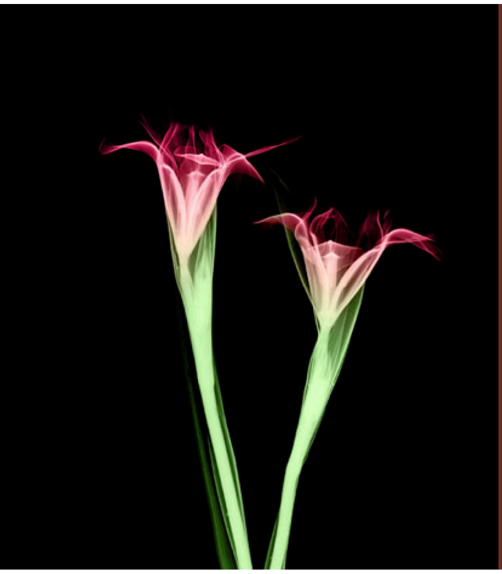

Corporate Equity Partners AG
Annual Report 2006

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 (USA) Inc.
c/o CFO Advisory Services
1302 Colins Boulevard
Richardson, Texas 75081
USA

The Fantastic (UK) LTD. (in Liquidation)
c/o Curry Clark Chartered Accountants
Herschel House
58 Herschel Street
Slough SL1 1PG
United Kingdom of Great Britain

The Fantastic Holding (UK) LTD. (in Liquidation)
c/o Curry Clark Chartered Accountants
Herschel House
58 Herschel Street
Slough SL1 1PG
United Kingdom of Great Britain

Legal Notes

Note on statements referring to the future

This Annual Report reflects the position of the Corporate Equity Partners AG Company as of December 31, 2006. Where possible, current developments are also reported. In the Annual Report, however, statements referring to the future are also contained, which refer to future events or future financial developments. Such statements referring to the future are denoted by terms such as “will“, “expected”, “could”, “estimates”, “plans”, „”intends”, “is of the opinion”, „”predicts” or similar terms. Statements referring to the future contain uncertainties, known and unknown risks and/or other factors on their own or in conjunction with others, therefore the actual financial position and/or events, services or similar of the Corporate Equity Partners AG may diverge from the situation expected directly or implicitly in statements related to the future. The possible divergences can also be of considerable extent.

Factors that influence the actual development of the company are e.g. market development, general economic trends in countries and segments in which the company is active, competition, gaining and/or loss of qualified personnel, fluctuations in currency exchange rates, changes in legal context or regulatory environment including tax laws, but also acts of terrorism, force majeure, acts of war, plagues, internal unrest etc. *

The company expressly warns investors against relying on statements relating to the future to a great extent. These only reflect the opinion of the management at the time of preparing this Annual Report. Corporate Equity Partners AG accepts no responsibility whatsoever for updating or checking these future-related statements.

Additionally, the transactions of the Corporate Equity Partners AG and their new strategic orientation carry numerous risks, which will be extensively outlined in the CP Prospectus for the authorization of newly issued shares on the regulated market of the Frankfurt Stock Market. The Company Report can be requested from the company after prior approval.

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* This listing contains only examples and is by no means complete.

Translation of German to English

This document is an unevaluated translation of the German version of the annual report and was performed by professionals for business translations without any legal adjuration. From this or any reason there could be differences between the German and English version that could change the meaning of this document. The Company or any other is not taking any liability for differences between the German and the English version and possible different interpretations of the content of the whole document. The main document we are referring to is the German version of the annual report 2006.

An Overview of the Company (in accordance with IFRS)

	Jan./01 – Dec./31/2006 000 USD	Jan./01 – Dec./31/2005 000 USD
Revenues	6	1
Gross profits from turnover	5	1
Operating Profit (EBIT)	-982	-1,630
Annual income	-603	-1,609

	000 USD	000 USD
Cash-Flow from business activities	-661	-1,371
Cash-Flow from investment activities	-318	-35
Cash-Flow from financing activities	5,476	-184
Increase in liquidity	4,814	-1,614
Liquidity at end of year	5,020	205

	as of Dec. 31, 2006 000 USD	as of Dec. 31, 2005 000 USD
Long-term assets (capital assets)	13	2,539
Short-term assets (liquid assets)	5,050	2,787
Short-term liabilities	216	588
Long-term liabilities	413	3,217
Equity Capital	4,434	1,521
Equity Ratio	87.6%	28.5 %
Total Assets	5,064	5,327

Remarks:
The report is presented in USD, because in its previous business activities, the Company accrued essential turnover in USD. However, as the essential consolidated active and passive assets primarily arise in CHF, these were converted from CHF into USD. The conversion was not made with a linear conversion rate between USD and CHF, but individually and related to the timing, which is why considerable differences may arise between the amounts quoted in USD 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.

Contents

Report from the Executive Board

Dear Shareholders and friends of the company,

The past fiscal year was influenced by a restructuring process and the setup of a implementation process of a new business model, which required the restructuring of the company, in particular the settlement of existing legal claims dating from the parent company, The Fantastic Corp. AG.

I. Restructuring
On August 24, 2006 the shareholders at the Annual Shareholder Meeting decided to accept the offer of a group of investors, a strategic realignment of the company to a Private Equity firm.

I.I Corporate Action
Within the scope of this restructuring process the implementation of various financial actions for the relief of negative equity in the balance sheet and injection of liquidity to the company have to be undertaken. With the resolution by the shareholders at the Annual Shareholder Meeting on August 24, 2006, the following corporate actions were undertaken by the end of the fiscal year:

1. **Reverse split of Shares 10:1**
   127,946,210 registered shares with a nominal value of CHF 0.03 were merged into 12,794,621 registered shares each with a nominal value of CHF 0.30.

2. **Reduction of Share Capital**
   By reducing the value of the registered shares from CHF 0.30 to CHF 0.01, the share capital of the company was reduced by CHF 3,710,440.09 and therefore the negative equity incurred through the company’s losses was partially removed.

3. **Increase in Share Capital through Capital Increase for Cash**
   By injecting cash the share capital could be increased by approx. CHF 6.88 Mio by issuing new registered shares, each with a nominal value of CHF 0.01. Liquidity at the same value was provided to the company and, after legal registration of the actions in the Companies Register of the Canton of Zug on November 22, 2006, the book equity capital of the company at the end of the fiscal year amounts to approx. USD 4.434 Mio.

The increase of cash capital was subscribed to the extent of approx. 70% by the group of investors by allocation of unexercised subscription rights and approx. 30% was performed by the existing shareholders of the company. The new shares issued during the cash capital increase are fully entitled to dividend for the 2006 fiscal year. The application for approval to trade on the German Stock Market is to be submitted during the course of 2007.

I.II Restructuring Requirements

The group investor's prerequisite for the restructuring offer was the resolution of current legal claims with Dr. DeMicco, Küng Rechtsanwälte and Verizon AG. For this reason, the Executive Board worked on the following cases before and immediately after the Annual Shareholder Meeting in 2006 and brought them to a successful conclusion for the company:

Settlement with Dr. DeMicco

Reversal of measures decided during the Annual Shareholder Meeting in 2005, which became insofar necessary, because on account of formal errors and defects, Dr. DeMicco could only provide the assets in kind incompletely and therefore the financial measures decided were to be regarded as abortive. As a result of this, the company, supported by legal consultation and a second opinion from a renowned Swiss legal professor, filed a forfeiture of shares proceeding against DeMicco and invited tenders for the invalid shares in a tender procedure. As a result of this, the company became engaged in 2 legal proceedings – namely the refusal by the Federal Companies Registration Board to register the increase in share capital in the Companies Register, as well as a legal challenge by Dr. DeMicco against the filed forfeiture of shares proceeding – which detracted from business transactions and became a significant threat to its survival.

After the Federal High Court of Switzerland confirmed refusal to register the capital increase by the Federal Companies Registration Board, the Executive Board declared the definite failure of the capital increase that had been resolved and settled the reversal of the capital increase and the agreement of assets in kind with Dr. De Micco. (The confidentiality clause agreed does not allow us to report details of the settlement).

The "blockade" situation was resolved in the interest of the company's continuation and was a prerequisite for the engagement of the group of investors. In return, both parties declared withdrawal from the pending legal claims, and the willingness to waive any further legal procedures that could arise in this context in the future. At the same time and in close collaboration with the UBS AG, the Executive Board began paying back the money paid in by the other shareholders. (For details refer to I.III).

Settlement with Küng Rechtsanwälte

A disagreement existed between the company and Küng Rechtsanwälte regarding the existence and amount of a fee claim resulting from actions taken by Küng Rechtsanwälte for the company. The parties agreed amicably (The confidentiality clause agreed does not allow us to report details of the settlement).

Settlement with VERIZON AG
The legal dispute with Verizon AG, which was based on a claim in 2003, could be amicably settled. (The confidentiality clause agreed does not allow us to report details of the settlement).

AHV Audit
During an audit of the Schweizer Alters- und Hinterlassenenversicherung for the years 2001 – 2005, potential liabilities amounting to substantial sums came to light., which were finally reconciled, after detailed inspection of records by the company, with a payment of CHF°10.000.

Liquidation of Subsidiaries
In order to unravel and considerably simplify the Company structure, the liquidation of existing subsidiaries, namely The Fantastic Corporation (UK) Limited und The Fantastic Holding (UK) Limited, was initiated. The company plans to bring the liquidation to conclusion after the legal objection deadlines in 2007 have lapsed.

The proceedings described above represent only an extract from various cases that had to be resolved during the restructuring activities.

I.III Additional Restructuring Measures
Halfway through the year 2006 – as determined during an interim audit on 06/30/2006 - in addition to all problems described above, the threat of inability to pay and insolvency materialized.

In order to maintain business operations and the already ongoing restructuring efforts, the Global Derivative Trading GmbH and Mr. Cristián Mantzke provided the company with a subordinate and interest-free bridging loan amounting to approx. CHF°300,000., which was reimbursed after legal registration of the above corporate actions in the Commercial Register and after ensuing successful restructuring of the company.

After unsuccessful capital increase by the Executive Board, the company addressed the repatriation of the capital increase in 2005. Towards the end of 2006 a legally compliant agreement was made with the company’s bank (UBS AG) on the steps to be taken regarding reversal of approximately 1,500 individual procedures and the René Brunner Treuhand AG was commissioned to undertake repayments. At the present, approx. 75% of funds paid in have been returned to the subscribers.

I.IV Restructuring results

The costs for restructuring, including settlement payments to opposing parties in legal proceedings, amount to an approx. total of USD 660,000, plus the running costs of company operations. The results of the successful restructuring measures are a company free of encumbrances, with a positive book share capital of approx. USD 4.4 Mio. and liquidity amounting to approx. USD 5 Mio. at the end of the fiscal year 2006.

I.V Post- Restructuring Phase – Occurrences after Closing Date

In the middle of 2006 and parallel to the restructuring activities, the Executive Board began to develop a sustainable new business model for the company in close cooperation with the designated group of investors, which the shareholders finally agreed on at the Annual Shareholder Meeting 2006.

By early 2007, the Executive Board was able to successfully conclude the final restructuring activities and began to convert the company into a "Multi-Strategy* " Private Equity company.

During the course of these actions, the last relicts of the The Fantastic Corporation, namely a Portfolio of 92 various technological patents, were sold through the subsidiary The Fantastic IP GmbH to Intellectual Ventures Inc., San Francisco (USA) for USD 398,119. Additional intellectual property rights, such as rights to word and image trademarks as well as internet domains (e.g. http://www.fantastic.com) remain property of the Company and adequate exploitation will be fostered at a suitable opportunity.

II. New Orientation

With renaming of The Fantastic Corporation AG to Corporate Equity Partners AG, a new era in the now 10-year history of the firm begins. We are exiting the field of broadband and software technology and giving the starting signal for establishment of a new type of Private Equity House.

On the one hand, the "Multi-Strategy" approach can allow investors' involvement in Private Equity with a possibly more advantageous degree of risk diversification. On the other hand, it can allow Private Equity Managers the expansion and diversification of their business under the roof of a listed financial Company as well as the reduction of costs by sharing resources with other group members.

The "Multi-Strategy" approach means that various instruments of the Private Equity investment area can be combined under one roof and therefore could represent a fairly complete chain of added value not only for investors, but also for enterprises looking for capital. The instruments mentioned above are Small Business/Venture, Buy Out/In (LBO, MBO, MBI), Mezzanine Capital, Distressed Asset/Debt, Secondary Buy Out and Private Equity Real Estate, just to name a few.

*) explanation of "Multi-Strategy" will be performed within chapter II. New Orientation

The implementation of the business model and establishment of a “Multi-Strategy“ Private Equity House can be carried out as a Buy & Build Model, through the acquisition of existing Private Equity Houses as well as the acceptance of successful management teams and setup of new Funds.

The implementation of the new business model can be expected to take 36 – 60 months.

III. Personnel

At the Annual Shareholder Meeting on August 24, 2006 Dr. DeMicco and Mr. Dominique Freymond did not stand for reselection to their positions as members of the Executive Board. Furthermore, both Board members have resigned their positions as Co-CEO’s. Mr. Cristián Mantzke was unanimously reselected for an additional year by the shareholders present.

As newcomers to the Executive Board, Mr. Roger Meier and Mr. Markus Gildner were selected for the duration of one year.

VI. Fees

The following fees were paid to the members of the Executive Board in the fiscal year:

From January 1, 2006 to August 23, 2006
Dominique Freymond: CHF 15,000
Cristián Mantzke: CHF 14,000

From August 24 to December 31, 2006
Cristián Mantzke: CHF 15,000
Dominique Freymond: CHF 15,000*

* During the fiscal year, Mr. Dominique Freymond received the aforementioned amount in his position as Managing Director of The Fantastic IP GmbH

V. Finances

The restructuring measures have left traces in the profit accounting and in the balance sheet. On the one hand, the extraordinary expenses lead to an annual deficit of USD 982,483 before tax , interest and extraordinary gains/ expenditures, but on the other hand the successfully implemented corporate actions provided the company a solid equity capital basis and the availability of liquidity amounting to USD 5,020,068 Mio. In 2006 the running costs of the company could be reduced to a minimum.

VI. Summary

With the actions implemented successfully and the available amount of liquidity, the Company has created an adequate basis for the restructuring of the Company to a Private Equity group. From 2007 onwards, the Corporate Equity Partners AG plans to establish and expand its position in the market for Private Equity Management in the German-speaking regions of Europe and to strengthen this position through acquisitions and setup of new Funds.

We would like to thank everyone - shareholders, business partners and friends of the company - for the work also performed in the fiscal year 2006 and for their trust in the Executive Board and the Company. In the future, we will continue to do everything we can justify your trust and make the shares of the Corporate Equity Partners AG a successful investment.

Zug, April 2007

Cristián Mantzke	Markus Gildner	Roger Meier
President of the Executive Board	Member of the Admin. Board	Member of the Admin. Board

The Company

Corporate Equity Partners AG – strategic realignment

As the strategic focus of the Corporate Equity Partners AG, establishment of an independent "Multi-Strategy" Private Equity House is planned. Corporate Equity Partners plans to be able to represent various investment classes of the Private Equity segment, thus possibly offering interested investors a higher degree of diversification.

The business model can be implemented by means of a "Buy & Build" strategy.

The "Multi-Strategy" approach means that various instruments of the Private Equity investment class are brought together under one roof and can therefore offer a relatively complete chain of added value not only for investors, but also for enterprises. The instruments mentioned above are for example Small Business/Venture, Buy Out/In (LBO, MBO, MBI), Mezzanine Capital, Distressed Asset/Debt, Secondary Buy Out und Private Equity Real Estate.

Within the scope of its acquisition strategy (Buy), the company aims to purchase the majority share of respective established Private Equity Houses. Integration into the group can offer numerous possible advantages for the Private Equity Houses, which can also have a positive effect on the financial situation for one, and for another, on the competencies of the individual houses.

Additionally, Corporate Equity Partners is planning to establish and expand business by issuing its own Fund products in the asset classes described above (Build).

The Corporate Equity Partners model can be expected to appeal to Private Equity managers whose concern is currently in the majority ownership of companies that regard Private Equity as a peripheral activity.

The employed managers aspire to become independent on the common Company structure and are looking for integration in a company network that defines Private Equity as its core competence and has anchored the readiness for expansion and diversification of the business as a core element in its business model.

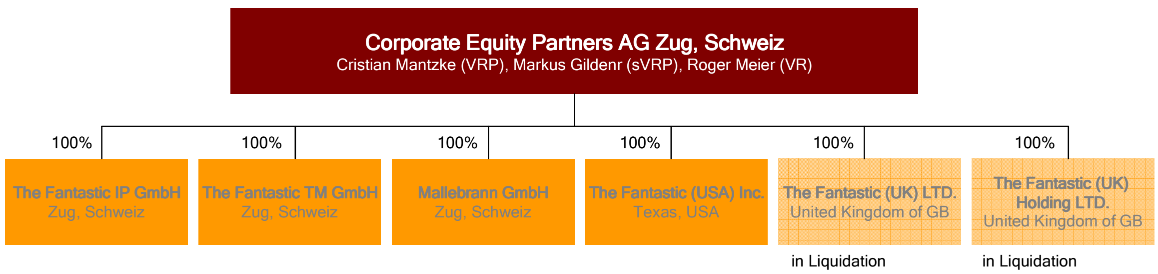
The Private Equity Houses taken over by Corporate Equity Partners may retain their independence and may enjoy a multiplicity of advantages of the Company network. Professionalism and partnership can lead to an increase in return appropriate to risk and an even better orientation towards the absolute performance important to the investor.

Company

Company Structure

At the end of the fiscal year 2006, the organization chart for the Corporate Equity Partners Company still shows relicts of previous business activities - not all subsidiaries could be liquidated or sold off by the end of the reporting period.

Organization chart for the Corporate Equity Partners Company as of 12/31/2006



The Fantastic IP GmbH, CH-Zug

During the reporting period The Fantastic IP GmbH was owner and vendor of a portfolio of 92 technology patents, which had been acquired from The Fantastic Corporation AG, CH-Zug (now Corporate Equity Partners AG) in the fiscal year 2005 for a sum of CHF 92.– plus debtor warrant bond for the event of these being sold on. The Corporate Equity Partners AG (formerly The Fantastic Corporation AG) consulted The Fantastic IP GmbH during the sales process of the patent portfolio.

The Fantastic TM GmbH, CH-Zug

During the reporting period The Fantastic TM GmbH was owner of numerous national and international trademark rights, such as Fantastic, The Fantastic Corporation for the relevant classes 09, 35, 38, 41, 42.

Mallebrann GmbH, CH-Zug

During the reporting period The Mallebrann GmbH was owner of the founder rights in the Immobilien Tradolio Establishment, Vaduz, institute in the sense of Article 534 ff. of the Liechtenstein Person and Company Act (which owns the following properties as essential assets: Property in Puerto de Antratx in Mallorca (SP), Calle Pi 24, La Mola,), which corresponds to the investment in kind made by Dr. DeMicco during the corporate actions resolved in 2005. During the settlement, the investment was returned to Dr. De Micco.

The Fantastic (USA) Inc, USA

Independent foreign branch of the former Fantastic Corporation AG.

The Fantastic (UK) LTD. United Kingdom of Great Britain

Independent foreign branch of the former Fantastic Corporation AG, which is in liquidation.

The Fantastic Holding (UK) LTD. United Kingdom of Great Britain
Independent foreign branch of the former The Fantastic Corporation AG, which is in liquidation.

Company

Executive Board and Management as of 12/31/2006

Cristián Mantzke
President of the Executive Board

Membership in Company and Supervisory committees:

The Fantastic IP GmbH, CH-Zug	Managing Director
The Fantastic IP GmbH, CH-Zug	Managing Director
Mallebrann GmbH, CH-Zug	Managing Director
Global Venture Partners GmbH, CH-Zug	Managing Director
CMB Real Estate GmbH, D-Frankfurt	Managing Director

Markus Gildner
Deputy President of Executive Board

Membership in Company and Supervisory committees:
None

Roger Meier
Member of Executive Board

Membership in Company and Supervisory committees:

Adastra AG, CH-Freienbach,	Member of Executive Board
ETWeb Software AG, CH-Solothurn	Member of Executive Board
ExecuTRACK Software AG, CH-Solothurn	Member of Executive Board

Employees

The company employed no members of staff during the 2006 reporting period.

Information on the Share

The Corporate Equity Partners AG is an incorporated company in Switzerland, registered in the Canton of Zug in accordance with Swiss law, with Titles listed as Prime Standard on the Regulated Market of the Frankfurt Stock Market. The Company is therefore subject to the regulations of the Swiss Code of Obligation, the German Stock Trading Act and the German Stock Market Act [Schweizer Obligationenrechts, Deutschen Wertpapierhandelsgesetzes, Deutschen Börsengesetzes).

Securities Identification no.	A0LBL3
ISIN	CH0027195616
Code	FAN1
Trading centers	Frankfurt, Xetra
Authorized Segment	Prime Standard / Regulated Market
Designated Sponsor	Equinet AG, Frankfurt Concord Effekten AG, Frankfurt

Outstanding Shares of Corporate Equity Partners AG

Id. No.	ISIN	Listing	Quantity
A0LBL3	CH0027195616	Prime Standard	12,794,621
A0LCRT	CH0027617312	Not authorized	688,843,807
		Total:	**701,638,428**

Investor Relations

In the course of the strategic reorientation, Corporate Equity Partners AG will try to place special value on the investor relations work. Continuous, prompt and transparent shareholders' information is just as important during this process as the permanent contact to representatives of institutional investors and the Press. Together, this contributes significantly to the successful performance of the measures and thus, to the rating of a Company on the stock market.

In the future, the Executive Board of Corporate Equity Partners therefore plans to present the Company to investors on a regular basis and will be available to elucidate the Company, its results and its strategy to investors or fund managers.

To improve communication with shareholders, Capital Market participants and analysts, representatives of the company were already available at all times in 2006 - Queries were able to be answered immediately or within acceptable time frames.

Aside from the possible contact by telephone, the Corporate Equity Partners AG internet presence (http://www.corporate-equity.com) is of course available for calling up the latest information, under the menu items "Spotlight" or "AdHoc" on the starting page and under "Investor Relations".

In 2007 we are also planning to work on even better and more transparent method of communication with our shareholders and Capital Market participants. The investor relations work can also be directed towards English speaking investors, apart from German and Swiss shareholders.

For Shareholder Queries:
Telephone: +41 (44) 350 2280
Fax: +41 (44) 350 2282
E-Mail: info@corporate-equity.com

Corporate Calendar

Annual Shareholder Meeting 2007	April 24, 2007
Interim Report 2007	End of August 2007
Annual Report 2006	April 3, 2007

Shareholding Structure

Significant individual shareholders that were known to the company on the call date 12/31/2006 and have exceeded the threshold of 3% of the share capital. The free flow amounts to 38.04% on the call date of 12/31/2006.

Global Derivative Trading GmbH	43.51%
Alliance Growth Foundation LTD.	9.97%
Cristián Mantzke	8.48%

Management Discussion and Analysis

Outline

Corporate Equity Partners AG is a company registered in Switzerland and listed on the regulated market/Prime Standard of the Frankfurt Stock Market. On December 31, 2006, the company has direct subsidiaries and shareholding involvement in Switzerland, Great Britain and in the USA. The administration of the Company is based in Zug (Switzerland). The operative business of the Company, which has been inactive in the last few years, will be undertaken by the core company Corporate Equity Partners AG. Operative business of the subsidiaries were exclusively restricted to the ownership of immaterial rights, such as trademarks and patents, as well as real estate and properties in the reporting year; or are, as in the case of The Fantastic Corporation Inc. USA, The Fantastic (UK) LTD. and The Fantastic Holding (UK) LTD., inactive foreign subsidiary companies that are partly in liquidation or whose liquidation or sale is intended.

After withdrawing from all operative activities in the fields of special software in the year 2003 and after successful restructuring during the 2006 fiscal year, the Company will concentrate exclusively on financial services in the segment of Private Equity. Previous business activities in the field of special software only have a marginal impact upon the Company's financial statement for 2006 through the realization of license proceeds amounting to approx, USD 5,964. As of December 31, 2006 the portfolio with 92 technology patents was sold, which equaled to extraordinary gains amounting to USD 398,119.

The new Financial Services business activity in the field of Private Equity is yet being established and achieved no turnover in 2006.

The planned strategic focus of the Corporate Equity Partners AG is on establishment of an independent "Multi-Strategy"Private Equity House. Corporate Equity Partners plans, to be able to represent various investment classes of the Private Equity segment, thus, to possibly be able to offer interested investors a higher degree of diversification.

The business model can be implemented with a "Buy & Build" strategy.

The "Multi-Strategy" approach means that various instruments of the Private Equity investment class are brought together under one roof and can therefore offer a relatively complete chain of added value not only for investors, but also for enterprises. The instruments mentioned above are for example Small Business/Venture, Buy Out/In (LBO, MBO, MBI), Mezzanine Capital, Distressed Asset/Debt, Secondary Buy Out und Private Equity Real Estate.

Within the scope of the acquisitions strategy (Buy), the company aims for the majority purchase of respective established Private Equity Houses Through the integration into the group, numerous advantages can accrue to the Private Equity Houses, which on the one hand can have a positive effect on the financial situation and on the other hand extend the range of competence of the individual Houses.

Additionally, Corporate Equity Partners is planning to establish and expand the business by issuing new Fund products in the asset classes described above (Build).

The Company employed no members of staff during the reporting period. Only individual members of the Executive Board had an organizational function as managers of various subsidiaries.

In the 2006 accounting period non-payment was not relevant for Corporate Equity Partners. Corporate Equity Partners issued 688,843,807 new registered shares in 2006. In total Corporate Equity Partners AG accrued cash amounting to USD 5,476,632 as a result of financing measures.

Changes in the Shareholding Circle
There were no changes in the shareholding circle during the fiscal year.

Currencies
In the 2006 fiscal year, all turnovers from license income were paid in USD. Extraordinary income from the sale of the patent portfolio was also realized in USD. Charges and company assets were mostly balanced in Swiss Franc and converted into USD at the rate valid at balance call date for this annual report.

Rate fluctuations of the Swiss Franc against the USD, in which the Corporate Equity Partners Company prepares its annual accounts, can positively or negatively affect the turnover and results of the Corporate Equity Partners Company.

The Corporate Equity Partners group undertook no exchange rate hedging business in the 2006 fiscal year. The Company is also undertaking no exchange rate hedging business at this time either. The Executive Board expects that, particularly through the planned Private Equity activities of the Company in the future, turnover in Euro, in US-Dollars und British Pounds will be transacted. Apart from the Swiss Franc, then, currency fluctuations of the US Dollar and of the British Pound against the Euro can again have an effect on the turnover and the results of the Company.

Accounting Regulations
The consolidated financial statements of the Corporate Equity Partners AG are prepared in accordance with the International Financial Reporting Standards (IFRS). The subsidiaries of the Company abide by the accounting regulations applicable in their respective country of domicile.

The corresponding accounts of the subsidiary companies are adjusted to the provisions of the IFRS for the preparation of the Company's accounts. The consolidated accounts have been checked in accordance with its commission by Testor Treuhand Zurich, Zurich (Switzerland).

Reporting Year
The company's reporting year is the period from January 1, 2006 to December 31, 2006.

Turnover
As a result of restructuring position of the company in the reporting year, the Company accrued only marginal turnover of USD 5.964 (fiscal year 2005: USD 1.844). The turnover was achieved exclusively in the USA. The currency employed in the Corporate Equity Partners AG annual accounts is the USD.

Gross profit
The gross profit, is the revenues minus the cost of sales, amounted in the reporting year to USD 5,118 after achieved USD 1,844 in the fiscal year 2005.

Research and Development
No costs for research and development accrued in the 2006 reporting year.

Sales and Marketing
No costs for marketing and sales accrued in the 2006 reporting year.

Depreciation / Writing-off
A total amounting to USD 40,303. (fiscal year 2005: 17,760) was written off.

General Administration Costs
The general administration costs dropped significantly in the fiscal year 2006 and reached USD 947,298 (fiscal year 2005: USD 1,614,241). This equals a drop of 41%. The general administration costs were essentially expended for the restructuring activities and initiation of the reorientation towards Private Equity business. Essential cost items recorded in the general administrative costs are personnel costs (only fees for the members of the Executive Board as stated above under chapter "Report from the Executive Board" IV. Fees), overheads and costs for financing, IT, personnel administration and legal, auditing and consultancy fees.

Extraordinary income / expenses
In 2006 the profit and loss account of the Company identifies extraordinary income amounting to USD 398'119. The extraordinary expenses of USD -53'140 were in context with the extraordinary income with some exceptions e.g. one-off payment to the AHV (Alters- und Hinterbliebenenversicherung). In fiscal year 2005 extraordinary expenses were USD -9,320 without having any extraordinary income. The other proceeds result primarily from the patent portfolio sales in November 2006.

Operating result and annual surplus
In comparision to the fiscal year 2005 the annual loss of the company was reduced by a 62.5% to a USD -603,467 (fiscal year 2005: -1,609,279). Despite of significant restructuring expenses background of these improvement of operating result was a significant reduction of the costs and other proceeds from the sale of the patent portfolio.

Book cash and funds, Cash flow
In the reporting year the operative Cash Flow (cash flow from current business activities) amounted to USD -661,742 negative (fiscal year 2005: USD -1,371,897).

The Cash Flow from investment activities amounted to USD -318 (fiscal year 2005: USD -35,842)

In the fiscal year 2006, positive Cash Flow from financing activities was amounted to USD 5,476,632 (fiscal year 2005: USD -184,365). Reason for such high Cash Flow from financing activities was income from issue of shares (USD 5,476,632).

The liquid capital of the Corporate Equity Partners Company increased thereby from USD 205,496 at the beginning of the fiscal year to USD 5,020,068 on December 31, 2006. Compared to December 31, 2005, liquid capital increased by a factor of 24.4.

Assets, Balance Sheet Total
In comparison to the balance sheet total of the Corporate Equity Partners Company at the accounting deadline in the preceding year, the balance sheet total dropped marginally by USD 263,508 (-4.9%) to USD 5,064,115.

In this regard, in particular short-term assets (liquidity) resulting from the successful issue of shares increased by USD 4,814,572 from USD 205,496 to USD 5,020,068.

Against this, the long-term assets (fixed assets) dropped overall by USD –2'526’802 to USD 13,131, as a result of return of investments in kind that have already been made during the corporate action determined in 2005 and alas claimed as failed.

Equity Capital, Liabilities (Debts)
As of December 31, 2006 the equity capital of the Corporate Equity Partners Company amounted to USD 4,434,552 (December 31, 2005: USD 1,521,497).The ratio of equity to assets, which was still 28% in the fiscal year 2005, has improved substantially to now 87.6%.

Reason for this increase in the proportion of equity capital was primarily the accrual of proceeds from issue of shares.

The Company's short-term debts amount to USD 216,289. This corresponds to a decrease of 63.3%. The proportion of short-term debts in the balance sheet per 31st of December 2006 amounts to 4.3%.

As of December 31, 2006 long-term debts amounted to USD 413,274, which exist only from reserves made for claims arising from the federal tax board (VAT).
The proportion of long-term debts in the balance sheet amounts to 8.2%.

Developments since the end of the fiscal year
Corporate Equity Partners AG was also able to successfully continue the efforts of re-orientation of the Company in the current fiscal year. In March 2007 Corporate Equity Partners initiated the process of Stock Market authorization and preparation of the prospectus for the outstanding company shares that are however not yet authorized for trading on the Stock Market. These are to be listed in the future on the Regulated Market/Prime Standard of the Frankfurt Stock Market.

Current Position of the Corporate Equity Partners Company
During the current fiscal year 2007, the Company is progressing according to the expectations of the management. Restructuring efforts have been successfully concluded. The refinement of the concept for establishing a Private Equity House is making great progress and the company is planning to implement these with the professional support of an internationally active M&A consultancy company.

The current fiscal year 2007 will be marked again mainly by the creating of structures that enable successful establishment of the business and fulfillment of the business objectives within the next 36 – 60 months.

In addition, Corporate Equity Partners will intensify the publicity work and investor relations linear to the development of the business, in order to create a positive image on the market for the Company and its shares.

Risks

The risk profile of the Corporate Equity Partners Company has significantly changed in the 2006 fiscal year. Whereas at the beginning of year, it was a Company that was involved with ongoing legal proceedings and in the middle of the year was threatened by accounting insolvency and inability to pay, the position and the corresponding risk profile has consequently improved significantly at the end of the year by succesfull issue of shares and settlement of all claims and legal activities against the company.

The establishment of the Private Equity business, however, carries additional risks for Corporate Equity Partners. The acquisition and integration of established Private Equity Houses and the initiation of its own Funds carries risks that arise for example through planned profit sharing (the so called "Carry") from the administration of Private Equity Funds does not accrue at the time or to the extent planned and thus, the proceeds of the Private Equity Houses capable of consolidation and belonging to the Corporate Equity Partners Company do not cover the costs.

The strategic orientation of the Corporate Equity Partners Company towards Private Equity also makes the group to a greater extent dependent on the development of the (international) financial markets. It can therefore not be excluded that Corporate Equity Partners does not succeed in acquiring promising Private Equity Houses or to place new Funds and to capitalize with investor money in order to accrue continuous income that covers the costs of the Company on a middle and long-term basis.

Additionally, Corporate Equity Partners can take advantage of opportune chances on the capital market in order to deploy the company funds profitably and accrue short-term proceeds for the Corporate Equity Partners Company. This can end up with non inconsiderable risks for the company. In certain cases, this can lead to a total loss of the capital deployed.

The continued existence of the Corporate Equity Partners Company can therefore also possibly be dependent upon the materialization of further financing measures in the future. As a result of the aforementioned risks and other, unpredicted factors or short-term, repeated unpredicted risks, the results of the Corporate Equity Partners Company can be considerably burdened. In future considerable losses can occur through this, which can negatively influence the share price of the company and / or permanently limit the possibilities of continuing financing of the Corporate Equity Partners Company.

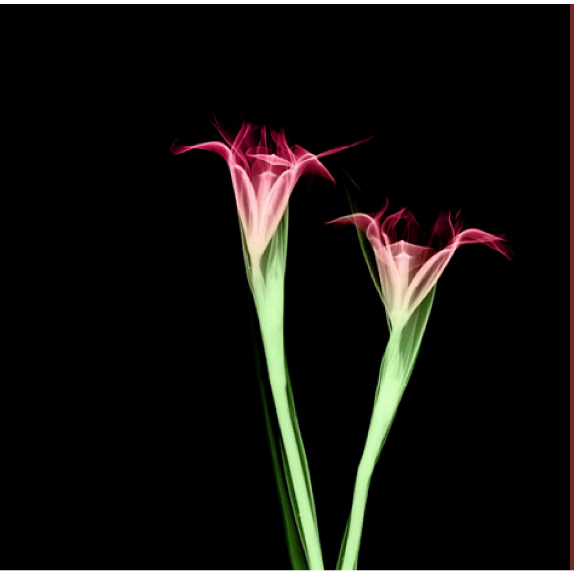
In addition to this the Company faces acquisition risks - . In general, the purchase of company shares, e.g. from mainstream Private Equity Houses is subject to high risks, which cannot be completely excluded, despite careful checking of the objects within the scope of Corporate Due Diligence,. Such risks can result e.g. from previous business of these companies and can include unforeseeable (financial) liabilities. It can therefore not be ensured that the prices paid for the Company do correspond to their actual value and that no (subsequent) write-offs of these investments become necessary. Losses arising from the valuation of shareholdings can furthermore also be caused by changes in the accounting regulations applicable.

Furthermore, every action orientated towards the future is based upon specific expectations concerning future conditions and circumstances. There is however no guarantee that that these expectations will also actually be met. This risk can lead to gravely mistaken decisions made by the management. In connection with the risks of future development, express reference is made to the “Legal Notes - Note on statements referring to the future“at the beginning of this Annual Report.

Zug, April 2007
Corporate Equity Partners AG

Cristián Mantzke	Markus Gildner	Roger Meier
President of Executive Board	Member of Executive Board	Member of Executive Board

Consolidated Accounts of Corporate Equity Partners AG
and Subsidiaries



as of December 31, 2006

incl. Settlement Periods and Attachment Data

including Accountant's Certificate

Auditor's Certificate

To the Executive Board of Corporate Equity Partners AG

We have audited the consolidated accounts prepared by Corporate Equity Partners AG, Zug, Switzerland – comprising balance, profit and loss account, capital account, equity change account and attachment – for the fiscal year from January 1 to. December 31, 2006. The preparation of the accounts according to the International Financial Reporting Standards (IFRS) is the responsibility of the Executive Board of the company. Our task is to make a judgment on the basis of the audit of the consolidated accounts undertaken by us. The consolidated accounts of Corporate Equity Partners AG, Zug, Switzerland, for the fiscal year from January 1 to December 31, 2005 were also audited by us and provided with an unlimited certificate.

We have undertaken our audit of the consolidated accounts in accordance with the international auditing standards. Accordingly, the audit is to be planned and implemented such that falsity and offences that significantly affect the representation of the picture conveyed of the capital, financial and profitability status by the accounts according to the IFRS are identified with sufficient certainty. In defining the auditing procedures, the knowledge of the business activities and of the economic and legal circumstances of the Company and expectations of possible mistakes are taken into consideration.

During the audit, the effectiveness of the internal control systems related to accounting, as well as proof for the data in the consolidated accounts, are judged predominantly on the basis of random spot checks. The audit encompasses the judgment of the annual accounts of the firms incorporated into the consolidated accounts, the amortization of the consolidation circle, the accounting and consolidation principles applied and the essential judgments of the management as well as the appraisal of the overall representation of the consolidated accounts. We are of the opinion that our audit provides a sufficiently certain basis for our judgment. Our audit has not led to any objections. In our judgment, on the basis of the knowledge gained during the audit, the consolidated accounts of Corporate Equity Partners AG, Zug, Switzerland, correspond to the IFRS and considering these regulations convey a picture that corresponds with the actual circumstances of the capital, financial and profitability status of the Company.

Zurich, March 19, 2007
Testor Treuhand Zurich

CEP CORPORATE EQUITY PARTNERS AG

Consolidated Accounts

Active Assets

	31.12.2006	31.12.2005
Short-term assets (floating assets)	USD	USD
Fluid funds	5,020,068	205,496
Client cash account in favor of The Fantastic Corporation	0	319,158
Capital payment account	0	1,960,110
Remaining third party claims	2,444	96,111
Remaining imminent claims	0	29,931
Active accruals and deferrals	28,472	176,884
Total short-term assets	***5,050,984***	***2,787,690***
Long-term assets (investment capital)		
Fixed Assets		
Remaining fixed assets	1	1
Real Estate (held by an institute)	0	2,504,087
Immaterial Assets		
Rights and Licenses	319	1
Remaining immaterial assets	12,811	35,844
Total long-term assets	***13,131***	***2,539,933***
TOTAL ASSETS	**5,064,115**	**5,327,623**

CEP CORPORATE EQUITY PARTNERS AG

Liabilities

	31.12.2006	31.12.2005
Short-term loan capital	USD	USD
Liabilities from Deliveries and Services to		
Third Parties	159,771	176,759
Remaining Liabilities to Third Parties	16,600	0
Passive accruals and deferrals	39,918	411,888
Total Short-term loan capital	***216,289***	***588,647***
Long-term loan capital		
Mortgages	0	499,826
Property Reserves	0	2,004,261
Client money account reserves	0	319,158
Remaining reserves	413,274	394,234
Total long-term loan capital	***413,274***	***3,217,479***
Equity Capital		
Share Capital (701'638'428 shares at a value of CHF 0.01)	5,589,252	2,916,790
Capital payment account	0	1,960,110
Goodwill	31,862	15,197
Accounting Loss:		
- Loss carried forward	-583,095	-1,761,323
- Annual Loss	-603,467	-1,609,277
Total Equity Capital	***4,434,552***	***1,521,497***
TOTAL LIABILITIES	5,064,115	5,327,623

Company Profit and Loss Statement

	1. Jan - 31.Dec 2006	1.Jan - 31.Dec 2005
	USD	USD
Revenues	5,964	1,844
cost of sales	-846	0
Gross Profit	***5,118***	***1,844***
Depreciation	-40,303	-17,760
Maintenance costs	-947,298	-1,614,241
Opeating Results	***-982,483***	***-1,630,157***
Financial Results	5.011	-179
Operating Results before tax	***-977,472***	***-1,630,336***
Tax	29,026	30,377
extraordinary income	398,119	0
extraordinary expenses	-53,140	-9,320
ANNUAL LOSS	**-603,467**	**-1,609,279**

CEP CORPORATE EQUITY PARTNERS AG

Company Cash Flow Statement

	2006	2005
Cash-Flow from operating activities:	USD	USD
Annual Loss	-603,467	-1,609,277
Überleitung von Jahresfehlbetrag zum Mittelabfluss		
aus laufender Geschäftstätigkeit:		
Depreciation	40,303	17,760
Disolution of reserves	19,040	0
Decrease of short-term claims	106,328	-53,227
Decrease /increase of remaining floating assets	148,412	-188,824
Decrease /increase of short-term loans	-372,358	461,671
Flow of funds from operational activities	***-661,742***	***-1,371,897***
Cash-Flow from investing activities:		
Purchase of immaterial investments	-318	-35,842
Flow of funds from investment activities	***-318***	***-35,842***
Cash-Flow from financing activities:		
Income of issue of new shares	5,476,632	-184,365
Flow of funds from financing activities	***5,476,632***	***-184,365***
Conversion differences	0	-22,630
Increase/decrease of fluid and operational funds	4,814,572	-1,614,734
Fluid and operational funds at start of fiscal year	205,496	1,820,230
Fluid and operational funds at end of fiscal year	5,020,068	205,496

Development of Consolidated Equity Capital

	2006	2005
	USD	USD
Equity capital as of Jan. 1st of fiscal year	1,521,497	1,355,029
Change in capital	3,516,522	1,775,745
Annual result	-603,467	-1,609,277
Equity capital as of 31st of Dec. of fiscal year	***4,434,552***	***1,521,497***

CEP CORPORATE EQUITY PARTNERS AG

Discussion of Consolidated Accounts

1. Business activity
With consideration given to the restructuring and reorientation measures described above, the Corporate Equity Partners AG and subsidiaries (the "Company") was not operatively active in the 2006 fiscal year. With the exception of marginal turnover from license proceeds amounting to approx. USD 5,964 and an extraordinary income amounting to USD 398,119 from the sales of a portfolio of 92 technology patents to Intellectual Ventures Inc., San Francisco (USA), the Company accrued no turnover from normal business activity.

The consolidated companies in the 2006 fiscal year are as follows:

Corporate Equity Partners AG	Switzerland	100%
The Fantastic IP GmbH	Switzerland	100%
The Fantastic TM GmbH	Switzerland	100%
Mallebrann GmbH	Switzerland	100%
The Fantastic Corporation Inc.	USA	100%
The Fantastic (UK) LTD.*	GB	100%
The Fantastic Holding (UK) LTD.*	GB	100%

* in Liquidation

2. Essential valuation and accounting methods

Preparation of the consolidated accounts
The consolidated accounts of the Company include the annual accounts of the Corporate Equity Partners AG as well as all subsidiaries owned to 100%. These consolidated accounts were prepared in accordance with the generally recognized principles of accounting of the IFRS (International Financial Reporting Standards, formerly IAS, International Accounting Standards). The report is presented in USD, because in its previous business activities, the Company accrued essential turnover in USD. However, as the essential consolidated active and passive assets primarily arise in CHF, these were converted from CHF into USD. The conversion was not made with a linear conversion rate between USD and CHF, but individually and related to the timing, which is why considerable differences may arise between the amounts quoted in USD and in CHF.

Use of estimates
The preparation of the consolidated accounts in accordance with the principles of orderly 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 explanations. The actual results can diverge from the estimates and assumptions made.

Realization of sale
Sales are achieved through delivery and acceptance of the services by the customer.

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

Stock
Finished products can be taken into account of purchase costs, with regards to the principle of lowest value. The acquisition costs are determined in accordance with IAS 2 using the FIFO method.

Provisions
Provisions are all present liabilities for which time and value cannot be conclusively judged and for which the initial intention lies in the past.
The management has estimated the value and likelihood of such occurrence to its best knowledge, in particular with reference to possible additional claims from the Federal tax administration (VAT) and has set aside appropriate provisions.

Total amount of assigned or ceded active assets under reservation of ownership for security of own liabilities:
None.

Total amount of unaccounted leasing liabilities
None.

Fixed assets insured against fire
None.

Claims and liabilities with regard to associated persons and firms
At the end of 2006 there are no liabilities with regard to associated persons and firms.

Financial assets with regard to associated persons
At the end of 2006 there are no financial assets with regard to associated persons.

Provision liabilities
Corporate Equity Partners AG employed no staff requiring social insurance

Events after accounting deadline
Dating from the active time of "The Fantastic Corp. AG", there remains uncertainty in respect of value-added-tax. Negotiations and investigations are in progress. The Executive Board is of the opinion that the existing reserves set aside for this are sufficiently highly endowed.

Fixed Assets
The items of the tangible fixed assets are in accordance with IAS 16 attributed to acquisition costs or lower productions costs. Maintenance, repair and renovation expenses are recorded as allowed expenses, whilst essential accruals to the fixed assets are activated. 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 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.

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 it is refrained from recording and accounting of the time differences, as the realization of such amounts cannot be determined with sufficient certainty.

Credit risks
Financing instruments that possibly pose a considerable risk to the company refer essentially to liquidity as well as claims arising from deliveries and services. The company has cash investments at various credit institutions. The company attempts to keep the risk of dependence upon one single credit institute as small as possible. In the reporting period the company utilized no financing instruments requiring announcement of data according to IAS 32.

Market value of financing instruments
The book value of financing instruments such as liquidity as well as claims and liabilities corresponds on account of the short-term maturity of these instruments essentially to the market value.

3. Legal Claims
The company and its associated firms were in the reporting period 2006 party to several court proceedings and legal claims, which essentially concerned former liabilities from the previous year and actions in connection with the failed corporate actions in 2005. All pending court and legal proceedings were resolved amicably in the 2006 reporting period.

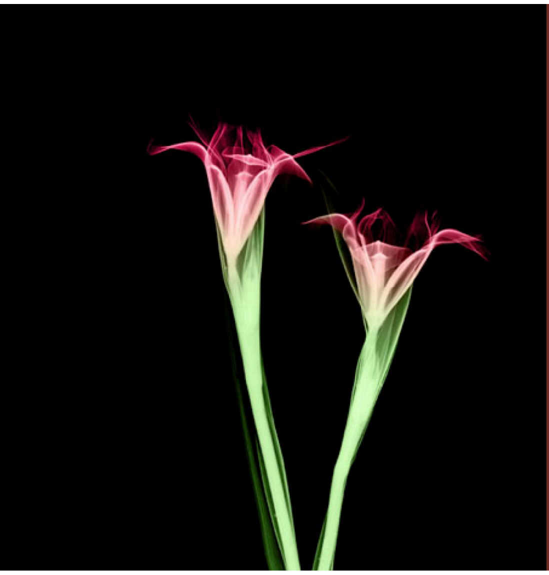
4. Data regarding associated persons
In accordance with IAS 24, relationships and business transactions with economically associated firms and natural persons must be declared, since their relationship can have an affect upon the asset, financial and income position of the firm.
In the reporting period, no transactions requiring notification were undertaken.

5. Corporate action in the fiscal year 2006
Within the scope of the corporate actions resolved by the shareholders at the Annual Shareholder Meeting on August 23, 2006, 127,946,210 registered shares at a nominal value of CHF 0.03 each were initially merged into 12,794,621 registered shares with a nominal value of CHF 0.30 each.

What followed was the reduction of the nominal value of each registered share from CHF 0.30 to CHF 0.01 - in doing so the share capital of the company was reduced by a total amount of CHF 3'710'440.09, thus, partially eliminating negative equity which arose from losses of the company.

As a result of capital increase for cash, additional 688,843,807 registered shares were issued with a nominal value of CHF 0.01, which are currently not authorized for trading on the German Stock Market. The company accrued liquidity amounting to approx. USD 5,476,632.

Imprint



Publisher:
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