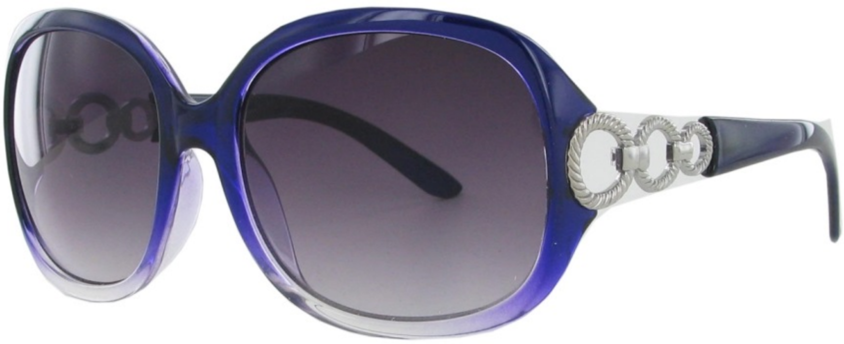

The Fantastic Company AG
First Quarter Financial Report 2013

This Financial Report is an uncertified translation – only the German version is legally binding.

Financial Overview of the Group

	Jan. 1 – March 31, 2013 EUR	Jan. 1 – March 31, 2012 EUR
Sales Revenues	1,960,188	909,056
Gross Profit	1,006,941	645,074
Operating Result (EBIT)	-373,024	36,580
Net profit or loss for the period	-280,437	-34,582

	Jan. 1 – March 31, 2013 EUR	Jan. 1 – March 31, 2012 EUR
Cash-Flow from Business Activity	-320,339	-1,245,225
Cash-Flow from Investment Activity	-22,148	25,226
Cash-Flow from Financing Activity	0	1,239,783
Profits/Losses due to Exchange Rate Fluctuations	-1,682	2,876
Changes in Liquid Assets	-344,169	22,660
Consolidation-related change in financial funds	0	135,415
Liquid Assets at the end of the period	-176,878	864,143

	March 31, 2013 EUR	31st December 2012 EUR
Fixed Assets	3,533,058	3,486,129
Current Assets	3,467,988	1,728,363
Current Liabilities	4,943,505	2,972,784
Long-term Liabilities	677,973	580,021
Equity Capital	1,379,568	1,661,687
Equity Ratio	19.7%	31.9%
Total Assets	7,001,046	5,214,492

The World of Our Brands

EYEWEAR BRANDS

Own eyewear brands

- SICARA, with the following sub-brands for the different customer segments:
  - SICARA Premium
  - SICARA Platinum
  - SICARA CWL
  - SICARA Colors
  - SICARA Active/Sports
- Pola Sun
- Hors Piste

Licensed eyewear brands

- Rivaldi
- Terre des Marins
- Maui and Sons

Distributed eyewear brands

- Disney (children)
- Hello Kitty (ladies and children)
- Reebok (exclusively for sportswear shops)

SHOE BRAND

- DeFonseca

Contents

To our shareholders

Letter from the Board of Directors

Dear shareholders,

ladies, and gentlemen,

in the first quarter of 2013 preparations were made for the main season with sunglasses. The main deliveries will be distributed in the French market from March.

The recession in France resulted in a drop in consumer confidence that was reflected in our customers. In the important seasonal month of March 2013 the sale of textiles and accessories dropped by around 25%. Our French subsidiary SICARA FASHION ACCESSORIES SAS succeeded in bucking this market trend in 2012 as a result of the measures that we have implemented to improve our operations. We are pleased to report that sales revenues in the reporting period roughly equalled those of the same period in the previous year.

However, how the remainder of the season goes, and the risk that un-purchased, fault-free goods will be returned, also depend on the weather improving. The early part of 2013 saw the worst weather in 40 years, with very few sunny days, and with rain, flooding and, in some places still some snow in May. These conditions make it harder to sell sun-glasses, which is our core business. Countermeasures to resolve this include promoting increased revenues from reading glasses and DeFonseca products, and auditing and preparing extensions to ranges such as umbrellas.

In the reporting period we have provided strong support for the business in France in monthly face to face meetings and weekly telephone conferences.

The liquidity position at the end of the first quarter of 2013 is negative, in particular because big deliveries made in March 2013 will not be payable for 60 days. A current account credit line provided by our French main bank has been partially used for bridging.

The sales price allocation involved in the majority acquisition of SICARA FASHION ACCESSORIES SAS was finalized in accordance with the IFRS 3 guidelines within the maximum period of 12 months. As a result there were changes in the previous year's comparison quarter and also in the figures on 31st December 2012. The changes from the final determination of the market values for the price allocation primarily concern the following balance sheet items: Customer base, goodwill, deferred tax assets and liabilities and the value of the order stock at the time of acquisition.

In 2013 the Board of Directors is continuing its intensive efforts to audit and negotiate corporate acquisitions. The most important aspect here is the strategic fit, the prospects for business growth and the brand and business profiles. The negotiations must remain confidential until the contract is signed, for which reason, as before, we cannot report on the state of the negotiations. In addition, experience has shown that even when negotiations are at an advanced stage, it is not certain that a contract will be agreed. However, more capital measures are expected as part of our pursuit of an acquisition strategy.

The Board of Directors thanks all business partners, friends, and shareholders of the Company for the trust placed in them. We will continue to work hard in the future to justify the trust placed in us and substantially increase the value of TFC.

Zug, May 2013

Oliver Krautscheid
President of the Board of Directors

Roger Meier-Rossi, *Vice-President of the Board of Directors*

Markus Gildner
Member of the Board of Directors

Analysis of the economic position

In this interim report we are for the first time publishing the final figures for the sales price allocation relating to the majority interest in SICARA FASHION ACCESSORIES SAS. We have completed the adjustments within the 12-month time limit set by IFRS 3. There were changes resulting from the definitive determination of the market values, especially in the balance sheet items for the previous year's comparison quarter and also in the figures on 31st December 2012. The changes concern the following balance sheet items, taking into account the updated revised figures on 31st December 2012:

- Customer base (reduced to TEUR 177; on the reporting date: TEUR 174).
- Goodwill (increased to TEUR 504; unchanged).
- Deferred tax assets and liabilities (both reduced): Deferred tax assets at TEUR 450 (on the reporting date: TEUR 537) and deferred tax liabilities at TEUR 434 (on the reporting date: TEUR 419).
- Group net equity TEUR 1.662.
- Value of the order stock of TEUR 9, which had already been achieved and depreciated in business year 2012.

In addition, the cash flow statement and statement of shareholders' equity changed with regard to the previous comparison period.

Due to the majority acquisition of our operational subsidiary SICARA on 1st March 2012, the report for the same quarter in the previous year could only contain the sales turnover and business results for March 2012, in which sales were strong.

This interim report encompasses for the first time a full first quarter of our operational subsidiary SICARA.

Group Revenues and Earnings Situation in the First Quarter of 2013

The **Statement of Comprehensive Income** for The Fantastic Company Group in the first quarter interim report 2013 contained net sales revenues of EUR 1,960,188 (EUR 909,056 in the previous year's comparison quarter). This represents a considerable increase in sales turnover, even over the adjusted value for the previous year.

Including expenses incurred to achieve the sales revenues, that equalled EUR 953,247, the gross profit achieved was EUR 1.006.941. This was EUR 361,867 (56.1%) more than in the same period in the previous year, in which the gross profit had a value of EUR 645,074.

Expenses for administration and general costs also climbed considerably and reached EUR 875,593 (in the same period in the previous year: EUR 197,913). This represents an increase of EUR 677,680 or 342.4%.

The cost of Sales and Marketing amounted to EUR 507,253 (EUR 406,404 in the previous year's comparison period).

The remaining revenues equalled EUR 2,881 in the first quarter of 2013 (value in the same period in the previous year: EUR 0) and the other expenses had a value of EUR 0 (value in the same period in the previous year: EUR 4,177).

The operating result (EBIT) was EUR –373,024 after equalling EUR 36,580 in the same period in the previous year. This was EUR 409,604 worse than in the previous year. This value may improve in the course of the business year, due to the estimates contained in the figures, concerning returns in autumn 2013 and discounts at year end 2013 (see Explanations point 7).

In the reporting period, the financial result equalled EUR -8,903 after having a value of EUR -4,589 in the previous year.

The Fantastic Company Group showed a pre-tax result of EUR -381,927 (in the same period in the previous year: EUR 31,991). Tax credits reduced the net loss for the period by EUR 101,490 (EUR -66,573 in the same period in the previous year). The net loss for the period was EUR 280,437 after having a value of EUR 34,582 in the same period in the previous year.

As a result of positive currency differences amounting to EUR -1,682 (previous year's comparison period: EUR 2,876), an overall of EUR –282,119 was achieved for the TFC Group. In comparison with the overall result of EUR -31,706 achieved in the previous year, this means a worsening in the result of EUR 250,413.

In the overall result, minority shareholdings of third parties had a value of EUR -33,426.

Assets situation on 31st March 2013

In total, short-term assets increased in value from EUR 1,728,363 on 31st December 2012 to EUR 3,467,988, a rise of 100.7%.

Liquid assets had a negative value of EUR -176,878 (having still had a positive value of EUR 167,291 on 31st December 2012), because a current account credit line provided by our French main bank had been partially used. The reason for this is that the deliveries of sunglasses for the months March, April and May, in which the most revenues are usually achieved, must be financed in advance, and only result in income receipts that are payable 60 days after sale.

As a consequence, trade accounts receivable rose considerably from EUR 230,178 on 31st December 2012 to EUR 2,105,663. The same applies to the increase in inventory by EUR 265,211 (21.8%) to EUR 1,480,193 at the end of the first quarter of 2013.

Receivables from related persons or parties fell by 17.9% from EUR 9,923 at year end 2012 to EUR 8,145.

Other receivables from third parties fell by EUR 76,966 to EUR 12,943. Deferred expenses and accrued income increased in value by EUR 21,842 from EUR 16,080 to EUR 37,922.

Long-term asset values remained relatively unchanged on the reporting date and had a value of EUR 3,533,058 after being worth EUR 3,486,129 at year end 2012 (+1.3%).

Deferred tax assets rose by EUR 86,779 from EUR 450,056 to EUR 536,835 (+19.3%). Other financial assets rose by EUR 5,370 from EUR 130,965 to EUR 136,335.

Tangible assets, 97.9% of which consist of real estate and buildings, fell in value by EUR 51,860 (-2.3%) to EUR 2,156,968.

There were changes relating to intangible assets, due to the definitive purchase price allocation from SICARA: Goodwill equalled EUR 504,041; and the updated book value of the customer base on the reporting date was worth EUR 173,783.

Rights and Licenses rose in value from EUR 15,092 to EUR 25,096 at year end 2012.

On 31. March 2013, total assets were worth EUR 7,001,046, EUR 1,786,554 (34.3%) higher than their value at year end (EUR 5,214,492).

The Fantastic Company Group's short-term liabilities were worth EUR 4,943,505 (70.6%) of total assets on the reporting date. Compared to 31st December 2012, this represented an increase of EUR 1,970,721 or approximately 66.3%. The largest single items among the short-term liabilities were the Liabilities from Deliveries and Services, worth EUR 2,658,451 (31st December 2012: EUR 1,107,586) and the Other Reserves, worth EUR 1,716,268 (EUR 1,745,990 on 31st December 2012). These other reserves are primarily related to SICARA's estimated product returns and quantity rebates and are generated in conjunction with the determination of net sales.

Other liabilities are shown as EUR 491,063 (31st December 2012: EUR 32,519). Accrued liabilities stood at EUR 77,723 following EUR 79,314 on December 31, 2012. The other liabilities towards related persons or parties had a value of EUR 0 after being worth EUR 7,375 at year end 2012.

Other long-term liabilities rose by EUR 97,952 from EUR 580,021 to EUR 677,973 (+16.9%). These included pension fund provisions of EUR 258,563 (EUR 146,000 at year end 2012) and passive deferred taxes of EUR 419,410 (EUR 434,021 at year end 2012).

The equity capital of The Fantastic Company Group decreased by EUR 282,119 or 17.0% and had a value of EUR 1,379,568 on the reporting date.

The statutory equity remained unchanged at EUR 1.661.657.

The Group reserves are negative, at EUR 386,527 (negative Group reserves per 31 December 2012: EUR 137,834). The minority shareholdings of third parties (non-controlling Shares) had a value of EUR 324,438 on the reporting date, after being valued at EUR 357,864 at year end 2012.

The equity ratio was 19.7% compared with 31.9% on 31st December 2012.

Financial Situation in the First Quarter of 2013

Liquidity and Financial Resources, Cash-Flow

For the quarter of 2013 under review, the cash flow statement shows a decrease in liquid assets for the TFC Group worth EUR 344,169 (outflow of funds in same period in previous year: EUR 22,660). This outflow of funds was caused by the negative cash-flow from operating activities, which in total equalled EUR 320,339 (outflow of funds from current operations in the same period in the previous year: EUR 1,245,225). The cash-flow from investment activity was also negative in the first quarter of 2013, and equalled EUR 22,148 (outflow of funds in the same quarter in the previous year: EUR 25,226).

Due to the use of a current account credit line, liquid assets had a negative value (-EUR 176,878) at the end of the reporting period. In this context it should be noted that the TFC Group's cash resources are subject to considerable fluctuations due to SICARA's strongly seasonally dependent business. It is the winter months, in particular, in which the amounts of capital injected from the operational business are low, while, at the same time, the orders for the coming summer season significantly impact liquidity. This seasonal fluctuation usually means that there is greater excess liquidity from the operational business in summer.

In the prior year reporting period, TFC increased financial funds by EUR 1.239.783.

Due to the definitive adjustments of the purchase price allocation, changes occurred in the previous period numbers relating to the cash flow statement, which differ from previous publications.

In the quarter under review, profits/losses due to exchange rate fluctuations led to a further reduction in liquid assets of EUR 1,682, after this factor had caused them to rise by EUR 2,876 in the same period in the previous year.

Interim Financial Statements

These First Quarter Interim Financial Statements have not been audited, nor have they been reviewed by our auditor.

Events After The Accounting Cut-off Date

There have been no events after the accounting cut-off date that could have any significant impact on the consolidated profit and loss account for the first quarter of 2013.

Group Statement of Comprehensive Income

	Reference to the Appendix	Jan. 1 – March 31, 2013 EUR	Jan. 1 – March 31, 2012 EUR
Sales Revenues	7	1,960,188	909,056
Costs Incurred to Achieve Sales Revenues		-953,247	-263,982
Gross Profit		***1,006,941***	***645,074***
Administration and General Costs	11	-875,593	-197,913
Distribution and Marketing	11	-507,253	-406,404
Other expenses		0	-4,177
Other revenues		2,881	0
Operating Result (EBIT)		***-373,024***	***36,580***
Financial Income		358	124
Financial Expenses		-8,814	-4,650
Capital Gains/Losses (net)		-447	-63
Total financial result		**-8,903**	**-4,589**
Pre-Tax Profit/Loss		***-381,927***	***31,991***
Taxes	9	101,490	-66,573
Net loss for the period		***-280,437***	***-34,582***
Undiluted and diluted result per share		[1)]**-0.0011**	[1)]**-0.0026**

[1)] Number of shares (weighted average): 245,574,000 (previous year: 13,253,200)

	Reference to the Appendix	Jan. 1 – March 31, 2013 EUR	Jan. 1 – March 31, 2012 EUR
NET LOSS FOR THE PERIOD		***-280,437***	***-34,582***
Currency differences		-1,682	2,876
OVERALL RESULT		***-282,119***	***-31,706***

The overall result for the period is made up of

Shareholder of the parent company	-247,011	-62,585
Non-controlling shareholders	-33,426	28,003
Total	***-280,437***	***-34,582***

The overall result is made up of:

Shareholder of the parent company	-248,693	-59,709
Non-controlling shareholders	-33,426	28,003
Total	***-282,119***	***-31,706***

	Reference to the Appendix	March 31, 2013 EUR	31st Dec 2012 EUR
Current Assets			
Liquid Assets		-176,878	167,291
Receivables from Suppliers		2,105,663	230,178
Receivables from Associated Parties		8,145	9,923
Receivables from Third Parties		12,943	89,909
Inventory		1,480,193	1,214,982
Accrued Income		37,922	16,080
Total Current Assets		***3,467,988***	***1,728,363***
Fixed Assets			
Deferred taxes	9	536,835	450,056
Other financial assets and loans		136,335	130,965
FIXED ASSETS			
Real estate and buildings		2,112,327	2,102,116
Commercial equipment		37,627	47,967
Installations, Machines		7,014	58,745
Intangible Assets			
Goodwill	6	504,041	504,041
Customer base		173,783	177,147
Rights and Licenses		25,096	15,092
Total long-term assets		**3,533,058**	**3,486,129**
TOTAL ASSETS		***7,001,046***	***5,214,492***

	Reference to the Appendix	March 31, 2013 EUR	Dec 31, 2012 EUR
Liabilities			
Reserves		1,716,268	1,745,990
Liabilities from Suppliers		2,658,451	1,107,586
Other Liabilities		491,063	32,519
Other liabilities towards associated persons		0	7,375
Accrued Liabilities		77,723	79,314
Total Current Liabilities		***4,943,505***	***2,972,784***
Pension Fund Liabilities		258,563	146,000
Deferred taxes	9	419,410	434,021
Total Long-term Liabilities		***677,973***	***580,021***
Equity Capital			
Share Capital	10	1,441,657	1,441,657
Group reserves		-386,527	-137,834
Non-controlling Shares		324,438	357,864
Total Equity Capital		***1,379,568***	***1,661,687***
TOTAL LIABILITIES		**7,001,046**	**5,214,492**

Statement of Shareholders' Equity 2013

EQUITY CAPITAL All figures in EUR	Share Capital	Currency differ-ences	Retained earnings	Non-control-ling Shares	Total Equity Capital
Status as of 01. 01. 2013	**1,441,657**	**773,911**	**-911,745**	**357,864**	**1,661,687**
Items from the overall results:					
- Currency differences		-1,682			-1,682
- Actuarial profits from benefit-related pension schemes					
- Deferred taxes on the actuarial losses from benefit-related pension schemes					
- Net loss for the period			-247,011	-33,426	-280,437
Overall Result		**-1,682**	**-247,011**	**-33,426**	**-282,119**
Status as of 01. 01. 2013	**1,441,657**	**772,229**	**-1,158,756**	**324,438**	**1,379,568**

Statement of Shareholders' Equity - Comparison with Previous Year

EQUITY CAPITAL All figures in EUR	Share Capital	Currency differ-ences	Profit reserves	Non-control-ling Shares	Total Equity Capital
Status as of 01.01.2012	**1,438,190**	**766,127**	**-1,578,744**	**0**	**625,573**
Capital decrease	-1,971,631		1,971,631		0
Capital increase	1,159,783				1,159,783
Change to minority interest from acquisition of SICARA				497,860	497,860
Items from the overall results:					
- Currency differences		2,876			2,876
- Actuarial profits from benefit-related pension schemes					
- Deferred taxes on the actuarial losses from benefit-related pension schemes					
- Net loss for the period			-62,585	28,003	-34,582
Overall Result		**2,876**	**-62,585**	**28,003**	***-31,706***
Status as of 03.31.2012	**626,342**	**769,003**	**330,302**	**525,863**	**2,251,510**

Consolidated Cash Flow Statement

	Reference to the Appendix	Jan. 1 – March 31, 2013 EUR	Jan. 1 – March 31, 2012 EUR
Cash-Flow from Current Business Activity:			
Pre-Tax Profit/Loss		-381,927	31,991
Depreciation		61,999	21,125
Financial Income		-358	-124
Financial Expenses		8,814	4,650
Decrease (-)/Increase (+) in Inventory		-265,211	228,990
Decrease (-)/Increase (+) in Trade Account Receivables		-1,875,485	-1,517,837
Decrease (-)/Increase (+) in other Short-term Receivables		56,900	-325,518
Decrease (-)/Increase (+) in Trade Account Liabilities		1,550,865	-97,579
Decrease (-)/Increase (+) in other Short-term Liabilities		419,857	248,933
Decrease (-)/Increase (+) in other Long-term Liabilities		112,563	0
Paid Taxes		100	164,670
Interest and Dividends Paid		-8,814	-4,650
Interest and Dividends Received		358	124
Cash Inflow (Outflow) from Current Business Activity		***-320,339***	*-1,245,225*

	Reference to the Appendix	Jan. 1 – March 31, 2013	Jan. 1 – March 31, 2012
		EUR	EUR
Cash Flow from Investment Activity:			
Investments in movable tangible assets		-16,778	-1,449
Investment in financial assets		-5,370	0
Sale of mobile fixed assets		0	26,675
Expenditure for acquiring other companies	6	0	0
Cash-Flow from Investment Activity		***-22,148***	***25,226***
Cash Flow from Financing Activity:			
Deposits by taking out loans		0	80,000
Capital increase		0	1,159,783
Cash Inflow (Outflow) from Financing Activity		***0***	***1,239,783***
Conversion differences for Cash and Cash Equivalents		-1,682	2,876
Increase/Decrease in Cash or Cash Equivalents		**-344,169**	**22,660**
Consolidation-related change in financial funds		**0**	**135,415**
Liquid assets at start of period		**167,291**	**706,068**
Liquid assets at end of period		**-176,878**	**864,143**

Notes for the Consolidated Financial Statements –

Notes on the Consolidated Interim Financial Statements

The quarterly reporting has been performed with abbreviated explanations. For a detailed explanation, please refer to the consolidated report of December 31st 2012.

1. Business Activity

"The Fantastic Company AG" is a Swiss Public Limited Company whose head office is located in Zug, Switzerland. The Commercial Register for Zug, Switzerland, has an entry for the Company with the number CH-170.3.021.014-9. The business year is the calendar year. The Company's area of activity is the purchasing, retaining and administering of shareholdings in other companies.

The commercial activities of the operationally active SICARA subsidiary involve the import and sale of stylish accessories, in particular sunglasses and reading glasses, and also trendy shoes for wear at home and for leisure activities.

2. Application of New Invoicing Standards

TFC only applied the revised IAS 19 Employee Benefits standard (rev. 2011) earlier than required for the business year starting on 1st January 2011. Although the following changes or additions to the standards and interpretations of the IASB should be applied for the first time in the business year starting 1st January 2012, they have either no effect (or only a very minor effect) on the TFC Group's consolidated accounts.

- IAS 12 Deferred taxes – achievement of underlying assets
- IFRS 7 data – transfer of financial assets

3. Main Valuation and Accounting Methods

Preparation of the Consolidated Financial Statements

The Company's Consolidated Accounts on 31st March 2013 were drawn up in accordance with the IFRS published by the International Accounting Standards Board (IASB), including the International Accounting Standards Board (IAS) and the interpretation of the

International Financial Reporting Standards Interpretation Committee (IFRIC) or the Standing Interpretation Committee (SIC). It takes into account all the applicable standards and interpretations for the business year 2013, insofar as they are relevant to the current set of Consolidated Accounts. The comparative figures for the business year 2012 were determined in accordance with the same principles.

The reporting currency is the Euro since the Company will primarily generate revenue in Euro in its future business activities. The Group's in-house profits and losses, sales revenues, expenses and revenues, and any current receivables and liabilities between consolidated companies, and interim results are eliminated.

Consolidated group

These audited Consolidated Accounts are for "The Fantastic Company AG" and its subsidiaries "The Fantastic TM GmbH", "Corporate Equity Direct GmbH" and "SICARA FASHION ACCESSORIES SAS" (referred to jointly as the "Group").

The Fantastic Company AG	Switzerland	Holding
The Fantastic TM GmbH	Switzerland	100%
Corporate Equity Direct GmbH	Switzerland	100%
SICARA FASHION ACCESSORIES SAS	France	79%

Consolidation Principles

Capital consolidation has been carried out in accordance with IFRS 3 (revised 2008), which had to be applied for the first time from business year 2009.

Business acquisitions are accounted for using the purchase method of accounting which requires that the assets and liabilities acquired be recorded at their fair value on the date that effective control is gained.

Application of the purchase method requires certain valuations and judgements, particularly with respect to the fair market value of intangible assets and property, liabilities assumed at the time of acquisition and the useful life of the intangible assets and property acquired.

The goodwill corresponds to the surplus from the total of the transferred consideration, the amount of all non controlling shares in the purchased company, the current fair value of the equity capital in the purchased company previously received from the purchaser (if given), and the balance of the amounts of the purchased identifiable assets and transferred liabilities existing on the acquisition date. If, after successful revaluation, the share of the current fair value of the purchased identifiable net asset allocable to the Group is larger than the total of the transferred consideration, the amount of the non controlling shares in the purchased company, the current fair value of the equity capital in the purchased company previously received from the purchaser (if given), then the amount that exceeds that total value must be recorded as profit with an effect on revenue, without delay.

Goodwill is recorded as an intangible asset, and has an indeterminate utilisation period. It is subject to at least one annual impairment test, or a more frequent impairment test, if there are indications that there is a requirement for value reduction. Each reduction in value is recorded immediately with an effect on revenue. There is no subsequent reinstatement of original values. Goodwill is reported separately in the consolidated balance sheet. Profits and losses arising during the sale of a commercial business contain the assignable goodwill book value.

Revenue recognition

Sales revenues are entered once the goods have been supplied. Sales revenues have been reported minus all sales deductions, excluding excise duties, and after reducing the performed or expected product returns, in the sense of goods that have been taken back, but not because of quality failings.

Income Taxes and Deferred taxes

The income tax expense represents the total for the current tax expense and the deferred taxes. The current tax expenditure for the year has been determined on the basis of the taxable income. The taxable income differs from the Consolidated result from the Group Statement of Comprehensive Income since it excludes expenses and revenues that in will be taxable, or eligible for use as tax deductions, in later years or never. The Group's liability to pay these current taxes has been calculated on the basis of the valid taxation rates, or those that will shortly apply when seen on the balance sheet date.

The liability method has been used to record deferred taxes on temporary differences resulting from differences between the book value of assets and liabilities in the IFRS financial statements, and their tax book value. In addition, deferred taxes have been formed on tax losses that can be used in the future.

Deferred tax claims and tax debts have been determined on the basis of the expected taxation rates (and the tax laws) that were assumed to apply at the time the debt was discharged or the asset was realised. The evaluation of deferred tax claims and tax debts mirrors the tax consequences whose type and manner would result from how the Group would expect to meet the liability or realise the asset value on the balance sheet date.

The book value of the deferred taxes is checked on the reporting date each year and reduced if it is no longer probable that sufficient taxable income will be available, to complete or partially realise the claim. Consequently, deferred taxes for tax-loss carry-forwards have only been reported in the balance sheet to the extent that foreseeable future results, for which taxes will be due, will be available for offsetting the temporary differences or for utilising the tax losses.

Deferred tax claims and tax debts have been balanced out against each other if an enforceable right to offset current tax claims against current tax debts existed, and if they related to revenue taxes from the same tax authority, and the Group had the intention to settle its current tax claims and tax debts on a net basis.

Current and deferred taxes have been recorded as expenditure or income, having an effect on revenue, unless they related to items that have been entered in the other result or directly in the equity capital.

Deferred taxes on as yet unused tax losses carried forward have – in accordance with IAS 12.24 and IAS 12.35 – not been recorded for individual companies of The Fantastic Company Group, with the exception of SICARA, because the utilisation of such amounts cannot be determined with sufficient certainty.

Liquid Assets

The Company treats all capital investments with high fungibility and a due date of up to three months from the date of acquisition as liquid assets.

Tangible assets

Tangible assets are valued in accordance with IAS 16 at the lower of either the cost of acquisition or cost of production. Maintenance, repair and renovation costs are deducted from net income, whereas significant acquisitions of fixed assets are reflected in the balance sheet. Acquisition costs and accumulated depreciation relating to the retirement of these fixed tangible assets are netted off. Profits and losses resulting from the retirement of fixed tangible asset items are recorded in the statement of comprehensive income. Tangible assets are depreciated on a linear basis over the period of their anticipated life.

Balance sheet item	Utilisation period	Method
Buildings	20 to 30 years	Linear
Technical Plant and Machinery	2 to 5 years	Linear
Plant equipment	5 to 10 years	Linear
Office Furniture and IT	3 to 5 years	Linear
Other Furniture	5 years	Linear

Intangible Assets

Intangible assets (patents and similar rights) that have been bought from third parties have been recorded at acquisition cost, minus accumulated depreciation.

The depreciation is debited on the statement of comprehensive income under the "Depreciation" item, on a linear basis over the expected useful life. Intangible capital goods are depreciated commencing with the date of first use. The expected useful live of these assets are:

Balance sheet item	Utilisation period	Method
Software	3 years	Linear
Patents and similar rights	5 years	Linear

Customer base

The acquired value of the established customer relationships is entered as the customer base and is depreciated in the following years over the expected useful life.

Reduction in Value of Assets (Impairment)

At least at every accounting date, it is judged whether there are indications of an impairment of the accounting values of the assets of the Group. When there are such indications, the achievable value of the assets is investigated. A loss from the impairment is entered in the accounts if the present accounting value is higher than the achievable value. The higher of the two values, net resell value and value obtained through use, is applied in the valuation model. The value from use is obtained from the estimated future cash flows derived from the assets' use. The discount rate used for this corresponds to the average capital interest rate of the country in which the asset is located, taking into account the specific risks of the asset.

Reserves

Reserves are all current liabilities whose due date and amount cannot be finally evaluated and whose cause lies in the past. Management has estimated the value of reserves and their likelihood of occurrence to the best of its knowledge.

Personnel Pension Arrangements and other Benefits for Employees

The Group maintains a number of pension schemes for employees who meet the eligibility criteria in Switzerland or in France. These pension schemes are arranged in accordance with the guidelines and circumstances of the particular country. The schemes insure eligible Group employees against the risk of death, and provide for invalidity and retirement pensions. The contributions of the occupational pension scheme are paid by the employer and employees in accordance with the laws and regulations outlined in the respective codes of conduct.

In accordance with legal guarantees, these pension schemes are classified as benefit-related. The cost of this pension scheme and the cash value of the pension commitment are determined on the basis of actuarial assumptions using the projected unit credit method. The evaluation of the pension commitment is carried out annually by an independent expert.

The revised version of IAS 19 has been applied in advance since the TFC Consolidated Accounts 31st December 2011.

Transactions with Related Persons or Parties

Someone who can directly or indirectly exert a significant influence on financial or operational decisions of the Company or the Group is considered a related person or party (natural or legal). Companies that are directly or indirectly controlled by related persons or parties also count as related.

Conversion of Foreign Currencies and Currency Differences

The accounting of the Group companies is carried out in the currency of the economic region in which the particular company is primarily active (functional currency). Currently, these are the Swiss franc (CHF) and the Euro (EUR).

Transactions in foreign currencies are converted into the functional currency at the exchange rates that were applicable on the day of the transaction, or, if need be, at the average rate for the month. Balance sheet items in foreign currency have been converted at the period-end exchange rate on the balance sheet date. Profits and losses from foreign currency transactions and from the revaluation at the period-end exchange rate are recorded as affecting net income.

The consolidated accounts are presented in Euro (presentation currency). The annual reports of the Group companies that do not show the EUR as the functional currency are converted at the exchange rates valid on the balance sheet date, using the cut-off date method (balance sheet items at the exchange rate on the cut-off day, statement of comprehensive income at the average exchange rate of the period). The conversion differences resulting from this are shown in the remaining overall results and reported in equity capital, and only shown as affecting net income in the case of a possible deconsolidation of the Group company.

4. Financial Instruments and Financial Risk Management

Financial Instruments

The financial instruments of the Group consist of liquid funds, claims and liabilities. Financial instruments are then shown in the Group balance sheet if the Group becomes party to the contractual conditions of the instrument, which, in the case of purchase or sale of a financial instrument, corresponds to the trading day. The accounting value of financial instruments such as liquid funds and claims and liabilities essentially corresponds to the market value due to the short-term maturities of these financing instruments.

General Information concerning Risk Management

Through the involvement of the Board of Directors and management, risks are constantly monitored. All transactions are reviewed by at least two officers of the Company.

The main risks consist of the further development of international financial markets and thus the possibility of carrying out additional financing measures for the Company, successful implementation of the strategic alignment of the Group as a private equity management company, and the ability to identify appropriate investment properties within a reasonable time frame and perform the appropriate investments.

5. Main Causes of Estimation Uncertainties

The creation of the Consolidated Accounts requires estimates and assumptions which can influence the amounts of the assets, liabilities, and financial obligations, on the balance sheet date, and also the revenues and expenses for the business year. Although these estimates and assumptions have been made with the greatest care, and on the basis of all available information, the actual results may vary from them.

6. Changes to the Consolidated Group

SICARA FASHION ACCESSORIES SAS

In the middle of February, and at the start of March, 2012, in the context of a management buy out, TFC participated in two cash capital increases for SICARA FASHION ACCESSORIES SAS, totalling TEUR 1,195 in value, and used them to purchase 79% of the voting shares. Following the acquisition through capital increase there was no outflow of funds from the Group.

The net asset values for the purchased company are revealed in the table below:

In TEUR	Fair value
Liquid funds (after capital increase)	1,057
Accounts receivable, trade	112
Inventory	1,562
Other short-term assets	193
Fixed assets other long-term assets	2,304
Intangible assets	217
Deferred taxes	113
Total Assets	**5,558**
Liabilities from Deliveries and Services	1,963
Miscellaneous Outside Capital and Deferred Liabilities	2,198
Passive deferred taxes	457
Total Liabilities	**4,618**
Net assets	940
Minus minority interest	249
Purchase price for 79% share	1,195
Goodwill	**504**

The sales price allocation involved in the majority acquisition of Sicara was finalized in accordance with the IFRS 3 guidelines within the maximum period of 12 months. As a result there were changes in the previous year's comparison quarter and also in the figures on 31st December 2012. They concern the following profit and loss statement items, reported with the updated, revised figures as of 31st December 2012, shown in the sequence in which they have changed, by size:

- Customer base (reduced to TEUR 177)
- Goodwill (increased to TEUR 504)
- Deferred tax assets and liabilities (both reduced): deferred tax assets on TEUR 450 and deferred tax liabilities at TEUR 434)
- Value of the order stock of TEUR 9, which had already been achieved/depreciated.

7. Sales Revenues

Sales revenues are entered once the goods have been supplied. This equalled in the reporting period EUR 3,199,205. Expected product returns to the value of EUR 860,196 were deducted from this, as were sales deductions worth in total EUR 378,821. Consequently net sales revenues of EUR 1,960,188 were achieved for the reporting period. They have been reported in the Statement of Comprehensive Income for the first quarter of 2013.

8. Segment reporting

The basic operational activities of the TFC Group are performed in the SICARA subsidiary. Due to the fact that SICARA mainly sells fashion accessories in France under very much the same conditions to a homogeneous customer group (large-scale distribution), there is no longer any need to draw up a segment report.

The table below breaks down the gross Group revenues (before returns and discounts) by geographic markets, regardless of the origin of the goods or services:

Geographic information by customer site

In EUR	1. Quarter of 2013	In %
France	3,166,326	94.1%
Export to neighbouring countries (Benelux, Spain)	190,474	5.9%

9. Deferred taxes

Deferred tax assets and liabilities are evaluated in accordance with IAS 12. Deferred taxes are determined for all temporary differences between the balance sheet amounts and the tax amounts stated, from consolidation procedures, and also on achievable accumulated losses brought forward. Deferred taxes have been calculated on the basis of the taxation rates expected in the countries on the date on which they are realised. The French deferred tax assets and liabilities were determined using a profit tax rate of 33.3 %. Those for Switzerland were determined using a profit tax rate of 16.0%.

Deferred taxes for tax-loss carry-forwards have been taken into account to the extent that it is probable that they can be utilised by future taxable revenues. In the consolidated accounts, deferred taxes have been formed on the losses for the periods in 2012, and for the first quarter of 2013, for the operational subsidiary. SICARA had already implemented a restructuring concept in 2012 that greatly reduced the strong seasonality and enabled it to achieve profitability by making better use of organisational capacity. Our forecast is based on a time horizon of three years.

The deferred taxes consist of a temporary difference between the tax and book values in the following items for the Group:

In EUR	Assets	Liabilities
Property	0	361,488
Customer base	0	57,922
Tax loss carry-forwards	536,835	0
Valuation adjustments for Deferred taxes	0	0
Deferred taxes (gross)	**536,835**	**419,410**

10. Share Capital

In EUR	March 31, 2013	31st Dec. 2012
Number of registered shares	245,574,000	245,574,000
Number of authorised shares [1)]	70,000,000	70,000,000
Number of conditional shares [2)]	73,672,200	73,672,200
Par value per share (CHF)	0.01	0.01
Share capital in EUR [3)]	1,441,657	1,441,657

1) The Board of Directors is authorised, in accordance with Articles 651 and 652b para 2 OR (Swiss Code of Obligations) to increase the share capital at any time before 10th October 2014, to a maximum amount of CHF 70,000,000, by issuing a maximum of 70,000,000 new, fully paid up, transferable shares with a nominal value of CHF 0.01 per share. Increases by means of underwriting or instalments are permitted. The subscription rights of the shareholders are suspended with respect to these shares.

2) The Company's share capital will be increased to the maximum amount of CHF 736,722 by issuing a maximum of 73,672,200 fully paid-up bearer shares with a nominal value of CHF 0.01 per share, by exercising conversion rights, involving a maximum of 73,672,200 bearer shares, to be issued, with a nominal value of CHF 0.01 per share and a maximum amount for the capital increase of CHF 736,722, or option rights involving a maximum of 73,672,200 bearer shares, to be issued, with a nominal value of CHF 0.01 per share and maximum amount for the capital increase of CHF 736,722, which are assigned in connection with straight bonds or similar bonds, issued by the Company or by Group companies, or by exercising option rights assigned to the shareholders. The shareholders will have no right to acquire the shares.

3) The Company's share capital will be converted at the market price on the date of the capital transaction.

11. Personnel Costs

First Quarter of 2013 in EUR	Administration/ general costs	Distribution and Marketing	Total
Personnel Costs	161,811	460,551	622,362
Other Costs	713,782	46,702	760,484
Total	**875,593**	**507,253**	**1,382,846**

First Quarter of 2012 in EUR	Administration/ general costs	Distribution and Marketing	Total
Personnel Costs	95,996	133,564	229,560
Other Costs	101,917	272,840	374,757
Total	**197,913**	**406,404**	**604,317**

12. Business Transactions with Related Parties

According to IAS 24, relationships and business transactions with commercially related companies and natural persons shall be stated since their relationship can have an effect on the asset, financial, and revenue situation of the Group.

Payments to Board Members and Management

First quarter of 2013 Values in EUR	**O. Krautscheid** P	**R. Meier** Board and Management	**M Gildner** Board and Management	**Total**
Board and Management fee	24,648	2,637	7,819	**35,104**
Contributions for Company pension scheme	851	0	649	**1,500**

First quarter of 2012 Values in EUR	**O. Krautscheid** P	**R. Meier** Board and Management	**M Gildner** Board and Management	**Total**
Board and Management fee	29,248	11,485	19,701	**60,434**
Contributions for Company pension scheme	865	0	659	**1,524**

Payments to associated people of the Board of Directors

In EUR	Q1/2013	Q1/2012
Fees Erne Meier Mongiovì [1)]	15,176	15,433
Fees Global Agenda GmbH [2)]	4,030	0
Total	**19,206**	**15,433**

[1)] Mr. Roger Meier, member of the Board of Directors, has been a partner in the law firm of "Erne Meier Mongiovì Rechtsanwälte" since 1st July 2011.

[2)] "The Fantastic Company Group" concluded a media consultancy contract with Global Agenda GmbH on 1st April 2012. The contract runs for 24 months and ends on 31st March 2014. Mr Roger Meier, member of the Board of Directors, is Managing Director of Global Agenda GmbH. Mr Meier does not have a contract of employment, and receives no remuneration for this position. Furthermore, Mr Markus Gildner is the sole member of the Board of Directors for the sole shareholder.

13. Legal Disputes

The Company was not party to any court actions or legal cases in the reporting period. In the case of the operational subsidiary, legal disputes involving the employees, and concerning a patent infringement, did exist on the balance sheet date .

14. Events After The Accounting Cut-off Date

There have been no events after the accounting cut-off date that could have any significant impact on the consolidated profit and loss account for the first quarter of 2013.

15. Approval by the Board of Directors

The First Quarter Financial Report was approved for publication by the Board and Management on 31st May 2013.

16. Binding version

These Consolidated Accounts appear in German and English. Only the German version is legally binding. The English version is a translation.

Other Details

General Comments

The development of our Company is most clearly expressed in the Consolidated Accounts. Like many other companies we have decided, in the interest of clarity, not to include the figures from the annual financial statement of The Fantastic Company AG in the interim report.

Forward-looking Statements

This document contains statements that look into the future, concerning future developments based on current estimates by the management. Words like "anticipate", "assume", "believe", "estimate", "intend", "can/could", "plan", "project“, "should", and similar expressions, identify such forward-looking statements. Such statements are subject to certain risks and uncertainties. Should such factors causing uncertainty, or other imponderables, occur, or should one of the assumptions underlying the statements prove to be incorrect, the actual results could differ fundamentally from the results given in these statements or the results that are implicitly expressed. We neither have the intention, nor do we take on the duty, to constantly update these forward-looking statements, since they depend exclusively on the circumstances that apply on the day they are published.

Addresses

The Fantastic Company AG

Obmoos 4, 6301 Zug, Switzerland

SICARA FASHION ACCESSORIES SAS

Rue de Peupliers, 77590 Bois-le-Roi, France

Fantastic TM GmbH

Obmoos 4, 6301 Zug, Switzerland

Corporate Equity Direct GmbH

Obmoos 4, 6301 Zug, Switzerland

Legal Information

The Fantastic Company AG

Obmoos 4, 6301 Zug, Switzerland

Telephone: +41 (44) 350 2280

Fax: +41 (44) 350 2282

Email address:info@fantastic.com

www.fantastic.com

This Financial Report is an uncertified translation – only the German version is legally binding.

T|F|C