CURRENCY EXCHANGE INTERNATIONAL, CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 2013 AND 2012

Scope of Analysis

This Management Discussion and Analysis ("**MD&A**") covers the results of operations, and financial condition of Currency Exchange International, Corp. (the "**Company,**" "**Currency Exchange,**" or **"CXI"**) for the three and nine months ended June 30, 2013 and 2012, including the notes thereto. The condensed interim consolidated financial statements and related notes of CXI have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). A detailed summary of the Company's significant accounting policies is included in Note 2 of the Company's annual audited consolidated financial statements for the year ended September 30, 2012, which have been consistently applied. The functional currency of Currency Exchange International Canada Corp. is the Canadian dollar and the functional currency of the parent is the U.S. dollar. The Company's presentation currency is the U.S. dollar. Unless otherwise noted, all references to currency in this MD&A refer to U.S. dollars. Information contained herein is presented as at August 6, 2013, unless otherwise indicated.

In this document, "our", "Company," and "CXI" refer to Currency Exchange International, Corp. collectively with its subsidiaries, Currency Exchange International of Canada Corp. and Currency Exchange International America Corp.

Additional Information

Additional information relating to the Company, including annual financial statements, is available on the Company's SEDAR profile at www.sedar.com and on the Company's website at www.ceifx.com.

Forward Looking Statements

Certain information provided by CXI in this MD&A and in other documents publicly filed throughout the year that are not recitation of historical facts may constitute forward-looking statements. The words "may", "would", "could", "will", "likely", "estimate", "believe", "expect", "plan", "forecast" and similar expressions are intended to identify forward-looking statements. Readers are cautioned that such statements are only predictions and the actual events or results may differ materially. In evaluating such forward-looking statements, readers should specifically consider the various factors that could cause actual events or results to differ materially from those indicated by such forward-looking statements.

Such forward-looking information may involve important risks and uncertainties that could materially alter results in the future from those expressed or implied in any forward-looking statements made by, or on behalf of, CXI. Some of the factors and risks and uncertainties that cause results to differ from current expectations discussed in this MD&A include, but are not limited to, dependence upon growth in the market for the Company's products, delays in product launches, currency exposure, technology developments by Currency Exchange's competitors and changes in the competitive environment in which Currency Exchange operates.

The above is not an exhaustive list of the factors that may affect CXI's forward -looking statements. These and other factors should be considered carefully and readers should not place undue reliance on CXI's forward-looking statements. CXI assumes no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those reflected in the forward-looking statements.

Overview

CXI is a publicly traded company (TSX:CXI,CXI.WT.S;OTCBB:CURN) specializing in providing currency exchange and related products to banks, travel companies, and to clients through its company owned branches and inventory on consignment locations, throughout the United States and Canada, by utilizing the Company's proprietary online software system, CEIFX (www.ceifx.com). The Company has developed CEIFX, its proprietary customizable web-based software, as an integral part of its business and believes that it represents an important competitive advantage. CEIFX is also an on-line compliance and risk management tool. The trade secrets associated with CEIFX are protected via copyright and maintenance of source code by the head office only. CEIFX is updated regularly and system development and enhancement is a core activity at the Company.

On November 23, 2012, CXI submitted its application to continue its wholly-owned subsidiary, Currency Exchange International of Canada Corp., as a new Canadian Schedule I bank. Subject to review and approval of the application by the Office of the Superintendent of Financial Institutions (Canada) and the Minister of Finance (Canada), the new bank will be called "Exchange Bank of Canada" in English and "Banque de Change du Canada" in French and will have its head office in Toronto.

The objective of the Exchange Bank of Canada is to expand current and future business opportunities and become a leading banker's bank for foreign exchange products and services. Obtaining a Canadian bank charter affords the Company numerous advantages including banking with Central Banks, thereby obtaining a source of stable, cost-effective funds, collateral reductions with corresponding banks, and enhancing existing bank relationships.

Currency Exchange International is a reporting issuer in the provinces of British Columbia, Alberta and Ontario.

The Company has the following sources of revenues which are segmented into commissions and fees:

- Commission revenue is comprised of the spread between the cost and selling price of foreign currency products, including bank notes, wire transmissions, cheque collections and draft issuances and the revaluation of foreign exchange positions to market value, combined with the net gain or loss from foreign currency forward contracts used to offset the revaluation of inventory positions and commissions paid to bank and non-bank financial institutions on the sale and purchase of currency products. The amount of this spread is based on competitive conditions and the convenience and value added services offered.

- Fee revenue is comprised of the following:

    - International exchange fees, including foreign currency (banknote) exchange, foreign traveller's cheques, foreign drafts, cheque collections and foreign wire transfers;

    - Fees collected on payroll cheque cashing transactions.

The following are some of the characteristics of the Company's revenue streams:

- The Company operates 24 branch locations which are located in high-traffic areas, staffed by CXI employees, and located across the United States. These locations have domestic and foreign currencies to buy and sell on demand. The currency exchange margins associated with these locations are generally higher to recapture costs of capital, rent, payroll, and other general and administrative costs;

Overview (continued)

- The Company operates 4 vaults located within the United States and Canada that serve as distribution centers for its branch network as well as order fulfillment centers for its clients including banks, money service businesses, and other corporate clients. Revenues generated from vaults have greater scale as the Company maintains a sales force to increase its geographic customer base. Exchange rate margins vary from customer to customer and are dependent on criteria such as exchange volumes and customer setup. There are two common customer setups:

  - Centralized setup - For customers with a high volume of foreign currency exchange who maintain their own inventory in central vault facilities, the Company offers bulk wholesale banknote trading. Trades of this nature are generally executed at lower margins as the cost per transaction is low and the average value is high;

  - Decentralized setup - Many customers have determined that it is advantageous to avoid a currency inventory and allow their locations to buy and sell directly from CXI. Transactions in a decentralized setup typically are executed at a higher margin as the average transaction is low and the cost to fulfill each trade is higher than that of a centralized setup. Several of the Company's financial institution clientele outsource their currency needs in return for a commission based upon exchange volume;

- CXI currently maintains inventory in banks and other high traffic locations. These locations can be very profitable as there are no occupancy costs or payroll. Essentially, foreign exchange currency is placed with locations on a consignment basis. As at June 30, 2013, the Company had inventory on consignment in nearly 70 locations. To encourage inventory turnover, the Company pays commissions as a percentage of volumes to these affiliates; and

- Branch locations generally act as a net buyer of foreign currency whereas CXI's bank and non bank clients act as a net seller. Excess currency collected via the branch network can be redeployed to the Company's bank and non-bank clients which eliminate the need to source currency through wholesale sources at a greater cost, thus increasing currency margins.

The Company’s largest asset is cash. The cash position consists of local currency notes, both in U.S and Canadian dollars, held in inventory at its branch and affiliate locations to facilitate the buying and selling of foreign currency, as well as liquid foreign currency held at the Company's' vaults, branch locations, affiliate partners, or cash inventory in transit between the Company and its locations. The Company also has traditional bank deposits which act as reserves to maintain operations and as settlement accounts to facilitate currency transactions at various financial institutions.

Accounts receivable consist primarily of bulk wholesale transactions where the Company is awaiting payment. Receivables are highly liquid and typically have a settlement time of two business days with most buyers being bank and non bank financial institutions.

Accounts payable consist mainly of foreign currency transactions and commissions payable at period end where the Company receives currency from a customer and then remits payment at a later date.

(All amounts expressed in U.S. dollars unless otherwise noted)

Initial Public Offering

On March 9, 2012, the Company completed its initial public offering ("**IPO,**" or "**Offering**") on the Toronto Stock Exchange ("**TSX**") by issuing 1,380,000 units at a price of Cdn$6.65 per unit for aggregate proceeds of Cdn$9,177,000. Each Unit is comprised of one common share in the capital stock of the Company ("**Common Share**") and one Common Share Purchase Warrant ("**Warrant**"). Funds received were used to finance foreign currency inventories at vault locations, increase its branch and inventory on consignment network, and enhance its proprietary software, CEIFX, as well as debt reduction.

SELECTED FINANANCIAL DATA

For the three months ended (unaudited)	Revenue $	Operating income $	Net income $	Total Assets $	Total equity $	Return on assets %	Return on equity %
June 30, 2013	3,799,683	1,094,456	1,466,835	19,997,719	17,607,201	7.3%	8.3%
March 31, 2013	2,919,292	435,357	(575,087)	18,709,964	16,255,314	(3.1%)	(3.5%)
December 31, 2012	2,808,053	308,233	80,338	19,929,308	16,734,553	0.4%	0.5%
September 30, 2012	3,369,548	1,433,792	1,475,426	18,225,628	16,226,974	8.1%	9.1%
June 30, 2012	3,152,246	676,915	208,542	17,275,581	14,711,060	1.2%	1.4%
March 31, 2012	3,076,693	631,705	497,415	16,829,379	14,478,596	3.0%	3.4%
December 31, 2011	2,715,986	831,209	536,269	10,391,386	6,695,607	5.2%	8.0%
September 30, 2011	2,988,585	1,106,515	483,399	9,914,292	6,159,338	4.9%	7.9%

Seasonality is reflected in the timing of when foreign currencies are in greater or lower demand. In a normal operating year there is seasonality to the Company's operations with higher commissions generally from March until September and fewer commissions from October to February. This coincides with peak tourism seasons in North America when there are generally more travelers entering and leaving the United States and Canada.

Exotic currencies have higher profit margins than other currencies. For instance, the Company experienced higher than normal volumes of exotic currencies from January 2011 until March of 2012, primarily due to currency exchanges of Iraq Dinar. More recently however, volumes of these currencies have declined.

(All amounts expressed in U.S. dollars unless otherwise noted)

Three and nine months ended June 30, 2013 and June 30, 2012

	Nine months ended 30-Jun-13 (Unaudited) ($)	Nine months ended 30-Jun-12 (Unaudited) ($)	Three months ended 30-Jun-13 (Unaudited) ($)	Three months ended 30-Jun-12 (Unaudited) ($)
Revenue	9,527,028	8,944,925	3,799,683	3,152,246
Operating expenses	7,688,982	6,794,387	2,705,227	2,475,331
Net operating income	1,838,046	2,150,538	1,094,456	676,915
Net income and comprehensive income	676,269	1,242,225	1,284,641	208,542
Basic and diluted earnings per share	0.25	0.41	0.38	0.05

	June 30, 2013 (unaudited)	September 30, 2012 (audited)
Total assets	19,997,179	18,225,628
Total equity	17,607,201	16,226,974
Total long term financial liabilities	-	-

Results of operations – nine months ending June 30, 2013

During the nine months ended June 30, 2013 revenues increased to $9,527,028 compared to $8,944,925 the same period for the previous year.

A breakdown of revenues by geographic location is presented below:

	Commissions from trading (unaudited)	Fee income (unaudited)	Total revenues (unaudited)
Nine months ended June 30, 2013	$	$	**$**
United States	7,718,324	822,749	**8,541,073**
Canada	985,169	786	**985,955**
Total	**8,703,493**	**823,535**	**9,527,028**
Nine months ended June 30, 2012	$	$	**$**
United States	7,696,093	826,042	**8,522,135**
Canada	400,942	21,848	**422,790**

(All amounts expressed in U.S. dollars unless otherwise noted)

Total	**8,097,035**	**847,890**	**8,944,925**

Results of operations – nine months ending June 30, 2013 (continued)

Revenues in the United States remained relatively constant during the nine months ended June 30, 2013 compared to the same period of the previous year and relate primarily to increases in the number of transactions to bank and non-bank financial institutions offset by decreases in the number of foreign currency sales originating from its branch locations. During the first six months of the year ended September 30, 2012, the Company experienced an increase in the trades of exotic currencies, particularly Iraqi Dinars, which were executed at higher margins and have subsequently declined in frequency and volume.

Revenues increased in Canada to $985,955 during the nine months ended June 30, 2013 from $422,790 in the same period of the previous year and are related to the growth of the Canadian operation. Currency Exchange International of Canada Corp opened for trading in December 2011.

During the nine months ended June 30, 2013, the Company added over 88 new clients representing approximately 2,400 branch locations for providing FX services.

During the nine months ended June 30, 2013, operating expenses increased to $7,688,982 compared to $6,794,387 for the same period of the previous year, the components of which are presented below:

	Nine months ended			
	June 30, 2013	**June 30, 2012**	**$ Change**	**% Change**
Salaries and benefits	3,665,701	2,910,653	755,048	26%
Rent	945,347	812,527	132,820	16%
Legal and professional	642,496	706,770	(64,274)	(9%)
Postage and shipping	757,363	677,710	79,653	12%
Stock based compensation	195,108	23,922	171,186	716%
Amortization	212,757	178,592	34,165	19%
Other general and administrative	1,270,210	1,484,213	(214,003)	(14%)
Total operating expenses	7,688,982	6,794,387	894,595	13%

- Salaries and benefits increased 26% to $3,665,701 from $2,910,653 which is attributed to staffing costs at the Company's new wholly owned branch outlets, salaries paid to new employees in Canada as well as additional staff added in the compliance, operations, sales, vaults, IT and accounting departments;

- Rent increased to $945,347 from $812,527 due to the opening of new branch locations as well as securing leases for new facilities in Toronto, Canada;

- Legal and professional decreased to $642,496 from $706,770. During the nine months ended June 30, 2013 the Company incurred legal and professional fees of $231,720 which were one-time expenses related to the Company’s public offering completed in March of 2012. If one-time expenditures are excluded, legal and professional fees increased as a result in increases in remuneration to the Company's Board of Directors as well as additional reoccurring legal and professional fees of becoming a reporting issuer;

- Postage and shipping increased 12% which is attributed to increased shipments in Canada and increases in armored shipments;

(All amounts expressed in U.S. dollars unless otherwise noted)

Results of operations – nine months ending June 30, 2013 (continued)

- Stock based compensation increased to $195,108 from $23,922 for the vested portion of stock options granted pursuant to the Company's stock option plan. The options have an expiry date of 5 years from the date of the grant and have a weighted average exercise price of Cdn$7.51;

- Amortization increased to $212,757 from $178,592 which relate to completed software modules in CEIFX and fixed assets being amortized over their respective lives; and

- Other general and administrative costs decreased to $1,270,210 from $1,484,213 and are comprised of miscellaneous items including insurance, travel and lodging, software maintenance, utilities, and other general and administrative expenses. The reduction in costs is related primarily in a reduction of non-capitalized computer hardware and software costs.

The ratio of operating expenses to total revenue for the nine months ended June 30, 2013 was 81% compared to 76% for the same period of the previous year. The company expects this ratio to remain steady in the short term as the Company continues to incur costs while building infrastructure to expand its branch and vault operations. In time, the Company can increase its operating efficiency by the addition of new bank and non-bank financial institutions in Canada and the United States to redeploy excess currency purchased by its branches, affiliate partners, and other clientele.

Other income and expenses are comprised of the following:

	Nine months ended June 30, 2013 (unaudited) ($)	**Nine months ended June 30, 2012 (unaudited) ($)**
Other income	8,236	962
Gain on forward contract	-	92,343
Fair value change in warrant liability	179,953	93,571
Interest and accretion expense	(14,499)	(124,448)
Expenses related to Exchange Bank of Canada	(220.972)	-
Warrant issue costs	-	(124,171)
Income tax expense	(818,179)	(846,570)

- Other income increased to $8,236 from $962 and relates to interest income and gains on the disposal of fixed assets;

- Gain on forward contract decreased to $Nil from a gain of $92,343. The gain relates to the revaluation of a forward contract to mitigate the exchange rate risk of Cdn$2,000,000 loan from a shareholder of the Company. The gain on forward contract was mostly offset by a loss on the revaluation of the Cdn$2,000,000 loan;

(All amounts expressed in U.S. dollars unless otherwise noted)

Results of operations – nine months ending June 30, 2013 (continued)

- Fair value change in warrant liability resulted in a gain of $179,953 from a gain of $93,571 in the same period of the previous year and relates to a marked to market adjustment of the Company's issued and outstanding warrants, of which 1,380,000 were issued on March 9, 2012 and 82,680 were issued between December of 2012 and June of 2013 for a total amount of 1,462,680 issued and outstanding as of June 30, 2013;

- Interest and accretion expense decreased to $14,499 from $124,448 and relate primarily to interest payments on credit lines and term loans. During the majority of the nine month ended June 30, 2012, the Company had debt obligations including Cdn$2,000,000 shareholder payable and a term loan which were repaid in full in March of 2012.

- Expenses related to Exchange Bank of Canada increased to $220,972 from $Nil and relate to legal and administrative expenses to file and process the bank application; and

- Income tax expense decreased to $818,179 from $846,570 and is a total of federal income tax as well as various state and provincial taxes for the jurisdictions in which the Company and its Canadian subsidiary operate.

Results of operations – three months ending June 30, 2013

During the three months ended June 30, 2013 revenues increased to $3,799,683 compared to $3,152,246 the same quarter of the previous year.

A breakdown of revenues by geographic location is presented below:

	Commissions from trading (unaudited)	**Fee income (unaudited)**	**Total revenues (unaudited)**
Three months ended June 30, 2013	$	$	**$**
United States	3,092,214	310,736	**3,402,950**
Canada	396,733	-	**396,733**
Total	3,488,947	310,736	**3,799,683**
Three months ended June 30, 2012			
United States	2,560,280	239,910	**2,854,190**
Canada	281,554	16,502	**298,056**
Total	2,841,834	310,412	**3,152,246**

The increase in commission revenues in the United States to $3,402,950 during the three months ended June 30, 2013 from $2,854,190 in the same quarter in the previous year relate primarily to new revenue generated from the Company's new branch locations as well as the establishment of new relationships with bank and non-bank financial institutions.

Revenues in Canada increased to $396,733 during the nine months ended June 30, 2013 from $298,056 in the same quarter of the previous and are related to the growth of the Canadian operation. Currency Exchange International of Canada Corp. opened for trading in December 2011.

(All amounts expressed in U.S. dollars unless otherwise noted)

Results of operations – three months ending June 30, 2013 (continued)

During the three months ended June 30, 2013, the Company added over 47 new clients representing approximately 2,200 branch locations for providing FX services.

During the three months ended June 30, 2013, operating expenses increased to $2,705,226 compared to $2,475,331 for the same period of the previous year, the components of which are presented below:

	Three months ended			
	June 30, 2013	**June 30, 2012**	**$ Change**	**% Change**
Salaries and benefits	1,306,662	1,030,544	276,118	26.79%
Rent	303,886	284,261	19,625	6.90%
Legal and professional	224,848	226,475	(1,627)	(0.72%)
Postage and shipping	279,665	316,562	(38,897)	(11.66%)
Stock based compensation	67,426	23,922	43,504	181.86%
Amortization	74,298	61,262	13,036	21.28%
Other general and administrative	448,442	532,305	(83,863)	(15.75%)
Total operating expenses	2,705,227	2,475,331	229,896	9.29%

- Salaries and benefits increased to $1,306,662 from $1,030,544 which is attributed to staffing costs at the Company's new wholly owned branch locations, salaries paid to new employees in Canada as well as additional staff added in the compliance, operations, sales, vaults, IT and accounting departments;

- Rent increased to $303,886 from $284,261 due to the opening of new branch outlets;

- Legal and professional decreased slightly to $224,848 from $226,475;

- Postage and shipping remained decreased to $279,665 from $316,562;

- Stock based compensation increased to $67,426 from $23,922 for the vested portion of stock options granted pursuant to the Company's stock option plan. The options have an expiry date of 5 years from the date of the grant and have a weighted average exercise price of Cdn$7.51;

- Amortization increased to $74,298 from $61,262 which relate to completed software modules in CEIFX and fixed assets being amortized over their respective lives; and

- Other general and administrative costs decreased to $448,442 from $532,305 and are comprised of miscellaneous items including insurance, travel and lodging, utilities, and other general and administrative expenses. The reduction in costs is related primarily in a reduction of non-capitalized computer hardware and software costs.

(All amounts expressed in U.S. dollars unless otherwise noted)

Results of operations – three months ending June 30, 2013 (continued)

The ratio of operating expenses to total revenue for the three months ended June 30, 2013 was 71% compared to 79% for the same quarter of the previous year. Due to the cyclical nature of the business, this ratio normally decreases during the summer months when volumes are at their highest. The company expects this ratio to remain steady in the short term as the Company continues to incur costs while building infrastructure to expand its branch and vault operations. In time, the Company can increase its operating efficiency by the addition of bank and non-bank financial institutions in Canada and the United States to redeploy excess currency purchased by its branches, affiliate partners, and other clientele.

Other income and expenses are comprised of the following:

	Three months ended June 30, 2013 (unaudited) ($)	**Three months ended June 30, 2012 (unaudited) ($)**
Other income	1,823	880
Fair value change in warrant liability	816,274	(182,670)
Interest and accretion expense	(2,768)	-
Expenses related to Exchange Bank of Canada	(27,434)	-
Income tax expense	(415,516)	(286,583)

- Other income increased to $1,823 from $880 and relate to interest income and gains on the disposal of fixed assets;
- Fair value change in warrant liability resulted in a gain of $816,274 from a loss of $182,670 in the same quarter of the previous year and relate to a marked to market adjustment of the Company's issued and outstanding warrants, of which 1,380,000 were issued on March 9, 2012 and 82,680 issued between December of 2012 and June of 2013 for a total amount of 1,462,680 issued and outstanding as of June 30, 2013;
- Interest and accretion expense increased to $2,768 from $Nil and relate primarily to interest on credit lines;
- Expenses related to Exchange Bank of Canada increased to $27,434 from $Nil and relate to legal and administrative expenses to file and process the bank application; and
- Income tax expense increased to $415,516 from $286,583 and is a total of federal income tax as well as various state and provincial taxes for the jurisdictions in which the Company and its Canadian subsidiary operate.

Cash flows

Cash used in operating activities during the nine months ended June 30, 2013 resulted in a decrease of $1,070,118 compared with an increase of $964,599 during the period ended in the previous year. The difference between the operating cash flow and net income for the nine months ended June 30, 2013 relate primarily to a significant increase in accounts receivable. Accounts receivable consist of bank note transactions with a typical settlement cycle of 24 to 48 hours. The actual amount of accounts receivable balances varies widely from period to period due to the volume of activity and timing differences. There is minimal counter-party risk as the bulk of the Company's receivables reside with financial institutions. Operating cash flow is generated by commission and fee income, and is offset by operating expenses.

Cash used in investing activities during nine months ended June 30, 2013 increased to $359,203 compared to $223,428 during the nine months ended June 30, 2012. The company's primary investments consisted of leasehold improvements at branch locations as well as significant investments in the Company's proprietary software, www.ceifx.com.

Cash provided by financing activities during the nine months ended June 30, 2013 was $553,096 compared to $6,053,584 for the same period in the prior year. During the nine months ended June 30, 2013, Cdn$549,822 ($548,264) was generated from the exercise of 82,680 broker options at a price of Cdn$6.65 per option. Additionally, the company had withdrawals on the Company's credit line in the amount of $4,832. During the nine months ended June 30, 2012, CXI generated cash of Cdn$9,177,000 ($9,240,936) by completing its public offering for 1,380,000 common shares, at, a price of Cdn$6.65 per share, less issue costs of $593,553, less debt service repayments of $2,254,331.

Liquidity and capital resources

As at June 30, 2013, the Company had working capital of $16,891,299 (September 30, 2012 - $15,651,326). Working capital consists of cash of $15,688,228 (September 30, 2012 - $16,564,453), accounts receivable of $2,669,992 (September 30, 2012 - $603,602), restricted cash held in escrow of $280,176 (September 30, 2012 - $132,340), and other current assets of $583,546 (September 30, 2012 - $312,975). This was offset by current liabilities of $2,330,643 (September 30, 2012 $1,962,044) which includes accounts payable of $1,385,119 (September 30, 2012 - $682,572), accrued expenses of $443,177 (September 30, 2012 - $714,207), income taxes payable of $219,227 (September 30, 2012 - $146,438), and warrant liability of $278,288 (September 30, 2012 - $418,827).

The Company also maintains a Cdn$2,000,000 credit line with a shareholder of the Company and a $2,000,000 credit line with Branch Banking and Trust Company to manage short-term cash flow needs.

(All amounts expressed in U.S. dollars unless otherwise noted)

Selected annual and quarterly information

The following tables set out selected consolidated financial information of the Company for the periods indicated. Each investor should read the following information in conjunction with those financial statements and notes thereto. The operating results for any past period are not necessarily indicative of results for any future period. The selected financial information set out below has been derived from the consolidated financial statements of the Company.

	Twelve months ended September 30, 2012	Twelve months ended September 30, 2011	Nine months ended September 30, 2010 (1)
Revenues	$ 12,314,473	$ 8,683,705	$ 3,407,289
Net operating income	$ 3,573,621	$ 2,796,779	$ 269,298
Net income and comprehensive income	$ 2,717,652	$ 1,489,686	$ 129,098
Basic and diluted earnings per share (2)	$ 0.83	$ 0.66	$ 0.07
Total assets	$ 18,225,628	$ 9,914,292	$ 5,007,511
Total liabilities	$ 1,998,654	$ 3,754,954	$ 1,664,119
Total non-current financial liabilities	$ -	$ 110,924	$ 721,284
Working capital	$ 15,651,326	$ 5,861,804	$ 3,777,905

Notes:

1. The Company changed its year-end to September 30, and reported on the nine months ended September 30, 2010 as a transition year.
2. Adjusted for a 2:1 share split effective June 28, 2011.

The following is a summary of unaudited financial data for the most recently completed eight quarters:

Summary financial information for the most recently completed eight quarters				
Three months ended	Total revenues	Operating expenses	Operating income	Total assets
June 30, 2013	3,799,683	2,705,227	1,094,456	19,997,719
March 31, 2013	2,919,292	2,483,935	435,357	18,709,964
December 31, 2012	2,808,053	2,499,820	308,233	19,929,308
September 30, 2012	3,369,548	1,935,756	1,433,792	18,225,628
June 30, 2012	3,152,246	2,475,331	676,915	17,275,581
March 31, 2012	3,076,693	2,444,988	631,705	16,829,379
December 31, 2011	2,715,986	1,884,777	831,209	10,391,386
September 30, 2011	2,988,585	1,882,070	1,106,515	9,914,292

During the eight quarters listed above, the Company generated revenue from commissions from trading and fee income. The quarter ending September 30, 2012 had higher operating income due to a reclassification of operating expenses incurred during the fiscal year to one-time expenditures relating to the Company's initial public offering and the pursuit of the Canadian bank charter.

(All amounts expressed in U.S. dollars unless otherwise noted)

Commitments and contingencies

The Company is party to an employment agreement with the President and CEO of the Company. The contract provides maximum commitments of $200,000 in salary for the 2013 fiscal year in addition to a maximum bonus of up to 62.5% of the annual base salary and additional contingencies of a minimum $321,000 to be made upon the occurrence of certain events such as a change of control or termination for reasons other than cause. As the likelihood of a change on control is not determinable, the contingent payments have not been reflected in the consolidated financial statements.

The Company has entered in to non-cancellable operating lease and license arrangements with terms in excess of one year for the use of certain facilities. The minimum rental payments associated with these leases are $2,845,586 and are payable as follows:

Year ended	**Remaining minimum payments required**
October 31, 2013	$387,232
October 31, 2014	$939,282
October 31, 2015	$658,311
October 31, 2016	$416,651
October 31, 2017	$391,643
Thereafter	$52,467
Total	**$2,845,586**

Off-Balance Sheet Arrangements

There are currently no off balance sheet arrangements which could have an effect on current or future results or operations, or the financial condition of the Company.

Hedging Activity

Other than as noted below, the Company does not engage in any form of hedged, derivative or leveraged trading. Furthermore, the Company does not extend margin or leverage to any of its customers.

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. The forward contracts are recognized at fair value and the gain or loss is recorded daily and is included in commissions on the consolidated statements of income and comprehensive income. The Company's management strategy is to reduce the risk of fluctuations associated with foreign exchange rate changes. The foreign currency forward contracts can be closed immediately resulting in the collateral being liquidated. For the nine months ended June 30, 2013, the change in foreign currency value was a gain of $80,104 (nine months ended June 30, 2012 - loss of $182,247), the net change from foreign currency forward contracts related to foreign currency inventory holdings was a loss of $17,412 (nine months ended June 30, 2012 - gain - $139,350). For the three months ended June 30, 2013, the change in foreign currency value was a gain of $32,451 (three months ended June 30, 2012 - loss of $198,943), the net change from foreign currency forward contracts related to foreign currency inventory holdings was a loss of $56,884 (three months ended June 30, 2012 - gain of $174,853).

As at June 30, 2013 and September 30, 2012 approximately $280,176 and $132,340, respectively, was being held as collateral on these contracts and is reflected as restricted cash held in escrow in the consolidated statements of financial position.

(All amounts expressed in U.S. dollars unless otherwise noted)

Transactions with Related Parties

The remuneration of directors and other members of key management personnel during the nine months ended June 30, 2013 and the nine months ended June 30, 2012 was as follows:

	Nine months ended	
	June 30, 2013	**June 30, 2012**
	$	$
Short-term benefits	426,128	302,185
Post-employment benefits	10,450	4,799
Stock based compensation	174,483	23,922

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

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

On May 1, 2013, the Company entered in an employment agreement with the Senior Vice President and CFO. Pursuant to this agreement, the Company is committed to pay an annual base salary of Cdn$190,000 on a prorated basis for the first year and will be increased to Cdn$195,000 for the following year. This contract has a maximum STIP amount of Cdn$71,250 for the period ending October 31, 2013 and is based upon performance objectives.

The Company incurred legal and professional fees in the aggregate of Cdn$18,634 and Cdn$43,435 for the three and nine months ending June 30, 2013, respectively (three and nine months ending June 30, 2012 - 19,863 and $68,807, respectively) charged by entities controlled by directors or officers of the Company. During the three and nine months ended June 30, 2013, the Company incurred an expense $58,188 and $174,483, respectively, from stock options to officers and directors (three and nine months ended June 30, 2012 - $23,922).

On March 9, 2012 the Company completed its public offering described in Note 15. Officers and directors who participated in the offering combined to purchase a total of 8,100 units.

(All amounts expressed in U.S. dollars unless otherwise noted)

Option Grant

The Company granted 90,000 stock options to key employees and directors on May 4, 2012, with each stock option exercisable into one common share of the Company at an exercise price of Cdn$7.50 per share and an expiry date of May 4, 2017. In accordance with the Company's incentive stock option plan, the options are subject to a vesting schedule as follows:

- 1/3 upon first anniversary of grant;
- 1/3 upon second anniversary of grant;
- 1/3 upon third anniversary of grant.

On May 4, 2012, the Company granted 90,000 stock options to select employees and directors with an exercise price of Cdn$7.50 and an expiry date of May 4, 2017. During the three and nine months ending June 30, 2013, the Company realized stock based compensation in the amount of $19,636 and $94,487, respectively (three and nine months ending June 30, 2012 - $23,922) which was determined based on the vested portion of the Black-Scholes option pricing model using the assumptions presented below:

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

On December 17, 2012, the company granted 116,000 stock options to select employees and directors with an exercise price of Cdn$7.50 and an expiry date of December 18, 2017. During the three and nine months ending June 30, 2013, the Company realized stock based compensation in the amount of $42,870 and $95,700, respectively (three and nine months ending June 30, 2012 - $Nil and $Nil, respectively) which was determined based on the vested portion of the Black-Scholes option pricing model using the assumptions presented below:

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

On May 3, 2013, the Company granted 22,000 stock options to a select employee with an exercise price of Cdn$7.65 and an expiry date of May 3, 2018. During the three and nine months ending June 30, 2013, the Company realized stock based compensation in the amount of $4,921 (three and six months ending June 30, 2012 - $Nil and $Nil, respectively) which was determined based on the vested portion of the Black-Scholes option pricing model using the assumptions presented below:

Risk-free interest rate	0.73%
Expected volatility	38%
Expected dividend yield	Nil
Expected life (years)	5
Fair value of share at grant date	Cdn$7.35

(All amounts expressed in U.S. dollars unless otherwise noted)

Fair value of option at grant date	$2.42

Subsequent events

In July of 2013 the Company commenced operations at two new branches located in the states of Illinois and California. The leases expire in June 2014 and June 2018, respectively, and have minimum total rent payments of $260,964

In July of 2013 the Company entered into lease extensions to retain retail space in South Florida and Massachusetts. The leases expire in December of 2017 and have minimum total rent payments of $725,529.

Accounting standards and policies

The company's accounting policies are described in Note 2 to the Company's audited consolidated financial statements for the period ended September 30, 2012. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions which affect the amounts reported in the financial statements and accompanying notes.

Future accounting pronouncements

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

IFRS 9 Financial Instruments ("IFRS 9") was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. This standard is required to be applied for accounting periods beginning on or after January 1, 2015, with earlier adoption permitted. The Company has not yet determined the impact of the amendments to IFRS 9 on unaudited condensed interim consolidated financial statements.

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

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

Future accounting pronouncements (continued)

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

IAS 32 Financial Instruments - Presentation ("IAS 32") was amended to clarify the criteria that should be considered in determining whether an entity has a legally enforceable right of set off in respect of its financial instruments. Amendments to IAS 32 are applicable to annual periods beginning on or after January 1, 2014 with retrospective application required. Earlier application is permitted. The Company is assessing the impact of IAS 32 on its unaudited condensed interim consolidated financial statements.

Disclosure of outstanding share data

The Company is authorized to issue 100,000,000 common shares with a par value of $1.00 per common share, of which 3,954,748 Common Shares are issued and outstanding as fully paid as at date of this MD&A. Of the 3,954,748 issued and outstanding as at March 31, 2013 516,642 are held in escrow. Of the 516,642 common shares held in escrow, 516,642 common shares are to be realized eighteen months following the closing date of the public offering. The Company has granted 228,000 stock options to employees and directors, with each stock option exercisable into one common share of the Company at a weighted average exercise price of Cdn$7.51 per share of which 90,000 have an expiry date of May 4, 2017 and 116,000 have an expiry date of December 18, 2017, and 22,000 have an expiry date of May 3, 2018. The Company has 1,462,680 warrants outstanding. Each warrant entitles its holder to purchase one common share at a price of Cdn$7.50 with an expiry date of September 8, 2013.

Risk factors

Major risk factors identified by management are outlined in the MD&A section of the Company's 2012 Annual Report, along with the following major risk factors:

Credit Risk
Foreign Currency Risk
Interest Rate Risk
Liquidity Risk

Credit Risk

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

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

(All amounts expressed in U.S. dollars unless otherwise noted)

Credit Risk (continued)

The credit risk associated with accounts receivable (Note 2 of the audited consolidated financial statements) is limited, as the Company's receivables consist primarily of bulk currency trades with a settlement cycle of 24 to 48 hours. There is minimal counterparty risk as the majority of the Company's receivables reside with banks and other financial institutions. For the purpose of risk control, the customers are grouped as follows: domestic and international financial institutions, money service businesses, and other customers. Credit limits are established for each customer, whereby the credit limit represents the maximum open amount without requiring payments in advance. A breakdown of AR by category is below:

Customer type	**June 30, 2013** **$**	**September 30, 2012** **$**
Domestic and international banks	684,034	215,114
Money service businesses	1,997,678	377,839
Other	24,280	10,649
Total	**2,669,992**	**603,602**

These limits are reviewed regularly by senior management.

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

Foreign Currency Risk

The volatility of the Company's foreign currency holdings may be increased as a result of the political and financial environment of the corresponding issuing country. Management believes its exposure to foreign currency fluctuations is mitigated by the short-term nature and rapid turnover of its foreign currency inventory, as well as the use of forward contracts to offset these fluctuations. Due to their nature, some minor and exotic foreign currencies cannot be hedged or are too cost prohibitive to hedge. In order to mitigate the risks associated with holding these foreign currencies, the Company assigns wider bid/ask spreads and maintains specific inventory targets to minimize the impact of exchange rate fluctuations. The amount of unhedged inventory at June 30, 2013 was $2,415,000. A 2% increase/reduction in the market price for the aggregate of the company's un-hedged foreign currencies would result in an exchange gain/loss of approximately +$50,000/-$50,000.

On a consolidated basis, the Company is also exposed to foreign currency fluctuations between the US dollar and the functional currencies of its subsidiaries. The major foreign currency giving rise to currency risk is the Canadian dollar.

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

(All amounts expressed in U.S. dollars unless otherwise noted)

Interest Rate Risk

As at June 30, 2013, the Company had access to interest bearing financial instruments in cash and short term note payables. A significant amount of the Company's cash is held as foreign currency banknotes in tills and vaults (Note 4). These amounts are not subject to interest rate risk. Generally, most cash held on deposit is non-interest bearing.

Borrowings bear interest at fixed and variable rates. Cash and borrowings issued at variable rates expose the Company to cash flow interest rate risk. For the interest rate profile of the Company's interest bearing financial liabilities, refer to Note 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.

As at June 30, 2013, if interest rates had been 50 basis points higher/lower with all other variables held constant, post tax profit for the nine months ended would have been approximately $445 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:

	As at June 30, 2013			
Non-derivative financial liabilities	**Carrying amount**	**Contractual amount**	**Within current fiscal year**	**Between 1 and 2 fiscal years**
	$	**$**	**$**	**$**
Accounts payable	1,385,119	1,385,119	1,385,119	
Accrued expenses	443,177	408,014	408,014	

	As at September 30, 2012			
Non-derivative financial liabilities	**Carrying amount**	**Contractual amount**	**Within current fiscal year**	**Between 1 and 2 fiscal years**
	$	**$**	**$**	**$**
Accounts payable	682,572	682,572	-	682,572
Accrued expenses	714,207	690,212	-	690,212

The Company had unused lines of credit amounting to $3,995,168 at June 30, 2013 (September 30, 2012 - $3,000,000).

Liquidity Risk (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.