



Shareholder Letter

Chairman's Statement

Dear shareholder

Review of the business year 2010

2010 saw some positive news for the ProgressNow! portfolio companies. The main investment, Velico Medical, closed a non-dilutive structured financing giving it the funds necessary to be able to complete the proof-of-concept study for Spray Dried Plasma. Despite the difficult environment the company was also able to present and be included in the US Senate's application list of appropriation awards. In addition the development of the refrigerated platelet product with Brigham and Women's Hospital was continued despite limited capital.

Cadent Holdings continued the positive trend of increased revenues into 2010. As well as the agreement with DEKA Laser Technologies, whereby Cadent will serve as exclusive partner for DEKA's Laser Practicum, Cadent was also able to conclude cooperation agreements with two renowned dental training centres.

Hansen Medical again successfully closed a public offering, raising a net amount of USD 29.8 million. A gain of USD 10 million was also made on the settlement of litigation with Luna Innovations, Inc. However, despite the successful introduction of new products and a joint development and cooperation agreement with Siemens Healthcare, the negative share price development could not be stopped. The various lawsuits filed against the company following restatement of its financial statements, and an SEC investigation, continued to depress the Hansen share price.

Despite the loss of its Mk3PC wave energy device in extreme weather conditions in May, Oceanlinx was able to continue and complete the full scale design of the Mk3 shallow water and deep water units. The company was also featured in "Climate Action", the official publication of the COP16 Climate Change Meeting in Cancun. The article highlighted Oceanlinx's wave energy project in Baja California which is being developed in collaboration with Mexico's Comision Federal del Electricidad.

Enablearning continued to feel the substantial pressure on prices in the US education market, and two distribution and marketing partners cancelled agreements. Sales in the K-12 segment, however, remain steady.

Unfortunately the turbulence on the world's foreign exchanges, in particular the weakening of the US Dollar against the Swiss Franc, had a negative impact on the the ProgressNow! portfolio, and is the main reason for the negative operating results.

Outlook for 2011

At Velico Medical, our largest investment, the conclusion of a solid institutional financing round has priority. Should this occur then the launch of some products can be expected in 2012. We also anticipate further progress at the other portfolio companies, and continue to believe that, even in times of uncertainty in the financial markets, the focus will be on sustainability.

A detailed description of developments at each portfolio company in 2010 as well as the outlook for 2011 can be found as usual on the following pages of this shareholder letter as well as in the annual report which can be read on the company's Web site at www.progressnow.com under "Annual Reports".

Annual General meeting 2011

The Board of Directors consider all options that are in the interest of shareholders and again proposes the continuation of business in 2011 without restructuring measures.

Restructuring measures re capital loss according to article 725 §1 CO

The decline in value of the US Dollar versus the Swiss Franc, together with operating expenses, contributed to a further capital loss for the company, so that half the share capital and statutory reserves of ProgressNow! invest AG are again no longer covered. Since the company has no significant debts, and enough cash reserves and easily realisable securities to cover all costs in 2011, an over-indebtedness of ProgressNow! invest AG is highly unlikely. The only measure that would benefit the company in this situation would be a capital increase, which would not be in the interests of shareholders in the current market environment. A capital reduction, the only restructuring measure currently possible, would not benefit the company since it would not result in any new funds being made available; on the contrary substantial additional administrative costs would be incurred. The board of directors therefore proposes to continue the business operations of ProgressNow! invest AG in 2011 without restructuring.

Re-election to the board of directors

At this year's annual general meeting I will stand for re-election for the usual period of three years. The Board of Directors will thus continue to be limited to three members.

I am aware that 2010 was again not a particularly satisfactory year for shareholders. The board of directors and management, however, take every opportunity to maximise the value of our company and to keep costs at a low level. The company is debt free and has adequate liquidity.

I would like to thank you for your trust and confidence, and extend these thanks to my fellow board members and management for their untiring efforts in the interest of our company. Please be assured that we feel under an obligation to do our best for all shareholders. As large shareholders ourselves, our interests correspond with yours.

Dr. Robert Straub
Chairman of the Board

Portfolio

		31.12.2010			31.12.2009			
Marketable securities	Type of investment	Currency	Number	Valuation	Total Fair Value in CHF	Number	Valuation	Total Fair Value in CHF
Healthcare								
Hansen Medical, Inc	Shares	USD	63'011	1.49	87'511	63'011	3.03	197'357
Total per balance sheet					87'511			197'357
		31.12.2010			31.12.2009			
Private equity investments	Type of investment	Currency	Anzahl	Bewertung	Total Fair Value in CHF	Anzahl	Bewertung	Total Fair Value in CHF
Healthcare								
Cadent Holdings, Inc	Shares	USD	336'372	4.29	1'346'122	336'372	4.29	1'492'851
	Options	USD	637	3.97	2'359	637	3.97	2'616
Velico Medical, Inc	Shares	USD	9'906'585	1.00	9'233'928	9'906'585	1.00	10'240'437
Energy								
Oceanlinx Ltd	Shares	AUD	348'179	0.35	116'428	348'179	0.35	113'296
Education								
Enableaming, Inc	Shares	USD	1'452'905	0.00	0	1'452'905	0.00	0
Total per balance sheet					10'698'837			11'849'200
Total portfolio					10'786'348			12'046'557

Investments: developments in 2010 and outlook for 2011

<i>Company</i> Cadent Holdings, Inc Carlstadt NJ, USA	Full year 2009 results showed a 22% increase in revenues compared to the previous year, and this positive trend continued in 2010.
<i>Sector</i> Healthcare	Cadent announced an agreement with DEKA Laser Technologies in February whereby it will serve as exclusive digital impression partner for DEKA's Laser Practicum. Under the agreement the two companies will collaborate on educational initiatives for current DEKA and iTero users and potential customers looking to adopt both technologies.
<i>Activity</i> Orthodontic digital models	
<i>Investment stage</i> Expansion-Development	
<i>Voting rights: 1.4%</i>	<p>In March Cadent signed an agreement with the Las Vegas Institute for Advanced Dental Studies (LVI), one of the world's leading post-graduate dental training facilities, whereby the iTero digital impression system will become the exclusive digital impression technology integrated into the LVI curriculum.</p> <p>An iTero grant program was also established with the Pankey Institute, another leading dental technology education centre, under which Cadent provides grants based on the number of faculty members, students and alumnus purchasing the iTero system. A Cadent iTero system and models are also provided for use in applicable core curriculum at the Institute.</p> <p>Richard Blanchette was appointed CFO in May in succession to Ed Sitar.</p> <p>Cadent announced in August that it had processed the 250'000th case utilising the iTero digital impression technology. More than 1'700 dentists in 21 countries now use iTero to capture 3-D images for all types of dental restorations including crowns, bridges and cosmetic veneers.</p> <p>The valuation remains unchanged at USD 4.29 per share, the price of the Series G Financing round in August 2009. The fair value calculation includes the inherent value of the options.</p> <p><i>Management continues to consider various long term strategic options, including cooperation agreements and mergers with other companies.</i></p>

<i>Company</i> Enablearning, Inc Cambridge MA, USA	Substantial pressure on prices in the US education market has continued in 2010 and, although the company has further reduced staff and cut expenses, significant progress towards profitability has not been made.
<i>Sector</i> Education	
<i>Activity</i> Educational software platform	Curriculum Associates, the company's K-8 partner in enableMATH360, decided not to publish the product because of profitability concerns. Substantial market resistance was also met by Learn Without limits who have been selling EnableMATH to high schools.
<i>Investment stage</i> Early stage	
<i>Voting rights: 26.6%</i>	<p>College sales, however, have remained steady and the company has been pursuing new customers with a new pricing structure for K-12 schools. The new low charge per teacher with no student limit means that teachers can pay for a license themselves, and there appears to be a good mix developing between licenses paid by teachers and licenses paid through schools.</p> <p>Following negotiations with Noel Levitz, the latter have agreed to extend the terms of the note due to them, originally repayable in March 2010.</p> <p>Enablearning remains dependent on loans from the founding shareholders. In view of this, the below budget performance and the current market development the valuation has been maintained at nil.</p> <p><i>Sales and marketing efforts will be continued in both K-12 and higher education. The company is also pursuing licensing agreements for the EnableMATH platform in the home and after school markets.</i></p>

Company

Hansen Medical, Inc

Mountain View CA, USA

Sector

Healthcare

Activity

Medical robots

Investment stage

Quoted on the NASDAQ

Voting rights: under 1 %

In the first 9 months of 2010 revenues totalled USD 13.1 million compared to USD 14.9 million in the corresponding 2009 period. This included 10 sensei system units (9 months 2009 = 17) and 1'773 Artisan Catheter units (9 months 2009 = 1'754). Despite the drop in revenues, the operating loss was reduced as a result of a gain of USD 10 million on the settlement of litigation with Luna Innovations, Inc.

Hansen closed a public offering of 16.1 million shares of its common stock in April, raising a net amount of USD 29.8 million.

Following the resignation of Steve Van Dick as CFO in February, Peter Osborne was appointed Interim CFO, and in June Bruce J. Barclay was appointed president and CEO. He has over 30 years experience in the healthcare industry and over 10 years in leading medtech companies. Frederic H. Moll was named Executive Chairman of the Board.

In May Hansen and Siemens Healthcare announced joint development and cooperation agreements to co-develop integrated products designed to help simplify complex procedures for the diagnosis and treatment of cardiac arrhythmias, or irregular heartbeats.

CE Mark approval in Europe was obtained for the new Lynx Irrigated Ablation Catheter, and in September Hansen announced the first sale of the device and successful treatment of the first patients.

First patients were also successfully treated with Hansen's new flexible catheter vascular robotic system. This features a flexible catheter with remotely steerable distal tips designed to simplify and enhance catheter navigation and therapeutic intervention. The vascular market is large and growing, driven by an ageing population, the prevalence of diabetes and obesity and an increase in disease awareness. Of the 2 million + vascular procedures each year, one third to one half are potentially addressable by Hansen's vascular robotic system.

Following the restatement in 2009 of some of its financial statements various lawsuits were filed against Hansen and certain of its officers, which are being defended vigorously. Furthermore the SEC has started an investigation to determine whether the company or any other entities or persons have engaged in any violations of the securities laws.

Opening the year at USD 3.03 the Hansen Medical share price reached a high of USD 3.18 in January and low of USD 1.26 in December. The investment is valued at the closing price at the balance sheet date of USD 1.49.

Details of the business outlook of the company can be found on its Web site www.hansenmedical.com.

Company

Oceanlinx Ltd

Macquarie Pk NSW, Australia

Sector

Renewable energy

Activity

Wave energy

Investment stage

Start-up

Voting rights: under 1 %

Activities were focussed on the Mk3PC project and the MK3 design maturity program. In March Oceanlinx launched its 3rd generation Wave Energy Converter (Mk3PC) at Port Kembla. The unit became the only wave energy device of its size in Australia to be connected to the electrical grid and producing energy.

Unfortunately the unit was lost in an incident in May, when severe weather conditions contributed to a mooring failure, drifting and subsequent loss. A six month third-party investigation, independently commissioned by Oceanlinx and the insurers of the Mk3PC platform has now concluded that the design of the unit was not at fault. According to the company the unit had been performing well with performance exceeding expectations, and sufficient data had been extracted to validate the system design and performance. The planned full scale design was thus continued and has now been completed for the Mk3 Shallow Water and Deep Water units, named greenWAVE and blueWAVE respectively.

Oceanlinx was featured in Climate Action, the official publication of the COP16 Climate Change Meeting in Cancun, Mexico in December. Special mention was made of the numerous international awards and accolades the company has

received, including being named as the Most Outstanding Clean Energy Technology Innovation at the EcoGen 2010 Clean Energy Awards in September. The article also highlighted the wave energy project that Oceanlinx will be developing in Baja California, in collaboration with Mexico's Comision Federal de Electricidad.

This valuation remains unchanged at AUD 0.35 per share, reflecting the conditions of the financing rounds of September 2008 and July 2009.

Preparations are underway for a new financing round, with the current major investors committed to the project and discussions with other strategic investors continuing. Oceanlinx is currently working with a number of European parties for the possible deployment of a Deep Water unit in one of the EU countries, and expects advice from the Victorian government on its recent EOI application for grant funding for a project in Victoria, Australia.

Company

Velico Medical, Inc
Beverly MA, USA

Sector

Healthcare

Activity

Enzymatic blood conversion

Investment stage

Early stage

Voting rights: 38.8%

The repositioning of the company, with the emphasis on products closest to commercialisation, has been completed. The development of the ECO[®] technology has thus been deferred in favour of the spray dried plasma and refrigerated platelet technology.

In September Velico announced the successful completion of a non-dilutive structured financing. Certain royalty rights held under an exclusive license agreement with a large bio surgical company were sold to OrbiMed Advisors, LLC, a leading life sciences institutional investor. Velico retains all rights to use its technologies in its own business, the development of transfusion medicine, and for other applications outside the licensed field. The funds are being dedicated primarily to the development of spray dried plasma.

The spray dried plasma development team has been strengthened, and in-house spray drying and coagulation laboratories have been set up and made operational. The spray drying system and methods have evolved rapidly and are on a pathway to proof-of-concept by mid 2011. Data produced indicates that initial coagulation profiles of the spray dried plasma are comparable to frozen plasma. The major remaining challenge is to extend the storage life of the dried product which it is anticipated will be achieved by Summer 2011. Highly qualified regulatory consultants have been added in order to guide the company through the European and US approval procedures. Given the regulatory processes in Europe and the US it is expected to launch the product first in Europe, although Velico is working concurrently towards US regulatory approval as well.

Despite limited capital, refrigerated platelet development continues with the company's partner, the Brigham and Women's Hospital. Advancing this project to the phase II feasibility study is, however, dependent on obtaining additional funding.

The company has pursued other non-dilutive funding, primarily government grants and awards. It has been included on the US Senate's list of appropriation awards in connection with the spray dried plasma program and has made submissions to the US army with respect to the refrigerated platelet technology. Whilst there is no guarantee of any funds being obtained, these initiatives represent positive indications that the company is proceeding in the right direction. Velico has also presented its technologies at various meetings and symposia including Blood Centres of America, AABB (American Association of Blood Banks), and at ATACCC conferences (Advanced Technology Applications for Combat Casualty Care – Department of Defence).

The valuation remains unchanged at USD 1.00 per share.

Although funds from the OrbiMed transaction are sufficient to take the company into Q4/2011, the company intends to continue its search for additional institutional funding. In this connection work has already begun in exploring alternatives, preliminary meetings with prospective investors have taken place and investment documents prepared. Preparations have also been made for the reorganisation of the company's capital structure to make the company more appealing to institutional investors.

Net asset value of the company and per issued share

	31.12.2010		31.12.2009	
Cash and cash equivalents	CHF	1'062'075	CHF	1'388'688
Receivables and prepayments	CHF	3'213	CHF	14
Marketable securities	CHF	87'511	CHF	197'357
Private equity investments	CHF	10'698'837	CHF	11'849'200
Total assets	CHF	11'851'636	CHF	13'435'259
Total liabilities	CHF	-87'962	CHF	-88'807
Net asset value of the company	CHF	11'763'674	CHF	13'346'452
Total issued shares of nominal value CHF 50		702'500		702'500
Net asset value per issued share	CHF	16.75	CHF	19.00
Share price	CHF	8.60	CHF	9.30

Summary group accounts

Business year ended December 31 (in Swiss francs)	2010 CHF	2009 CHF
Consolidated statement of comprehensive income		
Operating income /loss	-1'265'841	-493'567
Operating expenses	-316'937	-351'129
Loss	-1'582'778	-844'696
Other comprehensive income	0	0
Total comprehensive loss	-1'582'778	-844'696
Loss per outstanding share	-2.25	-1.21
Consolidated balance sheet		
Cash, cash equivalents and receivables	1'065'288	1'388'702
Marketable securities and private equity investments	10'786'348	12'046'557
Total assets	11'851'636	13'435'259
Liabilities	87'962	88'807
Shareholders' equity	11'763'674	13'346'452
Total liabilities and shareholders' equity	11'851'636	13'435'259
Cash flow statement		
Cash flow from operating activities	-325'241	-435'152
Cash flow from financing activities	0	29'976
Cash and cash equivalents at the beginning of the year	1'388'688	1'793'757
Foreign exchange losses/gains on cash and cash equivalents	-1'372	107
Cash and cash equivalents at the end of the year	1'062'075	1'388'688

Forward-looking statements

In this shareholder letter, statements concerning the development of the company and the portfolio companies (forward-looking statements) are made on various occasions. Shareholders and investors are cautioned that such forward-looking statements reflect the company's current assessments regarding market conditions and future events at the portfolio companies and are subject to certain risks, uncertainties and assumptions. Various circumstances may cause actual events to differ materially from those expressed or implied by such forward-looking statements. These include the environment in which individual portfolio companies operate in relation to the timing and importance of the introduction of new products, the introduction of competing products by other companies, lack of acceptance of new products and services by the target groups of the individual portfolio companies, changes in the political, social and legal environment within which individual portfolio companies operate or changes in economic and technological trends and conditions including currency fluctuations, inflation and consumer behaviour at the global, regional and national level as well as various other factors. The company accepts no obligation to update or revise such forward-looking statements.

Telephone
++41 (0) 52 723 30 90
Fax
++41 (0) 52 723 30 91

E-Mail
office@progressnow.ch

Homepage (German)
www.progressnow.ch
Homepage (English)
www.progressnow.com

Address
ProgressNow! invest AG
P.O. Box
CH-8501 Frauenfeld