



**CEP** CORPORATE  
EQUITY  
PARTNERS AG

**Corporate Equity Partners AG**  
3<sup>rd</sup> Quarter Report 2008

## **Addresses**

Corporate Equity Partners AG

Registered company address:

Obmoos 4  
CH-6301 Zug  
Switzerland

### **Subsidiaries**

The Fantastic IP GmbH

Obmoos 4  
CH-6301 Zug  
Switzerland

The Fantastic TM GmbH

Obmoos 4  
CH-6301 Zug  
Switzerland

Mallebrann GmbH

Obmoos 4  
CH-6301 Zug  
Switzerland

The Fantastic Corporation (USA) Inc. (in Liquidation)

c/o CFO Advisory Services  
1302 Colins Boulevard  
Richardson, Texas 75081  
USA

## Legal Notes

### Advice on statements relating to the future

This annual report describes the situation of the Corporate Equity Partners group on the 30<sup>th</sup> September 2008.

Where it has been possible, current developments have been reported upon. The financial statements also contain some statements relating to the future, outlining possible future events or future financial developments. Such statements relating to the future are characterized by terms such as: "will", "expects", "could", "estimates", "plans", "intends", "is of the opinion", "predicts" or similar terms. Statements relating to the future include uncertainties, known and unknown risks and/or other factors, that could lead individually, or in combination, to a situation in which the actual financial situation and/or the actual results, services or similar of Corporate Equity Partner AG differ from what is explicitly or implicitly expected in the statements referring to the future. Possible deviations could be substantial.

Factors that have an influence on the actual development of the company are inter alia the development of the market, the general economic development in the countries and industries in which the company is active, the gaining/loss of qualified employees, fluctuations in the currency exchange rates, alterations in legislation and/or the regulatory environment, including taxation law but also including terrorist attacks, force majeure, acts of war, plague, inner unrest.

The company cautions investors explicitly against relying to a high degree upon statements relating to the future.

Any forecasts only reflect the opinion of the management at the point in time that the annual report was published. Corporate Equity Partners AG accepts no obligation to realize or adhere to any statements relating to the future.

### Translation of German to English

This document is an unevaluated translation of the German version of the financial statements and was carried out by professional business translators, however, this translation has not been certified. As a result of this and/or other reasons there could be differences between the German and English version that could change the meaning and/or interpretation of this document or any part of this document. The Company does not accept any liability arising from differences between the German and English versions and possible different interpretations of the content of whole or part of this document. The only legally binding version of the financial statements is the German language version, in case of any discrepancies the German version supersedes the English version.

## Company Overview (compliant with IFRS)

PROFIT SITUATION	1 <sup>st</sup> January -	1 <sup>st</sup> January -
	30 <sup>th</sup> September 2008	30 <sup>th</sup> September 2007
	EUR	EUR
Revenues	0	0
Gross profit	0	0
Operating Profit (EBIT)	-549.565	-485.133
3rd Quarter income (9 months)	-475.678	-615.750
<b>CASHFLOW / LIQUIDITY</b>		
	EUR	EUR
Cash-Flow from operations	2.131.197	-108.678
Cash-Flow from investments	-961	-6.664
Cash-Flow from financing	0	0
Increase / Decrease in liquidity	2.249.392	-111.124
Cash at end of period	2.386.924	76.517
<b>ASSET / CAPITAL STRUCTURE</b>		
	as at	as at
	30 <sup>th</sup> September 2008	31 <sup>st</sup> December 2007
	EUR	EUR
Fixed assets	10.293	12.442
Current assets	2.415.153	2.993.552
Current liabilities	154.424	372.223
Long term liabilities	0	0
Equity	2.271.022	2.633.771
Equity Ratio	93.6%	87.6 %
<b>Total Assets</b>	<b>2.425.446</b>	<b>3.005.994</b>

### Remarks:

The report is presented in EUR, because the Company will accrue turnover predominantly in EUR. However, as material consolidated assets and liabilities arise primarily in CHF, these were converted from CHF into EUR. The conversion was not made with a linear conversion rate between EUR and CHF, but individually and related to the timing, which is why considerable differences may arise between the amounts quoted in EUR and in CHF.

The foreign currency conversion for assets and liabilities is determined according to the rate at deadline, whilst the corresponding income and expense items are converted at the average foreign exchange rate during the applicable period. Adjustments of foreign currency are not identified as separate items in equity capital. The foreign currency profits and losses go into the corporate profit-and-loss account.

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## Report from the Executive Board

Dear Shareholders and Friends of the company,

The 3rd quarter has seen our company continue its programme of developing and building the new strategy which we are in the process of implementing.


We would also like to announce the appointment of Alexander Koppel as Chief Financial Officer, on the 1st August 2008, he will be taking over these duties in due course and support the senior management in implementing the company's new business strategy.

Due to the current turmoil in the financial markets, we have decided to liquidate all short term financial instruments and retain cash on our books. This should assist us to act swiftly once we have identified a target we believe to be instrumental in promoting the new strategy. The management of Corporate Equity Partners AG would see the current market turmoil to be an opportunity rather than a threat to the company.

Zug, 28<sup>th</sup> November 2008



Cristián Mantzke  
President of the Executive Board



Roger Meier  
Member of the Executive Board

Consolidated Interim Financial Statements  
of Corporate Equity Partners AG



CEP CORPORATE  
EQUITY  
PARTNERS AG

as at 30<sup>th</sup> September 2008

Un-audited Financial Statements excluding notes

## Consolidated Balance Sheet as at 30<sup>th</sup> September 2008

### Assets

		30.09.2008	31.12.2007
	<b>Note</b>		
<b><i>Current assets</i></b>		EUR	EUR
Cash and bank balances	6	2.386.924	137.532
Financial assets (Short term financial investments)	7	0	2.824.467
Trade and receivables		15.501	9.473
Prepaid expenses and deferred charges		12.728	22.080
<b><i>Total current assets</i></b>		<b>2.415.153</b>	<b>2.993.552</b>
<b><i>Fixed assets</i></b>			
<b><i>Tangible Assets</i></b>			
Deposit account for office rental agreement		3.423	3.271
Equipment		3.093	2.846
Remaining tangible assets		1	1
<b><i>Intangible Assets</i></b>			
Rights and Licenses		253	242
Remaining intangible assets		3.523	6.082
<b><i>Total fixed assets</i></b>		<b>10.293</b>	<b>12.442</b>
<b>TOTAL ASSETS</b>		<b>2.425.446</b>	<b>3.005.994</b>

## Assets and Liabilities

	30.09.2008	31.12.2007
<b><i>Current liabilities</i></b>	EUR	EUR
Trade and other short term creditors	115.672	251.926
Other financial liabilities	10.978	55.636
Short-term debts	290	0
Tax liabilities	0	3.638
Accruals and deferrals	27.484	61.023
<b><i>Total current liabilities</i></b>	<b>154.424</b>	<b>372.223</b>
<b><i>Total long term liabilities</i></b>	<b>0</b>	<b>0</b>
<b><i>Capital and reserves</i></b>		
Issued capital (701'638'428 shares at a nominal of CHF 0.01)	4.452.639	4.452.639
Effects of exchange rate changes	395.116	282.187
<b><i>Retained Earnings/ Loss:</i></b>		
- Loss carried forward	-2.101.055	-1.371.186
- 9 month Profit/Loss	-475.678	-729.869
<b><i>Total Assets</i></b>	<b>2.271.022</b>	<b>2.633.771</b>
<b>TOTAL ASSETS AND LIABILITIES</b>	<b>2.425.446</b>	<b>3.005.994</b>

## Consolidated Income Statement for 9 months period ended 30<sup>th</sup> September 2008

		1 <sup>st</sup> January - 30 <sup>th</sup> September 2008	1 <sup>st</sup> January - 30 <sup>th</sup> September 2007
	Note	EUR	EUR
<b>Revenue</b>		<b>0</b>	<b>0</b>
<b>Costs of sales</b>		<b>0</b>	<b>0</b>
<b><i>Gross profit</i></b>		<b>0</b>	<b>0</b>
Staff expenses		-194.557	-148.418
Administration expenses	5	-379.689	-334.507
Other operational expenses		-1.645	-10.900
Other operational income		28.789	11.441
<b>Total expenses</b>		<b>-547.102</b>	<b>-482.384</b>
<b><i>Earnings before interest, tax and depreciation (EBITDA)</i></b>		<b>-547.102</b>	<b>-482.384</b>
Depreciation		-2.463	-2.749
<b><i>Earnings before interest and tax (EBIT)</i></b>		<b>-549.565</b>	<b>-485.133</b>
Financial income		50.603	39.777
Financial expenses		-4.448	-5.512
Profit / loss of financial instruments		27.732	-164.882
<b><i>Total financial results</i></b>		<b>73.887</b>	<b>-130.617</b>
<b><i>Earnings before tax</i></b>		<b>-475.678</b>	<b>-615.750</b>
Tax expenses / income		0	0
<b>9 MONTHS RESULT</b>		<b>-475.678</b>	<b>-615.750</b>
<b>Non-diluted and diluted earnings per 1000 shares</b>		<sup>1)</sup> <b>-0.68</b>	<sup>1)</sup> <b>-0.88</b>
Non-diluted and diluted earnings per shares		<sup>1)</sup> <b>-0.0007</b>	<sup>1)</sup> <b>-0.0009</b>

<sup>1)</sup> Total number of shares: 701.638.428

## Consolidated Cash Flow Statement

	1 <sup>st</sup> January - 30 <sup>th</sup> September 2008	1 <sup>st</sup> January - 30 <sup>th</sup> September 2007
<i>Cash-Flow from operating activities:</i>	<b>EUR</b>	<b>EUR</b>
Pre-tax result for period	-475.678	-615.750
<i>Transition from period result to net cash flow generated by operational activities:</i>		
Depreciation	2.463	2.749
Financial income	-50.603	-39.777
Financial expenses	4.448	5.512
Decrease / increase of current receivables	4.572	-2.012
Decrease / increase of financial instruments	2.824.467	569.553
Decrease / increase of current liabilities	-224.627	-63.218
Paid interests and dividends	-4.448	-5.512
Received interests and dividends	50.603	39.777
<b><i>Net cash generated by operational activities</i></b>	<b>2.131.197</b>	<b>-108.678</b>
<i>Cash-Flow from investing activities:</i>		
Payments for mobile assets	-961	-3.411
Payments for deposit account for office rental agreement	0	-3.253
<b><i>Net cash flow from investment activities</i></b>	<b>-961</b>	<b>-6.664</b>
<i>Cash-Flow from financing activities:</i>		
<b><i>Net cash flow from financing activities</i></b>	<b>0</b>	<b>0</b>
Effects of exchange rate changes on the cash balance	119.156	4.218
<b>Net increase/decrease in cash and cash equivalents</b>	<b>2.249.392</b>	<b>-111.124</b>
Cash and cash equivalents at the beginning of period	<b>137.532</b>	<b>187.641</b>
<b>Cash and cash equivalents at the end of period</b>	<b>2.386.924</b>	<b>76.517</b>

## Consolidated Statement of changes in Equity in Euro as at 30<sup>th</sup> September 2008

<b>Equity</b>	<b>Share Capital</b>	<b>General Reserve</b>	<b>Currency Translation Reserve</b>	<b>Retained Earnings</b>	<b>Total Equity</b>
<b>Balance at 01.01.2007</b>	4.452.639	0	<b>378.899</b>	<b>-1.371.186</b>	3.460.352
Exchange rate diff.			-97.950		-97.950
Gain / loss				-615.750	-615.750
<b>Balance at 30.09.2007</b>	<b>4.452.639</b>	0	<b>280.949</b>	-1.986.936	<b>2.746.652</b>

<b>Equity</b>	<b>Share Capital</b>	<b>General Reserve</b>	<b>Currency Translation Reserve</b>	<b>Retained Earnings</b>	<b>Total Equity</b>
<b>Balance at 01.01.2008</b>	4.452.639	0	<b>282.187</b>	<b>-2.101.055</b>	2.633.771
Exchange rate diff.			112.929		112.929
Gain / loss				-475.678	-475.678
<b>Balance at 30.09.2008</b>	<b>4.452.639</b>	0	<b>395.116</b>	-2.576.733	<b>2.271.022</b>

## Notes to the consolidated financial statements for 9 months period ended 30<sup>th</sup> September 2008

### 1. General information

“Corporate Equity Partners AG” (“the Company”) is a Swiss public limited liability company with headquarters in Zug, Obmoos 4. The Company was under development and, therefore, not operative during the current or previous quarters and generated no revenues from its business.

### 2. Significant accounting policies

#### *Statement of compliance and basis of preparation*

This consolidated interim financial report was prepared in accordance with the generally recognized principles of the International Accounting Standard (IAS) 34 “interim financial reporting”. Valuation methods were not changed during the period. The report is presented in EUR, because in its future business activities, material revenues of the company are expected to be generated in EUR.

#### *Consolidation Group*

This consolidated interim financial report comprises the Company and its subsidiaries “The Fantastic IP GmbH”, “The Fantastic TM GmbH and “Mallebrann GmbH” (together “the concern”).

<b>Corporate Equity Partners AG</b>	Switzerland	Holding
<b>The Fantastic IP GmbH</b>	Switzerland	100%
<b>The Fantastic TM GmbH</b>	Switzerland	100%
<b>Mallebrann GmbH</b>	Switzerland	100%

The following subsidiary companies in Great Britain and the USA are not included in this consolidated interim financial report:

			<b>Liquidation Concluded</b>
The Fantastic (UK) Holdings LTD.	GB	100%	2007
<b>The Fantastic Corporation (UK) LTD.</b>	GB	100%	2007
<b>The Fantastic Corporation Inc.</b>	USA	100%	expected 2008

The liquidation of the subsidiaries “The Fantastic Corporation (UK) LTD” and “The Fantastic (UK) Holdings LTD” was concluded in 2007.

As the current assets of “The Fantastic Corporation (USA) Inc.” are not material in comparison with the rest of the total assets of the Concern and no material transactions are expected in the future because this subsidiary is in liquidation. The only transaction expected from this subsidiary is the return of the residual current assets. Furthermore, it

is no longer expected that any further claims will be brought by third parties against this subsidiary company, hence no consolidation has been carried out.

#### *Revenue recognition*

Sales are recognised upon delivery and acceptance of the services by the customer.

#### *Cash and cash equivalents*

The company treats all capital investments with high liquidity and a settlement date of up to 3 months from the date of acquisition as liquid.

#### *Provisions*

Provisions have been made for all present liabilities for which time and value cannot be judged conclusively and for the cause of which lies in the past. The management has estimated the value and likelihood of any occurrence to its best knowledge and has not deemed any reserves to be required.

#### *Social Security Contributions*

All necessary social security contributions were paid by the Company to the relevant social security funds of Switzerland. All employees are covered by the social insurance „Sammelstiftung VITA“ (Zurich) covering retirement, invalidity and death. The premium payments are made by company and employee contributions according to the administrative orders and laws of Switzerland.

The social security and pension plan of Corporate Equity Partners is classified in-line with IAS 19 and according governmental warranties as meritocratic. An actuarial report of the company's pension plan will be supplied within the year end annual report.

#### *Fixed Assets*

The items of the tangible fixed assets are in accordance with IAS 16 attributed to acquisition costs or lower production costs. Maintenance, repair and renovation expenses are recorded as allowed expenses, whilst essential accruals to the fixed assets are accounted for. Acquisition costs and cumulative depreciation with reference to the outflow of items of the fixed assets are eliminated. Profits or losses from the outflow of items of the fixed assets are recorded in the profit-and-loss account. Items of tangible fixed assets are written off linearly over the period of their anticipated life.

#### *Foreign currency conversion*

The books of subsidiaries are kept in local currencies that are legal tender in the country they are domiciled (functional currency). At this time the Swiss Franc is the most used currency for accounting. Financial transactions in foreign currencies are settled at an exchange rate on the day on which the transaction was executed or an averaged exchange rate if the transaction took place over an extended period. Positions of the Balance Sheet are reported at an exchange rate of the effective date (monthly basis). Any profit or loss due to of foreign currency transactions as well re-evaluations on the effective date will be recorded in the income statement.

The consolidated report is reported in Euro. The statements of all group entities (primarily settled in CHF) are converted with reference to exchange rates on the effective date. Differences resulting from currency conversions will be reported in the balance sheet as equity.

#### *Taxes on Income and yield*

Taxes on income and yield in the reporting period are recorded in accordance with the regulations of IAS 12. In accordance with IAS 12.24 and IAS 12.34. The recording and accounting of the time differences has not been implemented, as the realization of such amounts cannot be determined with sufficient certainty.

#### *Credit risk*

Financial instruments that potentially bear a material credit risk, pertain mainly to cash, cash equivalents and debtors. The company aims to limit institutional risk and dependency on individual banking institutions by holding deposits in more than one bank.

#### *Market value of financing instruments*

The book value of financial instruments such as cash, cash equivalents as well as receivables and liabilities corresponds to the market value, due to the short-term maturity of these instruments.

### **3. Use and uncertainty of estimates**

The preparation of the consolidated accounts in accordance with the principles of accounting requires estimates and assumptions made by the management of the company, which can influence the data in the consolidated accounts as well as the related notes. The actual results can diverge from the estimates and assumptions made.

This consolidated interim financial report contains no material uncertainties. In 2007 there was an uncertainty arising from a VAT investigation of company's past operational business activities. This uncertainty has been settled by the end of 2007.

### **4. Legal Claims**

The company and its associated firms were not party to any court proceedings and/or legal claims during the reporting period.

### **5. Business transactions with associated persons**

In accordance with IAS 24, relationships and business transactions with economically associated firms and natural persons must be disclosed, since their relationship can have an effect upon the asset, financial and income position of the firm.

	<b>1.1.-30.09.2008</b>	<b>1.1.-30.09.2007</b>
Salaries:	EUR 67.182	EUR 84.187
Fees to the Executive Board:	EUR 12.583	EUR 15.274
Reorganization bonus to the Members of the Executive board:	EUR 0	EUR 44.409
Consulting fees to the Members of the Executive board:	EUR 0	EUR 36.413
Consulting fee to Kloter attorneys <sup>1)</sup> :	EUR 65.596	EUR 76.350
Consulting fee to Lutz lawyers <sup>2)</sup> :	EUR 11.723	EUR 0
<b>Total</b>	<b>EUR 157.084</b>	<b>EUR 256.633</b>

<sup>1)</sup> Mr. Roger Meier, Member of the Executive Board, was Managing Partner of Zurich based law firm „Kloter Rechtsanwälte“ until 30<sup>th</sup> June 2008.

<sup>2)</sup> Mr. Roger Meier, Member of the Executive Board, is Managing Partner of Zurich based law firm „Lutz Lawyers“ since 1<sup>st</sup> July 2008.

## 6. Cash and Cash Equivalent Assets

	30.09.2008		31.12.2007	
Cash:	EUR	1.642.780	EUR	137.532
Term deposit <sup>1)</sup> :	EUR	744.144	EUR	0
<b>Total</b>	<b>EUR</b>	<b>2.386.924</b>	<b>EUR</b>	<b>137.532</b>

<sup>1)</sup> These term deposits will mature in less than 3 months from the reporting date and are deemed to be cash equivalent according to IFRS.

## 7. Current financial assets

	30.09.2008		31.12.2007	
Bonds <sup>1)</sup> :	EUR	0	EUR	1.760.000
Money Market fund <sup>2)</sup> :	EUR	0	EUR	1.064.467
<b>Total</b>	<b>EUR</b>	<b>0</b>	<b>EUR</b>	<b>2.824.467</b>

<sup>1)</sup> Corporate Bond, fixed maturity till Dec. 2012, Coupon 5,125%. Interest: Categorized and valued according IAS 39 "FVTPL - Fair Value Option". It was sold in March 2008.

<sup>2)</sup> There were no further fixed term investments with duration greater than 3 months.

## 8. Share capital

	30.09.2008	31.12.2007
Number of registered shares	701.637.428	701.637.428
Number of authorised shares <sup>1)</sup>	180.000.000	180.000.000
Number of conditional shares <sup>2)</sup>	120.000.000	120.000.000
Par value per share (CHF)	0,01	0,01
Share capital in EUR <sup>3)</sup>	4.452.639	4.452.639

<sup>1)</sup> At the general meeting from 24<sup>th</sup> April 2007 the Board of Directors was entitled to increase the share capital at any time until 24<sup>th</sup> April 2009 by a maximum amount of CHF 1.800.000 by issuing a maximum of 180.000.000 fully paid up, transferable shares with a nominal value of CHF 0,01 per share.

<sup>2)</sup> The Company's share capital will be increased by a maximum amount of CHF 1.200.000 by issuing a maximum of 120.000.000 fully paid up transferable conditional shares with a nominal value of CHF 0,01 per share by the exercise of warrants which are granted to the Board of Directors and employees of the company or its subsidiaries based on one or several employee stock purchases plans approved by the Board of Directors.

<sup>3)</sup> The Company's share capital has been converted from CHF in EUR by the time of the last capital increase in the year 2006. Exchange rate: € / CHF 1,57578.

## 9. English Version

The six month's report is a translation from German. Only the German version is legally binding.

Imprint



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Corporate Equity Partners AG  
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