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## Report to the Board of Directors of Corporate Equity Partners AG, Zug

in respect of the quarterly financial statements as at  
September 30, 2006

Based on the financial statements for the 3<sup>rd</sup> quarter 2006 which have been provided to us, I confirm as follows:

The balance sheet as at September 30, 2006 continues to show that the liabilities of the company exceed its assets. The capital increase in connection with the recapitalisation of the company which has been approved at the last general shareholders meeting has been entered into the commercial register of the canton of Zug. Based on the fact that during the 4<sup>th</sup> quarter of 2006, the recapitalisation of the company can be successfully completed, no immediate measures are necessary.

Zurich, November 28, 2006

**Testor Treuhand Zurich**



J. Badertscher  
Certified Public Accountant  
Managing Accountant

Interim financial statements

**Corporate Equity Partners AG**

<b>ASSETS</b>	September 30, 2006 CHF	December 31, 2005 CHF
<b><i>Current assets</i></b>		
Liquidity	2'252	31'369
Client money account in favour The Fantastic Corp.	0	420'000
Capital deposit account	2'579'432	2'579'432
Current account affiliated companie	0	0
Accounts receivables others	23'919	126'479
Accounts receivables from affiliated persons	39'387	39'387
Accrued income	0	228'000
<b><i>Total current assets</i></b>	<b>2'644'990</b>	<b>3'424'668</b>
<b><i>Fixed Assets</i></b>		
<i>Tangible Assets</i>		
Participation "The Fantastic IP GmbH"	250'000	250'000
Participation Mallebrann GmbH	20'000	0
Participation "The Fantastic TM GmbH"	1	1
Participation "The Fantastic IP GmbH"	80'000	200'000
Participation "The Fantastic TM GmbH"	20'000	120'000
Other fixed assets	1	1
Real estate	0	3'295'285
<i>Intangible Assets</i>		
Rights and licences	1	1
<b><i>Total fixed assets</i></b>	<b>370'003</b>	<b>3'865'288</b>
<b>TOTAL ASSETS</b>	<b>3'014'993</b>	<b>7'289'956</b>

Interim financial statements  
**Corporate Equity Partners AG**

<b>LIABILITIES</b>	September 30, 2006 CHF	December 31, 2005 CHF
<b><i>Short-term debt capital</i></b>		
Trade accounts payables third parties	208'065	232'608
Other liabilities third parties (client money account)	420'000	420'000
Liabilities from increase of the share capital	2'579'432	2'579'432
Accrued expenses	58'800	537'256
<b><i>Total short-term debt capital</i></b>	<b>3'266'297</b>	<b>3'769'296</b>
<b><i>Long-term dept capital</i></b>		
Loans from shareholders	257'006	0
Mortgages	0	657'752
Provisions real estate	0	2'637'533
Other provisions	518'798	518'798
<b><i>Total long-term debt capital</i></b>	<b>775'804</b>	<b>3'814'083</b>
<b><i>Shareholder's equity</i></b>		
Share capital (127'946'210 Shares à CHF 0.03)	3'838'386	3'838'386
Reserves for revaluation of participations	230'000	230'000
<i>Balance loss:</i>		
- Loss carry forward	-4'361'810	-2'317'836
- Loss for the period 1.1.-30.9.2006	-733'684	
- Loss for the year		-2'043'974
<b><i>Total shareholder's equity</i></b>	<b>-1'027'108</b>	<b>-293'423</b>
<b>TOTAL LIABILITIES</b>	<b>3'014'993</b>	<b>7'289'956</b>

PROFIT AND LOSS STATEMENT FOR THE PERIOD 1.1 - 30.9.2006

Corporate Equity Partners AG

	1.1. - 30.9.2006 CHF	1.1. - 31.12.2005 CHF
<b>Operating yield</b>		
<i>Sales revenue:</i>		
Licences	7'486	2'427
<i>Other income</i>		
Other operational yield	0	0
<b>Total operating yield</b>	<b>7'486</b>	<b>2'427</b>
<b>Cost of sales</b>		
Maintenance and other expenditure	0	0
Professional Services	0	0
<b>Total cost of sales</b>	<b>0</b>	<b>0</b>
<b>Gross profit</b>	<b>7'486</b>	<b>2'427</b>
<b>Operating expenditure</b>		
Personnel	0	0
Sales and marketing	0	0
Administration and general costs	704'326	2'053'869
<b>Total operating expenditure</b>	<b>704'326</b>	<b>2'053'869</b>
<b>Operating result before depreciations financial result and taxes</b>	<b>-696'840</b>	<b>-2'051'442</b>
Depreciations (Participations, loans) affiliated companies	0	-19'999
Depreciations (intangible assets)	0	0
Depreciations (fixed assets)	0	-3
<b>Operating result before financial result an taxes</b>	<b>-696'840</b>	<b>-2'071'444</b>

PROFIT AND LOSS STATEMENT FOR THE PERIOD 1.1 - 30.9.2006

Corporate Equity Partners AG

	1.1. - 30.9.2006 CHF	1.1. - 31.12.2005 CHF
<b>Operating result before financial result an taxes</b>	<b>-696'840</b>	<b>-2'071'444</b>
Financial income from third parties	4'818	832
Interest expenses	0	-1'797
Exchange-rate gains	0	64'823
Exchange-rate losses	0	-64'099
<b>Operating result before taxes</b>	<b>-692'022</b>	<b>-2'071'686</b>
Taxes	37'649	39'977
<b>Operating result after taxes</b>	<b>-654'373</b>	<b>-2'031'709</b>
<i><b>Extraordinary positions</b></i>		
Extraordinary expenditure	-79'311	-20'000
Extraordinary earnings	0	7'735
<b>Loss of the period 1.1. - 30.9.2006</b>	<b>-733'684</b>	
<b>Loss of the year</b>		<b>-2'043'974</b>