

Translation of the German Version of Testor Treuhand Zurich

Equity Report

Fiscal Year 2005

Auditor's Report to the Shareholders
of The Fantastic Corporation AG, Zug

Regarding the Audited Financial Statements of fiscal year 2005 Report of the Auditors to the general meeting of The Fantastic Corporation, Zug

As auditors we have audited the accounts and annual financial statements balance sheet, profit & loss and appendix of Fantastic Corporation, Zug for the fiscal year ending 31 December 2005.

The board of directors is responsible for the annual financial statements, while it is our responsibility to assess and audit such financial statements. We confirm that we are fulfilling the legal requirements regarding qualification and independence.

Our audit was based on the principles of the Swiss auditors profession, whereby an audit is to be scheduled and performed to discover any significant misstatements contained in financial statement with an appropriate level of certainty. We have audited items and statements in the annual financial statements based on investigations and analyses of samples. Furthermore, we have assessed the application of the relevant accounting principles, the material valuation decisions (*Bewertungsentscheide*) as well as the description of the annual financial statements on the whole. We are of the view that our audit forms sufficient basis for our opinion.

Pursuant to our assessment, the accounting and the annual financial statements comply with Swiss laws and statutes subject to the following limitations:

A capital increase was approved at the last general meeting on 16 August 2005 which was appropriately recorded in the books of The Fantastic Corporation. The registration was approved by the cantonal commercial register of Zug, however, following a legal dispute it was denied by the federal commercial register. The Fantastic Corporation will, thus, know only after issuance of the judgment by the federal court, if it can validly dispose of the cash and contributions in kind which have been obtained in connection with the capital increase. These following items are concerned:

The item **cash deposit account** shows that cash position which was paid in according to the resolution of the general meeting regarding the capital increase. As already described The Fantastic Corporation will only be able to dispose of this cash positions upon the legally valid publication of the increase of capital.

The item **real estate** is conjunction with the increase of capital. The property is owned by an institution (*Anstalt*) established under the laws of Liechtenstein, which was transferred as a contribution in kind. A provision against the pending risk of legal action was made.

The item **rights and licences** was transferred to The Fantastic Corporation as a contribution in kind in conjunction with the capital increase. This item comprises rights, licenses including a source code of a certain software development. Because of the pending legal dispute this position was booked at a value of one SFR.

Pursuant to the statements of the board of directors there is reasonable belief that the pending legal dispute could have a positive outcome, we, therefore, recommend to approve the financial statements despite of these limitations.

In addition, we note that there is no clear evidence of over-indebtedness of The Fantastic Corporation because of the pending legal dispute. Should the federal court's decision of the pending claim have a negative impact on The Fantastic Corporation, The Fantastic Corporation would be over-indebted and we will draw the board of directors' attention to article 725, sentence 2 OR in such an event.

Without limiting our audit opinion we refer to annotation 12 in the appendix to the financial statements, pursuant to which The Fantastic Corporation is suffering liquidity issues because of the unsatisfactory situation and could cover their short term liabilities only if the required liquidity will effectively be provided and based on the pending legal action, a material uncertainty exists and, thus, the ability to continue The Fantastic Corporation is uncertain.

If The Fantastic Corporation does not obtain the required liquidity, it will be impossible to continue the business of the company and the financial report will be prepared based on the liquidation values of the company's assets. Thus, a founded concern would exist that the company is over-indebted. In this case we would draw the board of directors' attention to article 725, sentence 2 OR.

Zurich, 02 May 2006

Testor Treuhand Zurich
Signature

J. Badertscher
Public Accountant
Executive Auditor

FINANCIAL STATEMENTS AS AT 31.12.2005

The Fantastic Corporation, Zug
(Amounts in thousands of US dollars)

ASSETS	31.12.2005	31.12.2004
	US\$ CH-rate 1.3179	US\$ CH-rate 1.1371
Current assets		
Liquidity	24	1'786
Client money account in favour The Fantastic Corp.	319	0
Capital deposit account 1)	1'957	0
Other credit balances third parties	96	42
Other credit balances (subordinates)	30	0
Prepaid expensis	173	3
Total current assets	2'599	1'831
Fixed assets		
Tangible assets:		
Participation "The Fantastic IP GmbH"	190	0
Participation "The Fantastic TM GmbH"	0	0
Loan "The Fantastic IP GmbH"	152	0
Loan "The Fantastic TM GmbH"	91	0
Other tangible assets	0	0
Real estate 1)	2'500	0
Immaterial tangible assets:		
Tchnology acquired	0	0
Rights and licenses 1)	0	0
Total fixed assets	2'933	0
TOTAL ASSETS	5'532	1'831

FINANCIAL STATEMENTS AS AT 31.12.2005

The Fantastic Corporation, Zug
(Amounts in thousands of US dollars)

LIABILITIES	31.12.2005	31.12.2004
	US\$ CH-rate 1.3179	US\$ CH-rate 1.1371
Short-term debt capital		
Trade accounts payable	176	33
Other liabilities	0	0
Prepaid income	408	155
Total short-term debt capital	584	188
Long-term debt capital		
Other provisions	394	306
Mortgages	1) 499	0
Provisions real estate	1) 2'001	0
Provisions client money account	319	0
Remaining provisions	1) 0	0
Total long-term debt capital	3'213	306
Shareholders' equity		
Share capital	2'913	3'376
Capital deposit account	1) 1'957	0
Revaluation provision	175	0
Balance loss:		
Loss carryforward	-1'759	-1'295
Loss 2005	-1'551	-744
Total shareholders' equity	1'735	1'337
TOTAL LIABILITIES	5'532	1'831

1) See remarks in the appendix

PROFIT AND LOSS STATEMENT AS AT 31.12.2005

The Fantastic Corporation, Zug
(Amounts in thousand of US dollars)

	1.1.- 31.12.2005 US\$ CH-rate 1.3179	1.1.- 31.12.2004 US\$ CH-rate 1.1371
Operating Yield		
Sales revenue:		
Licences	2	264
Other operational yield	0	0
Total operating yield	2	264
 Cost of sales		
Maintenance and other expenditure	0	11
Professional Services	0	0
Total cost of sales	0	11
 Gross profit	 2	 253
 Operating expenditure		
Personnel expenditure	0	79
Sales and marketing	0	11
Administration and general costs	1'558	998
Total operating expenditure	1'558	1'088
 Operating result before depreciations financial result and taxes	 -1556	 -835

PROFIT AND LOSS STATEMENT AS AT 31.12.2005

The fantastic Corporation, Zug
(Amounts in thousand of US dollars)

	1.1.- 31.12.2005 US\$ CH-rate 1.3179	1.1.- 31.12.2004 US\$ CH-rate 1.1371
Deprciation on participation, loan associated companies	15	0
Value adjustment immaterial tangible assets	0	0
Value adjustment on tangible assets	0	0
Operating result before financial result and taxes	-1'571	-835
Financial yield third parties	1	3
Financial Expenditure	-1	-2
Exchange-rate gains	49	0
Exchange-rate losses	-49	-103
Operating result before taxes	-1'571	-937
Taxes	30	-18
Operating result after taxes	-1'541	-955
Extraordinary positions		
extraordinary expenditure	-15	-63
extraordinary earnings	6	275
LOSS	-1'550	-743

Appendix for annual account 2005

The Fantastic Corporation, Zug

	31.12.2005 US\$ CH-rate 1.3179	31.12.2004 US\$ CH-rate 1.1371
01. Total amount of the endorsements, guarantees and pledge orders in favor of third parties	none	none
02. Total amount of the obligations pawned or retired active ones own to the safety device as well as the active ones under retention of title	none	none
03. Total amount of the not balanced leasing commitments	none	none
04. Fire insurance values of material assets	none	none
05. Commitments towards retirement funds	none	none
06. Amounts, interest rates and maturities of the loan obligations spent by the company	none	none
07. Participation, which is substantial for the evaluation of the financial position and earnings of the company The Fantastic Corporation, Delaware; Capital stock US\$ 50'000 Portion capital 100 % (the company is insolvent)	0	0
08. Total amount of the dissolved replacement reserves and the quiet reserves going beyond it, as far as this exceeds the total amount of the again formed such reserves, if by it the gained result is represented substantially more favorably	none	none
09. Statements about article and amount of higher revaluations	none	none
10. Statements about acquisition, sale and number of own shares held by the company, including your shares, which another company holds, of which you hold the majority involved: to indicate are likewise the conditions, on which the company acquired or sold the own shares	none	none
11. Amount of the authorized and conditioned capital increase:		
Authorized share capital	none	1'315
Conditioned share capital	662	767

Appendix for annual account 2005

The Fantastic Corporation, Zug

31.12.2005	31.12.2004
US\$	US\$
CH-rate	CH-rate
1.3179	1.1371

12. Other statements prescribed by the law

The business activities were stopped and other participations were liquidated and/or the procedure of liquidation is still active

Important shareholders

The board of directors does not have any knowledge of shareholders, who held rights over 5 % by end of 2005

Name	Participation 2005	Participation 2004
Peter Ohnemus	0	6%
Global Derivative Trading GmbH	0	22.30%

Should the capital increases I and II be registered in the trade register, then those would exhibit the Global Derivative Trading GmbH a right to vote participation of 79.5 % in the company

The positions marked with 1) stand in connection with the capital increase, which could not be registered yet due to a right controversy. Net assets are meanwhile blocked and The Fantastic Corporation can not handle them at the moment