CURRENCY EXCHANGE INTERNATIONAL, CORP.

Condensed Interim Consolidated Financial Statements
For the six months ended March 31, 2012
(Expressed in U.S. Dollars)
(Unaudited)

CURRENCY EXCHANGE INTERNATIONAL, CORP.

Condensed Interim Consolidated Financial Statements
For the six months ended March 31, 2012
(Expressed in U.S. Dollars)
(Unaudited)

TABLE OF CONTENTS

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

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

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

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

(signed) “Wade Bracy”
Wade Bracy
Chief Financial Officer

Orlando, Florida
May 4, 2012

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

	March 31, 2012	September 30, 2011
ASSETS		
Current assets	$	$
Cash	15,036,128	8,588,662
Accounts receivable	706,709	239,934
Income taxes recoverable	109,141	-
Restricted cash held in escrow (Note 3)	87,149	99,518
Other current assets (Note 19)	359,552	480,025
Total current assets	16,298,679	9,408,139
Property and equipment (Note 5)	358,507	356,112
Intangible assets (Note 6)	140,579	134,301
Other assets	31,614	15,740
Total assets	16,829,379	9,914,292
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	741,406	775,372
Accrued expenses	405,578	288,970
Income taxes payable	-	134,316
Deferred rent	24,109	28,423
Warrant liability (Note 13)	1,104,994	-
Shareholder loan payable (Note 10)	-	167,010
Short-term note payable (Note 9)	-	1,865,180
Current portion of notes payable (Note 7)	-	111,217
Forward contract liability (Note 12)	-	175,847
Total current liabilities	2,276,087	3,546,335
Long term liabilities		
Deferred tax liability	74,696	97,695
Notes payable, net of current portion (Note 7)	-	110,924
Total liabilities	2,350,783	3,754,954
Equity		
Share capital (Note 15)	3,872,068	2,492,068
Equity reserves (Note 15)	7,623,905	1,847,842
Broker options (Note 15)	129,512	-
Retained earnings	2,853,111	1,819,428
Total equity	14,478,596	6,159,338
Total liabilities and equity	16,829,379	9,914,292

Commitments and contingencies (Notes 3, 4, 18)
Subsequent event (Note 20)

Approved on behalf of the Board of Directors:
(signed) *"Mark Mickleborough"*, Director (signed) *"Joseph August"*, Director

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

CURRENCY EXCHANGE INTERNATIONAL, CORP.
Condensed Interim Consolidated Statements of Income and Comprehensive Income
(Expressed in U.S. Dollars)
(Unaudited)

	Six months ended		Three months ended	
	31-Mar-12	31-Mar-11	31-Mar-12	31-Mar-11
Revenues	$	$	$	$
Commissions from trading	5,255,201	2,819,886	2,811,008	1,571,367
Fee income	537,478	353,999	265,685	172,651
Total revenues	5,792,679	3,173,885	3,076,693	1,744,018
Operating expenses (Note 17)	4,329,765	2,513,255	2,444,988	1,315,571
Net operating income	1,462,914	660,630	631,705	428,447
Other income (expense)				
Interest income	82	290	50	142
Gain on forward contract (Note 12)	92,343	-	37,269	-
Fair value change in warrant liability (Note 13)	286,950	-	286,950	-
Accretion expense (Note 9)	(42,873)	-	-	-
Interest expense	(81,575)	(68,123)	(56,322)	(35,256)
Warrant issue costs (Note 15)	(124,171)	-	(124,171)	-
Total other income (expense)	130,756	(67,833)	143,776	(35,114)
Income before income taxes	1,593,670	592,797	775,481	393,333
Income tax (expense)	(559,987)	(204,356)	(278,066)	(130,030)
Net income and comprehensive income for the period	1,033,683	388,441	497,415	263,303
Earnings per share (Note 16)				
- basic	0.39	0.18	0.18	0.12
- diluted	0.39	0.18	0.18	0.12
Weighted average number of common shares outstanding (Note 16)				
- basic	2,659,803	2,163,279	2,829,401	2,175,900
- diluted	2,660,636	2,163,279	2,831,076	2,175,900

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

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

	Common Stock			Broker Options			
	Shares	Amount	Equity Reserves	Broker Options	Amount	Retained Earnings	Total
	#	$	$	#	$	$	$
Balance at September 30, 2010	2,117,900	1,058,950	1,954,700	-	-	329,742	3,343,392
Issuance of common shares for services (Note 15)	1,000	500	1,500	-	-	-	2,000
Issuance of common shares for cash (Note 15)	57,000	28,500	171,000	-	-	-	199,500
Net income	-	-	-	-	-	388,441	388,441
Balance, March 31, 2011	2,175,900	1,087,950	2,127,200	-	-	718,183	3,933,333
Issuance of common shares for cash (Note 15)	24,500	12,250	112,506	-	-	-	124,756
Issuance of common shares from debentures (Note 15)	291,668	145,834	854,170	-	-	-	1,000,004
Stock split (Note 15)	-	1,246,034	(1,246,034)	-	-	-	-
Net income	-	-	-	-	-	1,101,245	1,101,245
Balance at September 30, 2011	2,492,068	2,492,068	1,847,842	-	-	1,819,428	6,159,338
Issuance of shares (Note 15)	1,380,000	1,380,000	6,479,701	-	-	-	7,859,701
Issuance of broker options (Note 15)	-	-	-	82,800	129,512	-	129,512
Share issue costs (Note 15)	-	-	(703,638)	-	-	-	(703,638)
Net Income	-	-	-	-	-	1,033,683	1,033,683
Balance, March 31, 2012	3,872,068	3,872,068	7,623,905	82,800	129,512	2,853,111	14,478,596

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

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

	Six months ended 31-Mar-12	Six months ended 31-Mar-11
Cash flows from operating activities	$	$
Net income	1,033,683	388,441
Adjustments to reconcile net income to net cash flows from operating activities:		
(Recovery) of bad debt allowance	-	(9,395)
Amortization	117,330	68,209
Common shares issued for services	-	2,000
Non-cash fair value change in warrant liability	(286,950)	-
Non-cash change in foreign currency translation	10,709	-
Increase (decrease) in cash due to change in:		-
Accounts receivable	(466,775)	455,800
Other assets	104,599	(32,699)
Restricted cash held in escrow	12,369	(13,707)
Accounts payable, accrued expenses and other current liabilities	(363,975)	1,384,873
Net cash flows from operating activities	160,990	2,243,522
Cash flows from investing activities		
Purchase of property and equipment	(104,918)	(91,748)
Purchase of intangible assets	(21,085)	(51,148)
Net cash flows from investing activates	(126,003)	(142,896)
Cash flows from financing activities		
Proceeds from issue of common shares and warrants	9,240,936	199,500
Decrease in subscriptions receivable	-	500,150
Issue costs	(574,126)	-
Proceeds from convertible debenture	-	500,000
Net (repayment) of long-term debt	(222,141)	(52,476)
(Repayment) of short-term note payable	(1,865,180)	-
Net borrowings on line of credit	-	205,000
Net (repayment) proceeds from shareholder loan payable	(167,010)	6,352
Net cash flows from financing activities	6,412,479	1,358,526
Net change in cash	6,447,466	3,459,152
Cash, beginning of period	8,588,662	3,209,206
Cash, end of period	15,036,128	6,668,358
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the period for income taxes	826,191	136,896
Cash paid during the period for interest	81,575	56,985
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES		
Broker options issued for services	129,512	-

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

1. Nature of Operations, Basis of Presentation

Nature of Operations

Currency Exchange International, Corp. is a Florida Corporation formed on October 19, 2007. The Company operates as a money service business and provides currency exchange, wire transfer, and cheque cashing services at its locations throughout Canada and the United States. The Company currently maintains a head office as well as 20 branch locations. The Company's registered head office is located at 4901 Vineland Road, Suite 580, Orlando, Florida, 32811, United States of America. The majority of the Company's operations are currently in the United States.

Basis of Presentation

The functional and presentational currency of the Company's financial statements is the U.S. dollar. These condensed interim consolidated financial statements have been prepared on a historical cost basis, with exception to certain financial instruments measured at fair value. In addition these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Statement of Compliance

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

The policies applied in these condensed interim consolidated financial statements are based on IFRS issued and outstanding as of May 4, 2012, the date the Board of Directors approved the statements. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending September 30, 2012 could result in restatement of these condensed interim consolidated financial statements.

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

Use of Estimates

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

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

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

- the recoverability of amounts receivable;
- management's amortization policy and impairment assessment for property and equipment and intangible assets;
- management's impairment assessments for other assets;
- estimates for provisions;
- valuation of share-based payments including broker options;
- valuation of warrant liability;
- valuation of forward contract assets and liabilities;
- valuation of short-term note payable; and
- valuation of income tax balances.

2. New Accounting Policies and Future Accounting Pronouncements

New Accounting Policies

Principles of Consolidation
The condensed interim consolidated financial statements comprise the financial statements of the Company and its wholly-owned subsidiary, Currency Exchange International of Canada Corp.

Subsidiaries are entities over which the Company has control, where control is defined as the power to govern financial and operating policies of an entity so as to obtain benefit from its activities. Generally, the Company has a shareholding of more than one half of the voting rights in its subsidiary. The effects of potential voting rights that are currently exercisable are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date control is transferred to the Company, and are de-consolidated from the date control ceases. All material intercompany transactions are eliminated on consolidation.

Foreign currency translation
Foreign currency denominated monetary assets and liabilities are translated to their United States dollar equivalents using foreign exchange rates in effect at the statement of financial position date. Foreign currency denominated non-monetary items and revenues and expenses are translated at the rates of exchange prevailing at the dates of the transactions. Exchange gains or losses arising on foreign currency translation are included in the determination of operating results for the year.

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

2. New Accounting Policies and Future Accounting Pronouncements (Continued)

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

Future Accounting Pronouncements
Certain pronouncements were issued by the IASB or the International Financial Reporting Interpretations Committee. 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 its consolidated financial statements.

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

IFRS 13 *Fair Value Measurement* ("IFRS 13") converges IFRS and U.S. GAAP on how to measure fair value and the related fair value disclosures. The new standard creates a single source of guidance for fair value measurements, where fair value is required or permitted under IFRS, by not changing how fair value is used but how it is measured. The focus will be on an exit price. 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 the amendments to IFRS 13 on its consolidated financial statements.

March 31, 2012 (Expressed in U.S. dollars)

2. New Accounting Policies and Future Accounting Pronouncements (Continued)

IAS 1 *Presentation of Financial Statements* ("IAS 1") was amended by the IASB in June 2011 in order to align the presentation of items in other comprehensive income with U.S. GAAP standards. Items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012.

3. Restricted Cash Held in Escrow and Other Assets

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 within a twenty-four hour period resulting in the collateral being liquidated.

The Company had the following cash collateral amounts as at March 31, 2012 and September 30, 2011:

Restricted Cash	March 31 2012	September 30 2011
Collateral related to foreign currency forward contracts (Note 12)	$ 87,149	$ 99,518
Total Restricted Cash	$ 87,149	$ 99,518

4. Operating Leases

The Company has entered into non-cancellable operating lease and license agreements with terms in excess of one year for the use of certain facilities. The rent expense associated with these leases for the six months ending March 31, 2012 was approximately $528,266 (2011 - $399,891). The licensing fees associated with these agreements for the six months ending March 31, 2012 were approximately $104,632 (2011 - $27,775).

The following is a schedule of future minimum rental payments and license fees required under these agreements as of March 31, 2012:

Lease commitments remaining for the years ending September 30	
Less than one year	$ 421,454
One to five years	549,863
	$ 971,317

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

March 31, 2012 (Expressed in U.S. dollars)

5. Property and Equipment

Property and equipment consisted of the following as of March 31, 2012 and September 30, 2011:

	Vehicles	Computer equipment	Furniture and equipment	Leasehold improvements	Total
	$	$	$	$	$
Balance, September 30, 2011	51,567	88,062	100,927	462,135	702,691
Additions	-	24,533	44,013	36,372	104,918
Balance, March 31, 2012	51,567	112,595	144,940	498,507	807,609

Amortization	Vehicles	Computer equipment	Furniture and equipment	Leasehold improvements	Total
	$	$	$	$	$
Balance, September 30, 2011	30,146	64,623	66,753	185,057	346,579
Amortization	6,163	11,828	12,207	72,325	102,523
Balance, March 31, 2012	36,309	76,451	78,960	257,382	449,102

Carrying amounts	Vehicles	Computer equipment	Furniture and equipment	Leasehold improvements	Total
	$	$	$	$	$
At September 30, 2011	21,421	23,439	34,174	277,078	356,112
At March 31, 2012	15,258	36,144	65,980	241,125	358,507

6. Intangible Assets

Intangible assets are comprised of the Company's internally developed software and its related modules. Amortization is computed on an individual product basis over the estimated economic life of the product using the straight-line method. The balance of intangible assets as of March 31, 2012 and September 30, 2011 consisted of:

	Cost	Amortization	Net Book Value
	$	$	$
Balance, September 30, 2011	149,201	14,900	134,301
Additions	21,085	14,807	6,278
Balance, March 31, 2012	170,286	29,707	140,579

March 31, 2012 (Expressed in U.S. dollars)

7. Note Payable and Debentures

Note payable is comprised of the following:

	March 31, 2012 $	September 30, 2011 $
Note payable	Nil	222,141
Less current portion	Nil	(111,217)
Long-term portion	Nil	110,924

On April 17, 2009, the Company entered into a loan agreement with RBC Bank (USA). The Company borrowed $100,000 and was to repay the loan in 23 principal payments of approximately $4,000 and one final principal repayment. The Company was obligated to repay all of the accrued unpaid principal payment, accruing at the greater of the prime rate plus 1% and 4%, to a maximum of 18%.

On June 16, 2010, the Company amended this loan, increasing the face amount to $354,167. The amended note payable was due in monthly installments of $9,838 including interest at the greater of the prime rate plus 1% and 4%, with the final payment due on June 16, 2013. The note payable was subject to an increase in interest rates upon default and was secured by the Company's foreign cash accounts, chattel paper, accounts receivable, property and equipment and intangibles. The provisions of this loan required that the Company comply with certain covenants.

The note was paid off in full on March 9, 2012.

The convertible debentures are comprised of two different debentures, which are as follows:

(i) In June 2009, the Company entered into a convertible debenture agreement with a shareholder of the Company for $500,004. The convertible debenture bore interest at 8% per annum, maturing on June 30, 2014. The debenture, which was unsecured, required quarterly interest payments with principal due at maturity. The holder of the debenture may call the principal amount together with all accrued interest by delivering to the Company a call notice after first anniversary and setting a call date that is not less than 150 days or more than 180 days prior to the next anniversary date. In November 2010, the call date of not less than 150 days or more than 180 days prior to the next anniversary date was amended to 212 days and 243 respectively. The debenture can be converted to 166,668 shares of common stock at a price of $3 a share. During the six months ending March 2012 the amount of interest expense the Company recognized was approximately $Nil (March 2011 - $20,000).

(ii) In October 2010, the Company entered into a convertible debenture agreement with the same individual described above for $500,000. The convertible debenture bore interest at 8% per annum, maturing on September 30, 2015. The debenture required quarterly interest payments with principal due at maturity. After the third anniversary of the date of issue, the holder of the debenture may call the capital amount together with all accrued interest by delivering to the Company a call notice and setting a call date that is not less than 120 days or more than 150 days prior to the next anniversary date. The debenture can be converted to 125,000 shares of common stock at a price of $4 a share. During the six months ended March 31 2012, the amount of interest expense the Company recognized was approximately $Nil (March 2011 - $18,438).

7. Note Payable and Debentures (Continued)

Management has assessed as at the date of issuance of the convertible debentures that the interest rate charged approximated market rate and as a result, a nominal amount was allocated to the equity component of the convertible debentures.

The convertible debentures were subordinate to the note from RBC Bank (USA). On June 23, 2011, the convertible debentures issued June 2009 and October 2010, as discussed above, were converted into 166,668 and 125,000 shares of the Company, respectively.

8. 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 in the three months ended September, and fewer commissions generally in the three months ended December.

9. Line of Credit and Short-Term Note Payable

On January 4, 2011, the Company entered into a line of credit for up to Cdn$5,000,000 ($5,157,000) with a company controlled by a shareholder of the Company. On December 14, 2011, the Company amended the terms of the line of credit to reduce the available credit from Cdn$5,000,000 ($5,157,000) to Cdn$2,000,000 ($2,062,800) upon completion of the offering described in Note 15. The line of credit was subordinate to the note held with RBC Bank (USA) described in Note 7. Specific repayment terms and interest rates are negotiated when drawings are made. As at March 31, 2012 the outstanding balance on this line of credit was $Nil (September 30, 2011 - $1,865,180). During the six months ended March 31, 2012, the Company realized interest and accretion expense of $62,902 and $42,873 respectively (March 2011 - $Nil).

The Cdn$2,000,000 line of credit was repaid in full on March 9, 2012.

10. Shareholder Loan Payable

From time to time, the majority shareholder, who is also an officer and director of the Company, advances funds to the Company. As at March 31, 2012, the Company owed this individual $Nil (September 30, 2011 - $167,010). The balance of these advances bears interest at 5.5% per annum, is unsecured, and is due on demand. The Company repaid the shareholder loan balance of $167,010 during the six month period ended March 31, 2012.

11. Risk Management

The Company manages its capital to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities.

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.

11. Risk Management (Continued)

The Company considers its capital to be equity, which comprises share capital, equity reserves and retained earnings, which as at March 31, 2012, totaled $14,478,596 (September 30, 2011 - $6,159,338). The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on activities related to its daily operations. Selected information is provided to the Board of Directors of the Company.

The Company's capital management objectives, policies and processes have remained unchanged during the six months ending March 31, 2012.

The Company is subject to various capital requirements imposed by lenders. Refer to Notes 3, 7 and 9 for additional details.

Credit Risk:
Credit risk is the risk of 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.

The Company maintains its cash accounts in high quality financial institutions. At various times, the Company's cash in bank balances may exceed the federally insured limits.

The Company provides credit, in the normal course of business, to customers. The Company performs ongoing credit evaluations of its customers, generally does not require collateral and maintains allowances for potential credit losses, which when realized, have been within the range of management's expectations.

Management determined that the allowance for doubtful accounts was $Nil as of March 31, 2012 and as of September 30, 2011.

Foreign Currency Price Risk:
The Company's foreign currency holdings may be volatile due to differences or changes in 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 foreign currency inventory, as well as their use of forward contracts to offset these fluctuations.

Liquidity Risk:
Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. Management does not feel that there is a significant risk with respect to liquidity given the nature of operations.

Interest Risk:
The Company has cash balances and debt that are subject to interest risk fluctuations. A significant portion of the Company's cash is held in tangible foreign currencies and is not subject to interest risk. The Company's debt is subject to interest rate fluctuations as its term note described in Note 7 is affected by the bank's prime rate. Management monitors the status of its loans on a consistent basis and will base financing decisions accordingly.

11. Risk Management (Continued)

Sensitivity Analysis:
Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a three month period:

(i) Some cash may be subject to floating interest rates.

Sensitivity to a plus or minus one percentage point change in interest rates would have a nominal affect on the Company's net income and comprehensive income.

(ii) The Company holds significant balances in various foreign currencies. The Company mitigates this risk through the usage of foreign currency forward contracts. Refer to Note 12 for additional details. Because most significant positions are covered by these forward contracts, Management does not anticipate a material impact with respect to the fluctuation of foreign currencies.

12. Foreign Currency Forward Contracts

The Company enters into foreign currency forward contracts on a daily basis to mitigate the risk of fluctuations in the exchange rates of its major currency holdings. The forward contracts are recognized at the fair value and the gain or loss is recorded daily and is included in commissions on the condensed interim 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 within a twenty-four hour period resulting in the collateral being liquidated. For the six months ended March 31, 2012, the change in foreign currency value was a gain of $16,696 (2011 - $53,633), the net change from foreign currency forward contracts was a loss of $35,503 (2011 - $66,555). For the three months ended March 31, 2012, the change in foreign currency value was a gain of $89,765 (2011 - $74,638), the net change from foreign currency forward contracts was a loss of $89,746 (2011 - $87,892).

As at March 31, 2012 and September 30, 2011 approximately $87,149 and $99,518 was being held as collateral on these contracts and is reflected as restricted cash in the condensed interim consolidated statements of financial position.

As at March 31, 2012 and September 30, 2011, management has assessed that the fair value of the above foreign currency forward contracts was a nominal amount, given their short-term nature.

The Company also entered into a foreign currency contract for Cdn$2,000,000 ($1,925,113), which matured on December 1, 2011 to mitigate the foreign currency exchange risk relating to the short-term note payable described in Note 9. The fair value of this forward contract resulted in a liability of $175,847 as at September 30, 2011. The foreign contract matured and the Company entered into another forward currency contract for Cdn$2,000,000 ($1,961,361) maturing on February 1, 2012. In February 2012, the Company extended the forward currency contract to March 1, 2012. The forward contract was cancelled in February 2012.

13. Warrant Liability

On March 9, 2012, the Corporation completed a public offering by issuing 1,380,000 units for gross proceeds of Cdn$9,177,000. Each unit was comprised of one common share and one common share purchase warrant. Each warrant entitles its holder to purchase one additional share at a price of Cdn$7.50 until September 8, 2013. The grant date fair value of $1,381,235 was allocated to the warrants based on the Black-Sholes 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	$5.66

Warrants issued by the Company to purchase common shares, for a fixed price stated in Canadian dollars, a currency other than the Company's functional currency of US dollars, and not offered pro rata to all existing shareholders of the same class at the time of issuance, are considered derivative financial liabilities under IFRS. Such warrants are required to be measured and recognized at fair value with changes subsequent to initial recognition included in the consolidated statement of income and comprehensive income. 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.

As at March 31, 2012, the Company adjusted the fair value of the warrant liability to $1,104,994 based on the quoted market price of the warrants of Cdn$0.80 on March 31, 2012. As a result, the Company realized a non-cash gain of $286,950 and a foreign exchange loss of $10,709 during the six month period ended March 31, 2012 (2011 - $Nil and $Nil).

	Warrants #	Weighted Average Exercise Price Cdn$	Value per Warrant $	Value $
Balance, September 30, 2011	-	-	-	-
Issued	1,380,000	7.50	1.00	1,381,235*
Change in fair value (liability)	-	-	(0.21)	(286,950)
Foreign exchange loss	-	-	0.01	10,709
Balance, March 31, 2012	1,380,000	7.50	0.80	1,104,994

* Warrants and shares issued in Canadian dollars while the company's functional currency is in US dollars. Differences in math are due to foreign exchange rates between the US and Canaidan dollar.

14. Retirement Plan

The Company has a 401(k) retirement plan which covers substantially all employees in the United States who are twenty-one years of age and have achieved 1,000 hours of service with the Company in a period of twelve consecutive months. Participating employees may elect to contribute, on a tax-deferred basis, a portion of their compensation, in accordance with Section 401(k) of the Internal Revenue Code. The Company may make discretionary matching contributions. For the three and six months ended March 31, 2012, the Company's matching contribution expense was $13,385 and $26,043, respectively (2011 - $8,563 and $18,884).

March 31, 2012 (Expressed in U.S. dollars)

15. Shareholders' Equity

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

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

During the three months ended December 31, 2010, management issued 1,000 shares of the Company's common shares as a bonus to an employee. The shares were issued at their estimated fair value of $2.00 per share, based on the price of the most recently completed share issuance. Compensation expense related to these shares was $2,000.

During the three months ended December 31, 2010, the Company issued 57,000 common shares for $3.50 for cash proceeds of $199,500.

From April 1, 2011 to September 30, 2011 the Company issued an additional 24,500 common shares at $5.00 per share for cash proceeds of approximately $124,500, 4,000 of which resulted from the exercise of options.

On June 23, 2011, the convertible debentures described in Note 7 were converted which resulted in an additional 291,668 common shares being issued for gross proceeds of $1,000,004.

On October 6, 2011, the Company established its wholly owned Canadian subsidiary.

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. Each unit was comprised of one common share and one common share purchase warrant. Each warrant entitles its holder to purchase one additional share at a price of Cdn$7.50 until September 8, 2013. An amount of $1,381,235 was allocated as a warrant liability as described in Note 13.

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 9, 2013. Each unit consists of one common share and one common share purchase warrant exercisable at a price of Cdn$7.50 until September 8, 2013. The grant date fair value of the broker options of $129,512 was determined based on the Black-Scholes option pricing model using the weighted average assumptions as presented below:

Risk-free interest rate	0.20%
Expected volatility	59%
Expected dividend yield	Nil
Expected life (years)	1
Fair value of unit at grant date	$6.65

March 31, 2012 (Expressed in U.S. dollars)

15. Shareholders' Equity (Continued)

	Broker Options #	Weighted Average Exercise Price Cdn$	Value $
Balance, September 30, 2011	-	-	-
Issued	82,800	6.65	129,512
Balance, March 31, 2012	82,800	6.65	129,512

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

Stock Options

In the nine month period ended September 30, 2010, the Company issued 709,900 stock options to various employees and consultants. The stock options vested on the date in which the board of directors passed a resolution to proceed with an initial public offering ("IPO") in any jurisdiction in North America and expired 45 days afterwards. The options were exercisable into one common share at $5 per share. In June 2011, 4,000 stock options were exercised for gross proceeds of $20,000 and 705,900 options expired unexercised.

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

The following table reflects the continuity of stock options:

	Number of stock options issued and exercisable #	Weighted average exercise price $
Balance, September 30, 2010 and March 31, 2011	709,900	5.00
Exercised	(4,000)	5.00
Expired	(705,900)	5.00
Balance, September 30, 2011 and March 31, 2012	-	-

March 31, 2012 (Expressed in U.S. dollars)

16. Net Earnings Per Common Share

The calculation of basic earnings per share for the six months ended March 31, 2012 and 2011 and three months ended March 31, 2012 and 2011 were based on the profits attributable to shareholders of $1,033,683, $388,441, $497,415, and $263,303, respectively and the weighted average number of common shares outstanding of 2,659,803, 2,163,279, 2,829,401 and 2,175,900, respectively. The calculation of diluted earnings per share for the six months ended March 31, 2012 and 2011 and three months ended March 31, 2012 and 2011 were based on the profits attributable to shareholders of $1,033,683, $388,441, $497,415, and $263,303, respectively and the weighted average number of common shares outstanding of 2,660,636, 2,163,279, 2,831,076 and 2,175,900, respectively. Diluted earnings per share for the three and six months ended March 31, 2012 included the effect of 82,800 broker options. For the three and six months ended March 31, 2012, diluted earnings per share did not include the effect of 1,380,000 warrants as they were anti-dilutive. For the three and six months ended March 31, 2011, diluted earnings per share did not include the effect of 709,900 stock options as they were anti-dilutive.

17. Operating Expenses

	Six Months Ended March 31, 2012	Six Months Ended March 31, 2011	Three Months Ended March 31, 2012	Three Months Ended March 31, 2011
	$	$	$	$
Salaries and benefits	1,880,109	1,274,514	979,551	646,418
Rent (Note 4)	528,266	399,891	280,708	198,101
Legal and professional	480,295	147,203	352,109	79,225
Insurance	125,290	79,105	69,041	38,256
Postage and shipping	361,148	155,413	227,559	98,646
License and fees	123,871	37,985	69,353	33,897
Amortization	117,330	68,209	59,370	35,833
Software maintenance	177,833	99,717	93,690	51,609
Foreign exchange loss	83,461	Nil	41,650	Nil
Other expenses	452,162	251,218	271,957	133,586
Operating expenses	4,329,765	2,513,255	2,444,988	1,315,571

March 31, 2012 (Expressed in U.S. dollars)

18. 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 six month periods ended March 31, 2012 and 2011 were as follows:

	Six Months Ended, March 31, 2012	Six Months Ended March 31, 2011
	$	$
Short-term benefits	196,497	186,728
Post-employment benefits	3,186	3,443
Share-based payments	-	-

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. 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. Where the income before taxes of the Company meets or exceeds the budget for such item approved by the Board for a financial year of the Company, the CEO shall be paid an annual cash bonus, in an amount determined by the Board other than the CEO, but not less than twenty (20%) percent and not more than forty (40%) percent of the annual base salary in effect during such financial year of the Company.

The Company incurred legal and professional fees in the aggregate of $39,700 and $48,943 (2011 - $26,314 and $40,790) charged by companies controlled by directors or officers during the three and six month periods ended March 31, 2012.

19. Other Current Assets

	March 31, 2012	September 30, 2011
	$	$
Prepaid rent	98,500	85,096
Prepaid insurance	96,890	20,679
Forward escrow deposits	5,005	250,413
Forward currency contracts	(5,355)	30,632
Other	164,512	93,205
Total	359,552	480,025

20. Subsequent Event

The Company granted 90,000 options in accordance with the Plan described in Note 15, to employees and directors of the Company on May 4, 2012 with an exercise price of Cdn$7.50 and an expiry date of May 4, 2017. In accordance with the Plan, the options are subject to a vesting schedule as follows:

(i) 1/3 upon the first anniversary of grant;
(ii) 1/3 upon the second anniversary of grant; and
(iii) 1/3 upon the third anniversary of grant.