



ProgressNow! invest AG



A N N U A L R E P O R T

2002

Innovation

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Sustainability

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Progress

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Forward-looking statements

In this annual report, 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.

Chairman's Statement

Dear shareholder

In the past year, the international stock markets continued their decline. The renewed correction down to the level of 1997 was caused on the one hand by a general wariness on the part of investors regarding reported company results and on the other hand by the continuing unwillingness of major companies to invest. In the third quarter, fear of the consequences of a war in the Middle East added to the general uncertainty.

The private equity sector was also affected by the turbulence on the stock markets, because conditions for exits (e.g. through IPOs) worsened, thus lowering the valuations of development stage companies. Scepticism towards private equity investments and investment companies was also reflected in the share price of ProgressNow!. In spite of the company's confidence-building strict valuation guidelines the discount between the share price and the net asset value increased from 28.88% to 44.87%. Meanwhile, the unfavourable development of the USD dollar/Swiss franc exchange rate caused a 16% decline in value of all private equity investments made in US dollars thus negatively impacting the Swiss franc value of ProgressNow!'s portfolio.

However, 2002 was in fact a successful year for ProgressNow!. On 1 February, the ProgressNow! share was listed on the Swiss main stock exchange SWX Swiss Exchange and one of the portfolio companies, the sustainable forestry company Precious Woods Holding AG, followed suit in March. We are pleased to report that this investment, which has enjoyed considerable attention in the Swiss press, has managed to keep its share price stable in spite of the difficult market environment.

In March, EndoVia Medical (formerly Brock Rogers Surgical) closed a USD 12m capital round in which ProgressNow! participated and which was led by the respected Johnson and Johnson Development Corporation. Based on the higher issue price of the new shares, ProgressNow! increased the valuation of its investment in EndoVia Medical by 28.4%.

In 2002, we again managed to find attractive investment opportunities that satisfied our high standards. ProgressNow! invested in Enablearning, a Massachusetts-based developer of eLearning platforms, and in Energetech Australia, a renewable energy company that has developed a new system for extracting energy from ocean waves and converting it to electricity.

Changes in reporting

As of the business year 2003, the SWX Swiss Exchange has decreed that interim reports have to meet the same accounting and disclosure standards as annual financial statements. Since ProgressNow! applies IFRS in its consolidated annual accounts it will therefore have to apply IAS 34 in interim reports in the future. The board of directors of ProgressNow! will take this opportunity to completely redesign the semi-annual reports so that, in addition to meeting the requirements of IAS 34, they will also contain more detailed information regarding the development and potential of each separate investment than in the past. As a result of this change, and in order to reduce administrative costs, the board of directors of ProgressNow! *invest* AG has decided not to publish any quarterly reports in the future. Printed copies of the annual and semi-annual reports will be sent to all registered shareholders. Furthermore, in addition to the semi-annual, the annual reports will be available on the company's Web site www.progressnow.com. As before, the Web site will be regularly updated with news about the company and its investments.

Chairman's Statement

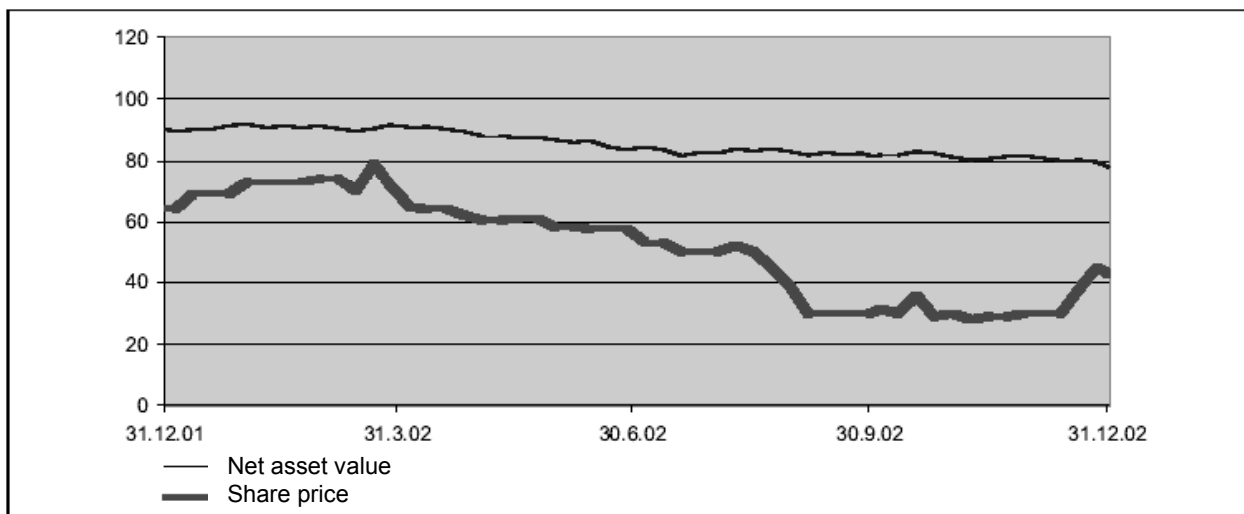
Outlook for 2003

In the next twelve months ProgressNow! will concentrate its attention on the existing investments, which in the company's opinion show significant profit potential. In particular, Pendragon has continued to develop its non-invasive blood sugar measurement device and commenced production of the Alpha series devices in Autumn 2002. Approval by the TNO for the European CE mark is expected in the first half of 2003, with market launch of the company's first product in the second half of the year. It is planned to use Axya Medical's AxyaWeld™ system (a product currently marketed) for shoulder and hand surgery in clinics in Europe (Berlin and Zurich) in the first half of 2003. Clinical tests for EndoVia Medical's Laprotek system are scheduled to take place in hospitals in northern Germany and Sweden. The company expects to receive the European CE mark from the TÜV in the first half of 2003 and to begin sales of its Laprotek system in Europe and the U.S. later in 2003. At ZymeQuest human trials with the enzymatically converted blood A cells have been promising, and a new financing round at a higher valuation is likely to occur in the first half of 2003. Energetech is so far advanced with the planning process of the first pilot plant that the plant could go on line in September 2003. From a Swiss perspective it is worth mentioning that WebCT has submitted its Vista product as platform for the Swiss Virtual Campus and is on the shortlist.

Despite existing uncertainties such as the Iraq crisis, the terrorism scare and the low investment activity caused by relatively high company indebtedness, the coming year can be faced with a certain degree of optimism. ProgressNow! has every confidence in the investments detailed on the following pages. Considering the quality of these investments, the company does not expect any great need for downward valuation adjustments in 2003. However, the year under review has shown that the net asset value of the company remains dependent on exchange rate developments.

The board of directors of ProgressNow! is confident that it has a well-balanced portfolio of promising companies that will make an active contribution to human development and well-being.

Dr. Robert Straub
Chairman of the Board



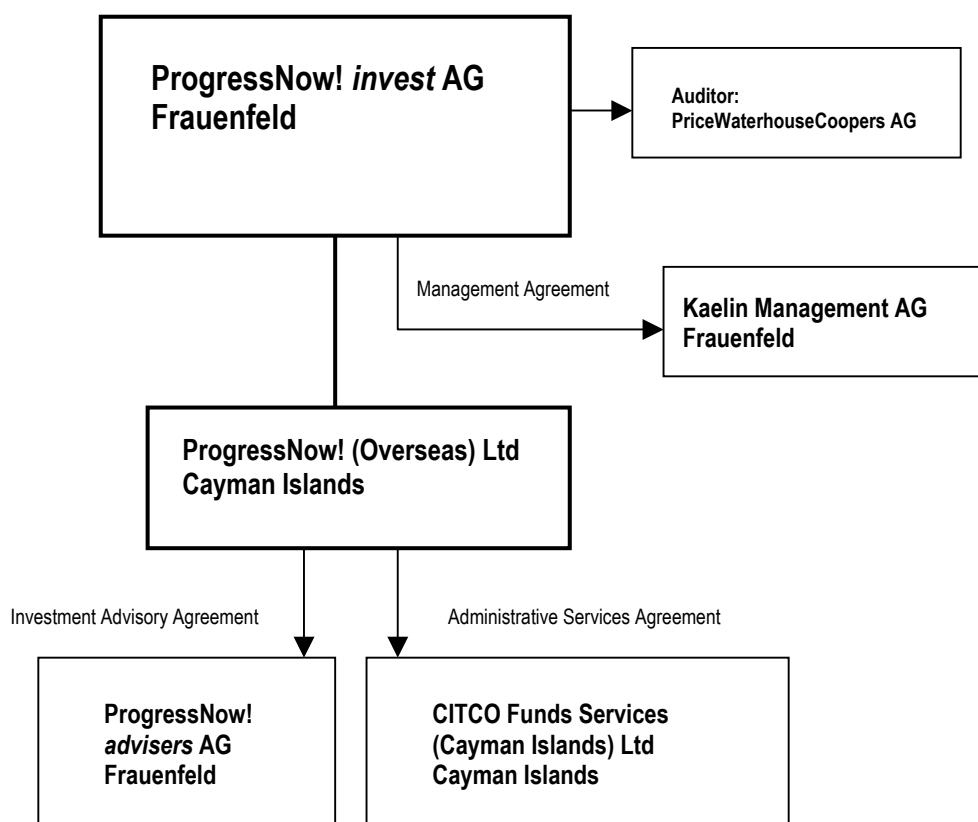
Company Information - Corporate Governance

ProgressNow! invest AG, Frauenfeld, was established as a holding company according to Swiss law in February 2000. Through its subsidiary, it invests in listed and unlisted companies that are active in a field, or offer goods or services, that make an active contribution to human development and well-being. Preconditions for an investment are a high degree of innovation, a revolutionary approach and a unique product. Further characteristics of a truly progressive product are universal applicability, a long-term benefit to consumers and a minimum of negative side-effects. If these conditions are met, in the medium to long term the company can expect a strong market position, a large consumer base, a high degree of added value and sustainable profitability.

The information set out below is in accordance the Directive on Information Relating to Corporate Governance of the SWX Swiss Exchange:

1. Group structure and shareholders

1.1 Group structure



Company investments as per 31.12.2002 that are consolidated:

Company	Registered office	Share capital	% ownership	% of votes
ProgressNow! (Overseas) Ltd	Grand Cayman Cayman Islands B.W.I	CHF 50'000	100%	100%

Company Information - Corporate Governance

1.2 Significant shareholders

Significant shareholders or shareholder groups	Number of shares as per 31.12.2002	% ownership	% of votes
Bâloise Holding	200'000	28.47%	28.47%
Beamtenversicherungskasse des Kantons Zürich	50'000	7.12%	7.12%
KM (Overseas) Ltd	36'340	5.17%	5.17%

1.3 Cross-shareholdings

There are no cross-shareholdings.

2. Capital structure

2.1 Capital

Ordinary capital as per 31.12.2002:	CHF 35'125'000
Authorised capital as per 31.12.2002:	CHF 17'562'500

2.2 Authorised and conditional capital

Authorised capital	Authorisation until	Share category	Nominal value
CHF 17'562'500	15 May 2003	Registered shares	CHF 50

Conditions: The board of directors is authorised to raise the capital at any time by issuing a maximum of 351'250 registered shares which shall be fully paid in. Increases by underwriting as well as partial increases are permissible. The issue price, the date for entitlement to dividends and the type of contribution shall be determined by the board of directors. Shareholders' pre-emptive rights can be excluded and allocated to third parties if such new shares shall be placed at market conditions on foreign capital markets.

The company has no conditional capital.

2.3 Changes in capital

Date	Share capital	Statutory reserves	Balance sheet loss	Total equity capital
31.12.2000	CHF 35'125'000	CHF 35'125'000	-2'493'305	67'756'695
31.12.2001	CHF 35'125'000	CHF 35'125'000	-7'032'144	63'217'856
31.12.2002	CHF 35'125'000	CHF 35'125'000	-15'457'283	54'792'717

2.4 Shares

Total issued shares	Share category	Nominal value
702'500	Registered shares	CHF 50

All issued shares have identical rights and entitlements.

2.5 Participation certificates and profit sharing certificates

The company has no participation certificates or profit sharing certificates outstanding.

2.6 Limitations on transferability and nominee registrations

Article 6 of the company's Articles of Association governs these provisions. The Articles of Association can be viewed in German on the company's Web site at <http://www.progressnow.ch/progressnow/statuten.htm>.

Company Information - Corporate Governance

The board of directors can refuse acceptance as a full shareholder should an acquirer directly or indirectly acquire or hold more than 5% of the total amount of registered shares entered in the shareholders' register. There is a group clause. The relaxation or cancellation of the limitations on transferability of registered shares require a decision by the general meeting of shareholders that is carried by at least two-thirds of the votes present.

A nominee registration is possible, however without voting rights.

KM (Overseas) Ltd, Grand Cayman, Cayman Island, a 100% subsidiary of Kaelin Management AG, Frauenfeld, was recognised as full shareholder in the report year for all acquired 36'340 registered shares. The reason for the recognition is the intended long-term commitment of KM (Overseas) to the company.

2.7 Outstanding convertible bonds and issued options including employee options

As of the date of this report, no convertible bonds are outstanding and no options or employee options have been issued.

3. Board of directors

3.1 Members of the board of directors

	Nationality	Position	Member of the BOD since	Elected until
Executive members				
Rolf Kaelin	Swiss	Vice-Chairman	February 2000	GV 2004
Non-executive members				
Dr. Robert Straub	Swiss	Chairman	February 2000	GV 2004
René Haeusler	Swiss	Member	March 2000	GV 2003
Thomas Kull	Swiss	Member	March 2000	GV 2005

Rolf Kaelin is also chairman of the board of ProgressNow! *advisers* AG, Frauenfeld, the investment adviser of ProgressNow! (Overseas) Ltd, and the only director and main shareholder of Kaelin Management AG, Frauenfeld. In addition, Rolf Kaelin is a board member of the ProgressNow! portfolio companies Axya Medical Inc., Pendragon Medical AG and ZymeQuest Inc. A brief description of the professional career of Rolf Kaelin as well as information about his other board memberships, none of which lead to a dependency or conflict of interest with the company, can be found on the company's Web site at <http://www.progressnow.com/progressnow/verwaltungsrat.htm>.

Thomas Kull is also a board member of ProgressNow! *advisers* AG, Frauenfeld, the investment adviser of ProgressNow! (Overseas) Ltd. Since 1998, Thomas Kull is an employee of Bâloise Asset Management AG, a 100% subsidiary of Bâloise Holding AG, a major shareholder of the company. He is responsible for alternative investments. A brief description of the professional career of Thomas Kull as well as information about other board memberships, none of which lead to a dependency or conflict of interest with the company, can be found on the company's Web site at <http://www.progressnow.com/progressnow/verwaltungsrat.htm>.

Dr. Robert Straub is also a board member of Precious Woods Holding AG, Zug, a ProgressNow! portfolio company listed on the SWX Swiss Exchange. A brief description of the professional career of Robert Straub as well as information about other board memberships, none of which lead to a dependency or conflict of interest with the company, can be found on the company's Web site at <http://www.progressnow.com/progressnow/verwaltungsrat.htm>.

Company Information - Corporate Governance

A brief description of the professional career of René Haeusler as well as information about other board memberships, none of which lead to a dependency or conflict of interest with the company, can be found on the company's Web site at <http://www.progressnow.com/progressnow/verwaltungsrat.htm>.

3.2 Other activities and functions

A brief description of the further activities and functions of each board member can be found on the Web site of the company at <http://www.progressnow.ch/progressnow/verwaltungsrat.htm>.

3.3 Cross-involvement

There are no cross-involvements.

3.4 Elections and terms of office

There is a staggered renewal of the board of directors. Each year at the Ordinary general meeting of shareholders one third of the board of directors stand for re-election for a term of three years. The dismissal of board members, as well as any changes to the regulations governing the election and term of office of board members, require a decision by the general meeting of shareholders that is carried by at least two-thirds of the votes present. There are no limits on the terms of office.

3.5 Internal organisational structure

The organisation and duties of the board of directors are defined in the Articles of Association and Rules of Organisation of the company.

Besides ensuring that all legal regulations in the relevant countries are met, the board of directors has the following duties and responsibilities:

- Executing and monitoring all ongoing business of ProgressNow! (Overseas) Ltd
- Monitoring the investment process of ProgressNow! (Overseas) Ltd
- Monitoring the activities of the administrator CITCO
- Valuing the private equity investments of ProgressNow! (Overseas) Ltd for the annual and semi-annual financial statements of ProgressNow! *invest* Group
- Investment committee: Receiving and deciding on the investment proposals of the investment adviser

The board of directors convenes whenever business requires, but at least four times a year. It is quorate if the majority of its members are present at the meeting, and it takes decisions by a majority of votes cast. In the event of a tied vote, the chairman has the casting vote. On average a board meeting lasts four hours.

The investment committee consists of the board members Rolf Kaelin and Thomas Kull, together with Andrew Moore, who presents the investment proposals on behalf of ProgressNow! *advisers* AG. Andrew Moore is a Certified European Financial Analyst. A brief description of his professional career and his other board memberships, none of which lead to a dependency or conflict of interest with the company, can be found on the company's Web site at <http://www.progressnow.com/progressnow/verwaltungsrat.htm>.

The investment committee convenes whenever business requires. It decides whether the investment adviser's investment proposals are passed on to the board of directors of ProgressNow! (Overseas) Ltd with a proposal for acceptance or rejection.

3.6 Definition of areas of responsibility

The board of directors delegates the management of the company to a general manager unless the law, the Articles of Association or the Rules of Organisation provide otherwise. The general manager is primarily responsible for administrative tasks and is not involved in the investment process.

Company Information - Corporate Governance

3.7 Information and control instruments vis-à-vis the management board

Each member of the board of directors can request information relating to all activities of the company and group companies. The board of directors are informed by the general manager at every meeting about current business development and the more important business occurrences. Extraordinary events have to be brought to the board members' attention immediately.

4. Management

4.1 Members of the management

Management consists of a general manager only, whose primary duty is to handle all administrative matters of the company in Switzerland. Apart from the receipt of reports, the responsibilities of the general manager do not basically extend to ProgressNow! (Overseas) Ltd.

The management is covered by a management agreement between the company and Kaelin Management AG, with an annual fee for services rendered of CHF 25'000. The company does not employ any personnel.

Management is performed by Bettina S. Steffen, a Certified Swiss Banker who has more than 15 years of international banking experience. A brief description of her professional career together with details of other functions, none of which lead to a dependency or conflict of interest with the company, can be found on the company's Web site at <http://www.progressnow.com/progressnow/verwaltungsrat.htm>.

Investment Controlling is carried out by Brian Bailey under the supervision of management. Brian Bailey is a Chartered Accountant (FCA) and has more than 30 years of professional experience as Auditor and Financial Controller. A brief description of his professional career together with details of other functions, none of which lead to a dependency or conflict of interest with the company, can be found on the company's Web site at <http://www.progressnow.com/progressnow/verwaltungsrat.htm>.

4.2 Other activities and functions

Besides her functions for the company, Bettina Steffen is active for Kaelin Management AG and ProgressNow! *advisers* AG as well as other companies in which Kaelin Management AG has a stake. She has no other activities or functions that result in dependencies or conflicts of interest.

4.3 Management contracts

4.3.1 Investment Advisory Agreement

ProgressNow! (Overseas) Ltd is advised in respect of its investments by ProgressNow! *advisers* AG, an investment adviser domiciled in Frauenfeld. As described in sub-section 3.1, two board members of ProgressNow! *invest* AG are also board members of ProgressNow! *advisers* AG. Kaelin Management AG and Bâloise Holding AG are the main shareholders of ProgressNow! *advisers* AG.

According to the investment advisory agreement, the subsidiary pays the adviser an annual advisory fee of 2% of the audited consolidated total net asset value of the company at the beginning of the business year. Capital transactions during the year are included at their cash value as from the quarter following the transaction.

At the end of each business year, the subsidiary pays the adviser a performance fee based on the increase in the share price of the company on the SWX Swiss Exchange. The performance fee is calculated as follows:

- ≥ 10% increase versus prior year: 10% performance fee
- ≥ 15% increase versus prior year: 20% performance fee

Company Information - Corporate Governance

In the case of a decrease in the share price versus prior year, a performance fee is only paid again once the historic high price is reached ("high water mark"). At the present time the high water mark is CHF 100.00 per share.

The investment advisory agreement can be terminated with twelve months' notice for the first time as of 30 June 2005.

4.3.2 Administrative Services Agreement

The administration of ProgressNow! (Overseas) Ltd is covered by an Administrative Services Agreement between ProgressNow! (Overseas) Ltd and CITCO Fund Services (Cayman Islands) Ltd. The annual administration fee is USD 20'000. The subsidiary does not employ any personnel .

The administrative services agreement can be terminated as per 30 June, with a notice period of three months.

5. Compensation, shareholdings and loans

5.1 Content and method of determining the compensation and shareholding programmes

There are no compensation or shareholding programmes for current or former members of the board of directors or the management.

5.2 Compensations for acting members of governing bodies

The board members of the company received no directors' remuneration in the year under review. They were compensated indirectly through their shareholdings in ProgressNow! *advisers* AG. The board members Rolf Kaelin and Thomas Kull were remunerated under their contracts with Kaelin Management AG and Bâloise Asset Management AG respectively. The board members Dr. Robert Straub and René Häusler received dividends of total CHF 12'300 in 2002 for services rendered in 2001. A possible compensation for services rendered in 2002 by way of a dividend payment in 2003 (based on the annual profit of ProgressNow! *advisers* AG for the year 2002) has not yet been finalised.

5.3 Compensation for former members of governing bodies

In the year under review, no compensation was paid to former members of governing bodies.

5.4 Share allotment in the year under review

In the year under review, no shares in the company were allotted to members of governing bodies or closely linked parties.

5.5 Share ownership

43'893 shares are held by executive members of the board of directors, members of the management and parties closely linked to such persons.

17'600 shares are held by non-executive members of the board of directors and parties closely linked to such persons.

5.6 Options

There are no options outstanding on company shares.

5.7 Additional fees and remuneration

No additional fees or remuneration were paid to members of the board of directors and management.

Company Information - Corporate Governance

5.8 Loans granted by governing bodies

No loans were granted to members of the board of directors and management or parties closely linked to such persons.

5.9 Highest total compensation

The company paid no salaries or directors' remuneration in the year under review (cf. sub-section 5.2). The highest total compensation paid in 2002 in the form of a dividend from ProgressNow! *advisers* AG for the business year 2001 was CHF 6'150 gross.

6. Shareholders' participation

6.1 Voting-rights and representation restrictions

There are no voting-rights restrictions. All shareholders can nominate another person, who does not have to be a shareholder, to vote for him at general meetings of shareholders.

6.2 Statutory quorums

Statutory quorums are defined in article 12 of the company's Articles of Association. In addition to the cases mentioned in sub-sections 2.6 and 3.4 above and the cases listed in Art. 704 §1 CO, a minimum of two-thirds of the votes present is required for the conversion of registered shares into bearer shares and the abolishment of the statutory restrictions regarding decisions taken at general meetings of shareholders. The Articles of Association can be found in German on the company's Web site at <http://www.progressnow.ch/progressnow/statuten.htm>.

6.3 Convocation of the general meeting of shareholders

The Articles of Association contain no rules for the convocation of the general meeting of shareholders that vary from, or supplement, those required by law.

6.4 Agenda

The Articles of Association contain no requirements for the adding of items to the agenda of the general meeting of shareholders that vary from, or supplement, those required by law.

6.5 Registrations in the share register

Registrations in the share register are made up until 10 working days before the date of the general meeting of shareholders.

7. Changes of control and defence measures

7.1 Duty to make an offer

The duty to make an offer is defined by the applicable legal provisions. There are no statutory rules on opting up and opting out.

7.2 Clauses on changes of control

There are no agreements benefiting members of the board of directors and/or the management in the case of change of control.

Company Information - Corporate Governance

8. Auditors

PriceWaterhouseCoopers AG, Hallerstrasse 10, 3001 Bern, serve as company and group auditors.

8.1 Duration of the mandate and term of office of the lead auditor

Jürg Kummer and Andreas Aebersold are the lead auditors. They have audited the company since its inception in 1997. The term of office is one year.

8.2 Audit fees

In the year under review audit fees of CHF 26'900 were paid.

8.3 Additional fees

In the year under review , other fees of CHF 2'184 were paid to the auditors.

8.4 Supervisory and control instruments pertaining to the audit

The auditors prepare a statutory auditors' report and a report of the group auditors. Important matters that the auditors wish to bring to the attention of the board of directors are, if necessary, set out in a management letter. The board of directors review the reports at their meeting in Spring. Recommendations contained in the management letter are examined by the board of directors and implemented where appropriate.

9. Information policy

Event	Date
End of business year	31 December
General meeting of shareholders 2003	11 April 2003
Semi-annual accounts	30 June

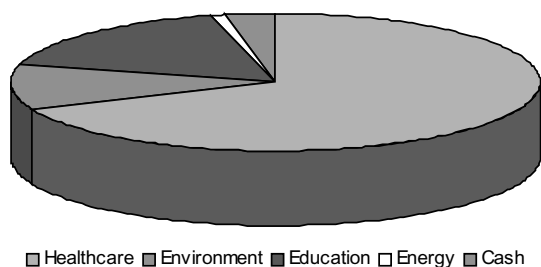
The company publishes audited consolidated annual accounts prepared according to IFRS and unaudited semi-annual consolidated accounts prepared according to IFRS. The annual accounts are presented at the ordinary general meeting of shareholders which takes place in March / April of the following year. The annual report is sent to the shareholders registered in the share register together with the invitation to the ordinary general meeting of shareholders. The semi-annual accounts, together with the semi-annual report, are sent in August to the shareholders registered in the share register.

Annual and semi-annual reports as well as information about the company are published on the company's Web site <http://www.progressnow.com>. The Web site also features information about the investment focus of the company and the valuation criteria for private equity investments. In addition, the investor finds up-to-date information about the individual portfolio companies including links to the Web sites of the portfolio company in question, as well as the net asset value of the company which is updated on a weekly basis.

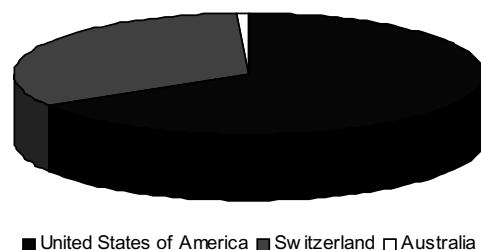
Portofolio as per December 31, 2002

Marketable securities	Investment type	Number	Currency	Market Price 31.12.2002	Total market value in CHF 31.12.2002	% of portfolio 31.12.2002	Profit/ Loss 2002
Environment							
Precious Woods Holding AG	Shares	75'834	CHF	62.50	4'739'625	9.20%	5.19%
Total per balance sheet					4'739'625	9.20%	
Private equity investments							
	Investment type	Number	Currency	Valuation per number 31.12.2002	Total fair value in CHF 31.12.2002	% of portfolio 31.12.2002	Profit/ Loss 2002
Healthcare							
Alphaport, Inc	Options	725'000	USD	0.00	0	0.00%	0.00%
Axya Medical, Inc	Shares	1'666'667	USD	2.40	5'532'001	10.73%	-16.61%
Cadent Holding, Inc	Shares	310'090	USD	4.55	1'950'030	3.78%	-37.46%
EndoVia Medical, Inc	Shares	4'007'766	USD	1.22	6'762'143	13.12%	-4.34%
Pendragon Medical AG	Shares	1'191'667	CHF	7.55	9'002'121	17.47%	0.00%
	Options	2	CHF	125'000.00	250'000	0.49%	0.00%
ZymeQuest, Inc	Shares	948'297	USD	4.67	6'121'795	11.88%	-16.61%
					29'618'090	57.47%	
Environment							
Plant Health Care, Inc	Shares	600'000	USD	1.00	829'800	1.61%	-16.61%
					829'800	1.61%	
Energy							
Energetech Australia Pty Ltd	Shares	289'706	AUD	2.11	475'493	0.92%	-10.01%
					475'493	0.92%	
Education							
Enablearning, Inc	Shares	1'452'905	USD	0.87	1'741'027	3.38%	-6.20%
	Options	144'266	USD	0.00	0	0.00%	0.00%
WebCT, Inc	Shares	580'000	USD	9.05	7'259'367	14.09%	-16.61%
					9'000'394	17.46%	
Total per balance sheet					39'923'777	77.46%	
Shareholders' loans (SL) and convertible notes (CN)							
			Currency	Historic cost	Total fair value in CHF 31.12.2002	% of portfolio 31.12.2002	Valuation adjustments 2002
Healthcare							
Alphaport, Inc (CN)			USD	525'000	726'075	1.41%	-16.23%
Pendragon Medical AG (SL)			CHF	2'000'000	2'000'000	3.88%	0.00%
ZymeQuest, Inc (CN)			USD	3'000'000	4'149'000	8.05%	-16.61%
					6'875'075	13.34%	
Energy							
Ecopower Energy Solutions AG (SL)			CHF	1'584'351	0	0.00%	-100.00%
					0	0.00%	
Total per balance sheet					6'875'075	13.34%	
Total portfolio as per December 31, 2002					51'538'477	100.00%	

Sector allocation as per December 31, 2002



Geographical allocation as per December 31, 2002



Healthcare

Alphaport, Inc

800 Cummings Center, Suite 258X, Beverly, MA 01915, USA

<i>Financing stage:</i>	<i>Start-up</i>		
<i>% of capital:</i>	0%		
<i>% of votes:</i>	0%		
<i>Investment:</i>		<i>Cost:</i>	<i>Fair value:</i>
<i>November 2001</i>	<i>Convertible note</i>	<i>USD 500'000</i>	
<i>Total 31.12.2001</i>		<i>USD 500'000</i>	<i>USD 500'000</i>
<i>December 2002</i>	<i>Convertible note</i>	<i>USD 25'000</i>	
<i>Total 31.12.2002</i>		<i>USD 525'000</i>	<i>USD 525'000</i>

ProgressNow! (Overseas) Ltd holds 8% convertible notes, convertible into preferred shares of the company issued in the next financing round (at the issue price fixed in such round), options to purchase 500'000 ordinary shares at a price of USD 0.01 per share exercisable upon certain events but at the latest by 31/10/2006 and options to purchase 225'000 ordinary shares at a price of USD 0.01 per share exercisable upon certain events but at the latest by 31/10/2007.

Alphaport, Inc, based in Beverly, Massachusetts, has developed a hemodialysis vascular access device to treat end stage renal disease (ESRD). ESRD disease is a chronic and life threatening condition affecting about 1 million patients worldwide, of which 250,000 are in the US. Its prevalence is increasing by 7% - 9% per year and it is characterized by the loss of kidney function which is often caused by diabetes and hypertension. While kidney transplantation is a treatment option, there are only enough organs available for 5% of the ESRD population. The remaining 95% thus require regular dialysis treatment to rid themselves of the buildup of various solutes in the blood that can quickly lead to uremic poisoning and ultimately death if the patient is not treated. By being completely implanted, the Alphaport dialysis access system is likely to have considerably fewer infection complications than current long term percutaneous dialysis catheters. Other advantages that will be apparent to both patient and physician include immediate access, simple implant procedure, short dialysis procedure and lower overall costs.

During 2002 the company strengthened its management team by recruiting a new CEO with substantial management and strategic experience in the industry. Animal studies, with the implantation of the product in sheep, were completed with very encouraging results. However, in the current venture capital environment it proved difficult to close the financing round necessary to fund human trials. The company is nevertheless close to finalising a development and distribution deal with a medical company and confident of completing a financing round in early 2003.

Further major investors: None. The other shares are mainly held by the company founders and management.

Healthcare

Axya Medical, Inc

100 Cummings Center, Suite 444C, Beverly, MA 01915, USA
www.axya.com

<i>Financing stage:</i>	<i>Early stage</i>		
<i>% of capital:</i>	5.71%		
<i>% of votes:</i>	6.08%		
<i>Investment:</i>	<i>Price per share:</i>	<i>Cost:</i>	<i>Fair value:</i>
<i>December 2000</i>	USD 2.40	USD 4'000'001	
Total 31.12.2001		USD 4'000'001	USD 4'000'001
Total 31.12.2002		USD 4'000'001	USD 4'000'001

The U.S. company Axya Medical, Inc develops products that use ultrasonic technology to weld polymeric materials. Axya's approach is that sutures can be welded rather than knotted. Ultrasonic welding is preferable particularly in those cases where access is difficult for the surgeon.

In September 2002 the company received FDA approval for its Axya Sonic Scalpel™. The Axya Sonic Scalpel is an ultrasonic surgical system that will be used for the cutting and coagulation of soft tissue structures in endoscopic and open surgical procedures. It joins the AxyaWeld™, a product currently marketed that uses ultrasonic energy to weld surgical sutures replacing the more time-consuming knot tying by the surgeon. This also significantly reduces the risk of knot slippage or unraveling. AxyaWeld has been used in open, laparoscopic, and arthroscopic procedures, among other things in sports medicine, urology, gynecologic procedures and general surgery.

Revenue growth from the AxyaWeld product has been below expectations, and the company has made staff reductions and implemented other cost saving measures in order to conserve cash. A second generation product is being currently designed and tested and feedback has been positive.

Further major investors: Piper Jaffray Healthcare Fund II, Prism Venture Partners, Delphi Ventures, Johnson & Johnson Development Corp., Vector Later-stage Equity II, Marquette Venture Partner, CB Private Equity Partner, Baloise Private Equity Limited, GE Capital Equity Investments Inc and Mosaix Ventures LP.

Healthcare

Cadent Holdings, Inc

640 Gotham Parkway, Carlstadt, NJ 07072, USA
www.orthocad.com

<i>Financing stage:</i>	<i>Development stage</i>		
<i>% of capital:</i>	5.53%		
<i>% of votes:</i>	6.38%		
<i>Investment:</i>	<i>Price per share:</i>	<i>Cost:</i>	<i>Fair value:</i>
<i>October 2001</i>	USD 6.06	USD 1'879'999	
Total 31.12.2001		USD 1'879'999	USD 1'879'999
Total 31.12.2002		USD 1'879'999	USD 1'410'000

Cadent, headquartered in New Jersey with an R&D facility in Tel Aviv, is a provider of 3D digital information services that replace the use of physical models in dentistry.

Cadent's first service, OrthoCad™, provides 3D digital models for orthodontic treatment planning and the correct placement of appliances. The OrthoCAD study model allows the orthodontist to make accurate measurements for the treatment plan while at the same time eliminating the current model storage and retrieval issues. The OrthoCAD "Set Up model" allows full digital simulation of multiple orthodontic strategies on specific cases. OrthoCAD services enhance the quality of care the patient receives and reduces the time required to complete the treatment, benefiting patients and orthodontists alike.

Cadent's second service targets the procedure of dental Crowns and Bridges (C&B). With its unique intra-oral scanner, Cadent replaces the physical and time-consuming C&B impression process with a fast digital one that extracts information directly from the treatment area. The Cadent C&B service allows the practitioner to maintain full control over the impression process and eliminates re-work caused by faulty physical impressions. The prosthesis for the patient is produced by computerized fabrication equipment utilizing the digital impression captured by Cadent's C&B technology. This process replaces the current manual and technician skill dependent manufacturing procedures.

In October 2002 the company moved to new production facilities which will allow for the expansion of their processing capabilities. The company's virtual set-up product, which enables dentists to place brackets on the computerised model of the patient's teeth and simulate the effect, was launched at the American Association of Orthodontists (AAO) exhibition in May and has subsequently been signed-up for by many dental practices.

Although in 2002 Cadent has continued to increase its customer base and the number of models processed each month, revenue has been disappointing and consistently below budget. In order to reflect this, the position has been devalued by twenty five percent.

Further major investors: JP Morgan Partners, Apax Partners, Schroder Ventures Life Sciences, Pitango (Polaris) and Goldman Group.

EndoVia Medical, Inc (formerly Brock Rogers Surgical, Inc)

150 Kerry Place, Norwood, MA 02062, USA
www.endoviamedical.com

<i>Financing stage:</i>	<i>Early stage</i>		
<i>% of capital:</i>	18.14%		
<i>% of votes:</i>	21.95%		
<i>Investment:</i>	<i>Price per share:</i>	<i>Cost:</i>	<i>Fair value:</i>
<i>August 2000</i>	USD 0.95	USD 2'250'001	
Total 31.12.2001		USD 2'250'001	USD 2'250'001
<i>March 2002</i>	USD 1.22	USD 2'000'000	
Total 31.12.2002		USD 4'250'001	USD 4'889'475

EndoVia Medical, Inc (formerly Brock Rogers Surgical, Inc) was founded in 1996 by Dr. David Brock and Dr. Gary Rogers with the mission to develop a new generation of computer-assisted laparoscopic instruments. In laparoscopy, the patient's abdominal wall is penetrated near the navel and the abdominal cavity distended by filling it with carbon dioxide. The operation is then performed by inserting a fibre optic and endoscopic instruments through the incision. The Laprotek system by Brock Rogers consists of robot arms that are fastened to the operating table, disposable instruments and a computer console. Using the thumb and index finger of each hand the surgeon operates levers whose motions are translated to the surgical tools. The biggest advantage over existing systems is that it increases the patient's safety through more accurate instrument placement. Also, the system is modular in design and allows for multiple upgrades. In addition, the price of the system could be as low as one fifth of the price of competitors' systems.

In 2002 the company announced a new generation of computer-guided endoscopic instruments. The new system introduces computer control to endoscopic catheters, offering a less invasive approach to a range of procedures traditionally done through laparoscopic or open surgical techniques. It was also announced that six of the company's patent applications for flexible instruments, part of its Computer Guided Catheter System, have been published by the United States Patent and Trademark Office and that additional patent applications have been filed. These patent applications represent the next generation of computer controlled minimally invasive tools for interventional medicine and are an important extension of the company's robotic technology that open important new markets to the company. Clinical trials of the proprietary Laprotek™ System have commenced and the company expects to receive the European CE mark in the next few months and begin sales in Europe and the U.S. in 2003.

This position was revalued following a USD 12 million Series D share issue at a price of USD 1.22 in March 2002, the major subscribers being Johnson & Johnson Development Corp, Catalyst Health & Technology Partners and ProgressNow!.

Further major investors: Seaflounder Bioventure Fund II, Omeah Limited Partnership and Massachusetts Technology Development Corp.

Healthcare

Pendragon Medical AG

Hagenholzstrasse 81a, CH-8050 Zurich
www.pendragonmedical.com

<i>Financing stage:</i>	<i>Start-up</i>		
<i>% of capital:</i>	52.00%		
<i>% of votes:</i>	53.34%		
<i>Investment:</i>	<i>Price per share:</i>	<i>Cost:</i>	<i>Fair value:</i>
<i>December 2000</i>	CHF 16.36	CHF 1'500'212	
<i>June 2001 (January 2002)</i>	CHF 31.89	CHF 2'000'000	
<i>June 2001</i>	<i>Options</i>	CHF 250'000	
Total 31.12.2001		CHF 3'750'212	CHF 3'750'212
<i>January 2002</i>		CHF 205	
<i>June 2002</i>	CHF 14.35	CHF 2'000'000	
<i>December 2002</i>	CHF 3.90	CHF 3'501'704	
<i>December 2002</i>	<i>Shareholders' loan</i>	CHF 2'000'000	
Total 31.12.2002		CHF 11'252'121	CHF 11'252'121

In January 2002 the shareholders' loan granted in 2001 of CHF 2'000'000 was converted into shares.

ProgressNow! (Overseas) Ltd also holds options to purchase 5% of the share capital of the company outstanding at the exercise date from two major shareholders. The options are exercisable at any time until 3 months after the market introduction of Pendragon's first product in both US and European markets. The exercise price of the options is based on a fully diluted valuation of Pendragon Medical AG of CHF 45 million.

Pendragon Medical AG, established in March 2000, has developed a revolutionary new procedure for measuring blood sugar, which is of vital importance for diabetics. The conventional method consists of taking a blood sample from the fingertip and smearing it on a test strip that is inserted into a measuring device. Measuring errors can occur due to the extraction of an insufficient amount of blood, and furthermore, patients often do not take measurements as frequently as they should because of the pain and high cost involved. Pendragon Medical AG's technology is based on a non-invasive method allowing for frequent measurements without blood extraction. Impedance spectroscopy measures the electromagnetic characteristics of blood at different concentrations of glucose. A first patent application relating to the respective technology was filed in October 1999, two further in March and November 2001. Further uses for the procedure may be found in food production or the measurement of water quality. A first patent application in this connection was filed in the United States in November 2001.

During 2002 Pendragon has continued to develop its non-invasive blood sugar measurement device and commenced production of the Alpha series devices in October 2002. The Alpha Series has been used for the CE certification process for the company's monitoring device. Approval by the European notified bodies is expected to be obtained soon with market launch of the company's first product in the second half of 2003. The company presented its technology at several important diabetes conferences during the year including the American Diabetes Association's annual meeting. Discussions are in progress with possible distribution partners.

Further major investors: None. The other shares are held by the company founders and the employees.

Healthcare

ZymeQuest, Inc

100 Cummings Center, Suite 436H, Beverly, MA 01915-6122, USA
www.zymequest.com

<i>Financing stage:</i>	<i>Early stage</i>		
<i>% of capital:</i>	13.15%		
<i>% of votes:</i>	17.82%		
<i>Investment:</i>	<i>Price per share:</i>	<i>Cost:</i>	<i>Fair value:</i>
<i>May - December 2000</i>	USD 4.67	USD 4'426'112	
<i>December 2001</i>	<i>Convertible note</i>	USD 3'000'000	
<i>Total 31.12.2001</i>		USD 7'426'112	USD 7'426'112
<i>Total 31.12.2002</i>		USD 7'426'112	USD 7'426'112

ProgressNow! (Overseas) Ltd holds an 8% convertible note, convertible into preferred shares of the company issued in the next financing round (at the issue price fixed in such round), as well as options to purchase ordinary shares, exercisable upon certain events.

ZymeQuest, Inc is the leader in the discovery, development and commercialisation of enzymatic blood conversion of groups A, B and AB red blood cells to group O cells. Only group O cells can be safely transfused to anyone regardless of the recipient's blood group. The conversion of all A, B and AB blood supplies into type O will reduce shortages of rare blood groups (such as B- and AB-), eliminate the danger of an accidental transfusion with the wrong blood group and reduce losses due to the disposal of outdated blood to a minimum. ZymeQuest intends to manufacture and sell processing systems (disposable kits, solutions, including recombinant enzymes, and processing devices) that convert non-group O red cells to group O. Because of the centralized nature of the blood transfusion industry, ZymeQuest expects to achieve a rapid and cost effective market entry.

In 2002 ZymeQuest has continued to develop and refine the enzymes used to convert the group A and B red blood cells. Human trials with the enzymatically converted A were commenced in the second half of the year and results have been promising. Development of the company's machine technology has also continued apace and has generated interest from potential partners. A new financing round is likely to occur in 2003 which would lead to the conversion of ProgressNow!'s bridge loan into preferred shares.

Further major investors: Management and private investors, no significant institutional investors.

Energy

Ecopower Energy Solutions AG

Bözingenstrasse 39, CH-2500 Biel 4
www.ecopower.ch

<i>Financing stage:</i>	<i>Development stage</i>		
<i>% of capital:</i>	20.00%		
<i>% of votes:</i>	20.00%		
<i>Investment:</i>		<i>Cost:</i>	<i>Fair value:</i>
July 2001	Shareholders' loan	CHF 2'000'000	
Total 31.12.2001		CHF 2'000'000	CHF 1'000'000
May 2002	Repayment	CHF 415'619	
Total 31.12.2002		CHF 1'584'381	CHF 0

ProgressNow! (Overseas) Ltd granted the company a shareholders' loan of CHF 2'000'000, and in consideration for this also received shares and a shareholders' loan of CHF 3'000'000 to Ecopower from the other shareholders. Part of the loan was repaid in May 2002.

Ecopower Energy Solutions AG was a research and development company for small hydroelectric power plants and Combined Heat and Power (CHP) systems. The Ecopower micro-CHP was developed for use in detached houses and apartment blocks. Per each usable kilowatt-hour of power and heat, the CE certified Ecopower micro-CHP emits only 240 gr. of CO₂, less than half of the average European CO₂. Furthermore, considerable transmission losses can be avoided with on-site heat and power production.

As a result of a number of events which limited the likely sales of Ecopower CHP in 2002 as well as the unwillingness of existing shareholders to continue to fund the company, Ecopower ceased to be operationally active during the first half of the year. The company has disposed of most of its assets and no longer has any direct employees. ProgressNow! received a partial repayment of the loan and has written off the rest of its investment.

Further major investors: JURA-Holding, Vorsorgestiftung VSAO.

Energy

Energetech Australia Pty Ltd

1 The Avenue, Randwick, NSW 2031, Australia
www.energetech.com.au

<i>Financing stage:</i>	<i>Start-up</i>		
<i>% of capital:</i>	6.35%		
<i>% of votes:</i>	6.47%		
<i>Investment:</i>	<i>Price per share:</i>	<i>Cost:</i>	<i>Fair value:</i>
<i>May 2002</i>	<i>AUD 2.11</i>	<i>AUD 610'388</i>	<i>AUD 610'388</i>

In May 2002 ProgressNow! (Overseas) Ltd committed to invest USD 1 million in Energetech Australia Pty Ltd. One third of the total amount, USD 333'333 (AUD 610'388), was immediately invested, the balance will be invested when certain milestones have been met.

Energetech is a renewable energy company that has developed a new system for extracting energy from ocean waves and converting it to electricity. The Energetech technology will make it possible for wave energy to provide a sustainable source of electric power. Wave energy is a suitable renewable energy resource for certain coastlines in major markets in Australia, North and South America, the Pacific Islands, Japan, China, northern Europe, and Africa. The Energetech system can be deployed as a single device, or strung together in a series, similar in concept to wind energy's "wind farms".

Potential customers for the Energetech system are power utilities, single industrial users in heavy and remote industry, and remote communities and islands that are currently without power or rely on diesel. The Energetech technology has been proven technically feasible and can be used as an integrated component in the construction of coastal structures such as harbour breakwaters. The Denniss-Auld turbine, a key component of the Energetech system, can also be sold as a separate component and incorporated into wave energy devices developed by other companies. Design for the construction of the first pilot plant began in 2002 in Australia where the technology was developed.

Further major investors: SAM Sustainable Asset Management Group, Prime New Energy AG, Connecticut Clean Energy Fund and RWE Venture Capital.

Environment

Plant Health Care, Inc

440 William Pitt Way, Pittsburgh, PA 15238, USA
www.planthealthcare.com

<i>Financing stage:</i>	<i>Development stage</i>		
<i>% of capital:</i>	6.83%		
<i>% of votes:</i>	7.09%		
<i>Investment:</i>	<i>Price per share:</i>	<i>Cost:</i>	<i>Fair value:</i>
<i>March 2000</i>	USD 3.50	USD 2'100'000	
Total 31.12.2001		USD 2'100'000	USD 600'000
Total 31.12.2002		USD 2'100'000	USD 600'000

Plant Health Care, Inc was established in November 1994 to develop environmentally acceptable alternatives to chemical products for the horticulture, forestry, agriculture, and land restoration industries. The company has four operating units: Plant Health Care USA, PHC Reclamation, PHC de Mexico and PHC Europe. The main products are so-called mycorrhizae, microscopic fungi that live in and around the roots of 95% of the earth's plant species, serving as secondary root systems and extending themselves far out into the soil. Further products of Plant Health Care include rhizobacteria and natural wetting agents. Rhizobacteria improve plant resistance to many root diseases and help make essential soil mineral elements available to the plant. Wetting agents improve the wetting and penetration properties of water. Plant Health Care's products are also put to use by PHC Reclamation which is active in the environmentally friendly reforestation of land devastated by mining and other human activities.

Following major reorganization and rationalization measures in the past eighteen months, revenues from continuing operations in 2002 showed significant increases compared to the previous year. This was in spite of the fact that the slowing world economy caused the postponement of some large landscape and reclamation projects. The company now expects to achieve profitability in 2003.

This position was devalued following the issuance of a convertible note in December 2001 with a conversion price of USD 1.00 per share.

Further major investors: Management and private investors, no significant institutional investors.

Environment

Precious Woods Holding AG

c/o Curator AG, Industriestrasse 7, CH-6301 Zug
www.preciouswoods.ch

<i>Financing stage:</i>	<i>Development stage</i>		
<i>% of capital:</i>	4.23%		
<i>% of votes:</i>	4.68%		
<i>Investment:</i>	<i>Price per share:</i>	<i>Cost:</i>	<i>Fair value:</i>
<i>Dec 2000 – Jan 2001</i>	CHF 59.41	CHF 4'505'565	
Total 31.12.2001		CHF 4'505'565	CHF 4'505'565
Total 31.12.2002		CHF 4'505'565	CHF 4'739'625

Precious Woods is an internationally leading company in sustainable forest management and has several years' experience in the utilization of naturally produced tropical woods in Latin America. At present Precious Woods operates three projects in Costa Rica and Brazil (Amazonia and Parà). Since 1990 the company reforests deserted pastures 70 km² in size in Costa Rica, alternating teak and various indigenous, high-quality woods. Since 1996, Precious Woods practices sustainable forestry on a stretch of Brazilian rainforest now 1220 km² in size and in 2001, Precious Woods acquired a further 460 km² of forest and a sawmill in the province Parà.

Precious Woods was the first company in Brazil to be certified under the strict rules of the Forest Stewardship Council (FSC). Once the wood has been harvested, it is processed into sawn wood and other timber products in the company-owned sawmill. Approximately two thirds of the products are exported, the remainder is marketed within Brazil.

During 2002 additional forests were purchased in the province of Parà and a minority interest was acquired in Nibo, one of the largest operators of teak plantations in Costa Rica. Nibo is the controlling shareholder of Panamerican Woods who owns teak plantations in Costa Rica and is also FSC certified. In the long term a closer cooperation between Precious Woods and Panamerican Woods could lead to significant benefits as the teak plantations of each company complement each other very well in respect to their age.

Following good results in 2001 the company expects a further significant increase in sales and profits in 2002. The initial listing of the shares of Precious Woods on the SWX Swiss Exchange took place on March 18, 2002 and all new shares were subscribed for.

Further major investors: Beamtenversicherungskasse des Kantons Zürich, Baloise Holding, Swiss Reinsurance Company, Pensionskasse II der F.Hoffmann-La Roche AG.

Education

Enablearning, Inc

98 Raymond Street, Cambridge, MA 02140, USA
www.enablearning.com

<i>Financing stage:</i>	<i>Start-up</i>		
<i>% of capital:</i>	<i>25.47%</i>		
<i>% of votes:</i>	<i>26.58%</i>		
<i>Investment:</i>	<i>Price per share:</i>	<i>Cost:</i>	<i>Fair value:</i>
<i>February 2002</i>	<i>USD 0.87</i>	<i>USD 250'000</i>	
<i>July 2002</i>	<i>USD 0.87</i>	<i>USD 508'877</i>	
<i>December 2002</i>	<i>USD 0.87</i>	<i>USD 500'000</i>	
<i>Total 31.12.2002</i>		<i>USD 758'877</i>	<i>USD 758'877</i>

ProgressNow! (Overseas) Ltd holds warrants to purchase 144'266 Ordinary shares exercisable at any time until 31/1/2007 at a price of USD 0.30 per share.

Enablearning, Inc has developed an educational Web-based enabling software platform. In contrast to several other e-learning providers' solutions in the area of content management, Enablearning's platform is an "operating system" in the back of a course. The system enables instructors, content developers and students to create and use interactive and visual instructional content.

During the current year, Enablearning has focused on building up the area of developmental mathematics where its highest short term potential and competencies exist. In the United States, developmental mathematics has become an impenetrable barrier to college education for large segments of the population. Today, more than two million students in the U.S. take developmental mathematics courses each year with failure rates exceeding 50%. The technology of Enablearning addresses this problem by providing a system that enables visualization of mathematical concepts and personalization of student assignments with immediate assessment and instruction. Enablearning has partnered with the Massachusetts Community College System, Lesley University (the largest advanced degree granting teacher training institution in the U.S.) and the prestigious Wellesley College's Pforzheimer Learning and Teaching Center in the execution of the "100% Math Project". The Community College System has been awarded a USD 680,400 FIPSE (Fund for the Improvement of Post Secondary Education) grant from the US Department of Education for 3 years commencing 1st January 2003.

Expenses have been kept below budget in 2002 in this preparatory phase and the company is planning to raise further financing during 2003 to further develop its products. Revenues are expected to be generated in 2003.

Further major investors: None. The other shares are held by the company founders and the employees.

Education

WebCT, Inc

6 Kimball Lane, Suite 310, Lynnfield, MA 01940, USA
www.webct.com

<i>Financing stage:</i>	<i>Development stage</i>		
<i>% of capital:</i>	1.75%		
<i>% of votes:</i>	2.18%		
<i>Investment:</i>	<i>Price per share:</i>	<i>Cost:</i>	<i>Fair value:</i>
<i>March 2000</i>	USD 7.00	USD 4'060'000	
Total 31.12.2001		USD 4'060'000	USD 5'249'000
Total 31.12.2002		USD 4'060'000	USD 5'249'000

Since its inception in 1995 WebCT, Inc has become the market leader in the e-learning marketplace for colleges and universities. WebCT's products are currently used by more than 2'600 colleges and universities in 14 languages and 80 countries around the world.

WebCT (previously Universal Learning Technology) supports institutes of higher learning in their efforts to provide top quality education using up to date learning methods. WebCT offers students a flexible and varied Web-based learning environment and publishes an ideal platform on which to provide the richest variety of content. The learning process can be individually tailored to better meet the needs of the students and access to academic training programs is extended to new segments.

WebCT's Vista product, launched in Autumn 2002, is the industry-leading e-learning system which goes beyond the limits of traditional course management to streamline Institutions' existing IT structure , integrate the entire student administration and support the learning experience with workflow capabilities. WebCT has won the 2002 ShowStopper award from University Business, a journal with approximately 42'000 high-level college and university administrators as its subscribers. WebCT's Campus Edition is a modern course management system with modern teaching and learning tools for the distribution of educational tools over the Internet.

Revenues have continued to increase in 2002 and are more than double the previous year. Current liquidity is sufficient to reach the planned break even by the end of 2003.

This position was revalued following a USD 70 million Series G share issue at a price of USD 9.05 in September 2000.

Further major investors: Thomson Finance SA, JP Morgan Partners, Systems & Computer Technology Corp, BancBoston, Boston Millennia Partners LLP, Munder Net Fund and CMG@ventures.

IFRS Accounts

ProgressNow! invest Group

Consolidated balance sheet as of December 31 (in Swiss francs)		2002 CHF	%	2001 CHF	%
	Notes				
ASSETS					
Cash and cash equivalents	3	1'563'525	2.92	15'648'773	25.51
Receivables	4	415'748	0.78	107'850	0.18
Marketable securities	5	4'739'625	8.86	0	0.00
Private equity investments	6	39'923'777	74.60	36'781'234	59.96
Shareholders' loans and convertible notes	7	6'875'075	12.85	8'804'750	14.35
Total assets		53'517'750	100.00	61'342'607	100.00
LIABILITIES AND SHAREHOLDERS' EQUITY					
Accruals and deferred income		64'615	0.12	105'948	0.17
Deferred taxes		0	0.00	0	0.00
Total liabilities		64'615	0.12	105'948	0.17
Share capital		35'125'000	65.63	35'125'000	57.26
Additional paid in capital		35'125'000	65.63	35'125'000	57.26
Loss carried forward:					
- net loss for the year	-9'013'341	-16'796'865	-31.39	-4'141'443	-9'013'341
- equity consolidation of treasury shares (movement)	-7'944'651			-3'650'671	
- deferred taxes	13 40'841			-1'293'453	
				72'226	
Total shareholders' equity		53'453'135	99.88	61'236'659	99.83
Total liabilities and shareholders' equity		53'517'750	100.00	61'342'607	100.00
Net asset value per issued share:		78.00		89.46	

Consolidated income statement for the business year ended December 31 (in Swiss francs)		2002 CHF	2001 CHF
	Notes		
Finance income/costs			
Interest income	8	633'595	543'705
Unrealised gain from marketable securities		37'917	0
Unrealised net loss from private equity	9	-5'379'242	-1'720'645
Unrealised net loss from shareholders'	10	-1'551'476	-1'006'200
Realised foreign exchange gains/losses		-36'307	153'994
Unrealised foreign exchange gains/losses		-51'422	4'585
Other finance costs		-13'362	-4'845
Total net finance income /costs		-6'360'297	-2'029'406
Other costs			
Portfolio management costs	11	-1'264'352	-1'354'359
Other administrative costs		-270'085	-223'933
Capital tax		-9'076	-10'442
Total other costs		-1'543'513	-1'588'734
Deferred taxes	13	-40'841	-32'531
Net loss		-7'944'651	-3'650'671
Loss per outstanding share:		-11.69	-5.41
Weighted average number of shares outstanding:		679'453	674'430
Loss per issued share:		-11.31	-5.20
Total issued shares:		702'500	702'500

IFRS Accounts

ProgressNow! invest Group

Consolidated statement of cash flows for the business year ended December 31 (in Swiss francs)	2002 CHF	2001 CHF
Purchase of private equity investments	-11'223'493	-4'173'950
Purchase of shareholders' loans and convertible notes	-2'037'450	-9'810'950
Repayment of shareholders' loans and convertible notes	415'649	0
Purchase of treasury shares	-1'897'308	-1'650'371
Sale of treasury shares	2'017'593	356'918
Interest received	271'044	704'473
Interest and bank charges paid	-13'362	-4'845
Portfolio management and administrative expenses paid	-1'581'985	-1'525'857
Taxes paid	-1'376	-1'400
Net cash used in operating activities	-14'050'688	-16'105'982
Foreign exchange gains/losses on cash and cash equivalents	-34'560	158'579
Net decrease in cash and cash equivalents	-14'085'248	-15'947'403
Cash and cash equivalents at the beginning of the business year	15'648'773	31'596'176
at the end of the business year	1'563'525	15'648'773
Decrease	-14'085'248	-15'947'403

Consolidated statement of changes in shareholders' equity as per December 31, 2002

Shareholders' equity		Share capital	Share premium	Retained earnings / losses	Total shareholders' equity
Balance January 1, 2001	1.1.2001	35'125'000	30'719'067	264'490	66'108'557
Consolidation of treasury shares	31.12.2001		-1'293'453		64'815'104
Deferred tax	31.12.2001		72'226		64'887'330
Net loss	31.12.2001			-3'650'671	61'236'659
Balance January 1, 2002	1.1.2002	35'125'000	29'497'840	-3'386'181	61'236'659
Consolidation of treasury shares	31.12.2002		120'286		61'356'945
Deferred tax	31.12.2002		40'841		61'397'786
Net loss	31.12.2002			-7'944'651	53'453'135
Balance at December 31, 2002	31.12.2002	35'125'000	29'658'967	-11'330'832	53'453'135

Statement of treasury shares as per December 31, 2002

Treasury shares	Number of shares	Price in CHF Highest	Price in CHF Average	Price in CHF Lowest	Historic cost CHF
As per January 1, 2002	30'952		86.69		2'683'368
Purchases	30'295	79.11	62.63	25.08	1'897'308
Sales	-30'100		67.03		-2'017'593
Realised loss					-615'861
As per December 31, 2002	31'147		62.52		1'947'222

IFRS Accounts

ProgressNow! *invest* Group

Notes to the consolidated financial statements for the year 2002

Organisation and business activity

The ProgressNow! *invest* Group (the Group) provides institutional and private investors access to marketable securities and private equity investments in companies that contribute to human well-being and development. The investment focus is in the healthcare, education and environment sectors including renewable energy sources.

The parent company of the Group is ProgressNow! *invest* AG, which is a joint stock company pursuant to Art. 620 CO and is incorporated and domiciled in Switzerland. The address of the registered office is Bahnhofplatz 65, 8500 Frauenfeld, Switzerland. Its duration is unlimited.

The company is listed on the SWX Swiss Exchange.

Accounting policies

Basis of preparation

The consolidated financial statements are prepared in accordance and comply with International Financial Reporting Standards (IFRS – formerly IAS). The financial statements are prepared under the historical cost convention, with the exception of marketable securities and private equity investments which, as "available for sale securities", are valued at "fair value". The measurement currency is Swiss francs.

Consolidation

Subsidiaries – i.e. companies in which the Group directly or indirectly holds 50% or more of the voting rights or otherwise has power to exercise control over operations – are consolidated. Consolidation is carried out from the date on which effective control is transferred to the Group, and ends on the date of disposal. All intercompany transactions, balances and unrealised gains and losses arising from intercompany transactions have been eliminated. Where necessary, the accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Private equity investments in which the Group directly or indirectly holds 50% or more of the voting rights on the balance sheet date or otherwise has power to exercise control over operations, but that are held in connection with the business purpose of the ProgressNow! *invest* Group with the medium- to long-term aim of disposal, are not consolidated but are classified as "available for sale securities" and are valued in the balance sheet in accordance with the valuation guidelines of the ProgressNow! *invest* Group listed below.

Foreign currencies

Foreign currency transactions in Group companies are translated into Swiss francs at the exchange rates prevailing at the date of the transaction; assets and liabilities are translated into Swiss francs at the exchange rate in effect at the date of the financial statements. Gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement.

IFRS Accounts

Financial instruments

In order to hedge market risks and to improve the return from marketable securities the Group may use options and various other financial instruments. The Group does not use derivative financial instruments for speculative purposes.

The valuation of these instruments depends on the purpose of their use. Hedging transactions are valued on the same basis as the underlying position. Changes in the value of the hedging instruments are not recognised until the corresponding change in value of the underlying position has been recognised in the income statement. All other instruments not specifically used for hedging purposes are stated at market value.

Adoption of IAS 39

On January 1, 2001 the Group adopted IAS 39, a new standard that regulates the recording, measurement and disclosure of financial instruments. Marketable securities and private equity investments are classified as "available for sale securities". All financial instruments are initially recognised at cost. "Available for sale securities" are subsequently re-measured at "fair value". Gains and losses arising from changes in "fair value" are recognised in the income statement as unrealised gains or losses.

Marketable securities

Marketable securities are stated at market value. Market value is calculated by reference to stock exchange quoted selling prices at the close of business on the balance sheet date. Gains and losses arising from the sale of marketable securities are recognised in the income statement as realised gains and losses. Changes in the value of marketable securities as per the balance sheet date are recognised in the income statement as unrealised gains or losses.

Private equity investments

Private equity investments are investments in young companies at the venture stage (venture capital) and in securities that are not dealt on a recognised stock exchange. They are stated at "fair value" calculated according to the valuation guidelines of the Group (adoption of IAS 39 of the IASC). In cases where, in the opinion of the board of directors, there has been a change in the value of an investment, an adjustment to the fair value is recorded as an expense or income in the income statement. Valuations of private equity investments which are not based on a third party valuation are the sole responsibility of the board of directors.

Basic principles for the valuation of private equity investments

In accordance with IAS 39, private equity investments shall be valued at fair value. This is defined as "the amount for which an asset could be exchanged between a willing buyer and a willing seller in an arm's length transaction". The principle of conservative valuation shall always be followed. If an adjustment to fair value is deemed necessary it should, as far as possible, be carried out on the same basis as other co-investors in the company. Downward revaluations carried out by a lead investor must be followed. Should a company become publicly traded (e.g. via an IPO) then the valuation principles of Marketable Securities shall be followed i.e. mark to market but liquidity restrictions shall be taken into account.

Valuation Guidelines for Direct Investments

Participations in privately held companies shall, in principle, initially be valued at cost since this is considered to be an approximation of fair value at the date of the transaction.

However, adjustments to Fair Value may become necessary as a result of subsequent events and the measurement of such Fair Value shall be made as follows:

IFRS Accounts

New Financing Round / Sale of Shares:

An increase or decrease in valuation shall be made if a new financing round takes place or a partial takeover / sale occurs. In both cases, shares in the company will have been sold at a different price to that originally paid or the most recent valuation.

In the case of a new financing round, the new price may be used for valuation purposes if

- shares are sold to non-strategic investors at arm's length
- an amount of at least 5% of issued capital is raised
- the new valuation varies by at least 10% to the current valuation.

In the case of a partial takeover, the new price may only be used if an offer, in cash, was received for all or part of the holding in the target company. The offer must have been accepted for a significant portion (>20%) of the target company by third party investors not related to the offering company.

If some form of payment, other than cash, is received (i.e. shares) then the new valuation is calculated using these valuation principles. In particular, if quoted securities are received, the new valuation shall be fixed at the market value of the securities on the first date on which they can be traded.

Material Diminution in Value:

A downward adjustment to the valuation is made if significant market or company events have occurred since the date of investment which leads to a material diminution in value. In this case the investment is written down in multiples of 25%, based on the points system below:

• **Financial situation:**

only one criterion to be selected (i.e. not cumulative)

10 points: the company is theoretically insolvent and has no short-term rescue plan;

4 points: cash available in, or committed to, the company is sufficient only for the next 3 months at the expected burn rate

2 points: cash available in, or committed to, the company is sufficient only for the next 6 months at the expected burn rate

2 points: failure to raise planned new funds within 6 months

• **Achievement of milestones / change of strategy:**

up to 5 points: a change in the strategy of the company when compared to the original business plan or failure of the company to meet agreed milestones

• **Business plan / budget comparison:**

up to 4 points: for either / or:

- lower sales than budgeted in the half-year review period

- higher losses than budgeted in the half-year review period.

• **Market conditions:**

up to 3 points: adverse market development, in particular a significant stock market correction in

the sector in which the company is active since the date of the investment.

• **Valuation adjustment**

5 points or less: no change

6 to 7 points: decrease in valuation of 25%

8 to 9 points: decrease in valuation of 50%

10 to 11 points: decrease in valuation of 75%

12+ points: decrease in valuation of 100%

IFRS Accounts

A decrease in the valuation shall not be made, even if factors exist which would otherwise justify such a reassessment, if a company has issued new shares to non-strategic investors at arm's length and a significant amount is raised (at least 5 % of issued capital) within the last three months at a price equal to, or above, the most recent valuation.

In addition, should a downward valuation have been made based on the points system described above, then the valuation is adjusted upwards to a maximum level of the previous valuation if the factors causing the devaluation are no longer valid.

Material Increase in Value:

An upward adjustment to the valuation should be made if a significant event occurs which leads to a material increase in value. Such an event could be:

- regulatory approval
- issuance of a patent
- revenue generation
- profit generation
- positive cash flow generation
- receipt of a term sheet meeting the "new financing round" criteria

An increase in the valuation shall not be made, even if factors exist which would otherwise justify such a reassessment, if a company has issued new shares to non-strategic investors at arm's length and a significant amount is raised (at least 5 % of issued capital) within the last three months at a price equal to, or below, the most recent valuation.

Shareholders' loans and convertible notes

Shareholders' loans and convertible notes are valued at cost less any necessary valuation adjustments. They are subject to periodic valuation reviews.

Treasury shares

Treasury shares held at the year end are presented in the balance sheet as a deduction from equity. Gains and losses arising from treasury share transactions are not recognised in the income statement but are shown as a change in equity (application of interpretation SIC 16 of the IASC).

Taxes

The tax expense consists of capital taxes and current and deferred income taxes. Capital taxes on the shareholders' equity of ProgressNow! *invest* AG are recognised in the income statement as an operating expense. Current income taxes are calculated on the taxable income of each Group company according to the provisions of the local tax laws. Deferred income taxes are calculated on all temporary differences arising from the different valuation bases of assets and liabilities for tax purposes and their carrying values in the consolidated financial statements. The calculation is made by using the "liability method" and based on current tax rates.

IFRS Accounts

Notes to the consolidated financial statements 2002

1. Exchange rates

Closing rates used to translate monetary balance sheet items denominated in foreign currencies:

Currency:	2002	2001
USD	1.383	1.6585
AUD	0.779	

2. Consolidated companies as of December 31, 2002

Company	Registered office	Country	% ownership
ProgressNow! invest AG	Frauenfeld	Switzerland	---
ProgressNow! (Overseas) Ltd	Grand Cayman	Cayman Islands	100 %

3. Cash and cash equivalents

Cash and cash equivalents consist of current accounts with banks, payable on demand. These comprise USD and CHF accounts only.

4. Receivables

Receivables consist of the following:

	2002	2001
Due from:		
- Federal tax administration for withholding tax deducted from interest from banks	CHF 2'642	CHF 12'094
- Interest from shareholders' loans and convertible notes	CHF 413'106	CHF 95'756
	CHF 415'748	CHF 107'850

5. Marketable securities

Marketable securities are stated at market value. Market value is calculated by reference to stock exchange quoted prices at the close of business on the balance sheet date.

Balance by currency	2002	2001
Marketable securities listed in CHF	4'739'625	0
	4'739'625	0

Investment activity	2002	2001
Additions marketable securities	4'701'708	0
Disposals marketable securities	0	0

Marketable securities	Balance at beginning of year		Balance at end of year	
	Number	CHF	Number	CHF
Environment				
Precious Woods Holding AG	0	0	75'834	4'739'625
Total marketable securities		0		4'739'625

IFRS Accounts

6. Private equity investments

Private equity investments are valued in accordance with the valuation guidelines of the ProgressNow! invest Group.

Balance per investment category and currency	2002	2001
Healthcare in CHF	9'252'121	1'750'212
Healthcare in USD	20'365'969	20'824'890
Environment in CHF	0	4'505'565
Environment in USD	829'800	995'100
Energy in AUD	475'493	0
Education in USD	9'000'394	8'705'467
	39'923'777	36'781'234

Investment activity	2002		2001	
	Additions	Disposals	Additions	Disposals
Healthcare in CHF	7'501'909	0	250'000	0
Healthcare in USD	3'337'000	0	3'098'050	0
Environment in CHF	0	4'701'708	825'900	0
Energy in AUD	528'399	0	0	0
Education in USD	1'856'185	0	0	0

	Investment type	Balance at beginning of year				Balance at end of year			
		Owner-ship in %	Voting rights in %	Number	Fair Value CHF	Owner-ship in %	Voting rights in %	Number	Fair Value CHF
Direct investments									
Healthcare									
Alphaport, Inc	Options	na	na	500'000	0	na	na	725'000	0
Axya Medical, Inc	Shares	5.71	6.09	1'666'667	6'634'001	5.71	6.08	1'666'667	5'532'001
Cadent Holding, Inc	Shares	5.53	6.38	310'090	3'117'978	5.53	6.38	310'090	1'950'030
EndoVia Medical, Inc (ex BRS)	Shares	17.71	21.64	2'368'422	3'731'626	18.14	21.95	4'007'766	6'762'143
Pendragon Medical AG	Shares	7.69	8.08	91'700	1'500'212	52.00	53.34	1'191'667	9'002'121
	Options	na	na	2	250'000	na	na	2	250'000
ZymeQuest, Inc	Shares	14.61	17.82	948'297	7'341'285	13.15	17.82	948'297	6'121'795
				22'575'102				29'618'090	
Environment									
Plant Health Care, Inc	Shares	6.83	7.09	600'000	995'100	6.83	7.09	600'000	829'800
Precious Woods Holding AG	Shares	4.73	5.27	75'834	4'505'565	na	na	0	0
				5'500'665				829'800	
Energy									
Energetech Australia Pty Ltd	Shares	na	na	0	0	6.35	6.47	289'706	475'493
				0				475'493	
Education									
Enablearning, Inc	Shares	na	na	0	0	25.47	26.58	1'452'905	1'741'027
	Options	na	na	0	0	na	na	144'266	0
WebCT, Inc	Shares	1.72	2.14	580'000	8'705'467	1.75	2.18	580'000	7'259'367
				8'705'467				9'000'394	
Total direct investments				36'781'234				39'923'777	

IFRS Accounts

7. Shareholders' loans and convertible notes

Shareholders' loans and convertible notes are valued at cost less valuation adjustments:

Balance per investment category and currency	2002	2001
Healthcare in CHF	2'000'000	2'000'000
Healthcare in USD	4'875'075	5'804'750
Energy in CHF	0	1'000'000
	6'875'075	8'804'750

Investment activity	2002		2001	
	Additions	Disposals	Additions	Disposals
Healthcare in CHF	2'000'000	2'000'000	2'000'000	0
Healthcare in USD	37'450	0	5'810'950	0
Energy in CHF	0	415'649	2'000'000	0

Shareholders' loans (SL) and convertible notes (CN)	Balance at beginning of year			Balance at end of year		
	Historical cost CHF	Valuation adjustment CHF	Fair value CHF	Historical cost CHF	Valuation adjustment CHF	Fair value CHF
Healthcare						
Alphaport, Inc (CN)	815'350	-13'900	829'250	852'800	126'725	726'075
Pendragon Medical AG (SL)	2'000'000	0	2'000'000	2'000'000	0	2'000'000
ZymeQuest Inc (CN)	4'995'600	20'100	4'975'500	4'995'600	846'600	4'149'000
			7'804'750	0	0	6'875'075
Energy						
Ecopower Energy Solutions AG (SL)	2'000'000	1'000'000	1'000'000	1'584'351	1'584'351	0
			1'000'000			0
Total shareholders' loans and convertible notes			8'804'750			6'875'075

8. Interest income

Interest income consists of the following:

	2002	2001
- Interest from banks	CHF 44'980	CHF 447'949
- Interest from shareholders' loans and convertible notes	CHF 588'615	CHF 95'756
	CHF 633'595	CHF 543'705

IFRS Accounts

9. Unrealised net loss from private equity investments

	2002		2001	
	unrealised		unrealised	
	Gain	Loss	Gain	Loss
Healthcare in USD	0	3'795'922	463'001	0
Environment in CHF	196'144	0	0	880
Environment in USD	0	165'300	0	2'400'600
Energy in AUD	0	52'907	0	0
Education in USD	0	1'561'257	217'834	0
	196'144	5'575'386	680'835	2'401'480

10. Unrealised net loss from shareholders' loans and convertible notes

	2002		2001	
	unrealised		unrealised	
	Gain	Loss	Gain	Loss
Healthcare in USD	0	967'125	13'900	20'100
Energy in CHF	0	584'351	0	1'000'000
	0	1'551'476	13'900	1'020'100

11. Portfolio management expenses

According to the investment advisory agreement between ProgressNow! (Overseas) Ltd. and ProgressNow! *advisers* AG, advisory and performance fees were paid as from April 15, 2000 to ProgressNow! *advisers* AG as follows:

	2002	2001
Management and advisory fee	CHF 1'264'352	CHF 1'354'359
Performance fee	CHF 0	CHF 0
	CHF 1'264'352	CHF 1'354'359

Under the investment advisory agreement, the subsidiary pays the adviser an advisory fee of 2% of the audited consolidated total net asset value of the company at the beginning of the business year. Capital transactions during the year are included at their cash value as from the quarter following the transaction.

At the end of each business year, the subsidiary pays the adviser a performance fee based on the increase in the share price of the company on the stock exchange on which the shares are principally dealt (i.e. the Berne stock exchange until the listing on the SWX Swiss Exchange, and thereafter the SWX Swiss Exchange). The performance fee is calculated as follows:

- ≥ 10% increase versus prior year: 10% performance fee
- ≥ 15% increase versus prior year: 20% performance fee

In the case of a decrease in share price versus prior year, a performance fee is only paid again once the historic high price is reached ("high water mark"). At the present time the high water mark is CHF 100.00 per share.

IFRS Accounts

12. Related parties and companies

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

ProgressNow! (Overseas) Ltd. receives investment advice from ProgressNow! *advisers* AG, an investment advisory company domiciled in Frauenfeld. Two board members of ProgressNow! *invest* AG are also board members of ProgressNow! *advisers* AG. The investment advisory agreement concluded between both companies is in line with normal market conditions. These are set out above under note 11 "portfolio management expenses".

In addition an executive management agreement has been entered into between ProgressNow! *invest* AG and Kaelin Management AG at normal market conditions. The annual management fee amounts to CHF 25'000. The CEO of Kaelin Management AG is also a board member of ProgressNow! *invest* AG and ProgressNow! *advisers* AG.

No members of the board of directors of ProgressNow! *invest* AG received any compensation.

There exist no other transactions with related parties or companies.

13. Deferred taxes

Taxes are as follows:	2002	2001
	CHF	CHF
Current income taxes	0	0
Deferred income taxes	40'841	32'531

The tax on the Group's results before tax differs from the theoretical amount that would arise using the effective average tax rate of the Group as follows:

	CHF	CHF
Loss before tax	-7'903'810	-3'618'140
Average tax rate	7.8 %	7.8 %
Income tax at average tax rate	0	0
Effect of:		
- release of deferred tax liability	0	-39'695
- deferred tax asset not recognised	40'841	72'226
- income not subject to tax	0	0
Total deferred tax charge	40'841	32'531

14. Investments and financial instruments

Credit risks

During the normal course of business, the Group takes certain risks, in particular in the areas of private equity investments (start-up financing of young companies). Private equity investments are defined in the investment guidelines of the Group. Financial instruments are only concluded with counterparties with a first class rating.

Liquidity risk

There is a risk that private equity investments (i.e. investments in unquoted companies) may not be realisable at favourable conditions. In addition, certain investments are illiquid and cannot be sold without the agreement of other co-investors. Furthermore it is possible that individual private equity investments will not show an increase in value for several years.

IFRS Accounts

Market risks

Price changes

In keeping with its objectives, part of the Group's assets are invested in marketable securities. The Group is thus subject to price fluctuations on the stock markets.

Currency

The Group maintains its records and calculates its net asset value in Swiss francs. Investments are, however, made in other currencies, in particular in US dollars. Consequently the Group is exposed to price fluctuations on the currency markets.

Interest

The interest risk is negligible because the Group is financed by shareholder's equity and intends to maintain a high investment degree. However, at the beginning of the investment process it is likely that the Group holds substantial cash positions. According to the investment guidelines of the Group, cash is only held with prime banks or invested in debt securities that are rated A or better by Standard & Poor's Ratings Group or Moody's Investors Service Inc.

15. Contingent liabilities

The following contingent liabilities existed at the balance sheet date:

		2002		2001
		CHF		CHF
Capital investments:				
Energetech Australia Pty Ltd: Payments per investment agreement, dependent upon achievement of targets.	USD 666'666	921'999	0	0
		921'999		0

16. Post balance sheet events

There were no material post balance sheet events which have a bearing on the understanding of the financial statements.

17. Significant shareholders

Name	% of capital	% of capital
	31.12.2002	31.12.2001
Bâloise-Holding	28.47%	28.47%
Aeschengraben 21, CH-4002 Basel, represented by:		
- <i>Basler Lebens-Versicherungs-Gesellschaft</i> <i>Aeschengraben 21, CH-4002 Basel</i>	21.35%	21.35%
- <i>Basler, Versicherungs-Gesellschaft</i> <i>Aeschengraben 21, CH-4002 Basel</i>	7.12%	7.12%
Beamtenversicherungskasse des Kantons Zürich Stampfenbachstr. 36, CH-8006 Zürich	7.12%	7.12%
KM (Overseas) Ltd, George Town, Cayman Island, B.W.I	5.17%	--

Report of the group auditors

Report of the group auditors to the general meeting of ProgressNow! invest AG Frauenfeld

As auditors of the group, we have audited the consolidated financial statements (balance sheet, income statement, statement of cash flows, statement of changes in equity and notes) of ProgressNow! invest Group for the year ended 31 December 2002.

These consolidated financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession and with the International Standards on Auditing, which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law and the accounting provisions of the Additional Rules for the Listing of Investment Companies of the SWX Swiss Exchange. In accordance with Art. 20, paragraph 4 of the Additional Rules, we are of the opinion, that the valuation method applied by the board of directors to determine the value of the Private Equity Investments is reasonable.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Jürg Kummer Andreas Aebersold

Bern, 12 February 2003

Statutory Accounts

ProgressNow! invest AG

Balance sheet as of December 31 (in Swiss francs)	Notes	2002 CHF	2001 CHF
ASSETS			
Cash and cash equivalents		1'523'440	1'575'820
Receivables from third parties		2'642	12'094
Treasury shares	1.2	1'339'321	1'980'928
Investment:			
- in subsidiary	1.1	51'971'556	59'680'556
Total assets		54'836'959	63'249'398
LIABILITIES AND SHAREHOLDERS' EQUITY			
Accruals and deferred income		44'242	31'542
Total liabilities		44'242	31'542
Share capital		35'125'000	35'125'000
Statutory reserves:			
- general reserves		33'177'778	32'441'632
- reserves for treasury shares		1'947'222	2'683'368
Loss carried forward:		-15'457'283	-7'032'144
- loss brought forward	-7'032'144		-2'493'305
- net loss for the year	-8'425'139		-4'538'839
Total shareholders' equity		54'792'717	63'217'856
Total liabilities and shareholders' equity		54'836'959	63'249'398

Income statement for the business year ended on December 31 (in Swiss francs)	2002 CHF	2001 CHF
Finance income/costs		
Interest income	9'717	34'555
Losses from investments	-7'709'000	-3'495'000
Losses from treasury shares	-521'321	-921'940
Unrealised foreign exchange gains	50	181
Other finance costs	-4'023	-3'450
Total net finance income/costs	-8'224'577	-4'385'654
Other costs		
Administrative expenses	-191'486	-142'743
Capital tax	-9'076	-10'442
Total other costs	-200'562	-153'185
Net loss	-8'425'139	-4'538'839

Statutory Accounts

ProgressNow! invest AG

Notes

1. Information according to Art. 663b CO

1.1 Significant investments

Company	Business activity	Ownership
ProgressNow! (Overseas) Ltd Grand Cayman Cayman Islands	Investments in companies active in the healthcare, education and environment sectors including renewable energy sources through acquisition of marketable securities and private equity investments.	100%

ProgressNow! (Overseas) Ltd was founded during the business year 2000.

1.2 Treasury shares

	Number of shares	Price in CHF Highest	Price in CHF Average	Price in CHF Lowest	Historic cost CHF	Valuation adjustment CHF	Book value CHF
As per 01.01.2001	16'507		98.05		1'618'474	-9'059	1'609'415
Purchases	20'445	98.68	80.72	53.22	1'650'371	0	1'650'371
Sales	-6'000		59.49		-585'477	228'559	-356'918
Realised loss						-228'559	-228'559
Unrealised loss						-693'381	-693'381
As per 01.10.2002	30'952		86.69		2'683'368	-702'440	1'980'928
Purchases	30'295	79.11	62.63	25.08	1'897'308	0	1'897'308
Sales	-30'100		67.03		-2'633'454	615'860	-2'017'594
Realised loss						-615'860	-615'860
Unrealised loss						94'539	94'539
As per 31.12.2002	31'147		62.52		1'947'222	-607'901	1'339'321

1.3 Authorised capital increase

The general meeting on May 15, 2001 resolved the introduction of an approved share capital of CHF 17'562'500. An increase in the share capital, which can be carried out by the board of directors up to May 15, 2003, has not yet taken place.

2. Other legally required information

2.1 Significant shareholders

The board of directors is aware of the following shareholders who hold 5% or more of the voting rights:

Name:	Ownership 31.12.2002:	Ownership 31.12.2001:
Bâloise Holding, Aeschengraben 21, CH-4002 Basel represented by:	28.47%	28.47%
- Basler Lebens-Versicherungs-Gesellschaft, Aeschengraben 21, CH-4002 Basel	21.35%	21.35%
- Basler, Versicherungs-Gesellschaft, Aeschengraben 21, CH-4002 Basel	7.12%	7.12%
Beamtenversicherungskasse des Kantons Zürich, Stampfenbachstr. 36, CH-8006 Zürich	7.12%	7.12%
KM (Overseas) Ltd, George Town, Cayman Islands, B.W.I.	5.17%	--

Report of the statutory auditors

Report of the statutory auditors to the general meeting of ProgressNow! invest AG Frauenfeld

As statutory auditors, we have audited the accounting records and the financial statements (balance sheet, income statement and notes) of ProgressNow! invest AG for the year ended 31 December 2002.

These financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and financial statements comply with Swiss law and the company's articles of incorporation.

We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Jürg Kummer Andreas Aebersold

Bern, 12 February 2003