FTC CARDS INC.
REPORT TO SHAREHOLDERS
FOR THE YEAR ENDED DECEMBER 31, 2014 WITH COMPARATIVES FOR THE YEAR ENDED DECEMBER 31, 2013
(Expressed in Canadian dollars)

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2014 WITH COMPARATIVES FOR THE YEAR ENDED DECEMBER 31, 2013

(Dated: April 28, 2015)

Management's Responsibility for Financial Reporting

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

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

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

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

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

Corporate Structure

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

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

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

Following the completion of the Arrangement agreement, FTC Canada owned approximately 90.5% of the equity of FTC Cards Processamento e Serviços de Fidelização Ltda. ("FTC Brazil") and assumed the management of the business of FTC Brazil. FTC Brazil is a limited liability company (*sociedade limitada*) under

the laws of Brazil and was incorporated on April 7, 2011. The balance of the equity in FTC Brazil was held by Technis Planejamento e Gestão em Negócios Ltda. ("Technis"), a limited liability company (*sociedade limitada*) under the laws of Brazil and an unrelated party. On October 17, 2014, with effect from September 30, 2014, at the request of the minority shareholder of FTC Brazil, the 9.5% minority interest represented by 1,750,000 quotas of FTC Brazil owned by the minority shareholder were repurchased and cancelled. As a consequence, FTC Brazil became a wholly-owned subsidiary of FTC Canada on that date.

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

Business of the Company

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

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

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

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

Going Concern

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

The Company's earnings for the year ended December 31, 2014 were $1,364,000, whereas in the prior year the Company reported earnings of $581,000. Further, at December 31, 2014, the Company had cash of $2,076,000 on hand, (2013 - $6,576,000) and accumulated working capital available of $2,558,000, (2013 - $5,188,000). As a going concern, the Company is dependent upon its ability to sustain future profitable operations and to maintain access to financing to meet its obligations and repay its liabilities arising from normal business operations as they come due. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company not be able to continue as a going concern.

Results of Operations for the Three Months Ended December 31, 2014 and December 31, 2013:

Consolidated revenues for the fourth quarter ended December 31, 2014 amounted to $3,595,000, up from the comparable period in 2013 of $2,335,000, an increase of 54 per cent from the previous quarter. The gain reflects higher fuel prices, up about 10 per cent, a higher number of subscriber transactions, also up about 10 per cent, and an approximate 50 per cent gain in loyalty program usage this year. The costs of operations include the costs for card transaction processing, a call centre and technical support for the operations and amounted to $3,186,000 for the current quarter as compared to the lower costs incurred in the prior comparable quarter of $2,335,000, reflecting the costs associated with the higher activity from subscriber fuel sales and loyalty program usage from year to year.

Other costs, totaling $1,301,000 were lower than in the prior year fourth quarter at $1,849,000, the decrease due primarily to the substantially higher expenditures on marketing in 2013, amounting to $500,000, as compared to those incurred in 2014 of $119,000.

As a consequence, the consolidated net profit after taxes for the fourth quarter of 2014 was $760,000 or $0.01 per share, up from $537,000 or $0.01 per share, of which only $493,000 or $0.01 per share was attributable to the Company in 2013.

Results of Operations for the Years ended December 31, 2014 and December 31, 2013:

Consolidated revenues for the year were $15,742,000, which is 10 per cent higher than the prior year level of $14,229,000. The gain reflects primarily an increase of approximately five per cent in fuel prices year over year with smaller contributions from a higher volume of purchases, more merchants providing the service and higher revenues earned from the loyalty program redemptions.

The costs of operations include the costs for processing transactions, call centre response and technical support for the operations, and amounted to $10,461,000 in 2014, which are approximately 22 per cent higher than those incurred in the prior year of $8,540,000. Overall, the gross margin of $5,281,000 declined seven per cent from that achieved in 2013 of $5,689,000. The higher costs in the current year resulted from significant additional development work required to meet the demands in system support.

Other costs include sales and marketing of $1,868,000, increasing 88 per cent from $994,000 incurred in the prior year, and administration of $2,723,000, down 29 per cent from the 2013 level of $3,839,000. The administration costs in 2013 included the CTF support costs for a six-month period. The higher sales and marketing costs reflect the increased focus on growing the acceptance of the loyalty programs and the development of innovative marketing applications to attract new subscribers. Total other costs amounted to $3,510,000 for 2014, compared to $4,804,000 incurred in 2013, the decrease due to the absence of the CTF support costs present in the prior year operations, offset significantly by the higher sales and marketing expenditures, and also the significant contribution from earned interest revenues and realized holding gains on the Snipp shares totaling $1,080,000 in the year, which served to offset the higher marketing costs. In summary, the net profit for 2014 was $1,364,000 or $0.02 per share, up from $581,000 or $0.01 per share earned in 2013.

Selected Annual Financial Information:

	For the year ended December 31, 2014 **$**	**For the year ended December 31, 2013** **$**	**For the year ended December 31, 2012** **$**
Total revenues	15,742,000	14,229,000	11,186,000
Earnings before discontinued operations and extraordinary items:			
(i) total for the year	1,364,000	581,000	1,983,000
(ii) per share	0.02	0.01	0.03
(iii) per share fully diluted	0.02	0.01	0.03
Net Earnings:			
(i) total for the year	1,364,000	581,000	1,983,000
(ii) per share	0.02	0.01	0.03
(iii) per share fully diluted	0.02	0.01	0.03
Total assets	14,081,000	17,246,000	16,838,000
Total long-term financial liabilities	Nil	832,000	Nil
Cash dividends declared per-share	Nil	Nil	Nil

Selected Quarterly Financial Information:

	4th Quarter Ended December 31, 2014 $	3rd Quarter Ended September 30, 2014 $	2nd Quarter Ended June 30, 2014 $	1st Quarter Ended March 31, 2014 $
(a) Revenue	3,595,000	4,333,000	4,449,000	3,365,000
(b) Profit (Loss) for period	760,000	(217,000)	448,000	372,000
(c) Profit (Loss) per share	0.01	(0.00)	0.01	0.00
	4th Quarter Ended December 31, 2013 $	3rd Quarter Ended September 30, 2013 $	2nd Quarter Ended June 30, 2013 $	1st Quarter Ended March 31, 2013 $
(a) Revenue	4,935,000	3,009,000	3,903,000	2,379,000
(b) Profit (Loss) for period	537,000	415,000	232,000	(603,000)
(c) Profit (Loss) per share	0.01	0.01	0.00	(0.01)
	4th Quarter Ended December 31, 2012 $	3rd Quarter Ended September 30, 2012 $	2nd Quarter Ended June 30, 2012 $	Period from March 9, 2012 (date of inception) to March 31, 2012 $
(a) Revenue	8,739,000	2,446,000	NIL	NIL
(b) Profit (Loss) for period	1,967,000	15,000	1,580	0.00
(c) Profit (Loss) per share	0.03	0.00	0.00	0.00

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

Revenues of $3,595,000 in the fourth quarter of 2014 were 17 per cent lower than in the third quarter due primarily to the decline in the real, while sales volumes and fuel prices in Brazil were slightly improved in the period. In contrast, costs were higher in spite of the weaker real in the quarter, so the gross margin for the quarter declined to $408,000. However, sales and marketing and administration costs were held in check so the net profit for the quarter was $760,000, ahead of all previous quarters this year.

Third quarter revenues were $4,333,000, a slight decline from those in the previous quarter, but 43 per cent higher than those earned in 2013, due to higher loyalty program participation and higher fuel sales revenues on which the MDR is applied, but the gross margin declined to 32 per cent due to higher costs of operations. Other costs also rose due to higher marketing costs incurred to promote growth for the loyalty programs. Consequently, the Company incurred a loss of ($217,000), the first in six quarters.

Revenues in the second quarter of 2014 continued to grow to $4,449,000 over the prior quarter and over the prior comparable quarter of 2013, reflecting the increases in both the number of loyalty card users and transactions and the revenues generated from credit card fuel purchases. Costs of operations were slightly lower than for the prior quarter, which helped the gross margin to improve from 31 per cent to 42 per cent. Overall, the net profit rose 92 per cent to $448,000 for the quarter over the comparable quarter in 2013.

Revenues in the first quarter of 2014 were 41 per cent higher than for the comparable quarter in the prior year, but were down from the fourth quarter 2013 level due to the seasonality of sales at this time of year. The gain over the prior year first quarter was a result of an increase in loyalty program usage as this program gains attraction to users. Operating costs were comparable and so a 13 per cent gross margin improvement resulted. Other costs were lower so an after-tax profit of $372,000 or $0.00 per share was earned, of which $328,000 or $0.00 per share was allocated to the Company.

For the fourth quarter of 2013, revenues of $4,935,000 were generated due to higher system usage by Petrobras customers and higher $volume per sale, both adding to the gain over prior quarters. Costs were consistent with prior quarters, as were other costs, primarily administration, so that net profit continued to grow over the four quarters this year.

In the third quarter, revenues of $3,009,000 were generated, which is down from the immediately prior quarter, but higher than those in the first quarter of this year, and were higher than those of the comparable quarter in 2012. Costs were in line with previous quarters although the gross margin declined from the third quarter of 2012 when profits were enhanced from the installation of POS units for clients, whereas no similar revenues were generated in 2013. The Company earned $415,000 or $0.01 in the quarter.

In the second quarter, revenues of $3,903,000 were higher than those in the first quarter as revenue generated in support of the user base and the rent and installation of POS terminals were higher than those generated in the first quarter. Costs were higher also for the higher support level required and the POS installations. Other expenses were 23 per cent lower than those for the first quarter as management support costs were reduced. Net earnings for the quarter were $232,000 or $0.00 per share.

For the first quarter of 2013, revenues of $2,379,000 in fees earned from its MDR participation, down from the very high level earned in the previous quarter due to one-time installation of POS units and a special promotion to augment customer recognition and usage. Operating costs were consistent with prior quarters, excluding the impact of the costs of the POS installations, but as a result, the gross margin fell to 28 per cent and after all costs of operations, a loss for the quarter resulted of ($603,650) or ($0.01).

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

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

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

Capital:

Authorized: Unlimited number of Common shares without par value,

Issued:

	Number of Shares	Amount $
Balance, March 9, 2012	1	1
Issued on completion of the arrangement	58,351,052	8,305,105
Balance, December 31, 2012, 2013, 2014 and April 30, 2015	58,351,053	8,305,106

Liquidity:

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

In 2013, the Company's net earnings of $581,000, when adjusted for non-cash items and working capital account changes, generated cash flow from operations of $5,092,000. In addition, the Company's minority shareholder, Technis, advanced further funds of $832,000. Offsetting these cash inflows, cash outflows for capital expenditure disbursements for hardware and software additions of $223,000 and $356,000 respectively were made, and an investment of $200,000 as part of an acquisition strategy for additional loyalty software capabilities, was also made in the year.

In the current year, the Company continued to generate profits from operations amounting to $1,364,000, which when adjusted for non-cash items and working capital account changes provided a cash drawdown from operations of ($1,067,000).

Also, during the year, at the request of the minority shareholder, FTC Brazil repurchased all of the shares held by the minority shareholder and cancelled these, such that FTC Canada became the sole shareholder and FTC Brazil became a wholly-owned subsidiary of FTC Canada, and used $1,128,000 of its funds on hand to complete this share repurchase. Concurrent with the share buy-back, the Company repaid the loan from the minority shareholder and expended additional cash of $831,920 to make this repayment. The Company also made purchases of equipment and software enhancements totaling $817,000 in the year.

As a consequence, the net cash flow from operations, net of these capital expenditures, the share repurchase and the loan repayment, and an adjustment for the impact of foreign currency translation, yielded a net cash drawdown of $4,500,000 to the opening balance of cash on hand of $6,576,000 to yield a closing cash position of $2,076,000 available for future operational needs.

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

Related Party Transactions

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

Name of Subsidiary	Country of Incorporation	Proportion of Ownership Interest	Principal Activity
FTC Cards Processamento e Servicos de Fidelizacao Ltda.	Sao Paulo, Brazil	100%	Operating company

New Standards Not Yet Adopted:

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

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.

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 issued a complete standard, 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.

Financial and Capital Risk Management:

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

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

Fair value of financial instruments

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

Credit risk

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

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

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

Liquidity risk

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

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

Market risk

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

a) Interest rate risk

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

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

b) Foreign currency risk

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

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

December 31, 2014:	$ 2.2910 Brazilian Reais
December 31, 2013:	$ 2.0277 Brazilian Reais
December 31, 2012:	$ 2.0580 Brazilian Reais
December 31, 2011:	$ 1.8322 Brazilian Reais

c) Price risk

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

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

Events After the Reporting Date:

None.