Kids Brands House N.V.
Amsterdam

Financial statements for the period of January 1, 2014 to April 30, 2015

Voor identificatie-doeleinden
StroekenRossieau
Laan van Diepenvoorde 3 - 5582 LA Waalre
Postbus 6521 - 5600 HM Eindhoven

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REPORT OF THE AUDITORS

Kids Brands House N.V.
Laan van Diepenvoorde 3
5582 LA WAALRE

For the attention of Mr. K.Ö. Bender and Mrs. A. Schulte

Waalre, October 13, 2015

Dear Mr. Bender and Mrs. Schulte,

We hereby send you the report regarding the financial statements for the year 2014/2015 of your company.

1 SCOPE OF ENGAGEMENT

In accordance with your instructions we have audited the annual account 2014/2015 of your company, including the balance sheet total of € 3,879,198 and the profit and loss account with a result after taxes of € 296,853.

1.1 Independent auditor's report

Please refer to page 28 of this report for the independent auditor's report.

Kind regards,

Was signed : F.A.A. Stroeken RA
Stroeken Rossieau B.V.

Voor identificatie-doeleinden
StroekenRossieau
Laan van Diepenvoorde 3 - 5582 LA Waalre
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FINANCIAL REPORT

-Directors' report
-Financial statements
-Other information

1 DIRECTOR'S REPORT

In accordance with article 2:396 part 7 of the Dutch Civil Code no report of the Managing Directors for the financial year 2014/2015 has been prepared.

2 FINANCIAL STATEMENTS

1 BALANCE SHEET AS PER 30 04 2015
(after appropriation of result)

		April 30, 2015		December 31, 2013	
		€	€	€	€
ASSETS					
FIXED ASSETS					
Intangible fixed assets	(1)				
Goodwill			572,703		454,356
Financial fixed assets	(2)				
Group companies		2,351,613		1,106,408	
Participations		1		1	
Loans to participations		850,000		800,000	
Other securities		1		2	
			3,201,615		1,906,411
CURRENT ASSETS					
Receivables, prepayments and accrued income	(3)				
Trade receivables		15,000		-	
Taxes		798		1,236	
Other receivables, deferred assets		80,312		1,545	
			96,110		2,781
Cash and cash equivalents	(4)		8,770		346,122
			3,879,198		2,709,670

		April 30, 2015		December 31, 2013	
		€	€	€	€
EQUITY AND LIABILITIES					
SHAREHOLDERS' EQUITY	(5)				
Issued share capital		3,150,000		1,000,000	
Share premium reserve		3,877,000		3,877,000	
Other reserves		-3,901,710		-4,198,563	
			3,125,290		678,437
NON-CURRENT LIABILITIES	(6)				
Convertible bond		-		1,000,000	
Loans from group companies		693,000		695,000	
			693,000		1,695,000
CURRENT LIABILITIES	(7)				
Trade creditors		15,518		-	
Other liabilities and Accruals and deferred income		45,390		336,233	
			60,908		336,233
			3,879,198		2,709,670

Voor identificatie-doeleinden
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2 PROFIT AND LOSS ACCOUNT FROM JANUARY 1, 2014 TO APRIL 30, 2015

		January 1, 2014 to April 30,2015		2013	
		€	€	€	€
Net turnover	(8)		160,000		-
			160,000		-
Employee expenses	(9)	21,579		-	
Amortisation of intangible fixed assets	(10)	65,878		-	
Other operating expenses	(11)	216,855		154,773	
			304,312		154,773
Operating result			-144,312		-154,773
Result from securities and other investments	(12)	107,893		-13,444	
Financial income and expenses	(13)	-46,158		-25,025	
Financial income and expenses			61,735		-38,469
Result from general operations before tax			-82,577		-193,242
Taxation on result of ordinary activities			-		-
			-82,577		-193,242
Share in result of group companies and other participating interests	(14)		379,430		6,891
Result after tax			296,853		-186,351

3 NOTES TO THE STATEMENTS

GENERAL

Activities

The activities of Kids Brands House N.V., mainly consist of the following: To participate in, finance and management companies and other companies, obtaining, maintaining, disposing or in any way manage all types of and interests in other companies, associations and companies, how ever named, acting as a holding company, borrowing and lending money, and to provide guarantees and providing security for the debts of third parties including group companies. The company has her statutory seat in Amsterdam and her office in Waalre.

Consolidation

In accordance with article 2:407 part 2A of the Netherlands Civil Code no consolidated annual accounts have been prepared.

LIST OF PARTICIPATING INTERESTS

The company participates (in) directly in the capital of the following companies.
A summary of the information as required in accordance with Articles 2:379 and 2:414 of the Netherlands Civil Code is given below:

	Share in issued capital
	%
Nanoventure GmbH Hamburg (Germany)	100.00
JUNIOR BRANDS GROUP GmbH Pliezhausen (Germany)	49.00
bellybutton International GmbH Hamburg (Germany)	50.70
Vinna AG Höhr-Grenzhausen	4.80

GENERAL ACCOUNTING PRINCIPLES FOR THE PREPARATION OF THE ANNUAL ACCOUNTS

The financial statements are drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost. In the balance sheet, income statement and the cash flow statement, references are made to the notes.

Income and expenses are accounted for on accrual basis. Profit is only included when realized on the balance sheet date. Losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

Estimates

In applying the principles and policies for drawing up the financial statements, the directors of the Company make different estimates and judgments that may be essential to the amounts disclosed in the financial statements. If it is necessary in order to provide the transparency required under Book 2, article 362, paragraph 1, the nature of these estimates and judgments, including related assumptions, is disclosed in the notes to the relevant financial statement item.

PRINCIPLES OF VALUATION OF ASSETS AND LIABILITIES

Intangible fixed assets

Intangible fixed assets are presented at cost less accumulated amortisation and, if applicable, less impairments in value. Amortisation is charged as a fixed percentage of cost, as specified in more detail in the notes to the balance sheet. The useful life and the amortisation method are reassessed at the end of each financial year.

Financial fixed assets

Participating interests where significant influence is exercised over the business and financial policy are valued according to the equity method on the basis of the net asset value. Participating interests without such influence, are valued at the acquisition price, taking into account a provision for value decreases.

Upon initial recognition the receivables on and loans to participations and other receivables are valued at fair value and then valued at amortised cost, which equals the face value, after deduction of any provisions.

Trade and other receivables

Trade and other receivables are stated at nominal value, less any provision for doubtful debts. Provisions are designated on basis of individual assessment of recoverability of the receivables.

Cash and cash equivalents

The cash is valued at face value. If cash equivalents are not freely disposable, then this has been taken into account in the valuation.

Long-term and short-term liabilities

Liabilities are valued at nominal value, unless determined differently.

Long-term liabilities

Recorded interest-bearing loans and liabilities are valued at amortized cost.

PRINCIPLES FOR THE DETERMINATION OF THE RESULT

Net turnover

The net turnover represents amounts invoiced for services supplied during the financial year reported on, net of discounts and value added taxes.

Amortisation and depreciation

The depreciation of the intangible fixed assets is calculated using fixed percentages of the purchase price.

Financial income and expenses

Financial income and expenses comprise interest income and expenses of loans for the current reporting period.

Share in result of group companies and other participating interests

Where significant influence is exercised over participations, the group's share in the participations' results is included in the profit and loss account. This result is determined on the basis of the accounting principles applied by Kids Brands House N.V.

Taxes

Corporate income tax is calculated at the applicable rate on the result for the financial year, taking into account permanent differences between profit calculated according to the annual account and profit calculated for taxation purposes, and with which deferred tax assets (if applicable) are only valued insofar as their realisation is likely.

4 NOTES TO THE BALANCE SHEET AS PER APRIL 30, 2015

Fixed assets

1. *Intangible fixed assets*

	Goodwill
	€
Book value as per January 1, 2014	
Purchase price	454,356
Cumulative depreciation and impairment	-
	454,356
Movement	
Investments	184,225
Amortization	-65,878
	118,347
Book value as per April 30, 2015	
Purchase price	638,581
Cumulative depreciation and impairment	-65,878
	572,703

Amortisation rates

	%
Goodwill	10

2. *Financial fixed assets*

Group companies

Nanoventure GmbH

	January 1, 2014 to April 30, 2015	2013
	€	€
Book value as per January 1, 2014	710,765	703,874
Result	9,443	6,891
Book value as per April 30, 2015	720,208	710,765

bellybutton International GmbH

	January 1, 2014 to April 30, 2015	2013
	€	€
Book value as per January 1, 2014	395,643	-
Investments	865,775	395,643
Result	369,987	-
Book value as per April 30, 2015	1,631,405	395,643

	30-04-2015	31-12-2013
	€	€
Participations		
JUNIOR BRANDS GROUP GmbH	1	1

	January 1, 2014 to April 30, 2015	2013
	€	€
JUNIOR BRANDS GROUP GmbH		
Book value as per January 1, 2014	1	-
Investments	-	1
Book value as per April 30, 2015	1	1

	30-04-2015	31-12-2013
	€	€
Loans to participations		
Loan (I) JUNIOR BRANDS GROUP GmbH	300,000	300,000
Loan (II) JUNIOR BRANDS GROUP GmbH	300,000	500,000
Loan (III) JUNIOR BRANDS GROUP GmbH	250,000	-
	850,000	800,000

Loan (I) JUNIOR BRANDS GROUP GmbH

The Debtor is obliged to repay the outstanding loan by 31 December 2016 at the latest. Interest rate is 2%.

Loan (II) JUNIOR BRANDS GROUP GmbH

The Debtor is obliged to repay the outstanding loan by 31 December 2016 at the latest. Interest rate is 4%.

Loan (III) JUNIOR BRANDS GROUP GmbH

The Debtor is obliged to repay the outstanding loan by 31 December 2016 at latest. Interest rate is 4%.

	30-04-2015	31-12-2013
	€	€
Other securities		
Vinna AG	1	1
Digital Pioneers N.V.	-	1
	1	2

Current assets

3. *Receivables, prepayments and accrued income*

Trade receivables		
Debtors	15,000	-
Taxes		
Value added tax	798	1,236
Other receivables and prepaid expenses		
Interest Loan (II) JUNIOR BRANDS GROUP GmbH	8,532	559
Interest Loan (I) JUNIOR BRANDS GROUP GmbH	26,049	986
Interest Loan (III) JUNIOR BRANDS GROUP GmbH	12,439	-
Prepaid expenses	23,292	-
Receivables on JUNIOR BRANDS GROUP GmbH	10,000	-
	80,312	1,545

4. *Cash and cash equivalents*

Cash and cash equivalents	8,770	346,122

5. Shareholders' Equity

	30-04-2015	31-12-2013
	€	€
Issued share capital		
3,150,000 ordinary shares at par value € 1.00	3,150,000	1,000,000

The statutory share capital amounts to € 17,750,000.

Issued share capital has increased with € 2.150.000 with the conversion of the convertible bond into share capital as per October 9, 2014.

	Ordinary shares
	€
Book value as per January 1, 2014	1,000,000
Conversion of convertible bond	2,150,000
Book value as per April 30, 2015	3,150,000
Shares issued	3,150,000
Par value	1.00

	January 1, 2014 to April 30, 2015	2013
	€	€
Share premium reserve		
Book value as per January 1, 2014	3,877,000	3,880,000
Cost increase share capital	-	-3,000
Book value as per April 30, 2015	3,877,000	3,877,000
Other reserves		
Book value as per January 1, 2014	-4,198,563	-4,012,212
Appropriation of the net result	296,853	-186,351
Book value as per April 30, 2015	-3,901,710	-4,198,563

6. Non-current liabilities

	30-04-2015	31-12-2013
	€	€
Convertible bond		
Convertible bond	-	1,000,000

As per October 9, 2014 the convertible bond was converted into share capital at a conversion rate of € 1 per ordinary share of € 1.

	January 1, 2014 to April 30, 2015	2013
	€	€
Convertible bond		
Book value as per January 1, 2014	1,000,000	1,000,000
Convertible bond issued	1,150,000	-
Conversion into share capital	-2,150,000	-
Long-term part as per April 30, 2015	-	1,000,000

	30-04-2015	31-12-2013
	€	€
Loans from group companies		
Nanoventure GmbH	693,000	695,000

An annual interest of 3% is charged. The remaining term of the loan is between 1 and 5 years.

7. Current liabilities

Trade creditors		
Creditors	15,518	-
Accruals and deferred income		
Audit costs	16,250	14,500
Interest convertible bond	-	9,370
Administration costs	1,500	2,000
Interest loans Nanoventure GmbH	27,640	20,029
Share premium participation	-	290,334
	45,390	336,233

5 NOTES TO THE PROFIT & LOSS ACCOUNT AS FROM JANUARY 1, 2014 TO APRIL 30, 2015

	January 1, 2014 to April 30, 2015	2013
	€	€
8. **Net turnover**		
Management fee	160,000	-
9. **Employee expenses**		
Salaries	21,579	-

Staff

For the period of January 1, 2014 to April 30, 2015 the company had no employees (2013: 0).

Amortisation and depreciation

10. *Amortisation of intangible fixed assets*		
Goodwill	65,878	-
11. **Other operating expenses**		
Accomodation expenses	400	300
Office expenses	3,898	750
Selling and distribution expenses	4,832	2,463
General expenses	207,725	151,260
	216,855	154,773
Office expenses		
Postage	55	-
Contribution	1,386	750
Insurance	2,457	-
	3,898	750

	January 1, 2014 to April 30, 2015	2013
	€	€
Selling and distribution expenses		
Commercial and promotion	-	499
Travelling costs	4,832	1,964
	4,832	2,463
General expenses		
Audit costs	26,841	16,186
Administration costs	14,105	7,986
Advice costs	96,800	110,500
Notary costs	27,812	5,599
Stock exchange costs	37,183	9,999
Corparate services	2,255	750
Supervisory Board	2,000	-
Various general expenses	237	14
Computer and software costs	492	226
	207,725	151,260

Financial income and expenses

12. *Result from securities and other investments*

Result from securities		
Result from sale and revaluation from securities	-	3,089
Share in result of Squeezy Sports Nutrition N.V.	-	-592
Share in result of Digital pioneers N.V.	107,893	-
Impairment Digital pioneers N.V.	-	-19,204
	107,893	-16,707
Interest other receivables		
Interest bonds	-	3,263

13. *Financial income and expenses*

Other paid interest	318	2,841
Interest loans Nanoventure GmbH	-27,640	-20,041
Interest convertible bond	-64,311	-9,370
Interest Loan JUNIOR BRANDS GROUP GmbH	45,475	1,545
	-46,158	-25,025

14. Share in result of group companies and other participating interests

	January 1, 2014 to April 30, 2015	2013
	€	€
Share in result of Nanoventure GmbH	9,443	6,891
Share in result of bellybutton International GmbH	369,987	-
	379,430	6,891

Signing of the financial statements

Waalre, October 13, 2015

Management Board

Supervisory Board

A. Schulte

H.A. Hepperle

K.Ö. Bender

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Stroeken Rossieau
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Kids Brands House N.V.
Amsterdam

3 OTHER INFORMATION

1 Independent audit report

Report on the financial statements

We were engaged to audit the accompanying financial statements 2014/2015 of Kids Brands House N.V., Waalre, which comprise the balance sheet as at April 30, 2015, the profit and loss account for the period of January 1, 2014 to April 30, 2015, and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on conducting the audit in accordance with Dutch law, including the Dutch Standards on Auditing. Because of the matter described in the Basis for disclaimer of opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for disclaimer of opinion

The company has participating interests in Belly Button International GmbH and Junior Brands Group GmbH. We were not able to obtain sufficient appropriate audit evidence regarding the valuation of these participating interests and related goodwill, as the underlying figures were not audited and could not be audited by us rationally at reasonable costs. The respective participating interests are carried on the company's balance sheet at € 1.632.406 as at April 30, 2015. The goodwill is carried on the company's balance sheet at € 572.703 as at April 30, 2015.

Disclaimer of opinion with respect to the annual accounts

Because of the significance of the matters described in the Basis for disclaimer of opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

Waalre, October 13, 2015

Stroeken Rossieau B.V.

Voor identificatie-doeleinden
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Was signed : F.A.A. Stroeken RA

2 PROPOSED APPROPRIATION OF THE RESULT FOR THE FINANCIAL YEAR 2014/2015

The proposal to the annual General Meeting will be to increase the retained earnings with the profit of the year 2014/2015 after taxes of € 296,853. The balance sheet has been drawn up on the assumption that this motion will be adopted.

3 APPROPRIATION OF THE RESULT FOR THE 2013 FINANCIAL YEAR

The annual accounts for 2013 were adopted by the General Shareholders Meeting. The General Shareholders Meeting has determined the appropriation of the result as it was proposed.

4 APPROPRIATION OF THE RESULT FOR THE FINANCIAL YEAR 2014/2015

The board of directors proposes to add the profit for 2014 of € 296,853 to the other reserves.
This proposal has been processed in the annual account in advance of the adoption by the General Meeting.