

Unaudited Q1 - Q2 - Q3 -Q4 2015 Consolidated Interim Financial Statements & "MD&A" for the year ending December 31st 2015, and restated 2014 & 2013 Unaudited Financial Statements

April 16th 2016

To Whom It May Concern:

We the undersigned do certify that we have reviewed the attached Q1 - Q2 - Q3 – Q4 for the year ending December 31st 2015 and restated 2014 & 2013 unaudited 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

Consolidated Interim FS to 12 months ending December 31st 2015

SmartCard Marketing Systems Inc. (OTC: SMKG)

2015 Management Discussion & Analysis

About SmartCard Marketing Systems Inc. (OTC:SMKG)

SmartCard Marketing Systems Inc. (OTC: SMKG) a financial technology company develops payment processing applications & retail incentive solutions for Banks, Telecom & Global Enterprise Acquirers with merchant customers. SmartCard specializes in Web & Mobile solutions architecture for EMV & Ecommerce Processing, Check21 Remote Deposit Capture, E-wallet, Retail Payment Integrated technology & Event Management solutions. The company's solutions provide an ecosystem of functionality and best of breadth trending innovation as a SAAS model which minimizes customers capex, increases interoperability between vendors and offers scalability to distress their resources enabling applications efficiently.

Since the beginning of 2015 the company has remained focused on 2 distinct channels of development; **1) Development and commercialization of its proprietary platforms for the financial sector including incentive platforms for retail**

Mobile Frame Work	VelocityMwallet.com
Retail & Events Management Platform	Genorocity.com
Check21 Act Remote Deposit Capture	Check21SAAS.com

2) Strategic design of an EMV Host based switch, a suite of certified EMV POS devices and integration architecture for trending applications for B2B, B2C & P2P.

EMV Switch Host	Banks, Telecom & Global Enterprise Acquirers
POS Manufacturer & Other Types	Retail, Transit, Hotel & Ent, Gov't, Delivery & Vending Machine,
MIGS Gateway emulation to EMV	Banks, Telecom & Global Enterprise
ISV Channel Partner Integrations	APPs, ERP, ECR, Bill Pay, Trending Technology, MSB, KYC & AML Technology







In 2015 management continued to develop its payment infrastructure and worked with key clients to commercialize its solutions strengthening its position in the financial services segment. *We are transforming the company from a direct merchant services provider to enabling a channel of portfolio merchants for Banks & Telecoms*. This transition allows SmartCard to position itself as a technology host & support provider capturing large pools of customers.

The 1st significant partnership entered into with Contact Innovation in North America for 2014 and early 2015 technology for the Check21 Act and Remote Deposit Capture (RDC) was commercially deployed in late May of 2015 with the first joint client ICICI Bank of India (its Canadian subsidiary). The platform solution as a cloud based host was branded www.check21saas.com and now the success of our deployment is allowing us to market to customers internationally.

Management also secured partnership agreements with CT-Payments Inc. (Canada) and Anderson Zaks Inc. (UK) to deploy a cloud based EMV HUB solution for Payment Acquirers allowing for EMV POS Wireless Payment & Ecommerce Cart Processing. The solution schematic designed as a host by SmartCard includes a Data-Center hub in the local Country for deployment & enabling a suite of functions including from a remote EMV Switch, HSM & Remote Key Injection services as a SAAS offering removing large CAPEX for transactional revenue share. To further expand our expertise offering management secured exclusivity for North America with Vie Way ltd of China a DCC (dynamic currency conversion) technology for acquirers/ processors allowing to intercept the currency exchange mitigated rate for foreign cards when presented- this offering is a powerful revenue offering for large retail merchants and enterprise that deal in travel & entertainment. We are expanding this solution building a global network of payment processors to offer a unique single point of access for Enterprise with an agnostic solution that requires minimal management.

Also in late June of 2015 the company entered into formal discussions to acquire a supplier CT Payment Inc. Canada's largest independent processor & acquirer of EMV & Ecommerce payment solutions.



Emerging Trends and Opportunities in the Payment Processing Industry

The payment processing industry will continue to adopt new technologies, develop new products and services, evolve new business models and experience new market entrants and changes in the regulatory environment. In the near-term, as merchants and financial institutions seek services that help them enhance their own offerings to consumers, including acceptance and issuance of Europay-MasterCard-Visa (EMV) chip-based cards, other security and fraud management services, information services, and support for Omni-commerce environments, we believe that payment processors may seek to develop additional capabilities and expand across the payment processing value chain to meet these demands and capture additional data and provide additional value per transaction. To facilitate this expansion and deliver more robust service offerings, we believe that payment processors will need to develop greater control over and integration of their technology platforms, to enable them to deliver and differentiate their offerings from other providers.

Client Update & Partnerships

During the course of the 4th quarter of 2015 the company worked on multiple partnerships in tandem with CT Payments to expand the technology offering outside CT's current scope of work in Canada & the ongoing development work of emulating CT 's EMV host switch to MasterCards gateway platform a significant undertaking. To kick off the major resource build to MIGS we were successful in securing a Relationship with Aeon Bank of Hong Kong (A MasterCard Member & MIGS client) to put into production on the targeted date of Jan 15 of 2016 – which we accomplished. This production outcome will become a very strategic opportunity for SmartCard to lead the payment industry globally.

In order to further expand the technology suite of CT, we continued to expand the EMV POS product library build of CT with new manufacturers from Asia. Both BBPOS & Bluebird represent and important product line that further expands the industry types that SmartCard can deliver a fully integrated EMV Host solution for Banks, Telecom & Global Enterprise to deploy EMV Chip & Pin products to their merchants. These new revenues are being billed through CT of which then compensation such as sales, revenues or recurring transaction revenues is paid to SmartCard.

Also recently added clients to SmartCard include, Aeon Bank of Asia, ICICI Bank of India, Loyalty Supertore, Isignthis.com, VeritasPay.com, Rabaishabitation.ca, Les Communications Armure, Vmoney Inc, Payspend.com, TouchPeakSoftware & M-Snap.com. We are an intricate part of their deployment strategies with the ability to scale globally.

Furthermore, we continue to work with Card issuers in Mexico & LATAM to deliver an EMV card management solution for the regions. We belive that this opportunity will also grow into an acquiring relationship further expanding our payment processing reach to enable ISO's & Enterprise clients generated new revenues & income for the company.

Common Share Capitalization

As of December 31st 2015 the Company's Outstanding shares was 300,000,000 (Three Hundred Million) a par value of $0.0001 and currently has 208,000,000 (two hundred and Eight million) shares authorized as of December 31st 2015. As of today no warrants, options or rights have been issued to any parties. As of December 31st 2015 the founders & management have not yet converted partial or in full their deferred salaries, advances or invested capital for operations. ***note:*** The company's registered transfer agent is Manhattan TransferCo of New York.

Director's & Officers

As of December 31st 2015 the officers and directors of the company are as described below

Massimo Barone	Director	Founder, CEO & Chair
Paolo Continelli	Director	Founder, President Operations Canada
Michele Tasillo	Manager of Finance	Officer
Steve Gaynor	Attorney & Investment Banker	Advisory to the BOD

Funding & Deferred Expenses

Management continues to advance funds to the operations and defers their salaries and are registered on a deferred basis. The directors have resolved to defer salaries until capital funding has been completed.

The company and CT Payment Inc agreed to undertake the marketing of the 506c Red D offering with several financial portals in the US. The funding for the services are paid by CT-Payment Inc' participation in the offering.

Competitive Advantage & Risk

SmartCard Marketing Systems Inc. is positioned with its industry partners and clients as a Payment Technology company offering innovative and scalable solutions as a SAAS to Financial Institutions, Retail & Enterprise merchants. The company management is of the opinion that platforms VelocityMWallet.com, Check21SAAScom & Genorocity.com continue to be a unique proposition creating superior value in the marketplace. Also equally important is the company's EMV & Ecommerce payment solutions for Banks & Telecom acquirers which is significantly positioning the company globally as a leader in deployment of Payment Infrastructure solutions.

The ongoing risk of limited capital is an ongoing factor getting to market in order to win sufficient market space and partnerships with larger enterprise for deployment can easily reduce the exposure to risk and limit capital required to market the company's products and services.

Software Development

The company continues to use two outsourcing companies in India to develop its modules and perform technical support with its customers. The engagement with customers has been excellent to date and this method has allowed us to continually allocate necessary resources in a timely manner and manage projects resourcefully during all times of the day adhering to client schedules globally regardless of time-zones.

The US dollar has been a factor during the course of the last 5 months as it has increased significantly against to other currencies. The company managed to offset the costs by working in by sprints with the teams completing multiple modular tasks required in the platforms generic offerings a substantial savings.

Financing & Investment update

In late June 2015 the company entered into an acquisition with CT-Payments Inc. The company and its officers engaged JCF Capital Advisors of La Jolla California to lead an offering to VC & PE groups for a sum of $10m USD. This agreement was not extended and VC's & Financial Institutions remain interested pending the amalgamation of CT-Payment Inc.

Additionally, the company entered into an agreement with Capservegroup Inc. of San Diego California to underwrite its 506c Regulation D offering to retail markets for a $5m USD offering. The offering once completed and registered with FINRA will be marketed through Equityround.com. The company cancelled the agreement with Capservergroup Inc for their failure to perform and continued with the broker agreement with Designbook.com a Burlington agency in the Crowdfunding sector. As of today the party has also extended the agreement to include a large boutique Private placement company Castle Placements of NY.

The company has entered into an Investment Banking deal with Wellington & Shields of NY. The undertaking between the parties allows SmartCard to borrow debt financing to acquire strategic payment technology companies to further expand throughout North America at an accelerated rate. Additionally as part of the undertaking the company is engaged to complete an S3 fast track registration to graduate to a larger exchange with the facilitation of a $20m USD Shelf offering.

In recent activity the company announced the engagement of Investment Banker Leventis of New York. The IB mandate is to search additional payment technology companies with an important portfolio of products & services which are strategic to the SmartCard.

About Rule 506 of Regulation D

Rule 506 of Regulation D is considered a "safe harbor" for the private offering exemption of Section 4(a)(2) of the Securities Act. Companies relying on the Rule 506 exemption can raise an unlimited amount of money. There are actually two distinct exemptions that fall under Rule 506.

Under Rule 506(c), a company can broadly solicit and generally advertise the offering, but still be deemed to be undertaking a private offering within Section 4(a)(2) if:

The investors in the offering are all accredited investors; and The company has taken reasonable steps to verify that its investors are accredited investors, which could include reviewing documentation, such as W-2s, tax returns, bank and brokerage statements, credit reports and the like.

Purchasers of securities offered pursuant to Rule 506 receive "restricted" securities, meaning that the securities cannot be sold for at least a year without registering them.

Companies relying on the Rule 506 exemption do not have to register their offering of securities with the SEC, but they must file what is known as a "Form D" electronically with the SEC after they first sell their securities. Form D is a brief notice that includes the names and addresses of the company's promoters, executive officers and directors, and some details about the offering, but contains little other information about the company. If you are thinking about investing in a Regulation D offering, you should obtain a copy of the company's Form D available from the EDGAR database.

ABI Research Anticipates U.S. EMV Payment Card Shipments to Peak in 2016 at Approximately 617 Million Units

The last 12 months proved another positive year for the EMV smart payment cards standard, initially created by Europay, MasterCard and Visa. In 2015, EMV card issuance in the U.S exceeded original industry expectations, hitting nearly 600 million units, while China showed continued success, achieving record shipments near the 850 million mark. The two countries led significant worldwide market growth, accounting for 53% of the more than 2.6 billion total EMV cards shipped in 2015, according to ABI Research, the leader in transformative technology innovation market intelligence. But how long can growth continue to climb?

"EMV migration in the U.S. ramped up quickly, with market penetration likely to hit close to 100% over the next two years," says Phil Sealy, Senior Analyst at ABI Research. "Due to migration speed, a U.S. market dip is expected. Vendors such as Gemalto, Oberthur Technologies, Infineon and NXP are aiming to identify when this scenario might hit to plan accordingly. Our findings show that U.S. EMV shipments will peak in 2016 and reach approximately 617 million units. In 2017, shipments are forecast to dip by approximately 5% with later shipments likely to settle within the 600 and 615 million range."

Despite the anticipated market dip in the U.S., ABI Research forecasts the worldwide market to continue to follow a growth trajectory. Worldwide growth will primarily be driven by EMV migration programs on the horizon, such as those in Indonesia and India. Beyond the short-term U.S. dip, additional opportunities in the U.S. are presenting themselves due to the market's large installed base of mag-stripe Private Label Credit Cards (PLCCs) and next-generation migration plans surrounding contactless issuance.

U.S. PLCC migration may provide a growth boost from a volume perspective and help growth in an otherwise flattening market, but it seems to be the local issuer's plans around contactless migration that has major vendors most interested. While U.S. issuers focused initial issuance in favor of the more cost-effective contact interface, a move to contactless presents a substantial value proposition for leading smart card and secure IC players.

"In 2015, Apple and Samsung Pay helped educate U.S issuers and users on the value and convenience that contactless payments can enable," concludes Sealy. "In the longer term, this will help drive uptake of contactless cards. However, ABI Research believes that the U.S. will remain primarily a contact-based country for the short term. The country will most likely issue contactless cards upon expiration of the contact cards. We anticipate a larger contactless card impact in the U.S. and worldwide to be felt in two to three years' time."

These findings are part of ABI Research's Smart Card Technologies Service, which includes research reports, market data, insights and competitive assessments.

Legal

The company has 2 operating subsidiaries; The first is its US subsidiary of operations VelocityMWallet Technology LLC having its registered offices at 19c Trolley Square, Wilmington De 19806. The 2nd subsidiary is in Kowloon, Hong Kong which manages operations in Asia by its President Ronald Chua. - a shared office at 19 Austin Rd – nearby the popular shopping district of Nathan Rd and Miramar Mall. All entities have a Dec 31st financial reporting year end and consolidate statements using IFRS reporting rules.

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. The unfortunate capacity of the company at the time not being able to pay legal fees in multiple jurisdictions resulted in a judgement in court and amounts owed to UMS Inc. of $ 870,000.00 Canadian dollars plus legal fees. The company has 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 may take an estimated 1 to 2 years prior receiving a court date and if the company Direct Card continues to operate or exist. As of today the Lawsuit the amount payable remaining is $250,000.00 Canadian dollars (this amount is currently being settled which will clear the remaining balance). During the course of 2014-15 UMS was paid in a 3 party settlement for $1m Canadian of which $750K Canadian Dollars was paid. The amount payable of the $1m Canadian was settled by a three-way party agreement of which Mr. Barone & Mr. Continelli through their holding company paid up sum capital by capital stock of their holdings (note: not SMKG common stock) in favor of a cash settlement to UMS.

Executive Summary

The Board is of the opinion that the company continues to engage in successful opportunities and unique global expansion throughout the payment industry. With the soon completed acquisition of CT Payments Inc & its EMV Technology, the delivery & scalability of the company's check21SAAS.com platform, VelocityMWallet.com & Genorocity.com seeing continued success, SmartCard will be positioned as a global financial services enterprise leader.

With and expanded frontline of new technology partners & EMV MIGS positioning we now have the ability to scale significantly, generate performing revenues from ongoing transactions and licensing which will substantially improve cash flow and minimize the operating risk moving forward.

Furthermore, as we now have completed the last quarter of 2015 and positioning of our Investment Bankers, we have a financial roadmap adding certainty.

SMARTCARD MARKETING SYSTEMS INC.
Balance Sheet
For the year ended Dec 31st, 2015 and year ended Dec 31st, 2014 & 2013

	Dec-31	Sep-30	(Revised) Jun-30	(Revised) Mar-31	(Revised) Dec-31	Dec-31
	2015	2015	2015	2015	2014	2013
ASSETS						
Current Assets						
Cash	$ -	$ 5,138	$ -	$ 111	$ 159	$ 87
Security deposit	-		-	-	-	4,500
Accounts Receivable	40,000	40,000	40,000	-	20,536	-
Total current assets	40,000	45,138	40,000	111	20,695	4,587
Long Term Assets						
Intangible assets- Software technology	1	1	1	1	1	1
Property and equipment	1,074	1,275	1,476	1,677	1,878	2,683
	1,075	1,276	1,477	1,678	1,879	2,684
Total Assets	**41,075**	**46,414**	**41,477**	**1,789**	**22,574**	**7,271**
Liabilities and Shareholders' deficiency						
Current Liabilities						
Accounts payable and accrued liabilities	1,231,305	$ 1,090,281	$ 2,035,993	$ 1,905,436	$ 1,784,640	$ 1,518,339
Loans payable	1,331,941	1,309,345	163,821	$ 137,028	124,085	-
Deposit on Sales	-	-	-	-	-	-
	2,563,245	2,399,626	2,199,814	2,042,464	1,908,725	1,518,339
Shareholders' Deficiency						
Capital Stock	131,177	131,177	131,177	131,177	131,177	131,177
Additional paid up Capital	1,163,185	1,163,185	1,163,185	1,163,185	1,163,185	1,163,185
Deficit	(3,816,533)	(3,647,574)	(3,452,699)	(3,335,037)	(3,180,513)	(2,805,430)
Total Shareholders' Deficiency	(2,522,171)	(2,353,212)	(2,158,337)	(2,040,675)	(1,886,151)	(1,511,068)
Total Liabilities & Shareholders' Deficiency	**$ 41,075**	**$ 46,414**	**$ 41,477**	**$ 1,789**	**$ 22,574**	**$ 7,271**

UNAUDITED

Approved on behalf of the board :

Director: _____ *Director:* _____

SMARTCARD MARKETING SYSTEMS INC.
Statement of operations and Comprehensive Loss
For the year ended Dec 31st, 2015 and year ended Dec 31st, 2014 & 2013

	12 Months Ended Dec-31	9 Months Ended Sep-30	(Revised) 6 Months Ended Jun-30	(Revised) 3 Months Ended Mar-31	(Revised) Year ended Dec-31	Year ended Dec-31
	2015	2015	2015	2015	2014	2013
Revenue						
Revenue	93,310	$ 86,895	$ 78,283	$ 4,985	$ 20,536	$ -
Expenses						
Provision for lawsuit			-	-	-	940,200
Commissions			-	-	-	775
Contract Labour	402,250	300,000	253,000	128,000	251,752	87,633
Consulting	128,800	100,350	-	-	-	-
Bank service fees	1,844	1,392	873	394	191	722
Filing fees	14,129	11,369	6,400	5,300	4,279	4,164
Computer expenses	25,744	16,591	9,433	3,765	3,169	954
Software development	51,425	48,225	43,495	7,890	79,833	
Professional expense	14,109	3,409	909	909	-	3,500
Travel /Meals/Entertainment	69,016	57,493	29,623	10,013	46,647	8,806
Depreciation expense	804	603	402	201	805	1,150
Rent and Office expenses	21,210	14,524	6,334	3,037	8,944	3,247
Total Expenses	729,330	553,956	350,469	159,509	395,619	1,051,151
Net loss and comprehensive loss	**(636,020)**	**(467,061)**	**(272,186)**	**(154,524)**	**(375,083)**	**(1,051,151)**
Loss per share, basic and diluted	**(0.00313)**	**(0.00230)**	**(0.00134)**	**(0.00076)**	**(0.00185)**	**(0.00531)**
Weighted avg # of common shares outstanding	**208,000,000**	**208,000,000**	**208,000,000**	**208,000,000**	**208,000,000**	**203,000,000**

UNAUDITED

SMARTCARD MARKETING SYSTEMS INC.
Statement of Changes in Shareholders' Deficiency
For the year ended Dec 31st, 2015 and year ended Dec 31st, 2014 & 2013

	Q4 2015	Q3 2015	Q2 2015	Q1 2015	2014	2013
Deficiency , beginning of year	$ (3,180,513)	$ (3,180,513)	$ (3,180,513)	$ (3,180,513)	$ (2,805,430)	$ (1,754,279)
Net loss for the period	(636,020)	(467,061)	(272,186)	(154,524)	$ (375,083)	$ (1,051,151)
Deficiency , end of year	$ (3,816,533)	$ (3,647,574)	$ (3,452,699)	$ (3,335,037)	$ (3,180,513)	$ (2,805,430)

UNAUDITED

SMARTCARD MARKETING SYSTEMS INC.
Statement of Cashflows
For the year ended Dec 31st, 2015 and year ended Dec 31st, 2014 & 2013

	12 Months Ended Dec-31	9 Months Ended Sep-30	(Revised) 6 Months Ended Jun-30	(Revised) 3 Months Ended Mar-31	(Revised) Year ended Dec-31	Year ended Dec-31
			2015	2015	2014	2013
Operating activities						
Net Loss for the period	$ (636,020)	$ (467,061)	$ (272,186)	$ (154,524)	$ (375,083)	$ (1,051,151)
Adjustment for Items not involving cash:						
Amortization	804	603	402	201	805	1,150
Changes in non-cash working capital items:						
Increase(Decrease) in accounts payable and accrued liabilities	(553,335)	(694,359)	251,353	120,796	266,301	1,025,864
Decrease in deposits on Sales			-	-	(117,875)	(122,100)
(Increase) Decrease in accounts receivable	(19,464)	(19,464)	(19,464)	20,536	(20,536)	-
Increase in Loans receivable	1207856	1,185,260	39,736	12,943	241,960	
Decrease in security deposit			-	-	4,500	-
Cash flow from operating activities	(159)	4,979	(159)	(48)	72	(146,237)
Net (decrease) increase in cash	(159)	4,979	(159)	(48)	72	(146,237)
Cash - beginning of period	159	159	$ 159	$ 159	$ 87	$ 146,324
Cash - end of period	$ 0	$ 5,138	$ (0)	$ 111	$ 159	$ 87

UNAUDITED

Smart Card Marketing Systems

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mbarone@smartcardmarketingsystems.com

www.smartcardmarketingsystems.com

April 16th 2016

To Whom It May Concern:

We the undersigned do certify that we have reviewed the attached Q1 - Q2 - Q3 – Q4 Consolidated Interim Financial Statements for the year ending December 31st 2015 & MD&A 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,

Massimo Barone
Chairman & CEO

Paul Continelli
President Canadian Operations & Treasurer