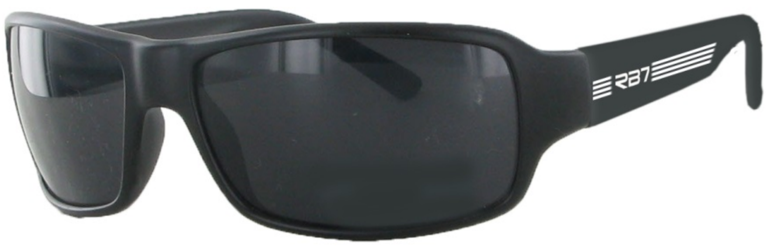

The Fantastic Company AG
Half-Yearly Financial Report 2013

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

Overview of the Group

	1st Jan – 30th June 2013 EUR	1st Jan – 30th June 2012 EUR
Sales Revenues	3,831,408	2,444,747
Gross Profit	2,164,064	1,673,822
Operating Result (EBIT)	-606,022	-375,927
Net profit or loss for the period	-494,021	-351,721

	1st Jan – 30th June 2013 EUR	1st Jan – 30th June 2012 EUR
Cash-Flow from Business Activity	-111,277	-1,403,370
Cash-Flow from Investment Activity	-23,437	-352,900
Cash-Flow from Financing Activity	350,000	1,419,366
Profits/Losses due to Exchange Rate Fluctuations	44	5,176
Changes in Liquid Assets	215,330	-331,728
Consolidation-related change in financial funds	0	135,415
Liquid assets at end of period	382,621	509,755
	30th June 2013 EUR	**31st December 2012** EUR
Fixed Assets	3,503,699	3,486,029
Current Assets	3,384,036	1,728,363
Current Liabilities	5,148,449	2,972,783
Long-term Liabilities	581,459	589,805
Equity capital	1,157,827	1,661,804
Equity Ratio	16.8%	31.7%
Total Assets	6,887,735	5,214,392

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

- De Fonseca

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To Our Shareholders

Letter from the Board of Directors

Dear shareholders,

ladies, and gentlemen,

in the first six months of 2013 we delivered our main collections of sunglasses to the French market. In addition we made significant steps in improving sales of our De Fonseca products, with which we plan to increasingly compensate for the traditionally weak revenue period of the autumn/winter season.

The recession in France resulted in a drop in consumer confidence that was reflected in our customers. Our French subsidiary SICARA FASHION ACCESSORIES SAS succeeded in bucking this market trend as a result of the measures that we implemented to improve our operations in 2012.

Not only were sales revenues in the reporting period significantly higher than in the same period in the previous year, but also significantly higher when the revenues from the SICARA subsidiary, which were only consolidated over some of the period in the previous year, are taken into account.

Spring 2013 to the end of June saw the worst weather for 40 years, with historically low numbers of sunny days, high rain and flooding, with some snow still present in May. These operating conditions made the selling of sunglasses more difficult. After the reporting date, the weather situation changed considerably, so the management now forecast significantly fewer product returns, resulting in relatively higher net returns on revenue and improved results.

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 Board of Directors is currently working on an acquisition option that appears strategically sensible, and which would strengthen our existing business, if successful. Since the due diligence and the negotiations are still strictly confidential, and are still subject to considerable uncertainties, we cannot currently provide any further details about the planned transaction.

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, August 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 provide the final figures for the purchase price allocation relating to the acquisition of the majority interest in SICARA FASHION ACCESSORIES SAS. We finalised the adjustments within the IFRS 3 12 month limit. This resulted in changes to the definitive determination of the market values, primarily in the balance sheets for the same quarter in the previous year, but also in the figures as of the 31st of December 2012. They concern the following balance sheet items, including the updated, revised figures as of the 31st of December 2012:

- Customer base (reduced to TEUR 177; on the reporting date: TEUR 170).
- Goodwill (increased to TEUR 504; unchanged).
- Deferred tax assets and liabilities (both reduced): Deferred tax assets at TEUR 450 (on the reporting date: TEUR 568) and deferred tax liabilities at TEUR 444 (on the reporting date: TEUR 435).
- Group equity worth TEUR 1,652.
- Value of the order stock of TEUR 9, which had already been achieved and depreciated in business year 2012.

Furthermore, the equity statement and the statement of changes in equity changed, when compared to the figures for the previous year.

Due to the majority acquisition of our operational subsidiary, SICARA, on the 1st of March 2012, it was only possible to report the revenues and company results for the period March to June 2012, in the first six months of the previous year.

Group Revenues and Earnings Situation in the First Six Months of 2013

The **statement of comprehensive income** for The Fantastic Company group, in the interim report for the first 6 months of 2013, contains sales revenues worth EUR 3,831,408 (EUR 2,444,747 in the first six months of the previous year). This represents a considerable increase in sales turnover, even over the adjusted value for the previous year.

The expenses required to achieve these sales revenues increased from EUR 770,925 to EUR 1,667,344, at a higher rate than revenue, because trade in De Fonseca products doubled in comparison to the first six months of the previous year, and the gross margin on these distribution products is lower than for sunglasses or reading glasses.

In the reporting period, gross profit rose by EUR 490,242 or 29.3% to EUR 2,164,064 (value for the same period in the previous year EUR 1,673,822).

Expenses for administration and general costs also increased considerably and reached EUR 1,095,183 (in the same period in the previous year: EUR 479,615). This represents an increase of EUR

615,568 or 128.3%, which relates to the hiring of staff and restructuring costs.

The cost of Sales and Marketing amounted to EUR 1,674,903 (EUR 1,570,134 in the previous year's comparison period).

The operating result (EBIT) was EUR – 606,022 after equalling EUR -375,927 in the same period in the previous year. This was EUR 230,095 worse than in the previous year. This value may still change in the course of the business year due to the estimates contained in the interim report figures, relating to returns in autumn 2013 and discounts at year end 2013 (see Appendix 7).

The financial result in the reporting period equalled EUR -14,203 after equalling EUR -6,026 in the first six months of the previous year.

The Fantastic Company Group reported a pre-tax result of EUR –620,225 (in the same period in the previous year: EUR -381,953). Tax credits reduced the net loss for the period by EUR 126,204 (EUR 30,232 in the same period in the previous year). The net loss for the period equalled EUR 494,021 after equalling EUR 351,721 in the same period in the previous year.

The overall result for the TFC group was EUR –493,977. This takes into account currency differences of EUR 44 (in the same period in the previous year: EUR 5,176). In comparison to the first six months of the previous year, which saw an overall result of EUR –346,545, this represents a worsening in the result of EUR 147,432.

EUR 47,755 have been allocated to third party minority shareholdings, both from the overall result and also from the period result.

Assets Situation On 30th June 2013

In total, short-term assets increased in value from EUR 1,728,363 on 31st December 2012 to EUR 3,384,036, a rise of 95.8%.

Liquid assets equalled EUR 382,621 (on 31st December 2012: EUR 167,291).

As a consequence, trade accounts receivable rose considerably from EUR 230,178 on 31st December 2012 to EUR 1,935,851. Inventories were reduced by EUR 170,406 or 14.0%, to EUR 1,044,576, at the end of the first six months of 2013, due to deliveries.

The receivables due from associates fell by 65.8%, from EUR 9,923 at year end 2012, to EUR 3,395.

Other receivables due from third parties were reduced to zero. Deferred expenses and accrued income increased by EUR 1,513, from EUR 16,080 to EUR 17,593.

Long-term asset values remained relatively unchanged on the reporting date and had a value of EUR 3,503,699 after being worth EUR 3,486,029 at year end 2012 (+0.5%).

Deferred tax assets rose by EUR 117,858, from EUR 449,956 to EUR 567,814

(+26.2%). Other financial assets rose by EUR 4,922, from EUR 130,965 to EUR 135,887.

Property, plant and equipment assets, primarily consisting of land and buildings, fell in value by EUR 107,192 (-4.9%) to EUR 2,101,636. The group's intangible assets were worth EUR 698,362, and only dropped slightly in value (+0.3%) compared to 31st December 2012.

The balance sheet total on 30th June 2013 equalled EUR 6,887,735, which was EUR 1,673,343 or 32.1% higher than the amount at year end (EUR 5,214,392).

The Fantastic Company Group's short-term liabilities were worth EUR 5,148,449 (74.7%) of total assets on the reporting date. Compared to 31st December 2012, this represented an increase of EUR 2,175,666 or approximately 73.2%. The largest individual items within the short-term liabilities were the Trade payables, worth EUR 1,913,149 (on 31st December 2012: EUR 1,107,586) and the Other Reserves, worth EUR 2,270,659 (EUR 1,745,990 on 31st December 2012). The latter item primarily relates to estimated product returns and quantity rebates, and was calculated in conjunction with the determination of net sales.

Other liabilities have been reported at EUR 569,142 (31st December 2012: EUR 32,519). Accrued liabilities stood at EUR 45,499 following EUR 79,313 on 31st December 2012. Other liabilities towards associates equalled EUR 0 after being valued at EUR 7,375 at year end 2012.

For the first time, the group has also reported financial liabilities towards associates, as of 30th June 2013. These were worth EUR 350,000. They concern a short-term shareholder loan, which was agreed on the basis of usual market terms.

Long-term liabilities fell by EUR 8,346, from EUR 589,805 to EUR 581,459 (-1.4%). These included pension fund liabilities worth EUR 146,000 (EUR 146,000 at year end 2012) and passive deferred taxes worth EUR 435,459 (EUR 443,805 at year end 2012).

The equity capital of The Fantastic Company Group increased by EUR 493,977 or 29.0% and had a value of EUR 1,157,827 on the reporting date. Share capital remained unchanged at EUR 1,441,657. The group reserves had a negative value of EUR 591,884 (negative group reserves as of the 31st of December 2012: EUR 145,662). The minority shareholdings of third parties (non-controlling shares) had a value of EUR 308,054 on the reporting date, after being valued at EUR 355,809 at year end 2012.

The equity ratio was 16.8% compared with 31.7% on 31st December 2012.

Financial Situation in the First Six Months of 2013

Liquidity and Financial Resources, Cash-Flow

The cash flow statement for the six months of 2013 under review reported an increase in cash and cash equivalents of EUR 215,330, for the TFC group (compared to an outflow of funds in the first six months of the previous year of EUR 331,728). This inflow of funds was due to positive cashflow from financing activity worth EUR 350,000, which resulted from taking out a credit (first six months of 2012: inflow of funds from financing activity worth EUR 1,419,366 resulting from capital increase). In contrast, the cash flow from current business activity was negative in the six months under review, at EUR 111,277 (inflow of funds from ongoing business activity in the same period in the previous year: EUR 1,403,370). In the first six months of 2013, the cashflow from investment activity equalled EUR –23,437 (outflow of funds in first six months of the previous year: EUR 352,900).

In the six months under review, conversion differences resulted in a trivial increase in liquid assets of EUR 44, after producing an increase of EUR 5,176 in the same period in the previous year.

The Fantastic Company group's liquid assets equalled EUR 382,621 on 30th June 2013 after equalling EUR 509,755 on 30th June 2012.

When the purchase price allocation was finalised in the six months under review, this also resulted in changes to the figures for the previous year in the cash flow statement, in comparison to earlier reports.

Interim Reporting

This half-yearly report is unaudited and has not been inspected by the qualified 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 six months of 2013.

Group Statement of Comprehensive Income

	Reference to the Appendix	1st Jan – 30th June 2013 EUR	1st Jan – 30th June 2012 EUR
Sales Revenues	7	3,831,408	2,444,747
Costs Incurred to Achieve Sales Revenues		-1,667,344	-770,925
Gross Profit		***2,164,064***	***1,673,822***
Administration and General Costs	11	-1,095,183	-479,615
Distribution and Marketing	11	-1,674,903	-1,570,134
Operating Result (EBIT)		***-606,022***	***-375,927***
Financial Income		366	173
Financial Expenses		-10,513	-4,595
Capital Gains/Losses (net)		-4,056	-1,604
Total financial result		**-14,203**	**-6,026**
Pre-Tax Profit/Loss		***-620,225***	***-381,953***
Taxes	9	126,204	30,232
Net loss for the period		***-494,021***	***-351,721***
Undiluted and diluted result per share		[1)]**-0.0020**	[1)]**-0.0044**

[1)] Number of shares (weighted average): 245,574,000 (previous year: 80,298,800)

	Reference to the Appendix	1st Jan – 30th June 2013 EUR	1st Jan – 30th June 2012 EUR
NET LOSS FOR THE PERIOD		***-494,021***	***-351,721***
Currency differences		44	5,176
OVERALL RESULT		***-493,977***	***-346,545***

The overall result for the period is made up of

Shareholder of the parent company	-446,266	-343,121
Non-controlling shareholders	-47,755	-8,600
Total	***-494,021***	***-351,721***

The overall result is made up of:

Shareholder of the parent company	-446,222	-337,945
Non-controlling shareholders	-47,755	-8,600
Total	***-493,977***	***-346,545***

	Reference to the Appendix	30th June 2013 EUR	31st Dec 2012 EUR
Current Assets			
Liquid Assets		382,621	167,291
Receivables from Suppliers		1,935,851	230,178
Receivables from Associated Parties		3,395	9,923
Receivables from Third Parties		0	89,909
Inventory		1,044,576	1,214,982
Accrued Income		17,593	16,080
Total Current Assets		***3,384,036***	***1,728,363***
Fixed Assets			
Deferred taxes	9	567,814	449,956
Other financial assets and loans		135,887	130,965
FIXED ASSETS			
Real estate and buildings		2,052,033	2,102,116
Commercial equipment		43,882	47,967
Installations, Machines		5,721	58,745
Intangible Assets			
Goodwill	6	504,041	504,041
Customer base		170,419	177,147
Rights and Licenses		23,902	15,092
Total long-term assets		**3,503,699**	**3,486,029**
TOTAL ASSETS		***6,887,735***	***5,214,392***

	Reference to the Appendix	30th June 2013 EUR	Dec 31, 2012 EUR
Liabilities			
Reserves		2,270,659	1,745,990
Liabilities from Suppliers		1,913,149	1,107,586
Other Liabilities		569,142	32,519
Other liabilities towards associated persons		0	7,375
Financial liability towards associated persons	12	350,000	0
Accrued Liabilities		45,499	79,313
Total Current Liabilities		***5,148,449***	***2,972,783***
Pension Fund Liabilities		146,000	146,000
Deferred taxes	9	435,459	443,805
Total Long-term Liabilities		***581,459***	***589,805***
Equity capital			
Share Capital	10	1,441,657	1,441,657
Group reserves		-591,884	-145,662
Non-controlling Shares		308,054	355,809
Total Equity Capital		***1,157,827***	***1,651,804***
TOTAL LIABILITIES		**6,887,735**	**5,214,392**

Performance of Shareholders' Equity 2013

EQUITY CAPITAL All figures in EUR	**Share Capital**	**Currency differences**	**Retained earnings**	**Non-controlling Shares**	**Total Equity Capital**
Status as of 01.01.2013	**1,441,657**	**773,813**	**-919,475**	**355,809**	**1,651,804**
Items from the overall results:					
- Currency differences		44			44
- Actuarial losses from benefit-related pension schemes					
- Deferred taxes on the actuarial losses from benefit-related pension schemes					
- Net loss for the period			-446,266	-47,755	-494,021
Overall Result		**44**	**-446,266**	**-47,755**	**-493,977**
Status as of 30.06.2013	**1,441,657**	**773,857**	**-1,365,741**	**308,054**	**1,157,827**

Performance of Shareholders' Equity - Comparison with Previous Year

EQUITY CAPITAL All figures in EUR	Share Capital	Currency differences	Retained earnings	Non-controlling 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
Capital procurement costs			-93,990		-93,990
Change to minority interest from acquisition of SICARA				498,492	498,492
Items from the overall results:					
- Currency differences		5,176			5,176
- Net loss for the period			-343,121	-8,600	-351,721
Overall Result		**5,176**	**-343,121**	**-8,600**	**-346,545**
Status as of 30.06.2012	**626,342**	**771,303**	**-44,224**	**489,892**	**1,843,313**

Consolidated Cash Flow Statement

	Reference to the Appendix	1st Jan – 30th June 2013 EUR	1st Jan – 30th June 2012 EUR
Cash-Flow from Current Business Activity:			
Pre-Tax Profit/Loss		-620,225	-381,953
Depreciation		123,626	53,839
Financial Income		-366	-173
Financial Expenses		10,513	4,595
Decrease (-)/Increase (+) in Inventory		170,406	510,558
Decrease (-)/Increase (+) in Trade Account Receivables		-1,705,673	-1,469,149
Decrease (-)/Increase (+) in other Short-term Receivables		94,922	66,129
Decrease (-)/Increase (+) in Trade Account Liabilities		805,563	-1,137,150
Decrease (-)/Increase (+) in other Short-term Liabilities		1,020,104	844,464
Decrease (-)/Increase (+) in other Long-term Liabilities		0	83,000
Paid Taxes		0	26,892
Interest and Dividends Paid		-10,513	-4,595
Interest and Dividends Received		366	173
Cash Inflow (Outflow) from Current Business Activity		***-111,277***	***-1,403,370***

	Reference to the Appendix	1st Jan – 30th June 2013 EUR	1st Jan – 30th June 2012 EUR
Cash Flow from Investment Activity:			
Investments in movable tangible assets		-18,515	0
Investment in financial assets		-4,922	-118,985
Sale of mobile fixed assets		0	119,026
Expenditure for acquiring other companies	6	0	-352,941
Cash-Flow from Investment Activity		***-23,437***	***-352,900***
Cash Flow from Financing Activity:			
Deposit by taking out loans		350,000	0
Capital procurement costs for capital increase		0	-93,990
Capital increase in Sicara		0	353,573
Capital increase		0	1,159,783
Cash Inflow (Outflow) from Financing Activity		***350,000***	***1,419,366***
Conversion differences for Cash and Cash Equivalents		44	5,176
Increase/Decrease in Cash or Cash Equivalents		**215,330**	**-331,728**
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		**382,621**	**509,755**

Notes for the Consolidated Financial Statements –

Notes on the Consolidated Interim Financial Statements

The half-yearly 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 applied the revised IAS 19 Employee Benefits standard (rev. 2011) for the business year starting on 1st January 2012 before the deadline requiring it to do so. It already started using this standard from the 31st of December 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

As of the 1st of January 2013, the following changes or additions to the standards and interpretations of the IASB came into force, and must be applied. However, they have either no effect (or only a very minor effect) on the consolidated accounts of the TFC group.

- IFRS 10 – Consolidated Financial Statements
- IFRS 12 – Data about shareholdings in other companies

3. Main Valuation and Accounting Methods

Preparation of the Consolidated Financial Statements

The Company's Consolidated Accounts on 30st June 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.

Depreciation has been debited on the statement of comprehensive income, on a linear basis over the expected useful life, under the following items: "Expenses relating to achieving Sales Revenues“, "Administration and General Costs" and "Sales and Marketing". 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, a judgement is made to determine 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 resulting from impairment is entered in the accounts if the current 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 use of the assets. 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 our consolidated accounts since the 1st of January 2012, and the comparative figures as of the 31st of December 2011 have been revised accordingly after the application of IAS 19.

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 purchase price allocation involved in the majority acquisition of Sicara was finalised in accordance with the IFRS 3 guidelines within the maximum period of 12 months. As a result there were changes in the half-yearly report for the previous year 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 5,890,804. Expected product returns to the value of EUR 1,207,687 were deducted from this, as were sales deductions worth in total EUR 851,709. Consequently the resulting (net) sales revenues for the reporting period were EUR 3,831,408. These have been reported in the Statement of Comprehensive Income for the first six months 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	1st half of 2013	In %
France	5,624,500	95.5%
Export to neighbouring countries (Benelux, Spain)	266,304	4.5%

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 reported on the period losses for the year 2012 and also for the first six months of 2013, by 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	378,709
Customer base	0	56,750
Tax loss carry-forwards	567,814	0
Valuation adjustments for deferred taxes	0	0
Deferred taxes (gross)	**567,814**	**435,459**

10. Share Capital

In EUR	30 June 2013	31st December 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 six months of 2013 In EUR	Administration/ general costs	Distribution and Marketing	Total
Personnel Costs	343,536	954,288	1,297,824
Other Costs	751,647	720,615	1,472,262
Total	**1,095,183**	**1,674,903**	**2,770,086**

First six months of 2012 In EUR	Administration/ general costs	Distribution and Marketing	Total
Personnel Costs	287,060	636,747	923,807
Other Costs	192,555	933,387	1,125,942
Total	**479,615**	**1,570,134**	**2,049,749**

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 six months of 2013 Values in EUR	**O. Krautscheid** P	**R. Meier** Board and Management	**M Gildner** Board and Management	**Total**
Board and Management fee	49,235	5,267	15,619	**70,121**
Contributions for company pension scheme	2,313	0	330	**2,643**

First six months of 2012 Values in EUR	**O. Krautscheid** P	**R. Meier** Board and Management	**M Gildner** Board and Management	**Total**
Board and Management fee	51,968	9,958	34,006	**95,932**
Contributions for company pension scheme	1,735	0	1,322	**3,057**

Payments to associated people of the Board of Directors

In EUR	**1st six months of 2013**	**1st six months of 2012**
Fees Attorny-at-law Roger Meier	22,008	30,300
Fees Global Agenda GmbH [1)]	8,695	20,704
Total	**30,703**	**51,004**

[1)] "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.

Payments to a person associated with the Board of Directors

On the 8th of April 2013, the company received a short-term loan worth EUR 350,000, obtained on the usual market terms, from Global Derivative Trading GmbH, the majority shareholder in The Fantastic Company AG. The normal market (effective) interest expenditure until the reporting date equalled EUR 6,533 (in the previous year zero).

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 six months of 2013.

15. Approval by the Board of Directors

The Half-Yearly Financial Report was approved for publication by the Board and Management on the 2nd of September 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.

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