CURRENCY EXCHANGE INTERNATIONAL, CORP.

Condensed Interim Consolidated Financial Statements
For the three and nine month periods ended July 31, 2014 and the three and nine month periods ended June 30, 2013
(Expressed in U.S. Dollars)
(Unaudited)

CURRENCY EXCHANGE INTERNATIONAL, CORP.

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Management's Responsibility for Condensed Interim Consolidated Financial Statements

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

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

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

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

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

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

(signed) *"Peter Scherer"*
Peter Scherer
Chief Financial Officer

Orlando, Florida
September 9, 2014

CURRENCY EXCHANGE INTERNATIONAL, CORP.
Condensed Interim Consolidated Statements of Financial Position
As at July 31, 2014 and October 31, 2013
(Expressed in U.S. Dollars)
(Unaudited)

ASSETS

	July 31, 2014	October 31, 2013
Current assets	$	$
Cash (Note 5)	32,063,596	31,130,866
Accounts receivable	4,273,362	1,033,359
Restricted cash held in escrow (Note 6)	471,060	200,707
Other current assets (Note 21)	503,220	439,795
Total current assets	37,311,238	32,804,727
Property and equipment (Note 8)	581,268	461,273
Intangible assets (Note 9)	3,928,259	371,130
Other assets	60,697	44,689
Deferred tax asset	162,556	-
Total assets	42,044,018	33,681,819
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	5,179,657	2,918,054
Accrued expenses	1,162,171	801,166
Income taxes payable	1,128,450	150,489
Contingent consideration - current (Note 3)	892,723	-
Lines of credit (Note 11)	910,434	-
Total current liabilities	9,273,435	3,869,709
Contingent consideration - long term (Note 3)	585,144	-
Deferred tax liability	-	48,134
Total liabilities	9,858,579	3,917,843
Equity		
Share capital	5,390,473	5,390,473
Equity reserves	17,127,971	17,127,971
Stock options	795,369	353,428
Retained earnings	9,552,707	7,178,774
Accumulated other comprehensive loss	(681,081)	(286,670)
Total equity	32,185,439	29,763,976
Total liabilities and equity	42,044,018	33,681,819

Commitments and contingencies (Notes 3, 7, and 20)

Subsequent events (Note 22)

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 Comprehensive Income
Three and nine month periods ended July 31, 2014 and June 30, 2013
(Expressed in U.S. Dollars)
(Unaudited)

	Nine months ended		Three months ended	
	31-Jul-14	30-Jun-13	31-Jul-14	30-Jun-13
Revenues	$	$	$	$
Commissions from trading	14,324,213	8,703,493	6,405,441	3,488,947
Fee income	1,129,556	823,535	433,889	310,736
Total revenues (Note 4)	15,453,769	9,527,028	6,839,330	3,799,683
Operating expenses (Note 18)	10,543,682	7,476,225	4,009,233	2,630,929
Net operating income	4,910,087	2,050,803	2,830,097	1,168,754
Other income (expense)				
Other income	85,349	8,236	51,525	1,823
Fair value change in warrant liability (Note 15)	-	179,953	-	816,274
Expenses related to asset acquisition (Note 3)	(138,013)	-	-	-
Expenses related to Exchange Bank of Canada (Note 19)	(106,711)	(220,972)	(57,870)	(27,434)
Total other income (expense)	(159,375)	(32,783)	(6,345)	790,663
Earnings before interest, taxes, depreciation and amortization	4,750,712	2,018,020	2,823,752	1,959,417
Interest and accretion expense	44,997	14,999	26,524	2,768
Depreciation and amortization	588,419	212,757	331,022	74,298
Income before income taxes	4,117,296	1,790,264	2,466,206	1,882,351
Income tax expense	(1,743,363)	(818,179)	(1,010,202)	(415,516)
Net income for the period	2,373,933	972,085	1,456,004	1,466,835
Other comprehensive income, after tax				
Net income	2,373,933	972,085	1,456,004	1,466,835
Items that may subsequently be reclassified to profit or loss				
Exchange differences on translating foreign operations	(394,411)	(295,816)	30,993	(182,194)
Total other comprehensive income	1,979,522	676,269	1,486,997	1,284,641
Earnings per share (Note 17)				
-Basic	$0.44	$0.25	$0.27	$0.38
-Diluted	$0.43	$0.25	$0.26	$0.38
Weighted average number of common shares outstanding (Note 16)				
-Basic	5,390,473	3,910,110	5,390,473	3,874,888
-Diluted	5,500,803	3,913,242	5,513,708	3,878,020

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
Nine month period ended July 31, 2014 and nine month period ended June 30, 2014
(Expressed in U.S Dollars)
(Unaudited)

	Common Stock				Broker Options		Stock Options			
	Shares	Amount	Equity Reserves	Accumulated Other Comprehensive Income (Loss)	Broker Options	Amount	Stock Options	Amount	Retained Earnings	Total
	#	$	$	$	#	$	#	$	$	$
Balance, October 31, 2013	5,390,473	5,390,473	17,127,971	(286,670)	-	-	378,060	353,428	7,178,774	29,763,976
Stock based compensation (Note 16)	-	-	-	-	-	-	1,762	441,941	-	441,941
Loss on foreign currency translation	-	-	-	(394,411)	-	-	-	-	-	(394,411)
Net income	-	-	-	-	-	-	-	-	2,373,933	2,373,933
Balance, July 31, 2014	5,390,473	5,390,473	17,127,971	(681,081)	-	-	379,822	795,369	9,552,707	32,185,439
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)	-	-	-	-
Stock based compensation (Note 16)	-	-	-	-	-	-	138,000	195,108	-	195,108
Loss on foreign currency translation	-	-	-	(295,816)	-	-	-	-	-	(295,816)
Net income	-	-	-	-	-	-	-	-	972,085	972,085
Balance, June 30, 2013	3,954,748	3,954,748	8,179,587	(295,816)	-	-	228,000	259,517	5,509,165	17,607,201

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 period ended July 31, 2014 and the nine month period ended June 30, 2013
(Expressed in U.S. Dollars)
(Unaudited)

	Nine months ended 31-Jul-14	Nine months ended 30-Jun-13
Cash flows from operating activities	**$**	**$**
Net income	2,373,933	972,085
Adjustments to reconcile net income to net cash flows from operating activities		
Depreciation and amortization	588,419	212,757
Stock based compensation (Note 16)	441,941	195,108
Gain on disposal of assets	-	(6,380)
Deferred taxes	(210,627)	23,265
Fair value change in warrant liability	-	(179,953)
Increase/(Decrease) in cash due to change in:		
Accounts receivable	(3,259,699)	(2,066,390)
Restricted cash held in escrow	(270,353)	(281,265)
Other assets	(81,443)	(147,836)
Accounts payable and accrued expenses	3,611,041	504,307
Net cash inflows/(outflows) from operating activities	3,193,212	(774,302)
Cash flows from investing activities		
Purchase of property and equipment	(324,968)	(198,741)
Purchase of intangible assets	(2,477,364)	(178,770)
Proceeds from sale of equipment	-	18,308
Net cash outflow from investing activities	(2,802,332)	(359,203)
Cash flows from financing activities		
Proceeds from exercise of broker options and share warrants	-	548,264
Net borrowings on lines of credit and notes payable	917,679	4,832
Net cash inflows from financing activities	917,679	553,096
Net change in cash	1,308,559	(580,409)
Cash, beginning of period	31,130,866	16,564,453
Exchange difference on foreign operations	(375,829)	(295,816)
Cash, end of period	32,063,596	15,688,228
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the period for income taxes	976,283	706,905
Cash paid during the period for interest	40,802	7,077
Cash received during the year for interest	37,465	-
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES		
Warrants issue on conversion of broker options	-	39,414

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 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 (OTCBB) under the symbol “CURN”. The Company operates as a money service business and provides currency exchange, wire transfer, and cheque cashing services at its locations in the United States and Canada. The Company currently maintains a head office and five vaults as well as 30 branch locations. The Company’s registered head office is located at 6675 Westwood Boulevard, Suite 300, Orlando, Florida, 32821, United States of America.

Change in reporting period
Effective February 2013, Currency Exchange International, Corp. changed its fiscal year end to October 31st to conform to the reporting period for Canadian chartered banks.

Basis of presentation
These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) applicable to the preparation of interim financial statements, including International Accounting Standards 34 (IAS 34), Interim Financial Reporting. 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 thirteen-month period ended October 31, 2013. The condensed interim consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the thirteen-month period ended October 31, 2013, which have been prepared in accordance with IFRS as issued by the IASB.

2. New Accounting Polices and Future Accounting Pronouncements

New accounting policies and future accounting pronouncements
The accounting policies adopted in the preparation of the condensed interim consolidated financial statements are consistent with those followed and disclosed in the preparation of the most recent annual consolidated financial statements for the thirteen-month period ended October 31, 2013, with the exception of the updated pronouncements presented as follows:

New accounting policies
IFRS 13 *Fair Value Measurement* (“IFRS 13”) was issued in May 2011. IFRS 13 defines fair value, sets out in a single IFRS a framework for measuring fair value and identifies required disclosures about fair value measurements. This standard became effective in the fiscal year beginning in 2014. The adoption of this standard had no measurement impact on the Company’s financial results. Enhanced disclosures have been included in Note 12 of the condensed interim consolidated financial statements.

Future Accounting Pronouncements
Certain pronouncements were issued by the International Accounting Standards Board (“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.

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

IFRS 9 *Financial Instruments* ("IFRS 9") was issued in July 2014. IFRS 9 replaces International Accounting Standard ("IAS") 39 *Financial Instruments: Recognition and Measurement*. The new standard includes guidance on recognition and derecognition of financial assets and financial liabilities, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company has not yet determined the impact of IFRS 15 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 and is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted. The Company has not yet determined the impact of IFRS 15 on its condensed interim consolidated financial statements.

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

On March 28, 2014 the Company purchased certain assets of U.S. Exchange House, Inc. ("USEH"), pertaining to its banknote operations located in the United States and Canada. The Company acquired USEH's customer trading relationships, certain prepaid and fixed assets and the USEH trading software used to operate the banknote business. The Company paid $2,350,000 in cash on closing and will have two additional contingent payments of up to a maximum of $1,325,000 each and payable on the first and second anniversary after closing. The additional payments will be based on the amount of revenue generated from the customer trading relationships acquired.

The Company has estimated the likelihood of future revenues to determine the estimated contingent consideration. Management has estimated these payments for the first and second anniversary at $892,723 and $585,144, respectively, for total contingent consideration of $1,477,867. The Company allocated this contingent consideration to customer trading relationships. An increase (decrease) in the estimate of the amount of revenue generated from the customer trading relationships acquired of +/- 10% would increase (decrease) the fair value of the contingent consideration by approximately $480,000.

This transaction did not meet the criteria of an acquisition of a business under *IFRS* thus the transaction did not result in any goodwill being recognized. The Company allocated the purchase price and contingent consideration of $3,827,867 as follows:

Customer trading relationships	$3,288,283
Fixed and prepaid assets	59,584
Computer software	480,000
Total	$3,827,867

The Company recorded expenses of $138,013 in legal and other professional fees to complete the transaction.

4. Segments

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

	Revenues ($)		
	United States	**Canada**	**Total**
Nine months ended July 31, 2014	8,359,077	7,094,692	15,453,769
Nine months ended June 30, 2013	8,541,073	985,955	9,527,028
Three months ended July 31, 2014	3,687,994	3,151,336	6,839,330
Three months ended June 30, 2013	3,402,950	396,733	3,799,683

	At July 31, 2014			At October 31, 2013		
Assets	**United States**	**Canada**	**Total**	**United States**	**Canada**	**Total**
	$	$	$	$	$	$
Cash	366,858	31,696,738	32,063,596	6,451,236	24,679,630	31,130,866
Accounts receivable	3,770	4,269,592	4,273,362	59,640	973,719	1,033,359
Restricted cash held in escrow	-	471,060	471,060	-	200,707	200,707
Other current assets	314,370	188,850	503,220	297,838	141,957	439,795
Property and equipment	442,012	139,256	581,268	348,001	113,272	461,273
Intangible assets	2,839,369	1,088,890	3,928,259	371,130	-	371,130
Other assets	28,636	32,061	60,697	31,636	13,053	44,689
Deferred tax asset	189,107	(26,551)	162,556	-	-	-
Total assets	4,184,122	37,859,896	42,044,018	7,559,481	26,122,338	33,681,819

On October 31, 2013 the Company restructured its operations to add additional capital into its wholly-owned subsidiary, Currency Exchange International of Canada Corp. (“CXIC”) as part of its bank application process. As a result, cash and capital in CXIC increased substantially. Additionally, for the three and nine month periods ended July 31, 2014 the Company realized revenues of $2,200,611 and $5,154,576, respectively in its Canadian subsidiary that would have previously been recognized in the United States operating company.

5. Cash

Included within cash of $32,063,596 at July 31, 2014 (October 31, 2013 - $31,130,866) are the following balances:

	At July 31, 2014	At October 31, 2013
	$	$
Cash held in transit, vaults, tills and consignment locations	23,935,681	15,427,028
Cash deposited in bank accounts in jurisdictions in which the Company operates	8,127,915	15,703,838
Total	32,063,596	31,130,866

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 $471,060 at July 31, 2014 (October 31, 2013 - $200,707).

7. Operating Leases

The Company and its subsidiary companies entered into non-cancellable operating leases with terms in excess of one year for the use of certain facilities. The rent expense associated with these leases for the three and nine month periods ended July 31, 2014 was $512,215 and $1,433,089, respectively (three and nine month periods ended June 30, 2013 - $368,552 and $1,120,963, respectively).

8. Property and Equipment

Property and equipment consisted of the following at July 31, 2014:

Cost	Vehicles $	Computer equipment $	Furniture and equipment $	Leasehold improvements $	Total $
Balance, September 30, 2012	66,373	124,484	171,826	589,487	952,170
Additions	31,683	33,564	33,327	254,958	353,532
Disposals	(49,853)	(25,812)	(6,861)	(16,312)	(98,838)
Balance, October 31, 2013	48,203	132,236	198,292	828,133	1,206,864
Additions	-	55,474	69,263	198,675	323,412
Disposals	-	(2,891)	-	(43,692)	(46,583)
Balance, July 31, 2014	48,203	184,819	267,555	983,116	1,483,693
Amortization	**Vehicles** $	**Computer equipment** $	**Furniture and equipment** $	**Leasehold improvements** $	**Total** $
Balance, September 30, 2012	42,246	86,644	96,748	335,407	561,045
Amortization	14,231	31,003	41,733	184,489	271,456
Disposals	(37,926)	(25,811)	(6,861)	(16,312)	(86,910)
Balance, October 31, 2013	18,551	91,836	131,620	503,584	745,591
Amortization	12,051	29,691	34,593	127,082	203,417
Disposals	-	(2,891)	-	(43,692)	(46,583)
Balance, July 31, 2014	30,602	118,636	166,213	586,974	902,425
Carrying amounts	**Vehicles** $	**Computer equipment** $	**Furniture and equipment** $	**Leasehold improvements** $	**Total** $
Balance, October 31, 2013	29,652	40,400	66,672	324,549	461,273
Balance, July 31, 2014	17,601	66,183	101,342	396,142	581,268

9. Intangible assets

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

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

Intangible assets consisted of the following at July 31, 2014:

Cost	**Internally developed software** $	**Acquired software** $	**Customer trading relationships** $	**Total** $
Balance, September 30, 2012	231,590	-	-	231,590
Additions	260,797	-	-	260,797
Balance, October 31, 2013	492,387	-	-	492,387
Additions	173,848	480,000	3,288,283	3,942,131
Balance, July 31, 2014	666,235	480,000	3,288,283	4,434,518
Amortization	**Internally developed software** $	**Acquired software** $	**Customer trading relationships** $	**Total** $
Balance, September 30, 2012	45,661	-	-	45,661
Amortization	75,596	-	-	75,596
Balance, October 31, 2013	121,257	-	-	121,257
Amortization	85,621	80,000	219,381	385,002
Balance, July 31, 2014	206,878	80,000	219,381	506,259
Carrying amounts	**Internally developed software** $	**Acquired software** $	**Customer trading relationships** $	**Total** $
Balance, October 31, 2013	371,130	-	-	371,130
Balance, July 31, 2014	459,357	400,000	3,068,902	3,928,259

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 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.

11. Lines of credit

The Company maintains two lines of credit for access to capital during peak business periods. In May of 2013, the Company entered in to a line of credit with Branch Banking and Trust for a principal amount of up to $2,000,000. In April of 2014, the Company replaced this facility with a revolving line of credit with BMO Harris Bank, N.A. for up to $6,000,000. 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, 2014 – 2.16%). At July 31, 2014, the balance outstanding was $Nil (October 31, 2013 - $Nil).

On January 4, 2011, the Company entered into an unsecured Master Purchasing Agreement with a shareholder of the Company. The Company has available credit of Cdn$2,000,000 under the agreement. Specific repayment terms and interest rates are negotiated when drawings are made. In June of 2014, the Company borrowed Cdn$988,000 and will repay Cdn$1,000,000 on September 15, 2014.

12. Fair Value Measurement of Financial Instruments

IAS 34 requires that interim financial statements include certain disclosures about fair value of financial instruments 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.

The following table shows the Levels within the hierarchy of financial assets and liabilities measured at fair value at July 31, 2014:

	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets				
Total assets	-	-	-	-
Financial Liabilities				
CAD-dollar lines of credit	-	910,434	-	910,434
Contingent consideration	-	-	1,477,867	1,477,867
Total liabilities	-	910,434	1,477,867	2,388,301

*There were no transfers between Level 1 and Level 2 during the nine-months ended July 31, 2014.

CAD-Dollar lines of credit (Level 2)
The fair value of the CAD-dollar loans are estimated using a discounted cash flow approach which discounts the contractual cash flows using discount rates derived from observable market interest rates of similar loans with similar risk. The interest rate used for this calculation at July 31, 2014 is 6%.

12. Fair Value Measurement of Financial Instruments (continued)

Contingent Consideration (Level 3)
The fair value of contingent consideration, related to the USEH asset acquisition described in Note 3, is estimated based on the amount of revenue generated from the acquired customer trading relationships. The significant input for the fair value estimate is management's estimate of revenues from acquired customers to continue transacting with the Company. For information about the sensitivity of the fair value measurement to the changes in the input at July 31, 2014, see Note 3. The fair value estimate of cash outflows is $1,477,867 at July 31, 2014. This reflects management's best estimate of a retention rate of key acquired customers in year 1 and in year 2.

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

- Cash
- Accounts receivable
- Restricted cash held in escrow
- Accounts payable, accrued expenses, and income taxes payable

13. Risk Management

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

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

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

Credit Risk

Credit risk is the risk of financial loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash in bank accounts and accounts receivable.

All domestic and international customer relationships are negotiated by senior management. The Company maintains accounts in high quality financial institutions. At various times, the Company's bank balances exceed the federally or provincially insured limits.

13. 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 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.

A breakdown of accounts receivable by category is below:

	At July 31, 2014	At October 31, 2013
Customer type	**$**	**$**
Domestic and international banks	1,021,242	443,739
Money service businesses	3,209,739	584,109
Other	42,381	5,511
Total	**4,273,362**	**1,033,359**

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. The amount of unhedged inventory held in vaults, tills and in transit at July 31, 2014 was approximately $5,545,000 (October 31, 2013 - $3,040,000). The amount of currency that is unhedged and that is not pegged to the U.S. Dollar is approximately $3,465,000 (October 31, 2013 - $1,550,000). A 2% increase/reduction in the market price for the aggregate of the Company's unhedged/un-pegged foreign currencies would result in an exchange gain/loss of approximately +$70,000/-70,000 (October 31, 2013 gain/loss of approximately +$30,000/-$30,000).

On a consolidated basis, the Company is also exposed to foreign currency fluctuations between the U.S. Dollar and the Canadian Dollar, being the functional currency of its Canadian subsidiary, CXIC.

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

13. Risk Management (continued)

Interest Rate Risk

At July 31, 2014, the Company had access to interest bearing financial instruments in cash and short term accounts payable. A significant amount of the Company's cash is held as foreign currency banknotes in tills and vaults. These amounts are not subject to interest rate risk. Cash held in some of the Company's accounts are interest bearing; however, since prevailing interest rates are low there is minimal interest rate risk. Borrowings bear interest at fixed and variable rates. Cash and borrowings issued at variable rates expose the Company to cash flow interest rate risk. For the interest rate profile of the Company's interest bearing financial liabilities, refer to Note 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.

If interest rates had been 50 basis points higher/lower with all other variables held constant, after tax profit for the nine month period ended July 31, 2014 would have been approximately +$4,500/-$4,500 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.

The following are non-derivative contractual financial liabilities:

At July 31, 2014

Non-derivative financial liabilities	Carrying amount	Estimated contractual amount	This fiscal year	Future fiscal years
	$	$	$	$
Accounts payable	5,179,657	5,179,657	5,179,657	$Nil
Accrued expenses	1,162,171	1,036,673	1,036,673	$Nil
Contingent consideration	1,477,867	1,477,867	-	1,477,867
Line of credit	910,434	917,095	917,095	$Nil

At October 31, 2013

Non-derivative financial liabilities	Carrying amount	Contractual amount	Next fiscal year	Future fiscal years
	$	$	$	$
Accounts payable	2,918,054	2,918,054	2,918,054	$Nil
Accrued expenses	801,166	757,237	757,237	$Nil

The Company had available unused lines of credit amounting to $7,089,566 at July 31, 2014 (October 31, 2013 - $4,000,000).

13. Risk Management (continued)

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.

14. Foreign Currency Forward Contracts

The Company enters into non-deliverable foreign currency forward contracts on a daily basis to mitigate the risk of fluctuations in the exchange rates of its holdings of major currencies. Changes in the fair value of the contracts and the corresponding gains or losses are recorded daily and are included in commissions 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.

At July 31, 2014 and October 31, 2013 approximately $471,060 and $200,707, respectively, were being held as collateral on these contracts and are reflected as restricted cash held in escrow in the consolidated statements of financial position. See Note 6.

15. 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 having an expiry date of September 12, 2013. 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 U.S. 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.

During the nine month period ended June 30, 2013, 82,680 broker compensation options described in Note 16 were exercised enabling each option holder to obtain one common share and one common share purchase warrant.

15. Warrant Liability (continued)

Prior to the expiry date, a total of 1,435,725 warrants were converted into common shares and 26,955 warrants remained outstanding. At the time of expiry, the warrant liability was extinguished and the gain was recognized on the consolidated statement of income and comprehensive income. During the three and nine month periods ended July 31, 2014, the Company realized no gain or loss on the revaluation of the liability as the warrant liability had been extinguished (three and nine month periods ended June 30, 2013 – gain of $816,274 and $179,953, respectively).

16. Equity

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

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 entitled 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 15. In connection with the offering, officers and directors combined to purchase 8,100 units.

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 consisted of one common share and one common share purchase warrant exercisable at a price of Cdn$7.50 until September 12, 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 nine-month period ended June 30, 2013, 82,680 broker compensation units were exercised at a price of Cdn$6.65 per unit, for proceeds of $548,264 (Cdn$549,822).

In August and September of 2013, 1,435,725 common share purchase warrants were exercised, each for one common share of stock at a price of Cdn$7.50, for proceeds of $10,384,109 (Cdn$10,767,938).

Stock options

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

16. Equity (continued)

Below is information related to each option grant:

Date of Grant	4-May-12	17-Dec-12	3-May-13	29-Oct-13	29-Oct-13	9-Jul-14
Expiry Date	4-May-17	18-Dec-17	3-May-18	29-Oct-18	29-Oct-18	09-Jul-19
Vesting Schedule	1/3 annually	1/3 annually	1/3 annually	1 year	1/3 annually	.3 years
Amount granted	90,000	116,000	22,000	35,640	114,420	1,762
Exercise Price	Cdn$7.50	Cdn$7.50	Cdn$7.65	Cdn$10.86	Cdn$10.86	Cdn$13.24
Risk-free interest rate	0.78%	0.74%	0.73%	1.29%	1.29%	1.70%
Expected volatility	45%	49%	38%	35%	35%	29%
Expected dividend yield	Nil	Nil	Nil	Nil	Nil	Nil
Expected life (years)	5	5	5	5	5	5
Fair value of share at grant date	Cdn$7.30	Cdn$6.75	Cdn$7.35	Cdn$10.86	Cdn$10.86	Cdn$13.24
Fair value of option at grant date	$2.84	$2.66	$2.42	$3.44	$3.44	$3.58
Total amount vested at October 31, 2013	$183,067	$155,366	$12,335	$1,343	$1,317	Nil
Amount vested for the nine month period ended July 31, 2014	$51,651	$89,843	$27,838	$91,630	$179,773	$1,206
Total amount vested at July 31, 2014	$234,718	$245,209	$40,173	$92,973	$181,090	$1,206

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

	Nine months period ended July 31, 2014			Thirteen months period ended At October 31, 2013		
	Number of options	Weighted average exercise price	Vesting attributable to period	Number of options	Weighted average exercise price	Vesting attributable to period
	#	Cdn$	$	#	Cdn$	$
Outstanding, beginning of period	378,060	8.84	440,735	90,000	7.50	64,409
Granted	1,762	13.24	1,206	288,060	9.26	289,019
Exercised	-	-	-	-	-	-
Expired	-	-	-	-	-	-
Outstanding, end of period	379,822	8.86	441,941	378,060	8.84	353,428

16. Equity (continued)

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

	Options Outstanding and Exercisable			
Grant Date	**Exercise price**	**Number outstanding**	**Average remaining contractual life**	**Number exercisable**
	Cdn$	**#**	**(years)**	**#**
May 4, 2012	$7.50	90,000	2.76	60,000
December 17, 2012	$7.50	116,000	3.38	38,666
May 3, 2013	$7.65	22,000	3.76	7,333
October 29, 2013	$10.86	35,640	4.25	-
October 29, 2013	$10.86	114,420	4.25	-
July 9, 2014	$13.24	1,762	4.94	-
Total		379,822		105,999

17. Earnings per Common Share

The calculation of earnings per share is presented below. Diluted earnings per share for the three and nine month periods ended July 31, 2014 did not include 1,762 stock options granted on July 9, 2014 as they were anti-dilutive. Diluted earnings per share for the three and nine month periods ended June 30, 2013 did not include 1,380,000 warrants and 90,000 stock options as they were anti-dilutive.

	Nine months ended		Three months ended	
	July 31, 2014	**June 30, 2013**	**July 31, 2014**	**June 30, 2013**
Basic				
Net income	$2,373,933	$972,085	$1,456,004	$1,466,835
Weighted average number of shares outstanding	5,390,473	3,910,110	5,390,473	3,874,888
Basic earnings per share	0.44	0.25	0.27	0.38
Diluted				
Net income	$2,373,933	$972,085	$1,456,004	$1,466,835
Weighted average number of shares outstanding	5,500,803	3,913,242	5,513,708	3,878,020
Diluted earnings per share	0.43	0.25	0.26	0.38

18. Operating expenses

	Nine months ended		Three months ended	
	July 31, 2014	June 30, 2013	July 31, 2014	June 30, 2013
	$	$	$	$
Salaries and benefits	5,232,819	3,665,701	2,039,931	1,306,662
Rent	1,433,089	1,120,963	512,215	368,552
Legal and professional	660,689	642,496	205,399	224,848
Postage and shipping	1,169,016	757,363	583,615	279,665
Stock based compensation	441,941	195,108	111,447	67,426
Other general and administrative	1,606,128	1,094,594	556,626	383,776
Operating expenses	10,543,682	7,476,225	4,009,233	2,630,929

19. Exchange Bank of Canada

On November 23, 2012, the Company submitted its application to continue its wholly owned subsidiary, CXIC, as a new Canadian Schedule I bank. Subject to review and approval of the application by the Office of the Superintendent of Financial Institutions (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 nine month periods ended July 31, 2014, the Company recognized legal and administrative expenses of $57,870 and $106,711, respectively, in relation to the application process (three and nine month periods ended June 30, 2013 – $27,434 and $220,972, respectively).

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 the three and nine month periods ended July 31, 2014 and the three and nine month periods ended June 30, 2013 was as follows:

	Nine months ended		Three months ended	
	July 31, 2014	**June 30, 2013**	**July 31, 2014**	**June 30, 2013**
	$	$	$	$
Short-term benefits	666,458	426,128	208,134	169,357
Post-employment benefits	8,473	10,450	2,855	2,530
Stock based compensation	422,578	174,483	106,851	46,801
	1,097,509	611,061	317,840	218,688

The Company incurred legal and professional fees in the aggregate of $9,155 and $131,351 for the three and nine month periods ended July 31, 2014 (three and nine month periods ended June 30, 2013 $18,634 and $43,435, respectively) charged by entities controlled by directors or officers of the Company.

21. Other current assets

	At July 31, 2014	At October 31, 2013
	$	$
Prepaid rent	161,573	131,034
Prepaid insurance	155,449	92,871
Due on debit and credit cards	44,303	33,447
Forward contract positions	50,992	83,430
Other assets	90,903	99,013
Total	503,220	439,795

22. Subsequent Events

The Company evaluated subsequent events through September 9, 2014, the date these financial statements were issued. There were no material subsequent events that required recognition or additional disclosure in the financial statements.