FTC CARDS INC.
REPORT TO SHAREHOLDERS
FOR THE PERIOD FROM MARCH 9, 2012 (DATE OF INCORPORATION) TO DECEMBER 31, 2012
(Expressed in Canadian dollars)

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE PERIOD FROM MARCH 9, 2012 (DATE OF INCORPORATION) TO DECEMBER 31, 2012

(Dated: April 26, 2013)

Management's Responsibility for Financial Reporting

These annual audited consolidated financial statements have been prepared by management using Brazilian accounting policies which are essentially identical to "International Financial Reporting Standards – IFRS". The information contained in this document has also been prepared by management and is consistent with the data contained in the annual audited consolidated financial statements.

The Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that these filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by these filings, and these financial statements together with the other financial information included in these filings fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented in these filings.

The Board of Directors approves the financial statements and ensures that management has discharged its financial responsibilities. The Board's review is accomplished principally through the Audit Committee, which meets periodically to review all financial reports prior to filing.

Certain statements in this report may constitute forward-looking statements that are subject to risks and uncertainties. A number of important factors could cause actual outcomes and results to differ materially from those expressed in these forward-looking statements. Consequently, readers should not place any undue reliance on such forward-looking statements. In addition, these forward-looking statements relate to the date on which they were made.

In particular, forward looking comments regarding the Company's status and viability included in the "Liquidity" section are views of management only, and actual results and outcomes could be materially different from management's estimates and expectations. The reader is advised to review risks and exposures related to the Company's operations and reporting, detailed in the sections entitled, "financial risks", all of which affect management's views and expectations.

Corporate Structure

FTC Cards Inc. ("FTC Canada" and the "Company") was incorporated under the name "0934977 B.C. Ltd." under the laws of the Province of British Columbia by articles of incorporation dated March 9, 2012. On May 16, 2012, the name was changed to "FTC Cards Inc."

The Company was not initially a reporting issuer (or the equivalent) in any jurisdiction and the common shares of FTC Canada are not listed or quoted for trading on any stock exchange. Following the completion of the Arrangement agreement on July 3, 2012, the Company became a reporting issuer in British Columbia.

The Company was incorporated for the purposes of completing the reorganization whereby pursuant to the terms of the Arrangement agreement between its parent CTF Technologies Inc., ("CTF"), and the purchaser, on July 3, 2012, the Company ceased to be a wholly-owned subsidiary of CTF and all of the issued and outstanding FTC Canada shares were distributed to the former CTF Shareholders.

Following the completion of the Arrangement agreement, FTC Canada now owns approximately 90.5% of the equity of FTC Cards Processamento e Serviços de Fidelização Ltda. ("FTC Brazil") and has assumed the management of the business of FTC Brazil. FTC Brazil is a limited liability company (*sociedade limitada*) under the laws of Brazil and was incorporated on April 7, 2011. The balance of the equity in FTC Brazil is held by

Technis Planejamento e Gestão em Negócios Ltda. ("Technis"), a limited liability company (*sociedade limitada*) under the laws of Brazil and an unrelated party.

The registered and records office of FTC Canada. is located at 1500 Royal Centre, 1055 West Georgia Street, Vancouver, British Columbia, V6E 4N7. The head office of FTC Canada is located at 2000-1066 West Hastings Street, Vancouver, British Columbia, V6E 3X2. The registered and head office of FTC Brazil is located at Alameda Tocantins, No. 125, 33rd floor, room 3302, Building 01 of Condomínio West Side - Alphaville, in the city of Barueri, State of São Paulo, Brazil.

Business of the Company

FTC Brazil was formed in 2011 for the purposes of developing a business of providing data processing to support a program of promotions, awards and loyalty programs and credit card processing targeted at the franchise gas stations of Petrobras Distribuidora S.A. ("**Petrobras**"). FTC Brazil is continuing the business originally developed by CTF Technologies do Brasil Ltda., a subsidiary of CTF Technologies Inc., under an agreement entered into with Petrobras.

As an Acquirer, the Company receives a portion, determined by contract, of the commission revenues arising from the application of the Merchant Discount Rate, ("MDR") to all credit and debit card transactions processed for fuel and other purchases at designated Petrobras outlets. Revenues are also received from the monthly rental, instalation and maintenance of card processing equipment provided to merchants.

In addition, the Company has developed and is continuing to develop an expanded set of loyalty programs to promote customer brand loyalty for Petrobras and other clients, from which it earns fees on a monthly basis.

The Company's costs of operations include outsourced datacentre processing, communications, call centre operation, and website support for both clients and registered loyalty program users. The in-house costs include staff and other costs for new program development, sales and marketing, administration and other corporate costs.

Going Concern

These annual audited consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue to operate in the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Should the Company be unable to continue as a going concern, the basis of reporting the carrying values of assets may be adjusted.

The Company's earnings for the period from its inception on March 9, 2012 to December 31, 2012 amounted to $1,983,000. The Company also had cash of $1,942,000 and accumulated working capital of $2,352,000 at December 31, 2012. As a going concern, the Company is dependent upon its ability to sustain future profitable operations and to maintain access to financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company not be able to continue as a going concern.

Results of Operations for the Three Months Ended December 31, 2012:

Consolidated revenues for the fourth quarter ended December 31, 2012 amounted to $8,739,000, a 257 per cent improvement over the previous quarter, the first quarter of operations. The increase is a direct result of the growing use of the Company's loyalty cards by Petrobras customers in the quarter and the increased number of fueling stations equipped and activated with the card system. The costs of operations include the costs for outsourced processing, a call centre and technical support for its operations and amounted to $4,655,000 for the quarter, such that the gross profit earned amounted to $4,085,000.

(Expressed in Canadian dollars)

Other costs, totaling $1,393,000, for Sales and Marketing and Administration, were 67 per cent higher than in the previous quarter as the transition support fees payable to the predecessor company, CTF Technologies do Brasil Ltda, to ensure the smooth transition to FTC, and which apply to the first year of operations, were included in Administration. This additional cost of approximately $1,500,000 for the operating period this year will cease effective July 3, 2013.

As a consequence, the consolidated net profit after taxes for the fourth quarter was $1,970,000 or $0.03 per share, of which $1,782,000 or $0.03 per share is attributable to the Company.

Results of Operations for the Period from March 9, 2012 (Date of Incorporation) to December 3!, 2012:

Consolidated revenues for the period from inception to December 31, 2012 amounted to $11,186,000.

The costs of operations include the costs for outsourced processing, a call centre and technical support for its operations and amounted to $6,212,000 for the partial year to December 31, yielding a gross profit of $4,974,000.

Other costs included Sales and Marketing of $194,000, related to the sales of both merchant card terminals and the loyalty programs developed for Petrobras, and Administration of $2,015,000, which includes FTC Canada corporate costs of $90,000. Total other costs amounted to $2,225,000, such that a profit before taxes of $2,749,000 was earned and net profit after taxes of $1,983,000 or $0.03 per share, of which $1,787,000 or $0.03 per share is attributable to the Company.

Selected Annual Financial Information:

Not applicable as this is the first year of operations.

Selected Quarterly Financial Information:

	4th Quarter Ended December 31, 2012	3rd Quarter Ended September 30, 2012	2nd Quarter Ended June 30, 2012	Period from March 9, 2012 (date of inception) to March 31, 2012
(a) Revenue	$8,739,753	$2,446,247	NIL	NIL
(b) Profit (Loss) for period	$1,779,033	$9,546	($1,580)	$0.00
(c) Profit (Loss) per share	$0.03	$0.00	($0.00)	$0.00

All of the financial information reported in the table above is in accordance with IFRS reporting standards.

For the fourth quarter of 2012, the Company earned increased operating revenues of $8,739,753 and the profit realized grew to $1,779,033 as usage of the Company's card system rose. Other costs were higher due to the inclusion of the transition support fees, applicable only for the first year of operation.

The Company has completed its first quarter of operations following the successful completion of the arrangement agreement, whereby FTC was spun out from CTF, and reported revenues of $2,446,247 and a net profit before minority interest of $15,113.

For the second quarter following incorporation, the Company incurred $1,580 of administrative expenses from its date of incorporation on March 9, 2012. No revenues were generated in the period. Consequently, the Company incurred a loss amounting to ($1,580) or ($1,580) per share for the quarter and year to date.

(Expressed in Canadian dollars)

Capital:

Authorized: Unlimited number of Common shares without par value,

Issued:

	Number of Shares	Amount $
Balance, March 9, 2012	1	1
Issued on completion of the arrangement	58,351,052	8,305,105
Balance, December 31, 2012 and April 26, 2013	58,351,053	8,305,106

Liquidity:

On March 9. 2012, the Company was incorporated and one common share of the capital of the Company was issued for cash proceeds of $1. On July 3, 2012, the arrangement transaction as reported above, was completed and as part of the spin-out transaction, the Company received $509,000 (US$500,000) cash funding from the purchaser on behalf of the new FTC shareholders. In addition, as part of the spin-out transaction, the Company received 16,742,959 shares or quotas of FTC Brasil, with the attributed value of these shares acquired by CTF of $7,796,105 and representing 90.5 per cent of the total equity of FTC Brasil, and in exchange, FTC Canada issued 58,351,052 new common shares of the Company to CTF, such shares being immediately dividended out by CTF to the existing CTF shareholders.

As a result of the first period of operations, the Company generated cash inflows of $1,983,000 from earnings, which after adjustments for non-cash items and changes in working capital accounts, yielded inflows of $1,572,000. As noted above, from the spin-out transaction, the Company received $509,000 from the CTF shareholders and acquired cash on hand in FTC Brasil of $258,000. However in the year –to-date period, the Company incurred cash expenditures of $176,000 for the acquisition of additional equipment and software, so that at the period end, the cash on hand amounted to $1,942,000 available to fund future operations and growth.

Management contemplates that additional funds, when required for the operations of the Company, will be raised by the issuance of new common shares of equity.

Related Party Transactions

The financial statements include the financial statements of FTC Cards Inc. and its subsidiary listed in the following table:

Name of Subsidiary	Country of Incorporation	Proportion of Ownership Interest	Principal Activity
FTC Cards Processamento e Servicos de Fidelizacao Ltda.	Sao Paulo, Brazil	90.5%	Operating company

New Standards Not Yet Adopted:

The following standards have not yet been adopted and are being evaluated to determine their impact on the Company's financial statements.

Some new accounting procedures of the International Accounting Standards Board IASB and International Financial Reporting Interpretations Committee IFRIC interpretations have been published and/or reviewed and have their adoption is optional or mandatory for financial years beginning in January 01, 2013. The Company´s management is evaluating the impacts of these new procedures and interpretations. However, it expects that its adoptions will not bring significant impacts in its financial statements., as follows:

• IFRS 10 Consolidated Financial Statements – IFRS 10 as issued establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 replaces the consolidation requirements in SIC-12 – Consolidation of Special Purpose Entities and IAS 27 – Consolidated and Separate Financial Statements and is effective for annual periods beginning on or after January 1, 2013. Early application is permitted. The Company is currently analyzing any possible effects arising from the adoption of IFRS 10.

• IFRS 11 Joint Arrangements - IFRS 11 provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. IFRS 13 supersedes IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities - Non-Monetary Contributions by Ventures, and is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company is currently analyzing any possible effects arising from the adoption of IFRS 11.

• IFRS 12 Disclosures of Interests in Other Entities - IFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company is currently analyzing impacts on its disclosures arising from the adoption of IFRS 12.

• IFRS 13 Fair Value Measurement - IFRS 13 establishes new requirements on how to measure fair value and the related disclosures for IFRSs and US generally accepted accounting principles (US GAAP). The standard is effective for annual periods beginning on or after January 1, 2013. Early application is permitted. The Company is currently analyzing any possible effects.

Rules, changes and interpretations of standards that are not yet in force

• IFRS 9 Financial Instruments – Classification and measurement – It reflects the first phase of the IASBs work on the replacement of IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 uses a simplified approach to determine whether a financial asset is measured at amortized cost or fair value, based on the manner in which an entity manages its financial instruments (business model) and the typical contractual cash flow of financial assets. The standard also requires the adoption of only one method for determining losses in recoverable value of assets. The standard is effective for annual periods beginning on or after January 1, 2015. The Company and its subsidiaries will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

• IAS 32 - Financial instruments - Changes in the pronouncement aims to clarify the requirements for compensation of financial instruments. These changes shows inconsistencies found in practice when applied the criteria for compensation in "IAS 32 Financial Instruments: Presentation". The changes are effective for periods beginning on / or after January 1, 2014. Early application is permitted.

• IAS 1 – “Presentation of Financial Statements” – the main change was the requirement that entities group the items presented under other comprehensive income based on whether or not they are potentially reclassifiable to the subsequent profit or loss (reclassification adjustments). This change, however, does not establish which items should be presented under other comprehensive income. The standard will be applicable as of July 1, 2013.

The Company and its subsidiaries analyzed these standard and concluded that it will not cause relevant impacts in the financial statements.

Financial and Capital Risk Management:

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are described below.

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value of financial instruments

The Company has various financial instruments including cash, trade accounts receivable and various accounts payable and accrued liabilities. Cash is carried at fair value using a level 1 fair value measurement. The carrying values of receivables and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company’s cash and cash equivalents are held in large Canadian and Brazilian financial institutions in interest bearing accounts.

The Company’s trade and other accounts receivable consist mainly of amounts from Cielo and Petrobras and for HST and VAT receivable due from the governments of Canada and Brazil respectively.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company manages liquidity risk through its capital management as outlined in Liquidity above. Accounts payable relating to the Company’s operations and other accounts payable and accrued liabilities are due within one year.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The risk that the Company will realize a loss as a result of a decline in the fair value of the short-term investments included in cash and cash equivalents is minimal because these investments roll over daily.

b) Foreign currency risk

The Company subsidiary operates in Brazil and consequently is subject to fluctuations in the exchange rate of the Brazilian real to the Canadian dollar. The Company does not undertake any hedging activity against this significant foreign currency risk.

The exchange rates at the period-end close for $ 1.00 Canadian Dollar are as follows:

December 31, 2012:	$ 2.0580 Brazilian Reais
December 31, 2011:	$ 1.8322 Brazilian Reais

c) Price risk

The Company is exposed to price risk with respect to commodity prices, particularly fuel, as the Company's revenues directly reflect the pricing of fuels sold to fleet and vehicle owners. The Company currently does not undertake any hedging activity against this exposure.

The Company currently maintains investments in certain marketable securities. There can be no assurance that the Company can exit these positions if required, resulting in proceeds approximating the carrying value of these securities.

<u>Events After the Reporting Date:</u>

None.