



CURRENCY EXCHANGE
INTERNATIONAL



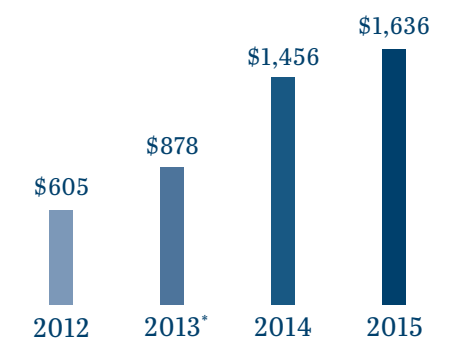
Currency Exchange International
2015 Annual Report

FINANCIAL HIGHLIGHTS

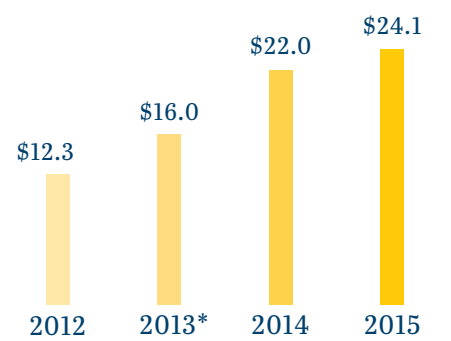
	2012	2013*	2014	2015
Exchange Volume: In Millions	\$605	\$878	\$1,456	\$1,636
Total Revenue: In Millions	\$12.3	\$16.0	\$22.0	\$24.1
Total Assets: In Millions at Fiscal Year End	\$18.2	\$33.7	\$39.7	\$52.2

All amounts in this report are stated in USD unless otherwise noted.

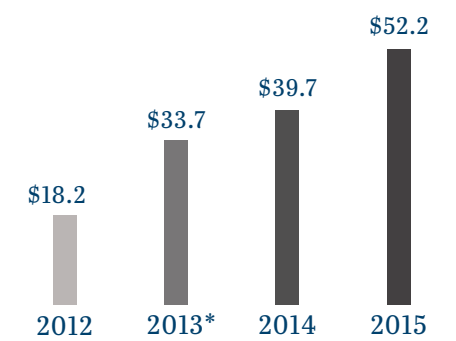
Exchange Volume 12% ↑ \$ Millions



Total Revenue 9% ↑ \$ Millions



Total Assets 31% ↑ \$ Millions



Corporate Customers and Transacting Locations

	2012	2013*	2014	2015
Company-Owned Branch Locations	23	26	32	36
Wholesale Company Relationships	245	364	469	521
Transacting Locations	2,455	5,741	8,274	10,157

Key Ratios

	2014	2015
Earnings Per Share	\$0.62	\$0.59
Return On Assets	9.2%	7.8%
Return On Equity	11.0%	8.8%
Operating Margin	32.7%	29.6%

Quarterly Stock Price (TSX:CXI)

Q1 Ended 1/31/2015	Q2 Ended 4/30/2015	Q3 Ended 7/31/2015	Q4 Ended 10/31/2015
\$25.76	\$32.68	\$36.38	\$23.58

TSX stock prices are quoted in Cdn\$

*13 month period-ended October 31, 2013



Randolph W. Pinna
President and Chief Executive Officer

Dear CXI Shareholders, Customers, Employees and Friends,

I am pleased to present the progress and achievements of Currency Exchange International, Corp. for our year ended October 31, 2015.

CXI's Growth in 2015

During the last fiscal year, CXI commenced currency exchange services with more than 50 new wholesale companies representing over 1,800 new transacting locations for the company. This raises the total number of transacting locations served by CXI across North America to more than 10,000.

CXI also added four new company-owned branch locations during the last fiscal year and now operates a total of 36 locations in the United States. It is our plan to add more company-owned branches during the coming year in strategic locations throughout the United States. CXI does not intend to open company-owned branches in Canada. We do expect to continue to grow significantly in Canada as CXI progresses toward obtaining its Canadian banking license, and our expansion will include more wholesale FX relationships across all of Canada.

In addition to these company-owned branches and wholesale relationships, CXI provides inventory on consignment to customers in 267 locations throughout the United States and Canada, mostly in banks and select high traffic locations. These locations are able to provide immediate currency exchange services to their retail customers and are very profitable for CXI, as there are no occupancy or payroll costs associated with this business.

The rise of the U.S. dollar in 2015 against the other major world currencies caused challenges to CXI continuing its historical pattern of strong growth. Despite impressive growth in CXI's number of transactions and transacting locations, volumes and income only grew slightly, as the foreign currency volumes translated to less U.S. dollars per transaction. Despite this challenge, it is clear that CXI continued to expand during 2015, as total exchange volume increased by 12.4% compared to the previous year, to \$1.636 billion. Revenues also grew, increasing by \$2.1 million or 9% to \$24.1 million compared to \$22.0 million for the previous year. Compared to the previous year, total assets increased from \$39.7 million to \$52.2 million, an increase of 31.5%, due to an equity raise and stock option conversions, while shareholder's equity increased from \$33.0 million to \$47.4 million. Net income also grew slightly to \$3.6 million up from \$3.4 million in the previous year.

Application for CXI Canada to Continue as Exchange Bank of Canada

CXI Canada has been working with the Office of the Superintendent of Financial Institutions in Canada throughout the year and believes that progress made on the bank application has been significant and positive. CXI Canada is well positioned to commence operations as a bank in 2016. The objectives of becoming a Canadian bank headquartered in Toronto is to expand

PRESIDENT'S LETTER

current and future business opportunities and become a leading banker's bank for foreign exchange products and services. By obtaining a bank license, the company will gain access to a source of stable, cost-effective funds by trading in the "interbank" market. In addition, there will be greater opportunity to enhance the company's existing bank relationships globally. Exchange Bank of Canada will not be taking deposits or making loans.

The company appointed a Chief Compliance Officer, Angela Shaffer, with large financial institution experience in 2015. The board has nominated to appoint a new Independent Director, Bryan Osmar, to be elected at the 2016 Annual Meeting of Shareholders. Previously, Mr. Osmar was the Managing Director and Head, Market Infrastructure, RBC Capital Markets.

Strategic Initiatives

During 2016, CXI intends to continue investing resources to enhance its core, proprietary operating software CEIFX. While maintaining security protocols and improving on its current functionality, a primary focus will be addressing the needs of clients in order to aggressively expand in the international payments sector and positioning the CEIFX software as a leading platform for international payments. During the first quarter of 2016, the Company announced the appointment of Bob Dowd as Senior Vice President of Sales and Marketing. Mr. Dowd brings extensive payments industry experience to CXI to ensure that the company's strategic initiative into the payments business has the leadership necessary to be successful in the coming years.

International payments worldwide continues to grow exponentially. As a specialist in foreign exchange products, CXI is

ready to grow into this space with an experienced, highly skilled team backed by the company's powerful web-based software and reputation for being operationally superior by providing leading customer service.

Positioned for Growth in the Years Ahead

The entire board of directors and CXI management team are extremely optimistic about the opportunities the company expects to capitalize on in the coming years and I believe we are well positioned to successfully navigate the continued expansion of our business. I am also very proud of the achievements made during the last year with the help and support of our outstanding customers, employees and shareholders. We continue to bring in new, prestigious banking clients and we believe that this growth will be further accelerated once the bank license is obtained.

I personally thank all of CXI's customers, employees, shareholders and friends for their continued support of Currency Exchange International. Should you have any questions or wish to discuss anything at all, I remain available to discuss our company and its goals with you personally.

Sincerely,

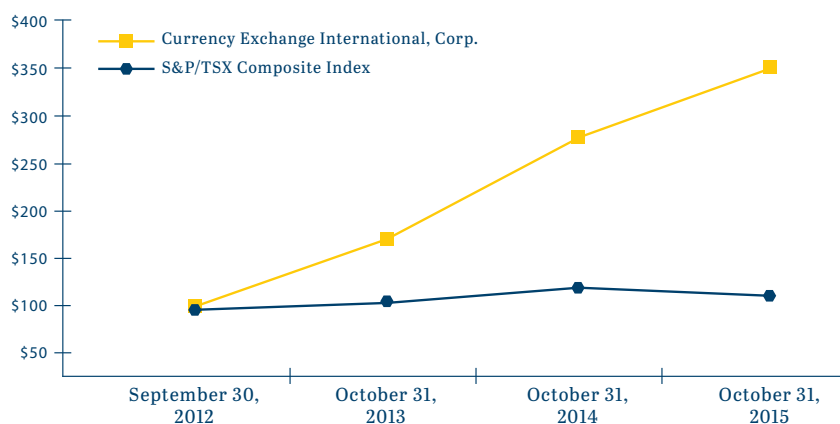


Randolph W. Pinna
President and Chief Executive Officer

Shareholder's Equity \$ Millions

October 31, 2015	\$47.4
October 31, 2014	\$33.0
October 31, 2013	\$29.8
September 30, 2012	\$16.2

Shareholder Performance Graph



	09/03/12	30/09/12	31/10/13	31/10/14	31/10/15
CXI/TSX	\$100	\$100	\$168.42	\$280.45	\$354.59
S&P/TSX Composite Index	\$100	\$98.51	\$106.86	\$116.87	\$111.96

This graph compares the yearly percentage change in the cumulative total shareholder return for Cdn\$100 invested in Currency Exchange International, Corp. Common Shares on March 9, 2012, against the cumulative total shareholder return of the S&P/TSX Composite Index for the four most recent completed financial year ends of CXI, Corp., assuming the reinvestment of all dividends.

<p>2007</p> <ul style="list-style-type: none"> ▶ Operations at CXI commence when Randolph Pinna purchases eight retail branches of Foreign Currency Exchange Corp. from the Bank of Ireland Group. 	<p>2008</p> <ul style="list-style-type: none"> ▶ CXI officially launches its proprietary, web-based FX software - CEIFX. 	<p>2009</p> <ul style="list-style-type: none"> ▶ CXI commences services for financial institutions, allowing its wholesale partnerships to grow rapidly.
<p>2010</p> <ul style="list-style-type: none"> ▶ Three vaults are established in the U.S. with the main currency processing center in Miami, Florida and regional vaults in New York and California. 	<p>2011</p> <ul style="list-style-type: none"> ▶ CXI Canada is established and its Toronto vault begins operations. 	<p>2012</p> <ul style="list-style-type: none"> ▶ CXI completes its IPO on the Toronto Stock Exchange (TSX). ▶ CXI Canada files an application to be continued as a new Schedule 1 Bank in Canada.
<p>2013</p> <ul style="list-style-type: none"> ▶ 98% of Common Share Purchase Warrants and Broker Compensation Units from CXI's IPO are exercised for total gross proceeds of Cdn\$11.3 million. 	<p>2014</p> <ul style="list-style-type: none"> ▶ CXI buys certain assets of U.S. Exchange House in the U.S. and Canada, merging them within its business operations. 	<p>2015</p> <ul style="list-style-type: none"> ▶ CXI exchanges more than \$1.6 billion in total exchange volume and ends the year with more than \$52 million in assets. ▶ CXI owns and operates 36 branch locations.

KEY ACTIVITIES

CXI's primary business channels service customers through its company-owned branch locations and foreign exchange partnerships with financial institutions, money service businesses and corporations. CXI's products and services include foreign currency exchange, travelers cheques, multi-currency prepaid cards, foreign cheque clearing, issuing foreign bank drafts, and international wire transfers. All services are available through CXI's proprietary, web-based software - CEIFX.

Company-Owned Branches	Foreign Banknote Relationships	International Wire Transfers	Foreign Cheque Clearing	Foreign Draft Payments
<p>Locations: High traffic areas, tourist destinations, and affluent neighborhoods</p> <p>Services Offered: Foreign banknote exchange, multi-currency Cash Passport*, travelers cheques, payroll cheque cashing*, attraction tickets*, and international phone cards</p> <p>*Available at select branches</p>	<p>Most popular service provided</p> <p>More than 80 foreign currencies available</p> <p>Clients: Financial institutions, money service businesses, hotels, theme parks, and travel companies</p> <p>Customizable Service Models: On consignment inventory, bulk shipments, and non-inventory shipments</p>	<p>Foreign currency wire transfers to more than 120 countries</p> <p>Quick foreign payments around the world</p> <p>Dodd-Frank Reg-E compliant system</p> <p>Clients: Financial institutions</p>	<p>Comprehensive list of foreign currencies available to be cleared</p> <p>Clear cheques as cash letters or on collection</p> <p>Clients: Financial institutions and corporations</p>	<p>Alternate payment method to international wire transfers</p> <p>Typically less fees than international wire transfers</p> <p>Clients: Financial institutions</p>

BUSINESS OPERATIONS

Business Overview

CXI's foreign currency services, at its core, are based on successfully pairing the company's resources and relationships. Knowing each and every customer and how they operate lets CXI apply its expertise in the specialized field of foreign exchange for benefit of its customers. Whether it's a financial institution, money service business (MSB), corporation, or individual, CXI is committed to delivering value to its customers through convenience, high quality customer service, cost-savings and technology.

As an industry leader in foreign exchange, CXI has built a scalable currency exchange business with a focus on servicing financial institutions. The company's customer portfolio includes top 10 U.S. banks, as ranked by number of locations, and comprises more than 10,000 transacting locations that interact with CXI as their currency exchange provider. In direct to consumer business through the company-owned locations, the company has developed a highly rated national branch network within the U.S.. Each year more consumers in markets across the U.S. are experiencing why exchanging money with CXI is the best option as year over year transaction continue to increase for the company.

In the U.S., CXI's company-owned branches act as a net buyer of foreign currency providing an influx of foreign currency. CXI can then make the excess foreign currency available for sale through its wholesale network relationships. This synergy, which CXI effectively creates, affords the company the ability to offer its customers and clients highly competitive rates, helping grow the business, while enjoying larger margins in its business lines.

The value CXI has shown by providing a high quality service and its dedication to building mutually beneficial relationships continues to attract and retain new customers in the form of financial institutions, MSBs and other corporate clients in the United States and Canada. CXI fully commits its time and energy into expanding its customer base and services without sacrificing the quality of its service to any customer.

Company-Owned Branch Network

As a consistent and significant contributor to CXI's revenues, the company-owned branch network continues to be a focus of growth within the company. CXI increased the number of transacting locations it owns from 32 branches to 36 in the 2015 fiscal year. Management is always cognizant of new opportunities to build partnerships and evaluate new potential locations. CXI is judicious in opening company-owned locations, selecting to move forward in markets and settings with the most likelihood to successfully take root based on its internal evaluation process.

Beyond looking for brick-and-mortar expansion, CXI has dedicated time and resources to finding new products to leverage its company-owned branch footprint. Key criteria for new product offerings are that they must complement the current business and drive new revenue. CXI has a partnership to offer the Cash Passport MasterCard® product, a prepaid foreign currency travel card, at nearly all of its branches this fiscal year. The travel card can hold six foreign currencies at once and provides security and access to emergency funds for international travelers. As the market for travelers cheques continue to shrink, this is a way to provide additional peace of mind for consumers when traveling. CXI will continue to evaluate its product offerings to provide more value to its customers, deliver more revenue from its network of company-owned branches and expose the brand to a larger audience.

CXI opened its first expansion location of 2015 at SunValley Shopping Center in Concord, California. The shopping center is in a major suburb of East Bay within the San Francisco Bay area and widens CXI's reach to many affluent suburbs in this market. The location adds to CXI's established presence in the overall Bay Area, which includes two San Francisco branches, one Berkeley branch and one San Jose branch.

In the third quarter of the 2015 fiscal year, CXI began transacting at three new company-owned branches across three states: The Orlando Eye in Orlando, Florida, Westfield Garden State Plaza in

Company-Owned Branches



- ▶ Net buyer of foreign currency
- ▶ Wider margins on transactions
- ▶ Smaller transaction size
- ▶ Varying amounts of capital investment to open
- ▶ 36 locations in high tourist or affluent-traveling markets across ten states

Customer Relationships



- ▶ Financial institutions, MSBs and corporations
- ▶ Net seller of foreign currency
- ▶ Smaller margins with larger volume trades
- ▶ Little to no investment upfront
- ▶ 521 company relationships accounting for 10,121 transacting locations

*All trademarks, registered trademarks, product names, and brands are property of their respective owners.

Paramus, New Jersey and Westfield Mission Valley in San Diego, California.

The Orlando Eye is a new attraction in Orlando, Florida built along a major tourist corridor known as International Drive. The main attraction hosts a giant Ferris wheel and other popular attractions such as Madame Tussauds Wax Museum and Sea Life Aquarium, as well as shopping and dining options. CXI's branch is located in the main attraction's terminal. The International Drive district receives 5.4 million overnight visitors annually and many more coming to visit Universal Orlando® Resort, SeaWorld Parks & Resorts Orlando® and the second largest convention center in the U.S. - all within a two mile radius of the Orlando Eye complex.

CXI opened its first company-owned branch in New Jersey at the Westfield Garden State Plaza in the city of Paramus. The upscale shopping center is the largest in the state and is uniquely positioned as the closest traditional mall to Manhattan, New York. It is a highly accessible mall near the interchange of three major highways and affluent communities. New Jersey is the tenth state with a CXI company-owned branch.

The Westfield Mission Valley branch in San Diego, California began transacting at the end of July 2015. San Diego has been a desirable market to move into for some time. The timing and circumstance was finally right, allowing CXI to open in the second largest city by population in California. The city offers many characteristics CXI looks for in a new market including its tourist attractions and U.S. Navy and Marine Corps bases hosting thousands of troops.

Company-owned branches take dedicated time and concerted effort to open. Resources, personnel and capital investment at the opening and early stages of the branch's launch are required to successfully turn it profitable. CXI's market selection process and marketing strategy have proven time and time again to provide positive return for the company.

United States Business Environment

During the 2015 fiscal year, CXI added more than 45 new customer relationships representing 1,800 new transacting locations across the United States. These relationships are with financial institutions, MSBs and other corporate clients. Each relationship varies in utilized services ranging from one or more of the following: foreign currency banknotes, international wire transfers, issuing foreign drafts, and clearing foreign denominated cheques.

There are a number of factors that come into play when considering why companies switch to CXI. New customers, either acquired or cultivated through business development channels, quickly find what makes CXI different from its competition and why existing customers remain loyal to the company. CXI's employees work within

a company culture ingrained with the belief it is in business to create mutually beneficial relationships. The goal of such relationships is to ensure all parties involved are better off than prior to their interaction.

Canadian Business Environment

The CXI Canada team has seen growth over the past fiscal year in both the number of customers it services and its executive staff. The newest executive brought on to strengthen the team was Angela Shaffer as General Counsel, Chief Compliance Officer and Corporate Secretary. Ms. Shaffer has extensive experience advising financial institutions and their boards of directors on strategic, regulatory, compliance, commercial, transactions, and corporate governance matters.

In today's regulatory environment, compliance is at the forefront of every conversation. CXI Canada is committed to the responsibilities that come with working in the financial industry where "Know Your Customer" and other regulations mean tightly scrutinizing all customers who exchange with the company. The CXI Canada team has developed the company's operations with policies and procedures following all oversight provisions determined by the various regulating bodies. The compliance staff within the company, its procedures and the tools at their disposal through the CEIFX software, gives the company and all of its customers the confidence that it is fully compliant with its regulatory obligations.

CEIFX Software Advantage

Viewed as a leading application in foreign currency exchange, the CEIFX software continues to generate interest with new and potential customers. The core features allow for fully customized customer setups, compliance integration, instinctual user interface, user management and robust reporting capabilities.

The web-based software accommodates all product lines offered by CXI. At its core, the system is driven by its Compliance Verification System (CVS). The CVS allows for live compliance checks of regulatory watch lists, easy to review matches, live-stop capabilities, branch-hopper aggregation, compliance reporting and it maintains compliance with all current U.S. and Canadian regulations.

Even with such robust capabilities, the system remains flexible for many setup types and deployment needs. The company is dedicated to maintaining and continually enhancing its software to keep its place as the leading foreign currency software in the industry. As such, CEIFX remains an integral part of the company's competitive advantage.

CURRENCY EXCHANGE INTERNATIONAL, CORP.

**MANAGEMENT'S DISCUSSION AND
ANALYSIS**

**FOR THE THREE MONTHS AND
YEARS ENDED OCTOBER 31, 2015
AND 2014**



***CURRENCY EXCHANGE
INTERNATIONAL***

Management Discussion and Analysis
(All amounts expressed in U.S. Dollars unless otherwise noted)
For the three months and years ended October 31, 2015 and 2014

Scope of Analysis

This Management Discussion and Analysis (“**MD&A**”) covers the results of operations, and financial condition of Currency Exchange International, Corp. and its subsidiaries (the “**Company**,” or “**CXI**”) for the three months and years ended October 31, 2015 and 2014, including the notes thereto. This document is intended to assist the reader in better understanding and assessing operations and the financial results of the Company.

This MD&A has been prepared as at January 12, 2016 in accordance with National Instrument 51-102 – *Continuous Disclosure Obligations* adopted by the Canadian Securities Administrators. This information has been prepared by management of the Company in accordance with International Financial Reporting Standards (“**IFRS**”) and should be read in conjunction with the audited consolidated financial statements of the Company for the years ended October 31, 2015 and 2014, and the notes thereto. A detailed summary of the Company's significant accounting policies is included in Note 2 of the Company's audited consolidated financial statements. The functional currency of the Company and its U.S. subsidiary, Currency Exchange International America Corp. (“**CXIA**”), is the U.S. Dollar. The functional currency of the Company's Canadian subsidiary, Currency Exchange International of Canada Corp. (“**CXIC**”), is the Canadian 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. The consolidated financial statements and the MD&A have been reviewed by the Company's Audit Committee and approved by its Board of Directors.

In this document, “our”, “Company” and “CXI” refer to Currency Exchange International, Corp. collectively with its subsidiaries, CXIC and CXIA.

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 (“**CEIFX**”).

Forward Looking Statements

This MD&A contains certain “forward-looking information” as defined in applicable securities laws. These statements relate to future events or the Company’s future performance. All statements other than statements of historical fact are forward-looking information. Often, but not always, forward-looking information can be identified by the use of words such as “plans”, “expects”, “budgeted”, “scheduled”, “estimates”, “continues”, “forecasts”, “projects”, “predicts”, “intends”, “anticipates” or “believes”, or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. The forward-looking information in this MD&A speaks only as of the date of this MD&A or as of the date specified in such statements. The following table outlines certain significant forward-looking information contained in this MD&A and provides the material assumptions used to develop such forward-looking information and material risk factors that could cause actual results to differ materially from the forward looking information.

Forward-looking information	Assumptions	Risk factors
Status of CXI’s application to continue CXIC as a Canadian Schedule I bank, and the objectives for such bank	Regulatory and governmental approval for the establishment of the bank will be received on a timely basis upon terms favorable to CXI; the bank will be able to attract and retain clients	Approvals are made at the discretion of governmental bodies and may not be granted on terms favorable to CXI or at all; the bank has no history of operations
Sensitivity analyses relating to foreign currencies and interest rates	All factors other than the variable in question remain unchanged; CXI’s entire unhedged balance of foreign currency holdings is affected uniformly by changes in exchange rates; CXI’s interest-bearing instruments and obligations were constant during the period	Exchange rate and interest rate fluctuations

Inherent in forward-looking information are risks, uncertainties and other factors beyond the Company’s ability to predict or control. Please also make reference to those risk factors referenced in the “Risks Factors” section beginning on page 19 in the Company’s MD&A. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking information in this MD&A, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking information contained in this MD&A.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking information. All forward-looking information herein is qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking information. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information, whether as a result of new information or future events or otherwise, except as may be required by applicable securities laws. If the Company does update any forward-looking information, no inference should be drawn that it will make additional updates with respect to that or other forward-looking information, unless required by applicable securities laws.

Overview

CXI is a publicly traded company (TSX:CXI;OTCBB:CURN) specializing in providing currency exchange and related products to banks, money service businesses, 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. 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, restricted access to both the software and its source code, and secure maintenance of source code by the head office. CEIFX is updated regularly and on-going system development and enhancement is a core activity of the Company.

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

The objective of the Exchange Bank of Canada is to continue 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 benefits the Canadian banking system by providing a domestic alternative for foreign exchange services to banks in Canada. The foreign currency bank note market for financial institutions in Canada is primarily serviced by foreign financial institutions. A Canadian bank charter affords the Company numerous advantages including the opportunity to bank with Central Banks, thereby obtaining a source of stable, cost-effective funds, collateral reductions with corresponding banks, and enhancing existing bank relationships.

The Company is a reporting issuer in the provinces of British Columbia, Alberta and Ontario.

The Company has the following sources of revenues which are reported as 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; and
- Fee revenue is comprised of the following:
 - Fees generated at the Company's branch locations from foreign currency (bank note) exchange, foreign traveler's cheques, and fees collected on payroll cheque cashing; and
 - Fees collected on foreign wire transfers, foreign drafts, and foreign cheque collection transactions.

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

Overview (continued)

- The Company operates three vaults that serve Canada and the United States as well as two small vaults that serve local markets on the West Coast and Northeast Regions of the United States that serve as distribution centers for its branch network as well as order fulfillment centers for its clients including banking institutions, 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. On-boarding of new clients, specifically banking clients, normally requires an upfront investment, such as training, and currency signage, as well as additional one-time shipping costs to distribute start-up materials. The Company also normally absorbs information technology costs to customize the CEIFX software for specific client use during the customer implementation phase. There are two common customer setups:
 - Centralized setup - For customers with a high volume of foreign currency exchange who maintain and manage their own inventory in central vault facilities, the Company offers bulk wholesale bank note trading. Trades of this nature are generally executed at lower margins as the cost per transaction is low and the average value is high. The customer implementation phase is normally shorter and the costs of on-boarding clients is low;
 - 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 institutions outsource their currency needs in return for a commission based upon exchange volume. When a client outsources their currency needs, the Company is granted access to the entire branch network thus immediately increasing its geographic footprint and expanding its customer base. The customer implementation phase is normally longer in a decentralized setup and the cost of client on-boarding is higher as these clients normally require additional training and support;
- The Company operates 36 branch locations which are located in high tourist traffic areas, staffed by CXI employees, and located across the United States. These locations hold domestic and foreign currencies to buy and sell on demand. The currency exchange margins associated with the transactions occurring at these locations are generally higher in order to recapture costs of deployed capital in the form of domestic and foreign currencies, rent, payroll, and other general and administrative costs;
- CXI currently maintains inventory in the form of domestic and foreign bank notes in banks and other high traffic locations. These locations can be very profitable as there are no occupancy costs or payroll. Foreign exchange currency is placed in these locations on a consignment basis. At October 31, 2015, the Company had inventory on consignment in 267 locations, primarily located inside banks across the United States and Canada. To encourage inventory turnover, the Company pays commissions as a percentage on volumes generated by these locations; and
- Company owned branch locations generally act as a net buyer of foreign currency whereas CXI's bank and non-bank clients generally act as a net seller. Excess currency collected via the branch network can be redeployed to banks and non-bank clients which reduces the need to source currency through wholesale sources at a greater cost, thus increasing currency margins.

The Company has aggressively grown its branch network as well as the number of wholesale relationships over the years. Below is a list of the Company's wholesale company relationships and transacting locations as well as a listing of its 36 branch locations:

Management Discussion and Analysis
 (All amounts expressed in U.S. Dollars unless otherwise noted)
 For the three months and years ended October 31, 2015 and 2014

Overview (continued)

Store	City	State	Start date	Store	City	State	Start date
Apple Bank - Avenue of Americas	New York	NY	2011	Mainplace at Santa Ana	Santa Ana	CA	2013
Apple Bank - Grand Central Station	New York	NY	2011	Mechanics Bank - Berkeley	Berkeley	CA	2007
Apple Bank - Penn Station	New York	NY	2013	Mechanics Bank - San Francisco	San Francisco	CA	2008
MacArthur Mall	Norfolk	VA	2009	Mission Valley	San Diego	CA	2015
Apple Bank - Union Square	New York	NY	2014	Montgomery at Bethesda	Bethesda	MD	2013
Arundel Mills Mall	Hanover	MD	2012	Ontario Mills Mall	Ontario	CA	2007
Aventura Mall Booth #1	Aventura	FL	2008	Potomac Mills Mall	Woodbridge	VA	2007
Aventura Mall Booth #2	Aventura	FL	2012	San Francisco City Center	San Francisco	CA	2011
Century City Mall	Los Angeles	CA	2009	San Jose Great Mall	San Jose	CA	2011
Cherry Creek	Denver	CO	2014	Santa Monica Place	Santa Monica	CA	2012
Citadel Outlets	Los Angeles	CA	2014	Sawgrass Mills Mall Booth #1	Sunrise	FL	2007
Copley Place Mall	Boston	MA	2009	Sawgrass Mills Mall Booth #2	Sunrise	FL	2010
Dadeland Mall	Miami	FL	2009	Shops at Northbridge	Chicago	IL	2013
Dolphin Mall	Miami	FL	2009	SouthCenter	Tukwila	WA	2012
Florida Mall Booth #1	Orlando	FL	2007	Sunvalley Shopping Center	Concord	CA	2015
Florida Mall Booth #2	Orlando	FL	2014	The Galleria at Fort Lauderdale	Ft. Lauderdale	FL	2013
Apple Bank - Upper East Side	New York	NY	2014	The Orlando Eye	Orlando	FL	2015
Garden State	Paramus	NJ	2015	Tyson's Corner Center	Tyson's Corner	VA	2014

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Company owned branch locations	9	14	15	18	23	26	32	36
Wholesale company relationships	26	61	70	123	245	364	469	521
Number of transacting locations	88	190	267	1,983	2,455	5,741	8,274	10,157

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 consignment locations to facilitate the buying and selling of foreign currency, as well as foreign currency held at the Company's vaults, branch locations, consignment locations, or cash inventory in transit between Company 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. The credit risk associated with accounts receivable is limited, as the Company's receivables consist primarily of bulk currency trades with a settlement cycle of 24 to 48 hours. There is minimal counterparty risk as the majority of the Company's receivables reside with banks, money service business customers and other financial institutions. The company has longstanding relationships with most of its customers and has a strong repayment history.

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.

Overview (continued)

Bought deal private placement

On March 12, 2015 the Company entered in to an agreement with a syndicate of underwriters who purchased 540,000 common shares of the Company on a bought deal private placement offering (“**Offering**”), at a price of \$21.06 (Cdn\$26.75) per Common Share for aggregate gross proceeds of \$11,371,104 (Cdn\$14,445,000). In connection with the Offering, the Company paid commission to the agents in the amount of \$596,983 and incurred other professional fees and expenses of \$108,516 for a total cost of \$705,499. \$650,715 of the fees were deducted from the gross proceeds resulting in net proceeds of \$10,720,389 from the Offering. \$58,720 related to the listing of the common shares were expensed.

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. CXI 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 within sixty days of 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.

SELECTED FINANCIAL DATA

The below chart summarizes the performance of the Company over the last eight fiscal quarters. Operating income for prior periods has been adjusted to exclude the effects of depreciation and amortization.

Three-months ending	Revenue	Net operating income*	Net income	Total assets	Total equity	Earnings per share (diluted)
	\$	\$	\$	\$	\$	\$
31-Oct-15	6,882,336	2,330,425	505,780	52,241,996	47,436,566	0.08
31-Jul-15	6,688,467	2,231,642	2,087,038	50,835,334	46,922,010	0.33
30-Apr-15	5,311,102	1,333,013	661,818	49,633,902	44,582,384	0.11
31-Jan-15	5,193,869	1,242,367	353,574	38,859,547	32,456,426	0.06
31-Oct-14	6,552,184	2,279,682	1,045,192	39,709,302	33,025,175	0.19
31-Jul-14	6,839,330	2,830,097	1,456,004	42,044,018	32,185,439	0.26
30-Apr-14	4,487,432	1,109,212	466,774	37,244,354	30,586,996	0.09
31-Jan-14	4,127,007	970,779	451,156	32,844,973	29,835,415	0.08

* Excludes depreciation and amortization expense

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 revenues generally from March until September and lower revenues 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.

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Selected Financial Results for the three months and years ended October 31, 2015 and October 31, 2014

	Year ended October 31, 2015	Year ended October 31, 2014	Three months ended October 31, 2015	Three months ended October 31, 2014
	\$	\$	\$	\$
Revenue	24,075,775	22,005,953	6,882,336	6,552,184
Operating expenses	16,938,331	14,816,184	4,551,911	4,272,502
Net Operating income	7,137,444	7,189,769	2,330,425	2,279,682
Total other income, net	(269,539)	(177,226)	(229,764)	(17,851)
EBITDA*	6,867,905	7,012,543	2,100,661	2,261,831
Net income	3,608,210	3,419,125	505,780	1,045,192
Basic earnings per share	0.62	0.63	0.08	0.19
Diluted earnings per share	0.59	0.62	0.08	0.19

* Earnings before interest, taxes, depreciation and amortization

	October 31, 2015	October 31, 2014
Total assets	52,241,996	39,709,302
Total long term financial liabilities	-	585,144
Total equity	47,436,566	33,025,175

Results of operations – year ended October 31, 2015

A breakdown of revenues by geographic location is presented below:

	Total revenues	
	Year ended October 31, 2015	Year ended October 31, 2014
	\$	\$
United States	17,694,904	11,949,822
Canada	6,380,871	10,056,131
Total	24,075,775	22,005,953

Beginning in May of 2015, the Company shifted away from utilizing an intercompany inventory on consignment model resulting in a shift in income from Canada to the United States. During the year ended October 31, 2015 total commission revenues increased by 9% to \$24,075,775 compared to \$22,005,953 for the year ended October 31, 2014. The year ended October 31, 2015 includes revenue derived from customer trading relationships acquired from USEH compared to seven months revenue for the year ended October 31, 2014. Since October 31, 2014, the Company has added 52 new wholesale relationships comprising 1,883 locations, of which 45 wholesale relationships representing 1,850 transacting locations were added in the United States and 7 wholesale relationships representing 33 transacting locations were added in Canada. During the year ended October 31, 2015, the number of transactions between the Company and its customers increased 14% to 562,000 transactions from 495,000 from the previous year.

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Results of operations – year ended October 31, 2015 (continued)

During the year ended October 31, 2015, operating expenses increased 14% to \$16,938,331 compared to \$14,816,184 for the year ended October 31, 2014, the major components of which are presented below:

	Year Ended October 31, 2015 \$	Year Ended October 31, 2014 \$	Change \$	Change %
Salaries and benefits	9,247,602	7,363,075	1,884,527	26%
Rent	2,435,837	2,024,290	411,547	20%
Legal, professional and director's fees	907,806	915,745	(7,939)	-1%
Postage and shipping	1,974,032	1,729,684	244,348	14%
Stock based compensation	585,600	567,055	18,545	3%
Other general and administrative	1,787,454	2,216,335	(428,881)	-19%
Total operating expenses	16,938,331	14,816,184	2,122,147	14%

- Salaries and benefits increased 26% to \$9,247,602 from \$7,363,075 which is attributed to increases in the Company's employment base for the period. As of October 31, 2015, the Company employed 231 full and part-time employees in the United States and Canada compared to 195 full and part-time employees at October 31, 2014. The increase in staffing is a result of adding four company owned branch locations and opening a new Los Angeles vault as well as the addition of employees engaged in the areas of compliance, information technology, operations, including vault operations, sales, management, and other positions, particularly to support the bank application process;
- Rent increased 20% to \$2,435,837 from \$2,024,290. The Company has opened 4 new branch locations since October 31, 2014 and has relocated and enlarged its vault and administrative facilities in Toronto, Canada Los Angeles, California, Miami, Florida and Orlando, Florida;
- Legal, professional and directors fees decreased 1% to \$907,806 from \$915,745;
- Postage and shipping increased 14% to \$1,974,032 from \$1,729,684 and is due to an increase in the frequency of inbound and outbound shipments. Transaction volume is up 14% over 2014. The Company incurs shipping fees from couriers and armored carriers to transport currency between the Company's stores and customers. The Company added 1,883 new transacting locations since October 31, 2014 which has led to increased transactional activity thus increasing shipping costs. Additionally, the Company has increased the frequency of inbound and outbound armored shipments due to an increase in high value, bulk shipments to centralized clients. Shipping fees collected by the Company are netted against shipping charges charged to the Company;
- Stock based compensation increased to \$585,600 from \$567,055 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, unless otherwise stated by the Board of Directors, and have a weighted average exercise price of Cdn\$15.49. There were 424,866 options outstanding at October 31, 2015 compared to 486,581 options outstanding at October 31, 2014; and

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Results of operations – year ended October 31, 2015 (continued)

- Other general and administrative expenses decreased 19% to \$1,787,454 from \$2,216,335. Other expenses are comprised of insurance, travel and lodging, software maintenance, utilities, bank service charges, foreign exchange gains and losses through profit and loss, and other general and administrative expenses. The decrease is a result of foreign exchange gains compared to the comparable period on the revaluation of foreign financial assets and liability balances, and non-capitalized costs for opening or expanding new offices in Toronto, Canada, Orlando, and Miami in 2014, as well as higher expenditures in 2014 to support the expansion of the Company's branch network.

The ratio of operating expenses to total revenue for year ended October 31, 2015 was 70% compared to 67% for the year ended October 31, 2014. The ratio traditionally is higher during the winter months and decreases as the fiscal year progresses. This is due to the cyclical nature of the business as the Company has more exchange volumes from March to September and the Company is able to redeploy the currency it purchases in the summer months from its branch locations and resell it to other bank and non-bank customers, thus bypassing currency wholesalers and widening its gross margins. The Company expects this ratio to remain steady in the short term. 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:

	Year ended October 31, 2015 \$	Year ended October 31, 2014 \$
Other income	19,191	90,225
Revaluation of contingent consideration	68,777	-
Expenses related to asset acquisition	-	(141,353)
Expenses related to bought deal	(58,720)	-
Interest and accretion expense	(13,980)	(66,482)
Expenses related to bank application	(298,787)	(126,098)
Depreciation and amortization	(1,354,565)	(924,225)
Income tax expense	(1,891,150)	(2,602,711)
Total other expense, net	(3,529,234)	(3,770,644)

- Other income decreased to \$19,192 from \$90,225 and relates to interest collected for surplus cash deposits and held at various financial institutions in Canada and the United States as well as other miscellaneous income;
- Revaluation of contingent consideration relates to the change in contingent consideration from customer trading relationships acquired from the USEH acquisition. The Company originally estimated the first anniversary payment at \$892,723 but the actual amount of contingent consideration paid to USEH was \$767,684. As a result, the Company realized a revaluation adjustment of \$125,039 to the first year's contingent consideration within the statement of income and comprehensive income. At the end of the reporting period, the remaining contingent consideration was reassessed and the Company recorded a revaluation of contingent consideration of \$56,262 resulting a net revaluation of contingent consideration of \$68,777 for the year ended October 31, 2015.

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Results of operations – year ended October 31, 2015 (continued)

- Expenses related to asset acquisition consist of legal and professional fees incurred in connection with the purchase of certain assets of USEH in March of 2014;
- Expenses related to bought deal consist of legal and professional fees resulting from the listing of 540,000 Common Shares on a bought deal private placement completed on March 12, 2015 at a price of Cdn\$26.75 for aggregate gross proceeds of Cdn\$14,445,000;
- Interest and accretion expense decreased to \$13,980 from \$66,482 and relates to interest payments on credit lines;
- Expenses pertaining to completing the bank license application increased to \$298,787 from \$126,098;
- Depreciation and amortization increased to \$1,354,565 from \$924,225 and relates to amortization of the Company's intangible assets and depreciation of fixed assets over their estimated economic life. Approximately \$349,000 of the increase was attributable to 12 months of amortization of the assets acquired from USEH for the year ended October 31, 2015 compared to only 7 months of amortization during the year ended October 31, 2014; and
- Income tax expense decreased to \$1,891,909 from \$2,602,711 and is a total of federal income tax as well as various state and provincial taxes for the jurisdictions in which the Company operates. During the year ended October 31, 2015, 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 in the first quarter of 2015. In June of 2015, 176,174 employee and director stock options were exercised for proceeds of \$1,197,028 (Cdn\$1,495,164). Upon exercise of the options, the Company deducted the difference between the fair market value of the options and the option strike price from taxable income resulting in a reduction in current income tax payable of \$989,700 during the year ended October 31, 2015. In the 4th quarter of 2015, the Company transferred capital from its Canadian subsidiary to the parent company, resulting in a one-time income tax expense of \$600,000.

Results of operations – three month period ended October 31, 2015

A breakdown of revenues by geographic location is presented below:

	Total revenues	
	Three months ended October 31, 2015	Three months ended October 31, 2014
	\$	\$
United States	6,172,652	3,590,745
Canada	709,684	2,961,439
Total	6,882,336	6,552,184

Beginning in May of 2015, the Company shifted away from utilizing an intercompany inventory on consignment model resulting in a shift in income from Canada to the United States. During the three month period ended October 31, 2015 revenues increased by 5% to \$6,882,336 compared to \$6,552,184 for the three month period ended October 31, 2014. During the three month period ended October 31, 2015, the number of transactions between the Company and its customers increased 8% to 156,000 transactions from 144,000 from the same period of the previous year. Since October 31, 2014, the Company has added 52 new wholesale relationships comprising 1,883 locations, of which 45 wholesale relationships representing 1,850 transacting locations were added in the United States and 7 wholesale relationships representing 33 transacting locations were added in Canada.

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Results of operations – three month period ended October 31, 2015 (continued)

During the three month period ended October 31, 2015, operating expenses increased 7% to \$4,551,911 compared to \$4,272,502 for the three month period ended October 31, 2014, the major components of which are presented below:

	Three months ended October 31, 2015 \$	Three months ended October 31, 2014 \$	Change \$	Change %
Salaries and benefits	2,406,976	2,130,256	276,720	13%
Rent	661,729	591,201	70,528	12%
Legal, professional and director's fees	266,264	255,056	11,208	4%
Postage and shipping	602,315	560,668	41,647	7%
Stock based compensation	143,227	125,114	18,113	14%
Other general and administrative	471,400	610,207	-138,807	-23%
Total operating expenses	4,551,911	4,272,502	279,409	7%

- Salaries and benefits increased 13% to \$2,406,976 from \$2,130,256 which is attributed to increases in the Company's employment base for the period. As of October 31, 2015, the Company employed 231 full and part-time employees in the United States and Canada compared to 195 full and part-time employees at October 31, 2014. The increase in staffing is a result of adding four company owned branch locations as well as the addition of employees engaged in the areas of compliance, information technology, operations, including vault operations, sales, management, and other administrative positions, particularly to support the bank application process;
- Rent increased 12% to \$661,729 from \$591,201 due to the opening of 4 new branch locations since October 31, 2014;
- Legal, professional and directors fees increased 4% to \$266,264 from \$255,056;
- Postage and shipping increased 7% to \$602,315 from \$560,668 and is due to an increase in the frequency of inbound and outbound shipments. Transactional volume is up 8% over 2014. The Company incurs shipping fees from couriers and armored carriers to transport currency between the Company's stores and customers. The Company added 1,883 new transacting locations since October 31, 2014 which has led to increased transactional activity thus increasing shipping costs. Additionally, the Company has increased the frequency of inbound and outbound armored shipments due to an increase in high value, bulk shipments to centralized clients. Shipping fees collected by the Company are netted against shipping charges charged to the Company;
- Stock based compensation increased to \$143,227 from \$125,114 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, unless otherwise stated by the Board of Directors, and have a weighted average exercise price of Cdn\$15.49. There were 424,866 options outstanding at October 31, 2015 compared to 486,581 options outstanding at October 31, 2014; and

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Results of operations – three month period ended October 31, 2015 (continued)

- Other general and administrative expenses decreased 23% to \$471,400 from \$610,207. Other expenses are comprised of insurance, travel and lodging, software maintenance, utilities, bank service charges, foreign exchange gains and losses through profit and loss, and other general and administrative expenses. The increase is a result of foreign exchange gains compared to the comparable period on the revaluation of foreign financial assets and liability balances, and non-capitalized costs for opening or expanding new offices in Toronto, Canada, Orlando, and Miami in 2014, as well as higher expenditures in 2014 to support the expansion of the Company's branch network.

The ratio of operating expenses to total revenue for the three month period ended October 31, 2015 was 66% compared to 65% for the three month period ended October 31, 2014. The ratio traditionally is higher during the winter months and lower during the summer months due to higher exchange volume. This is due to the cyclical nature of the business as the Company typically experiences higher exchange volume from March to September resulting in the Company being better able to redeploy the currency it purchases in the summer months from its branch locations and resell it to other bank and non-bank customers, thus bypassing currency wholesalers and widening its gross margin.

Other income and expenses are comprised of the following:

	Three months ended October 31, 2015 \$	Three months ended October 31, 2014 \$
Other income	3,211	4,876
Revaluation of contingent consideration	(56,262)	-
Expenses related to asset acquisition	-	(3,340)
Expenses related to bought deal	(3,936)	-
Interest and accretion expense	2,029	(21,485)
Expenses related to bank application	(172,778)	(19,387)
Depreciation and amortization	(344,155)	(335,806)
Income tax expense	(1,252,755)	(859,348)

- Other income decreased to \$3,211 from \$4,876 and relates to interest collected for surplus cash deposits and held at various financial institutions in Canada and the United States as well as other miscellaneous income;
- Revaluation of contingent consideration relates to the change in contingent consideration from customer trading relationships acquired from the USEH acquisition. The Company originally estimated the first anniversary payment at \$892,723 but the liability was reduced by \$125,039 based upon the amount of revenue generated from the customer trading relationships acquired. During the three month period ended October 31, 2015, the Company reassess the contingent consideration payable and increased the liability by \$56,262;
- Expenses related to asset acquisition consist of legal and professional fees incurred in connection with the purchase of for certain assets of USEH in March of 2014;
- Interest and accretion expense decreased to \$2,029 from \$21,485 and relates to interest payments on credit lines;
- Expenses pertaining to completing the bank license application increased to \$172,778 from \$19,387;

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For the three months and years ended October 31, 2015 and 2014

Results of operations – three month period ended October 31, 2015 (continued)

- Depreciation and amortization increased to \$344,155 from \$335,806 and relates to amortization of the Company's intangible assets and depreciation of fixed assets being depreciated over their estimated economic life; and
- Income tax expense was \$1,253,513 compared to \$859,348 and is a total of federal income tax as well as various state and provincial taxes for the jurisdictions in which the Company operates. In the 4th quarter of 2015, the Company transferred capital from its Canadian subsidiary to the parent company, resulting in a one-time income tax expense of \$600,000.

Cash flows

Cash flows from operating activities during the year ended October 31, 2015 resulted in an inflow of \$4,356,745 compared to an inflow of \$2,216,775 during the year ended October 31, 2014. The reason for the increase in operating cash was due to a decrease in accounts receivable offset by increases in accounts payable, accrued expenses, income taxes payable, and contingent consideration. The actual amount of accounts receivable and accounts payable fluctuate from period to period due to the volume of activity and timing differences. In most instances accounts receivable and accounts payable have a settlement cycle of 24 to 48 hours. Operating cash flow is generated by commission and fee income, and is offset by operating expenses.

Cash used in investing activities during the year period ended October 31, 2015 resulted in an outflow of \$643,006 compared to an outflow of \$3,035,843 during the year ended October 31, 2014. The primary reason for the variance is due to the acquisition of certain assets of USEH in March of 2014.

Cash provided by financing activities during the year ended October 31, 2015 was \$11,962,606 resulting from the exercise of employee stock options as well as financing from the bought deal offering completed on March 12, 2015. During the year ended October 31, 2014, cash provided by financing activities was \$31,264 resulting from proceeds from the exercise of employee stock options.

Liquidity and capital resources

At October 31, 2015, the Company had working capital of \$43,351,358 (October 31, 2014 - \$28,973,117).

The Company maintains a revolving line of credit with BMO Harris Bank, N.A. for up to \$10,000,000 to assist with its short-term cash flow needs. The Company had total available unused lines of credit of \$10,000,000 at October 31, 2015.

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Selected annual and quarterly financial 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 for the relevant period and notes related 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.

	Year ended October 31, 2015	Year ended October 31, 2014	Thirteen months ended October 31, 2013 (1)	Year ended September 30, 2012
	\$	\$	\$	\$
Revenues	24,075,775	22,005,953	15,990,434	12,314,473
Net operating income (2)	7,137,444	7,189,769	4,392,515	3,822,328
Net income	3,608,210	3,419,125	2,641,694	2,717,652
Basic earnings per share	0.62	0.63	0.64	0.83
Diluted earnings per share	0.59	0.62	0.64	0.83
Total assets	52,241,996	39,709,302	33,681,819	18,225,628
Total liabilities	4,805,430	6,684,127	3,917,843	1,998,654
Total non-current financial liabilities	-	585,144	-	-
Working capital	43,351,358	28,973,117	28,935,018	15,651,326

Notes:

1. The Company changed its year-end to October 31, and reported on the thirteen month period ended October 31, 2013.
2. Operating income for prior periods has been adjusted to exclude depreciation and amortization expense.

The following is a summary of unaudited financial data for the most recently completed eight quarters. The Company has restated operating expenses and operating income to exclude the effects of depreciation and amortization.

Three-months ending	Revenue	Net Operating income*	Total assets
	\$	\$	\$
31-Oct-15	6,882,336	2,330,425	52,241,996
31-Jul-15	6,688,467	2,231,642	50,835,334
30-Apr-15	5,311,102	1,333,013	49,633,902
31-Jan-15	5,193,869	1,242,367	38,859,547
31-Oct-14	6,552,184	2,279,682	39,709,302
31-Jul-14	6,839,330	2,830,097	42,044,018
30-Apr-14	4,487,432	1,109,212	37,244,354
31-Jan-14	4,127,007	970,780	32,844,973

*Excludes depreciation and amortization expense

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Commitments and contingencies

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

The Company has entered into non-cancellable operating leases with terms in excess of one year for the use of certain facilities. The minimum rental payments associated with these leases are \$5,351,103 and are payable as follows:

	Within 1 year	1 to 5 years	after 5 years	Total
	\$	\$	\$	\$
October 31, 2015	1,887,044	3,440,553	23,506	5,351,103
October 31, 2014	1,512,998	2,685,856	7,380	4,206,234

On March 28, 2014 the Company purchased certain assets of USEH. 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 estimated the likelihood of future revenues to determine the estimated contingent consideration. Management 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 wholly to customer trading relationships. Subsequent to the first anniversary of the closing, the actual amount of contingent consideration paid to USEH was \$767,684. As a result, the Company realized a revaluation adjustment of \$125,039 to the first year's contingent consideration within the statement of income and comprehensive income. At the end of the reporting period, the remaining contingent consideration was reassessed and the Company recorded a revaluation of contingent consideration of \$56,262 resulting a net revaluation of contingent consideration of \$68,777 for the year ended October 31, 2015. 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 second year's anniversary contingent consideration by approximately \$230,000.

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 on the financial condition of the Company.

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Hedging activity

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

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 from trading on the consolidated statements of income and comprehensive income. The Company's management strategy is to reduce the risk of fluctuations associated with foreign exchange rate changes. The foreign currency forward contracts can be closed immediately resulting in the collateral being liquidated.

The fair value of forward contracts, which represents the amount that would be received/(paid) by the Company if the forward contracts were terminated at October 31, 2015 was \$210,367 (2014 - \$117,732).

At October 31, 2015 and 2014 approximately \$780,583 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.

Transactions with related parties

The remuneration of directors and key management personnel during the three months and years ended October 31, 2015 and October 31, 2014 were as follows:

	Year ended		Three months ended	
	October 31, 2015	October 31, 2014	October 31, 2015	October 31, 2014
	\$	\$	\$	\$
Short-term benefits	1,100,460	1,275,100	160,692	608,642
Post-employment benefits	50,499	30,123	15,720	21,650
Stock based compensation	559,717	542,876	124,464	120,298
	<u>1,710,677</u>	<u>1,848,099</u>	<u>300,875</u>	<u>750,590</u>

The Company incurred legal and professional fees in the aggregate of \$6,750 and \$42,409 for the three months and year ended October 31, 2015, respectively (October 31, 2014 - \$6,867 and \$138,218, respectively) charged by entities controlled by directors or officers of the Company.

Management Discussion and Analysis
 (All amounts expressed in U.S. Dollars unless otherwise noted)
 For the three months and years ended October 31, 2015 and 2014

Option grants

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 (\$)
4-May-12	4-May-17	7.30	90,000	0.78%	45%	7.50	2.84
17-Dec-12	18-Dec-17	6.75	116,000	0.74%	49%	7.50	2.66
3-May-13	3-May-18	7.35	22,000	0.73%	38%	7.65	2.42
29-Oct-13	29-Oct-18	10.86	35,640	1.29%	35%	10.86	3.44
29-Oct-13	29-Oct-18	10.86	114,420	1.29%	35%	10.86	3.44
9-Jul-14	9-Jul-19	13.24	1,762	1.70%	29%	13.24	3.58
30-Oct-14	30-Oct-19	18.00	87,215	1.61%	27%	16.21*	4.97
30-Oct-14	30-Oct-19	18.00	24,144	1.61%	27%	16.21*	4.97
11-Mar-15	11-Mar-20	28.40	2,726	1.62%	25%	28.15*	5.75
30-Oct-15	30-Oct-20	23.50	28,972	1.47%	32%	24.64*	5.10
30-Oct-15	30-Oct-20	23.50	89,435	1.47%	32%	24.64*	5.10

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

The outstanding options at October 31, 2015 and October 31, 2014 and the respective changes during the periods are summarized as follows:

	Number of options #	Weighted average 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
Granted	121,133	24.72
Exercised	(182,848)	8.49
Outstanding at October 31, 2015	424,866	15.49

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

Grant Date	Exercise price (Cdn\$)	Number outstanding	Average remaining contractual life (years)	Number exercisable
4-May-12	7.50	45,000	1.51	45,000
17-Dec-12	7.50	40,001	2.13	1,334
3-May-13	7.65	7,333	2.51	-
29-Oct-13	10.86	23,760	3.00	23,760
29-Oct-13	10.86	76,280	3.00	38,140
30-Oct-14	16.21	87,215	4.00	29,071
30-Oct-14	16.21	24,144	4.00	24,144
11-Mar-15	28.15	2,726	4.36	-
30-Oct-15	24.64	28,972	5.00	-
30-Oct-15	24.64	89,435	5.00	-
Total		424,866		161,449

Management Discussion and Analysis
(All amounts expressed in U.S. Dollars unless otherwise noted)
For the three months and years ended October 31, 2015 and 2014

Subsequent events

The Company evaluated subsequent events through January 12, 2016, the date these financial statements were issued. There were no material subsequent events that required recognition or additional disclosure in the financial statements.

Accounting standards and policies

The Company's accounting policies are described in Note 2 to the Company's audited consolidated financial statements for the years ended October 31, 2015 and 2014.

Risk factors

The operations of the Company are speculative due to the high-risk nature of its business. These risk factors could materially affect the Company's financial condition and/or future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company. Although the following are major risk factors identified by management, they do not comprise a definitive list of all risk factors related to the Company, and other risks and uncertainties not presently known by management could impair the Company and its business in the future.

Limited operating history

The Company has only a limited operating history upon which an evaluation of the Company and its prospects can be based. Although the Company anticipates increases in revenues, it is also incurring substantial expenses in the establishment of its business. To the extent that such expenses do not result in appropriate revenue increases, the Company's long-term viability may be materially and adversely affected.

A significant portion of the Company's financial resources have been and will continue to be, directed to the development of its business and marketing activities. The success of the Company will ultimately depend on its ability to generate cash from its business. There is no assurance that the future expansion of the Company's business will be sufficient to cover the related operational cost as well as costs associated with continuing the development of its business and marketing activities.

Future capital needs and uncertainty of additional financing

The Company may need to raise funds in order to support expansion, develop new or enhanced services and products, respond to competitive pressures, acquire complementary businesses or technologies or take advantage of unanticipated opportunities. The Company may be required to raise additional funds through public or private financing, strategic relationships or other arrangements. There can be no assurance that such additional funding, if needed, will be available on terms attractive to the Company, or at all. Furthermore, any additional equity financing may be dilutive to shareholders and debt financing, if available, may involve restrictive covenants. If additional funds are raised through the issuance of equity securities, the percentage ownership of the shareholders of the Company will be reduced, shareholders may experience additional dilution in net book value per share, or such equity securities may have rights, preferences or privileges senior to those of the holders of Common Shares. If adequate funds are not available on acceptable terms, the Company may be unable to develop or enhance its business, take advantage of future opportunities or respond to competitive pressures, any of which could have a material adverse effect on the Company's business, financial condition and operating results.

Risk factors (continued)

Competition

The Company faces competition from established competitors such as Travelex Group, Wells Fargo Bank, Bank of America and American Express, and also from competitors using alternative technologies.

While the market for foreign currency exchange is highly fragmented in the United States, the Company believes that it must continue to develop new products and services and introduce enhancements to its existing products and services in a timely manner if it is to remain competitive. Even if the Company introduces new and enhanced products and services, it may not be able to compete effectively because of the significantly greater financial, technical, marketing and other resources available to some of its competitors. As the markets for the Company's products and services expand, additional competition may emerge and competitors may commit more resources to competitive products and services. There can be no assurance that the Company will be able to compete successfully in these circumstances.

Management of Growth

The Company may experience rapid growth in the scope of its operations. In order to manage its current operations and any future growth effectively, the Company will need to continue to implement and improve its operational, financial compliance and management information systems, as well as hire, manage and retain its employees and maintain its compliant corporate culture including technical and customer service standards. There can be no assurance that the Company will be able to manage such growth effectively or that its management, personnel or systems will be adequate to support the Company's operations.

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 in bank accounts and accounts receivable.

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

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

	At October 31, 2015	At October 31, 2014
Customer type	\$	\$
Domestic and international banks	1,217,511	2,953,383
Money service businesses	1,600,658	1,204,410
Other	19,520	20,765
Total	2,837,689	4,178,558

Risk Factors (continued)

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

Foreign Currency Risk

The volatility of the Company's foreign currency holdings may increase as a result of the political and financial environment of the corresponding issuing country. Several currencies have limited exchange rate exposure as they are pegged to the U.S. Dollar, the reporting currency of the Company. Management believes its exposure to foreign currency fluctuations is mitigated by the short-term nature and rapid turnover of its foreign currency inventory, as well as the use in certain instances of forward contracts to offset these fluctuations. Due to their nature, some minor and exotic foreign currencies cannot be hedged or are too cost prohibitive to hedge. In order to mitigate the risks associated with holding these foreign currencies, the Company assigns wider bid/ask spreads and maintains specific inventory targets to minimize the impact of exchange rate fluctuations. These targets are reviewed regularly and are increased or decreased to accommodate demand. The amount of unhedged inventory held in vaults, tills and in transit at October 31, 2015 was approximately \$5,475,000 (2014 - \$5,725,000). The amount of currency that is unhedged and that is not pegged to the U.S. Dollar is approximately \$3,660,000 (2014 - \$4,090,000). A 2% increase/decrease 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 +\$73,000/-\$73,000 (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, CXIC.

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

Interest Rate Risk

At October 31, 2014, the Company had access to interest bearing financial instruments in cash and short term accounts payable. A significant amount of the Company's cash is held as foreign currency 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 13 in the financial statements for the year ended October 31, 2015.

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 year ended October 31, 2015 would have been approximately +\$1,800/-\$1,800 higher/lower as a result of credit lines held at variable interest rates (2014 - +\$4,500/-\$4,500 higher/lower).

Management Discussion and Analysis
 (All amounts expressed in U.S. Dollars unless otherwise noted)
 For the three months and years ended October 31, 2015 and 2014

Risk factors (continued)

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:

Non-derivative financial liabilities	At October 31, 2015		Next fiscal year	Future fiscal years
	Carrying amount	Estimated contractual amount		
	\$	\$	\$	\$
Accounts payable	3,190,957	3,190,957	3,190,957	\$Nil
Accrued expenses	973,067	770,361	770,361	\$Nil
Contingent consideration	641,406	641,406	641,406	\$Nil
Non-derivative financial liabilities	At October 31, 2014		Next fiscal year	Future fiscal years
	Carrying amount	Estimated contractual amount		
	\$	\$	\$	\$
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 \$10,000,000 at October 31, 2015.

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.

Risk factors (continued)

Product Development and Rapid Technological Change

The advent of the “cashless society” may erode the physical bank note currency markets resulting in a significant adverse effect upon the Company’s continued growth and profitability. While the enabling technology has existed for over a decade, the development of a truly cashless society continues to be slowed by such factors as issues respecting infrastructure, cultural resistance, distribution problems and patchwork regulations. Nevertheless, the success of the Company could be seriously affected by a competitor’s ability to develop and market competing technologies.

To remain competitive, the Company must continue to enhance and improve the responsiveness, functionality and features of its technology and website, CEIFX. The Internet and the e-commerce industry are characterized by rapid technological change, changes in user and customer requirements and preferences, frequent new product and service introductions embodying new technologies and the emergence of new industry standards and practices that could render the Company’s existing operations and proprietary technology and systems obsolete. The Company’s success will depend, in part, on its ability to develop leading technologies useful in its business, enhance its existing services, develop new services and technology that address the increasingly sophisticated and varied needs of its existing and prospective customers and respond to technological advances and emerging industry standards and practices on a cost-effective and timely basis. The development of Internet based and other proprietary technology entails significant technical, financial and business risks. There can be no assurance that the Company will successfully implement new technologies or adapt its website, proprietary technology and transaction-processing systems to customer requirements or emerging industry standards. If the Company is unable to adapt in a timely manner in response to changing market conditions or customer requirements for technical, legal, financial or other reasons, the Company’s business could be materially adversely affected.

Intellectual Property

Proprietary rights are important to the Company’s success and its competitive position. Although the Company seeks to protect its proprietary rights, its actions may be inadequate to protect any trademarks and other proprietary rights or to prevent others from claiming violations of their trademarks and other proprietary rights. In addition, effective copyright and trademark protection may be unenforceable or limited in certain countries, and the global nature of the Internet makes it impossible to control the ultimate protection of the Company’s intellectual work product. Any of these claims, with or without merit, could subject the Company to costly litigation and the diversion of the time and attention of its technical management personnel.

Government Regulation and Compliance

Any non-compliance with regulatory currency licensing and transaction reporting procedures could result in significant financial penalties and the possibility of criminal prosecution. The Company has a robust regulatory compliance management regime, overseen by experienced, Board-appointed Officers leading a well-resourced staff. The Company and its subsidiaries are regularly subject to regulatory as well as internal and/or external audits. Several countries prohibit non-banks from providing currency exchange transaction services. While the Company believes the possibility is remote, the risk does exist that the jurisdictions in which it operations may someday institute regulations to prohibit non-banks from providing foreign currency exchange services.

Risk factors (continued)

Network Security Risks

Despite the implementation of network security measures by the Company, its infrastructure is potentially vulnerable to computer break-ins and similar disruptive problems. Concerns over Internet security have been, and could continue to be, a barrier to commercial activities requiring consumers and businesses to send confidential information over the Internet. Computer viruses, break-ins or other security problems could lead to misappropriation of proprietary information and interruptions, delays or cessation in service to the Company's clients. Moreover, until more comprehensive security technologies are developed, the security and privacy concerns of existing and potential clients may inhibit the growth of the Internet as a medium for commerce.

Risk of System Failure or Inadequacy

The Company's operations are dependent on its ability to maintain its equipment in effective working order and to protect its systems against damage from fire, natural disaster, power loss, telecommunications failure or similar events. In addition, the growth of the Company's customer base may strain or exceed the capacity of its computer and telecommunications systems and lead to degradations in performance or systems failure. The Company may in the future experience failure of its information systems which may result in decreased levels of service delivery or interruptions in service to its customers. While the Company continually reviews and seeks to upgrade its technical infrastructure and maintains a fully integrated, offsite, backup server farm to limit the likelihood of systems overload or failure, any damage, failure or delay that causes interruptions in the Company's operations could have a material and adverse effect on the Company's business.

In addition, some of the Company's applications are hosted by third parties. Any failure on the part of third parties to maintain their equipment in good working order and to prevent system disruptions could have a material and adverse effect on the Company's business.

Theft and Risk of Physical Harm to Personnel

The Company stores and transports bank notes as part of its daily business and faces the risk of theft and employee dishonesty.

The Company maintains a crime insurance policy which provides coverage against theft and employee dishonesty, but any particular claim is subject to verification that it is within policy limits which may not be assured and may require legal proceedings to enforce coverage. The Company's Audit Committee monitors internal controls and the CEIFX technology monitors and accounts for all fund balances in real time.

In addition, employees and agents of the Company are potentially subject to physical harm if subjected to a forcible robbery. The Company's Management Committee oversees the deployment of a comprehensive security program which includes surveillance cameras, alarms, safe/vault equipment alarms and additional intrusion protection devices, as well as multiple staff on site at all times.

Risk factors (continued)

Reliance on Key Personnel

The Company currently has a small senior management group, which is sufficient for the Company's present level of activity. The Company's future growth and its ability to develop depend, to a significant extent, on its ability to attract and retain highly qualified personnel. The Company relies on a limited number of key employees, consultants and members of senior management and there is no assurance that the Company will be able to retain such key employees, consultants and senior management. The loss of one or more of such key employees, consultants or members of senior management, if not replaced, could have a material adverse effect on the Company's business, financial condition and prospects.

The development of the Company is dependent upon its ability to attract and retain key personnel, particularly the services of the President and CEO, Randolph W. Pinna. The loss of Mr. Pinna's services could have a materially adverse impact on the business of the Company. There can be no assurance that the Company can retain its key personnel or that it can attract and train qualified personnel in the future. The Company currently has key person insurance on Mr. Pinna of \$4.5 million.

Control of the Company

Randolph W. Pinna, the Chief Executive Officer and Chairman of the Company, is the principal shareholder of the Company and the promoter of the Company. Mr. Pinna beneficially owns approximately 22%, net of options, of the issued and outstanding Common Shares.

By virtue of his status as the principal shareholder of the Company and by being a director and officer of the Company, Randolph W. Pinna has the power to exercise significant influence over all matters requiring shareholder approval, including the election of directors, amendments to the Company's articles and by-laws, mergers, business combinations and the sale of substantially all of the Company's assets. As a result, the Company could be prevented from entering into transactions that could be beneficial to the Company or its other shareholders. Also, third parties could be discouraged from making a take-over bid. As well, sales by Randolph W. Pinna of a substantial number of Common Shares could cause the market price of Common Shares to decline.

Mr. Randolph Pinna's influence over the control of the Company is mitigated by the Company's appointment of a Lead Independent Director, Chirag Bhavsar, on December 7, 2012 as well as the independent majority of its Board of Directors and its Committees.

Global Economic and Financial Market Conditions

Market events and conditions, including disruption in the U.S. and Canadian, international credit markets and other financial systems and the deterioration of U.S. and Canadian, global economic conditions, could, among other things, impact tourism and impede access to capital or increase the cost of capital, which would have an adverse effect on the Company's ability to fund its working capital and other capital requirements.

Market disruptions could, among other things, make it more difficult for the Company to obtain, or increase its cost of obtaining, capital and financing for its operations. The Company's access to additional capital may not be available on terms acceptable to the Company or at all.

Market Price and Volatile Securities Markets

Market forces may render it difficult or impossible for the Company to secure purchasers to purchase its securities at a price which will not lead to severe dilution to existing shareholders, or at all. In addition, shareholders may realize less than the original amount paid on dispositions of their Common Shares during periods of such market price decline.

Management Discussion and Analysis
(All amounts expressed in U.S. Dollars unless otherwise noted)
For the three months and years ended October 31, 2015 and 2014

Risk factors (continued)

International Issuer, Management and Directors

The Company is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada. Certain of the officers and directors of the Company reside outside of Canada. Although the Company and such persons have appointed Peterson Law Professional Company as their agents for service of process in Canada, it may not be possible for investors to enforce judgments obtained in Canada against the Company or such persons.

CURRENCY EXCHANGE INTERNATIONAL, CORP.

Consolidated Financial Statements
For the years ended October 31, 2015 and 2014
(Expressed in U.S. Dollars)

CURRENCY EXCHANGE INTERNATIONAL, CORP.

Consolidated Financial Statements
For the years ended October 31, 2015 and 2014
(Expressed in U.S. Dollars)

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Independent auditor's report

Grant Thornton LLP
Suite 501
201 City Centre Drive
Mississauga, ON
L5B 2T4
T +1 416 369 7076
F +1 905 804 0509
www.GrantThornton.ca

To the shareholders of
Currency Exchange International, Corp.

We have audited the accompanying consolidated financial statements of Currency Exchange International, Corp., which comprise the consolidated statements of financial position as at October 31, 2015 and October 31, 2014, and the consolidated statements of income and comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates

made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Currency Exchange International, Corp. as at October 31, 2015 and October 31, 2014, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Grant Thornton LLP

Mississauga, Canada
January 12, 2016

Chartered Professional Accountants

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

	ASSETS	
	October 31, 2015	October 31, 2014
Current assets	\$	\$
Cash (Note 6)	43,690,996	29,630,744
Accounts receivable	2,837,689	4,178,558
Restricted cash held in escrow (Note 7)	780,583	714,121
Forward contract assets (Note 16)	210,367	117,732
Income taxes receivable (Note 11)	129,403	-
Other current assets (Note 22)	507,750	430,945
Total current assets	48,156,788	35,072,100
Property and equipment (Note 9)	722,187	668,080
Intangible assets (Note 10)	2,922,390	3,730,374
Other assets	81,045	69,650
Net deferred tax asset (Note 11)	359,586	169,098
Total assets	52,241,996	39,709,302
	LIABILITIES AND EQUITY	
Current liabilities		
Accounts payable	3,190,957	2,903,669
Accrued expenses	973,067	1,239,367
Income taxes payable	-	1,063,224
Contingent consideration - current (Note 4)	641,406	892,723
Total current liabilities	4,805,430	6,098,983
Contingent consideration - long term (Note 4)	-	585,144
Total liabilities	4,805,430	6,684,127
Equity		
Share capital	6,117,921	5,395,073
Equity reserves	27,112,536	17,032,203
Retained earnings	14,206,109	10,597,899
Total equity	47,436,566	33,025,175
Total liabilities and equity	52,241,996	39,709,302

Approved on behalf of Board of Directors:

(signed) "Randolph Pinna", Director

(signed) "Chirag Bhavsar", Director

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

CURRENCY EXCHANGE INTERNATIONAL, CORP.
Consolidated Statements of Income and Comprehensive Income
Years ended October 31, 2015 and 2014
(Expressed in U.S. Dollars)

	Year ended		
	October 31, 2015	October 31, 2014	
Revenues	\$	\$	
Commissions from trading	22,430,121	20,442,242	
Fee income	1,645,654	1,563,711	
Total revenues (Note 5)	24,075,775	22,005,953	
Operating expenses (Note 19)	16,938,331	14,816,184	
Net operating income	7,137,444	7,189,769	
Other income (expense)			
Other income	19,191	90,225	
Revaluation of contingent consideration (Note 4)	68,777	-	
Expenses related to asset acquisition (Note 4)	-	(141,353)	
Expenses related to bank application (Note 20)	(298,787)	(126,098)	
Expenses related to bought deal (Note 17)	(58,720)	-	
Total other income (expense)	(269,539)	(177,226)	
Earnings before interest, taxes, depreciation and amortization	6,867,905	7,012,543	
Interest and accretion	13,980	66,482	
Depreciation and amortization	1,354,565	924,225	
Income before income taxes	5,499,360	6,021,836	
Income tax expense (Note 11)	1,891,150	2,602,711	
Net income for the period	3,608,210	3,419,125	
Other comprehensive income, after tax			
Net income for the period	3,608,210	3,419,125	
Items that may subsequently be reclassified to profit or loss			
Exchange differences on translating foreign operations	(1,745,025)	(756,245)	
Total other comprehensive income	1,863,185	2,662,880	
Earnings per share (Note 18)			
	-basic	\$0.62	\$0.63
	-diluted	\$0.59	\$0.62
Weighted average number of common shares outstanding (Note 18)			
	-basic	5,806,235	5,391,053
	-diluted	6,068,226	5,509,753

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

CURRENCY EXCHANGE INTERNATIONAL, CORP.
Consolidated Statements of Changes in Equity
Years ended October 31, 2015 and 2014
(Expressed in U.S Dollars)

	Share Capital		Equity Reserves				Retained Earnings		Total
	Shares #	Amount \$	Share premium	Accumulated Other Comprehensive Income (Loss)	Stock Options #	Amount \$	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 17)	-	-	-	-	121,133	585,600	-	585,600	
Issue of share capital and share premium on bought deal (Note 17)	540,000	540,000	10,180,389	-	-	-	-	10,720,389	
Issue of share capital and share premium on exercise of stock options (Note 17)	182,848	182,848	1,590,961	-	(182,848)	(531,592)	-	1,242,217	
Loss on foreign currency translation	-	-	-	(1,745,025)	-	-	-	(1,745,025)	
Net income	-	-	-	-	-	-	3,608,210	3,608,210	
Balance, October 31, 2015	6,117,921	6,117,921	28,938,419	(2,787,940)	424,866	962,057	14,206,109	47,436,566	
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 17)	-	-	-	-	113,121	567,055	-	567,055	
Issue of share capital and share premium on exercise of stock options (Note 17)	4,600	4,600	39,098	-	(4,600)	(12,434)	-	31,264	
Loss on foreign currency translation	-	-	-	(756,245)	-	-	-	(756,245)	
Net income	-	-	-	-	-	-	3,419,125	3,419,125	
Balance, October 31, 2014	5,395,073	5,395,073	17,167,069	(1,042,915)	486,581	908,049	10,597,899	33,025,175	

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

CURRENCY EXCHANGE INTERNATIONAL, CORP.
Consolidated Statements of Cash Flows
Years ended October 31, 2015 and 2014
(Expressed in U.S. Dollars)

	Year ended	
	October 31, 2015	October 31, 2014
Cash flows from operating activities	\$	\$
Net income	3,608,210	3,419,125
Adjustments to reconcile net income to net cash flows from operating activities		
Depreciation and amortization	1,354,565	924,225
Stock based compensation	585,600	567,055
Change in forward contract positions (Note 16)	(96,119)	(34,302)
Deferred taxes	(193,855)	(217,232)
Revaluation of contingent consideration	(68,777)	-
Increase (decrease) in cash due to change in:		
Accounts receivable	1,161,518	(3,188,445)
Restricted cash held in escrow	(66,462)	(513,414)
Other assets	(90,821)	(102,811)
Accounts payable, accrued expenses, and income taxes payable	(1,098,138)	1,362,574
Contingent consideration	(738,976)	-
Net cash flows from operating activities	4,356,745	2,216,775
Cash flows from investing activities		
Purchase of property and equipment	(389,789)	(502,350)
Purchase of intangible assets	(253,217)	(2,533,493)
Net cash outflow from investing activities	(643,006)	(3,035,843)
Cash flows from financing activities		
Net proceeds from bought deal financing, net of share issuance costs (Note 17)	10,720,389	-
Proceeds from exercise of stock options	1,242,217	31,264
Net cash flows from financing activities	11,962,606	31,264
Net change in cash	15,676,345	(787,804)
Cash, beginning of period	29,630,744	31,130,866
Exchange difference on foreign operations	(1,616,093)	(712,318)
Cash, end of period	43,690,996	29,630,744
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the period for income taxes	3,267,318	1,900,273
Cash paid during the period for interest	13,980	20,448
Cash received during the year for interest	17,187	-

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

CURRENCY EXCHANGE INTERNATIONAL, CORP.
Notes to the Consolidated Financial Statements
Years ended October 31, 2015 and 2014

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 currently maintains a head office and three vaults that serve Canada and the United States as well as two small vaults that serve local markets on the West Coast and Northeast Regions of the United States. The Company also operates 36 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

The presentation currency of the Company's consolidated financial statements is the U.S. Dollar. The accounting policies set out in Note 2 have been applied consistently to all periods presented in these consolidated financial statements. These consolidated financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which are stated at their fair value: financial instruments classified as fair value through profit or loss ("**FVTPL**"), foreign currency forward contracts and share-based payment plans. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**"). Certain comparative figures within the consolidated financial statements have been reclassified to conform with the presentation adopted in the current period.

The consolidated financial statements were authorized for issue and approved by the Board of Directors on January 12, 2016.

Significant management judgment in applying accounting policies and estimation uncertainty

When preparing the financial statements, management makes a number of judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expense.

Significant management judgment

The following are significant management judgments in applying the accounting policies of the Company and have the most significant effect on the financial statements:

Carrying value of internally developed software

The Company makes significant judgments about the value of its proprietary software, www.ceifx.com. Once the scope of a project is deemed technologically feasible, the Company capitalizes costs incurred for the planning, development, and testing phases of modules developed within its software. Subsequent to the completion of the software development cycle, each module is amortized over its estimated useful economic life, which has been assessed as a period of five years. Costs relating to software maintenance, regular software updates, and minor software customizations are expensed as incurred. The Company reviews completed software modules within www.ceifx.com for impairment on an ongoing basis.

CURRENCY EXCHANGE INTERNATIONAL, CORP.
Notes to the Consolidated Financial Statements
Years ended October 31, 2015 and 2014

1. Nature of Operations and Basis of Presentation (continued)

Income taxes and recoverability of potential deferred tax assets

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are (i) within the Company's control, (ii) feasible, and (iii) within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

Estimation uncertainty

Estimates and underlying assumptions are reviewed on an ongoing basis. Information about estimates and assumptions that have the most significant effect on recognition and measurements of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Share-based payments

Management determines the overall expense for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. The determination of the most appropriate valuation model is dependent on the terms and conditions of the grant. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates, future employee stock option exercise behaviors and corporate performance. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 17. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Assets' carrying values and impairment charges

In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell (in the case of non-financial assets) and at objective evidence, for a significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period. The Company reviews property and equipment and intangible assets for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Amortization expense

The Company's property and equipment and intangible assets are amortized over their estimated useful economic lives. Useful lives are based upon management's best estimates of the length of time that the assets will generate revenue, which is reviewed at least annually for appropriateness. Changes to these estimates can result in variations in the amounts charged for amortization and in the assets' carrying amounts.

CURRENCY EXCHANGE INTERNATIONAL, CORP.
Notes to the Consolidated Financial Statements
Years ended October 31, 2015 and 2014

1. Nature of Operations and Basis of Presentation (continued)

Fair value measurement

Management uses valuation techniques to determine the fair value of certain financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as much as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Contingencies

The Company is subject to contingencies that are not recognized as liabilities because they are either:

- possible obligations that have yet to be confirmed whether the Company has a present obligation that could lead to an outflow of resources embodying economic benefits; or
- present obligations that do not meet recognition criteria because either it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or a sufficiently reliable estimate of the amount of the obligation cannot be made.

Refer to Notes 4, 8 and 21.

2. Accounting Policies

Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company and its wholly-owned subsidiaries, Currency Exchange International of Canada Corp. ("**CXIC**"), a corporation incorporated under the Canada Business Corporations Act and Currency Exchange International America Corp. ("**CXIA**"), a corporation incorporated under the Florida Business Corporation Act.

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. 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.

Cash

Cash includes, but is not limited to:

- local and foreign currency notes;
- local and foreign currencies held in tills and vaults;
- local and foreign currencies in transit;
- local and foreign currencies in branches or distribution centers; and
- cash in bank accounts.

Foreign cash is recorded at fair value based on foreign exchange rates as of October 31, 2015 and 2014, respectively.

CURRENCY EXCHANGE INTERNATIONAL, CORP.
Notes to the Consolidated Financial Statements
Years ended October 31, 2015 and 2014

2. Accounting Policies (continued)

Accounts receivable

Trade accounts receivable are stated net of an allowance for doubtful accounts. Accounts receivable consist primarily of bulk currency trades with a settlement cycle of 24 to 48 hours. The amount of accounts receivable varies widely from period to period due to the volume of activity and timing differences. There is minimal counter-party risk as the majority of the Company's receivables reside with banks, money service business customers and other financial institutions. The Company has longstanding relationships with most of customers and has a strong repayment history. Management estimates the allowance based on an analysis of specific customers, taking into consideration the age of past due accounts and an assessment of the customer's ability to pay. The Company does not accrue interest on past due receivables. Management determined that the allowance for doubtful accounts was \$Nil as of October 31, 2015 and 2014, respectively.

Revenue recognition

Commissions from trading are the difference between the cost and selling price of foreign currency products, including bank notes, wire transmissions, cheque collections and draft issuances (foreign currency margin) and the revaluation of open foreign exchange positions to market value, together with the net gain or loss from foreign currency forward contracts used to offset the changes in foreign exchange positions and commissions paid on the sale and purchase of currencies. The amount of this spread is based on competitive conditions and the convenience and value added services offered. These revenue streams are all reflected in commissions from trading and are recognized at the time each transaction takes place or at the end of each reporting period when revaluations of foreign exchange positions take place.

Fee income includes fees collected on cheque cashing, wire transfers, cheque collections, and currency exchange transactions. Fee income is recognized when the transaction is made on a trade date basis.

Foreign currency translation

Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the consolidated statement of financial position date are translated at rates at that date. Exchange gains and losses, which arise from normal trading activities, are included in operating expenses in the consolidated statements of income and comprehensive income when incurred. The functional currency of CXIC is the Canadian Dollar and the functional currency of the Company and CXIA is the U.S. Dollar.

In situations where the functional currency is not the same as the presentation currency, foreign currency denominated assets and liabilities are translated to their U.S. Dollar equivalents using foreign exchange rates in effect at the consolidated statement of financial position date. Revenues and expenses are translated at average rates of exchange during the period. Exchange gains or losses arising on foreign currency translation of the Canadian subsidiary are included in accumulated other comprehensive income. On disposal of a foreign operation, the related cumulative translation differences recognized in equity reserves are reclassified to profit or loss and are recognized as part of the gain or loss on disposal.

Foreign currency forward contracts

Foreign currency forward contracts are recognized on the Company's consolidated statement of financial position when the Company becomes a party to the contractual provisions of the instrument. The instrument is derecognized from the consolidated statement of financial position when the contractual rights or obligations arising from that instrument expire or are extinguished. Forward currency contracts are recognized at fair value. The gain or loss on fair value is recognized immediately in the consolidated statement of income and comprehensive income.

CURRENCY EXCHANGE INTERNATIONAL, CORP.
Notes to the Consolidated Financial Statements
Years ended October 31, 2015 and 2014

2. Accounting Policies (continued)

Leases

The Company has entered into various operating leases. Payments on operating lease agreements are recognized and expensed on a straight-line basis over the term of the lease. Associated costs, such as maintenance and insurance, are expensed as incurred.

Property and equipment

Property and equipment is initially recorded at its cost and depreciated over its estimated useful life. Cost includes expenditures which are directly attributable to bringing the asset into working condition for its intended use. Depreciation is calculated on a straight line basis, as follows:

Vehicles	3 years
Computer equipment	3 years
Furniture and equipment	3 years
Leasehold improvements	lesser of the lease term or useful life

When parts of an asset have different useful lives, depreciation is calculated on each separate part. In determining the useful lives of the component parts, the Company considers both the physical condition of the parts as well as technological life limitations. Estimates of remaining useful lives and residual values are reviewed annually. Changes in estimates are accounted for prospectively.

Provisions

Provisions are recognized when, (a) the Company has a present obligation (legal or constructive) as a result of a past event, and (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of income and comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

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 U.S. Exchange House, Inc. ("**USEH**") (Note 4). Costs that are directly attributable to a project's development phase are recognized as intangible assets, provided they have met the following recognition requirements:

- the development costs can be measured reliably;
- the project is technically and commercially feasible ;
- the Company intends to and has sufficient resources to complete the project;
- the Company has the ability to use or sell the software; and
- the software will generate probable future economic benefits.

Development costs not meeting these criteria for capitalization are expensed as incurred.

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

CURRENCY EXCHANGE INTERNATIONAL, CORP.
Notes to the Consolidated Financial Statements
Years ended October 31, 2015 and 2014

2. Accounting Policies (continued)

Residual values and useful lives are reviewed at each reporting date.

Share-based payments

The Company's share option plan allows certain employees, directors and consultants to acquire shares of the Company. Equity settled share based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a graded vesting basis over the period during which the employee, director or consultant becomes unconditionally entitled to the equity instruments, based on the Company's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at FVTPL which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Financial assets

Financial assets within the scope of International Accounting Standards ("IAS") 39 *Financial Instruments: Recognition and Measurement ("IAS 39")* are classified as financial assets at FVTPL, loans and receivables, held-to-maturity investments or available-for-sale financial assets for purposes of subsequent measurement. The Company determines the classification of its financial assets at initial recognition. Note that the Company does not hold any held-to-maturity or available-for-sale financial assets.

All financial assets except for those at FVTPL are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

Fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or they meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments fall into this category, except for those designated as effective hedging instruments, for which the hedge accounting requirements apply. Assets within this category are initially recognized at fair value with changes in fair value recorded profit or loss. The fair values of financial assets in this category are determined by reference to active market transaction or using a valuation technique where no active market exists. Cash in local and foreign currencies held in tills, vaults, or in transit as well as derivatives are included in this category of financial assets.

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The resulting gain or loss is recognized in profit or loss immediately. A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized 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 realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

CURRENCY EXCHANGE INTERNATIONAL, CORP.
Notes to the Consolidated Financial Statements
Years ended October 31, 2015 and 2014

2. Accounting Policies (continued)

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Financial assets including accounts receivable, income taxes receivable, financial instruments included in other current assets and restricted cash held in escrow are all classified as loans and receivables.

Individually significant receivables are considered for impairment when they are past due or when objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the type of counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Financial liabilities

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss or other financial liabilities. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value. The Company's financial liabilities include accounts payable, accrued expenses and contingent consideration. All financial liabilities are classified as other financial liabilities, with the exception of contingent consideration, which is classified as fair value through profit or loss.

Other financial liabilities

Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition.

Financial instruments recorded at fair value

Financial instruments recorded at fair value in the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- 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; and
- Level 3: unobservable inputs for the asset or liability.

Earnings per share

The Company presents basic and diluted earnings per share data for its common shares, calculated by dividing the earnings attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the earnings attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive warrants and options outstanding that may add to the total number of common shares.

CURRENCY EXCHANGE INTERNATIONAL, CORP.
Notes to the Consolidated Financial Statements
Years ended October 31, 2015 and 2014

2. Accounting Policies (continued)

Income taxes

Current income tax assets and liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the consolidated statement of financial position date.

Deferred income taxes are calculated using the liability method on temporary differences. Tax losses available to be carried forward as well as other income tax credits are assessed for recognition as deferred tax assets.

Deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted at the consolidated statement of financial position date. This provision is not discounted. Deferred tax liabilities are generally recognized in full, although IAS 12 *Income Taxes* (“**IAS 12**”) specifies limited exemptions. Deferred tax assets are recognized to the extent that it is probable that they will be able to be offset against future taxable income.

Management bases its assessment of the probability of future taxable income on the Company's latest approved forecasts, which are adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The specific tax rules in the numerous jurisdictions in which the Company operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, that deferred tax asset is recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

Changes in deferred tax assets and liabilities are recognized as a component of tax expense in the consolidated statement of income and comprehensive income, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

3. New Accounting Policies and Future Accounting Pronouncements

New accounting policies

IFRIC 21 Levies (“**IFRIC 21**”) was issued in May 2013 and is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. A levy is an outflow of resources embodying economic benefits that is imposed by government on entities in accordance with legislation, other than income taxes within the scope of IAS 12 and fines or other penalties imposed for breaches of legislation. IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The Company has adopted this standard for the annual period commencing November 1, 2014. The adoption of this standard had no impact on the Company's financial results.

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. The Company has adopted this standard for the annual period commencing November 1, 2014. The adoption of this standard had no impact on the Company's financial results.

CURRENCY EXCHANGE INTERNATIONAL, CORP.
Notes to the Consolidated Financial Statements
Years ended October 31, 2015 and 2014

3. New Accounting Policies and Future Accounting Pronouncements (continued)

Future accounting pronouncements

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

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

IFRS 15 *Revenue from Contracts with Customers* (“**IFRS 15**”) was issued in May 2014. IFRS 15 replaces IAS 18 *Revenue*, IAS 11 *Construction Contracts*, and some revenue related Interpretations. IFRS 15 establishes a new control-based revenue recognition model; changes the basis for deciding whether revenue is to be recognized over time or at a point in time; provides new and more detailed guidance on specific topics; and expands and improves disclosures about revenue. In July 2015, the IASB approved a one-year deferral of the effective date of IFRS 15 to fiscal periods beginning on or after January 1, 2018, with early adoption permitted. The Company has not yet determined the impact of IFRS 15 on its consolidated financial statements.

4. 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 has two additional contingent payments of up to a maximum of \$1,325,000 each and payable within sixty days of the first and second anniversary after closing. The additional payments are based on the amount of revenue generated from the customer trading relationships acquired. During the year ended October 31, 2015, the Company recorded expenses of \$Nil in legal and other professional fees to complete the transaction (2014 - \$141,353).

The Company estimated the likelihood of future revenues to determine the estimated contingent consideration. Management 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 wholly to customer trading relationships. Subsequent to the first anniversary of the closing, the actual amount of contingent consideration paid to USEH was \$767,684. As a result, the Company realized a revaluation adjustment of \$125,039 to the first year’s contingent consideration within the statement of income and comprehensive income. At the end of the reporting period, the remaining contingent consideration was reassessed and the Company recorded a revaluation of contingent consideration of \$56,262 resulting a net revaluation of contingent consideration of \$68,777 for the year ended October 31, 2015. 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 second year’s anniversary contingent consideration by approximately \$230,000.

CURRENCY EXCHANGE INTERNATIONAL, CORP.
Notes to the Consolidated Financial Statements
Years ended October 31, 2015 and 2014

4. Purchase of assets from U.S. Exchange House, Inc. (continued)

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
Property and Equipment and prepaid assets	59,584
Acquired software	480,000
Total	<u>\$3,827,867</u>

5. 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
Year ended October 31, 2015	17,694,904	6,380,871	24,075,775
Year ended October 31, 2014	11,949,822	10,056,131	22,005,953

Assets	At October 31, 2015			At October 31, 2014		
	United States	Canada	Total	United States	Canada	Total
	\$	\$	\$	\$	\$	\$
Cash	32,102,749	11,588,247	43,690,996	2,241,023	27,389,721	29,630,744
Accounts receivable	1,456,074	1,381,615	2,837,689	19,610	4,158,948	4,178,558
Restricted cash held in escrow	780,583	-	780,583	-	714,121	714,121
Forward contract assets	147,426	62,941	210,367	-	117,732	117,732
Income taxes receivable	257,166	(127,763)	129,403	-	-	-
Other current assets	496,980	10,770	507,750	273,774	157,171	430,945
Property and equipment	634,800	87,387	722,187	528,048	140,032	668,080
Intangible assets	2,175,015	747,375	2,922,390	2,675,720	1,054,654	3,730,374
Other assets	81,045	-	81,045	34,137	35,513	69,650
Net deferred tax asset	332,850	26,736	359,586	174,890	(5,792)	169,098
Total assets	<u>38,464,688</u>	<u>13,777,308</u>	<u>52,241,996</u>	<u>5,947,202</u>	<u>33,762,100</u>	<u>39,709,302</u>

CURRENCY EXCHANGE INTERNATIONAL, CORP.
Notes to the Consolidated Financial Statements
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6. Cash

Included within cash of \$43,690,996 at October 31, 2015 (2014 - \$29,630,744) are the following balances:

	At October 31, 2015	At October 31, 2014
	\$	\$
Cash held in transit, vaults, tills and consignment locations	29,745,213	21,826,848
Cash deposited in bank accounts in jurisdictions in which the Company operates	13,945,783	7,803,896
Total	<u>43,690,996</u>	<u>29,630,744</u>

7. 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 \$780,583 at October 31, 2015 (2014 - \$714,121).

8. 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 year ended October 31, 2015 was \$2,435,837 (2014 - \$2,024,290).

The following is a schedule of future minimum rental payments under these lease agreements:

	Within 1 year	1 to 5 years	after 5 years	Total
	\$	\$	\$	\$
October 31, 2015	1,887,044	3,440,553	23,506	5,351,103
October 31, 2014	1,512,998	2,685,856	7,380	4,206,234

CURRENCY EXCHANGE INTERNATIONAL, CORP.
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9. Property and Equipment

Property and equipment consist of the following:

	Vehicles	Computer equipment	Furniture and equipment	Leasehold improvements	Total
Cost	\$	\$	\$	\$	\$
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	-	15,463	125,845	246,151	387,459
Disposals	(16,520)	-	-	-	(16,520)
Net exchange differences	-	(3,404)	(11,139)	(21,211)	(35,754)
Balance, October 31, 2015	48,601	226,055	428,223	1,278,617	1,981,496
Depreciation	\$	\$	\$	\$	\$
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	16,200	40,057	72,673	189,260	318,190
Disposals	(16,520)	-	-	-	(16,520)
Net exchange differences	-	(2,281)	(6,464)	(11,849)	(20,594)
Balance, October 31, 2015	33,381	168,405	245,185	812,338	1,259,309
Carrying amounts	\$	\$	\$	\$	\$
Balance, October 31, 2014	31,420	83,367	134,541	418,752	668,080
Balance, October 31, 2015	15,220	57,650	183,038	466,279	722,187

10. Intangible assets

Intangible assets consist of the following:

	Internally developed software	Acquired software	Customer trading relationships	Total
Cost	\$	\$	\$	\$
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	253,217	-	-	253,217
Balance, October 31, 2015	980,224	480,000	3,288,283	4,748,507
Amortization	\$	\$	\$	\$
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	163,544	240,000	632,831	1,036,375
Net exchange differences	-	-	24,826	24,826
Balance, October 31, 2015	404,665	380,000	1,041,452	1,826,117
Carrying amounts	\$	\$	\$	\$
Balance, October 31, 2014	485,886	340,000	2,904,488	3,730,374
Balance, October 31, 2015	575,559	100,000	2,246,831	2,922,390

CURRENCY EXCHANGE INTERNATIONAL, CORP.
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11. Income Taxes

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities as of October 31, 2015 and 2014 consist of the following:

	<u>October 31, 2015</u>	<u>October 31, 2014</u>
	\$	\$
Deferred tax assets		
Accrued expenses	70,459	45,444
Stock based compensation	383,692	340,748
Other	59,176	27,811
Net intangible assets	58,133	-
Total deferred tax assets	<u>571,460</u>	<u>414,003</u>
Deferred tax liabilities		
Net intangible assets	-	(187,175)
Net property and equipment	(211,874)	(57,730)
Total deferred tax liabilities	<u>(211,874)</u>	<u>(244,905)</u>
Net deferred tax asset	<u>359,586</u>	<u>169,098</u>

Reconciliation of the provision for income taxes to the amount calculated using the Company's statutory tax rate for the year ended October 31, 2015 and 2014 are as follows:

	<u>October 31, 2015</u>	<u>October 31, 2014</u>
	\$	\$
Income before taxes	5,499,360	6,021,836
Statutory tax rate	38.5%	38.5%
Tax expense at statutory rate	2,117,254	2,318,407
Tax on intercompany return of capital	600,000	210,192
Tax on sale of subsidiary to related party	190,000	-
Recovery on exercise of director and employee stock options	(989,700)	-
Withholding tax payment	-	79,541
Foreign tax rate adjustment	(130,762)	(70,252)
Other non-deductible differences	104,358	64,823
Income tax expense	<u>1,891,150</u>	<u>2,602,711</u>

The enacted tax rates in the United States of 38.5% (2014 - 38.5%) and Canada of 26.5% (2014 – 26.5%) where the Company operates are applied in the in the tax provision calculation.

The provision for income taxes for the year ended October 31, 2015 and 2014 consists of the following:

	<u>October 31, 2015</u>	<u>October 31, 2014</u>
	\$	\$
Current tax expense	2,081,638	2,819,943
Deferred tax (benefit) expense	(190,488)	(217,232)
Income tax expense	<u>1,891,150</u>	<u>2,602,711</u>

CURRENCY EXCHANGE INTERNATIONAL, CORP.
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12. 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.

13. Line of credit

The Company maintains a line of credit for access to capital during peak business periods. The Company has a revolving line of credit with BMO Harris Bank, N.A. for up to \$10,000,000. 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 October 31, 2015 – 2.19%). At October 31, 2015, the balance outstanding was \$Nil (2014 - \$Nil).

14. Fair Value Measurement of Financial Instruments

Financial assets and financial liabilities measured at fair value in the consolidated statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as outlined in Note 2.

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

There were no transfers between Level 1 and Level 2 during the year ended October 31, 2015 and 2014. The following table shows the Levels within the hierarchy of financial assets and liabilities measured at fair value.

	At October 31, 2015			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets				
Cash	43,690,996	-	-	43,690,996
Forward contract assets	-	210,367	-	210,367
Total assets	43,690,996	210,367	-	43,901,363
Financial Liabilities				
Contingent consideration	-	-	641,406	641,406
Total liabilities	-	-	641,406	641,406
	At October 31, 2014			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets				
Cash	29,630,744	-	-	29,630,744
Forward contract assets	-	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

CURRENCY EXCHANGE INTERNATIONAL, CORP.
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14. Fair Value Measurement of Financial Instruments (continued)

Cash (Level 1)

The Company's cash balances 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 October 31, 2015 and 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 expected to be 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 October 31, 2015, see Note 4. The fair value estimate of cash outflows is \$641,406 at October 31, 2015. This reflects management's best estimate of a retention rate of key acquired customers.

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
- Accounts payable, accrued expenses, and income taxes receivable payable

15. 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.

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15. 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 customers and other financial institutions. The company has longstanding relationships with most of its customers and has a strong repayment history. For the purpose of risk control, the customers are grouped as follows: domestic and international banks, money service businesses, and other customers. Credit limits are established for each customer, whereby the credit limit represents the maximum open amount without requiring payments in advance. These limits are reviewed regularly by senior management. Due to seasonality, amounts in accounts receivable are usually at their highest during peak periods.

A breakdown of accounts receivable by category is below:

	At October 31, 2015	At October 31, 2014
Customer type	\$	\$
Domestic and international banks	1,217,511	2,953,383
Money service businesses	1,600,658	1,204,410
Other	19,520	20,765
Total	<u>2,837,689</u>	<u>4,178,558</u>

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 October 31, 2015 was approximately \$5,475,000 (2014 - \$5,725,000). The amount of currency that is unhedged and that is not pegged to the U.S. Dollar is approximately \$3,660,000 (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 +\$73,000/-\$73,000 (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.

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15. Risk Management (continued)

Interest Rate Risk

At October 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 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 13.

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 year ended October 31, 2015 would have been approximately +\$1,800/- \$1,800 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 October 31, 2015				
Non-derivative financial liabilities	Carrying amount	Estimated contractual amount	Next fiscal year	Future fiscal years
	\$	\$	\$	\$
Accounts payable	3,190,957	3,190,957	3,190,957	\$Nil
Accrued expenses	973,067	770,361	770,361	\$Nil
Contingent consideration	641,406	641,406	641,406	\$Nil
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 \$10,000,000 at October 31, 2015.

CURRENCY EXCHANGE INTERNATIONAL, CORP.
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15. 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.

	October 31, 2015	October 31, 2014
Current assets	48,156,788	35,072,100
Current liabilities	<u>(4,805,430)</u>	<u>(6,098,983)</u>
Working capital	<u>43,351,358</u>	<u>28,973,117</u>

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.

16. 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 from trading on the consolidated statements of income and comprehensive income. The Company's management strategy is to reduce the risk of fluctuations associated with foreign exchange rate changes. The foreign currency forward contracts can be closed immediately resulting in the collateral being liquidated.

The fair value of forward contracts, which represents the amount that would be received/(paid) by the Company if the forward contracts were terminated at October 31, 2015 was \$210,367 (2014 - \$117,732).

At October 31, 2015 and October 31, 2014 approximately \$780,583 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 7.

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

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17. Equity (continued)

On March 12, 2015, the Company completed a bought deal private placement offering (“**Offering**”) by issuing 540,000 common shares at a price of \$21.06 (Cdn\$26.75) for aggregate gross proceeds of \$11,371,104 (Cdn\$14,445,000). In connection with the Offering, the Company paid commission to the agents in the amount of \$596,983 and incurred other professional fees and expenses of \$108,516 for a total cost of \$705,499. \$650,715 of the fees were deducted from the gross proceeds resulting in net proceeds of \$10,720,389 from the offering. \$58,720 related to the listing of the common shares was expensed in the period.

In June of 2015, 176,174 employee and director stock options were exercised for proceeds of \$1,197,029 (Cdn\$1,495,164). Upon exercise of the options, the Company deducted the difference between the fair market value of the options and the option strike price from taxable income resulting in a reduction in current income tax payable of \$989,700 during the year ended October 31, 2015. See Note 11.

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 (\$)
4-May-12	4-May-17	7.30	90,000	0.78%	45%	7.50	2.84
17-Dec-12	18-Dec-17	6.75	116,000	0.74%	49%	7.50	2.66
3-May-13	3-May-18	7.35	22,000	0.73%	38%	7.65	2.42
29-Oct-13	29-Oct-18	10.86	35,640	1.29%	35%	10.86	3.44
29-Oct-13	29-Oct-18	10.86	114,420	1.29%	35%	10.86	3.44
9-Jul-14	9-Jul-19	13.24	1,762	1.70%	29%	13.24	3.58
30-Oct-14	30-Oct-19	18.00	87,215	1.61%	27%	16.21*	4.97
30-Oct-14	30-Oct-19	18.00	24,144	1.61%	27%	16.21*	4.97
11-Mar-15	11-Mar-20	28.40	2,726	1.62%	25%	28.15*	5.75
30-Oct-15	30-Oct-20	23.50	28,972	1.47%	32%	24.64*	5.10
30-Oct-15	30-Oct-20	23.50	89,435	1.47%	32%	24.64*	5.10

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

The outstanding options at October 31, 2015 and 2014 and the respective changes during the periods are summarized as follows:

	Number of options #	Weighted average 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
Granted	121,133	24.72
Exercised	(182,848)	8.49
Outstanding at October 31, 2015	424,866	15.49

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17. Equity (continued)

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

Grant Date	Exercise price (Cdn\$)	Number outstanding	Average remaining contractual life (years)	Number exercisable
4-May-12	7.50	45,000	1.51	45,000
17-Dec-12	7.50	40,001	2.13	1,334
3-May-13	7.65	7,333	2.51	-
29-Oct-13	10.86	23,760	3.00	23,760
29-Oct-13	10.86	76,280	3.00	38,140
30-Oct-14	16.21	87,215	4.00	29,071
30-Oct-14	16.21	24,144	4.00	24,144
11-Mar-15	28.15	2,726	4.36	-
30-Oct-15	24.64	28,972	5.00	-
30-Oct-15	24.64	89,435	5.00	-
Total		424,866		161,449

18. Earnings per Common Share

The calculation of earnings per share is presented below. Diluted earnings per share for the year ended October 31, 2015 and 2014 included all stock options outstanding with the exception of the most recent grant on October 30, 2015.

	Year ending	
	October 31, 2015	October 31, 2014
Basic		
Net income	\$3,608,210	3,419,125
Weighted average number of shares outstanding	5,806,235	5,391,053
Basic earnings per share	\$0.62	\$0.63
Diluted		
Net income	\$3,608,210	3,419,125
Weighted average number of shares outstanding	6,068,226	5,509,753
Diluted earnings per share	\$0.59	\$0.62

19. Operating expenses

	Year Ended	
	October 31, 2015	October 31, 2014
	\$	\$
Salaries and benefits	9,247,602	7,363,075
Rent	2,435,837	2,024,290
Legal, professional and director's fees	907,806	915,745
Postage and shipping	1,974,032	1,729,684
Stock based compensation	585,600	567,055
Other general and administrative	1,787,454	2,216,335
Operating expenses	16,938,331	14,816,184

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20. Expenses Related to Bank Application

On November 23, 2012, the Company submitted its application to continue its wholly-owned Canadian 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” 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 year ended October 31, 2015, the Company recognized legal and administrative expenses of \$298,787 in relation to the application process (2014 – \$126,098).

21. 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 year ended October 31, 2015 and 2014 was as follows:

	Year ended	
	October 31, 2015	October 31, 2014
	\$	\$
Short-term benefits	1,212,147	1,275,100
Post-employment benefits	39,025	30,123
Stock based compensation	559,717	542,876
	<u>1,810,889</u>	<u>1,848,099</u>

The Company incurred legal and professional fees in the aggregate of \$42,409 for the year ended October 31, 2015 (2014 - \$138,218) charged by entities controlled by directors or officers of the Company.

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

22. Other current assets

	Year ended	
	October 31, 2015	October 31, 2014
	\$	\$
Prepaid rent	175,128	171,428
Prepaid insurance	105,187	105,522
Due on debit and credit cards	85,554	40,177
Other assets	141,881	113,818
Total	<u>507,750</u>	<u>430,945</u>

23. Subsequent Events

The Company evaluated subsequent events through January 12, 2016, the date these financial statements were issued. There were no material subsequent events that required recognition or additional disclosure in the financial statements.

BOARD OF DIRECTORS



Randolph W. Pinna
CEO, President, Chairman of the Board

Mr. Pinna was appointed the Chief Executive Officer, President and Director of CXI when it began operating in October 2007. From 1989 to 2003, Mr. Pinna was President, Chief Executive Officer and Director of Foreign Currency Exchange Corp. and remained in this role after the friendly acquisition by Bank of Ireland Group until October 2007. Mr. Pinna was responsible for the growth of Foreign Currency Exchange Corp. from a small, one location operation in Tampa, Florida to an international, publicly-traded company listed on the TSX. Mr. Pinna has more than 25 years of experience in international banking with an emphasis on foreign exchange.



Joseph August
Director of CXI
Independent Board
Member



Chirag Bhavsar
Lead Director of CXI
Independent Board
Member



Mark D. Mickleborough
Director of CXI
Board Member



V. James Sardo
Director of CXI
Independent Board
Member



Linda Stromme
Director of CXI
Independent Board
Member



James D.A. White
Director of CXI
Independent Board
Member

Currency Exchange International, Corp.
6675 Westwood Boulevard, Suite 300
Orlando, FL 32821
U.S.A.
www.ceifx.com
U.S.A. (888) 998 3948

Currency Exchange International of Canada Corp.
390 Bay Street
Toronto, Ontario M5H 2Y2
Canada
www.ceifx.com
Canada (888) 223 3934

Shareholder Information

Annual Meeting of Shareholders

Shareholders are invited to attend the annual meeting of Currency Exchange International, Corp. to be held on March 9, 2016 at 4:30 p.m. (EST) at: 333 Bay Street, 46th Floor, Toronto, Ontario, Canada M5H 2S5

Investor Relations

Financial Analysts, portfolio managers and other investors requiring financial information may contact our Investor Relations' departments:
(USA) Telephone: (407) 240 0224
(USA) Toll-Free: (888) 998 3948
(USA) Email: InvestorRelations@ceifx.com
(CANADA) Telephone: (416) 479 9547
(CANADA) Email: bill.mitoulas@ceifx.com

Shareholder Services

For information or assistance regarding your share account, including dividends, changes of address or ownership, lost certificates, to eliminate duplicate mailings or to receive shareholder material electronically, please contact our Transfer Agents in Canada.

Transfer Agent

Computershare Investor Services
100 University Avenue, 8th Floor, South Tower
Toronto, Ontario Canada M5J 2Y1
Telephone: (800) 564 6253 (Toll Free)
Facsimile: (888) 453 0330 (Toll Free)
Web Site: www.computershare.com
Computershare offices are also located in Calgary, Halifax, Montreal, Richmond Hill and Vancouver.

Auditors

Grant Thornton LLP
Chartered Professional Accountants
Licensed Professional Accountants
Mississauga, Canada



CURRENCY EXCHANGE
INTERNATIONAL