operating activities		
Depreciation and amortization	380,919	335,857
Stock based compensation	113,376	196,328
Change in forward contract positions (Note 13)	(19,450)	478,207
Gain on disposal of assets	(1,976)	-
Deferred taxes	(9,908)	367,013
Increase (decrease) in cash due to change in:		
Accounts receivable	(9,637,421)	(1,969,836)
Restricted cash held in escrow	492,516	(285,817)
Other assets	91,141	(6,777)
Accounts payable, accrued expenses, and income taxes payable	311,133	13,655,664
Net cash flows from operating activities	(8,452,481)	13,086,784
Cash flows from investing activities		
Purchase of property and equipment	(462,949)	(52,538)
Purchase of intangible assets	(78,627)	(67,054)
Proceeds from sale of asset	15,012	-
Net cash outflow from investing activities	(526,564)	(119,592)
Cash flows from financing activities		
Net proceeds from exercise of stock options (Note 14)	43,734	-
Net borrowing on line of credit (Note 10)	8,420,805	299,488
Net cash flows from financing activities	8,464,539	299,489
Net change in cash	(514,506)	13,266,681
Cash, beginning of period	56,402,979	51,147,685
Exchange difference on foreign operations	(48,664)	714,064
Cash, end of period	55,839,809	65,128,430

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the period for income taxes	-	917
Cash paid during the period for interest	119,778	64,819
Cash received during the year for interest	1,460	2,936

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**") in the United States 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 44 branch locations. The Company's registered head office is located at 6675 Westwood Boulevard, Suite 300, Orlando, Florida, 32821, United States of America. The Company's wholly-owned Canadian Subsidiary, Exchange Bank of Canada ("**EBC**") is a non-deposit taking, non-lending financial institution engaged in foreign exchange services and is registered as a Schedule 1 bank.

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, 2018. 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, 2018, 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 6, 2019.

2. Future Accounting Pronouncements

Recently Adopted Standards

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. The Company adopted IFRS 9 effective November 1, 2018. The adoption of this Standard did not have a significant impact on the 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. The Company adopted IFRS 15 effective November 1, 2018. The adoption of this Standard did not have a significant impact on the condensed interim consolidated financial statements.

2. Future Accounting Pronouncements (continued)

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 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 full impact of IFRS 16 on its consolidated financial statements. The Company believes that the most significant impact will be the recognition of a right-of-use asset and a corresponding lease liability on the statement of financial position for certain facilities currently treated as operating leases.

3. Significant Accounting Policies

The condensed interim consolidated financial statements have been prepared in accordance with the accounting policies adopted in the Company's most recent annual financial statements for the year ended October 31, 2018, except for the effects of applying IFRS 9 and IFRS 15. The Company's financial statements were not significantly impacted by the adoption of these new accounting standards. However, for completeness, the accounting policies are disclosed below.

IFRS 9 *Financial Instruments*

IFRS 9 provides guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for the impairment of financial assets. IFRS 9 also contains new requirements on the application of a hedging model to align hedge accounting more closely with entities' risk management activities.

Classification and measurement of financial assets

IFRS 9 includes a new classification and measurement approach for financial assets that considers the business model in which the assets are managed and their cash flow characteristics. Subsequent to initial recognition, financial assets are not reclassified unless the Company adopts changes in its business model in managing those assets. Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories: amortized cost; fair value through profit or loss ("FVTPL"); or fair value through other comprehensive income ("FVOCI"). The adoption of IFRS 9 did not result in significant changes in the classification, measurement or carrying amount of financial assets.

Impairment of financial assets

IFRS 9's impairment requirements use the 'expected credit loss' ("ECL") model. The ECL model replaces IAS 39's 'incurred loss model' and uses forward-looking information to recognize expected credit losses. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortized cost and FVOCI, trade receivables, contract assets recognized and measured under IFRS 15 and loan commitments and some financial guarantee contracts that are not measured at fair value through profit or loss.

3. Significant Accounting Policies (continued)

Under the new standard, the Company considers a wider range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable projections that impact the collectability of the future cash flows of the instrument. The adoption of IFRS 9 and the ECL model had no impact on the Company's condensed interim consolidated financial statements.
Accounts receivable

The Company applies a simplified approach in accounting for the loss allowance for receivables and contract assets as lifetime expected credit losses. These consider the potential for default during the life of the financial instrument, and are the expected shortfalls in contractual cash flows. To estimate the expected shortfall, the Company considers specific customers, historical information, external indicators and forward-looking information. Due to the longstanding relationships with most of its customers, strong repayment history and the short term nature of the financial assets, the loss allowance for receivables was not impacted by the adoption of IFRS 9.

Classification and measurement of financial liabilities

IFRS 9's requirements for financial liabilities remains largely consistent compared to IAS 39. Consequently, the Company's financial liabilities were not impacted by the adoption of IFRS 9.

Financial liabilities are initially measured at fair value, adjusted for transaction costs, unless the Company designates the financial liability at FVTPL. Subsequently, financial liabilities are measured at amortized cost using the effective interest method, except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recorded in the statement of income. The adoption of IFRS 9 did not result in significant changes in the classification, measurement or carrying amounts of financial liabilities.

Derivative financial instruments and hedge accounting

Derivative financial instruments are accounted for at FVTPL, except for derivatives designated as hedging instruments in cash flow hedge relationships, which require a specific accounting treatment. To qualify for hedge accounting, the hedging relationship must meet all of the following requirements: there is an economic relationship between the hedged item and the hedging instrument; the effect of credit risk does not dominate the value changes that result from that economic relationship; and the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item. As the Company does not apply hedge accounting, the condensed interim consolidated financial statements were not impacted by the new hedging requirements under IFRS 9.

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 provides a comprehensive framework for the recognition, measurement, and disclosure of revenue from contracts with customers. To determine whether to recognize revenue, the Company follows a five-step process whereby the Company: (1) identifies the contract with the customer; (2) identifies the performance obligations; (3) determines the transaction price; (4) allocates the transaction price to the performance obligations; and (5) recognizes revenue when or as performance obligations are satisfied. The implementation of IFRS 15 did not have an impact on the Company's condensed interim consolidated financial statements as all revenue contracts are short term in nature and have a single performance obligation with revenue recognized at a point in time, being when each transaction occurs on a trade date basis or at the end of each reporting period when revaluations of foreign exchange positions occur.

(Expressed in U.S. Dollars)

4. Segmented

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

Revenues by Geography

	United States	Canada	Total
Three months ended January 31, 2019	7,012,450	1,439,221	8,451,671
Three months ended January 31, 2018	7,352,932	1,049,923	8,402,855

Revenues by Product Line

	Banknotes	Payments	Total
Three months ended January 31, 2019	7,882,833	568,838	8,451,671
Three months ended January 31, 2018	7,933,280	469,575	8,402,855

	At January 31, 2019			At October 31, 2018		
Assets	**United States**	**Canada**	**Total**	**United States**	**Canada**	**Total**
	$	$	$	$	$	$
Cash	34,781,012	21,058,797	55,839,809	39,064,052	17,338,927	56,402,979
Accounts receivable	7,141,858	12,207,344	19,349,202	3,451,715	6,188,182	9,639,897
Restricted cash held in escrow	1,506,426	-	1,506,426	1,998,942	-	1,998,942
Forward contract assets	(8,399)	39,045	30,646	(35)	10,892	10,857
Other current assets	722,610	321,837	1,044,447	817,927	317,659	1,135,586
Property and equipment	645,211	662,131	1,307,342	694,331	296,043	990,374
Intangible assets	970,595	279,834	1,250,429	1,077,270	347,609	1,424,879
Other assets	93,282	-	93,282	93,280	-	93,280
Income taxes receivable	331,561	552,677	884,238	426,084	414,129	840,213
Net deferred tax asset	642,863	97,267	740,130	630,516	99,751	730,267
Total assets	46,827,019	35,218,932	82,045,951	48,254,082	25,013,192	73,267,274

5. Cash

Included within cash of $55,839,809 at January 31, 2019 (October 31, 2018 - $56,402,979) are the following balances:

	At January 31, 2019	At October 31, 2018
	$	$
Cash held in transit, vaults, tills and consignment locations	44,141,559	44,609,002
Cash deposited in bank accounts in jurisdictions in which the Company operates	11,698,250	11,793,977
Total	55,839,809	56,402,979

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 $1,506,426 at January 31, 2019 (October 31, 2018 - $1,998,942).

(Expressed in U.S. Dollars)

7. Property and Equipment

Property and equipment consisted of the following:

	Vehicles	Computer equipment	Furniture and equipment	Leasehold improvements	Total
Cost	$	$	$	$	$
Balance, October 31, 2017	80,247	311,514	753,068	1,980,041	3,124,870
Additions	33,987	97,018	109,503	236,432	476,941
Disposals	(32,995)	-	-	-	(32,995)
Net exchange differences	-	(227)	(3,223)	(2,898)	(6,348)
Balance, October 31, 2018	81,239	408,305	859,348	2,213,576	3,562,468
Additions	-	49,266	99,335	314,348	462,949
Disposals	(17,382)	-	-	-	(17,382)
Net exchange differences	-	410	725	3,657	4,792
Balance, January 31, 2019	63,857	457,981	959,408	2,531,581	4,012,827

	Vehicles	Computer equipment	Furniture and equipment	Leasehold improvements	Total
Depreciation	$	$	$	$	$
Balance, October 31, 2017	66,181	246,628	485,846	1,322,576	2,121,231
Additions	18,101	46,617	150,718	275,094	490,531
Disposals	(32,995)	-	-	-	(32,995)
Net exchange differences	-	(813)	(3,128)	(2,731)	(6,672)
Balance, October 31, 2018	51,287	292,432	633,436	1,594,939	2,572,094
Additions	4,504	17,118	38,516	77,164	137,302
Disposals	(4,345)	-	-	-	(4,345)
Net exchange differences	-	81	187	166	434
Balance, January 31, 2019	51,446	309,631	672,139	1,672,269	2,705,485

	Vehicles	Computer equipment	Furniture and equipment	Leasehold improvements	Total
Carrying amounts	$	$	$	$	$
Balance, October 31, 2018	29,952	115,873	225,912	618,637	990,374
Balance, January 31, 2019	12,411	148,350	287,269	859,312	1,307,342

8. 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 acquired through an asset purchase transaction. 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
Acquired Software	2 years
Customer trading relationships	5 years

(Expressed in U.S. Dollars)

8. Intangible Assets (continued)

Intangible assets consist of the following at January 31, 2019:

	Internally developed software	Acquired software	Customer trading relationships	Total
Cost	$	$	$	$
Balance, October 31, 2017	1,416,117	480,000	3,288,283	5,184,400
Additions	831,233	-	-	831,233
Net exchange differences	(5,579)	-	-	(5,579)
Balance, October 31, 2018	2,241,771	480,000	3,288,283	6,010,054
Additions	78,627	-	-	78,627
Net exchange differences	(40)	-	-	(40)
Balance, January 31. 2019	2,320,358	480,000	3,288,283	6,088,641

	Internally developed software	Acquired software	Customer trading relationships	Total
Amortization	$	$	$	$
Balance, October 31, 2017	837,132	480,000	2,356,603	3,673,735
Amortization	253,784	-	626,941	880,725
Net exchange differences	-	-	30,716	30,716
Balance, October 31, 2018	1,090,916	480,000	3,014,260	4,585,176
Amortization	88,623	-	154,994	243,617
Net exchange differences	-	-	9,419	9,419
Balance, January 31. 2019	1,179,539	480,000	3,178,673	4,838,212

	Internally developed software	Acquired software	Customer trading relationships	Total
Carrying amounts	$	$	$	$
Balance, October 31, 2018	1,150,855	-	274,024	1,424,879
Balance, January 31. 2019	1,140,819	-	109,610	1,250,429

9. 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.

10. Lines of Credit

The Company maintains a line of credit to meet borrowing needs during peak business periods. The Company has a revolving line of credit with BMO Harris Bank, N.A. which was increased in July of 2018 to $20,000,000. 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, 2019 – 2.39% (2018 – 2.3%)). At January 31, 2019, the balance outstanding was $5,182,787 (October 31, 2018 - $Nil).

(Expressed in U.S. Dollars)

10. Lines of Credit (continued)

In April of 2017, the Company's wholly-owned Canadian subsidiary, EBC, established a CDN$3,000,000 revolving line of credit with Bank of Montreal which was increased in June of 2018 to CDN$6,000,000 ($4,564,820) being secured against cash assets held in its vaults. The line of credit bears interest at CDN prime plus 0.5% [at January 31, 2019 – 3.95% (2018 – 3.95%)]. At January 31, 2019, the balance outstanding was $3,277,668 (October 31, 2018 - $Nil).

Interest expense relates to interest payments on lines of credit. Interest expense for the three month period ended January 31, 2019 was $119,778 (2018- $64,819).

11. 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, 2019 and the year ended October 31, 2018. The following table shows the Levels within the hierarchy of financial assets and liabilities measured at fair value.

	At January 31, 2019			
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Financial assets				
Cash	55,839,809	-	-	55,839,809
Forward contract assets	-	30,646	-	30,646
Total Assets	55,839,809	30,646	-	55,870,455

	At October 31, 2018			
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Financial assets				
Cash	56,402,979	-	-	56,402,979
Forward contract assets	-	10,857	-	10,857
Total assets	56,402,979	10,857	-	56,413,836

11. 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, 2019 and October 31, 2018.

Forward contract positions (Level 2)

The Company's forward contract positions are not traded in active markets. The fair value of these instruments has been determined 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, and line of credit

12. Risk Management

The Company's activities expose it to a variety of financial risks: 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 these financial 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.

(Expressed in U.S. Dollars)

12. Risk Management (continued)

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.

A breakdown of accounts receivable by category is below:

	At January 31, 2019	At October 31, 2018
Customer type	**$**	**$**
Domestic and international banks	11,523,185	4,883,305
Money service businesses	7,699,480	4,611,497
Other	126,537	145,095
Total	19,349,202	9,639,897

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, 2019 was approximately $8,600,000 (October 31, 2018 - $$7,440,000). The amount of currency that is unhedged and that is not pegged to the U.S. Dollar is approximately $6,900,000 (October 31, 2018- $$5,360,000). 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 +$138,000/-$138,000 (October 31, 2018 gain/loss of approximately +$107,000/-$107,000).

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.

(Expressed in U.S. Dollars)

12. Risk Management (continued)

Interest Rate Risk

At January 31, 2019, 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 10.

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, 2019 would have been approximately +$10,700/-$10,700 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, 2019

Non-derivative financial liabilities	Carrying amount	Estimated contractual amount	This fiscal year	Future fiscal years
	$	$	$	$
Accounts payable	8,712,755	8,712,755	8,712,755	$Nil
Accrued expenses	1,954,776	1,668,036	1,668,036	$Nil
Line of credit	8,460,455	8,460,455	8,460,455	$Nil

At October 31, 2018

Non-derivative financial liabilities	Carrying amount	Estimated contractual amount	Next fiscal year	Future fiscal years
	$	$	$	$
Accounts payable	8,312,778	8,312,778	8,312,778	$Nil
Accrued expenses	2,232,559	2,045,707	2,045,707	$Nil

The Company had available unused lines of credit amounting to $16,104,366 at January 31, 2019 (October 31, 2018 - $24,565,515).

(Expressed in U.S. Dollars)

12. 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, 2019	At October 31, 2018
Current assets	78,654,768	70,028,474
Current liabilities	(19,366,961)	(10,545,337)
Working capital	59,287,807	59,483,137

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 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 commission revenues 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, 2019 was $30,646 (October 31, 2018 - $10,857).

At January 31, 2019 and October 31, 2018, approximately $1,506,426 and $1,998,942, 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.

(Expressed in U.S. Dollars)

14. Equity

Share Capital

The authorized share capital consists of 100,000,000 common shares. The common shares have a par value of $1.00. The options exercised during the current and prior periods are summarized as follows:

Period Exercised	Number of shares	USD value	CDN$ value
Q2 2017	83,363	$ 652,742	$ 871,666
Q3 2017	5,594	$ 57,077	$ 75,757
Q4 2017	47,229	$ 407,929	$ 513,709
Q1 2018	-	-	-
Q2 2018	-	-	-
Q3 2018	132,258	$ 1,495,848	$ 1,957,765
Q4 2018	11,981	$ 211,740	$ 280,767
Q1 2019	6,424	$ 63,270	$ 83,870

Stock options

The Company offers an incentive stock option plan which was established April 28, 2011, and was amended most recently October 20, 2017 (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. Under the terms of the Plan, vesting 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, and the options have a five-year term, unless otherwise specified by the Board of Directors.

The outstanding options at January 31, 2019 and the respective changes during the periods are summarized as follows:

	Number of options	Weighted average price
	#	CDN$
Outstanding at October 31, 2017	442,223	22.31
Granted	153,812	30.76
Exercised	(144,239)	15.61
Cancelled through cashless exercise	(1,991)	20.61
Forfeited	(25,310)	26.35
Outstanding at October 31, 2018	424,495	27.42
Granted	4,127	28.23
Exercised	(6,424)	22.16
Cancelled through cashless exercise	(10,326)	18.83
Forfeited	(26,088)	30.18
Outstanding at January 31, 2019	385,784	27.56

(Expressed in U.S. Dollars)

15. Earnings per Share

The calculation of earnings per share is presented below. Diluted earnings per share for the three month period ended January 31, 2019 include all stock option grants with the exception of the options granted October 26, 2016, August 9, 2018, October 23, 2018 and January 23, 2019 as the strike price exceeded the average stock price for the period.

	Three months ending	
	January 31, 2019	January 31, 2018
Basic		
Net (loss) income	($172,811)	$316,148
Weighted average number of shares outstanding	6,306,450	6,263,427
Basic (loss) earnings per share	($0.03)	$0.05
Diluted		
Net (loss) income	($172,811)	$316,148
Weighted average number of shares outstanding	6,329,649	6,332,385
Diluted (loss) earnings per share	($0.03)	$0.05

16. Operating Expenses

	Three months ended	
	January 31, 2019	January 31, 2018
	$	$
Salaries and benefits	4,568,520	3,715,407
Rent	885,649	847,520
Legal and professional	730,304	666,413
Postage and shipping	879,938	747,029
Stock based compensation	113,376	196,328
Travel and entertainment	182,902	142,768
Bank service charges	171,628	88,441
Software maintenance	286,992	132,037
Insurance	117,026	96,581
Other general and administrative	243,926	6,037
Operating expenses	8,180,261	6,638,559

17. 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 periods ended January 31, 2019 and 2018 was as follows:

(Expressed in U.S. Dollars)

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

	Three months ended January 31, 2019	Three months ended January 31, 2018
	$	$
Short-term benefits	654,951	658,767
Post-employment benefits	23,444	20,750
Stock based compensation	106,896	190,908
	785,291	870,425

The Company incurred legal and professional fees in the aggregate of $84,900 for the three-month period ended January 31, 2019 (2018 - $19,477) charged by entities controlled by directors or officers of the Company.

The Company has clients that are considered related parties through two of its directors. The Company generated $16,473 in revenue from these client's activities for the three-month period ended January 31, 2019 (2018 – $9,273). As at January 31, 2019, accounts receivable included $53,674 from related parties (2018 - $17,538).

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.

Advances between CXI and EBC are provided under a Revolving Line of Credit, renewed May 31, 2017; loans attract interest at LIBOR + 2%, are repayable on demand, and are unsecured. At January 31, 2019, the intercompany loan balance was $12,050,000 (October 31, 2018 - $5,660,000) and was eliminated upon consolidation.

Key management personnel and directors occasionally conduct transactions with the Company as individuals. Such transactions are immaterial individually and in total, including for the three-month periods ending January 31, 2019 and 2018, and are conducted pursuant to the Company's policies.

All transactions with related parties as noted above are carried out in the normal course of business and at prevailing market rates.

18. Other Current Assets

	At January 31, 2019	At October 31, 2018
	$	$
Prepaid rent	232,230	251,855
Prepaid personnel	54,258	110,414
Prepaid computer software	226,689	171,271
Prepaid insurance	202,814	263,429
Prepaid advertising	31,250	45,834
Other current assets	297,206	292,783
Total	1,044,447	1,135,586

19. Potential Transaction

On July 9, 2018 the Company announced its wholly-owned subsidiary EBC has entered into a definitive agreement to acquire the assets of a business operating 22 years primarily in the province of Quebec from the private family owners who were advised by Laurentian Bank Securities. These assets include a total of approximately 400 corporate customers that are engaged in international payments. It is expected that approximately 10 employees will be retained and employed in EBC's new Montreal Office. The transaction is subject to regulatory approval and will not close until all approvals have been obtained.

20. Subsequent Events

The Company evaluated subsequent events through March 6, 2019, 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