



Unaudited Q2&Q3 - 2016

Consolidated Interim Financial Statements & “MD&A”
for three months ending September 30th 2016.

November 08th 2016

To Whom It May Concern:

We the undersigned do certify that we have reviewed the attached Consolidated Interim Financial Statements & “MD&A” for the nine months ending September 30st 2016. We certify that the information is complete and presented fairly in all material respects to the best of our knowledge.

Sincerely,

A handwritten signature in black ink, appearing to read "Massimo Barone", with a long horizontal stroke extending to the right.

Massimo Barone

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



Consolidated Interim FS for nine months ending September 30st 2016

Smartcard Marketing Systems Inc. (OTC: SMKG)

2nd & 3rd Quarter 2016 Management Discussion & Analysis

About Smartcard Marketing Systems Inc. (OTC: SMKG)

Smartcard Marketing Systems Inc. (OTC: SMKG) is a boutique development Company & advisory Fintech Accelerator. The company develops payment & incentive solutions for Banks, Telco's & Enterprise with acquirer or issuer merchant portfolio's focusing on retail & enterprise merchants. The company has expanded its offering by specializing in payment terminal architecture applications including Web & Mobile for both EMV Wireless POS, MPOS & Ecommerce.

The company's solutions include Cashless redemption Vouchers, Card Vaulting & Tokenization, Check21 for Remote Deposit Capture & Contactless E-wallet applications.

Since the beginning of 2015 the company has focused on two distinct channels of business; the first to be completed development and commercialization of its three core platforms for the payment and incentive industry Check21SAAS.com, VelocityMwallet.com & Genorocity.com. The second line of business strategic partnerships to develop an EMV Remote Host for Bank, Credit Union & Telecom Acquirers of Card brands (Credit & Debit) as an acceptance point for emulating transactions, processing & settlement.

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.



Smart Card Marketing Systems

November 8th 2016

The company's activity to date continues to progress favorably with focus on building an international portfolio of processors to leverage its expertise and goal to implement a uniform payment network for both EMV & Ecommerce transactions. In doing so the company after a series of important partnership entered into the past 9 months has accelerated its own product offering to Fintech Start-ups & ISV companies requiring advisory services & leverage payment architecture to deploy their Payment solutions.

During the course of the past six months the company has entered into agreements with ICICI Bank of India, AEON Bank of HK, HypraTaxi Inc, PaySpend LLC, VeritasPay LLC, Axe-Pay, Sirved.com, S3cur3 Inc, Data-Trax Inc, Credencial S.A, Digicel Communications Inc, TouchPeaks Software Inc. and many more ISV clients. The adoption by these companies of Smartcard's advisory services has created a significant opportunity for the company.

In addition, the company entered into strategic partnerships strengthening its alignment for growth with service providers and processors including Worldnet Inc, Isignthis Inc, ViewWay Int'l, GlobalOne Payments Inc., Merchant First, CardMarte Inc, Contact Innovations Inc, BBPOS Inc, & PSP Inc.

The company's proprietary platforms continue to be the main source of growth and sales revenues. The 3rd quarter of 2016 continued to be very favorable as more new clients were signed and deliveries of the platforms is expected throughout the 4th Quarter 2016 and 1st Quarter to March 31st of 2017 which we anticipate strong growth from both LATAM & Asia agreements signed.

The company entered into an agreement with Mr. Gene Leventis of Manhattan an Investment Banking firm to seek acquisition opportunities in the Payment sector. The agreement is a commission based agreement based on performance and subject to the value of the transaction.



Prior Management Discussion March 3rd 2016.

Management also has secured partnership agreements with CT-Payments Inc. (Canada) to deploy a cloud based EMV Host solution for Payment Acquirers allowing for EMV POS Wireless & MPOS Payment including broadening of services to include Ecommerce Cart Processing for Card Vaulting & Tokenization of recurring transactions. 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 a remote EMV Switch, HSM & Remote Key Injection service 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.



Common Share Capitalization

As of September 30, 2016, the Company's Outstanding shares was 300,000,000 (Three Hundred Million) a par value of \$0.0001 and currently has 210,857,143 (two hundred Ten million, eight hundred fifty-seven thousand & one hundred forty-three) shares authorized as of September, 30th 2016. As of today, no warrants, options or rights have been issued to any parties. As of September, 30th 2016 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 Transfer Co of New York. There was a new treasury issuance to Wellington & Shields the company's IB for their registration under the terms of the agreement.

Issuance for payment of \$50,000 USD at \$0.0175 a share for 2,808,988 shares.

Director's & Officers

As of September, 30th 2016 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	Consultant
Steve Gaynor	Attorney & Investment Banker	Advisory to the BOD

Describe any trading suspension orders issued by the SEC in the past 12 months.

None

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months

None

Funding & Deferred Expenses

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



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 for Retail & Enterprise merchants. The company's management is of the ongoing opinion that its proprietary platforms VelocityMWallet.com, Check21SAAS.com & Genorocity.com continue to be a unique proposition for Banks, Credit Unions & Financial Institutions.

Also, equally important is the company's EMV & Ecommerce payment solutions for Banks & Telecom acquirers with its partnership through CT Payments Inc & newly formed subsidiary in Asia which are significantly positioning the company globally as a leader in deployment of Payment Infrastructure for major card networks of both credit & debit.

The ongoing risk of limited capital is a factor getting to market in order to win sufficient market space. The company continues to maximize its human resources to exploit its services to expand on partnerships targeting larger enterprise & retail clients for deployment which can easily reduce the exposure to risk & limit capital required to market the company's products and services.

Development of Software

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 continues at a moderate pace with best of business practices SLA. Furthermore, to date and with this method allows us to allocate necessary resources in a timely manner and manage projects resourcefully at all times of the day respectfully adhering to client schedules globally in all time-zones.

Financing & Investment.

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 terminated and the company moved forward with new Debt Lender Adviseco & Investment Bank Wellington Shields a New York Stock Exchange member. Also, engaged and referred by Wellington & Shields the Investment Banker Mr. Gene Leventis also of New York.

The company has been through several extensions of the LOI throughout the year and to-date. The complexity of CT's current series of shares & debentures created challenges in the investment round but several solutions were facilitated to move forward with the proposed transaction.

Update as of September 30, 2016

The company continues to work with two investment groups on the acquisition of CT Payments Inc. The CT transaction delays arose from changes in their management opposition and interim financing structure. The events surrounding the issue altered the core strategy of Smartcard's positioning in the deal which had to be renegotiated with both the Board of CT including their existing ongoing management ability to satisfy the Investors in the transaction because of a pending law suit they were challenging.

Update of Financing Activity for 2016

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](#).

Legal

The company has 2 operating subsidiaries; 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 its 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.



Management Executive Summary 2nd & 3rd Quarter 2016

September 30th 2016

The company in the past six months continues to pursue growth through the implementation of its EMV Host solutions with partner CT Payments Inc – Canada's largest independent processor & Interac acquirer. In addition, the company's management extended the network host solution with partners in Ireland, China, India & LATAM to accelerate the payment solution offering as a Fintech Accelerator program for Independent Software Vendor (ISV) Start-ups.

In addition, the company continues to further expand its portfolio targeting financial institutions & telecom's providing both markets with EMV POS, MPOS & EPOS payment technology to exploit their retail & enterprise merchant portfolio's. A unique partnership was entered with VeritasPay LLC of the US to expand payment solutions throughout the Philippines market and develop a semi-integrated Application layer for both POS wireless & Mobile devices on multiple OS's with the mission to build upon international specs and multi-currency processing a standard also known as DCC or Dynamic Currency Conversion.

As of the 3rd quarter of 2016 the company completed integration of key partners to provide processing & connectivity services to a specific market segment in the Fintech Industry. This channel of opportunity is creating an excellent marketing outreach to ISV's who have developed great business concepts but lack the expertise to deploy or certify their technologies to payment processors or financial institutions.

Furthermore, management continues to pursue the acquisition of CT Payment Inc and two other smaller payment technology firms with unique interests and clients in Biometrics & Image Archive solutions.

We continue work with both IB's Wellington & Shields & Mr. Gene Leventis to pursue acquisitions in the payment sector that compliment our growth strategy. The financial backing of Wellington & Shields is a firm commitment to our prospects that we can close the financial requirements & capture market share.

Management / SMKG: OTC September 30th 2016

**SMARTCARD MARKETING SYSTEMS INC.****Interim Balance Sheet****As at September 30, 2016 and December 31, 2015**

	Sep-30	Jun-30	Dec-31
	2016	2016	2015
ASSETS			
Current Assets			
Cash	\$ 19,392	\$ -	\$ -
Accounts Receivable	40,000	40,000	40,000
Total current assets	59,392	40,000	40,000
Long Term Assets			
Intangible assets- Software technology	1	1	1
Property and equipment	460	665	1,074
	461	666	1,075
Total Assets	59,853	40,666	41,075
Liabilities and Shareholders' deficiency			
Current Liabilities			
Accounts payable and accrued liabilities	\$1,682,566	\$ 1,543,731	\$ 1,231,305
Loans payable	1,358,313	\$ 1,358,313	1,331,941
	3,040,879	2,902,044	2,563,246
Shareholders' Deficiency			
Capital Stock	181,177	181,177	131,177
Additional paid up Capital	1,163,185	1,163,185	1,163,185
Deficit	(4,325,388)	(4,205,740)	(3,816,533)
Total Shareholders' Deficiency	(2,981,026)	(2,861,378)	(2,522,171)
Total Liabilities & Shareholders' Deficiency	\$ 59,853	\$ 40,666	\$ 41,075

UNAUDITED*Approved on behalf of the board :*

Director:

Director:

**SMARTCARD MARKETING SYSTEMS INC.****Interim Statement of operations and Comprehensive Loss****For the nine month periods ended September 30, 2016 and year ended December 31, 2015**

	9 Months Ended Sep-30 2016	6 Months Ended Jun-30 2016	3 Months Ended Mar-31 2016	Year ended Dec-31 2015
Revenue				
Revenue	48,732	16,032	\$ 7,809	\$ 93,310
Expenses				
Contract Labour	354,660	240,400	125,600	402,250
Consulting	125,350	106,900	78,450	128,800
Bank service fees	777	596	321	1,844
Filing fees	2,700	1,800	-	14,129
Computer expenses	28,492	18,710	9,136	25,744
Software development	3,894	2,764	2,164	51,425
Professional expense	-	-	-	14,109
Travel /Meals/Entertainment	33,950	27,177	23,145	69,016
Depreciation expense	614	409	204	804
Rent and Office expenses	7,150	6,483	6,427	21,210
Total Expenses	557,587	405,239	245,447	729,330
Net loss and comprehensive loss	(508,855)	(389,207)	(237,638)	(636,020)
Loss per share, basic and diluted	(0.00251)	(0.00192)	(0.00117)	(0.00313)
Weighted avg # of common shares outstanding	210,857,143	210,857,143	210,857,143	208,000,000

UNAUDITED**SMARTCARD MARKETING SYSTEMS INC.****Statement of Changes in Shareholders' Deficiency****For the nine month periods ended September 31, 2016 and year ended December 31, 2015**

	Sep-31 2016	Jun-30 2016	Mar-31 2016	Dec-31 2015
Deficiency , beginning of year	\$(3,816,533)	\$ (3,816,533)	\$(3,816,533)	\$(3,180,513)
Net loss for the period	(508,855)	(389,207)	(237,638)	\$ (636,020)
Deficiency , end of year	\$(4,325,388)	\$ (4,205,740)	\$(4,054,171)	\$(3,816,533)

UNAUDITED



SMARTCARD MARKETING SYSTEMS INC.

Interim Statement of Cashflows

For the nine month periods ended September 30, 2016 and year ended December 31, 2015

	9 Months Ended Sep-30 2016	6 Months Ended Jun-30 2016	3 Months Ended Mar-31 2016	Year ended Dec-31 2015
Operating activities				
Net Loss for the period	\$ (508,855)	\$ (389,207)	\$ (237,638)	\$ (636,020)
Adjustment for Items not involving cash:				
Amortization	614	409	204	804
Changes in non-cash working capital items:				
Increase(Decrease) in accounts payable and accrued liabilities	451,261	312,426	163,044	(553,335)
Decrease in deposits on Sales		-	-	-
(Increase) Decrease in accounts receivable		-	-	(19,464)
Increase in Loans receivable	26,372	26,372	26,372	1,207,856
Decrease in security deposit		-	-	-
Cash flow from operating activities	(30,608)	(50,000)	(48,018)	(159)
Issued share capital	50,000	50,000	50,000	-
Cash flow from financing activities	50,000	50,000	50,000	-
Net (decrease) increase in cash	19,392	-	1,982	(159)
Cash - beginning of period	-	-	-	159
Cash - end of period	\$ 19,392	\$ -	\$ 1,982	\$ -

UNAUDITED

**SMARTCARD MARKETING SYSTEMS INC.****Statement of Cashflows****For the three months ended March 31 , 2016 and year ended December 31, 2015**

	3 Months Ended Mar-31	Year ended Dec-31
	2016	2015
Operating activities		
Net Loss for the period	\$ (237,638)	\$ (636,020)
Adjustment for Items not involving cash:		
Amortization	204	804
Changes in non-cash working capital items:		
Increase(Decrease) in accounts payable and accrued liabilities	163,044	(553,335)
Decrease in deposits on Sales	-	-
(Increase) Decrease in accounts receivable	-	(19,464)
Increase in Loans receivable	26,372	1,207,856
Decrease in security deposit	-	-
Cash flow from operating activities	(48,018)	(159)
Issued share capital	50,000	-
Cash flow from financing activities	50,000	-
Net (decrease) increase in cash	1,982	(159)
Cash - beginning of period	-	159
Cash - end of period	\$ 1,982	\$ -

UNAUDITED



Smart Card Marketing Systems

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1-844-THE-Payment

mbarone@smartcardmarketingsystems.com

www.smartcardmarketingsystems.com

November 08th 2016

To Whom It May Concern:

We the undersigned do certify that we have reviewed the attached Unaudited Consolidated Interim Financial Statements for the three months ending September 30th 2016 and 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

About the Industry Trends

Shifting trends & priorities are set to transform the growing MPOS ecosystem?

<http://www.businessinsider.com/mobile-point-of-sale-mpos-trends-business-opportunities-ecosystem-2016-10>

A Year After the EMV Liability Shift: Are EMV Cards Safe?

<http://www.trendmicro.com/vinfo/us/security/news/cybercrime-and-digital-threats/a-year-after-the-emv-liability-shift-are-emv-cards-safe>

2017 Banking and Securities Outlook

<https://www2.deloitte.com/us/en/pages/financial-services/articles/banking-trends.html>