

FIRSTIME DESIGN LIMITED
Unaudited Quarterly Report
For the Three Months Ended
March 31, 2015

Forward-Looking Statements

In this report we make statements concerning expectations, beliefs, plans, objectives, goals, strategies, and future events or performance. Such statements are "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Although we believe that these forward-looking statements and the underlying assumptions are reasonable, we cannot provide assurance that they will prove correct. Except to the extent required by the federal securities laws, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

In addition to statements regarding trends or estimates included in Management's Discussion and Analysis of Financial Condition and Results of Operations, forward-looking statements include statements incorporated into this report, but are not limited to such statements, regarding future:

- Revenues or expenses, and
- Financing sources and strategic alternatives.

Forward-looking statements involve a number of risks and uncertainties. There are many factors that could cause actual results to differ materially from those expressed or implied in this report. Some risks and uncertainties that could cause results different from any forward-looking statement include those described under Risk Factors in the Unaudited Annual Report for the year ended December 31, 2014. Other factors include:

- The ability of the Company to provide the necessary cash to meet operating and working capital requirements;
- Declining demand for the Company's products;
- Legislative/regulatory changes;
- The degree of success of the strategy to reduce expenses and to increase revenue;
- Competition;
- General economic conditions;
- Monetary and fiscal policies of the U.S. Government, including policies of the U.S. Treasury and the Federal Reserve Board;
- Changes in financial markets (such as interest rate, credit, currency, commodities and equities markets);
- Potential changes in accounting policies by the Financial Accounting Standards Board or regulatory agencies, which may cause us to revise our financial accounting and/or disclosures in the future; and
- The necessity to make additions to the Company's allowance for obsolete inventory or allowance for uncollectible accounts.

These risks and uncertainties should be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements.

Risk Factors

In addition to the other information set forth or incorporated by reference in this Unaudited Quarterly Report, the risk factors described in the Company's Unaudited Annual Report for the year ended December 31, 2014 should be carefully considered. These risk factors are incorporated by reference herein. If any of the risk factors actually occur, the Company's financial condition or results of operations could be materially adversely affected.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following is a discussion and analysis of the Company's financial condition and results of operations including information on the Company's critical accounting policies and liquidity. Information contained in this Management's Discussion and Analysis should be read in conjunction with the disclosure regarding Forward-Looking Statements, as well as the discussion set forth in Risk Factors and the Financial Statements. FirsTime Design Limited (Parent) has a wholly-owned subsidiary, Lee Middleton Original Dolls, Inc. (LMOD). In turn, LMOD has a wholly-owned subsidiary, FirsTime Manufactory, Inc. (FirsTime).

Overview

FirsTime is headquartered in New Berlin, Wisconsin. The organization designs, imports and distributes decorative timepieces and other home décor products through major, national retailers.

Amounts presented as of March 31, 2015 and December 31, 2014, and for the three months ended March 31, 2015 and 2014, include the consolidation of the Parent, LMOD and FirsTime. All significant intercompany accounts and transactions have been eliminated in the unaudited consolidated financial statements.

FirsTime has experienced success at expanding its customer base and continues to introduce new and updated styles of clocks and home décor items that have resulted in increased sales to most of its customers. FirsTime achieved profits for 2015 as a direct result of maintaining cost reductions and realizing on an aggressive sales and marketing plan.

FirsTime imports its finished goods from China and relies on those suppliers to procure sufficient raw materials to be used in production. FirsTime has never experienced any significant problems due to the lack of, or availability of, materials or products.

Critical Accounting Policies

In preparing consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The following areas require management to make estimates that are susceptible to significant change in the near term.

Inventory and allowance for obsolete and excess inventory. Inventories are valued at the lower of cost or market using the average cost method. FirsTime provides an allowance for obsolete inventory items based on management's estimate. Management reviews all excess quantities, slow-moving or obsolete inventory items in order to determine the appropriate allowance for obsolete inventory. The inventory allowance reflects the estimated markdown necessary to liquidate the slow-moving inventory items.

Deferred income tax assets and liabilities. Amounts provided for income tax expense are based on income reported for financial statement purposes and do not necessarily represent amounts currently payable under tax laws. Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. As changes in tax laws or rates are enacted, deferred income tax assets and liabilities are adjusted through the provision for income taxes. The differences relate principally to different methods used for depreciation for income tax purposes, deferred revenue, net operating losses, capitalization requirements of the Code, allowances for doubtful accounts

and obsolete inventory, and other carryforwards. Valuation allowances are established when necessary to reduce deferred income tax assets to the amount expected to be realized.

Results of Operations for the three months ended March 31, 2015 and March 31, 2014
(US Dollars in thousands except per share data)

Net sales increased by approximately 12.1%, to $2,300, for the three months ended March 31, 2015, compared to $2,052 for the three months ended March 31, 2014. The increase in net sales was driven by an increase in market share, resulting from increased sales to both current and new customers. Cost of goods sold increased approximately 9.4%, with total gross profit margin of approximately 27.5% for the three months ended March 31, 2015, compared to 25.7% for the same period in the prior year. The gross margin percentage for the three months ended March 31, 2015 improved by 180 basis points versus the prior year due to improved terms, as well as increased focus on supplier diversification.

Total operating expenses for the three months ended March 31, 2015, were approximately $416 compared to approximately $390 for the three months ended March 31, 2014, an increase of approximately $26. General and administrative expenses drove the increase with approximately $30 additional expense related to an increase in payroll and processing fees. New product development decreased by $7 related to freight on samples.

The Company's total net income applicable to common stock shareholders for the three months ended March 31, 2015 was $218 or $0.14 per common share, as compared to $139 or $0.09 per common share, for the three months ended March 31, 2015.

Corporate
On February 12, 2014, the Board of Directors declared a cash dividend of $0.25 per share on the Company's common stock, payable March 15, 2014 to shareholders of record at the close of business on February 28, 2014. The Company used available funds for these dividends, totaling approximately $381.

Liquidity and Capital Resources

Along with a cash balance of $2,303 as of March 31, 2015, the Company also has a $1,500 line of credit with Town Bank (See Note 5) which can be used to meet the capital needs of the Company.

Consolidated Balance Sheets at March 31, 2015 and December 31, 2014
(US Dollars in thousands except per share data)

At March 31, 2015, the company had cash of $2,303 that are available to meet its working capital needs.

Accounts receivable increased to approximately $1,774 at March 31, 2015, from approximately $1,455 at December 31, 2014. At March 31, 2015 and December 31, 2014, FirsTime did not have any material past-due accounts.

Inventory and prepaid inventory, net of an allowance for obsolete and excess inventory of approximately $54 at March 31, 2015 and $78 at December 31, 2014, increased to approximately $1,835 at March 31, 2015 from approximately $1,754 at December 31, 2014. Inventories are valued at the lower of cost or market using the average cost method.

Other prepaid expenses increased to approximately $91 at March 31, 2015, from approximately $66 at December 31, 2014. The increase is primarily attributable to the amortization of insurance premiums that are being amortized over the policy terms.

Property and equipment, net of accumulated depreciation, totaled $94 at March 31, 2015, as compared to $100 at December 31, 2014. Property and equipment expenditures were approximately $4 while depreciation expense was approximately $10 for the three months ended March 31, 2015.

Current liabilities were approximately $1,518 at March 31, 2015, and $1,182 at December 31, 2014, with the increase due primarily to timing of inventory payments and customer allowance deductions.

FIRSTIME DESIGN LIMITED AND SUBSIDIARIES

UNAUDITED CONSOLIDATED BALANCE SHEETS
(US Dollars in thousands except per share data)

	March 31, 2015 (Unaudited)	December 31, 2014 (Unaudited)
ASSETS		
Current Assets		
Cash	$ 2,303	$ 2,168
Accounts receivable, net	1,774	1,455
Inventory, net	1,394	1,092
Prepaid inventory	441	662
Other prepaid expenses	91	66
Total current assets	6,003	5,443
Other Assets		
Property and equipment, net	94	100
Total other assets	94	100
TOTAL ASSETS	$ 6,097	$ 5,543
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable - trade	$ 190	$ 115
Accounts payable - inventory	417	358
Accrued liabilities	911	709
Total current liabilities	1,518	1,182
Shareholders' Equity		
Common stock, $0.06667 par value, 15,000,000 shares authorized, 1,592,877 shares issued and 1,514,363 (2015) and 1,525,476 (2014) shares outstanding	106	106
Additional paid-in capital	23,358	23,358
Accumulated deficit	(12,121)	(12,339)
Treasury stock, 78,514 (2015) and 67,401 (2014) shares at cost	(6,764)	(6,764)
Total shareholders' equity	4,579	4,361
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 6,097	$ 5,543

See accompanying Notes to Unaudited Consolidated Financial Statements.

FIRSTIME DESIGN LIMITED AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
(US Dollars in thousands except per share data)

	For the Three Months Ended March 31,	
	2015	2014
	(Unaudited)	(Unaudited)
Net sales	$ 2,300	$ 2,052
Cost of goods sold	1,667	1,524
Gross profit	633	528
Operating expenses		
Sales and marketing	48	50
New product development	33	40
Warehouse	130	125
General and administrative	205	175
Total operating expenses	416	390
Operating income	217	138
Non-operating income and (expense)		
Other income, net	1	1
Income before income taxes	218	139
Provision for income taxes	-	-
Net income	$ 218	$ 139
Earnings per share	$ 0.14	$ 0.09
Weighted average shares outstanding	1,514,363	1,525,476

See accompanying Notes to Unaudited Consolidated Financial Statements.

FIRSTIME DESIGN LIMITED AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(US Dollars in thousands except per share data)

	Common stock	Additional paid-in capital	Accumulated deficit	Treasury stock	Total
Balances - December 31, 2013	$ 106	$ 23,358	$ (12,526)	$ (6,726)	$ 4,212
Net income, three months ended March 31, 2014			$ 139		$ 139
Common stock dividend, $0.25 per share			$ (381)		$ (381)
Balances - March 31, 2014	$ 106	$ 23,358	$ (12,768)	$ (6,726)	$ 3,970
Balances - December 31, 2014	$ 106	$ 23,358	$ (12,339)	$ (6,764)	$ 4,361
Net income, three months ended March 31, 2015			$ 218		$ 218
Balances - March 31, 2015	$ 106	$ 23,358	$ (12,121)	$ (6,764)	$ 4,579

See accompanying Notes to Unaudited Consolidated Financial Statements.

FIRSTIME DESIGN LIMITED AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(US Dollars in thousands except per share data)

	For the Three Months Ended March 31,	
	2015	**2014**
	(Unaudited)	**(Unaudited)**
Operating activities		
Net income	$ 218	$ 139
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation	10	8
Use of obsolete inventory reserve	(25)	(36)
Net change in:		
Accounts receivable	(319)	(6)
Inventory, including prepaid inventory	(56)	(238)
Prepaid expenses	(25)	(22)
Accounts payable	134	333
Other liabilities	202	(102)
Cash provided by operating activities	139	76
Investing activities		
Property and equipment expenditures	(4)	(22)
Cash used in investing activities	(4)	(22)
Financing activities		
Common stock dividend paid, $0.25 per share	-	(381)
Change in cash	135	(327)
Cash - beginning of the period	2,168	1,689
Cash - end of the period	$ 2,303	$ 1,362

See accompanying Notes to Unaudited Consolidated Financial Statements.

FIRSTIME DESIGN LIMITED AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – Accounting Policies

Unaudited Interim Financial Information
The unaudited consolidated financial statements of FirsTime Design Limited and Subsidiaries (Company) include the accounts of FirsTime Design Limited (Parent) and its wholly-owned subsidiary, Lee Middleton Original Dolls, Inc. (LMOD) and LMOD's wholly-owned subsidiary, FirsTime Manufactory, Inc. (FirsTime). All significant intercompany accounts and transactions have been eliminated in the unaudited consolidated financial statements.

FirsTime is located in New Berlin, Wisconsin and designs, imports, and distributes decorative timepieces and other home décor products through major, national retailers.

NOTE 2 – Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management of the Company, all adjustments necessary to present fairly the financial position as of March 31, 2015 and December 31, 2014, and the results of operations, the statements of changes in shareholders' equity and cash flows for the three months ended March 31, 2015 and 2014 have been made. Operating results for the three month period ended March 31, 2015 are not necessarily indicative of the results that may be expected for the year ending December 31, 2015. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. The accounting policies followed by the Company are set forth in Note 1 to the Company's unaudited consolidated financial statements contained in the Company's Unaudited Annual Report for the year ended December 31, 2014 (the "Annual Report"). For further information, refer to the consolidated financial statements and footnotes thereto included in the Annual Report.

In preparing consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3 – Inventory

Inventories are valued at the lower of cost or market using the average cost method. The components of inventory are as follows:

	March 31, 2015	December 31, 2014
Raw materials	$ -	$ -
Finished goods	1,448	1,170
	1,448	1,170
Allowance for obsolete and excess inventory	(54)	(78)
	$ 1,394	$ 1,092

NOTE 4 – Revolving Credit Agreement

The Company has an available $1,500 revolving credit agreement (Agreement) with a bank which expires July 1, 2015. Interest is payable monthly at a variable rate, which is set at the Wall Street Journal Prime Rate. The interest rate in effect at March 31, 2015 and December 31, 2014 was 3.25%. Borrowings under this Agreement are secured by substantially all of the Company's assets. The Agreement contains certain financial and restrictive covenants that must be met on a regular basis. There were no borrowings outstanding on the Agreement at March 31, 2015 and December 31, 2014.

NOTE 5 – Operating Leases

The Company is headquartered at 2350 S. 170th Street, New Berlin, Wisconsin, in leased commercial space. Both the Parent and FirsTime occupy the leased premises. The lease commenced August 1, 2011, and expires July 31, 2018.

NOTE 6 – Shareholders' Equity

On February 12, 2014, the Board of Directors declared a cash dividend of $0.25 per share on the Company's common stock, payable March 15, 2014 to shareholders of record at the close of business on February 28, 2014. The Company used available funds for these dividends, totaling approximately $381.

NOTE 7 – Income Taxes

The Company, consisting of the Parent, LMOD and FirsTime, operates as a C Corporation under the Internal Revenue Code of 1986, as amended (the "Code"). The Company has filed a consolidated federal income tax return for the year ended December 31, 2013.

The Company accounts for income taxes using an asset and liability approach, which generally requires the recognition of deferred income tax assets and liabilities, based on the expected future income tax consequences of events that have previously been recognized in the Company's consolidated financial statements or tax returns. In addition, a valuation allowance is recognized if it is more likely than not that some or all of the deferred income tax assets will not be realized in the foreseeable future. There was no income tax benefit recognized for the year ended December 31, 2014 due to establishing a valuation allowance against deferred tax assets relating primarily to the net operating loss carryforwards.

No interest or penalties relating to income taxes are included in these financial statements.

NOTE 8 – Fair Value of Financial Instruments

The Company's financial instruments consist of cash, accounts receivable and accounts payable. Their carrying values approximate fair value.