CURRENCY EXCHANGE
INTERNATIONAL

Currency Exchange International
2016 Annual Report

FINANCIAL HIGHLIGHTS

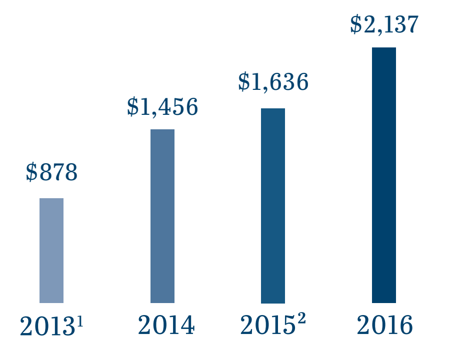
	2013[1]	2014	2015[2]	2016
Exchange Volume: In Millions	$878	$1,456	$1,636	$2,137
Total Revenue: In Millions	$16.0	$22.0	$24.1	$26.8
Total Assets: In Millions at Fiscal Year End	$33.7	$39.7	$52.1	$62.2

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

Exchange Volume 31%

$ Millions

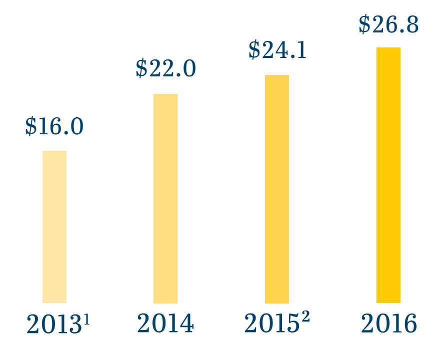
Year Over Year



Total Revenue 12%

$ Millions

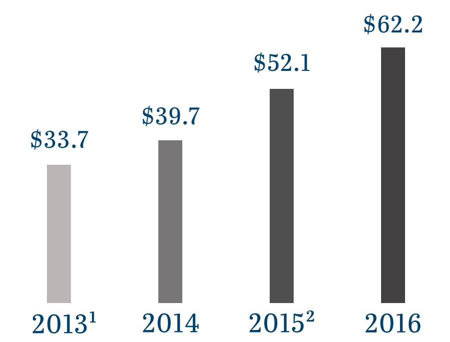
Year Over Year



Total Assets 19%

$ Millions

Year Over Year



Corporate Customers and Transacting Locations

	2013[1]	2014	2015	2016
Company-Owned Branch Locations	26	32	36	38
Wholesale Company Relationships	364	469	521	928
Transacting Locations	5,741	8,274	10,157	13,603

Key Ratios

	2015[2]	2016
Earnings Per Share	$0.77	$0.58
Return On Assets	10.2%	6.4%
Return On Equity	11.7%	7.5%
Operating Margin	29.6%	25.6%

Quarterly Stock Price (TSX:CXI)

Q1	Q2	Q3	Q4
Ended 1/31/2016	Ended 4/30/2016	Ended 7/31/2016	Ended 10/31/2016
$19.60	$24.31	$27.20	$30.50

TSX stock prices are quoted in Cdn$

[1] 13 month period-ended October 31, 2013

[2] Restatement made in Fiscal Year 2015 to correct the presentation of a gain on foreign exchange along with its corresponding income tax impact which was required to be presented under IFRS as other income. The foreign exchange gain was previously disclosed under comprehensive income with no corresponding tax provision. The restatement does not impact the Company's revenues, operating expenses, or net operating income.

Randolph W. Pinna
President and
Chief Executive Officer

Shareholder's Equity
$ Millions

October 31, 2016	$50.8
October 31, 2015	$46.8
October 31, 2014	$33.0
October 31, 2013	$29.8

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

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, 2016.

CXI's Growth in 2016

During the fiscal 2016 year, CXI accomplished many important objectives toward its goal of growing into a significant foreign exchange bank provider of FX services. The most notable accomplishment was that CXI's wholly-owned subsidiary in Canada did receive approval to continue as Exchange Bank of Canada ("EBC"), a Toronto based, Schedule I Canadian Bank.

This bank status allows our group to expand its wholesale correspondent relationships that will support its ability to grow its customer base in all aspects of the business, especially international payments, which includes cheque processing.

In the US and Canada, both sales teams continued their success in gaining additional market share by acquiring 407 new customer contracted relationships, bringing the total number of transacting locations to over 13,600 as of October 31, 2016. This represents an increase of over 33%.

The CXI retail operation added two new company-owned branches, one additional in Southern California, and CXI's first and only store in Honolulu's Waikiki Beach. CXI will continue to grow its retail selectively in areas that are in need of a new FX retail solution.

This expansion of retail and wholesale locations contributed to revenue growth for a total revenue of US $26.8 million, up 11.5% from the previous year. Due to higher operating costs and investment into expanding CXI's and Exchange Bank of Canada's payment business, costs grew faster, causing net operating income to slip to $6.87 million down from $7.13 million the previous year.

While the CXI board agrees to continue to invest significantly into expanding its current payment business with enhancements to both CXI's proprietary software and the leadership team driving this expansion, CXI's new customers and sales expansion will allow CXI to eventually reverse this trend and see impressive growth in both top and bottom line income.

Human Resources

The most noticeable new costs that exist are in the form of payroll at both businesses. CXI recruited a top sales executive, Senior Vice President of Sales (Bob Dowd), from a leading prominent specialty FX payment business in Toronto. More recently, a senior operations executive (Sharna Gayle) has joined from the same company, further enhancing the experience of the management team. Additional new hires in sales managers occurred both in the US and Canada, which is in addition to the added compliance personnel employed to ensure safe, compliant growth that is planned for the next few years.

PRESIDENT'S LETTER

Additional changes in Senior Management will occur in the current year, allowing CXI group to retain the best resources for both businesses for many years to come.

At the CXI board level, I am proud to have Bryan Osmar formally elected and expand the board number to eight at CXI and EBC, one more than the required seven-member board required in the Bank Act for a Schedule I Canadian Bank. In his senior roles at RBC, where he retired last year as Managing Director, Head of Market Infrastructure and as Director at CLS Bank, he obtained valuable experience in every aspect of foreign exchange and international banking.

Strategic Growth

CXI will continue to grow its capabilities in banknote and payment processing for banks and select corporations in both its primary jurisdictions with its expanded payment products including its new Global EFT offering, allowing for low cost international payments using the local banking systems as opposed to a traditional SWIFT wire payment. Expansion of digital processing of cheque items is another area that the company is focused in rapidly expanding FX volumes/revenues using the latest technology in the banking sectors.

FX ATMs, while being a smaller business is another area that CXI sees noticeable profit growth potential and its pilot of ATMs launched in the year prior, has proven to be a successful use of capital.

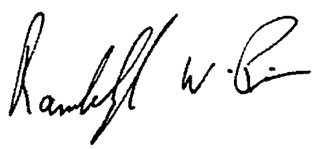
Positioned for Continued Growth

With the enhanced management team and software, combined with Exchange Bank of Canada's ability to be a leading FX bank, our Board of Directors and management team are confident in its ability to execute on its expansion plan.

We are proud of the accomplishments of the past year while we stay focused on the growth of revenues and profits in the years ahead. I am proud of the loyal team of nearly 280 employees across the US and Canada who will all work together to grow our group to record levels of trading activities.

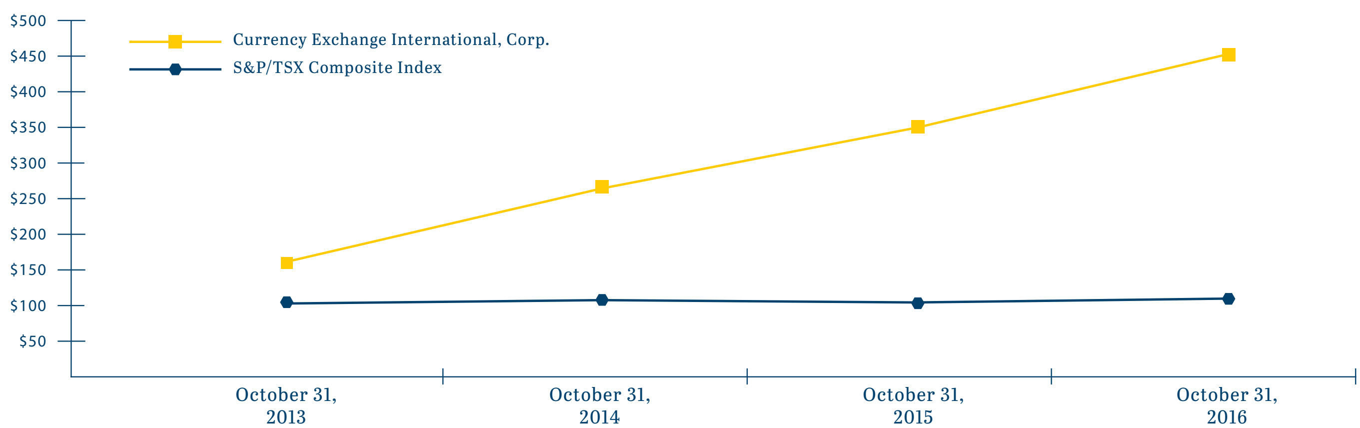
I personally thank all of CXI's customers, employees, directors, shareholders, and friends for their continued support of our organization. I always remain available for feedback and to discuss our company and its business with you personally.

Sincerely,



Randolph W. Pinna
President and Chief Executive Officer

Shareholder Performance Graph



	09/03/12	31/10/13	31/10/14	31/10/15	31/10/16
CXI/TSX	$100	$168.42	$280.45	$354.59	$458.65
S&P/TSX Composite Index	$100	$106.86	$116.87	$111.96	$118.26

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.

CXI SNAPSHOT

2007 -2009

- Operations at CXI commence when Randolph Pinna purchases eight retail branches of Foreign Currency Exchange Corp. from the Bank of Ireland Group.
- CXI officially launches its proprietary, web-based FX software - CEIFX.
- CXI commences services for financial institutions, allowing its wholesale partnerships to grow rapidly.

2010 -2012

- 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.
- CXI Canada is established and its Toronto vault begins operations.
- CXI completes its IPO on the Toronto Stock Exchange (TSX).
- CXI Canada files an application to be continued as a new Schedule I Candian Bank.

2013 -2015

- 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.
- CXI buys certain assets of U.S. Exchange House in the U.S. and Canada, merging them within its business operations.
- CXI's west coast vault in California moves to Los Angeles, increasing service capacity and operational support.

2016

- CXI exchanges more than $2.1 billion in total exchange volume and ends the year with more than $62.2 million in assets.
- TSX:CXI Marketcap surpasses Cdn$180million.
- CXI owns and operates 38 branch locations.
- CXI Canada continues as a new Schedule I Bank in Canada called Exchange Bank of Canada in English and Banque de change du Canada in French.

EBC SNAPSHOT

EXCHANGE BANK™ OF CANADA

BANQUE DE CHANGE^MC DU CANADA

TOTAL REVENUE*	WHOLESALE RELATIONSHIPS	TRANSACTING LOCATIONS
$4.8 MILLION	348 ADDED IN 2016	1,282 ADDED IN 2016

On September 19, 2016, Currency Exchange International of Canada Corp., CXI's wholly-owned subsidiary, continued as Exchange Bank of Canada (EBC), in English, and Banque de change du Canada, in French, and is now operating as a Canadian Schedule I Bank.

EBC is one of 30 Schedule I Canadian Banks regulated under the Bank Act in Canada and is a specialized foreign exchange bank focused on facilitating the international banking service needs of Canada's businesses including the exchange of foreign currencies, international wire transfers, Global EFT payments, sale of foreign bank drafts, and foreign cheque clearing.

As a specialty bank, Exchange Bank of Canada identifies and creates foreign exchange solutions leveraging its global banking and logistical relationships to provide significant financial and operational efficiencies for its clients. EBC instills confidence in its clients by enhancing their resources through integrated technology, unparalleled customer service and industry knowledge.

*Total revenue for Currency Exchange International of Canada Corp and Exchange Bank of Canada in fiscal year 2016

Foreign Banknote Exchange | International Wire Transfers | Global EFT Payments | Foreign Draft Payments | Foreign Cheque Clearing

BUSINESS OPERATIONS

Business Overview

CXI's growth as a foreign currency and international payments provider in North America is based on successfully pairing the company's resources and relationships. Through strategic partnerships, both have continued to expand, allowing the company to further support and gain new clients. Clients of CXI find the company is adept at working closely with them to identify their needs or challenges and provide solutions that address their unique situation.

CXI has built a scalable foreign exchange business as it became an industry leader. The company services hundreds of financial institutions, ranging from top 10 U.S. banks, as ranked by number of locations, to banker's banks that roll CXI's services down to their own set of financial institution customers. Now, Exchange Bank of Canada acts as a banker's bank in Canada and continues the momentum of its Canadian business. In all, CXI services more than 13,000 transacting locations that interact with CXI as their currency exchange provider. CXI's company-owned locations in the U.S. directly service consumers immediately with walkup currency exchange.

In the U.S., CXI's company-owned branches provide a balance of higher margin currency trades with individuals. Since its branch network is a net buyer of foreign currency, these higher margin transactions serve as a way to source foreign currencies the company can then make available through its network of relationships, such as financial institutions, who are generally net sellers of foreign currency. 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.

CXI's expertise in the specialized field of foreign exchange, as well as its experience and technology, build a foundation to enhance its client's operations. Whether it's a financial institution, money service business (MSB), corporation, or individual, CXI creates mutually beneficial relationships as clients experience convenience, high quality customer service, industry best practices, cost-savings and business efficiencies.

Company-Owned Branch Network

CXI's company-owned branch network continues its positive growth trajectory within the company providing significant and consistent revenue. Through hundreds of thousands of walk-up transactions a year, consumers are introduced to CXI's brand and experience the company's commitment to delivering a quality product with a high level of customer service. CXI added two company-owned locations increasing its total from 36 branches to 38 in the 2016 fiscal year. Management is committed to finding additional location opportunities and is judicious in selecting when and where it opens company-owned locations moving forward in markets and environments with the most positive indicators of success based on its internal evaluation process.

CXI dedicates time and resources to analyzing new products, as well as new company-owned locations, with the goal of leveraging its company-owned branch footprint without deteriorating the quality of its core business. Key criteria for new product offerings are that they must complement the current business, drive new revenue and be executed at CXI's customer service standards. In 2016's fiscal year, the company launched the sale of three of the most popular and recognized consumer gold products being the gold American Eagle coin, the Canadian Maple Leaf and the Royal Canadian Mint gold wafer.

CXI opened its first expansion location of 2016's fiscal year at Glendale Galleria in Glendale, California. The shopping center is in a major suburb of the Greater Los Angeles area, which as a whole has proven to be an attractive market for CXI. In the fourth quarter of the 2016 fiscal year, CXI began transacting at its first company-owned branch in Hawaii. The branch opened in the newly constructed International Market Place operated by the Westfield Corporation. The shopping center is in the immensely popular Waikiki Beach tourist corridor near Honolulu, Hawaii. CXI has maintained client relationships with financial institutions and hotels on Oahu finding many foreign exchange opportunities available with millions of visitors to the Hawaiian Islands every year.

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 make 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 2016 fiscal year, CXI added more than 407 new customer relationships representing 3,400 new transacting locations across the United States. These relationships are with financial institutions, MSBs and other corporate clients. Each relationship varies in the services utilized ranging from one or more of the following: foreign currency banknotes, international wire transfers, issuing foreign drafts, and clearing foreign denominated cheques. Increasingly, CXI has seen clients taking advantage of the company's ability to service multiple foreign currency services all on one online platform - CEIFX software.
There are a number of factors that come into play when considering why companies switch to CXI. New customers

CEIFX ONLINE PLATFORM

CXI's online platform processes all of the company's services through one portal. Each service's module includes robust reporting, user roles, compliance verification integration, live status updates, and can be white-labeled.

BANKNOTES

- Custom setups:
  Inventory/Non-inventory
  Hub/Decentralized
- Live Stop
- Home Delivery
- Shipment Tracking

INTERNATIONAL PAYMENTS

- Wires, Global EFT, Foreign Cheques
- IBAN and Beneficiary Validations
- Status Update Alerts
- Risk Mitigation and Tiered Approval
- Repetitive Templates
- File Integrations

CHEQUE CLEARING

- Foreign Cash Letters and Foreign Collection Items
- Smart Cheque ID
- Compliance Checks
- File Integrations
- Status Update Alerts

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 fully committed to building long lasting customer relationships that help them succeed in their business.

Canadian Business Environment

The continuation of Currency Exchange International of Canada as Exchange Bank of Canada has received positive attention and will continue to grow the company's global relationships. As a foreign currency specialist, EBC enters the Canadian marketplace as a Schedule I Canadian Bank poised to provide its unique value. The bank is neither a deposit taking nor a lending institution and will not deal directly with individuals in order to specialize in providing its foreign exchange services consisting of foreign banknote exchange, international wire transfers, Global EFTs, foreign cheque clearing and foreign draft issuance for other financial institutions, MSBs and select corporations.

EBC's emergence as a specialty bank gives clients the trust that they are working with a federally regulated Schedule I Canadian Bank, while maintaining a relationship with a dedicated foreign exchange and international payments team. Additionally, being a bank opens the door for correspondent and client relationships not previously available to CXI Canada as a Canadian money service business.

In today's regulatory environment, compliance is at the forefront of every conversation. EBC 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 bank. The EBC team has developed the bank'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 is a major component in the success of the group. The software continues to generate interest with new and potential customers, while CXI is dedicated to maintaining an active development cycle. Investing in the development of the CEIFX software is a high priority as it delivers routine maintenance, security upgrades, new features and client request fulfillment.

The web-based software accommodates all product lines offered by CXI. The core features allow for fully customized customer setups and integration, instinctual user interface, user management, and robust reporting capabilities. A key integration is the software's 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 applicable U.S. and Canadian regulations.

An emphasis for CEIFX's ongoing development is increasingly connecting the system through software integrations. Notably, integrations to outside systems allow CEIFX to effectively and seamlessly improve clients' workflow within their current processes. Facilitating an online environment where clients' existing core banking software, enterprise resource planning software, and data exchanges can access CEIFX with APIs (application programing interfaces) allows for seamless operational, financial and regulatory compliance, thereby cultivating more interest in the online platform by other institutions and creating strategic opportunities for CXI.

Even with such robust capabilities, the system remains flexible for many setup types and deployment needs. CEIFX is a sophisticated tool that helps clients be better at their own business by simplifying foreign exchange and payments through enhanced efficiencies, risk management, and powerful validations. 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 YEAR ENDED OCTOBER 31, 2016 AND 2015

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

Restatement of Prior Period financial Statements

During the preparation of the Consolidated Financial Statements for the year ended October 31, 2016, the Company identified prior period adjustments for the years ended October 31, 2015 and 2014. The restatement is being made to correct the presentation of a gain on foreign exchange along with its corresponding income tax impact which was required to be presented under IFRS as other income. The foreign exchange gain was previously disclosed under comprehensive income with no corresponding tax provision. The restatement reduces cumulative net equity by $676,463 and increases net income and earnings per share in both 2015 and 2014 as summarized in the following table:

	As previously reported 2015	Change	Restated
Consolidated Financial Statement of Financial Position	**$**	**$**	**$**
Current Liabilities			
Income taxes (receivable)/payable	(129,403)	676,463	547,060
Equity			
Retained earnings	14,206,109	1,887,873	16,093,982
Equity reserves	27,112,536	(2,564,336)	24,548,200
	41,189,242	-	41,189,242
Consolidated Statements of Income and Comprehensive Income			
Other income			
Foreign exchange gains on the translation of currencies held in subsidiary	-	1,497,717	1,497,717
Interest and accretion	(13,980)	(21,004)	(34,984)
Income tax expense	(1,891,150)	(418,938)	(2,310,088)
Other comprehensive income			
Exchange differences on translating foreign operations	(1,745,025)	(1,435,471)	(3,180,496)
	(3,650,155)	(377,696)	(4,027,851)
Consolidated Statement of Changes in Equity			
Accumulated other comprehensive income (loss)	(2,787,940)	(2,564,336)	(5,352,276)
Retained Earnings	14,206,109	1,887,873	16,093,982
	11,418,169	(676,463)	10,741,706
Consolidated Statement of Cash Flows			
Net income	3,608,210	1,057,775	4,665,985
Change in cash flows from operating activities	4,356,745	1,503,321	5,860,066
Exchange difference on foreign operations	(1,616,093)	(1,503,321)	(3,119,414)
	6,348,862	1,057,775	7,406,637
Earnings per Share			
Basic	0.62	0.18	0.80
Diluted	0.59	0.18	0.77

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

Restatement of Prior Period financial Statements (continued)

	As previously reported 2014	Change	Restated
Consolidated Financial Statement of Financial Position	**$**	**$**	**$**
Current Liabilities			
Income taxes payable	1,063,224	298,768	1,361,992
Equity			
Retained earnings	10,597,899	830,098	11,427,997
Equity reserves	17,032,203	(1,128,866)	15,903,337
	28,693,326	-	28,693,326
Consolidated Statements of Income and Comprehensive Income			
Other income			
Foreign exchange gains on the translation of currencies held in subsidiary	-	1,138,890	1,138,890
Interest and accretion	(66,482)	(28,107)	(94,589)
Income tax expense	(2,602,711)	(280,685)	(2,883,396)
Other comprehensive income			
Exchange differences on translating foreign operations	(756,245)	(1,128,866)	(1,885,111)
	(3,425,438)	(298,768)	(3,724,206)
Consolidated Statement of Changes in Equity			
Accumulated other comprehensive income (loss)	(1,042,915)	(1,128,865)	(2,171,780)
Retained Earnings	10,597,899	830,098	11,427,997
	9,554,984	(298,767)	9,256,217
Consolidated Statement of Cash Flows			
Net income	3,419,125	830,098	4,249,223
Change in cash flows from operating activities	2,216,775	1,138,246	3,355,021
Exchange difference on foreign operations	(712,318)	(1,138,246)	(1,850,564)
	4,923,582	830,098	5,753,680
Earnings per Share			
Basic	0.63	0.15	0.78
Diluted	0.62	0.15	0.77

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 year ended October 31, 2016 and 2015, 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 10, 2017 in accordance with International Financial Reporting Standards ("**IFRS**) issued by the International Accounting Standards Board ("**IASB**") and interpretations of the International Financial Reporting Interpretations Committee ("**IFRIC**") and should be read in conjunction with the audited consolidated financial statements of the Company the years ended October 31, 2016 and 2015 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 for the year ended October 31, 2016. 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, Exchange Bank of Canada ("**EBC**"), 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 condensed interim 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, EBC 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
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 "Risk Factors" section in the Company's MD&A for the year ended October 31, 2016. 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.

Issuance of banking license

On November 23, 2012, the Company submitted its application to continue its wholly-owned Canadian subsidiary, Currency Exchange International of Canada Corp ("**CXIC**"), as a new Canadian Schedule I bank. In September of 2016, the Office of the Superintendent of Financial Institutions ("**OSFI**") and the Minister of Finance, issued letters patent for the bank and CXIC is now Exchange Bank of Canada. The head office of EBC is located in Toronto, Ontario, Canada.

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 and certain inventory on consignment 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 Sates as well as two small vaults that serve local markets on the West Coast and Northeast Regions of the United States and serve as distribution centers for its branch network as well as order fulfillment centers for its clients including banks, money service businesses, and other corporate clients. Revenues generated from vaults have greater scale as the Company maintains a sales force to increase its geographic customer base. Exchange rate margins vary from customer to customer and are dependent on criteria such as exchange volumes and customer setup. 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 38 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 and EBC 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, 2016, the Company had inventory on consignment in 598 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 summary of the Company’s wholesale company relationships and transacting locations as well as a listing of its 38 branch locations:

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

Overview (continued)

Store	City	State	Start date	Store	City	State	Start date
Apple Bank - Avenue of Americas	New York	NY	2011	International Market Place	Honolulu	HI	2016
Apple Bank - Grand Central Station	New York	NY	2011	Mainplace at Santa Ana	Santa Ana	CA	2013
Apple Bank - Penn Station	New York	NY	2013	Mechanics Bank - Berkeley	Berkeley	CA	2007
MacArthur Mall	Norfolk	VA	2009	Mechanics Bank - San Francisco	San Francisco	CA	2008
Apple Bank - Union Square	New York	NY	2014	Mission Valley	San Diego	CA	2015
Arundel Mills Mall	Hanover	MD	2012	Montgomery at Bethesda	Bethesda	MD	2013
Aventura Mall Booth #1	Aventura	FL	2008	Ontario Mills Mall	Ontario	CA	2007
Aventura Mall Booth #2	Aventura	FL	2012	Potomac Mills Mall	Woodbridge	VA	2007
Century City Mall	Los Angeles	CA	2009	San Francisco City Center	San Francisco	CA	2011
Cherry Creek	Denver	CO	2014	San Jose Great Mall	San Jose	CA	2011
Citadel Outlets	Los Angeles	CA	2014	Santa Monica Place	Santa Monica	CA	2012
Copley Place Mall	Boston	MA	2009	Sawgrass Mills Mall Booth #1	Sunrise	FL	2007
Dadeland Mall	Miami	FL	2009	Sawgrass Mills Mall Booth #2	Sunrise	FL	2010
Dolphin Mall	Miami	FL	2009	Shops at Northbridge	Chicago	IL	2013
Florida Mall Booth #1	Orlando	FL	2007	SouthCenter	Tukwila	WA	2012
Florida Mall Booth #2	Orlando	FL	2014	Sunvalley Shopping Center	Concord	CA	2015
Apple Bank - Upper East Side	New York	NY	2014	The Galleria at Fort Lauderdale	Ft. Lauderdale	FL	2013
Garden State	Paramus	NJ	2015	The Orlando Eye	Orlando	FL	2015
Glendale Galleria	Glendale	CA	2016	Tyson's Corner Center	Tyson’s Corner	VA	2014

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Company owned branch locations	14	15	18	23	26	32	36	38
Wholesale company relationships	61	70	123	245	364	469	521	928
Number of transacting locations	190	267	1,983	2,455	5,741	8,274	10,157	13,603

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.

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

Overview (continued)

Bought deal private placement

On March 12, 2015 the Company entered into 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 had 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 Company made additional payments of $767,684 subsequent to the first anniversary after closing and $731,706 subsequent to the second anniversary after closing.

SELECTED FINANANCIAL DATA

The below chart summarizes the performance of the Company over the last eight fiscal quarters.

Three-months ending	Revenue $	Net operating income $	Net income $	Total assets $	Total equity $	Earnings per share (diluted) $
10/31/2016*	7,692,144	2,219,101	1,379,937	62,196,008	50,752,352	0.22
7/31/2016*	7,708,332	2,603,843	1,484,257	71,027,239	49,568,941	0.24
4/30/2016*	5,854,925	1,160,181	479,540	57,181,863	48,527,966	0.08
1/31/2016*	5,572,055	894,364	298,377	50,313,593	46,308,790	0.05
10/31/2015*	6,882,336	2,330,425	390,841	52,112,593	46,760,103	0.06
7/31/2015*	6,688,467	2,231,642	2,929,194	50,622,082	46,350,494	0.47
4/30/2015*	5,311,102	1,333,013	(34,711)	49,633,903	44,076,240	(0.01)
1/31/2015*	5,193,869	1,242,367	1,380,660	38,859,546	32,083,776	0.25

* Restatement made in Fiscal Year 2015 to correct the presentation of a gain on foreign exchange along with its corresponding income tax impact which was required to be presented under IFRS as other income. The foreign exchange gain was previously disclosed under comprehensive income with no corresponding tax provision. The restatement does not impact the Company's revenues, operating expenses, or net operating income.

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.

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

Selected Financial Results for the three months and year ended October 31, 2016 and October 31, 2015

	Year Ended October 31, 2016	Year ended October 31, 2015	Three months ended October 31, 2016	Three months ended October 31, 2015
Revenue	26,827,456	24,075,775	7,692,144	6,882,337
Operating expenses	19,949,967	16,938,331	5,473,043	4,551,915
Net Operating income	6,877,489	7,137,444	2,219,101	2,330,422
Total other income/(expense), net	(138,183)	1,228,178	(16,568)	(597,849)
EBITDA[1]	6,739,306	8,365,622	2,202,533	2,095,707
Net income[2]	3,642,111	4,665,985	1,379,937	390,837
Basic earnings per share[2]	0.59	0.80	0.22	0.06
Diluted earnings per share[2]	0.58	0.77	0.22	0.06

[1] Earnings before interest, taxes, depreciation and amortization

[2] Restatement made in Fiscal Year 2015 to correct the presentation of a gain on foreign exchange along with its corresponding income tax impact which was required to be presented under IFRS as other income. The foreign exchange gain was previously disclosed under comprehensive income with no corresponding tax provision. The restatement does not impact the Company's revenues, operating expenses, or net operating income.

	October 31, 2016	October 31, 2015 (As restated)
Total assets	62,196,008	52,112,593
Total long term financial liabilities	-	-
Total equity	50,752,351	46,760,103

Results of operations – year ended October 31, 2016 and 2015

A breakdown of revenues by geographic location is presented below:

	Total revenues	
	Year ended October 31, 2016	Year ended October 31, 2015
United States	22,053,195	17,694,904
Canada	4,774,261	6,380,871
Total	26,827,456	24,075,775

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, 2016 total commission revenues increased by 11% to $26,827,456 compared to $24,075,775 for the year ended October 31, 2015. Since October 31, 2015, the Company has added 407 new wholesale relationships comprising 3,446 transacting locations, of which 59 wholesale relationships representing 2,164 transacting locations were added in the United States and 348 wholesale relationships representing 1,282 transacting locations were added in Canada. During the year ended October 31, 2016, the number of transactions between the Company and its customers increased 21% to 704,000 transactions from 583,000 from the same period of the previous year.

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

Results of operations – year ended October 31, 2016 and 2015 (continued)

During the year ended October 31, 2016, operating expenses increased 17% to $19,869,020 compared to $16,938,331 for the year ended October 31, 2015, the major components of which are presented below:

	Year ended October 31, 2016	Year ended October 31, 2015	Change	Change %
Salaries and benefits	10,787,911	9,247,602	1,540,309	17%
Rent	2,652,296	2,435,837	216,459	9%
Legal, professional and director's fees	1,054,277	907,806	146,471	16%
Postage and shipping	2,546,923	1,974,032	572,891	29%
Stock based compensation	650,216	585,600	64,616	11%
Other general and administrative	2,258,344	1,787,454	470,890	26%
Total operating expenses	19,949,967	16,938,331	3,011,636	18%

- Salaries and benefits increased 17% to $10,787,911 from $9,247,602 which is attributed to increases in the Company's employment base for the period. As of October 31, 2016, the Company employed 274 full and part-time employees in the United States and Canada compared to 231 full and part-time employees at October 31, 2015. The increase in staffing is a result of adding a company owned branch location as well as the hiring of two senior executives in the areas of sales and compliance and other hires engaged in the areas of compliance, information technology, finance, operations, vault operations and sales;

- Rent increased 9% to $2,652,296 from $2,435,837. The Company has opened 2 new branch location since October 31, 2015 and 6 new locations since the start of 2015 fiscal year;

- Legal, professional and director's fees increased 16% to $1,054,277 from $907,032. The increase is related primarily to one-time costs for executive search fees;

- Postage and shipping increased 29% to $2,546,923 from $1,974,032 and is due to an increase in the frequency of inbound and outbound shipments. The Company incurs shipping fees from couriers and armored carriers to transport currency between the Company's stores and customers. The Company added 407 new customers representing 3,446 new transacting locations since October 31, 2015 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 11% to $650,216 from $585,600 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$18.50. There were 521,592 options outstanding at October 31, 2016 compared to 424,866 options outstanding at October 31, 2015; and

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

Results of operations – year ended October 31, 2016 and 2015 (continued)

- Other general and administrative expenses increased 26% to $2,258,344 from $1,787,454. 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 additions to insurance policies, non-capitalized costs to support the Company's software, CEIFX.com, bank service charges, and increases in costs to support new transacting locations.

The ratio of operating expenses to total revenue for the year ended October 31, 2016 was 74% compared to 70% for the year ended October 31, 2015. 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, 2016	**Year ended October 31, 2015 (As restated)**
Other income	16,859	19,191
Revaluation of contingent consideration	(96,359)	68,777
Foreign exchange gain on the translation of currencies held in Subsidiary	-	1,497,717
Expenses related to bought deal	-	(58,720)
Interest and accretion expense	(95,758)	(34,984)
Expenses related to bank application	(58,683)	(298,787)
Depreciation and amortization	(1,311,526)	(1,354,565)
Income tax expense	(1,689,911)	(2,310,088)
Total other expense	(3,235,378)	(2,471,459)

- Other income decreased to $16,859 from $19,191 and relates to interest collected for surplus cash deposits 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. During the year ended October 31, 2016 contingent consideration was reassessed with final payment being made and the Company recorded a revaluation of contingent consideration of $96,359;

- 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 at a price of Cdn$26.75 for aggregate proceeds of Cdn$14,445,000 in March of 2015;

- Interest and accretion expense increased to $95,758 from $34,984 and relates primarily to interest payments on credit lines and tax accounts;

Results of operations – year ended October 31, 2016 and 2015 (continued)

- Expenses pertaining to completing the bank license application decreased to $58,683 from $298,787;

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

- Depreciation and amortization decreased to $1,311,526 from $1,354,565 and relates to amortization of the Company's intangible assets and depreciation of fixed assets over their estimated economic life. The software acquired from the purchase of assets from USEH has been fully amortized; and

- Income tax expense decreased to $1,689,911 from $2,310,088 and is a total of federal income tax as well as various state and provincial taxes for the jurisdictions in which the Company operates. The prior year income tax expense included a one-time increase in income tax of $190,000 resulting from a reorganization of the corporate structure. 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 income tax payable and income tax expense of $990,000 during the three month period ended October 31, 2015.

Results of operations – three month periods ended October 31, 2016 and October 31, 2015

A breakdown of revenues by geographic location is presented below:

	Total revenues	
	Three months ended October 31, 2016	**Three months ended October 31, 2015**
United States	6,509,599	6,172,654
Canada	1,182,545	709,683
Total	7,692,144	6,882,337

During the three month period ended October 31, 2016, total commission revenues increased by 12% to $7,692,144 compared to $6,882,337 for the three month period ended October 31, 2015. Since October 31, 2015, the Company has added 407 new wholesale relationships comprising 3,446 locations, of which 59 wholesale relationships representing 2,164 transacting locations were added in the United States and 348 wholesale relationships representing 1,282 transacting locations were added in Canada. During the three month period ended October 31, 2016, the number of transactions between the Company and its customers increased 34% to 211,000 transactions from 157,000 from the same period of the previous year.

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

Results of operations – three month periods ended October 31, 2016 and October 31, 2015 (continued)

During the three month period ended October 31, 2016, operating expenses increased 20% to $5,473,045 compared to $4,551,911 for the three month period ended October 31, 2015, the major components of which are presented below:

	Three months ended October 31, 2016	Three months ended October 31, 2015	Change	Change %
Salaries and benefits	2,848,522	2,406,976	441,546	18%
Rent	708,856	661,729	47,127	7%
Legal, professional and director's fees	214,178	266,264	(52,086)	-20%
Postage and shipping	768,015	602,315	165,700	28%
Stock based compensation	174,057	143,227	30,830	22%
Other general and administrative	759,417	471,400	288,017	61%
Total operating expenses	5,473,045	4,551,911	921,134	20%

- Salaries and benefits increased 18% to $2,848,522 from $2,406,976 which is attributed to increases in the Company's employment base for the period. As of October 31, 2016, the Company employed 274 full and part-time employees in the United States and Canada compared to 231 full and part-time employees at October 31, 2015. The increase in staffing is a result of adding a company owned branch location as well as the hiring of two senior executives in the areas of sales and compliance and other hires engaged in the areas of compliance, information technology, operations, finance, vault operations and sales;

- Rent increased 7% to $708,856 from $661,729. The Company has opened 2 new branch locations since October 31, 2015;

- Legal, professional and director's fees decreased 20% to $214,178 from $266,264;

- Postage and shipping increased 28% to 768,015 from $602,315 and is due to an increase in the frequency of inbound and outbound shipments. The Company incurs shipping fees from couriers and armored carriers to transport currency between the Company's stores and customers. The Company added 407 new customers representing 3,446 new transacting locations since October 31, 2015 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 22% to $174,057 from $143,227 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$18.50. There were 521,592 options outstanding at October 31, 2016 compared to 424,866 options outstanding at October 31, 2015; and

- Other general and administrative expenses increased 61% to $759,417 from $471,400. 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.

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

Results of operations – three month periods ended October 31, 2016 and October 31, 2015 (continued)

The ratio of operating expenses to total revenue for the three month period ended October 31, 2016 was 71% compared to 66% for the three month period ended October 31, 2015. 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:

	Three months ended October 31, 2016	**Three months ended October 31, 2015 (As restated)**
Other income	3,258	3,214
Revaluation of contingent consideration	-	(56,262)
Exchange difference on foreign operations	-	(4,954)
Expenses related to bought deal	-	(3,936)
Interest and accretion expense	(37,866)	(3,222)
Expenses related to bank application	(19,826)	(172,778)
Depreciation and amortization	(308,864)	(344,155)
Income tax expense	(475,866)	(1,357,489)
Total other expense	(839,164)	(1,939,582)

- Other income increased slightly to $3,258 from $3,214 and relates to interest collected for surplus cash deposits 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;

- Interest and accretion expense increased to $37,866 from $3,222 and relates to interest payments on credit lines and tax accounts;

- Expenses pertaining to completing the bank license application decreased to $19,826 from $172,778;

- Depreciation and amortization decreased to $308,864 from $344,155 and relates to amortization of the Company's intangible assets and depreciation of fixed assets over their estimated economic life; and

- Income tax expense decreased to $475,866 compared to an income tax expense of $1,357,489 during the three month period ended October 31, 2015. In October 2015, the Company transferred capital from its Canadian subsidiary to the parent company, resulting in a one-time income tax expense of $600,000. Income taxes are a total of federal income tax as well as various state and provincial taxes for the jurisdictions in which the Company operates.

Cash flows

Cash flows from operating activities during the year ended October 31, 2016 resulted in an inflow of $2,446,143 compared to an inflow of $5,860,066 during the year ended October 31, 2015. The primary reason for the decrease in operating cash was due to an increase in accounts receivable offset slightly by an increase in accounts payable. 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 ended October 31, 2016 resulted in an outflow of $595,863 compared to an outflow of $643,006 during the year ended October 31, 2015. This represents additions to property and equipment and to the internally developed software, CEIFX.

Cash provided by financing activities during the year ended October 31, 2016 was $3,293,301 related primarily to borrowing on the Company's credit line to meet season compared to net inflows of $11,962,606 resulting from employee stock options exercised as well as financing from the bought deal offering during the year ended October 31, 2015.

Liquidity and capital resources

At October 31, 2016, the Company had working capital of $47,016,377 (October 31, 2015 Restated - $42,674,895).

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.

In June of 2016, EBC entered in to an unsecured Master Purchasing Agreement with a shareholder of the Company. The Company has available credit of Cdn$3,000,000 ($2,297,794) under the agreement. Specific payment terms and interest rates are negotiated when drawings are made. At October 31, 2016, the balance outstanding was $Nil (October 31, 2016 - $Nil)

The Company had a total available balance of unused lines of credit of $9,055,205 at October 31, 2016.

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

Selected annual 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, 2016 $	Year ended October 31, 2015 (As restated) (3) $	Year ended October 31, 2014 (As restated) (3) $	Thirteen months ended October 31, 2013 (1) $
Revenues	26,827,456	24,075,775	22,005,953	15,990,434
Net operating income (2)	6,877,489	7,137,444	7,189,769	4,392,515
Net income	3,642,111	4,665,985	4,249,225	2,641,694
Basic earnings per share	$0.59	0.80	0.78	0.64
Diluted earnings per share	$0.58	0.77	0.77	0.64
Total assets	62,196,008	52,112,593	39,709,302	33,681,819
Total liabilities	11,443,657	5,352,490	6,982,895	3,917,843
Total non-current financial liabilities	-	-	585,144	-
Working capital	47,016,377	42,674,895	33,311,551	28,935,018

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.
3. Restatement made in Fiscal Year 2015 to correct the presentation of a gain on foreign exchange along with its corresponding income tax impact which was required to be presented under IFRS as other income. The foreign exchange gain was previously disclosed under comprehensive income with no corresponding tax provision.

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 $6,403,730 and are payable as follows:

	Within 1 year	1 to 5 years	after 5 years	Total
	$	$	$	$
October 31, 2016	2,351,712	3,805,658	246,359	6,403,730
October 31, 2015	1,887,044	3,440,553	23,506	5,351,103

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.

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

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 credit to any of its customers, other than through industry standard settlement terms.

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 (paid)/received by the Company if the forward contracts were terminated at October 31, 2016 was $44,771 - (October 31, 2015 $210,367).

At October 31, 2016 and October 31, 2015 approximately $1,240,694 and $780,583, 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 year ended October 31, 2016 and October 31, 2015 were as follows:

	Year ended	
	October 31, 2016	**October 31, 2015**
	$	$
Short-term benefits	1,826,519	1,100,460
Post-employment benefits	62,146	50,499
Stock based compensation	640,251	559,717
	2,528,916	1,710,676

The Company incurred legal and professional fees in the aggregate of $23,530 for the year ended October 31, 2016 (October 31, 2015 - $42,409) charged by entities controlled by directors or officers of the Company.

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

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
16-Jan-16	16-Jan-21	17.89	17,600	1.46%	33%	17.79*	3.86
11-Mar-16	11-Mar-21	21.30	4,182	1.45%	34%	22.78*	4.78
28-Mar-16	28-Mar-21	23.15	2,261	1.37%	34%	22.45*	5.87
26-Oct-16	25-Oct-21	32.96	22,757	1.30%	34%	30.75*	8.46
26-Oct-16	25-Oct-21	32.96	66,820	1.30%	34%	30.75*	8.46

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

The outstanding options at October 31, 2016 and the respective changes during the periods are summarized as follows:

	Number of options #	Weighted average price Cdn$
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
Granted	113,620	28.28
Exercised	(16,894)	8.61
Outstanding at October 31, 2016	521,592	18.50

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

Option grants (continued)

The following options are outstanding and exercisable at October 31, 2016:

Grant Date	Exercise price (Cdn$)	Number outstanding	Average remaining contractual life (years)	Number exercisable
4-May-12	7.50	45,000	0.51	45,000
17-Dec-12	7.50	28,667	1.13	28,667
3-May-13	7.65	7,333	1.50	7,333
29-Oct-13	10.86	23,760	1.99	23,760
29-Oct-13	10.86	70,720	1.99	70,720
30-Oct-14	16.21	87,215	3.00	58,142
30-Oct-14	16.21	24,144	3.00	24,144
11-Mar-15	28.15	2,726	3.36	909
30-Oct-15	24.64	28,972	4.00	28,972
30-Oct-15	24.64	89,435	4.00	29,812
16-Jan-16	17.79	17,600	4.21	-
11-Mar-16	22.78	4,182	4.36	-
28-Mar-16	22.45	2,261	4.41	2,261
26-Oct-16	30.75	22,757	4.99	-
26-Oct-16	30.75	66,820	4.99	-
Total		521,592		319,719

Subsequent events

The Company evaluated subsequent events through January 10, 2017 the date these condensed interim consolidated 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, 2016 and 2015.

Internal Control Over Financial Reporting

Management has evaluated whether there were any changes in the Company's internal controls over financial reporting ("ICFR") that occurred during the period beginning on November 1, 2015 and ending on October 31, 2016 that has materially affected, or is reasonably likely to materially affect, the Company's ICFR. No such changes were identified. However, in the course of completing the audit for the twelve months ended October 31, 2016, the following identified control deficiency was found to be a material weakness.

During the completion of the audit of the financial statements for the reporting period, it was identified that there was an incorrect application of IAS 21 The effects of changes in foreign exchange rates to foreign currency inventory balances held within the Company's Canadian subsidiary. This incorrect application resulted from an error in the accounting for foreign currency translation and the management review of the results of the subsidiary's financial statements.

The incorrect application of the accounting standards was considered an error and resulted in a restatement in accordance with IAS 8 Accounting policies, changes in accounting estimates and errors. See "Restatement of Prior Period Financial Statements".

The Company has considered a remediation plan for the material weakness in ICFR. With the growth of the Company, management will continue to add internal accounting expertise to support complex accounting standards. Management will also continue to assess how to optimize the Canadian and US tax compliance and tax accounting for complex tax issues and structures. Lastly, management will initiate an independent third party review by the Company's internal auditors to assess financial statement reporting and internal control processes on an ongoing basis and implement recommendations as appropriate.

Senior management has discussed the aforementioned material weakness with the Audit Committee, and the Board of Directors will continue to review progress on these remediation activities on a regular and ongoing basis.

No assurance can be provided at this time that the actions and remediation efforts to be taken or implemented will effectively remediate the material weakness described above or prevent the incidence of other material weaknesses in the Company's ICFR in the future. Management of the Company, including our Chief Executive Officer and Chief Financial Officer, do not expect that disclosure controls or ICFR will prevent all errors, even as the remediation measures are implemented and further improved to address the material weakness. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving our stated goals under all potential future conditions.

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.

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

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.

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

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

A breakdown of accounts receivable by category is below:

	At October 31, 2016	At October 31, 2015
Customer type	**$**	**$**
Domestic and international banks	3,562,076	1,217,511
Money service businesses	4,405,212	1,600,658
Other	118,973	19,520
Total	**8,086,261**	**2,837,689**

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, 2016 was approximately $6,400,000 (2015 - $5,475,000). The amount of currency that is unhedged and that is not pegged to the U.S. Dollar is approximately $3,250,000 (2015 - $3,660,000). 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 +$65,000/-$65,000 (2015 gain/loss of approximately +$73,000/-$73,000).

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.

Interest Rate Risk

At October 31, 2016, the Company had access to interest bearing financial instruments in cash, short term accounts payable and line of credit. 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 14.

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, 2016 would have been approximately +$9,700/-$9,700 higher/lower as a result of credit lines held at variable interest rates.

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

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 , 2016				
Non-derivative financial liabilities	**Carrying amount**	**Estimated contractual amount**	**Next fiscal year**	**Future fiscal years**
	$	**$**	**$**	**$**
Accounts payable	5,984,751	5,984,751	5,984,751	$Nil
Accrued expenses	1,509,411	1,285,606	1,285,606	$Nil
Income taxes payable	767,690	767,690	767,690	$Nil
Line of credit	3,181,805	3,181,805	3,181,805	$Nil

At October 31, 2015 (As restated)				
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
Income taxes payable	547,060	547,060	$Nil	547,060
Contingent consideration	641,406	641,406	641,406	$Nil

The Company had available unused lines of credit amounting to $9,055,205 at October 31, 2016 (October 31, 2015 - $10,000,000).

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, 2016	**10/31/2015 (as restated)**
Current assets	58,460,034	48,027,385
Current liabilities	(11,443,657)	(5,352,490)
Working capital	47,016,377	42,674,895

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.

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

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.

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.

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, 2016 and 2015
(Expressed in U.S. Dollars)

CURRENCY EXCHANGE INTERNATIONAL, CORP.

Consolidated Financial Statements
For the years ended October 31, 2016 and 2015
(Expressed in U.S. Dollars)

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GrantThornton

Independent auditor's report

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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, 2016 and October 31, 2015, 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, 2016 and October 31, 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Grant Thornton LLP

Toronto, Canada
January 10, 2017

Chartered Professional Accountants
Licensed Public Accountants

CURRENCY EXCHANGE INTERNATIONAL, CORP.
Consolidated Statements of Financial Position
October 31, 2016 and 2015
(Expressed in U.S. Dollars)

	October 31, 2016	October 31, 2015 (as restated Note 4)
ASSETS		
Current assets	$	$
Cash (Note 7)	48,435,544	43,690,996
Accounts receivable (Note 16)	8,086,261	2,837,689
Restricted cash held in escrow (Note 8)	1,240,694	780,583
Forward contract assets (Note 17)	44,771	210,367
Other current assets (Note 23)	652,764	507,750
Total current assets	58,460,034	48,027,385
Property and equipment (Note 10)	719,254	722,187
Intangible assets (Note 11)	2,171,501	2,922,390
Other assets	91,106	81,045
Net deferred tax asset (Note 12)	754,113	359,586
Total assets	62,196,008	52,112,593
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	5,984,751	3,190,957
Line of credit (Note 14)	3,181,805	-
Accrued expenses	1,509,411	973,067
Income taxes payable (Note 12)	767,690	547,060
Contingent consideration - current (Note 5)	-	641,406
Total current liabilities	11,443,657	5,352,490
Total liabilities	11,443,657	5,352,490
Equity		
Share capital	6,134,815	6,117,921
Equity reserves	24,881,443	24,548,200
Retained earnings	19,736,093	16,093,982
Total equity	50,752,351	46,760,103
Total liabilities and equity	62,196,008	52,112,593

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, 2016 and 2015
(Expressed in U.S. Dollars)

	Year ended	
	October 31, 2016	**October 31, 2015**
		(As restated Note 4)
Revenues	$	$
Commissions from trading	25,147,376	22,430,121
Fee income	1,680,080	1,645,654
Total revenues (Note 6)	26,827,456	24,075,775
Operating expenses (Note 20)	19,949,967	16,938,331
Net operating income	6,877,489	7,137,444
Other income (expense)		
Other income	16,859	19,191
Revaluation of contingent consideration (Note 5)	(96,359)	68,777
Expenses related to bank application (Note 21)	(58,683)	(298,787)
Expenses related to bought deal (Note 18)	-	(58,720)
Foreign exchange gain on the translation of currencies held in subsidiary (Note 4)	-	1,497,717
Total other income (expense)	(138,183)	1,228,178
Earnings before interest, taxes, depreciation and amortization	6,739,306	8,365,622
Interest and accretion	95,758	34,984
Depreciation and amortization	1,311,526	1,354,565
Income before income taxes	5,332,022	6,976,073
Income tax expense (Note 12)	1,689,911	2,310,088
Net income for the period	3,642,111	4,665,985
Other comprehensive income, after tax		
Net income for the period	3,642,111	4,665,985
Items that may subsequently be reclassified to profit or loss		
Exchange differences on translating foreign operations	(411,575)	(3,180,496)
Total other comprehensive income	3,230,536	1,485,489
Earnings per share (Note 19)		
-basic	$0.59	$0.80
-diluted	$0.58	$0.77
Weighted average number of common shares outstanding (Note 19)		
-basic	6,121,985	5,806,235
-diluted	6,277,080	6,068,226

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, 2016 and 2015
(Expressed in U.S Dollars)

	Share Capital		Equity Reserves				Retained Earnings	Total Equity
	Shares	Amount	Share premium	Accumulated Other Comprehensive Income (Loss)	Stock Options		Amount	Amount
	#	$	$	$	#	$	$	$
Balance at November 1, 2015 (As restated Note 4)	6,117,921	6,117,921	28,938,419	(5,352,276)	424,866	962,057	16,093,982	46,760,103
Stock based compensation (Note 18)	-	-	-	-	113,620	650,216	-	650,216
Issue of share capital and share premium on exercise of stock options (Note 18)	16,894	16,894	143,877	-	(16,894)	(49,275)	-	111,496
Loss on foreign currency translation	-	-	-	(411,575)	-	-	-	(411,575)
Net income	-	-	-	-	-	-	3,642,111	3,642,111
Balance, October 31, 2016	6,134,815	6,134,815	29,082,296	(5,763,851)	521,592	1,562,998	19,736,093	50,752,351
Balance at November 1, 2014 (As restated Note 4)	5,395,073	5,395,073	17,167,069	(2,171,780)	486,581	908,049	11,427,997	32,726,408
Stock based compensation	-	-	-	-	121,133	585,600	-	585,600
Issue of share capital and share premium on bought deal (Note 18)	540,000	540,000	10,180,389	-	-	-	-	10,720,389
Issue of share capital and share premium on exercise of stock options (Note 18)	182,848	182,848	1,590,961		(182,848)	(531,592)	-	1,242,217
Loss on foreign currency translation	-	-	-	(3,180,496)	-	-	-	(3,180,496)
Net income	-	-	-	-	-	-	4,665,985	4,665,985
Balance, October 31, 2015 (As restated Note 4)	6,117,921	6,117,921	28,938,419	(5,352,276)	424,866	962,057	16,093,982	46,760,103

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, 2016 and 2015
(Expressed in U.S. Dollars)

	Year ended October 31, 2016	Year ended October 31, 2015 (As restated Note 4)
Cash flows from operating activities	$	$
Net income	3,642,111	4,665,985
Adjustments to reconcile net income to net cash flows from operating activities		
Depreciation and amortization	1,311,526	1,354,565
Stock based compensation	650,216	585,600
Change in fair value of forward contract positions (Note 17)	165,433	(96,119)
Deferred taxes	(395,509)	(193,855)
Increase (decrease) in cash due to change in:		
Accounts receivable	(5,291,382)	1,161,518
Restricted cash held in escrow	(460,111)	(66,462)
Other assets	(155,754)	(90,821)
Accounts payable, accrued expenses, contingent consideration and income taxes payable	2,979,613	(1,460,345)
Net cash flows from operating activities	2,446,143	5,860,066
Cash flows from investing activities		
Purchase of property and equipment	(387,949)	(389,789)
Purchase of intangible assets	(207,914)	(253,217)
Net cash outflow from investing activities	(595,863)	(643,006)
Cash flows from financing activities		
Net proceeds from bought deal financing, net of share issuance costs (Note 18)	-	10,720,389
Proceeds from the exercise of stock options	111,496	1,242,217
Net borrowings on line of credit	3,181,805	-
Net cash flows from financing activities	3,293,301	11,962,606
Net change in cash	5,143,581	17,179,666
Cash, beginning of period	43,690,996	29,630,744
Exchange difference on foreign operations	(399,033)	(3,119,414)
Cash, end of period	48,435,544	43,690,996
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the period for income taxes	1,858,707	3,267,318
Cash paid during the period for interest	95,758	13,980
Cash received during the year for interest	16,859	17,187

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

1. Nature of Operations and Basis of Presentation

Nature of operations
Currency Exchange International, Corp. (the "**Company**") was originally incorporated under the name Currency Exchange International, Inc. under the Florida Business Corporation Act on April 7, 1998. The Company changed its name to Currency Exchange International, Corp. on October 19, 2007 and commenced its current business operations at that time. The Company is a public corporation whose shares are listed and posted for trading on the Toronto Stock Exchange ("**TSX**") under the symbol "CXI," and the over the counter market ("**OTCBB**") under the symbol "CURN". The Company operates as a money service business and provides currency exchange, wire transfer, and cheque cashing services at its locations in the United States and Canada. The Company maintains a head office and five vaults as well as 38 branch locations. The Company's registered head office is located at 6675 Westwood Boulevard, Suite 300, Orlando, Florida, 32821, United States of America. In September 2016, the Company's wholly owned Canadian Subsidiary, Currency Exchange International of Canada Corp ("**CXIC")** received letters patent to continue as a schedule 1 Bank. The continued entity, Exchange Bank of Canada ("**EBC**") is a non deposit taking, non-lending financial institution engaged in foreign exchange services. See Note 21.

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**").

The consolidated financial statements were authorized for issue and approved by the Board of Directors on January 10, 2017.

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.

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 18. 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.

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 5, 9 and 22.

2. Accounting Policies

Principles of consolidation
The consolidated financial statements comprise the financial statements of the Company and its wholly-owned subsidiaries, EBC , a Schedule 1 bank in Canada 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 at October 31, 2016 and 2015, respectively.

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 its 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, 2016 and 2015, 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 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 at the time the transaction occurs 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 EBC 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 functional currency 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 the consolidation 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.

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.

2. Accounting Policies (continued)

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 5). 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

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.

2. Accounting Policies (continued)

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.

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.

2. Accounting Policies (continued)

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.

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. 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.

IFRS 16 *Leases* ("**IFRS 16**") was issued in January 2016. IFRS 16 replaces IAS 17 *Leases*. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. IFRS 16 is effective for fiscal periods beginning on or after January 1, 2019, with early adoption permitted. The Company has not yet determined the impact of IFRS 16 on its consolidated financial statements.

4. Restatement of Prior Period Financial Statements

During the preparation of the Consolidated Financial Statements for the year ended October 31, 2016, the Company identified prior period adjustments for the years ended October 31, 2015 and 2014. The restatement is being made to correct the presentation of gains on foreign exchange along with the corresponding income tax impact which was required to be presented under IFRS as other income. The foreign exchange gains were previously presented under comprehensive income with no corresponding tax provision. The restatement reduces cumulative net equity by $676,463 and increases net income and earnings per share in both 2015 and 2014 as summarized in the following table:

	As previously reported 2015 $	Change $	Restated $
Consolidated Financial Statement of Financial Position			
Current Liabilities			
Income taxes (receivable)/payable	(129,403)	676,463	547,060
Equity			
Retained earnings	14,206,109	1,887,873	16,093,982
Equity reserves	27,112,536	(2,564,336)	24,548,200
	41,189,242	-	41,189,242
Consolidated Statements of Income and Comprehensive Income			
Other income			
Foreign exchange gains on the translation of currencies held in subsidiary	-	1,497,717	1,497,717
Interest and accretion	(13,980)	(21,004)	(34,984)
Income tax expense	(1,891,150)	(418,938)	(2,310,088)
Other Comprehensive income			
Exchange differences on translating foreign operations	(1,745,025)	(1,435,471)	(3,180,496)
	(3,650,155)	(377,696)	(4,027,851)
Consolidated Statement of Changes in Equity			
Accumulated other Comprehensive income (loss)	(2,787,940)	(2,564,336)	(5,352,276)
Retained Earnings	14,206,109	1,887,873	16,093,982
	11,418,169	(676,463)	10,741,706
Consolidated Statement of Cash Flows			
Net income	3,608,210	1,057,775	4,665,985
Change in cash flows from operating activities	4,356,745	1,503,321	5,860,066
Exchange difference on foreign operations	(1,616,093)	(1,503,321)	(3,119,414)
	6,348,862	1,057,775	7,406,637
Earnings per Share			
Basic	0.62	0.18	0.80
Diluted	0.59	0.18	0.77

4. Restatement of Prior Period Financial Statements (continued)

	As previously reported 2014 $	Change $	Restated $
Consolidated Financial Statement of Financial Position			
Current Liabilities			
Income taxes payable	1,063,224	298,768	1,361,992
Equity			
Retained earnings	10,597,899	830,098	11,427,997
Equity reserves	17,032,203	(1,128,866)	15,903,337
	28,693,326	-	28,693,326
Consolidated Statements of Income and Comprehensive Income			
Other income			
Foreign exchange gains on the translation of currencies held in subsidiary	-	1,138,890	1,138,890
Interest and accretion	(66,482)	(28,107)	(94,589)
Income tax expense	(2,602,711)	(280,685)	(2,883,396)
Other Comprehensive income			
Exchange differences on translating foreign operations	(756,245)	(1,128,866)	(1,885,111)
	(3,425,438)	(298,768)	(3,724,206)
Consolidated Statement of Changes in Equity			
Accumulated other Comprehensive income (loss)	(1,042,915)	(1,128,865)	(2,171,780)
Retained Earnings	10,597,899	830,098	11,427,997
	9,554,984	(298,767)	9,256,217
Consolidated Statement of Cash Flows			
Net income	3,419,125	830,098	4,249,223
Change in cash flows from operating activities	2,216,775	1,138,246	3,355,021
Exchange difference on foreign operations	(712,318)	(1,138,246)	(1,850,564)
	4,923,582	830,098	5,753,680
Earnings per Share			
Basic	0.63	0.15	0.78
Diluted	0.62	0.15	0.77

5. 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 had 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.

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 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. At October 31, 2015, the remaining contingent consideration was reassessed and the Company recorded a revaluation of contingent consideration of $56,262 resulting in a net revaluation of contingent consideration of $68,777 for the year ended October 31, 2015. At January 31, 2016, the remaining contingent consideration was reassessed and the Company recorded a revaluation of contingent consideration of $65,552. Subsequent to the second anniversary of the closing, the actual amount of contingent consideration to be paid to USEH was $731,706. As a result, the Company realized a revaluation adjustment of $30,807 to the second year's contingent consideration.

5. 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	$3,827,867

6. 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, 2016	22,053,195	4,774,261	26,827,456
Year ended October 31, 2015	17,694,904	6,380,871	24,075,775

	At October 31, 2016			At October 31, 2015 (As restated Note 4)		
Assets	**United States**	**Canada**	**Total**	**United States**	**Canada**	**Total**
	$	$	$	$	$	$
Cash	32,320,063	16,115,481	48,435,544	32,102,749	11,588,247	43,690,996
Accounts receivable	6,051,174	2,035,087	8,086,261	1,456,074	1,381,615	2,837,689
Restricted cash held in escrow	1,240,694	-	1,240,694	780,583	-	780,583
Forward contract assets	102,159	(57,388)	44,771	147,426	62,941	210,367
Other current assets	607,694	45,070	652,764	496,980	10,770	507,750
Property and equipment	655,096	64,158	719,254	634,800	87,387	722,187
Intangible assets	1,642,755	528,746	2,171,501	2,175,015	747,375	2,922,390
Other assets	91,106	-	91,106	81,045	-	81,045
Net deferred tax asset (Note 12)	701,851	52,262	754,113	332,850	26,736	359,586
Total assets	43,412,592	18,783,416	62,196,008	38,207,522	13,905,071	52,112,593

7. Cash

Included within cash of $48,435,544 at October 31, 2016 (2015 - $43,690,996) are the following balances:

	At October 31, 2016	**At October 31, 2015**
	$	$
Cash held in transit, vaults, tills and consignment locations	41,385,819	29,745,213
Cash deposited in bank accounts in jurisdictions in which the Company operates	7,049,725	13,945,783
Total	48,435,544	43,690,996

8. 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 $1,240,694 at October 31, 2016 (2015 - $780,583).

9. 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, 2016 was $2,652,296 (2015 - $2,435,837).

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, 2016	2,351,712	3,805,658	246,359	6,403,729
October 31, 2015	1,887,044	3,440,553	23,506	5,351,103

10. Property and Equipment

Property and equipment consist of the following:

Cost	Vehicles $	Computer equipment $	Furniture and equipment $	Leasehold improvements $	Total $
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
Additions	31,646	28,001	100,699	227,153	387,499
Net exchange differences	-	(645)	(1,840)	(2,906)	(5,391)
Balance, October 31, 2016	80,247	253,411	527,082	1,502,864	2,363,604

Depreciation	Vehicles $	Computer equipment $	Furniture and equipment $	Leasehold improvements $	Total $
Balance, October 31, 2014	33,701	130,629	178,976	634,925	978,231
Additions	16,200	40,057	72,673	189,260	318,190
Disposals	(16,520)	-	-	-	(16,520)
Net exchange differences	-	(2,281)	(6,464)	(11,847)	(20,592)
Balance, October 31, 2015	33,381	168,405	245,185	812,338	1,259,309
Additions	16,612	38,489	96,515	237,317	388,933
Net exchange differences	-	(523)	(1,385)	(1,984)	(3,892)
Balance, October 31, 2016	49,993	206,371	340,315	1,047,671	1,644,350

Carrying amounts	Vehicles $	Computer equipment $	Furniture and equipment $	Leasehold improvements $	Total $
Balance, October 31, 2015	15,220	57,650	183,038	466,279	722,187
Balance, October 31, 2016	30,254	47,040	186,767	455,193	719,254

11. Intangible Assets

Intangible assets are comprised of the Company's internally developed software (“**CEIFX**”) and its related modules as well as software and customer trading relationships purchased from USEH (Note 5). Amortization for intangibles is computed on an individual basis over the estimated useful life using the straight-line method as follows:

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

Intangible assets consist of the following at October 31, 2016 and 2015:

	Internally developed software	Acquired software	Customer trading relationships	Total
Cost	$	$	$	$
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
Additions	207,913	-	-	207,913
Balance, October 31, 2016	1,188,137	480,000	3,288,283	4,956,420

	Internally developed software	Acquired software	Customer trading relationships	Total
Amortization	$	$	$	$
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
Amortization	201,308	100,000	621,285	922,593
Net exchange differences	-	-	36,209	36,209
Balance, October 31, 2016	605,973	480,000	1,698,946	2,784,919

	Internally developed software	Acquired software	Customer trading relationships	Total
Carrying amounts	$	$	$	$
Balance, October 31, 2015	575,559	100,000	2,246,831	2,922,390
Balance, October 31, 2016	582,164	-	1,589,337	2,171,501

12. 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, 2016 and 2015 consist of the following:

	October 31, 2016	October 31, 2015
	$	$
Deferred tax assets		
Accrued expenses	91,809	70,459
Stock based compensation	591,012	383,692
Other	78,787	59,176
Net intangible assets	180,070	58,133
Total deferred tax assets	941,678	571,460
Deferred tax liabilities		
Net property and equipment	(187,565)	(211,874)
Total deferred tax liabilities	(187,565)	(211,874)
Net deferred tax asset	754,113	359,586

Reconciliation of the provision for income taxes to the amount calculated using the Company's statutory tax rate for the year ended October 31, 2016 and 2015 are as follows:

	October 31, 2016	October 31, 2015 (As restated Note 4)
	$	$
Income before taxes	5,332,022	6,976,073
Statutory tax rate	38.5%	38.5%
Tax expense at statutory rate	2,052,828	2,685,788
Tax on intercompany return of capital	-	600,000
Tax on sale of subsidiary to related party	-	190,000
Recovery on exercise of director and employee stock options	(52,379)	(989,700)
Foreign tax rate adjustment	(290,531)	(280,358)
Other non-deductible differences	(20,007)	104,358
Income tax expense	1,689,911	2,310,088

The enacted tax rates in the United States of 38.5% (2015 - 38.5%) and Canada of 26.5% (2015 – 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, 2016 and 2015 consists of the following:

	October 31, 2016	October 31, 2015 (As restated Note 4)
	$	$
Current tax expense	2,084,438	2,500,576
Deferred tax (benefit)	(394,527)	(190,488)
Income tax expense	1,689,911	2,310,088

13. 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.

14. Lines 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, 2016 – 2.53%). At October 31, 2016, the balance outstanding was $3,181,805 (2015 - $Nil).

In June of 2016, the Company's wholly-owned Canadian subsidiary, EBC entered into an unsecured Master Purchasing Agreement with a shareholder of the Company. EBC has available credit of Cdn$3,000,000 ($2,237,010) under the agreement. Specific payment terms and interest rates are negotiated when drawings are made. At October 31, 2016, the balance outstanding was $Nil.

15. 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, 2016 and 2015. The following table shows the Levels within the hierarchy of financial assets and liabilities measured at fair value.

	At October 31, 2016			
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Financial assets				
Cash	48,435,544	-	-	48,435,544
Forward contract assets	-	44,771	-	44,771
Total assets	48,435,544	44,771	-	48,480,315
	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

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, 2016 and 2015.

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

15. Fair Value Measurement of Financial Instruments (continued)

Contingent Consideration (Level 3)
The fair value of contingent consideration, related to the USEH asset acquisition described in Note 5, 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. The fair value estimate of cash outflows was $641,406 at October 31, 2015. This reflected 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 payable/receivable

16. 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.

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

16. Risk Management (continued)

A breakdown of accounts receivable by category is below:

	At October 31, 2016	At October 31, 2015
Customer type	**$**	**$**
Domestic and international banks	3,562,076	1,217,511
Money service businesses	4,405,212	1,600,658
Other	118,973	19,520
Total	**8,086,261**	**2,837,689**

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, 2016 was approximately $6,350,000 (2015 - $5,475,000). The amount of currency that is unhedged and that is not pegged to the U.S. Dollar is approximately $3,250,000 (2015 - $3,660,000). 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 +$65,000/-$65,000 (2015 gain/loss of approximately +$73,000/-$73,000).

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.

16. Risk Management (continued)

Interest Rate Risk

At October 31, 2016, the Company had access to interest bearing financial instruments in cash, short term accounts payable and line of credit. 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 14.

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, 2016 would have been approximately +$9,700/-$9,700 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 , 2016

Non-derivative financial liabilities	Carrying amount	Estimated contractual amount	Next fiscal year	Future fiscal years
	$	$	$	$
Accounts payable	5,984,751	5,984,751	5,984,751	$Nil
Accrued expenses	1,509,411	1,285,606	1,285,606	$Nil
Income taxes payable	767,690	767,690	767,690	$Nil
Line of credit	3,181,805	3,181,805	3,181,805	$Nil

At October 31, 2015 (As restated Note 4)

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
Income taxes payable	547,060	547,060	$Nil	547,060
Contingent consideration	641,406	641,406	641,406	$Nil

The Company had available unused lines of credit amounting to $9,055,205 at October 31, 2016.

16. 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, 2016	10/31/2015 (As restated Note 4)
Current assets	58,460,034	48,027,385
Current liabilities	(11,443,657)	(5,352,490)
Working capital	47,016,377	42,674,895

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.

17. 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, 2016 was $44,771 (2015 - $210,367).

At October 31, 2016 and October 31, 2015 approximately $1,240,694 and $780,583, 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 8.

18. 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).

18. 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 12.

In June of 2016, 13,894 employee stock options were exercised for proceeds of $94,686 (Cdn$120,885).

In October of 2016, 3,000 employee stock options were exercised for proceeds of $16,810 (Cdn$22,500).

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:

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

The outstanding options at October 31, 2016 and 2015 and the respective changes during the periods are summarized as follows:

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
16-Jan-16	16-Jan-21	17.89	17,600	1.46%	33%	17.79*	3.86
11-Mar-16	11-Mar-21	21.30	4,182	1.45%	34%	22.78*	4.78
28-Mar-16	28-Mar-21	23.15	2,261	1.37%	34%	22.45*	5.87
26-Oct-16	25-Oct-21	32.96	22,757	1.30%	34%	30.75*	8.46
26-Oct-16	25-Oct-21	32.96	66,820	1.30%	34%	30.75*	8.46

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

18. Equity (continued)

	Number of options #	Weighted average price Cdn$
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
Granted	113,620	28.28
Exercised	(16,894)	8.61
Outstanding at October 31, 2016	521,592	18.50

The following options are outstanding and exercisable at October 31, 2016:

Grant Date	Exercise price (Cdn$)	Number outstanding	Average remaining contractual life (years)	Number exercisable
4-May-12	7.50	45,000	0.51	45,000
17-Dec-12	7.50	28,667	1.13	28,667
3-May-13	7.65	7,333	1.50	7,333
29-Oct-13	10.86	23,760	1.99	23,760
29-Oct-13	10.86	70,720	1.99	70,720
30-Oct-14	16.21	87,215	3.00	58,142
30-Oct-14	16.21	24,144	3.00	24,144
11-Mar-15	28.15	2,726	3.36	909
30-Oct-15	24.64	28,972	4.00	28,972
30-Oct-15	24.64	89,435	4.00	29,812
16-Jan-16	17.79	17,600	4.21	-
11-Mar-16	22.78	4,182	4.36	-
28-Mar-16	22.45	2,261	4.41	2,261
26-Oct-16	30.75	22,757	4.99	-
26-Oct-16	30.75	66,820	4.99	-
Total		521,592		319,719

19. Earnings per Share

The calculation of earnings per share is presented below. Diluted earnings per share for the year ended October 31, 2016 and 2015 included all stock option grants with the exception of the options granted March 11, 2015 and October 31, 2015 as the strike price exceeded the average stock price from the date of the option grant.

	Year ending October 31, 2016	October 31, 2015 (As restated Note 4)
Basic	**$**	**$**
Net income	3,642,111	4,665,985
Weighted average number of shares outstanding	6,121,985	5,806,235
Basic earnings per share	$0.59	$0.80
Diluted		
Net income	3,642,111	$4,665,985
Weighted average number of shares outstanding	6,277,080	6,068,226
Diluted earnings per share	$0.58	$0.77

20. Operating Expenses

	Year ended October 31, 2016	Year ended October 31, 2015
	$	$
Salaries and benefits	10,787,911	9,247,602
Rent	2,652,296	2,435,837
Legal, professional and director's fees	1,054,277	907,806
Postage and shipping	2,546,923	1,974,032
Stock based compensation	650,216	585,600
Other general and administrative	2,258,344	1,787,454
Operating expenses	19,949,967	16,938,331

21. 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. In September of 2016, the Office of the Superintendent of Financial Institutions ("**OSFI**") and the Minister of Finance, issued letters patent for the bank and CXIC is now Exchange Bank of Canada. The head office of EBC is located in Toronto, Ontario, Canada. During the year ended October 31, 2016, the Company incurred legal and administrative expenses of $58,683 in relation to the application process (2015 – $298,787).

22. 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, 2016 and 2015 was as follows:

	Year ended October 31, 2016	Year ended October 31, 2015
	$	$
Short-term benefits	1,826,519	1,100,460
Post-employment benefits	62,146	50,499
Stock based compensation	640,251	559,717
	2,528,916	1,710,676

The Company incurred legal and professional fees in the aggregate of $23,530 for the year ended October 31, 2016 (2015 - $42,409) 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.

On November 1, 2014, the Company completed a reorganization of its corporate structure resulting in a one-time increase in income taxes of approximately $190,000. This tax liability occurred as a result of the fair value increase in its investment in a subsidiary and was recorded in its entirety in the first quarter of 2015.

23. Other current assets

	At October 31, 2016	At October 31, 2015
	$	$
Prepaid rent	186,463	175,128
Prepaid insurance	143,545	105,187
Due on debit and credit cards	25,886	85,554
Other assets	296,870	141,881
Total	652,764	507,750

24. Subsequent Events

The Company evaluated subsequent events through January 10, 2017, 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 of CXI, Director of EBC

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
Director of EBC
Independent Board Member

Chirag Bhavsar
Lead Director of CXI
Chairman of the Board of EBC
Independent Board Member

Mark D. Mickleborough
Director of CXI
Director of EBC
Board Member

Bryan Osmar
Director of CXI
Director of EBC
Independent Board Member

V. James Sardo
Director of CXI
Director of EBC
Independent Board Member

Linda Stromme
Director of CXI
Director of EBC
Independent Board Member

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

SHAREHOLD INFORMATION

Annual Meeting of Shareholders

Shareholders are invited to attend the annual meeting of Currency Exchange International, Corp. to be held on March 8, 2017 at 4:30 p.m. (EST) at:
333 Bay Street, 46th Floor,
Toronto, Ontario M5H 2S5 Canada

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

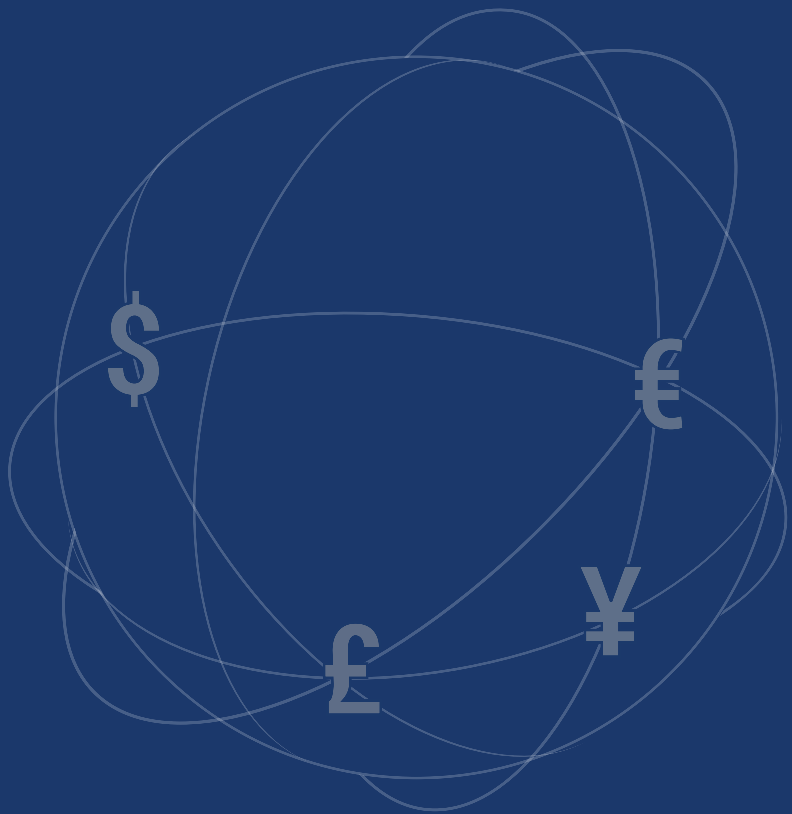
For information or assistance regarding your share account, including dividends, changes of address or ownership, lost certificates, to eliminate duplicate mailings or to receive shareholder material electronically, please contact our Transfer Agents in Canada.

Transfer Agent

Computershare Investor Services
100 University Avenue, 8th Floor, South Tower
Toronto, Ontario M5J 2Y1 Canada
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



CXI

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