

Baltic Operations Ltd

Registered No. 09187499

Financial statements

for the period ended 30 September 2015

(All figures are in USD except if otherwise indicated)

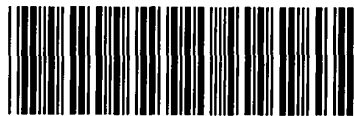
Amended

Financial Statements of

Baltic Operations Ltd

Prepared in accordance with International Financial
Reporting Standards as adopted by the EU
for the period ended 30 September 2015

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COMPANIES HOUSE

London, 30 March 2016

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I. Corporate information

Directors of the Company

Mark Toon

Andrew Biggs (appointed on 18 May 2015)

Natalie Cousens (appointed on 28 September 2015)

Ian Short (resigned on 18 May 2015)

Frank Weller (resigned on 31 December 2015)

Secretary

Mark Berlind (appointed on 28 September 2015)

Bankers

The Royal Bank of Scotland

280 Bishopsgate

London, UK, EC2M 4RB

Solicitors

Macfarlanes LLP

20 Cursitor Street

London, UK, EC4A 1LT

Registered Office

15 Canada Square

London, UK, E14 5GL

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II. Directors' report

Registered No. 09187499

The directors present their report for the period from 22 August 2014 to 30 September 2015.

Principal activity

KPMG Capital Ltd is the parent company and KPMG Capital Holding Ltd is the ultimate controlling party of Baltic Operations Ltd ('the Company'). The Company owns 100% of the share capital of Baltic Operations LLC and 29.26% of the share capital of Bottlenose, Inc.

The entity is a holding company for KPMG Capital's investment in a trend intelligence company and in the company that will market and sell licenses to KPMG member firms and such firms' clients for trend intelligence.

Results

The Company has made a loss of USD 1,179,798 in the financial period from 22 August 2014 to 30 September 2015.

Key performance Indicators

The directors consider the net asset position and the result of the Company to be the primary indicators of the Company's performance. The Board monitors and compares the actual versus budgeted financial figures and also monitors the product roadmap and adherence to the same on a monthly basis.

Directors of the Company

The current directors are shown on page 2.

Future developments

The Company intends to further invest in the trend intelligence company and in the company that will market and sell licenses to KPMG member firms and such firms' clients for trend intelligence.

Subsequent to the period end, the Company has acquired further interest. Details are included in Note 17.

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Financial instruments

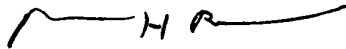
The Company finances its activities through equity.

Financial instruments give rise to liquidity risks. The objectives, policies and processes for their management and the methods used to measure each risk are described in Note 7.

Going Concern

After making appropriate enquiries and reviewing current and forecasted financial information, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

By order of the board



Mark Berlind
Secretary

Date: 17, 5/16

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III. Directors' responsibility statement

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.


Mark Toon
Director

Date: 5/9/16

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(All figures are in USD except if otherwise indicated)

IV. Statement of financial position

in USD	Notes	30 September 2015
Assets		
Investments	9	10,050,000
Non-current assets		10,050,000
Cash and cash equivalents	10	1
Current assets		1
Total assets		10,050,001
Equity		
Share capital	11	10,051
Share premium	11	10,039,950
Retained earnings		(1,179,798)
Equity attributable to owners		8,870,203
Total equity		8,870,203
Liabilities		
Amounts due to related parties		1,019,107
Trade payables		3,000
Accruals	13	157,691
Current liabilities		1,179,798
Total liabilities		1,179,798
Total equity and liabilities		10,050,001

For the financial period ended 30 September 2015 the Company was entitled to exemption from audit under section 477 Companies Act 2006. No member of the Company has deposited a notice, pursuant to section 476, requiring an audit of these financial statements under the requirements of the Companies Act 2006. The directors acknowledge their responsibilities for ensuring that the Company keeps accounting records which comply with section of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of its profit or loss for the financial period in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to accounts, so far as applicable to the Company.

The notes on pages 10 to 19 form part of the financial statements.

Approved by the Board of directors on 31 March 2016 and signed on their behalf by:


Mark Toon
Director

Date: 5/9/16

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V. Statement of comprehensive income

For the period from 22 August 2014 to 30 September 2015.

in USD	Notes	2015
Administrative expenses	14	(1,179,798)
Operating loss		(1,179,798)
Net finance costs		-
Loss before tax		(1,179,798)
Tax expense	15	-
Loss after tax		(1,179,798)
Loss attributable to owners		(1,179,798)
Total comprehensive income for the period		(1,179,798)
Total comprehensive income attributable to owners		(1,179,798)

All amounts relate to continuing operations.

The notes on pages 10 to 19 form part of the financial statements.

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VI. Statement of cash flows

in USD	Notes	2015
Loss after tax		(1,179,798)
Changes in trade payables		3,000
Changes in accruals	13	157,691
Cash generated from operating activities		(1,019,107)
Net cash flows from operating activities		(1,019,107)
Investments	9	(10,050,000)
Net cash flows used in investing activities		(10,050,000)
Cash received for share capital issued	11	10,050,001
Amounts due to related parties		1,019,107
Net cash flows from financing activities		11,069,108
Net increase in cash and cash equivalents		1
Cash and cash equivalents at the beginning of the period		-
Effect of exchange rate fluctuation on cash held		-
Cash and cash equivalents at 30 September		1

The notes on pages 10 to 19 form part of the financial statements.

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VII. Statement of changes in equity

For the period from 22 August 2014 to 30 September 2015.

in USD	Share capital	Share premium	Retained earnings	Total equity
Opening balance 22 August 2014	-	-	-	-
Loss	-	-	(1,179,798)	(1,179,798)
Total comprehensive income	-	-	(1,179,798)	(1,179,798)
Issue of share	10,051	10,039,950	-	10,050,001
Transaction with owners	10,051	10,039,950	-	10,050,001
Balance at 30 September 2015	10,051	10,039,950	(1,179,798)	8,870,203

The notes on pages 10 to 19 form part of the financial statements.

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VIII. Notes to the financial statements

1. Reporting entity

Baltic Operations Ltd was incorporated under the laws of England and Wales on 22 August 2014. The Company's registered office is at 15 Canada Square, London, UK, E14 5GL.

The entity is a holding company for KPMG Capital's investment in a trend intelligence company and in the company that will market and sell licenses to KPMG member firms and such firms' clients for trend intelligence.

The Company was established during the current financial period, therefore no comparative information is available in respect of the preceding period.

KPMG Capital Ltd is the parent company and KPMG Capital Holding Ltd is the ultimate controlling party of Baltic Operations Ltd. The Company owns 100% of the share capital of Baltic Operations LLC and 29.26% of the share capital of Bottlenose, Inc.

2. Basis of accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU. The financial statements have been prepared on the historical cost basis of accounting, except for measurement at fair value where applicable. The accounts have been prepared on a going concern basis as noted in the directors' report.

The Company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

Details of the Company's accounting policies are included in Note 5.

3. Functional and presentation currency

Baltic Operations Ltd is incorporated in England and Wales. The share capital is determined and provided in USD. The Company's investments, anticipated future income and the majority of its expenses are expected to be in USD. Management has determined USD to be the currency of the Company's primary economic environments.

Thus the Company has USD as its functional currency and the financial statements have also been prepared in USD. All amounts have been rounded to the nearest dollar, unless otherwise indicated.

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4. Use of estimates and judgements

The preparation of the financial statements in conformity with the following accounting policies requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Although these estimates are based on management's best knowledge of amount, events or actions, actual results ultimately may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The following are key management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Impairment

Cash flows are forecasted for investments for the next five financial years (FY2016-FY2020) which are approved by management and reflect expectations of sales growth, operating costs and margin, based on management's assessment and external sources of information. The value in use calculations are based on discounting the forecasted cash flows for the five year using the assumption that cash flows continue in perpetuity at the amount in the fifth year.

The discount rate used in the impairment calculations is the USD overnight LIBOR rate as at the balance sheet date. Further risk premiums are applied according to the management's assessment. In the current year it was 3%.

5. Accounting policies

a. Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions (spot rates). Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. All differences are recognised in profit or loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency using the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are

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translated to the functional currency using the exchange rate at the date of transaction. Gains and losses arising on re-measurement are included in the profit or loss.

b. Financial instruments

Non-derivative financial instruments

Financial assets and financial liabilities are recognised initially on the date that they are originated. All other financial instruments are recognised initially at the trade date, i.e. when the Company becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the Company's contractual rights to the cash flows from the asset expire, or when substantially all risks and rewards of ownership of the financial asset are transferred.

Financial liabilities are derecognised when contractual obligations are discharged, cancelled or expire.

Financial assets and financial liabilities are recognised on a net basis in the statement of financial position when and only when the Company has a legal right to offset the amounts, and it intends either to settle them on a net basis, or to realise the assets and settle the liabilities simultaneously.

Financial assets are investments and cash which have been detailed in Note 9 and 10.

Investments

Investments comprise investments in subsidiaries and investments in associates. Investments are held in the Company's account at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and are used by the Company in the management of its commitments. Fair value movements are accounted for in the Statement of comprehensive income.

Financial liabilities

Financial liabilities are measured initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

Financial liabilities are short term liabilities which have been detailed in Note 13.

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c. Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an adverse impact on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis.

In the case of equity instruments the accumulated loss is the difference between cost and current fair value, less the amount of any impairment previously recognised in profit or loss.

An impairment loss is reversed if the reversal is objectively related to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal of impairment is recognised in profit or loss.

Non-financial assets

The carrying amounts of non-financial assets are reviewed on every reporting date to assess whether any indication of impairment exists. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. All impairment losses are recognised in profit or loss.

In respect of assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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The Company performs an impairment test as of the balance sheet date.

The impairment tests are dependent on management's estimates and judgements, in particular in relation to the forecasting of future cash flows, the discount rates applied to those cash flows and the expected long term growth rates. Such estimates and judgements are subject to change as a result of changing economic conditions and actual cash flows may differ from forecasts.

Impairment reviews compare the net carrying value with the recoverable amount (value in use). The value in use calculations are based on discounted cash flows using the assumption the cash flows continue in perpetuity at the amount in the fifth year.

Cash flows are forecast for investments for the upcoming 5 financial years which is approved by management and reflects expectations of sales growth, operating costs and margin, based on management's assessment and external sources of information.

The discount rate used in the impairment calculations is an appropriate discount rate that relates to similar businesses with similar risks. Sales growth rates are planned by the management for the upcoming five years for investments based on market expectations.

d. Finance income and expense

Finance income comprises the following: interest income on bank balances and exchange gains on foreign exchange items (realised and non-realised).

Finance expenses comprise the following: bank charges, exchange losses on foreign exchange items (realised and non-realised).

e. Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, which are presented in equity or other comprehensive income, respectively.

Current tax is the expected tax payable on the taxable income for the reporting year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for the Company.

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Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised, such reductions are reversed when the probability of future taxable profits improves.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

6. Early adopted standards

In preparing the financial statements, the Company adopted the following early:

- Annual improvements to IFRSs 2010-2012 Cycle – various standards
- Annual improvements to IFRSs 2011-2013 Cycle – various standards

Early adoption of these standards does not have a significant impact on the Company's financial statements, thus the Company has not adopted any new standards early.

7. Financial risk management

On the balance sheet date, the Company has exposure to liquidity risk arising from financial instruments. Credit and currency risks relating to the Company are not considered significant.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as much as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Liabilities as at 30 September 2015 are due within maximum 60 days after the balance sheet date.

The Company has sufficient liquid assets to meet its requirements.

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8. Fair value measurement

Accounting policies and disclosures of the Company require the determination of fair value, for both financial and non-financial assets and liabilities.

According to IFRS 13, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair values have been determined for measurement and disclosure purposes based on the following methods. Where applicable, further information about assumptions made in determining fair values is disclosed in the note specific to that asset or liability.

9. Investments

Investments in subsidiaries

in USD	30 September 2015
Non-current investments	
Investment in Baltic Operations LLC (100%)	50,000
	50,000

Investments in associates

in USD	30 September 2015
Non-current investments	
Investment in Bottlenose, Inc (29.26%)	10,000,000
	10,000,000

An impairment test based on value in use was performed at the balance sheet date for investment in Bottlenose, Inc.

During the period the Company did not receive any dividends.

10. Cash and cash equivalents

in USD	30 September 2015
USD bank balance	1
Cash and cash equivalents	1

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11. Capital and reserves

Share capital in USD	Ordinary shares		Total	
	Number	Par value	Number	Par Value
In issue at 22 August 2014	-	-	-	-
Issued for cash	10,051	10,051	10,051	10,051
In issue at 30 September 2015 - fully paid	10,051	10,051	10,051	10,051
Authorised	10,051	10,051	10,051	10,051

Ordinary shares

Ordinary shares (par value USD 1) carry the right to dividends in proportion to the number of ordinary shares held, and carry the right to participate in a return of capital. Ordinary shares have voting rights.

Share premium

The ordinary shares except for the one share issued on 22 August 2014 were subscribed for at a price per share of USD 1,000 with nominal value USD 1. The difference between the par value and the subscription price constitutes share premium amounting to USD 10,039,950.

Distributable retained earnings

Distributable retained earnings represent retained losses.

12. Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to shareholders.

The Company monitors capital on the basis of its carrying amount of equity. Despite the loss, the Company has a strong capital base and the results are in line with the business plan. Please see Note 11 for further details.

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13. Accruals

in USD	30 September 2015
Audit and administration costs charged by related parties	42,520
Project related expenses charged by related parties	115,171
Accruals	157,691

14. Administrative expenses

in USD	2015
Audit fees	(2,499)
Marketing	(74,081)
Other expenses	(1,103,218)
Administrative expenses	(1,179,798)

15. Taxation

There is no income tax payable for the reporting period. The Company has not recognised a potential deferred tax asset of USD 235,960 in the financial statements due to the uncertainty in future taxable profits.

in USD	2015
Loss before tax	(1,179,798)
Domestic tax rate for Baltic Operations Ltd	20%
Expected tax expense	(235,960)
Unused tax losses carried forward	235,960
Actual tax expense	-

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16. Related parties

Transactions with key management personnel

Key management personnel are the persons who have, either directly or indirectly, authority and responsibility with respect to planning, directing and controlling the activities of the entity, including directors (either managing or otherwise).

In the current financial period, there were no key management personnel related transactions to be presented.

The Company's transactions with other related parties

in USD	30 September 2015
Investment in Baltic Operations LLC (100%)	50,000
Investment in Bottlenose, Inc. (29.26%)	10,000,000
Amounts due to KPMG Capital Operations Ltd	1,019,107
Audit, administration, project expenses due to KPMG Capital Operations Ltd	119,891
Audit, administration, project expenses due to Capital Operations (US) LLC	37,800

17. Subsequent event

Subsequent to 30 September 2015 on 26 October 2015 the Company acquired further interest in Bottlenose, Inc.