

**FTC CARDS INC.**

**Independent Auditors' Report**

**Financial statements**

**As of December 31, 2014 and 2013**

**FTC CARDS INC.**

**Financial statements  
As of December 31, 2014 and 2013**

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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, 2014 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, 2014, and the result of its operations for the year then ended, in accordance with International Financial Reporting Standards.

## Continuity as a going concern

FTC Cards Processamento e Serviços de Fidelização Ltda. (“FTC Brazil”), controlled company of FTC Cards Inc., has as its main client the company BR Distribuidora. The client represents about 98% of the Group’s billings, which shows a strong concentration of operations with one single client. The supply contract with BR Distribuidora is effective until January 2016 and has not been renewed as described in Note 1.5. We draw attention to the risks related to the Company’s continuity as a going concern, if it is unable to renew the mentioned contract. Our opinion is not qualified due to this issue.

São Paulo, April 28 2015.



**BDO RCS Auditores Independentes SS**  
**CRC 2 SP 013846/O-1**



**Esmir de Oliveira**  
**Contador CRC 1 SP 109628/O-0**

# FTC CARDS INC.

## Balance sheet

As at December 31, 2014 and 2013

(In thousands of Canadian Dollars)

Assets				Liabilities and shareholders' equity			
	Note	2014	2013		Note	2014	2013
<b>Current</b>				<b>Current liabilities</b>			
Cash and cash equivalents	4	2,076	6,576	Trade accounts payable	10	1,159	836
Trade accounts receivable	6	3,112	3,375	Labor and social liabilities	11	192	237
Other current assets		283	117	Tax payable	12	567	1,646
<b>Total current assets</b>		<b>5,471</b>	<b>10,068</b>	Advances from customers	13	-	2,161
				Due to related parties	19	995	-
<b>Non-current assets</b>				<b>Total current liabilities</b>		<b>2,913</b>	<b>4,880</b>
Long term investments	5	2,058	-	<b>Non current liabilities</b>			
Deposit of rent		43	-	Deferred income taxes	17	161	577
Deferred income taxes	17	476	380	Loan from shareholder	13	-	832
		<b>2,577</b>	<b>380</b>			<b>161</b>	<b>1,409</b>
Investment	7	793	260	<b>Shareholders' equity</b>			
Property and equipment	8	407	449	Share capital	14	8,305	8,305
Intangible	9	4,833	6,089	Retained earnings		3,928	2,301
<b>Total non-current assets</b>		<b>8,610</b>	<b>7,178</b>	Capital transactions		(310)	-
				Other comprehensive income		(916)	(663)
				<b>Attributed to controlling shareholders</b>		<b>11,007</b>	<b>9,943</b>
				<b>Attributed to noncontrolling interest</b>		<b>-</b>	<b>1,013</b>
				<b>Total Shareholders' equity</b>		<b>11,007</b>	<b>10,956</b>
<b>Total assets</b>		<b>14,081</b>	<b>17,246</b>	<b>Total liabilities and shareholders' equity</b>		<b>14,081</b>	<b>17,246</b>

The accompanying notes are an integral part of these financial statements

# FTC CARDS INC.

## Statement of income

For the years ended December 31, 2014 and 2013

(In thousands of Canadian Dollars)

	Note	2014	2013
Net sales	15	15,742	14,229
Cost of sales	16	(10,461)	(8,540)
<b>Gross income</b>		<b>5,281</b>	<b>5,689</b>
<b>Other revenues (expenses)</b>			
Sales and marketing	13	(1,868)	(994)
Administration	13	(2,723)	(3,839)
Financial expenses, net		1,080	28
		<b>(3,510)</b>	<b>(4,804)</b>
<b>Net income before income tax and social contribution</b>		<b>1,771</b>	<b>885</b>
Income tax and social contribution - current	17	(940)	(288)
Income tax and social contribution - deferred	17	533	(16)
<b>Net income and comprehensive income for the period</b>		<b>1,364</b>	<b>581</b>
<b>Attributed:</b>			
To controlling shareholders		1,364	514
To noncontrolling interest		-	67

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

# FTC CARDS INC.

## Statement of comprehensive income

For the years ended December 31, 2014 and 2013

(In thousands of Canadian Dollars)

	2014	2013
Net income (loss)	1,364	581
Other comprehensive income (loss)		
Exchange rate gains (losses) of foreign investments, net tax	(184)	(511)
Total comprehensive income (loss) for the period	<u>1,180</u>	<u>70</u>
Total comprehensive income (loss) for the period attributable to:		
Controlling shareholders	1,180	51
Noncontrolling interests	-	19

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, 2014 and 2013 (In thousands of Canadian Dollars)

	Share capital	Shareholders transactions	Retained earnings	Accumulated other comprehensive income	Total controlling shareholders	Noncontrolling interest	Shareholders' equity
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
Net income for the year	-	-	1,364	-	1,364	-	1,364
tax	-	-	-	(184)	(184)	-	(184)
Shareholders transactions	-	(310)	263	(69)	(116)	(1,013)	(1,129)
Balance, December 2014	8,305	(310)	3,928	(916)	11,007	-	11,007

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



# FTC CARDS INC.

## Statement of cash flows

For the years ended December 31, 2014 and 2013

(In thousands of Canadian Dollars)

	2014	2013
<b>Cash flow from operating activities:</b>		
Net income for the period	1,364	581
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Amortization and depreciation	1,935	1,839
Gain on investment	(743)	(60)
Exchange rate gains (losses)	(184)	619
Deferred income tax and social contribution	(416)	(29)
Deferred tax and social contribution - Other comprehensive income	(96)	(263)
Accounts receivable	262	2,979
Other current assets	(209)	(108)
Trade accounts payable	323	(3,257)
Labor and social liabilities	(45)	120
Tax payable	(1,078)	1,288
Advances from customers	(2,161)	1,409
Due to related parties	(18)	(26)
<b>Cash flows provided by (used in) operating activities</b>	<b>(1,067)</b>	<b>5,092</b>
<b>Cash flows from investing activities:</b>		
Long term investment	(2,058)	-
Investment	210	(200)
Purchase of property and equipment net of disposals	(82)	(223)
Purchase of software development	(735)	(356)
Shareholders transactions	(116)	-
<b>Cash flows provided by (used in) investing activities</b>	<b>(2,781)</b>	<b>(779)</b>
<b>Cash flows from financing activities</b>		
Loan from shareholder	(832)	832
<b>Cash provided by (used in) financing activities</b>	<b>(832)</b>	<b>832</b>
Effect of changes in cumulative translation adjustment	180	(511)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(4,500)</b>	<b>4,634</b>
Cash and cash equivalents, beginning of period	6,576	1,942
Cash and cash equivalents, end of period	2,076	6,576
	<b>(4,500)</b>	<b>4,634</b>

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

Notes to the financial statements

As of December 31, 2014 and 2013

(Expressed in thousands of Canadian dollars)

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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 Serviços 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 was initially held by Technis Planejamento e Gestão em Negócios Ltda. ("Technis"), a limited liability company limited under the laws of Brazil and a related party.

On October 17, 2014, at the request of the minority shareholder of FTC Brazil the 9.5 interest held by Technis was repurchased and canceled, such that FTC Brazil became a wholly-owned subsidiary of FTC Canada with effect from October, 2014.

These consolidated financial statements include the results of FTC Canada for the years 2014 and 2013, and its 90.5 per cent share of FTC Brazil up to effective date of repurchase of October, 2014 and 100% (one hundred per cent) thereafter to December 31, 2014.

**Notes to the financial statements**

**As of December 31, 2014 and 2013**

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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.

Notes to the financial statements

As of December 31, 2014 and 2013

(Expressed in thousands of Canadian dollars)

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

The Company acquired its 99.99 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.

**1.4. Repurchase and cancellation of shares " Technis "**

The advance from the minority shareholder with interest to September 30, 2014 totaling R\$ 1,847,479 (Cdn. \$ 845,605), was repaid on October 17, 2014, and concurrently the 1,750,000 quotas of FTC Brazil held by the shareholder were repurchased and cancelled at a cost of R\$ 2,464,298, (Cdn. 1,127,928), such that FTC Brasil became a wholly-owned subsidiary of FTC Cards Inc. with effect from October 1, 2014.

**1.5. Renewal agreement BR**

The agreement "Instrument for Implementation of BR System of Promotion, Rewards, Loyalty, and Acquisition" signed with BR Distribuidora in January 2011 has a term of 60 months and expires January 2016, if agreed the parties have the right to continue the existing operation considering that the same commercial conditions are maintained.

FTC implemented very successfully the acquiring system (BR Network) and the Rewards and Loyalty systems (Premmia). Management believes that BR intends to maintain the program structure, developed by FTC, with a few enhancements. In March 2015, BR Distribuidora conducted a market survey (BR RFI - Request for Information - for loyalty and Acquiring systems). FTC Cards was invited by BR to participate in the market survey.

Due to proprietary tools, software development and integration, the administrators of FTC Cards are optimistic with the renewal of the existing relationship with BR Distribuidora but there is no guarantee that this will happen.

**Notes to the financial statements**

**As of December 31, 2014 and 2013**

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Nevertheless, the management optimism is based on the below points:

- Successful implementation and operation during the 5-year contract with no relevant occurrences and very good SLAs;
- Full compliance with the new technical and operational requirements of BR new RFI for Premmia Program and National Promotions of BR Distribuidora, dated March 2015;
- Valid agreement, for another 5 years, with the existing Acquirer that is a Brazilian market leader and natural candidate to be chosen by BR to deploy the Petrobras Network System;
- High risks and heavy investments are required for third parties in order to deploy, implement integrate the various existing systems;
- FTC developed an unique and proprietary system integrating the processes of acquiring and loyalty in both POSEFT (POS) and in ECREFT (TEF);
- It is quite logic that BR wants to continue to offer the current value proposition, which has a large content of different BR trade policies (discount rates, value of POS rental, etc.) and has a participation in the result of the acquiring business with credit and debit cards;
- FTC operates in the same developed system the capture and routing of transactions with CTF-BR Fuel Cards, incorporated into the POSEFT BR network;
- FTC signed a potential partnership with the company "GRX - Global Rewards Exchange", headquartered in Portugal, to enhance the existing level of services provided and to use consolidated practices (benchmark) in other Rewards and Loyalty markets, which are in a different maturity stage;
- FTC is working in the integration of a technological platform and services of loyalty, promotions and incentive campaigns, contemplating CRM (Client Relationship Management) program in order to enable the BR team to effectively manage all channels of communication and interaction with the existing approximately 8 million participants.

## **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.

**Notes to the financial statements**  
**As of December 31, 2014 and 2013**  
**(Expressed in thousands of Canadian dollars)**

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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 Cards 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.

**e. 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.

**Notes to the financial statements**  
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**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.

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**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.



**Notes to the financial statements**

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**2.2. 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 99.9 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.

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- **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 comprises 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 1** - 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.

**Notes to the financial statements**

**As of December 31, 2014 and 2013**

**(Expressed in thousands of Canadian dollars)**

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**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 balances of cash, bank deposits and financial investments redeemable within up to 90 days from the investment date, recorded at cost, plus the income earned to the balance sheet date which does not exceed the market value.

The financial investments are recognized and measured at fair value and the financial income earned in these transactions is directly stated in the statement of income.

**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.

**d. 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 08**.

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).

**Notes to the financial statements**

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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.

**e. 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 9**.

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 9**.

**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.

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**f. Other assets**

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

**g. 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.

**h. Other current liabilities**

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

**i. Income and Social Contribution Taxes**

When applicable, Income and Social Contribution Taxes are calculated and accounted for based on income adjusted according to the legislation in effect. Effects from Income and Social Contribution Taxes on temporary differences between the carrying value and the tax basis of assets and liabilities were recorded as assets or liabilities, depending on its nature.

**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.

**j. Deferred taxes**

Deferred income tax (deferred tax) is calculated on the temporary differences between the tax bases of assets and liabilities and their carrying amounts. Deferred tax is determined using tax rates enacted and expected to be applied when the deferred tax assets are realized or when the income tax liability is settled.

Deferred tax assets are recognized only in proportion to the expectation or likelihood that future taxable income will be available against which the temporary differences, tax losses and tax credits can be used.

**Notes to the financial statements**

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Deferred tax assets and liabilities are offset if there is a legal right to offset current tax assets and liabilities, and they are related to income taxes levied by the same taxation authority on the same taxable entity.

**k. 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.

**l. 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.

**m. 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

Following changes in the existing rules were published during the year of 2014 and have initial adoption to subsequent accounting periods, thereby, from January 1, 2015. There was no anticipated adoption from the Company.

IFRS 9 - "Financial Instruments" outlines the requirements for the classification, measurement and recognition of financial assets and liabilities IFRS 9 was issued in November 2009 and October 2010 and substitutes the paragraphs in IAS 39 related to the classification and measurement of financial instruments. IFRS 9 required classification of financial assets into two categories: measured at fair value and measured at amortized cost.

**Notes to the financial statements**

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Classification is determined when the financial asset is initially recognized. Classification depends on the business model of the entity and the characteristics of the cash flow arrangements of the financial instruments. For financial liabilities, the standard maintains most of the requirements under IAS 39. The main change is when the fair value option is adopted for financial liabilities, in which case the portion of change in fair value that is attributable to changes in the credit risk of the entity is registered in other comprehensive income and not in the statement of operations, except for cases in which this results in accounting mismatches.

In July, 2014, the IFRS 9 issued a complete standard, in which includes the requisition previously issued and additional changes to introduce a new model of impairment losses and changes (limited) for classification and measurement of financial assets. This change concludes the project of IASB in regards to financial instruments and the date of adoption is applicable to periods beginning on January 1, 2018, with earlier adoption permitted (subject to local requirements). The Company does not expect any impact related to the adoption of this review in its financial statements.

- IAS 16 and IAS 41 - "Property, Plant and Equipment and Agriculture", in July, 2014, the IASB issued a review of IAS 16 and IAS 41 - Property, Plant and Equipment and Agriculture, to include the Biological Assets that meet the definition of "Bearer plants" (which are used solely to grow produce over several periods), this amendment requires that "Bearer plants" are recorded as fixed assets in accordance with IAS 16, recording the historical cost rather than being measured at fair value, as is required by IAS 41. Revised standard is effective for annual periods beginning on/after July 1, 2016. The Company does not expect any impact related to the adoption of this review in its financial statements;
- IFRS 10 and IAS 28 - "Sale or contribution of assets between and investor and its associate or joint venture", on September, 2014, the IASB issued a revised IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures, these changes have as consequences the recognized inconsistencies between the IFRS 10 demands and those ones to handle the sale of assets or the entry of the assets of an investor, associate or joint venture. The main consequence of the amendments is that the gain or loss is recognized when a transaction involves a business (if it is installed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets were allocated in a subsidiary. The amendments will be effective for annual periods beginning on/after July 01, 2016. The Company does not expect any impact related to the adoption of this review in its financial statements.

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

## FTC CARDS INC.

### Notes to the financial statements

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#### 4. Cash and cash equivalents

	2014	2013
Cash and balances in bank current accounts	122	148
Other investments (*)	1,954	6,428
	<u>2,076</u>	<u>6,576</u>

(\*) 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. Long term investments

	2014	2013
Long term investments (*)	2,058	-
	<u>2,058</u>	<u>-</u>

(\*) Long term investments are not considered to be cash equivalents because they can't be redeemed at any time, only after twelve months started, with no impact on interest accrued. Their carrying amount approximates fair value.

This amount is withheld by Banco Bradesco and cannot be redeemed because, according to the Bank, there is a court-ordered freeze on Technis' assets (former partner of FTC Brazil) due to a crime investigation related to one of Technis' shareholders (that is, shareholder of the former partner of FTC Brazil).

The management of FTC CARDS understands that the blocking of the financial investments is not due for several reasons, including (i) the fact that the court order has as object Technis' assets, not the assets of FTC Brazil, and (ii) at the time of the court order Technis was no longer partner of FTC Brazil. The management also cleared up that another bank, with which FTC Brazil has transactions, received the same court order and did not freeze the funds of FTC Brazil.

FTC Brazil filed a civil suit (Process No. 1024728-52.2014.8.26.0405) against the financial institution in order to release these unduly blocked financial assets. According to the lawyers of FTC Brazil, the Civil Court understood on the appeal, with no published decision, that the matter shall be discussed by the Court that issued the court-ordered freeze. The lawyers are waiting for the publication of the decision, to check the possibility of filing a new appeal or waiving the claim, and take the necessary measures with the Court that issued the court-ordered freeze. We point out that an occasional loss in civil court does not remove from FTC Brazil the right to claim the amounts withheld by the Bank, or its legitimate ownership on those amounts.



## FTC CARDS INC.

### Notes to the financial statements As of December 31, 2014 and 2013 (Expressed in thousands of Canadian dollars)

#### 6. Trade accounts receivable

	2014	2013
Domestic trade account receivable	3,112	3,375
	<u>3,112</u>	<u>3,375</u>

On December 31, 2014, there were no trade accounts receivable overdue, and maturity not to exceed 30 days from the base date.

#### 7. 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.

On November 3, 2014, FTC sold 700.000 Shares at CND 0,30 cost per shares and received CND\$ 210.000.

On December 31, 2014 the total common shares of Snipp Interactive Inc. was 1.300.000 and the price per share was CND 0,61.

Amount of shares	2.000.000
Cost per shares -	0,1
	<u>200.000</u>
<b>12/31/2013</b>	
Price per share	0,13
SHARE - Fair value	<u>260.000</u>
<b>11/03/2014</b>	
Sale Of Shares	(700.000)
Cost per Shares	(0,3)
Amount	<u>(210.000)</u>
<b>12/31/2014</b>	
Amount of shares	1.300.000
Price per share	0,61
	<u>793.000</u>

## FTC CARDS INC.

### Notes to the financial statements

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#### 8. Property and equipment

	% Rate (p.a.)	2013	Additions	Disposal	Depreciation	Exchange	2014
Furniture and utensils	20%	36	4	-	(0)	1	41
Machinery and equipment	20%	385	28	-	(128)	5	291
Computer equipment	20%	27	50	-	(3)	1	75
		<u>449</u>	<u>82</u>	<u>-</u>	<u>(131)</u>	<u>7</u>	<u>407</u>

	% Rate (p.a.)	2012	Additions	Disposal	Depreciation	Exchange	2013
Furniture and utensils	20%	43	-	-	(5)	(2)	36
Machinery and equipment	20%	257	218	-	(69)	(21)	385
Computer equipment	20%	29	5	-	(5)	(2)	27
		<u>330</u>	<u>223</u>	<u>-</u>	<u>(79)</u>	<u>(25)</u>	<u>449</u>

#### 9. Intangible assets

	% Rate (p.a.)	2013	Additions	Disposal	Amortization	Exchange	2014
Software	20%	4	12	-	(1)	-	14
Software development*	20%	6,085	724	-	(1,803)	(187)	4,819
		<u>6,089</u>	<u>735</u>	<u>-</u>	<u>(1,804)</u>	<u>(187)</u>	<u>4,833</u>

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

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

#### 10. Trade accounts payable

	2014	2013
Domestic	<u>1,159</u>	<u>823</u>
Foreign	<u>-</u>	<u>13</u>
	<u>1,159</u>	<u>836</u>

#### 11. Labor and social liabilities

	2014	2013
Provisions (*)	<u>192</u>	<u>237</u>
	<u>192</u>	<u>237</u>

(\*) Basicamente refere-se a provisão de férias e respectivos encargos trabalhistas.

## FTC CARDS INC.

### Notes to the financial statements

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#### 12. Tax liabilities

	2014	2013
Social Charge (INSS)	69	117
Social Charge (FGTS)	9	7
VAT Municipal Tax (ISS)	38	74
Social Integration Tax (PIS)	60	187
Social Integration Tax (COFINS)	275	861
Payroll Tax (IRRF)	39	35
Income Tax (IRPJ)	15	202
Income Tax (CSLL)	24	78
Others	38	85
	<u>567</u>	<u>1,646</u>

#### 13. Advances from customers

	2014	2013
Advances from clients		
Cielo S.A	-	2,161
Petrobrás - BR	-	-
	<u>-</u>	<u>2,161</u>

#### 14. Shareholders' equity

##### Authorized

Unlimited number of common shares without par value

##### 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 divided 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, 2014 and December 31, 2013.

## FTC CARDS INC.

### Notes to the financial statements

As of December 31, 2014 and 2013

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#### Share capital for non-controlling interest

At the request of the minority shareholder of FTC Brazil on October 17, 2014, the 1,750,000 quotas of FTC Brazil held by the shareholder were repurchased and cancelled at a cost of R\$ 2,464,298, (Cnd. \$ 1,127, 928), such that FTC Brasil became a wholly-owned subsidiary of FTC Cards Inc. with effect from October 1, 2014.

Below is the composition of the non-controlling interest at December 31, 2014 and 2013:

	2014	2013
Technis	-	1,013
	-	1,013

#### 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.

Basic and Diluted	2014	2013
Net income attributable to the Company's shareholders	1,364	581
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 per share - C\$	0.023375	0.00996

## FTC CARDS INC.

### Notes to the financial statements

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#### 15. Net sales

	2014	2013
Rendering of services	18,020	16,483
Sales deduction		
Tax on Services (ISS)	(216)	(206)
Tax on Sales (PIS)	(319)	(323)
Tax on Sales (COFINS)	(1,468)	(1,492)
Social Charge (INSS) (a)	(275)	(233)
Others		
	15,742	14,229
Composition		
Revenues		
Service	12,953	8,821
Rent	5,067	7,662
	18,020	16,483

(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.

#### 16. Cost of sales and operating expenses

	2014	2013
Cost of sales		
Services costs personnel	(654)	(505)
Services costs operating	(7,964)	(6,233)
Amortization and depreciation	(1,843)	(1,802)
	(10,461)	(8,540)
Operation expenses		
Rental	(95)	(97)
Expenses utilities and services	(129)	(164)
Professional services expenses	(3,429)	(2,876)
Expenses leaders	-	-
Tax expenses	(2)	-
Sales and marketing	(90)	(994)
Employee expenses	(773)	(664)
Others	(73)	(37)
	(4,591)	(4,832)
	(15,052)	(13,372)

#### 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.

## FTC CARDS INC.

### Notes to the financial statements

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#### a. Composition of deferred income tax assets

Description	2014 Income and Social Tax Contribution	2013 Income and Social Tax Contribution
Exchange variation of overseas investments	1,388	1,112
Others	13	6
<b>Basis</b>	<b>1,401</b>	<b>1,118</b>
Fiscal rate	34%	34%
	<b>476</b>	<b>380</b>

#### b. Composition of deferred income tax liabilities

Description	2014 Income and Social Tax Contribution	2013 Income and Social Tax Contribution
Adjustment for competence	363	1,698
<b>Basis</b>		<b>1,698</b>
Fiscal rate	34%	34%
	<b>123</b>	<b>577</b>

#### c. Reconciliation of current income tax

	2014 Income and Social Tax Contribution	2013 Income and Social Tax Contribution
Income (loss) before taxes	1,771	886
<b>Additions (deductions)</b>		
Non-deductible expenses	631	2
Deferred Income Tax	-	(2)
Provisions for receivables and cost adjustments	363	1,698
	<b>2,765</b>	<b>(812)</b>
Fiscal rate	34%	34%
	<b>(940)</b>	<b>(288)</b>

## 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.

**Notes to the financial statements**

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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.

**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".

## FTC CARDS INC.

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#### Financial instruments by category

Financial Assets	Category	2014	2013
Cash and equivalents	Loan and receivables	122	148
Short and long term investment	Assets at fair value through (gains / losses) recognized in result	4,012	6,428
Investment	Assets at fair value through (gains / losses) recognized in result	793	260
Accounts receivable	Loan and receivables	3,112	3,375
Trade accounts payable	Financial liabilities measured at amortized cost	1,159	836
Loan from shareholder	Financial liabilities measured at amortized cost	-	832

#### Fair value hierarchy

		2014	
		Level 1	Level 2
Financial Investments		-	4,012
Investments "SNIPP"		793	-
		<u>793</u>	<u>4,012</u>
		2013	
		Level 1	Level 2
Financial Investments		-	6,428
Investments "SNIPP"		260	-
		<u>260</u>	<u>6,428</u>

#### 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.



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### Notes to the financial statements

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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

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:** In June, 2013 FTC and Technis entered into a Loan agreement, on which Technis lend 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 CND 832.

The advance from the minority shareholder with interest to September 30, 2014, totaling R\$ 1,847,479, (CDN.\$ 845,605), was repaid on October 17, 2014, and concurrently the 1,750,000 quotas of FTC Brazil held by the shareholder were repurchased and cancelled at a cost of R\$ 2,464,298 (CDN. \$1,127,928), such that FTC Brazil became a wholly-owned subsidiary of FTC Cards Inc. with effect from October 1, 2014.

On December 31, 2014 the FTC Brazil has a liability in the amount of CND995 to pay for Technis regarding repurchase of the shares.

### Cost and expenses

	2014	2013
Camagui	339	172
Sidon	1,495	479
Technis	995	-
CTF	-	1,155
	<u>2,829</u>	<u>1,566</u>

**FTC CARDS INC.**

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

## **FTC CARDS INC.**

### **Notes to the financial statements**

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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

Technis is the shareholder excluded in October, 2014

#### **Management compensation**

The Company did not pay to its managers, through salary and variable remuneration, any amount in 2013 and paid CND 52.380 in 2014.

## **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, 2014 is considered sufficient in the opinion of expert counsel to cover potential losses.