CURRENCY EXCHANGE INTERNATIONAL, CORP.

Condensed Interim Consolidated Financial Statements
For the three and nine month periods ended July 31, 2018 and 2017
(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
September 11, 2018

CURRENCY EXCHANGE INTERNATIONAL, CORP.
Condensed Interim Consolidated Statements of Financial Position
July 31, 2018 and October 31, 2017
(Expressed in U.S. Dollars)
(Unaudited)

ASSETS

	July 31, 2018	October 31, 2017
Current assets	$	$
Cash (Note 4)	59,881,077	51,147,685
Accounts receivable (Note 12)	18,982,951	6,444,031
Restricted cash held in escrow (Note 5)	2,157,539	1,972,168
Subscriptions receivable (Note 19)	1,396,721	-
Forward contract assets (Note 13)	109,483	17,858
Other current assets (Note 18)	970,201	671,944
Total current assets	83,497,972	60,253,686
Property and equipment (Note 7)	911,031	1,003,639
Intangible assets (Note 8)	1,483,509	1,510,665
Other assets	89,281	90,923
Net deferred tax asset	878,481	1,109,314
Total assets	86,860,274	63,968,227
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	9,549,836	4,939,749
Line of credit (Note 10)	13,276,156	-
Accrued expenses	2,082,372	2,115,943
Income taxes payable	322,806	419,917
Total current liabilities	25,231,170	7,475,609
Total liabilities	25,231,170	7,475,609
Equity		
Share capital	6,395,686	6,263,427
Equity reserves	28,444,581	26,671,629
Retained earnings	26,788,837	23,557,562
Total equity	61,629,104	56,492,618
Total liabilities and equity	86,860,274	63,968,227

Commitments and contingencies (Note 6)
Subsequent events (Note 19)

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

CURRENCY EXCHANGE INTERNATIONAL, CORP.
Condensed Interim Consolidated Statements of Income and Other Comprehensive Income
Three and nine month periods ended July 31, 2018 and 2017
(Expressed in U.S. Dollars)
(Unaudited)

	Nine months ended		Three months ended	
	July 31, 2018	July 31, 2017	July 31, 2018	July 31, 2017
Revenues	$	$	$	$
Commissions from trading	26,701,060	21,700,742	10,554,512	9,276,755
Fee income	2,126,848	1,421,163	982,768	585,580
Total revenues (Note 3)	28,827,908	23,121,905	11,537,280	9,862,335
Operating expenses (Note 16)	22,414,680	17,809,914	8,003,638	6,264,657
Net operating income	6,413,228	5,311,991	3,533,642	3,597,678
Other income				
Other income	9,284	11,533	2,778	3,750
Total other income	9,284	11,533	2,778	3,750
Earnings before interest, taxes, depreciation and amortization	6,422,512	5,323,524	3,536,420	3,601,428
Interest and accretion	338,767	103,737	157,953	46,600
Depreciation and amortization	1,013,481	969,501	340,268	335,692
Income before income taxes	5,070,264	4,250,286	3,038,199	3,219,136
Income tax expense	1,838,988	1,766,765	630,677	1,274,889
Net income for the period	3,231,276	2,483,521	2,407,522	1,944,247
Other comprehensive income, after tax				
Net income for the period	3,231,276	2,483,521	2,407,522	1,944,247
Items that may subsequently be reclassified to profit or loss				
Exchange differences on translating foreign operations	(124,335)	1,124,894	(209,794)	1,417,938
Total other comprehensive income	3,106,941	3,608,415	2,197,728	3,362,185
Earnings per share (Note 15)				
-basic	$0.52	$0.40	$0.38	$0.31
-diluted	$0.51	$0.39	$0.37	$0.31
Weighted average number of common shares outstanding (Note 15)				
-basic	6,266,345	6,197,862	6,404,406	6,197,862
-diluted	6,296,195	6,293,375	6,454,196	6,282,307

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

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

	Share Capital		Equity Reserves				Retained Earnings	Total Equity
	Shares	**Amount**	**Share premium**	**Accumulated Other Comprehensive Income (Loss)**	**Stock Options**		**Amount**	**Amount**
	#	$	$	$	#	$	$	$
Balance at November 1, 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)	-	-	-	-	-	563,120	-	563,120
Issue of share capital and share premium on exercise of stock options (Note 14)	132,258	132,258	1,938,938	-	(132,258)	(575,348)	-	1,495,848
Forfeited options (Note 14)	-	-	-	-	(11,393)	(29,424)	-	(29,424)
Loss on foreign currency translation	-	-	-	(124,334)	-	-	-	(124,334)
Net income	-	-	-	-	-	-	3,231,276	3,231,276
Balance, July 31, 2018	6,395,686	6,395,686	32,147,490	(5,278,666)	298,572	1,575,756	26,788,838	61,629,104
Balance at November 1, 2016	6,134,815	6,134,815	29,082,296	(5,763,851)	521,592	1,562,998	19,736,093	50,752,351
Stock based compensation (Note 14)	-	-	-	-	9,865	535,785	-	535,785
Issue of share capital and share premium on exercise of stock options (Note 14)	103,957	103,957	1,043,799	-	(103,957)	(352,561)	-	795,195
Forfeited options (Note 14)					(40,069)	(146,663)		(146,663)
Gain on foreign currency translation	-	-	-	1,124,893	-	-	-	1,124,894
Net income	-	-	-	-	-	-	2,483,521	2,483,521
Balance, July 31, 2017	6,238,772	6,238,772	30,126,095	(4,638,958)	387,431	1,599,559	22,219,614	55,545,083

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
Nine month periods ended July 31, 2018 and 2017
(Expressed in U.S. Dollars)
(Unaudited)

	Nine months ended	
	July 31, 2018	**July 31, 2017**
Cash flows from operating activities	$	$
Net income	3,231,276	2,483,521
Adjustments to reconcile net income to net cash flows from operating activities		
Depreciation and amortization	1,013,481	969,501
Stock based compensation	533,696	389,122
Change in fair value of forward contract positions (Note 13)	(92,313)	606,960
Deferred taxes	229,315	(523,204)
Increase (decrease) in cash due to change in:		
Accounts receivable	(12,679,279)	(5,176,606)
Restricted cash held in escrow	(185,371)	(305,379)
Other assets	(299,295)	(31,796)
Accounts payable, accrued expenses, and income taxes payable	4,540,063	2,763,940
Net cash flows from operating activities	(3,708,427)	1,176,059
Cash flows from investing activities		
Purchase of property and equipment	(271,824)	(617,753)
Purchase of intangible assets	(649,706)	(110,836)
Net cash outflow from investing activities	(921,530)	(728,589)
Cash flows from financing activities		
Proceeds from exercise of stock options (Note 19)	99,127	795,195
Net borrowings (payments) on line of credit (Note 10)	13,300,472	859,883
Net cash flows from financing activities	13,399,599	1,655,078
Net change in cash	8,769,642	2,102,548
Cash, beginning of period	51,147,685	48,435,544
Exchange difference on foreign operations	(36,250)	901,898
Cash, end of period	59,881,077	51,439,990
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the period for income taxes	1,722,467	1,216,434
Cash paid during the period for interest	338,767	103,714
Cash received during the year for interest	9,284	11,533

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, international payments, 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 41 branch locations. The Company's registered head office is located at 6675 Westwood Boulevard, Suite 300, Orlando, Florida, 32821, United States of America. In September 2016, the Company's wholly-owned Canadian Subsidiary, Currency Exchange International of Canada Corp ("**CXIC")** received letters patent to continue as a schedule 1 Bank. The continued entity, Exchange Bank of Canada ("**EBC**") is a non-deposit taking, non-lending financial institution engaged in foreign exchange services.

Basis of presentation

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 ("**IAS 34**"), Interim Financial Reporting and do not include all of the information required in annual financial statements in accordance with International Financial Reporting Standards ("**IFRS"**). The accounting policies in these condensed interim consolidated financial statements are consistent with those disclosed in the Company's annual consolidated financial statements for the year ended October 31, 2017. 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, 2017, 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 September 11, 2018.

2. Future Accounting Pronouncements

Certain pronouncements were issued by the IASB or International Financial Reporting Interpretations Committee ("**IFRIC**"). Many are not applicable or do not have a significant impact to the Company and have been excluded. The following standards have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9 *Financial Instruments* ("**IFRS 9**") was issued in July 2014. IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement*. The new standard includes guidance on recognition and derecognition of financial assets and financial liabilities, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company has performed a preliminary assessment and does not expect the adoption of IFRS 9 to have a significant impact on its condensed interim consolidated financial statements.

IFRS 15 *Revenue from Contracts with Customers* ("**IFRS 15**") was issued in May 2014. IFRS 15 replaces IAS 18 *Revenue*, IAS 11 *Construction Contracts*, and some revenue related Interpretations. IFRS 15 establishes a new control-based revenue recognition model; changes the basis for deciding whether revenue is to be recognized over time or at a point in time; provides new and more detailed guidance on

(Expressed in U.S. Dollars)

2. Future Accounting Pronouncements (continued)

specific topics; and expands and improves disclosures about revenue. In July 2015, the IASB approved a one-year deferral of the effective date of IFRS 15 to fiscal periods beginning on or after January 1, 2018, with early adoption permitted. The Company has performed a preliminary assessment and does not expect the adoption of IFRS 15 to have a significant impact on its condensed interim consolidated financial statements.

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

3. Segments

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

Revenues ($)

	United States	Canada	Total
Nine months ended July 31, 2018	24,604,273	4,223,635	28,827,908
Nine months ended July 31, 2017	20,352,846	2,769,059	23,121,905

	United States	Canada	Total
Three months ended July 31, 2018	9,836,495	1,700,785	11,537,280
Three months ended July 31, 2017	8,697,030	1,165,305	9,862,335

Revenues by Product Line

	Banknotes	Payments	Total
Nine months ended July 31, 2018	27,557,311	1,270,597	28,827,908
Nine months ended July 31, 2017	22,264,382	857,523	23,121,905

	Banknotes	Payments	Total
Three months ended July 31, 2018	11,157,285	379,995	11,537,280
Three months ended July 31, 2017	9,520,213	342,122	9,862,335

(Expressed in U.S. Dollars)

3. Segments (continued)

	At July 31, 2018			At October 31, 2017		
Assets	**United States**	**Canada**	**Total**	**United States**	**Canada**	**Total**
	$	$	$	$	$	$
Cash	37,645,774	22,235,303	59,881,077	34,935,125	16,212,560	51,147,685
Accounts receivable	9,280,340	9,702,611	18,982,951	4,272,920	2,171,111	6,444,031
Restricted cash held in escrow	2,157,539	-	2,157,539	1,972,168	-	1,972,168
Subscriptions Receivable	1,396,721	-	1,396,721	-	-	-
Forward contract assets	104,050	5,433	109,483	17,858	-	17,858
Other current assets	763,978	206,223	970,201	576,351	95,593	671,944
Property and equipment	717,323	193,709	911,032	799,758	203,881	1,003,639
Intangible assets	1,117,898	365,611	1,483,509	1,200,712	309,953	1,510,665
Other assets	89,281	-	89,281	90,923	-	90,923
Net deferred tax asset	740,778	137,703	878,481	1,001,597	107,717	1,109,314
Total assets	54,013,682	32,846,593	86,860,275	44,867,412	19,100,815	63,968,227

4. Cash

Included within cash of $59,881,077 at July 31, 2018 (October 31, 2017 - $51,147,685) are the following balances:

	At July 31, 2018	**At October 31, 2017**
	$	$
Cash held in transit, vaults, tills and consignment locations	52,220,918	43,786,752
Cash deposited in bank accounts in jurisdictions in which the Company operates	7,660,159	7,360,933
Total	59,881,077	51,147,685

5. 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 $2,157,539 at July 31, 2018 (October 31, 2017 - $1,972,168).

6. Operating Leases

The Company and its wholly-owned subsidiary entered into non-cancellable operating leases with terms in excess of one year for the use of certain facilities. The rent expense associated with these leases for the three and nine month period ended July 31, 2018 was $819,160 and $2,507,085 (2017 - $786,295 and $2,186,519).

(Expressed in U.S. Dollars)

7. Property and Equipment

Property and equipment consisted of the following:

Cost	Vehicles $	Computer equipment $	Furniture and equipment $	Leasehold improvements $	Total $
Balance, October 31, 2016	80,247	253,411	527,082	1,502,864	2,363,604
Additions	-	56,668	220,445	471,221	748,334
Net exchange differences	-	1,435	5,541	5,956	12,932
Balance, October 31, 2017	80,247	311,514	753,068	1,980,041	3,124,870
Additions	33,987	65,635	61,322	110,880	271,824
Net exchange differences	-	(802)	(2,466)	(2,003)	(5,271)
Balance, July 31, 2018	114,234	376,347	811,924	2,088,918	3,391,423

Depreciation	Vehicles $	Computer equipment $	Furniture and equipment $	Leasehold improvements $	Total $
Balance, October 31, 2016	49,993	206,371	340,315	1,047,671	1,644,350
Additions	16,188	39,221	142,780	270,876	469,065
Net exchange differences	-	1,036	2,751	4,029	7,816
Balance, October 31, 2017	66,181	246,628	485,846	1,322,576	2,121,231
Additions	12,632	31,879	111,915	206,155	362,581
Net exchange differences	-	(397)	(1,622)	(1,401)	(3,420)
Balance, July 31, 2018	78,813	278,110	596,139	1,527,330	2,480,392

Carrying amounts	Vehicles $	Computer equipment $	Furniture and equipment $	Leasehold improvements $	Total $
Balance, October 31, 2017	14,066	64,886	267,222	657,465	1,003,639
Balance, July 31, 2018	35,421	98,237	215,785	561,588	911,031

8. Intangible Assets

Intangible assets are comprised of the Company's internally developed software ("**CEIFX**") and its related modules as well as purchased software and customer trading relationships acquired in March 2014. Amortization for intangibles is computed on an individual basis over the estimated useful life using the straight-line method as follows:

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

(Expressed in U.S. Dollars)

8. Intangible Assets (continued)

Intangible assets consist of the following at July 31, 2018:

Cost	Internally developed software $	Acquired software $	Customer trading relationships $	Total $
Balance, October 31, 2016	1,188,137	480,000	3,288,283	4,956,420
Additions	227,980	-	-	227,980
Balance, October 31, 2017	1,416,117	480,000	3,288,283	5,184,400
Additions	646,224	-	-	646,224
Balance, July 31, 2018	2,062,341	480,000	3,288,283	5,830,624

Amortization	Internally developed software $	Acquired software $	Customer trading relationships $	Total $
Balance, October 31, 2016	605,973	480,000	1,698,946	2,784,919
Amortization	231,159	-	633,688	864,847
Net exchange differences	-	-	23,969	23,969
Balance, October 31, 2017	837,132	480,000	2,356,603	3,673,735
Amortization	180,139	-	470,761	650,900
Net exchange differences	-	-	22,480	22,480
Balance, July 31, 2018	1,017,271	480,000	2,849,844	4,347,115

Carrying amounts	Internally developed software $	Acquired software $	Customer trading relationships $	Total $
Balance, October 31, 2017	578,985	-	931,680	1,510,665
Balance, July 31, 2018	1,045,070	-	438,439	1,483,509

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. Line of Credit

The Company maintains a line of credit for access to capital during peak business periods. The Company has a revolving line of credit with BMO Harris Bank, N.A. 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 July 31, 2018 – 4.07% (2017 – 3.23%)]. At July 31, 2018, the balance outstanding was $11,741,680 (October 31, 2017 - $Nil).

In April of 2017, the Company's wholly-owned Canadian subsidiary, EBC, established a revolving line of credit with Bank of Montreal which was increased in June of 2018 to CDN$6,000,000 ($4,609,357) being secured against cash assets held in its vaults. The line of credit bears interest at Canadian prime plus 0.5% [at July 31, 2018 – 4.2% (2017 – 3.45%)]. At July 31, 2018, the balance outstanding was $1,534,476 (October 31, 2017 - $Nil).

(Expressed in U.S. Dollars)

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 and nine month period ended July 31, 2018 and the year ended October 31, 2017. The following table shows the Levels within the hierarchy of financial assets and liabilities measured at fair value.

At July 31, 2018	Level 1	Level 2	Level 3	Total
	$	$	$	$
Financial assets				
Cash	59,881,077	-	-	59,881,077
Forward contract assets	-	109,483	-	109,483
Total Assets	59,881,077	109,483	-	59,990,560

At October 31, 2017	Level 1	Level 2	Level 3	Total
	$	$	$	$
Financial assets				
Cash	51,147,685	-	-	51,147,685
Forward contract assets	-	17,858	-	17,858
Total assets	51,147,685	17,858	-	51,165,543

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 July 31, 2018 and October 31, 2017.

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
- Subscriptions receivable
- Accounts payable, accrued expenses, line of credit and income taxes receivable and payable

(Expressed in U.S. Dollars)

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.

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 July 31, 2018	**At October 31, 2017**
Customer type	**$**	**$**
Domestic and international banks	8,704,144	3,625,821
Money service businesses	10,212,896	2,674,168
Other	65,911	144,042
Total	18,982,951	6,444,031

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.

12. Risk Management (continued)

Foreign Currency Risk

The volatility of the Company's foreign currency holdings may increase as a result of the political and financial environment of the corresponding issuing country. Several currencies have limited exchange rate exposure as they are pegged to the U.S. Dollar, the reporting currency of the Company. Management believes its exposure to foreign currency fluctuations is mitigated by the short-term nature and rapid turnover of its foreign currency inventory, as well as the use 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 July 31, 2018 was approximately $8,300,000 (October 31, 2017 - $7,930,000). The amount of currency that is unhedged and that is not pegged to the U.S. Dollar is approximately $6,400,000 (October 31, 2017 - $5,320,000). 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 +$128,000/-$128,000 (October 31, 2017 gain/loss of approximately +$106,000/-$106,000).

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

Interest Rate Risk

At July 31, 2018, 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 July 31, 2018 would have been approximately +$40,100/-$40,100 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.

(Expressed in U.S. Dollars)

12. Risk Management (continued)

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 July 31, 2018

Non-derivative financial liabilities	Carrying amount	Estimated contractual amount	This fiscal year	Future fiscal years
	$	$	$	$
Accounts payable	9,549,836	9,549,836	9,549,836	$Nil
Accrued expenses	2,082,372	2,081,946	2,081,946	$Nil
Line of credit	13,276,156	13,276,156	13,276,156	$Nil
Income taxes payable	322,808	322,808	322,808	$Nil

At October 31, 2017

Non-derivative financial liabilities	Carrying amount	Estimated contractual amount	Next fiscal year	Future fiscal years
	$	$	$	$
Accounts payable	4,939,749	4,939,749	4,939,749	$Nil
Accrued expenses	2,115,943	1,885,351	1,885,351	$Nil
Income taxes payable	419,917	419,917	419,917	$Nil

The Company had available unused lines of credit amounting to $11,333,201 at July 31, 2018 (October 31, 2017 - $17,326,844).

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 July 31, 2018	At October 31, 2017
Current assets	83,497,972	60,253,686
Current liabilities	(25,231,170)	(7,475,609)
Working capital	58,266,802	52,778,077

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.

(Expressed in U.S. Dollars)

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 commissions from trading on the consolidated statements of income and comprehensive income. The Company's management strategy is to reduce the risk of fluctuations associated with foreign exchange rate changes.

The foreign currency forward contracts can be closed immediately resulting in the collateral being liquidated.

The fair value of forward contracts, which represents the amount that would be received/(paid) by the Company if the forward contracts were terminated at July 31, 2018 was $109,483 (October 31, 2017 - $17,858).

At July 31, 2018 and October 31, 2017, approximately $2,157,539 and $1,972,168, 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 5.

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
Q1 2017	15,000	$85,376	$112,500
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

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.

(Expressed in U.S. Dollars)

14. Equity (continued)

The outstanding options at July 31, 2018 and the respective changes during the periods are summarized as follows:

	Number of options	Weighted average price
	#	CDN$
Outstanding at October 31, 2016	521,592	18.50
Granted	111,885	25.17
Exercised	(128,613)	9.99
Cancelled through cashless exercise	(22,572)	17.28
Forfeited	(40,069)	25.54
Outstanding at October 31, 2017	442,223	22.31
Exercised	(132,258)	16.62
Forfeited	(11,393)	24.02
Outstanding at July 31, 2018	298,572	25.57

Prior to July 31, 2018 several directors and executives notified the company that they intended to exercise stock options prior to July 31st, the closing date of the trading window for these individuals. A total of 132,258 options were exercised prior to July 31, 2018, generating total additional share capital of $1,495,848. Final settlement did not occur prior to July 31, 2018 for most individuals. As at July 31, 2018 proceeds of $99,127 had been received and are included in Cash, with the remaining amount of $1,396,721 included in Subscriptions Receivable. All amounts were received subsequent to July 31, 2018.

15. Earnings per Share

The calculation of earnings per share is presented below. Diluted earnings per share for the three month period ended July 31, 2018 include all stock option grants with the exception of the options granted October 26, 2016 as the strike price exceeded the average stock price for the period. Diluted earnings per share for the nine month period ended July 31, 2018 include all stock option grants with the exception of the options granted March 11, 2015 and October 26, 2016 as the strike price exceeded the average stock price for the period.

	Nine months ending		Three months ending	
	July 31, 2018	July 31, 2017	July 31, 2018	July 31, 2017
Basic				
Net income	$3,231,276	$2,483,521	$2,407,522	$1,944,247
Weighted average number of shares outstanding	6,266,345	6,197,862	6,404,406	6,197,862
Basic earnings per share	$0.52	$0.40	$0.38	$0.31
Diluted				
Net income	$3,231,276	$2,483,521	$2,407,522	$1,944,247
Weighted average number of shares outstanding	6,296,195	6,293,375	6,454,196	6,281,092
Diluted earnings per share	$0.51	$0.39	$0.37	$0.24

(Expressed in U.S. Dollars)

16. Operating Expenses

	Nine months ended		Three months ended	
	July 31, 2018	July 31, 2017	July 31, 2018	July 31, 2017
	$	$	$	$
Salaries and benefits	11,581,549	9,592,057	3,993,382	3,468,676
Rent	2,507,085	2,186,519	819,160	786,295
Legal and professional	1,893,706	1,329,525	574,536	406,678
Postage and shipping	3,180,957	2,581,856	1,433,975	1,128,638
Stock based compensation	533,696	389,122	145,928	14,748
Travel and entertainment	503,453	383,007	170,162	127,291
Bank service charges	450,625	244,719	195,690	76,048
Software maintenance	447,612	327,593	157,710	120,698
Losses and shortages	317,945	117,426	52,224	35,392
Insurance	270,441	248,369	91,111	72,865
Other general and administrative	727,611	409,721	369,760	27,328
Operating expenses	22,414,680	17,809,914	8,003,638	6,264,657

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 and nine month periods ended July 31, 2018 and 2017 was as follows:

	Nine months ended		Three months ended	
	July 31, 2018	July 31, 2017	July 31, 2018	July 31, 2017
	$	$	$	$
Short-term benefits	1,905,654	1,729,851	541,866	608,373
Post-employment benefits	55,777	79,904	24,354	23,643
Stock based compensation	484,008	515,874	130,737	155,507
	2,445,439	2,325,629	696,957	787,523

The Company incurred legal and professional fees in the aggregate of $112,300 and $272,302 for the three and nine month periods ended July 31, 2018 (2017 - $20,398 and $118,600) charged by entities controlled by directors or officers of the Company.

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

(Expressed in U.S. Dollars)

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

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 July 31, 2018, the intercompany loan balance was $8,205,332 (October 31, 2017 - $1,100,000) and was eliminated upon consolidation.

18. Other Current Assets

	At July 31, 2018	At October 31, 2017
	$	$
Prepaid rent	227,293	224,067
Prepaid personnel	128,065	4,941
Prepaid computer software	125,257	39,690
Prepaid insurance	136,644	134,847
Prepaid Advertising	35,500	79,625
Other current assets	317,442	188,774
Total	970,201	671,944

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 September 11, 2018, 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