CURRENCY EXCHANGE INTERNATIONAL, CORP.

Condensed Interim Consolidated Financial Statements
For the three month periods ended January 31, 2015 and 2014
(Expressed in U.S. Dollars)
(Unaudited)

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

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

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

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

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

Orlando, Florida
March 12, 2015

CURRENCY EXCHANGE INTERNATIONAL, CORP.
Condensed Interim Consolidated Statements of Financial Position
January 31, 2015 and October 31, 2014
(Expressed in U.S. Dollars)
(Unaudited)

ASSETS

	January 31, 2015	October 31, 2014
Current assets	$	$
Cash (Note 5)	29,314,200	29,630,744
Accounts receivable	3,688,993	4,178,558
Restricted cash held in escrow (Note 6)	667,519	714,121
Other current assets (Note 20)	560,992	548,677
Total current assets	34,231,704	35,072,100
Property and equipment (Note 8)	683,676	668,080
Intangible assets (Note 9)	3,508,538	3,730,374
Other assets	69,480	69,650
Net deferred tax asset	366,149	169,098
Total assets	38,859,547	39,709,302

LIABILITIES AND EQUITY

	January 31, 2015	October 31, 2014
Current liabilities		
Lines of credit (Note 11)	445,850	-
Accounts payable	3,480,445	2,903,669
Accrued expenses	755,039	1,239,367
Income taxes payable	243,920	1,063,224
Contingent consideration - current (Note 3)	892,723	892723
Total current liabilities	5,817,977	6,098,983
Contingent consideration - long term (Note 3)	585,144	585,144
Total liabilities	6,403,121	6,684,127
Equity		
Share capital	5,401,747	5,395,073
Equity reserves	16,103,206	17,032,203
Retained earnings	10,951,473	10,597,899
Total equity	32,456,426	33,025,175
Total liabilities and equity	38,859,547	39,709,302

Commitments and contingencies (Notes 3 and 7)

Subsequent events (Note 21)

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

CURRENCY EXCHANGE INTERNATIONAL, CORP.
Condensed Interim Consolidated Statements of Income and Comprehensive Income
Three month periods ended January 31, 2015 and 2014
(Expressed in U.S. Dollars)
(Unaudited)

	Three months ended	
	January 31, 2015	**January 31, 2014**
Revenues	$	$
Commissions from trading	4,826,345	3,777,155
Fee income	367,524	349,852
Total revenues (Note 4)	5,193,869	4,127,007
Operating expenses (Note 17)	3,951,502	3,156,227
Net operating income	1,242,367	970,780
Other income (expense)		
Other income	3,774	19,377
Expenses related to bank application (Note 18)	(28,744)	(29,848)
Total other income (expense)	(24,970)	(10,471)
Earnings before interest, taxes, depreciation and amortization	1,217,397	960,309
Interest and accretion expense	2,476	3,497
Depreciation and amortization	336,252	87,785
Income before income taxes	878,669	869,027
Income tax expense	525,095	417,871
Net income for the period	353,574	451,156
Other comprehensive income, after tax		
Net income	353,574	451,156
Items that may subsequently be reclassified to profit or loss		
Exchange differences on translating foreign operations	(1,117,380)	(556,353)
Total other comprehensive income	(763,806)	(105,197)
Earnings per share (Note 16)		
-Basic	$0.07	$0.08
-Diluted	$0.06	$0.08
Weighted average number of common shares outstanding (Note 16)		
-Basic	5,395,293	5,390,473
-Diluted	5,650,864	5,477,174

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

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

	Share Capital		Equity Reserves				Retained Earnings	Total
	Shares	Amount	Share premium	Accumulated Other Comprehensive Income (Loss)	Stock Options		Amount	Amount
	#	$	$	$	#	$	$	$
Balance at November 1, 2014	5,395,073	5,395,073	17,167,069	(1,042,915)	486,581	908,049	10,597,899	33,025,175
Stock based compensation (Note 15)	-	-	-	-	-	149,869	-	149,869
Issue of share capital and share premium on exercise of stock options (Note 15)	6,674	6,674	57,979	-	(6,674)	(19,465)	-	45,188
Loss on foreign currency translation	-	-	-	(1,117,380)	-	-	-	(1,117,380)
Net income	-	-	-	-	-	-	353,574	353,574
Balance, January 31, 2015	5,401,747	5,401,747	17,225,048	(2,160,295)	479,907	1,038,453	10,951,473	32,456,426
Balance at November 1, 2013	5,390,473	5,390,473	17,127,971	(286,670)	378,060	353,428	7,178,774	29,763,976
Stock based compensation (Note 15)	-	-	-	-	-	176,636	-	176,636
Loss on foreign currency translation	-	-	-	(556,353)	-	-	-	(556,353)
Net income	-	-	-	-	-	-	451,156	451,156
Balance, January 31, 2014	5,390,473	5,390,473	17,127,971	(843,023)	378,060	530,064	7,629,930	29,835,415

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

CURRENCY EXCHANGE INTERNATIONAL, CORP.
Condensed Interim Consolidated Statements of Cash Flows
Three month periods ended January 31, 2015 and 2014
(Expressed in U.S. Dollars)
(Unaudited)

	Three months ended January 31, 2015	Three months ended January 31, 2014
Cash flows from operating activities	**$**	**$**
Net income	353,574	451,156
Adjustments to reconcile net income to net cash flows from operating activities		
Depreciation and amortization	336,252	87,785
Stock based compensation (Note 15)	149,869	176,636
Deferred taxes	(198,775)	52,257
Increase/(Decrease) in cash due to change in:		
Accounts receivable	375,499	(1,206,479)
Restricted cash held in escrow	46,602	(129,525)
Other assets	(13,908)	18,817
Accounts payable, accrued expenses, and income taxes payable	(679,811)	(999,753)
Net cash inflows (outflows) from operating activities	369,302	(1,549,106)
Cash flows from investing activities		
Purchase of property and equipment	(109,012)	(105,137)
Purchase of intangible assets	(40,272)	(62,695)
Net cash outflows from investing activities	(149,284)	(167,832)
Cash flows from financing activities		
Proceeds from exercise of stock options	45,188	-
Net borrowings on lines of credit	445,850	-
Net cash inflows from financing activities	491,038	-
Net change in cash	711,056	(1,716,938)
Cash, beginning of period	29,630,744	31,130,866
Exchange difference on foreign operations	(1,027,600)	(453,265)
Cash, end of period	29,314,200	28,960,663
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the period for income taxes	1,514,400	343,723
Cash paid during the period for interest	2,476	997
Cash received during the year for interest	3,774	19,377

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

1. Nature of Operations and Basis of Presentation

Nature of operations
Currency Exchange International, Corp. (the "**Company**") was originally incorporated under the name Currency Exchange International, Inc. under the Florida Business Corporation Act on April 7, 1998. The Company changed its name to Currency Exchange International, Corp. on October 19, 2007 and commenced its current business operations at that time. The Company is a public corporation whose shares are listed and posted for trading on the Toronto Stock Exchange ("**TSX**") under the symbol "CXI" and the over the counter market ("**OTCBB**") under the symbol "CURN". The Company operates as a money service business and provides currency exchange, wire transfer, and cheque cashing services at its locations in the United States and Canada. The Company maintains a head office and five vaults as well as 32 branch locations. The Company's registered head office is located at 6675 Westwood Boulevard, Suite 300, Orlando, Florida, 32821, United States of America.

Basis of presentation
These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards 34 ("**IAS**"), Interim Financial Reporting and do not include all of the information required in annual financial statements in accordance with International Financial Reporting Standards ("**IFRS"**). The accounting policies in these condensed interim consolidated financial statements are consistent with those disclosed in the Company's annual consolidated financial statements for the year ended October 31, 2014. The condensed interim consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended October 31, 2014, which have been prepared in accordance with IFRS as issued by the IASB.

The condensed interim consolidated financial statements were authorized for issue and approved by the Board of Directors on March 12, 2015.

2. Future Accounting Pronouncements

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

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

IFRS 15 *Revenue from Contracts with Customers* ("**IFRS 15**") was issued in May 2014. IFRS 15 replaces IAS 18 *Revenue*, IAS 11 *Construction Contracts*, and some revenue related Interpretations. IFRS 15 establishes a new control-based revenue recognition model and is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted. The Company has not yet determined the impact of IFRS 15 on its condensed interim consolidated financial statements.

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

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

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

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

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

4. Geographical Segments

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

	Revenues ($)		
	United States	**Canada**	**Total**
Three months ended January 31, 2015	2,650,676	2,543,193	5,193,869
Three months ended January 31, 2014	2,237,042	1,889,965	4,127,007

	At January 31, 2015			**At October 31, 2014**		
Assets	**United States**	**Canada**	**Total**	**United States**	**Canada**	**Total**
	$	$	$	$	$	$
Cash	536,344	28,777,856	29,314,200	2,241,023	27,389,721	29,630,744
Accounts receivable	14,271	3,674,722	3,688,993	19,610	4,158,948	4,178,558
Restricted cash held in escrow	-	667,519	667,519	-	714,121	714,121
Other current assets	239,896	321,096	560,992	273,774	274,903	548,677
Property and equipment	562,250	121,426	683,676	528,048	140,032	668,080
Intangible assets	2,497,889	1,010,649	3,508,538	2,675,720	1,054,654	3,730,374
Other assets	34,136	35,344	69,480	34,137	35,513	69,650
Deferred tax asset, net	381,362	(15,213)	366,149	174,890	(5,792)	169,098
Total assets	4,266,148	34,593,399	38,859,547	5,947,202	33,762,100	39,709,302

5. Cash

Included within cash of $29,314,200 at January 31, 2015 (October 31, 2014 - $29,630,744) are the following balances:

	At January 31, 2015	**At October 31, 2014**
	$	$
Cash held in transit, vaults, tills and consignment locations	24,036,128	21,826,848
Cash deposited in bank accounts in jurisdictions in which the Company operates	5,278,072	7,803,896
Total	29,314,200	29,630,744

6. Restricted cash held in escrow

Certain of the Company's secured transactions and derivative contracts require the Company to post cash collateral or maintain minimum cash balances in escrow. The foreign currency forward contracts can be closed immediately resulting in the collateral being liquidated. The Company had cash collateral amounts of $667,519 at January 31, 2015 (October 31, 2014 - $714,121).

7. Operating Leases

The Company and its subsidiary companies entered into non-cancellable operating leases with terms in excess of one year for the use of certain facilities. The rent expense associated with these leases for the three month period ended January 31, 2015 was $560,411 (2014 - $445,199).

8. Property and Equipment

Property and equipment consisted of the following at January 31, 2015:

Cost	**Vehicles** $	**Computer equipment** $	**Furniture and equipment** $	**Leasehold improvements** $	**Total** $
Balance, October 31, 2013	48,203	132,236	198,292	828,133	1,206,864
Additions	16,918	86,157	118,853	277,164	499,092
Disposals	-	(2,891)	-	(43,692)	(46,583)
Net exchange differences	-	(1,506)	(3,628)	(7,928)	(13,062)
Balance, October 31, 2014	65,121	213,996	313,517	1,053,677	1,646,311
Additions	-	10,771	41,626	55,539	107,936
Disposals	-	-	-	-	-
Net exchange differences	-	(3,235)	(6,992)	(15,117)	(25,344)
Balance, January 31, 2015	65,121	221,532	348,151	1,094,099	1,728,903

Depreciation	**Vehicles** $	**Computer equipment** $	**Furniture and equipment** $	**Leasehold improvements** $	**Total** $
Balance, October 31, 2013	18,551	91,836	131,620	503,584	745,591
Depreciation	15,150	42,339	49,502	173,534	280,525
Disposals	-	(2,891)	-	(43,692)	(46,583)
Net exchange differences	-	(655)	(2,146)	1,499	(1,302)
Balance, October 31, 2014	33,701	130,629	178,976	634,925	978,231
Depreciation	4,050	11,408	17,425	44,921	77,804
Disposals	-	-	-	-	-
Net exchange differences	-	(1,639)	(4,645)	(4,524)	(10,808)
Balance, January 31, 2015	37,751	140,398	191,756	675,322	1,045,227

Carrying amounts	**Vehicles** $	**Computer equipment** $	**Furniture and equipment** $	**Leasehold improvements** $	**Total** $
Balance, October 31, 2014	31,420	83,367	134,541	418,752	668,080
Balance, January 31, 2015	27,370	81,134	156,394	418,777	683,676

9. Intangible assets

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

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

Intangible assets consisted of the following at January 31, 2015:

Cost	Internally developed software $	Acquired software $	Customer trading relationships $	Total $
Balance, October 31, 2013	492,387	-	-	492,387
Additions	234,620	480,000	3,288,283	4,002,903
Balance, October 31, 2014	727,007	480,000	3,288,283	4,495,290
Additions	40,272	-	-	40,272
Balance, January 31, 2015	767,279	480,000	3,288,283	4,535,562

Amortization	Internally developed software $	Acquired software $	Customer trading relationships $	Total $
Balance, October 31, 2013	121,257	-	-	121,257
Amortization	119,864	140,000	383,836	643,700
Net exchange differences	-	-	(41)	(41)
Balance, October 31, 2014	241,121	140,000	383,795	764,916
Amortization	37,693	60,000	160,755	258,448
Net exchange differences	-	-	3,661	3,661
Balance, January 31, 2015	278,814	200,000	548,210	1,027,024

Carrying amounts	Internally developed software $	Acquired software $	Customer trading relationships $	Total $
Balance, October 31, 2014	485,886	340,000	2,904,488	3,730,374
Balance, January 31, 2015	488,465	280,000	2,740,073	3,508,538

10. Seasonality of Operations

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

11. Lines of credit

The Company maintains two lines of credit for access to capital during peak business periods. The Company has a revolving line of credit with BMO Harris Bank, N.A. for up to $6,000,000. The credit line is secured against the Company's cash and other non-cash assets. The line of credit bears interest at Libor plus 2.0% (at January 31, 2015 – 2.17%). At January 31, 2015, the balance outstanding was $445,850 (October 31, 2014 - $Nil).

On January 4, 2011, the Company entered into an unsecured Master Purchasing Agreement with a shareholder of the Company. The Company has available credit of $2,000,000 under the agreement. Specific repayment terms and interest rates are negotiated when drawings are made. Any and all drawings from the credit facility are subordinate to the line of credit with BMO Harris Bank, N.A. At January 31, 2015, the balance outstanding was $Nil (October 31, 2014 - $Nil).

12. Fair Value Measurement of Financial Instruments

IAS 34 requires that interim financial statements include certain disclosures about fair value of financial instruments set out in IFRS 13 and IFRS 7. These disclosures include the classification of fair values within a three-Level hierarchy. The three Levels are defined based on the observation of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability

The fair value determination is the estimated amount that the Company would receive to sell a financial asset or pay to transfer a financial liability in an orderly transaction between market participants at the measurement date.

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

	At January 31, 2015			
	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets				
Cash	29,314,200	-	-	29,314,200
Forward contract positions		70,850		70,850
Total assets	29,314,200	70,850	-	29,385,050
Financial Liabilities				
Contingent consideration	-	-	829,064	829,064
Total liabilities	-	-	829,064	829,064

	At October 31, 2014			
	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets				
Cash	29,630,744	-	-	29,630,744
Forward contract positions	-	117,732	-	117,732
Total assets	29,630,744	117,732	-	29,748,476
Financial Liabilities				
Contingent consideration	-	-	1,477,867	1,477,867
Total liabilities	-	-	1,477,867	1,477,867

*there were no transfers between Level 1 and Level 2 during three month period ended January 31, 2015 and the year ended October 31, 2014

12. Fair Value Measurement of Financial Instruments (continued)

Cash and Line of credit (Level 1)
The Company's cash consisting of local and foreign currency notes held in vaults, tills, bank accounts, and in transit are based upon foreign exchange rates quoted in active markets as of January 31, 2015 and October 31, 2014.

Forward contract positions (Level 2)
The Company's forward contract positions are not traded in active markets. These have been fair valued using observable forward exchange rates. The effects of non-observable inputs are not significant for foreign contract positions.

Contingent Consideration (Level 3)
The fair value of contingent consideration, related to the USEH asset acquisition described in Note 3, is estimated based on the amount of revenue generated from the acquired customer trading relationships. The significant input for the fair value estimate is management's estimate of revenues from acquired customers to continue transacting with the Company. For information about the sensitivity of the fair value measurement to the changes in the input at January 31, 2015, see Note 3. The fair value estimate of cash outflows is $1,477,867 at January 31, 2015. This reflects management's best estimate of a retention rate of key acquired customers in year 1 and in year 2.

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

- Accounts receivable
- Restricted cash held in escrow
- Lines of credit
- Accounts payable, accrued expenses, and income taxes payable

13. Risk Management

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

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

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

Credit Risk

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

All banking relationships are negotiated by senior management. The Company maintains accounts in high quality financial institutions. At various times, the Company's bank balances exceed insured limits.

13. Risk Management (continued)

The credit risk associated with accounts receivable is limited, as the Company's receivables consist primarily of bulk currency trades with a settlement cycle of 24 to 48 hours. There is minimal counterparty risk as the majority of the Company's receivables reside with banks, money service business and other institutions. The company has longstanding relationships with most of its money service business customers and has a strong repayment history. For the purpose of risk control, the customers are grouped as follows: domestic and international banks, money service businesses, and other customers. Credit limits are established for each customer, whereby the credit limit represents the maximum open amount without requiring payments in advance. These limits are reviewed regularly by senior management.

A breakdown of accounts receivable by category is below:

	At January 31, 2015	At October 31, 2014
Customer type	**$**	**$**
Domestic and international banks	736,292	2,953,383
Money service businesses	2,930,474	1,204,410
Other	22,227	20,765
Total	**3,688,993**	**4,178,558**

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

Foreign Currency Risk

The volatility of the Company's foreign currency holdings may increase as a result of the political and financial environment of the corresponding issuing country. Several currencies have limited exchange rate exposure as they are pegged to the U.S. Dollar, the reporting currency of the Company. Management believes its exposure to foreign currency fluctuations is mitigated by the short-term nature and rapid turnover of its foreign currency inventory, as well as the use in certain instances of forward contracts to offset these fluctuations. Due to their nature, some minor and exotic foreign currencies cannot be hedged or are too cost prohibitive to hedge. In order to mitigate the risks associated with holding these foreign currencies, the Company assigns wider bid/ask spreads and maintains specific inventory targets to minimize the impact of exchange rate fluctuations. These targets are reviewed regularly and are increased or decreased to accommodate demand within acceptable risk tolerances. The amount of unhedged inventory held in vaults, tills and in transit at January 31, 2015 was approximately $6,450,000 (October 31, 2014 - $5,725,000). The amount of currency that is unhedged and that is not pegged to the U.S. Dollar is approximately $4,725,000 (October 31, 2014 - $4,090,000). A 2% increase/reduction in the market price for the aggregate of the Company's unhedged/un-pegged foreign currencies would result in an exchange gain/loss of approximately +$95,000/-$95,000 (October 31, 2014 gain/loss of approximately +$80,000/-$80,000).

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

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

13. Risk Management (continued)

Interest Rate Risk

At January 31, 2015, the Company had access to interest bearing financial instruments in cash and short term accounts payable. A significant amount of the Company's cash is held as foreign currency bank notes in tills and vaults. These amounts are not subject to interest rate risk. Cash held in some of the Company's accounts are interest bearing; however, since prevailing interest rates are low there is minimal interest rate risk. Borrowings bear interest at fixed and variable rates. Cash and borrowings issued at variable rates expose the Company to cash flow interest rate risk. For the interest rate profile of the Company's interest bearing financial liabilities, refer to Note 11.

The Company manages interest rate risk in order to reduce the volatility of the financial results as a consequence of interest rate movements. For the decision whether new borrowings shall be arranged at a variable or fixed interest rate, senior management focuses on an internal long-term benchmark interest rate and considers the amount of cash currently held at a variable interest rate. Currently the interest rate exposure is un-hedged.

If interest rates had been 50 basis points higher/lower with all other variables held constant, after tax profit for the nine month period ended January 31, 2015 would have been approximately +$3,000/-$3,000 higher/lower as a result of credit lines held at variable interest rates.

Liquidity Risk

Liquidity Risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The CFO informs the Chief Executive Officer, the Board of Directors, and the Audit Committee of capital and liquidity issues as they occur in accordance with established policies and guidelines. The Company targets to have a cash reserve or credit lines greater than 15% of the Company's prior year's revenues.

The following are non-derivative contractual financial liabilities:

At January 31, 2015

Non-derivative financial liabilities	Carrying amount	Estimated contractual amount	This fiscal year	Future fiscal years
	$	$	$	$
Line of credit	445,850	445,850	445,850	$Nil
Accounts payable	3,480,445	3,480,445	3,480,445	$Nil
Accrued expenses	755,039	593,759	593,759	$Nil
Contingent consideration	1,477,867	1,477,867	892,723	585,144

At October 31, 2014

Non-derivative financial liabilities	Carrying amount	Estimated contractual amount	Next fiscal year	Future fiscal years
	$	$	$	$
Accounts payable	2,903,669	2,903,669	2,903,669	$Nil
Accrued expenses	1,239,367	1,093,044	1,093,044	$Nil
Contingent consideration	1,477,867	1,477,867	892,723	585,144

The Company had available unused lines of credit amounting to $7,554,150 at January 31, 2015 (October 31, 2014 - $8,000,000).

13. Risk Management (continued)

Capital Management

The Company manages capital through its financial and operational forecasting processes. The Company defines working capital as total current assets less current liabilities. The Company reviews its working capital and forecasts its cash flows based on operating expenditures, and other investing and financing activities related to its daily operations.

	January 31, 2015	**October 31, 2014**
Current assets	34,231,704	35,072,100
Current liabilities	(5,817,977)	(6,098,983)
Capital	28,413,727	28,973,117

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, obtaining loan financing, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

14. Foreign Currency Forward Contracts

The Company enters into non-deliverable foreign currency forward contracts on a daily basis to mitigate the risk of fluctuations in the exchange rates of its holdings of major currencies. Changes in the fair value of the contracts and the corresponding gains or losses are recorded daily and are included in commissions on the consolidated statements of income and comprehensive income. The Company's management strategy is to reduce the risk of fluctuations associated with foreign exchange rate changes. The foreign currency forward contracts can be closed immediately resulting in the collateral being liquidated.

At January 31, 2015 and October 31, 2014 approximately $667,519 and $714,121, respectively, were being held as collateral on these contracts and are reflected as restricted cash held in escrow in the consolidated statements of financial position. See Note 6.

15. 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 September of 2014, 4,600 employee stock options were exercised for proceeds of $31,264 (Cdn$34,500).

In January of 2015, 6,674 employee stock options were exercised for proceeds of $45,188 (Cdn$56,577).

15. Equity (continued)

Stock options

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

Below is information related to each option grant:

Date of Grant	Expiry Date	Share price at grant date (Cdn$)	Amount granted	Risk-free interest rate	Expected volatility	Exercise Price (Cdn$)	Fair value of option at grant date ($)
May 4, 2012	May 4, 2017	7.30	90,000	0.78%	45%	7.50	2.84
December 17, 2012	December 18, 2017	6.75	116,000	0.74%	49%	7.50	2.66
May 3, 2013	May 3, 2018	7.35	22,000	0.73%	38%	7.65	2.42
October 29, 2013	October 29, 2018	10.86	35,640	1.29%	35%	10.86	3.44
October 29, 2013	October 29, 2018	10.86	114,420	1.29%	35%	10.86	3.44
July 9, 2014	July 9, 2019	13.24	1,762	1.70%	29%	13.24	3.58
October 30, 2014	October 30, 2019	18.00	87,215	1.61%	27%	16.21	4.97
October 30, 2014	October 30, 2019	18.00	24,144	1.61%	27%	16.21	4.97

*Exercise price determined by average share price for previous 20 trading days

The outstanding options at January 31, 2015 and the respective changes during the periods are summarized as follows:

	Number of options #	Weighted average exercise price Cdn$
Outstanding at October 31, 2013	378,060	8.84
Granted	113,121	16.16
Exercised	(4,600)	7.50
Outstanding at October 31, 2014	486,581	10.54
Exercised	(6,674)	8.48
Outstanding at January 31, 2015	479,907	10.59

The following options are outstanding and exercisable at January 31, 2015:

Grant Date	Exercise price (Cdn$)	Number outstanding	Average remaining contractual life (years)	Number exercisable
May 4, 2012	$7.50	90,000	2.25	60,000
December 17, 2012	$7.50	106,667	2.88	68,000
May 3, 2013	$7.65	22,000	3.25	7,333
October 29, 2013	$10.86	35,640	3.74	35,640
October 29, 2013	$10.86	112,479	3.74	36,199
July 9, 2014	$13.24	1,762	4.44	1,762
October 31, 2014	$16.21	111,359	4.75	-
Total		479,907		208,934

16. Earnings per Common Share

The calculation of earnings per share is presented below. Diluted earnings per share for the three month periods ended January 31, 2015 and 2014 included all stock options outstanding.

	Three months ended	
	January 31, 2015	**January 31, 2014**
Basic		
Net income	$353,574	$451,156
Weighted average number of shares outstanding	5,395,293	5,390,473
Basic earnings per share	$0.07	$0.08
Diluted		
Net income	$353,574	$451,156
Weighted average number of shares outstanding	5,650,864	5,477,174
Diluted earnings per share	$0.06	$0.08

17. Operating expenses

	Three months ended	
	January 31, 2015	**January 31, 2014**
	$	**$**
Salaries and benefits	2,226,691	1,586,607
Rent	560,411	445,199
Legal and professional	258,353	204,660
Postage and shipping	337,384	268,572
Stock based compensation	149,869	176,636
Other general and administrative	418,794	474,553
Operating expenses	3,951,502	3,156,227

18. Expenses Related to Bank Application

On November 23, 2012, the Company submitted its application to continue its wholly-owned subsidiary, CXIC, as a new Canadian Schedule I bank. Subject to review and approval of the application by the Office of the Superintendent of Financial Institutions ("**OSFI**") and the Minister of Finance, the new bank will be called "Exchange Bank of Canada" in English and "Banque d'échange du Canada" in French and will have its head office in Toronto. The Company continues to hold regular communications with OSFI in pursuit of its banking license. During the three month period ended January 31, 2015, the Company recognized legal and administrative expenses of $28,744 in relation to the application process (2014 – $29,848).

19. Compensation of Key Management Personnel and Related Party Transactions

In accordance with IAS 24 *Related Party Disclosures*, key management personnel are those persons having authority and responsibility for planning, directing and controlling activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. The remuneration of directors and other members of key management personnel during the three month periods ended January 31, 2015 and 2014 was as follows:

	Three months ended	
	January 31, 2015	January 31, 2014
	$	$
Short-term benefits	328,410	245,280
Post-employment benefits	24,556	2,531
Stock based compensation	146,531	166,568
	499,497	414,379

The Company incurred legal and professional fees in the aggregate of $22,889 for the three month period ended January 31, 2015 (three month period ended January 31, 2014 $22,252) charged by entities controlled by directors or officers of the Company.

On November 1, 2014, the Company completed a reorganization of its corporate structure resulting in a one-time increase in income taxes of approximately $190,000. This tax liability occurred as a result of the fair value increase in its investment in a subsidiary and was recorded in its entirety during the reporting period.

20. Other current assets

	At January 31, 2015	At October 31, 2014
	$	$
Prepaid rent	163,308	171,428
Prepaid insurance	81,199	105,522
Due on debit and credit cards	102,420	40,177
Forward contract positions	70,850	117,732
Other assets	143,215	113,818
Total	560,992	548,677

21. Subsequent Events

On February 20, 2015 the Company entered into an agreement with a syndicate of underwriters who have agreed to purchase 540,000 common shares of the Company, on a bought deal private placement basis, at a price of Cdn$26.75 per Common Share for aggregate gross proceeds of Cdn$14,445,000. The Offering is expected to close on or about March 12, 2015 and is subject to certain conditions including, but not limited to, the receipt of all necessary regulatory and stock exchange approvals, including the approval of the TSX and the applicable securities regulatory authorities.