FTC CARDS INC.
INTERIM REPORT TO SHAREHOLDERS
FOR THE FIRST QUARTER ENDED MARCH 31, 2013 AND FOR PERIOD FROM MARCH 9, 2012 (DATE OF INCORPORATION) TO MARCH 31, 2012
(Expressed in Canadian dollars)

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE FIRST QUARTER ENDED MARCH 31, 2013 AND FOR THE PERIOD FROM MARCH 9, 2012 (DATE OF INCORPORATION) TO MARCH 31, 2012

(Dated: May 28, 2013)

Management's Responsibility for Financial Reporting

These interim unaudited consolidated financial statements have been prepared by management using Brazilian accounting policies which are essentially identical to "International Financial Reporting Standards – IFRS" and these statements are also in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. The information contained in this document has also been prepared by management and is consistent with the data contained in the interim unaudited 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 and Capital Risk Management", 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 interim unaudited 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 inception to December 31, 2012 amounted to $1,982,943, and its working capital was approximately $2,352,000 at December 31, 2012 and $2,177,651 at March 31, 2013. As a going concern, the Company is dependent upon its ability to attain 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 March 31, 2013:

Consolidated revenues for the first quarter ended March 31, 2013 included the contribution from its share of the operations of FTC Brasil and amounted to $2,379,633, whereas no revenues were reported in the comparable first quarter of operations of the Company in the prior year, when it had only been incorporated and remained inactive until the close of the acquisition of the Brazilian operations on July 03, 2012. The revenues this quarter are substantially lower than those realized in the last six months of operations of 2012 following the acquisition of the Brazilian operation, as the prior period revenues included one-time sales of POS terminals for service station activations and represented approximately half of the total revenues earned in that period. Also, in that period, a very successful launch promotion was made, which served to stimulate volumes and consequent revenues in that period. The Company anticipates that a similar program will occur in the latter six months of this year to stimulate volumes again in this manner.

The costs of operations include the costs for outsourced processing, a call centre and technical support for its operations and amounted to $1,701,866 for the quarter, yielding a gross profit of $677,767. The costs of operations are also substantially lower than for the last six months of 2012, the reduction reflecting the absence of the purchase costs for the POS units installed.

Other costs included sales and marketing of $177,033, related to the sales of both merchant card terminals and the loyalty programs developed for Petrobras, and Administration of $1,080,297, which includes some transitional costs related to interim support from the management of its former parent CTF for the first year of operations, ending on the first anniversary of the transaction, July 03, 2013.

Total other costs amounted to $1,281,417, such that the Company experienced a loss for the first quarter of ($603,650) or ($0.01) per share, of which ($546,606) or ($0.00) per share is attributable to the Company.

Selected Annual Financial Information:

		For the year ended December 31, 2012	For the year ended December 31, 2011	For the year ended December 31, 2010
		$	$	$
Total revenues		11,186,000	N/A	N/A
Loss before discontinued operations and extraordinary items:				
(i)	total for the year	1,983,000	N/A	N/A
(ii)	per share	0.03	N/A	N/A
(iii)	per share fully diluted	0.03	N/A	N/A
Net loss:				
(i)	total for the year	1,983,000	N/A	
(ii)	per share	0.03	N/A	N/A
(iii)	per share fully diluted	0.03	N/A	N/A
Total assets		16,838,000	N/A	N/A
Total long-term financial liabilities		606,000	N/A	N/A
Cash dividends declared per-share		Nil	N/A	N/A

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The Company was incorporated in March 2012 and completed the acquisition of its operating subsidiary on July 03, 2012. Consequently, the revenues of $11,186,000 are for the six months after the acquisition and reflect the Company's share of the MDR and the sale of POS units for this period primarily. Consolidated net earnings before minority interest were $1,983,000 or $0.03, and after minority interest were $1,787,000 or $0.03 per share.
Selected Quarterly Financial Information:

	4th Quarter Ended December 31, 2013	3rd Quarter Ended September 30, 2013	2nd Quarter Ended June 30, 2013	1st Quarter Ended March 31, 2013
(a) Revenue (b) Profit (Loss) for period (c) Profit (Loss) per share				$2,379,633 ($603,650) ($0.01)
	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 (b) Profit (Loss) for period (c) Profit (Loss) per share	$8,740,000 $1,975,000 $0.03	$2,446,247 $7,967 $0.00	NIL ($1,580) ($0.00)	NIL 0.00 0.00

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

For the first quarter of 2013, revenues of $2,379,633 in fees earned from its MDR participation, down from the very high level earned in the previous quarter due to one-time sales of POS units and a special promotion to augment customer recognition and usage. Operating costs were consistent with prior quarters, excluding the impact of the costs of the POS sales and installations, but as a result, the gross margin fell to 28 per cent and after all costs of operations, a loss for the quarter resulted of ($603,650) or ($0.01).

In the fourth quarter, the Company increased its revenues from a successful marketing campaign approximately four times that earned in the previous quarter. After operating and administrative costs, net earnings of $1,983,000 or $0.03 per share resulted.

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 after minority interest of $7,967.

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.

Capital:

Authorized: Unlimited number of Common shares without par value,

Issued:

	Number of Shares	Amount $
Balance, March 09, 2012	1	1
Issued on completion of the arrangement	58,351,051	8,305,105
Balance, December 31, 2012, March 31, 2013 and May 28, 2013	58,351,052	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 03, 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 Company's first quarter loss from operations of ($603,650), when adjusted for non-cash transactions and working capital account changes, and the benefit of a strengthening currency in Brazil, a net cash drawdown resulted of $1,454,897, which in turn served to reduce the cash on hand from the opening position at the beginning of the year of $1,941,785 to the closing level of $486,888 at March 31, 2013.

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.

Changes in Accounting Policies (Including Initial Adoption):

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.

IFRS 9 Financial Instruments ("IFRS 9")

IFRS 9 was issued by the IASB in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39.

IFRS 9 is required to be applied for annual periods beginning on or after January 1, 2013. IASB has proposed to move the effective date of IFRS 9 to January 1, 2015.

IFRS 10 Consolidated Financial Statements ("IFRS 10")

For annual periods beginning on January 1, 2013, IFRS 10 will replace portions of IAS 27 Consolidated and Separate Financial Statements and interpretation SIC-12 Consolidation - Special Purpose Entities. The new standard requires consolidated financial statements to include all controlled entities under a single control model. The Company will be considered to control an investee when it is exposed, or has rights to variable returns from its involvement with the investee and has the current ability to affect those returns through its power over the investee. As required by this standard, control is reassessed as facts and circumstances change. Additional guidance is given on how to evaluate whether certain relationships give the Company the current ability to affect its returns, including how to consider options and convertible instruments, holding less than a majority of voting rights, how to consider protective rights, and principal agency relationships (including removal rights), all which may differ from current practice.

IFRS 10 is required to be applied for annual periods beginning on or after January 1, 2013, with earlier adoption permitted. The Company has not yet completed its assessment of the impact of the standard, but does not expect that its adoption will have any significant effect on its financial statements.

IFRS 11 Joint Arrangements ("IFRS 11")

IFRS 11 applies to accounting for interests in joint arrangements where there is joint control. The standard requires the joint arrangements to be classified as either joint operations or joint ventures. The structure of the joint arrangement would no longer be the most significant factor when classifying the joint arrangement as either a joint operation or a joint venture. In addition, the option to account for joint ventures (previously called jointly controlled entities) using proportionate consolidation will be removed and replaced by equity accounting.

IFRS 11 is required to be applied for annual periods beginning on or after January 1, 2013, with earlier adoption permitted. The Company has not yet completed its assessment of the impact of the standard, but does not expect that its adoption will have any significant effect on its financial statements.

IFRS 12 Disclosure of Interests in Other Entities ("IFRS 12")

IFRS 12 includes disclosure requirements about subsidiaries, joint ventures, and associates, as well as unconsolidated structured entities and replaces existing disclosure requirements. Due to this new section, the Company will be required to disclose the following: judgments and assumptions made when deciding how to classify involvement with another entity, interests that non-controlling interests have in consolidated entities, and the nature of the risks associated with interests in other entities.

IFRS 12 is required to be applied for annual periods beginning on or after January 1, 2013, with earlier adoption permitted. The Company has not yet completed its assessment of the impact of the standard, but does not expect that its adoption will have any significant effect on its financial statements.

IFRS 13 Fair Value Measurement ("IFRS 13")

IFRS 13 will converge the IFRS requirements for how to measure fair value and the related disclosures. IFRS 13 establishes a single source of guidance for fair value measurements, when fair value is required or permitted by IFRS. Upon adoption, the Company will provide a single framework for measuring fair value while requiring enhanced disclosures when fair value is applied. In addition, fair value will be defined as the 'exit price' and concepts of 'highest and best use' and 'valuation premise' would be relevant only for non-financial assets and liabilities.

IFRS 13 is required to be applied for annual periods beginning on or after January 1, 2013, with earlier adoption permitted. The Company has not yet completed its assessment of the impact of the standard, but does not expect that its adoption will have any significant effect on its financial statements.

IAS 19 – Employee Benefits ("IAS 19")

IAS 19 was amended by the IASB in November 2011 and the amendment introduces changes to the accounting for defined benefit plans and other employee benefits. The amendments include elimination of the options to defer, or recognize in full in earnings, actuarial gains and losses and instead mandates the immediate recognition of all actuarial gains and losses in other comprehensive income and requires use of the same discount rate for both the defined benefit obligation and expected asset return when calculating interest cost. Other changes include modification of the accounting for termination benefits and classification of other employee benefits.

The amendments to IAS 19 are required to be applied for annual periods beginning on or after January 1, 2013, with earlier adoption permitted. The Company has not yet completed its assessment of the impact of the standard, but does not expect that its adoption will have any significant effect on its financial statements.

IAS 27- Separate Financial Statements ("IAS 27")

IAS 27 was amended by the IASB in September 2011 and the amendments have the objective of setting standards to be applied in accounting for investments in subsidiaries, joint ventures, associates when the entity elects, or is required by local regulations, to present separate (non-consolidated) financial statements.

The amendments to IAS 27 are required to be applied for annual periods beginning on or after January 1, 2013, with earlier adoption permitted. The Company has not yet completed its assessment of the impact of the standard, but does not expect that its adoption will have any significant effect on its financial statements.

IAS 28 – Investments in Associates and Joint Ventures ("IAS 28")

IAS 28 was amended by the IASB in September 2011 and the amendments prescribe the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 applies to all entities that are investors with joint control of, or significant influence over, an investee (associate or joint venture).

The amendments to IAS 28 are required to be applied for annual periods beginning on or after January 1, 2013, with earlier adoption permitted. The Company has not yet completed its assessment of the impact of the standard, but does not expect that its adoption will have any significant effect on its financial statements.

IAS 32-Financial Instruments - Presentations ("IAS 32")

Amendments to IAS 32, *Financial Instruments: Presentation,* are effective for annual periods beginning on or after January 1, 2014. This provides for amendments relating to offsetting financial assets and financial liabilities

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, accounts receivable and 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 accounts receivable consist mainly of 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 Note 6 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
March 31, 2013:	$ 1.9857 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.

Events After the Reporting Date:

None.