

2014 Unaudited Year End Financial Statements and MD&A

April 28th 2015

To Whom It May Concern:

We the undersigned do certify that we have reviewed the attached 2014 Unaudited Year End financial statements and notations. We certify that the information is complete and presented fairly in all material respects to the best of our knowledge.

Sincerely,

Massimo Barone
CEO of SmartCard Marketing Systems Inc (SMKG:OTC)
1 844 THE PAYMENT www.smartcardmarketingsystems.com

SmartCard Marketing Systems Inc. (OTC: SMKG)

2014 Management Discussion & Analysis

About SmartCard Marketing Systems Inc (OTC:SMKG)

SmartCard Marketing Systems Inc (OTC: SMKG) develops payment & incentive solutions for Banks, Telecom & Global Enterprise Acquirers with retail and ecommerce presence. SmartCard is creating a new channel of business offering up an Ecosystem SAAS solution that solves Interoperability, Security, Scalability and KYC standards through business process applications.

Throughout 2014 the company focused on 2 distinct channels of business; 1) Development and commercialization of its two core platforms for the payment and incentive industry VelocityMwallet.com & Genorocity.com 2) and Strategic partnerships to develop an EMV HUB HOST for Banks & Telecom Acquirers of Card Schemes (Credit & Debit) as a connection point for emulating transactions through specific processing platforms.

Management to further develop its payment infrastructure strategy entered into partnerships in late 2014 and early 2015 which included Contact Innovation Inc in a joint offering for Banks by implementing CheckValet.com a SAAS solution for Remote Check Capture Deposit, a technology required to meet Check21 Act compliance and X9 format clearing. The first client to be deployed ICICI Bank in Canada a subsidiary entity of India's 2nd largest bank- ICICI Bank which has over 3000 Branches in India.

Management also secured partnership agreements with Nova2Pay Inc (China), CT-Payments Inc (North America) Anderson Zaks Inc (UK & EU) to deploy a cloud based EMV HUB solution for Payment Acquirers allowing for Wireless Payment, Ecommerce Cart Processing. The solution schematic designed as a host by SmartCard management includes a Data-Center hub in the local Country for deployment and a selection point for routing to the primary host. SmartCard has signed several MOU's and MOA's for deployment in Hong Kong, Indonesia, Philippines, UK and some smaller Countries in which the clients have extended merchants.

A significant licensing agreement was entered into with Vieway Int'l of China licensing exclusivity of their DCC platform (Dynamic Currency Conversion) to Smartcard for North America but extending provisional licensing into Asia. The platform gave SmartCard a competitive advantage to offer a parallel operating solution for FX transactions with the EMV HUB Host solution including POS, ATM & Ecommerce processing creating a powerful product suite for Banks & Telecom with cross border and high volume foreign card transactions.

Furthermore in 2014-15 the company entered into agreements with UBCTV Network Inc., and Expo Promotion Inc to provide a Cobranded version of the Genorocity.com platform. The partnerships entered create a broadened opportunity for SmartCard to enjoy revenue share as a media publisher of payment incentives with the clients in their respective industries.

The company has focused a greater part of its business resources to working and developing the Asia market. This segment is in high demand of domestic and global payment solutions with the need of proper infrastructure to deploy wireless and ecommerce payments solutions.

Common Share Capitalization

Companies Outstanding shares structure outstanding of 300,000,000 (three hundred million) shares at a value of $0.0001 and currently has 208,000,000 (two hundred and eight million) shares authorized as of April 28th 2015. As of today no warrants, options or rights have been issued to any parties.

As of April 28th, 2015 the founders & management have not yet converted partial or full their deferred salaries or invested capital for operations.

Directors & Officers

As of December 31st 2014 the officers and directors of the company are as described below with the exception of Mr. Donald Bruce Baillio who resigned in January of 2014 to pursue new interests in the mobile space. Mr. Tasillo joined the company as Manager of Finance in March of 2014 and was one of the principle founders of Hybrid PayTech World Inc (now Mobi724 Global Solutions Inc MOS:CNSX) a Mobile APP Payment company. SmartCard does not develop any competing proprietary Mobile POS Payment APPs that compete with Hybrid as of this April 28th 2015..

Massimo Barone	Director	Founder, CEO & Chair
Paolo Continelli	Director	Founder, President Operations Canada
Michele Tasillo	Manager of Finance	Officer

Related Companies

Freeport Capital Inc (FAS:CNSX) As of September 2012 Mr. Barone was nominated Chair of the Freeport Capital Inc (became Hybrid PayTech World Inc HPT:CNSX). and was its COO, Mr. Paolo Continelli CO- Chair and its VP of Business Affairs and Mr. Donald B Baillio its CEO and Director. Mr. Barone and Mr. Continelli through a management contract rendered services to Hybrid PayTech World Inc (HPT:CNSX). At this present time Mr. Barone, Mr. Continelli & Mr.Tasillo are no longer with HPT:CNSX which from its inception into the market at $0.25 had a high of $1.49 until their departure in Feb of 2014. Which then changed its name from Hybrid PayTech World Inc to Mobi724 Global Solutions Inc. In addition Mr. Baillio is also no longer

with Mobi724 and earlier in January of 2014 resigned from SmartCard Marketing Systems Inc as its President of US operations.

Consultants & Contractors

The management of the company currently sources development work of its platforms to two different insourcing providers. Additionally management has engaged a Network Security and Infrastructure analyst to plan and deploy its Data-Center needs with partners and clients with vast knowledge of the Asian market place.

Legal Issues

During the course of 2012 SmartCard was sued by a client and partner, UMS Inc. of Ontario. SmartCard and UMS Inc. were part of a 3 way partnership with and including Direct Card Convenience Card Inc of Alberta. The innovation technology brought together via SmartCard and it Directors creating a Bill Payment technology through CCIN institutional service unparalleled to any offerings to date for the prepaid industry. The partnership collapsed between 2 of the 3 parties which left SmartCard (the aggregator) with receivables pending from DirectCard Convenience Card owing to UMS which in the unfortunate capacity of the company at the time and litigation, were not able to complete legal action in the province of Alberta against the company DCCD and pay legal fee's in multiple jurisdictions resulting in a loss in court and amounts owed to UMS Inc of $ 870,000.00 Canadian plus legal fee's. The company SmartCard had engaged legal and taken legal action against Direct Card Convenience Card Inc of Alberta for equal to the amount of the judgement and damages but it would take an estimated 1 to 2 years prior receiving a court date and if the company Direct Card continues to operate or exist (during that course UMS was able to get a judgement against SmartCard). For the Lawsuit the amount payable ($ 1,000,000) was accounted for in the 2013 Financial statements. During the course of 2014, UMS was paid in a 3 party settlement $750K Canadian Dollars of which a sum of $250k Canadian is outstanding but an approved settlement agreement in March of 2015 was entered between UMS and the 3rd party to extend final payments. The amount payable of the $1m Canadian was settled by a 3 way party agreement of which Mr. Barone & Mr. Continelli paid up capital by exchange of capital stock of their shares of Hybrid PayTech World in favor of a cash settlement to UMS. This matter is still ongoing today.

Funding & Deferred Expenses

Management continues to fund the operations and defers their salaries which are accounted for on a deferred basis. The directors have resolved to defer salaries until capital funding has been materialized and the company's technology has been commercialized in the following phases 1) pilot projects or 2) licensed rollout with clients. Any funding advanced by an insider shareholder will have an interest note of 7% per annum or shares to be converted at any time 6 months after the recording of the funds at the market price per share with a discount of 15% , a floor price reserve of $0.035 to limit dilution.

Competitive Advantage & Risk

Management of the company is of the opinion that the VelocityMwallet & Genorocity platforms continue to be a unique proposition for Banks, Telecom & Global Enterprise. There is always continued risk when developing expert system solutions for the payment industry specifically toward adoption and compliance.

The ongoing risk of limited capital is always a factor getting to market in order to win sufficient market space and partnerships with larger enterprise. Deployment can easily reduce the exposure to risk and limit capital required to market the company's offerings.

The focus of management is to find a strategic partner for its platform solutions. The opinion of management is that there will be requirements to have two distinct strategic partnerships which will create superior value and minimize risk.

Financing & Investment.

The company is currently seeking funding of up to $6m USD with the advisory of Steve Gaynor ESQ and the company's Investment Banker www.mobilesolve.com. The company has interested parties in California, New York, Boston and Quebec that have been working with the company step by step monitoring progression of the company's overseas clients and partnerships which will accelerate growth and reform the payment industry.

The company has been approached by several crowdfunding companies of which have an interesting proposition for a forum to raise funds. The new guidelines for raising capital make the new offering for accredited investors very appealing and a strong interest in Payment Service Companies.

Sincerely Management

SMARTCARD MARKETING SYSTEMS INC.
Balance sheet
As at December 31, 2014 and 2013

	2014	2013
ASSETS		
Current Assets		
Cash	$ 261	$ 87
Security deposit	-	4,500
Total current assets	261	4,587
Long Term Assets		
Intangible assets- Software technology	79,833	1
Property and equipment	1,878	2,683
	81,711	2,684
Total Assets	**81,972**	**7,271**
Liabilities and Shareholders' deficiency		
Current Liabilities		
Accounts payable and accrued liabilities	$ 2,138,102	$ 1,518,339
Deposit on Sales	-	117,875
	2,138,102	1,636,214
Shareholders' Deficiency		
Capital Stock	139,846	131,177
Additional paid up Capital	1,163,185	1,163,185
Deficit	(3,359,161)	(2,923,305)
Total Shareholders' Deficiency	(2,056,130)	(1,628,943)
Total Liabilities & Shareholders' Deficiency	**$ 81,972**	**$ 7,271**

UNAUDITED

Approved on behalf of the board :

Director: _____ *Director:* _____

Massimo Barone, CEO **Michele (Mike) Tasillo, Officer**

SMARTCARD MARKETING SYSTEMS INC.
Statement of operations and Comprehensive Loss
For the years ended December 31, 2014 and 2013

	2014	2013
Revenue		
Processing fees	$ -	$ -
Expenses		
Provision for lawsuit	-	940,200
Commissions	-	775
Contract Labour/Loan Payable	375,171	87,633
Bank service fees	191	722
Filing fees	4,279	4,164
Software development	2,963	954
Professional expense	-	3,500
Travel /Meals/Entertainment	35,379	8,806
Depreciation expense	805	1,150
Office	17,069	3,247
Total Expenses	435,856	1,051,151
Net loss and comprehensive loss	**(435,856)**	**(1,051,151)**
Loss per share, basic and diluted	**(0.00215)**	**(0.00531)**
Weighted avg # of common shares outstanding	**208,000,000**	**203,000,000**

UNAUDITED

SMARTCARD MARKETING SYSTEMS INC.
Statement of Changes in Shareholders' Deficiency
For the years ended December 31, 2014 and 2013

	2014	2013
Deficiency , beginning of year	$ (2,923,305)	$ (1,872,154)
Net loss for the year	$ (435,856)	$ (1,051,151)
Deficiency , end of year	$ (3,359,161)	$ (2,923,305)

UNAUDITED

SMARTCARD MARKETING SYSTEMS INC.
Statement of cashflows
For the years ended December 31, 2014 and 2013

	2014	2013
Operating activities		
Net Loss for the year	$ (435,856)	$ (1,051,151)
Adjustment for Items not involving cash:		
Amortization	805	1,150
Changes in non-cash working capital items:		
Increase in accounts payable and accrued liabilities	619,763	1,025,864
Decrease in deposits on Sales	(117,875)	(122,100)
Decrease in security deposit	4,500	
Cash flow from operating activities	71,337	(146,237)
Investment activities		
Increase in Software development	(79,832)	-
Cash flow used in investment activities	(79,832)	-
Financing activities		
Issue of share capital	8,669	
Cash flow (used in) from financing activities	8,669	-
Net (decrease) increase in cash	174	(146,237)
Cash - beginning of period	87	146,324
Cash - end of period	$ 261	$ 87

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Smart Card Marketing Systems LLC (OTC:SMKG)

20C Trolley Square
Wilmington DE 19806
1-844-THE-Payment
info@smartcardmarketingsystems.com

May 16, 2015

To Whom It May Concern:

We the undersigned do certify that we have reviewed the attached 2014 Annual financial statements and notations. We also certify that the information is complete and presented fairly in all material respects to the best of our knowledge.

Sincerely,

SMKG SmartCard Marketing Systems Inc

Michele (Mike) Tasillo
Director

Massimo Barone, Director
Director

Paolo (Paul) Continelli
Director