Management Discussion and Analysis of
Financial Condition and Results of Operations

For the three months ended March 31, 2015 and 2014

May 27, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management Discussion and Analysis of Financial Condition and Results of Operations (MD&A) should be read in conjunction with Fireswirl Technologies Inc. ("Fireswirl" or the "Company") interim consolidated financial statements and the accompanying notes for the three months ended March 31, 2015 which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Additional information about the Company is available on SEDAR at (www.sedar.com) under Fireswirl Technologies Inc. and on the Company website at www.fireswirl.com.

Special Note Regarding Forward Looking Statements

This MD&A contains certain forward looking statements which reflect management's expectations regarding the Company's growth, results of operations, performance and business prospects and opportunities.

Statements about the Company's future plans and intentions, results level of activity, performance or achievements or other future events constitute forward looking statements. Whenever possible, words such as "anticipate", "estimate", "may", "will", "could", "should", "expect", "plan", "intend", "believe", "estimate", or "potential" or similar words, have been used to identify these forward looking statements.

The Company cautions that the forward-looking statements reflect the current views and/or expectations of the Company with respect to its performance, business and future events. Investors are cautioned that all forward looking statements involve risks, uncertainties and assumptions. Including, without limitations; those relating to a limited operating history, an uncertain regulatory environment, a competitive environment, internet viability and system infrastructure and reliability, dependence on key personnel and foreign exchange fluctuations. These risks may cause the Company's actual results to differ materially from those projected in the forward looking statements. The Company does not undertake any obligations to release publicly any revisions for updating any voluntary forward looking statements.

Factors which could cause results or events to differ from current expectations include among other things: the impact of government legislation; the impact of competition; the ability of the Company to retain and attract qualified professionals; the impact of rapid technological and market change; loss of business or credit risk with current and perspective major customers; general industry and market conditions, growth rates and currency rate fluctuations. The Company disclaims any intentions or obligations to update or revise any forward looking statements, whether as a result of new information, future events or otherwise, except as required by law. No assurance can be given that actual results, performance or achievement expressed or implied by forward looking statements within this disclosure will occur; or if they do, that any benefits can be derived from them.

Past performance has been considered in drawing conclusions with respect to forward looking statements contained in this MD&A.

OVERVIEW

Fireswirl Technologies Inc. (TSX Venture: FSW;"the Company") was founded in 1999 and operated as a software development and project management company specializing in payment platforms and online gaming software for the internet. In 2006, the Company became a publically listed company through a reverse takeover and a $3.2 million equity financing accompanying its qualifying transaction.

In 2007, the Company has formed its first wholly owned subsidiary in China to explore the rapidly emerging market. The Company has since increased its business presence in the country gradually.

In 2009, the Company successfully completed its acquisition of 50% of all rights and interests of Beijing Xingchang Xinda Technology Development Co., Ltd. ("XCXD"), an e-commerce outsourcing and fulfillment solution provider in China, in consideration for 6,058,673 common shares of the Company. Fireswirl has majority voting rights and majority board control over XCXD according to the agreements related to the transaction.

CORPORATE SUMMARY

Fireswirl specializes in the branded online store outsourcing market in China. Fireswirl, together with its subsidiary XCXD is currently the operator of the branded official online store or the Tmall Flagship Store for Toys "R" Us, Hugo Boss, Casio, LEGO and many other international brands in China. The Company either deals directly with brand clients or deals with brand clients through commercial partners, such as eBay Enterprise, a wholly owned subsidiary of eBay Inc.

Fireswirl is continuing to execute on its business plan and to providing the technology, operational service and fulfillment know-how for these brands to break into China's rapid growing e-commerce market. China, being the predominant geographic location for Fireswirl, has over 1.3 billion people in population and is the fastest growing major economy in the world. To this end, the business opportunities in China are considered by management to be significant. The e-commerce market in China continues to expand at a rapid rate.

Fireswirl's operates the "official online store" in China of its international brand clients that it has contractual agreements with directly or through its commercial partners, thus it is not in direct competition with most other online retailers who do not represent any particular brand and sell products from a variety of brand names. The Company generates its revenues mainly from reselling branded products on the respective official branded online stores it operates. As the Company's business model evolves, it also generates revenue from sales-based service fee and other service fees for operating some of these officials branded online stores without being the product reseller. Regardless of being a reseller or a service provider, management views this as a major competitive advantage over other online retailers in China. As China e-commerce is becoming a priority for many international brands, the collaboration between these brands and Fireswirl is an important part of the company's sustainable growth strategy.

Fireswirl also operates the Tmall Flagship Store for a number of international brands. Tmall is an online marketplace where many domestic and local brands sell their products under its own branded flagship store within the marketplace. Tmall is the most popular online shopping destination in china, and it is also the world`s largest e-commerce operation in terms of transacted merchandise value. XCXD is an official Taobao Partner licensed to help international brands launch and operate their stores within Tmall.

During the last quarter, the company, together with certain subsidiaries, has completed a business asset sale to Fung Holdings (1937) Limited ("Fung"). The business asset comprises the Shenzhen e-commerce platform, which provides solutions catering to the Omni Channel requirements of customers, together with the fixed assets, goodwill, intellectual property and contracts comprised in the business (the "Target Business"). The aggregate purchase price payable pursuant to the Agreement is up to $8,000,000. Upon completion of the sale on March 26, 2015, Fireswirl, together with its subsidiaries, has received an initial net payment of $2,975,000 net of normal working capital adjustments and novation of certain customer contracts. The remainder of the purchase price shall be payable to Fireswirl subject to the fulfillment of certain conditions by the Company within six months from the day of completion of the sale.

SUMMARY OF FINANCIAL RESULTS

Key Financial Events

- Total operating revenue increased to $10,343,547 for the three months ended March 31, 2015 compared to $10,137,262 during the same period in 2014, representing an increase of 2%. The merchandise revenue has decreased by 6.4% and service revenue has increased by 92.7%.

- Total operating expense was $10,763,127 for the three months ended March 31, 2015 compared to $10,279,185 for the same period of 2014, representing an increase of 4.7%. The increase was mainly due to the increase in technical service charges and salaries and benefits.

- The Company reported a net income on common shares of $2,261,404 for the quarter ended March 31, 2015 compared to a net loss on common shares of $270,827 for the same period of 2014, representing an increase in income of 935% due to a sale of company assets.

- Fully diluted gain per share was $0.04 for the quarter ended March 31, 2015 compared to fully diluted loss of $0.01 for the same period of 2014.

- As at March 31, 2015, the Company had cash and cash equivalents of $1,195,837 and restricted cash of $409,200 compared to $549,112 and $586,622 as at December 31, 2014, representing an increase of 117.8% and a decrease of 30.2% respectively. As at March 31, 2015, the Company had working capital of $2,491,130 compared to $(109,798) as at December 31, 2014, representing an increase of 2,368.8%.

SELECTED QUARTERLY FINANCIAL DATA

The following table sets out selected unaudited financial information of the Company on a consolidated basis for the last eight quarters.

	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013
Operating revenues								
Sales revenue	8,685,975	11,863,193	14,178,004	10,710,765	9,277,366	10,723,830	13,294,351	8,489,168
Service revenue	1,657,391	1,780,605	1,557,731	1,720,197	859,896	1,217,548	1,323,288	1,068,656
	10,343,366	13,643,798	15,735,735	12,430,962	10,137,262	11,941,378	14,617,639	9,557,824
Other operating revenue	181	-	374	3				131
Total operating revenues	10,343,547	13,643,798	15,736,109	12,430,965	10,137,262	11,941,378	14,617,639	9,557,955
Operating expenses								
Purchases	7,354,262	11,649,931	13,852,784	10,698,497	8,372,131	9,886,366	12,833,831	8,127,740
Delivery charges	167,321	223,166	189,472	181,110	107,297	146,754	146,037	136,827
Technical service charge	1,305,239	1,014,223	667,187	512,321	534,174	941,390	551,860	473,309
Other related expense	25,843	13,239	35,188	70,012	32,056	27,508	29,734	18,859
Foreign exchange (gain)/loss	198,009	17,916	1,643	1,337	4,828	876	580	(5,387)
Amortization	18,309	17,883	19,839	16,897	21,507	43,459	41,413	39,177
Sales and marketing	38,690	42,940	33,205	33,525	47,643	40,187	13,537	26,375
General administration	291,175	386,639	380,609	279,668	283,997	266,594	240,700	184,965
Salaries and benefits	1,364,279	928,584	860,413	891,170	875,552	723,334	783,573	662,672
Loss on disposal of assets	-	18,583	-	-	-	452	-	-
Bad debt expense	-	-	-	-	-	-	-	5,833
Total operating expense	10,763,127	14,313,104	16,040,340	12,684,537	10,279,185	12,076,919	14,641,265	9,670,370
Operating Income/(Loss)	(419,580)	(669,306)	(304,231)	(253,572)	(141,923)	(135,541)	(23,626)	(112,415)
Gain on sale of assets	2,950,385							
Finance income	3,376	3,044	2,802	2,796	4,310	3,013	2,940	3,703
Finance costs	(126,398)	(119,616)	(139,579)	(76,888)	(140,461)	(19,794)	(106,768)	(73,494)
Income/(loss) before income tax	2,407,783	(785,878)	(441,008)	(327,664)	(278,074)	(152,322)	(127,454)	(182,206)
Income tax recovery (expenses)	-	772	(2,693)	(8,934)	(2,569)	(11,254)	(9,190)	(9,078)
Net income/(loss)	2,407,783	(785,106)	(443,701)	(336,598)	(280,643)	(163,576)	(136,644)	(191,284)
Other comprehensive income/(loss)								
Foreign exchange currency adjustment	167,632	48,929	157,759	(91,463)	(7,638)	89,099	(38,536)	81,146
Comprehensive income/(loss)	2,575,415	(736,177)	(285,942)	(428,061)	(288,281)	(74,477)	(175,180)	(110,138)
Net income/(loss) attributable to:								
Common shares	2,261,404	(619,876)	(238,087)	(324,145)	(270,827)	(128,964)	(155,258)	(222,590)
Non-controlling interest	146,379	(165,230)	(205,614)	(12,453)	(9,816)	(34,612)	18,614	31,306
	2,407,783	(785,106)	(443,701)	(336,598)	(280,643)	(163,576)	(136,644)	(191,284)
Comprehensive income/(loss) attributable to:								
Common shares	2,412,716	(584,437)	(122,398)	(393,902)	(268,532)	(56,194)	(186,464)	(156,667)
Non-controlling interest	162,699	(151,740)	(163,544)	(34,159)	(19,749)	(18,283)	11,284	46,529
	2,575,415	(736,177)	(285,942)	(428,061)	(288,281)	(74,477)	(175,180)	(110,138)
Basic/Diluted income/(loss) per share	$ 0.04	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.00)	$ (0.00)	$ (0.00)

QUARTERLY RESULTS

Comparison of the three month periods ended March 31, 2015 and March 31, 2014

Revenue

The Company reported total operating revenue of $10,363,547 for the three months ended March 31, 2015 compared to $10,137,262 for the same period in 2014, representing an increase of 2% due to increase in service revenue.

The breakdown of the Company's revenues by category for the three months ended March 31, 2015 and 2014 are as follow:

		Three months ended		
		31-Mar-15		31-Mar-14
Merchandise resale and trading	$	8,685,975	$	9,277,366
Service and software fees		1,657,391		859,896
Total Revenue		10,343,366		10,137,262
Purchases		7,354,262		8,372,131
Technical service fee		1,305,239		534,174
Delivery charges		167,321		107,297
Other related expense		25,843		32,056
Total Cost of Goods Sold		8,852,665		9,045,658
Gross profit	$	1,490,701	$	1,091,604

During the three months ended March 31, 2015, the Company recognized revenue of $8,685,975 (same period in 2014: $9,277,366), a decrease of 6.4%, from merchandise resale and trading in China.

The Company recognized revenue $1,657,391 (same period 2014: $859,896), an increase of 92.7% compare to the same period last year, from service and maintenance fees during the three months ended March 31, 2015.

These sales incurred a cost of goods sold of $8,852,665 (same period 2014: $9,045,658), resulting in the gross profit margin of 14.4% (same period 2014: 10.8%).

OPERATING EXPENSES

Total operating expenses increased to $10,763,128 for the three months ended March 31, 2015 compared to $10,279,185 for the same period of 2014, representing an increase of 4.7%.

Cost of Goods Sold

Previously, cost of goods sold was presented as a separate line item under GAAP which includes the cost of purchasing the merchandise, sales tax, delivery, technical service, collection, warehousing and advertising expenses related to the sales. As we have chosen to present expense using the nature approach under IFRS, cost of goods sold is presented as purchases, delivery charges, technical service fees and other related expenses under operating expenses according to their nature.

The overall cost of goods sold has decreased to $8,852,665 for the three months ended March 31, 2015 compared to $9,045,658 for the same period of 2014, representing a decrease of 2.1%. The decrease is mainly due to the decrease in purchases (12.2%) with a decrease in merchandise revenue and offset by an increase in technical service fees (144.4%) due to increase in service revenue relating to setting up of customer e-commerce platforms.

Foreign Exchange gain or loss

The Company has a foreign exchange loss of $198,009 for the three months ended March 31, 2015 compared to $4,828 for the same period of 2014. The increase in foreign exchange loss is due to the repayment of shareholder loan in its original currency. Throughout the three months ended 2015 and 2014 the Company did not utilize hedges or forward contracts.

Amortization

Amortization expenses decreased to $18,309 for the three months ended March 31, 2015 compared to $21,507 for the same period of 2014, representing a decrease of 14.9%. XCXD represented $15,134 (same period 2014: 19,503) or 82.7% (same period 2014: 90.7%) of the depreciation and amortization expenses. The decrease in amortization expense is due to part of the assets has been fully amortized and some leasehold improvement has been written off in 2014.

Sales and Marketing

Sales and marketing expense decreased to $38,690 for the three months ended March 31, 2015 compare to $47,643 for the same period of 2014, representing a decrease of 18.8%. This is due to less travel expense being incurred during the quarter from head office to Asia or vice versa. During the three months ended March 31 2015, XCXD represented $12,658 (same period 2014: $12,569) or 32.7% (same period 2014: 26.4%) of the sales and marketing expenses.

General and Administrative

General and administrative expense increased to $291,175 for the three months ended March 31, 2015 compare to $283,997 for the same period of 2014 representing an increase of 2.5%. The increase is due to increase in legal fees and special bonus to directors concerning the sale of assets. During the three months ended March 31 2015, XCXD represented $130,354 (same period 2014: $186,002) or 44.8% (same period 2014: 65.5%) of the general and administrative expenses.

Salaries and Benefits

Salaries and benefits expense increased to $1,364,279 for the three months ended March 31, 2015 compared to $875,552 for the same period of 2014, representing an increase of 55.8%. During the three months ended March 31 2015, XCXD represented $677,866 (same period 2014: 676,197) or 49.7% (same period 2014: 77.2%) of the salaries and benefits expenses. The increase is mainly due to necessary severance ($223,708) and special bonus ($130,000) for employees involved in the sale of e-Commerce platform.

Gain on sale of e-Commerce platform

On March 25, 2015 the company completed the sale of its Shenzhen e-commerce platform business, which includes
1) property and equipment with carrying value of $24,615 (Note 7)
2) goodwill , intellectual property and customer lists and contracts with carrying amount of $nil,
to Fung Holdings (1937) Limited.

The purchase price after working capital adjustment paid by Fung on closing was $2,975,000 and a gain of $2,950,385 was recognized on the condensed interim consolidated statements of income. Upon satisfaction of certain conditions subsequent, including the resignation of Mr. Tony Lau as the company's CEO and Mr. Lau joining Fung as an employee within six months of completion of the sale, a further $3,250,000 will be payable to the Company. In the interim period, Mr. Lau has agreed to serve on a consultancy basis to Fung.

In connection with the completion of the sale, the Company repaid the principal amount of the $400,000 interest-free loan from Fung to the Company, which had been granted on October 24, 2014, by way of set-off against the purchase price.

Finance Income

The Company recorded $3,376 of interest income for the three months ended March 31, 2015 (same period 2014: $4,310). This interest income is mainly earned by XCXD restricted cash deposit for the quarter ended March 31, 2015 and 2014.

Finance Expense

The Company recorded $126,398 of interest expense for the three months ended March 31, 2015 (same period 2014: $140,461). This interest expense was incurred by the short term loans drawn down by XCXD and Fireswirl Asia Limited ($8,460) for the three months ended March 31, 2015 and by XCXD for the three months ended March 31, 2014.

Net Comprehensive Loss

The Company reported a net comprehensive income attributable to the common shares is $2,412,716 for the three months ended March 31, 2015 compared to net comprehensive loss attributable to the common shares of $268,532 for the same period of 2014, representing an increase in income of 998.5%. The increase is due to the sale of certain assets of the Company.

Diluted gain per share was $0.04 for the three months ended March 31, 2015 compared to a diluted loss of $0.01 in the same period of 2014.

Non Controlling Interest

The Company's foreign subsidiary, XCXD realized the net gain of $292,759 for the three months ended March 31, 2015 compared to the same period in 2014 a net loss of $19,631. Based on the Company's ownership of 50%, only 50% of the income and expense are being accounted for in the interim condensed consolidated statement of comprehensive income.

CASH FLOW STATEMENT DURING Q1 2015 and 2014

Operating Activities

Cash inflow by operating activities was $232,911 for the three months ended March 31, 2015 compared to cash outflow by operation activities was $681,735 for the same period of 2014, representing a decrease of 65.8%. During the three month period ended March 31, 2015, the increase is mainly due to a decrease in inventory.

Investing Activities

Cash inflow by investing activities was $2,971,705 for the three months ended March 31, 2015 compared to cash outflow $14,964 for the same period of 2014. The cash inflow is due to the sale of the e-Commerce platform offset by regular computer asset replacement purchases.

Financing Activities

Cash used by financing activities was $2,549,523 for the three months ended March 31, 2015 compared to $570,422 cash used for the same period of 2014, representing a increase in cash outflow of 347%. The cash outflow is mainly due to repayment of short term loans. The cash inflow from the comparative period is mainly due to proceeds from private placement and cash released from restricted cash during the three month period.

LIQUIDITY AND CAPITAL RESOURCES

The Company has $1,195,837 in cash and short term investments and working capital (defined as current assets less current liabilities) of $2,491,131. With the recent dramatic change decline in the global economic environment results in increasing uncertainty regarding future revenue and customer commitments, both in terms of timing and magnitude for such future sales. Contractual commitments are summarized in "Contractual Obligations" section of this MD&A. To the extent the Company is unable to cover its ongoing cash requirements through operations; the Company expects to raise additional equity financing to cover any shortfall. There can be no assurance that such financing and profitability will occur in the amounts and with terms expected. These condensed consolidated interim financial statements do not give effect to adjustments that would be necessary to the carrying value and classification of assets and liabilities should the Company be unable to continue as a going concern.

The Company does not have commitments for capital expenditures as of March 31, 2015. The Company's capital resources consist of common share issuances.

Contractual Obligations

The Company's future minimum annual payments under operating leases are the following:

2015	$316,488
2016	$389,612
2017	$396,660
2018	$329,230
2019	$ 63,017

Related Party Transactions

In the first quarter of 2015, the Company paid $186,228 (same period 2014: $60,900) in salaries including a special bonus $125,000 to its management regarding the sale of the e-Commerce platform and the Company paid $34,000 (same period 2014: $4,000) to the directors as director fees including a special bonus of $30,000 regarding the sale of e-Commerce platform. As of March 31, 2015, the accounts payable balance includes $785 (same period 2014: $42,825) that is incurred from regular operational expenses outstanding to an officer of the company and the Company also had a balance of $38,219 (same period 2014: $958,531) due to the shareholders of Fireswirl Technologies Inc. and XCXD.

XCXD and a related company, Yatan Technology Development Ltd, signed an e-commerce collaboration agreement on January 6, 2014. The related company's senior management is one of the shareholders of XCXD. XCXD provides funding to the related party to purchase inventory and in return XCXD will be entitled to a commission based on the revenue after the related party sells its inventory. The rate of commission is still being negotiated by the two parties. XCXD's president and the shareholder are the guarantors for this arrangement. The guarantors are responsible for the balance due from the related party if the related party is not able to pay back the balance. As of March 31, 2015, XCXD advanced $2,360,568 to the related party (same period in 2013 – nil) but had not recognized any revenue related to this arrangement in the current period and in 2014.

All of the above transactions were in the normal course of operations and are measured and recorded at the exchange amount of consideration established and agreed to by the related parties.

SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies and methods used in preparation of the Company's financial statements are described in Note 2 of unaudited condensed interim consolidated financial statements of the Company for the three month period ended March 31, 2015.

CHANGES IN ACCOUNTING POLICIES

The accounting policies applied in the preparation of these unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2014, except for the application of the following new interpretation and amendments to existing IFRSs, which were effective January 1, 2015:

IFRS 2 Share-based payment
The amendments to IFRS 2, issued in December 2013 clarify the definition of "vesting conditions", and separately define a "performance condition" and a "service condition". A performance condition requires the counterparty to complete a specified period of service and to meet a specified performance target during the service period. A service condition solely requires the counterparty to complete a specified period of service. The amendments had no impact on the Company's financial results.

IFRS 3 Business combinations
The amendments to IFRS 3, issued in December 2013, clarify the accounting for contingent consideration in a business combination. At each reporting period, an entity measures contingent consideration classified as an asset or a financial liability at fair value, with changes in fair value recognized in profit or loss. The amendments had no impact on the Company's financial results.

IFRS 8 Operating segments
The amendments to IFRS 8, issued in December 2013, require an entity to disclose the judgments made by management in applying the aggregation criteria for reportable segments. The amendments only affect disclosure and had no impact on the Company's financial results.

IAS 16 Property, plant and equipment and IAS 38 Intangible assets
The amendments to IAS 16 and IAS 38, issued in December 2013, clarify how an entity calculates the gross carrying amount and accumulated depreciation when a revaluation is performed. The amendments had no impact on the Company's financial results.

IAS 24 Related party disclosures
The amendments to IAS 24, issued in December 2013, clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation. The amendments only affect disclosure and had no impact on the Company's financial results.
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Standards issued but not yet effective

The Company has not yet applied the following new standards, interpretations or amendments to standards that have been issued as at December 31, 2014 but are not yet effective. Unless otherwise stated, the Company does not plan to early adopt any of these new or amended standards and interpretations and intends to adopt those standards when they become effective. The Company does not expect the impact of such changes on the financial statements to be material, unless otherwise stated.

IFRS 9 Financial instruments
The final version of IFRS 9 (2014) was issued in July 2014 as a complete standard including the requirements for classification and measurement of financial instruments, the new expected loss impairment model and the new hedge accounting model. IFRS 9 (2014) will replace IAS 39 Financial instruments: recognition and measurement. IFRS (2014) is effective for reporting periods beginning on or after January 1, 2018.

IFRS 15 Revenue from contracts with customers
IFRS 15, issued in May 2014, specifies how and when entities recognize revenue, as well as requires more detailed and relevant disclosures. IFRS 15 supersedes IAS 11 Construction contracts, IAS 18 Revenue, IFRIC 13 Customer loyalty programmes, IFRIC 15 Agreements for the construction of real estate, IFRIC 18 Transfers of assets from customers and SIC-31 Revenue – barter transactions involving

advertising services. The standard provides a single, principles based five-step model to be applied to all contracts with customers, with certain exceptions. The five steps are:

1. Identify the contract(s) with the customer.
2. Identify the performance obligation(s) in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to each performance obligation in the contract.
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

The effective date for IFRS 15 has not yet been determined.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates.

Critical estimates in applying accounting policies

Sales allowances and returns

Sales allowances for customer promotions, discounts and returns are recorded as a reduction of revenue when the related revenue is recognized. Revenue from product sales is recognized upon passing of title to the customer, generally at the time of shipment. Revenue from product sales, less related sales allowances, is reflected as net sales in the consolidated income statements. The Company routinely commits to promotional sales allowance programs with customers. These allowances primarily relate to fixed programs, which the customer earns based on purchases of the Company's products during the year. Discounts and allowances are recorded as a reduction of related revenue at the time of sale. While many of the allowances are based on fixed amounts, certain of the allowances, such as the returns allowance, are based on market data, historical trends and information from customers, and are therefore subject to estimation.

For its allowance programs that are not fixed, such as returns, the Company estimates these amounts using a combination of historical experience and current market conditions. These estimates are reviewed periodically against actual results and any adjustments are recorded at that time as an increase or decrease to net sales. During the three month period ended March 31, 2015, there have been no material adjustments to the Company's estimates made in prior years.

Allowance for doubtful accounts

The Company's allowance for doubtful accounts is based on management's assessment of the business environment, customers' financial condition, historical collection experience, accounts receivable aging, customer disputes and the collectability of specific customer accounts. If there were a deterioration of a major customer's creditworthiness, or actual defaults were higher than the Company's historical experience, estimates of the recoverability of amounts due could be overstated, which could have an adverse impact on operating results. The allowance for doubtful accounts is also affected by the time at which uncollectible accounts receivable balances are actually written off.

Major customers' accounts are monitored on an ongoing basis; more in depth reviews are performed based on changes in customer's financial condition and/or the level of credit being extended. When a significant event occurs, such as a bankruptcy filing by a specific customer, and on a quarterly basis, the allowance is reviewed for adequacy and the balance or accrual rate is adjusted to reflect current risk prospects.

Reserve for inventory obsolescence

The Company's values inventory at the lower of cost or net realizable value. Based upon a consideration of quantities on hand, actual and projected sales volume, anticipated product selling prices and product lines planned to be discontinued, slow-moving and obsolete inventory is written down to its net realizable value. Failure to accurately predict and respond to consumer demand could result in the Company under producing popular items or overproducing less popular items. Furthermore, significant changes in demand for the Company's products would impact management's estimates in establishing its inventory provision.

Management estimates are monitored on a quarterly basis and a further adjustment to reduce inventory to its net realizable value is recorded, as an increase to cost of sales, when deemed necessary under the lower of cost or net realizable value.

Depreciation

The amounts recorded for depreciation are based on estimates including economic life of the asset and residual values of the asset at the end of its economic life. The actual lives of the assets and residual values are assessed annually taking into account factors such as technological innovation and maintenance programs.

Share-based compensation

The Company uses the fair value method of valuing compensation expense associated with the Company's share-based compensation plan whereby notional shares are granted to employees, board of directors and key consultants. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant.

Critical judgments in applying accounting policies

The following are the critical judgments that the management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

Income taxes

The Company is subject to income taxes in Canada and in China. Management has estimated the income tax provision and deferred tax balances in accordance with its interpretation of the various income tax laws and regulations, and has estimated the recoverability of deferred tax balances. It is possible, due to complexity inherent in estimating income taxes that the tax provision and deferred tax balances could change.

Key assumptions used in discounted cash flow projections

Key assumptions used in the calculation of impairment tests and valuation of goodwill are forecast growth rates for revenue, estimated margins, discount rates, and other assumptions.

Going concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

RISKS AND UNCERTAINTIES

Important risks factors that could cause actual results, performance or achievements to be materially different than past performance or those implied by forward looking statements include:

- Foreign currency exchange risk
- Uncertainty as to the degree of new and continuing market acceptance of our products;
- Our products could contain defects that lead to costs, damage of reputation or litigation;
- Our dependence on brand partners' performance;
- Uncertainty regarding future profitability;
- Uncertainty regarding the pricing, reporting and collection of accounts;
- Risks associated with sales in foreign countries and their government policy and regulations therein
- Our ability to attract and retain key personnel

Subsequent Events

No subsequent event is noted as of the date of this report.

Off Balance Sheet Arrangement

As at March 31, 2015 and the date of this report the Company has not entered into any off balance sheet arrangements.

Financial Instruments and Other Instruments

The Company's financial instruments consists of cash, short term investments, accounts receivable, accounts payable and accrued liabilities, income taxes recovery and capital lease obligations. The fair values of these financial instruments approximate their carrying values, except as noted below. It is management's opinion that the Company is not exposed to significant interest risks. The Company's short term investments consist of investments in low risk bank certificates. A substantial portion of the Company's revenue is earned in foreign currencies and is exposed to currency fluctuations. The Company does not use financial derivatives or "other financial instruments".

INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS

The Company evaluated the effectiveness and design of its disclosure controls and procedures for the three month period ended March 31, 2015 and based on this evaluation (which included testing of the key controls by examining evidence demonstrating their existence on a test basis) have determined these controls to be effective.

The Corporation's financial reporting procedures and practices have enabled the certification of Fireswirl Technologies Inc. annual filing in compliance with Multilateral Instrument 52-109 "Certification of Disclosure in Issuers Annual and Interim Filings". Management has designed such internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements and other annual filings in accordance with Canadian Generally Accepted Accounting Principles, except as noted below.

Given the size of the Company, the evaluation of the design of internal controls over financial reporting for the Company resulted in the identification of the following weaknesses:

> Management is aware that due to its relatively small scale of operation there is a lack of segregation of duties to a limited number of employees dealing with accounting and financial matters. However, management has concluded that considering the employees involved and the control procedures in place, including management and Audit Committee oversight, risks associated with such lack of segregation of duties are not significant enough to justify the expense associated with adding employees to segregate duties.
>
> Management is aware that in-house expertise to deal with complex taxation, accounting and reporting issues may not be sufficient. The Company requires outside assistance and advice on new accounting pronouncements and complex accounting and reporting issues, which is common with companies of similar size.

There have been no significant changes to the Company's internal control over financial reporting that occurred during the most recent period that have materially affected, or are reasonable likely to materially affect, the Company's internal control over financial reporting. The Company internal control systems continue to evolve as the Company grows. We believe these systems are sufficient to execute the business plan and provide meaningful information upon which to manage the business. Management believes the disclosure, controls and procedures currently in place are effective.

The Company has 53,571,285 common shares and 1,350,000 options outstanding and exercisable as at March 31, 2015. On April 3, 2015, 250,000 options were issued to employees and among those options, 125,000 are outstanding and exercisable as at the date of report. If all of the Company's exercisable options were exercised, the Company would have 55,046,285 common shares outstanding at the date of report.