FTC CARDS INC.

Independent Auditors' Report

Financial statements
As of December 31, 2013 and 2012

FTC CARDS INC.

Financial statements
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Contents

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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

To the Director and Shareholders of
FTC CARDS INC.

We have examined the financial statements of **FTC Cards Inc. ("Company"),** which consist of the balance sheet as of December 31, 2013 and the related statements of income, comprehensive income , changes in shareholders' equity and cash flows for the year then ended, as well as a summary of the significant accounting practices and other notes.

Management's responsibility for the financial statements

The Company's management is responsible for the fair presentation and preparation of the financial statements in accordance with International Financial Reporting Standards - (IFRS) and for the internal controls considered necessary to allow the preparation of financial statements free of material misstatement, whether due to fraud or error.

Independent auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit, conducted in accordance with international auditing standards. These auditing standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit includes performing procedures to obtain evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the preparation and fair presentation of the Company's 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 Company's internal controls. 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 financial statement presentation.

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

Opinion

In our opinion, the financial statements, referred to above, present fairly, in all material respects, the financial position of **FTC Cards Inc**. as of December 31, 2013, and the result of its operations for the year then ended, in accordance with International Financial Reporting Standards.

São Paulo, April 28 2014.

BDO RCS AUDITORES INDEPENDENTES SS
CRC 2 SP 013846/O-1

Esmir de Oliveira
Accountant CRC 1 SP 109628/O-0

FTC CARDS INC.

Balance sheet
As at December 31, 2013 and 2012
(In thousands of Canadian Dollars)

Assets	Note	2013	2012
Current			
Cash and cash equivalents	4	6.576	1.942
Trade accounts receivable	5	3.375	6.353
Other current assets		117	9
Total current assets		**10.068**	**8.304**
Non-current assets			
Deferred income taxes	17	380	117
		380	**117**
Investment	6	260	-
Property and equipment	7	449	330
Intangible	8	6.089	8.087
Total non-current assets		**7.178**	**8.534**
Total assets		**17.246**	**16.838**

Liabilities and shareholders' equity	Note	2013	2012
Current liabilities			
Trade accounts payable	9	836	4.093
Labor and social liabilities	10	237	117
Tax payable	11	1.646	358
Advances from customers	12	2.161	752
Other current liabilities		-	26
Total current liabilities		**4.880**	**5.346**
Non current liabilities			
Deferred income taxes	17	577	606
Loan from shareholder	**13**	832	**-**
		1.409	**606**
Shareholders' equity			
Share capital	14	8.305	8.305
Retained earnings		2.301	1.787
Other comprehensive income		(663)	(200)
Attributed to controlling shareholders		**9.943**	**9.892**
Attributed to noncontrolling interest		**1.013**	**994**
Total Shareholders' equity		**10.956**	**10.886**
Total liabilities and shareholders' equity		**17.246**	**16.838**

The accompanying notes are an integral part of these financial statements

FTC CARDS INC.

Statement of income
For the years ended December 31, 2013 and 2012
(In thousands of Canadian Dollars)

	Note	2013	2012
Net sales	15	14.229	11.186
Cost of sales	16	(8.540)	(6.212)
Gross income		**5.689**	**4.974**
Other revenues (expenses)			
Sales and marketing	13	(994)	(194)
Administration	13	(3.839)	(2.015)
Financial expenses, net		28	(16)
		(4.804)	**(2.225)**
Net income before income tax and social contribution		**885**	**2.749**
Income tax and social contribution - current	17	(288)	(159)
Income tax and social contribution - deferred	17	(16)	(607)
Net income and comprehensive income for the period		**581**	**1.983**
Attributed:			
To controlling shareholders		514	1.787
To noncontrolling interest		67	197

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

FTC CARDS INC.

Statement of comprehensive income
For the years ended December 31, 2013 and 2012
(In thousands of Canadian Dollars)

	2013	2012
Net income (loss)	**581**	**1.983**
Other comprehensive income (loss)		
Exchange rate gains (losses) of foreign investments, net tax	(511)	(220)
Total comprehensive income (loss) for the period	**70**	**1.763**
Total comprehensive income (loss) for the period attributable to:		
Controlling shareholders	51	1.587
Noncontrolling interests	19	176

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

FTC CARDS INC.

Statement of changes in shareholders' equity
For the years ended December 31, 2013 and 2012
(In thousands of Canadian Dollars)

	Share capital	Retained earnings	Accumulated other comprehensive income	Total controlling shareholders	Noncontrolling interest	Shareholders' equity
Issue of share capital, March 09, 2012 (Note 1.3)	8.305	-	-	8.305	818	9.123
Net income for the year	-	1.787	-	1.787	197	1.984
Exchange rate gains (losses) of foreign investments, net tax	-	-	(200)	(200)	(21)	(221)
Balance, December 2012	**8.305**	**1.787**	**(200)**	**9.892**	**994**	**10.886**
Net income for the year	-	514	-	514	67	581
Exchange rate gains (losses) of foreign investments, net tax	-	-	(463)	(463)	(48)	(511)
Balance, December 2013	**8.305**	**2.301**	**(663)**	**9.943**	**1.013**	**10.956**

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

FTC CARDS INC.

Statement of cash flows
For the years ended December 31, 2013 and 2012
(In thousands of Canadian Dollars)

	2013	2012
Cash flow from operating activities:		
Net income for the period	581	1.983
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization and depreciation	1.839	1.246
Gain on investment	(60)	-
Exchange rate gains (losses)	619	-
Deferred income tax and social contribution	(29)	607
Deferred income tax and social contribution - Other comprehensive income	(263)	(117)
Accounts receivable	2.979	(6.353)
Other current assets	(108)	(9)
Trade accounts payable	(3.257)	2.961
Labor and social liabilities	120	117
Tax payable	1.288	358
Advances from customers	1.409	752
Other current liabilities	(26)	26
Cash flows provided by (used in) operating activities	**5.092**	**1.572**
Cash flows from investing activities:		
Issues of shares (Note 1.3)	-	509
Investment	(200)	
Cash received for acquisition (Note **1.3)**	-	258
Purchase of property and equipment net of disposals	(223)	(176)
Purchase of software development	(356)	-
Cash flows provided by (used in) investing activities	**(779)**	**591**
Cash flows from financing activities		
Loan from shareholder	832	-
Cash provided by (used in) financing activities	**832**	**-**
Effect of changes in cumulative translation adjustment	(511)	(221)
Increase (decrease) in cash and cash equivalents	**4.634**	**1.942**
Cash and cash equivalents, beggining of period	1.942	-
Cash and cash equivalents, end of period	6.576	1.942
	4.634	**1.942**

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

1. Operations

1.1. 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 incorporated by CTF Technologies Inc. ("CTF") for the purposes of completing a reorganization whereby, pursuant to the terms of an Arrangement agreement between CTF, and FleetCor Technologies Inc, ("FleetCor"), FleetCor would acquire all of the shares of CTF from its existing shareholders and FTC Canada would be "spun-out" from CTF, i.e. all of the shares of FTC Canada owned by CTF would be dividend to its shareholders so that the former CTF shareholders became the new shareholders of FTC Canada. Consequently, on July 3, 2012, the completion date, FTC Canada ceased to be a wholly-owned subsidiary of CTF and became a reporting issuer, although its common shares are currently not listed on any exchange for trading in Canada or elsewhere.

Also, pursuant to the terms of the Arrangement agreement, when the FTC Canada shares were issued to CTF, in return the Company acquired approximately 90.5% of the equity of FTC Cards Processamento e Servicos de Fidelização Ltda. ("FTC Brazil") from CTF and assumed the management of the business of FTC Brazil. FTC Brazil is a limited liability company limited 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 Gestao em Negocios Ltda. ("Technis"), a limited liability company limited under the laws of Brazil and an unrelated party.

These consolidated financial statements include the results of FTC Canada for the full year 2013 and comparative information for the period from its inception on March 9, 2012 to December 31, 2012 and its 90.5 per cent share of FTC Brazil from the date of acquisition, July 3, 2012, to the December 31, 2012.

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 Condominio West Side - Alphaville, in the city of Barueri, State of Sao Paulo, Brazil.

These consolidated financial statements are prepared under the assumption the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company may incur losses and may not have the financial resources to sustain operations in the long-term. There is no assurance that financing will be available or be available on favorable terms to fund continued operations. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

The consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. Continued operations of the Company are dependent on the Company's ability to receive financial support, necessary financings, or generate continued profitable operations in the future.

1.2. Business of the company

The Company's primary operations are in Brazil and involve service implementation, maintenance and operation of systems for the Promotion Award, Fidelity and acquiring, leasing, subleasing and the provision of electronic terminals or other equipment to enable the capture, transmission and processing of data relating to transactions arising from the use of credit cards and/or debit cards, Direct Consumer credit - CDC, purchase, service and other means of payment, provision of service installation and maintenance of electronic terminals and of equipment for capturing, transmitting and processing data related to transactions arising from the use of payment cards, 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.

1.3. Acquisition of FTC Cards Processamentos e Serviços de Fidelização Ltda.

The Company acquired its 90.5 per cent interest in its operating subsidiary in exchange for the issue of 58,351,052 common shares of its capital as part of the Arrangement Agreement as described in note 1 on July 3, 2012 from its former parent company, CTF Technologies Inc., a related party. As a consequence, the value of the assets acquired and the liabilities assumed were valued at their respective recorded amounts, which approximate their fair values, and the value of the shares issued to CTF amounted to the net of these assumed assets and liabilities as at July 3, 2012 converted at the prevailing exchange rate for the Brazilian real of $0.5071, as below:

(Expressed in thousands of Canadian dollars)

Assets acquired		
Cash	CDN$	257,586
Other current assets	CDN$	1,236
Intangible assets	CDN$	9,488,642
	CDN$	**9,747,464**
Liabilities assumed		
Accounts payable	CDN$	1,132,984
Net assets acquired	CDN$	**8,614,480**
Value attributed to its 90.5 % interest for shares issued	CDN$	7,796,104
Value attributed to 9.5 % minority interest	CDN$	818,376
Total	CDN$	**8,614,480**

Also pursuant to the terms of the acquisition and spin out, the Company received cash of US$500,000 (Cdn$509,000) for funding its corporate activities. Consequently, the total value of the 58,351,052 shares issued included the value of assets acquired and the proceeds from the spin out as:

Value of assets acquired	7,796,106
Cash received	509.000
Value of shares issued pursuant to the arrangement Agreement	**8.3O5 106**

2. Presentation of financial statements

2.1. Presentation of financial statements

a. Statement of compliance (related to the accounting practices adopted in IFRS)

These financial statements have been prepared and are presented in accordance with the "International Financial Reporting Standard – IFRS" and include the financial statements of the Company.

The consolidated Financial Statements were approved at the Board meeting performed in April 28, 2014.

b. Measurement basis

The preparation of the individual financial statements was based on historic cost, except the financial instruments, which were measured at fair value.

c. Functional currency and presentation currency

These consolidated financial statements are presented in Canadian Dollars (C$), which is the presentation currency of the parent. Each entity of FTC Card's Inc. determines its own functional currency, and those whose functional currencies are different from the Canadian Dollar, primarily FTC Brazil, use the functional currency of the Brazilian Reais (R$), and the financial statements are translated at the actual exchange rates as follows.

d. Transactions and balances

Transactions in foreign currencies are recorded in the functional currency and then they are converted at the end of the period to the Canadian dollar using the average rate for the period. The conversion of assets and liabilities are translated to Canadian dollars at the close of each period.

All differences are recorded in the consolidated statement of comprehensive income.

2.2. Critical accounting estimates

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the year.

There were no significant assumptions about the future and other sources of estimate on uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Critical judgments

The preparation of our consolidated financial statements requires us to make judgments regarding the going concern of the Company as discussed in Note 1.

Key sources of estimation uncertainty

Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates and such differences could be significant. Significant estimates made by management affecting our consolidated financial statements include:

Deferred tax assets & liabilities

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

The measurement of the deferred income tax provision is subject to uncertainty associated with the timing of future events and changes in legislation, tax rates and interpretations by tax authorities.

Fixed assets useful life

Fixed and intangible assets are depreciated or amortized over their useful life. The useful life is based on the Company´s management estimates regarding the period in which the assets will generate income, which are periodically reviewed for continuous adequacy. Changes in the estimates may result in significant variances in the accounting value and the values are adjusted in the period according to the new estimates.

Provision for contingencies

According to the IFRS, the Company recognizes a provision when there is a present obligation arising from a past event, whenever a transfer of economic benefits is probable and the transfer cost value can be reliably estimated. In the cases when the criteria are not yet complied with, a contingent liability can be disclosed in the explanatory notes to the financial statements. The obligations arising from contingent liabilities that were disclosed or that are not actually recognized or disclosed in the financial statements, could have a material effect on the balance sheet of the Company. The application of these accounting principles to litigation requires the Company's administration to make calculations. The Company revises the outstanding judicial processes, monitoring their evolution at every date the reports are prepared, in order to appraise the need for provisions and disclosure in the financial statements. Factors considered when making decisions on provisions Include: litigation nature, claim or additional tax assessment, the judicial process and the potential level of indemnity in the jurisdiction where the litigation, claim or additional tax assessment was made, the development of the process (including its progress after the financial statement date, but before they are issued), opinion from legal advisors, past experience in similar situations, and any decision of the Company about the way it will respond to the litigation, claim or additional tax assessment.

Loss on Impairment of non-financial assets

A loss due to impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of fair value less costs to sell and value in use. The estimated fair value less cost of sales is based on information available from the sale of similar assets or market prices less additional costs to dispose of the asset. The calculation of value in use is based on a discounted cash flow model. Cash flows are derived from the budget for the next five years and do not include restructuring activities to which the Company is not yet committed and where significant future investments will improve the asset base of cash-generating unit. The recoverable amount is sensitive to the discount rate used in the method of discounted cash flow, the cash receipts and expected future growth rate used for extrapolation and the principal assumptions used to determine the recoverable amount of the various cash-generating units, including sensitivity analysis.

2.4. Capital management

The Company seeks capital alternatives in order to meet its operational needs, aiming a capital structure that takes into consideration appropriate parameters for the financial costs, maturity terms of the funding and their guarantees.

The Company monitors its financial leverage level, which corresponds to net debt, including short and long-term loans, divided by the total capital. Information related to risks inherent to the Company's operation and the use of financial instruments to prevent those risks, as well as the policies and risks related to the financial instruments.

3. Significant accounting policies

The accounting policies were applied consistently to all periods presented in these financial statements, except where indicated otherwise.

Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and its controlled subsidiary. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The consolidated financial statements include the accounts of the Company and its direct 90.5 per cent-owned subsidiary, FTC Cards Processamento e Serviços de Fidelização Ltda. All significant intercompany transactions and balances have been eliminated.

Statement of operations and comprehensive loss, and revenue recognition

The operating result (revenues, costs and expenses) is calculated in accordance with the accrual basis of accounting. Revenue from product sales is recognized when its value can be measured reliably, all the risks and benefits are transferred to the buyer, and all terms and conditions of the sale have been satisfied.

Financial instruments

The Company classifies its financial assets into one of the following categories as follows:

- **Fair value through profit or loss -** This category comprises derivatives and financial assets acquired principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.
- **Loans and receivables** - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost using the effective interest method less any provision for impairment.
- **Held-to-maturity investments -** These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method less any provision for impairment.
- **Available-for-sale** - Non-derivative financial assets not included in the above categories are classified as available for sale. They are carried at fair value with changes in fair value recognized in other comprehensive income (loss). Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive income (loss) and recognized through profit or loss. All financial assets except those measured at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence of impairment as a result of one or more events that have occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

  The Company classifies its financial liabilities into one of two categories on the purpose for which the liability was acquired. The Company's accounting policy for each category is as follows:

- **Fair value through profit or loss** – This category compromises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations and comprehensive loss.
- **Other financial liabilities:** This category consists of liabilities carried at amortized cost using the effective interest method.

The Company also provides disclosure about inputs used in making fair value measurements, including their classification within a hierarchy that prioritized their significance. Three levels of the fair value hierarchy are:

- **Level I -** Unadjusted quoted prices in active markets for identical assets and liabilities
- **Level 2 -** Inputs other than quoted market prices that are observable for the asset or liability either directly or indirectly, and

- **Level 3 -** Inputs that are not based on observable market data.

Evaluation of the financial assets recoverability

Financial assets are evaluated at every balance sheet date, identifying if they are fully recoverable or if there is impairment losses on these financial instruments.

a. Cash and cash equivalents

These include cash, credit balances in checking accounts, investments with immediate liquidity and with insignificant risk of change in market value. The investments included in cash equivalents, most of them are classified as "Financial assets at fair value through profit or loss."

b. Trade accounts receivable

Trade accounts receivable are initially stated at present value, less allowance for doubtful accounts. The allowance for doubtful accounts is recognized when conclusive evidence shows that the Company will not be able to recover all amounts due according to the original terms of accounts receivable. In case of losses, the allowance is the difference between their book and recoverable amounts.

c. Suppliers

Substantially correspond to the amounts payable for services from the preparation and dissemination of events and advertising.

Property and equipment

Property and Equipment is recorded at cost. Depreciation is computed using the straight-line method and recognized in income in accordance with the rates disclosed in Note 07.

In accordance with the change of accounting practice for full adherence to international practice, the initial adoption of Accounting Pronouncements Committee (IAS 16) and (IAS 40), permits an option to make adjustments to the opening balances similar to that permitted by international accounting standards, using the concept of cost allocated (deemed cost) as provided in the Technical Pronouncements (IFRS 1).

The Company opted not to evaluate their fixed assets at fair value as assigned cost since: (i) the cost method, less provision for losses, is the best method to assess the fixed assets of the Company, (ii) the Company has effective controls over fixed assets that enable the identification of losses and changes in the estimated useful life of assets, and (iii) the depreciation rates used adequately represent the lifetime of property which shows that the asset value is close to its fair value. Consequently the application of these pronouncements did not have a significant impact on the Company.

Intangible assets

Licenses for the use of computer software are capitalized and amortized according to their estimated useful lives at the rates described in note 8.

Expenses associated with the development or maintenance of software are recognized as incurred. Costs by third parties to develop identifiable and discrete software for the Company, and which will probably generate economic benefits higher than costs for more than a year, are recognized as intangible assets. Such Costs include the compensation of the employees involved in the development of the software and the proper portion of the related general expenses.

Software development expenses recognized as assets are amortized using the straight-line method over their useful lives, at the rates described in note 8.

Analysis of the recoverability of assets

The Administration reviews at least annually the net book value of assets (including, among other assets, goodwill and intangible) in order to evaluate events or changes in economic conditions, technological or operational, which may indicate deterioration or loss of its recoverable amount. When such evidence is identified, or annually for goodwill as required, the recoverable amount is estimated as the higher of fair value less costs to sell and value in use. To determine the value in use, the management considers the future cash flows generated through the use of the asset or its cash-generating unit, as appropriate and discounts the cash flow to present value using a discount rate before tax that reflects the current market conditions for the value of money over time and risks associated with the specific asset. When the net book value exceeds the recoverable amount, provision for impairment is made by adjusting the net value booked to the recoverable amount.

Other assets

Presented at cost or realizable value, including, where applicable, income and changes incurred.

Labor and tax liabilities

Represent the values of taxes and contributions owed by the Company. This group also includes the amounts payable to employees arising from wages and benefits. The vacation pay, the proportional and their respective costs incurred through the balance sheet date are appropriate considering the vesting period of individual employees.

Other current liabilities

They are made by known or estimated amounts plus, if applicable, the corresponding financial charges and monetary variations incurred.

Social contribution provision

It was calculated on the adjusted net income before provision for income taxes, being applied at the rate of 9%.

Income tax provision

It was established based on taxable income, using the rate of 15% plus an additional 10% on annual taxable income exceeding R$ 240 thousand.

Assets and liabilities and legal obligations

Accounting practices for recording and disclosure of contingent assets and liabilities and legal obligations are as follows: (i) Contingent assets are recognized only when there are guarantees or favorable judicial decisions, final decisions. Contingent assets with probable successes are only disclosed in note (ii) Contingent liabilities are accrued when losses are assessed as probable and the amounts involved can be measured with sufficient reliability. Contingent liabilities assessed as possible losses are only disclosed in the notes and contingent liabilities assessed as remote losses are not provisioned, or, disclosed, and (iii) Legal obligations are recorded as required, independent assessment of the likelihood of successful process in which the Company challenged the constitutionality of taxes.

Earnings per share

Basic earnings per share are calculated by dividing the net income attributed to the Company's controlling and non-controlling shareholders by the weighted average number of outstanding common shares for the year. Diluted result per share is determined through the abovementioned outstanding share average, adjusted by instruments potentially convertible in shares with dilution effect for the presented years.

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.

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 show 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 36 - Impairment of Assets – Amendments to IAS 36 restrict the requirement to disclose the recoverable amount of an asset or CGU to periods in which an impairment loss has been recognized or reversed. The amendments also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less cost of disposal. The amendments are effective for annual periods beginning on or after January 1, 2014 and should be applied retrospectively.
- IFRIC 21 – Levies – An interpretation of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, on the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event ("Obligation Event"). IFRIC 21 clarifies that the obligation event that gives rise to the liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014.

The Company and its subsidiaries has analyzed these standards and concluded that they will not cause significant impact in the financial statements.

(Expressed in thousands of Canadian dollars)

4. Cash and cash equivalents

	2013	2012
Cash and balances in bank current accounts	148	453
Other investments (*)	6,428	1,489
	6,576	**1,942**

(*) Financial investments are considered to be cash equivalents because they can be redeemed at any time, with no impact on interest accrued. Their carrying amount approximates fair value.

5. Trade accounts receivable

	2013	2012
Domestic trade account receivable	3,375	6,353
	3,375	**6,353**

On December 31, 2013, there were no trade accounts receivable overdue, and maturity not to exceed 30 days from the base date.

6. Investments

In 2013 FTC Inc. made an investment in “Snipp Interactive Inc.” or “Snipp” to launch Snipp's mobile solutions into the Brazilian market. Snipp is an international provider of mobile marketing solutions listed on the TSX Venture Exchange (TSX VENTURE:SPN). The securities issued pursuant to the Private Placement were subject to a four-month hold period that expired on December 20, 2013.

Amount of shares	2.000.000
Cost per shares -	0,10
	200.000
12/31/2013	
Price per share	0,13
Fair value	260.000

(Expressed in thousands of Canadian dollars)

8. Property and equipment

	% Rate (p.y)	Net Value, 2012	Additions	Disposal	Depreciation	Exchange	Net Value, 2013
Furniture and fixtures	20%	43	-	-	(5)	(2)	36
Machinery and equipment	20%	257	218	-	(69)	(21)	385
Computer equipment	20%	29	5	-	(5)	(2)	27
		330	**223**	**-**	**(79)**	**(25)**	**449**

	% Rate (p.y)	Net Value, 2011	Additions	Disposal	Depreciation	Net Value, 2012
Furniture and fixtures	20%	-	60	(10)	(7)	43
Data processing equipment	20%	-	2	-	(2)	-
Machinery and equipment	20%	-	263	-	(6)	257
Computer equipment	20%	-	33	-	(4)	29
		-	**358**	**(10)**	**(18)**	**330**

9. Intangible assets

	% Rate (p.y)	2012	Additions	Disposal	Amortization	Exchange	2013
Software	20%	4	1	-	(1)	-	4
Software development*	20%	8,083	355	-	(1,759)	(594)	6,085
		8,087	**356**	**-**	**(1,760)**	**(594)**	**6,089**

(Expressed in thousands of Canadian dollars)

	% Rate (p.y)	2011	Additions	Disposal	Amortization	2012
Software	20%	-	6	(1)	(1)	4
Software development *	20%	-	9,310	-	(1,227)	8,083
		-	**9,316**	**(1)**	**(1,228)**	**8,087**

(*) Systems for the Promotion Award, Fidelity and acquiring, to see note 1.3.

10. Trade accounts payable

	2013	2012
Domestic	823	4,082
Foreign	13	11
	836	**4,093**

11. Labor and social liabilities

	2013	2012
Salaries and fringe benefits	116	30
Provision of vacations and social charges	121	87
	237	**117**

(Expressed in thousands of Canadian dollars)

12. Tax liabilities

	2013	2012
Social charges (INSS)	117	51
Social charges (FGTS)	7	7
VAT Municipal tax (ISS)	74	44
Social integration tax (PIS)	187	34
Social integration tax (COFINS)	861	158
Payroll tax (IRRF)	35	47
Income tax (IRPJ)	202	11
Income tax (CSLL)	77	6
Others	85	-
	1,646	**358**

13. Advances from customers

	2013	2012
Cielo S.A	2,161	431
Petrobrás BR	-	321
	2,161	**752**

14. Shareholders' equity

Authorized

Unlimited number of common shares without par value

(Expressed in thousands of Canadian dollars)

Issued

The capital was subscribed and paid in the amount of $1 on March 9, 2012, consisting of 1 common share with no par value. On July 3, 2012 pursuant to the terms of the Arrangement Agreement, (note 1.3) the Company acquired all of the shares of FTC Brazil from its former parent, CTF Technologies Inc., in exchange for 58,351,052 common shares, and these shares were in turn dividended by CTF to its shareholders, at which time the Company became a reporting issuer in the Province of British Columbia.

There were no warrants or options issued during the period and there were no warrants or options outstanding at December 31, 2013 and December 31, 2012.

Share capital for non-controlling interest

Below is the composition of the non-controlling interest at December 31, 2013 and 2012:

	2013	2012
Technis	1,013	994
	1,013	**994**

Earnings per share

Basic and diluted earnings

Basic earnings per share is calculated by dividing the earnings attributable to the Company's shareholders by the weighted average number of common shares issued during the year, excluding the common shares purchased by the Company and held as treasury shares.

Diluted earnings per share are calculated by adjusting the weighted average number of outstanding common shares, assuming the conversion of all possible common shares that would cause the dilution. The Company doesn't have a class of possible common shares that would cause dilution.

(Expressed in thousands of Canadian dollars)

Basic and Diluted	2013	2012
Net income attributable to the Company's shareholders	581	1,983
Weighted average number of common shares issued –	58,351	58,351
Weighted average number of treasury shares	-	-
Weighted average number of outstanding common shares –	**58,351**	**58,351**
Basic earnings/(loss) per share - C$	**0.00996**	**0.03399**

15. Net sales

	2013	2012
Rendering of services	16.483	12.114
Sales deductions		
Tax on services (ISS)	(206)	(131)
Tax on sales (PIS)	(323)	(108)
Tax on sales (COFINS)	(1.492)	(499)
Social Charges (INSS) (a)	(233)	-
Others	-	(188)
	14.229	**11.186**

Composition:	2013	2012
Service	8.821	5.822
Rent	7.663	6.291
	16.483	**12.114**

(a) According to new Brazilian law of 2013, some services have gained incidence of INSS on revenue rather than on the payroll. The result was an increase in sales deductions but a decrease in payroll taxes.

(Expressed in thousands of Canadian dollars)

16. Cost of sales and operating expenses

	2013	2012
Cost of sales		
Services costs personnel	(505)	(268)
Services costs operating	(6,233)	(5,007)
Amortization and depreciation	(1,802)	(937)
	(8,540)	**(6,212)**
Operation expenses		
Services expenses personnel	(1,399)	(246)
Rental expenses	(97)	(61)
Expenses utilities and services	(164)	(54)
Professional services expenses	(1,477)	(1,322)
Expenses leaders	-	(94)
Tax expenses	-	(3)
Sales and marketing	(994)	(194)
Employee expenses	(664)	(235)
Others	(37)	-
	(4,832)	**(2,209)**
	(13,372)	**(8,421)**

17. Income taxes - Nominal and effective rate reconciliation

Income taxes are assessed on taxable income, according to prevailing legislation and rates. Deferred income tax assets and liabilities are recognized on temporary differences.

(Expressed in thousands of Canadian dollars)

a. Composition of deferred income tax assets:

Description	2013 Income and Social Tax Contribution	2012 Income and Social Tax Contribution
Exchange variation of overseas investments	1,112	337
Others	6	6
Basis	**1,118**	**343**
Fiscal rate	34%	34%
	380	**117**

b. Composition of deferred income tax liabilities:

Descripition	2013 Income and Social Tax Contribution	2012 Income and Social Tax Contribution
Adjutment for competence	1,698	1,781
Basis	**1,698**	**1,781**
Fiscal rate	34%	34%
	577	**606**

(Expressed in thousands of Canadian dollars)

c. Reconciliation of current income tax

	2013 Income and Social Tax Contribution	2012 Income and Social Tax Contribution
Income (loss) before taxes	**886**	**2,749**
Additions (deductions)		
Non-deductible expenses	2	153
Others	(2)	(618)
Provisions for receivables and cost adjustments	(1,698)	(1,781)
	(812)	**503**
Fiscal rate	34%	34%
	(288)	**159**

18. Financial instruments

Identifying and valuing financial instruments

The Company holds various financial instruments, particularly cash and cash equivalents, including financial investments, trade receivables and trade payables.

Considering the nature of financial instruments, the fair value is basically calculated by applying the discounted cash flow method. The amounts recorded in current assets and current liabilities have immediate liquidity or maturity, mostly with terms less than three months. Considering the term and features of these financial instruments, which are systematically renegotiated, book values approximate their fair values.

Credit risk

The Company is exposed to credit risk only with respect to uncertainties as to timing and amount of collectability of accounts receivable. As the Company's operations are situated primarily in Brazil, the Company's operations are also subject to the economic risk associated with that country.

(Expressed in thousands of Canadian dollars)

Foreign exchange risk

The Company's primary operation is in Brazil. A significant portion of the Company's operational transactions are originally or effectively denominated in Reais, the local currency. Accordingly, the carrying values of the Company's assets and liabilities and the results of its operations and comprehensive income as stated in Canadian dollars will be impacted by exchange rate fluctuations. The Company has not entered into foreign exchange contracts to hedge this risk.

Liquidity risk

Liquidity risk is the risk of the Company not having sufficient liquid funds to fulfill its financial obligations due to a mismatch between expected receipts and payments in terms of maturity and volume.

To manage cash liquidity in domestic and foreign currency, assumptions are made about future disbursements and receipts and monitored daily by the Treasury Department.

Concentrations of credit risk

The Company has adopted several measures to reduce its exposure to credit risk to acceptable levels, as sales actually of FTC Brazil are made in full for a single operation between "Petrobras" and "Cielo".

Financial instruments by category

Financial assets	Category	2013	2012
Cash and equivalents	Loan and receivables	148	452
Short term investment	Assets at fair value through (gains/losses) recognized in result	6,428	1,489
Investment	Assets at fair value through (gains/losses) recognized in result	260	-
Accounts receivable	Loan and receivables	3,375	6,353
Trade accounts payable	Financial liabilities measured at amortized cost	836	4,093
Loan from shareholder	Financial liabilities measured at amortized cost	832	-

(Expressed in thousands of Canadian dollars)

Fair value hierarchy

	2013	
	Level 1	**Level 2**
Financial investments	-	6,428
Investments "Snipp"	260	-
	260	**6,428**

	2012	
	Level 1	**Level 2**
		-
Financial investments	-	1,489
	-	**1,489**

19. Related-party transactions

Intercompany transactions basically refer to the services directly related to the Company's operating activities and are conducted in conditions similar to those stipulated in the market, whose realization deadlines of operations are within 30-180 days. This is the same deadline for commercial transactions with non-related parties. These transactions do not have special terms and conditions, fees or guarantees given or received, nor are there risks of doubtful accounts.

The concept of "related parties" was established by the IAS 24. Under this standard, it is understood that parties are related if one party is related to the entity: (a) directly or indirectly through one or more intermediaries, where the party: (i) controls, is controlled by, or is under common control of the entity, (ii) has an interest in the entity that gives it significant influence over the entity, or (iii) has joint control over the entity, (b) if the party is affiliated entity, (c) if party is a joint venture (joint venture) in which the entity is an investor, (d) if the party is a member of key management personnel of the entity or its parent, (e) if the party is a close family member or any person referred to in subparagraphs (a) or (d), (f) if the controlled entity, jointly controlled or significantly influenced by, or in which significant voting power in such entity resides with, directly or indirectly, any person referred to in (d) or (e) or (g) if the benefit plan for post-employment benefit of employees of the entity, or any entities related party of the Company

(Expressed in thousands of Canadian dollars)

The Company considered as "key Management Personnel", the members of its executive board, composed of the chairman and financial director, and members of the board.

Transactions with related parties are recorded at the exchange amount to which is agreed by both parties, as follows:

Liabilities: On June, 2013 FTC and Technis entered into a Loan agreement, on which Technis lended to FTC R$ 1.847, payable in up to 4 years with interest of 12% per year in Brazilian Reais. On December 31, 2013 the amount is C$ 832.

Cost and expenses:

	2013	2012
Camagui	172	150
Sidon	479	193
CTF	1.155	1.223
	1.806	**1.566**

Sidon is represented by one individual who is part of the board of directors of FTC CARDS Brazil.

Camagui is represented by one individual who is part of the board of directors of FTC CARDS Brazil. It provides services to the company such as operational and technology consulting

FTC Cards Inc. is a Spin-off of CTF, which provided services to FTC Cards Brazil in 2012 and 2013 related to transition of the business.

Cedarwoods is represented by one individual who is member of FTC Inc. in Canada.

Management compensation

The Company did not pay to its managers, through salary and variable remuneration, any amount in 2013 and 2012.

20. Insurance (Unaudited)

The Company's policy is to maintain insurance coverage in an amount appropriate to the potential risks with their property accident experience.

The value of insurance contracts at December 31, 2013 is considered sufficient in the opinion of expert counsel to cover potential losses.