



**ProgressNow! *invest* AG**



**A N N U A L   R E P O R T**

# 2010

Innovation

+

Sustainability

=

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

## Review of the business year 2010

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

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

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

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

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

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

## Outlook for 2011

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

A detailed description of developments at each portfolio company in 2010 as well as the outlook for 2011 can be found as usual in the following pages of this annual report.

# Chairman's Statement

## **Annual General meeting 2011**

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

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

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

### ***Re-election to the board of directors***

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

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

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

Dr. Robert Straub  
Chairman of the Board

# Net asset value of the company and portfolio

## Net asset value of the company and per issued share

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

## Portfolio as per December 31, 2010

Marketable securities	Type of investment	Number	Currency	Valuation	Total Fair Value in CHF	% of portfolio	Gain/Loss 2010
<b>Healthcare</b>							
Hansen Medical, Inc	Shares	63'011	USD	1.49	87'511	0.81%	-55.66%
<b>Total per balance sheet</b>					<b>87'511</b>	<b>0.81%</b>	
<b>Private equity investments</b>							
<b>Healthcare</b>							
Cadent Holdings, Inc	Shares	336'372	USD	4.29	1'346'122	12.48%	-9.83%
	Options	637	USD	3.97	2'359	0.02%	-9.83%
Velico Medical, Inc	Shares	9'906'585	USD	1.00	9'233'928	85.61%	-9.83%
					<b>10'582'409</b>	<b>98.11%</b>	
<b>Energy</b>							
Oceanlinx Ltd	Shares	348'179	AUD	0.35	116'428	1.08%	2.76%
					<b>116'428</b>	<b>1.08%</b>	
<b>Education</b>							
Enablearning, Inc	Shares	1'452'905	USD	0.00	0	0.00%	0.00%
					<b>0</b>	<b>0.00%</b>	
<b>Total per balance sheet</b>					<b>10'698'837</b>	<b>99.19%</b>	
<b>Total Portfolio per December 31, 2010</b>					<b>10'786'348</b>	<b>100.00%</b>	

# Healthcare

## Cadent Holdings, Inc

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

*Financing stage:* Expansion - Development  
*Ownership:* 1.2% (fully diluted), 1.4% (voting rights)

<i>Investment:</i>	<i>Price per share:</i>	<i>Cost:</i>	<i>Fair value:</i>
October 2001	USD 6.06	USD 1'879'999	
Februar 2005	USD 4.29	USD 27'348	
August 2009	USD 4.29	USD 85'496	
<b>Total 31.12.2009</b>		<b>USD 1'992'843</b>	<b>USD 1'446'713</b>
<b>Total 31.12.2010</b>		<b>USD 1'992'843</b>	<b>USD 1'446'713</b>

*ProgressNow! (Overseas) Ltd holds options to purchase 637 ordinary shares of the company at a price of USD 0.32 per share, exercisable at any time until 28.02.2015.*

### Description

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 precise measurements for the treatment plan while at the same time eliminating the current model storage and retrieval issues. Cadent's second service, iTero, relates to the production of dental crowns and bridges. With its unique intra-oral scanner, Cadent replaces the physical and time-consuming impression process with a fast digital one that extracts information directly from the treatment area. The Cadent iTero Scanner allows the practitioner to maintain full control over the impression process and eliminates the need for any corrective work as a result of faulty physical impressions.

### Developments in year

Full year 2009 results showed a 22% increase in revenues compared to the previous year, and this positive trend continued in 2010.

Cadent announced an agreement with DEKA Laser Technologies in February whereby it will serve as exclusive digital impression partner for DEKA's Laser Practicum. Under the agreement the two companies will collaborate on educational initiatives for current DEKA and iTero users and potential customers looking to adopt both technologies.

In March Cadent signed an agreement with the Las Vegas Institute for Advanced Dental Studies (LVI), one of the world's leading post-graduate dental training facilities, whereby the iTero digital impression system will become the exclusive digital impression technology integrated into the LVI curriculum.

An iTero grant program was also established with the Pankey Institute, another leading dental technology education centre, under which Cadent provides grants based on the number of faculty members, students and alumnus purchasing the iTero system. A Cadent iTero system and models are also provided for use in applicable core curriculum at the Institute.

Richard Blanchette was appointed CFO in May in succession to Ed Sitar.

## Healthcare

Cadent announced in August that it had processed the 250'000<sup>th</sup> case utilising the iTero digital impression technology. More than 1'700 dentists in 21 countries now use iTero to capture 3-D images for all types of dental restorations including crowns, bridges and cosmetic veneers.

### **Outlook**

Management continues to consider various long term strategic options, including cooperation agreements and mergers with other companies.

### **Valuation**

The valuation remains unchanged at USD 4.29 per share, the price of the Series G Financing round in August 2009. The fair value calculation includes the inherent value of the options.

### **Other significant investors**

JP Morgan Partners, Star Ventures, Schroder Ventures Life Sciences, Apax Partners, Fortissimo Capital and Pitango Venture Capital.

# Healthcare

## Hansen Medical, Inc

800 East Middlefield Road, Mountain View, CA 94043, USA  
www.hansenmedical.com

*Financing stage:* Listed on the NASDAQ (ticker symbol HNSN)  
*Ownership:* Under 1% (fully diluted/voting rights)

<i>Investment:</i>	<i>Price per share:</i>	<i>Cost:</i>	<i>Fair value:</i>
<i>April 2005</i>	<i>USD 1.40</i>	<i>USD 617'183</i>	
<i>December 2005</i>	<i>USD 1.40</i>	<i>USD 127'693</i>	
<i>November 2006 - Split 4:1</i>	<i>USD 5.60</i>		
<i>December 2007</i>	<i>Partial sale</i>	<i>USD -392'008</i>	
<b><i>Total 31.12.2009</i></b>		<b><i>USD 352'868</i></b>	<b><i>USD 190'923</i></b>
<b><i>Total 31.12.2010</i></b>		<b><i>USD 352'868</i></b>	<b><i>USD 93'886</i></b>

### Description

Hansen Medical, founded in 2002, develops and manufactures a new generation of medical robotics designed for the accurate positioning, manipulation and stable control of catheters and catheter-based technologies. The company's Sensei® x Robotic Catheter system is designed to allow physicians to intuitively navigate during surgical procedures, and to vary the force applied.

The shares of the company are traded on the NASDAQ exchange.

### Developments in year

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

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

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

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

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

First patients were also successfully treated with Hansen's new flexible catheter vascular robotic system. This features a flexible catheter with remotely steerable distal tips designed to simplify and enhance catheter navigation and therapeutic intervention. The vascular market is large and growing, driven by an ageing population,

## Healthcare

the prevalence of diabetes and obesity and an increase in disease awareness. Of the 2 million + vascular procedures each year, one third to one half are potentially addressable by Hansen's vascular robotic system.

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

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

### **Outlook**

Details of the business outlook of the company can be found on its Web site [www.hansenmedical.com](http://www.hansenmedical.com).

### **Valuation**

The shares are valued at the closing price on the NASDAQ exchange at the balance sheet date.

# Healthcare

## Velico Medical, Inc

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

*Financing stage:* Early stage  
*Ownership:* 29.8% (fully diluted), 38.8% (voting rights)

<i>Investment:</i>	<i>Price per share:</i>	<i>Cost:</i>	<i>Fair value:</i>
<i>May-December 2000</i>	<i>USD 4.67</i>	<i>USD 4'426'112</i>	
<i>December 2001 (July 2003)</i>	<i>USD 0.52</i>	<i>USD 3'000'000</i>	
<i>July 2003</i>	<i>USD 0.52</i>	<i>USD 1'208'509</i>	
<i>April 2008</i>	<i>USD 0.54</i>	<i>USD 467'100</i>	
<b><i>Total 31.12.2009</i></b>		<b><i>USD 9'101'721</i></b>	<b><i>USD 9'906'585</i></b>
<b><i>Total 31.12.2010</i></b>		<b><i>USD 9'101'721</i></b>	<b><i>USD 9'906'585</i></b>

### Description

Velico Medical is a clinical stage company developing proprietary technologies intended to make blood transfusions safer, more effective and less costly. Founded as ZymeQuest, Inc in 1993 the company has developed product candidates based on a common core of technologies and intellectual property. The leading development programs are Spray Dried Plasma and Refrigerated Platelets.

Spray Dried Plasma is a technology to enable the spray drying of plasma to improve its availability and eliminate costs related to frozen plasma, the current standard of care. Unlike frozen plasma, spray dried plasma may be stored in a wide range of environments without freezers or refrigerators, will be available for use by first responders at the initial point of care, and may be transfused in minutes without the 30-45 minute delay associated with thawing frozen plasma.

Refrigerated Platelets is a technology based on a joint invention with Brigham and Women's Hospital that allows platelets to be stored under refrigeration rather than at room temperature, the current practice. Platelets stored at room temperature carry a high risk of bacterial contamination and thus may be stored generally for no more than five days. Refrigerated platelets will have a longer shelf life and little risk of bacterial contamination.

Velico Medical has also developed ECO, a blood group conversion technology, and an automated blood component processing device.

ECO is a technology for the enzymatic conversion of blood groups A and B red blood cells to group O (ECO<sup>®</sup>) red blood cells. Only group O cells can be safely transfused to anyone regardless of their blood group. The conversion of all A and B blood supplies into type O will reduce shortages of rare blood groups (such as B- and AB-) and eliminate the danger of an accidental transfusion with the wrong blood group. In addition, losses from the disposal of outdated blood will be kept to a minimum.

The Blood Component Processor (also known as a High Performance Cell Washer) fully automates the separation of whole blood into blood components and simultaneously washes red blood cells, offering blood centres significant cost savings, a safer blood supply and improved compliance capabilities.

Further development of these products has been deferred in favour of the Plasma and Platelet products above.

# Healthcare

## **Developments in year**

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

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

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

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

## **Outlook**

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

## **Valuation**

The valuation remains unchanged at USD 1.00 per share.

## **Other significant investors**

Novartis Venture Fund, Baloise Private Equity Limited, Penny Lane Partners LP, TW Transfusion Associates LLC and TW Transfusion Institutional Associates LLC.

# Energy

## Oceanlinx Limited

12-14 Waterloo Road, Macquarie Park, NSW 2113, Australia  
www.oceanlinx.com

*Financing stage:* Start-up  
*Ownership:* Under 1% (fully diluted/voting rights)

<i>Investment:</i>	<i>Price per share:</i>	<i>Cost:</i>	<i>Fair value:</i>
May 2002	AUD 2.11	AUD 610'388	
July 2003	AUD 1.46	AUD 85'250	
<b>Total 31.12.2009</b>		<b>AUD 695'638</b>	<b>AUD 121'863</b>
<b>Total 31.12.2010</b>		<b>AUD 695'638</b>	<b>AUD 121'863</b>

### Description

Oceanlinx is a renewable energy company that has developed a new system for extracting energy from ocean waves and converting it to electricity. The Oceanlinx 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 Oceanlinx system can be deployed as a single device, or strung together in a series, similar in concept to wind energy's "wind farms". The electricity generated can be fed into the public grid or used in situ for the desalination of sea water. The company is headquartered in Australia with offices in Great Britain, Canada and the U.S.

### Developments in year

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

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

Oceanlinx was featured in Climate Action, the official publication of the COP16 Climate Change Meeting in Cancun, Mexico in December. Special mention was made of the numerous international awards and accolades the company has received, including being named as the Most Outstanding Clean Energy Technology Innovation at the EcoGen 2010 Clean Energy Awards in September. The article also highlighted the wave energy project that Oceanlinx will be developing in Baja California, in collaboration with Mexico's Comision Federal de Electricidad.

### Outlook

Preparations are underway for a new financing round, with the current major investors committed to the project and discussions with other strategic investors continuing. Oceanlinx is currently working with a number of

## Energy

European parties for the possible deployment of a Deep Water unit in one of the EU countries, and expects advice from the Victorian government on its recent EOI application for grant funding for a project in Victoria, Australia.

### **Valuation**

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

### **Other significant investors**

Espirito Santo Ventures, Emerald Energy Fund, New Energy Fund, Cleantech Australia Fund, RAB Special Situations Co, Morgan Stanley & Co.

# Education

## Enablelearning, Inc

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

*Financing stage:* Early stage  
*Ownership:* 25.6% (fully diluted), 26.6% (voting rights)

<i>Investment:</i>	<i>Price per share:</i>	<i>Cost:</i>	<i>Fair value:</i>
<i>Feb. – Dec. 2002</i>	<i>USD 0.87</i>	<i>USD 1'258'877</i>	
<b>Total 31.12.2009</b>		<b>USD 1'258'877</b>	<b>USD 0</b>
<b>Total 31.12.2010</b>		<b>USD 1'258'877</b>	<b>USD 0</b>

### Description

Enablelearning has developed an educational Web-based enabling software platform. In contrast to several other e-learning providers' solutions in the area of content management, Enablelearning'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 according to their needs. The product EnableMath is aimed at raising levels of student retention by offering support in the area of developmental mathematics.

### Developments in year

Substantial pressure on prices in the US education market has continued in 2010 and, although the company has further reduced staff and cut expenses, significant progress towards profitability has not been made.

Curriculum Associates, the company's K-8 partner in enableMATH360, decided not to publish the product because of profitability concerns. Substantial market resistance was also met by Learn Without limits who have been selling EnableMATH to high schools.

College sales, however, have remained steady and the company has been pursuing new customers with a new pricing structure for K-12 schools. The new low charge per teacher with no student limit means that teachers can pay for a license themselves, and there appears to be a good mix developing between licenses paid by teachers and licenses paid through schools.

Following negotiations with Noel Levitz, the latter have agreed to extend the terms of the note due to them, originally repayable in March 2010.

### Outlook

Sales and marketing efforts will be continued in both K-12 and higher education. The company is also pursuing licensing agreements for the EnableMATH platform in the home and after school markets.

### Valuation

Enablelearning remains dependent on loans from the founding shareholders. In view of this, the below budget performance and the current market development the valuation has been maintained at nil.

### Other significant investors

None. The other shares are held by the company founders and the employees.

# Company information - Corporate Governance

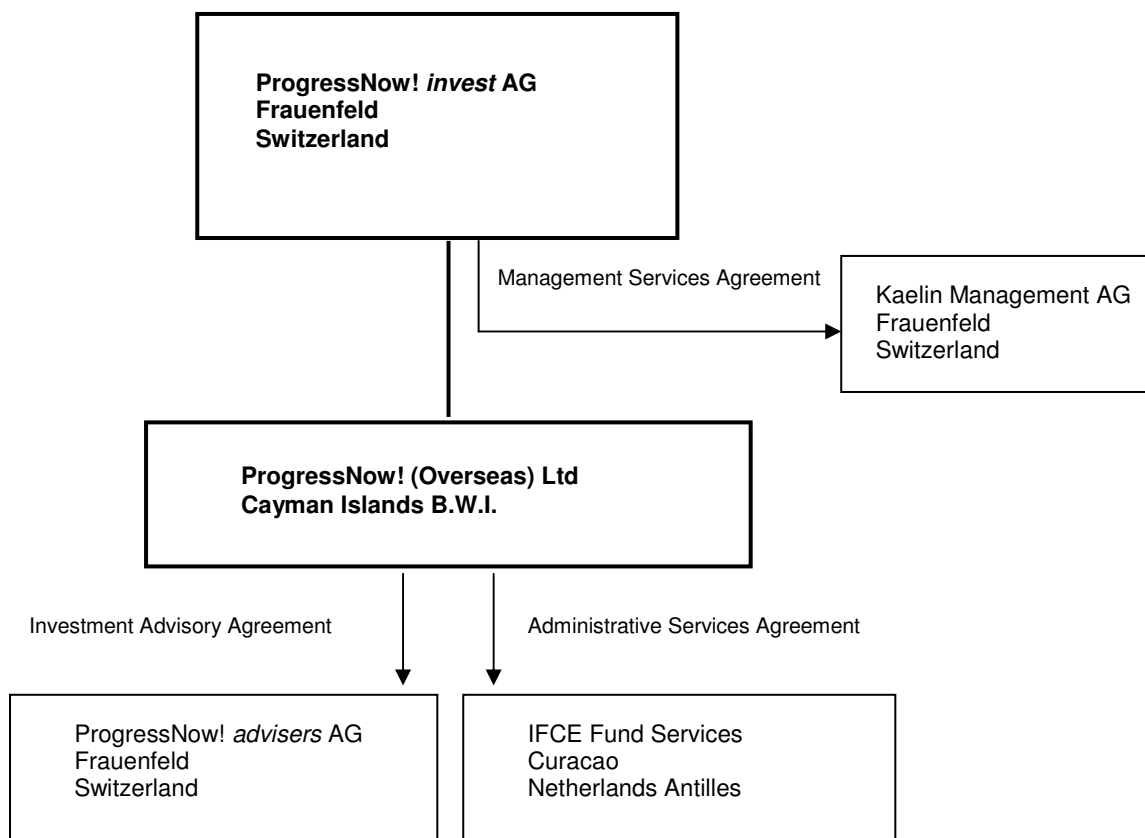
ProgressNow! *invest* AG, Frauenfeld, was established as a holding company according to Swiss law in February 2000. Through its subsidiary, it invests in listed and unlisted companies that are active in a field, or offer goods or services, that make an active contribution to human development and well-being. The majority of the investments are made in private equity (from Venture Capital to Pre-IPO financing). Private equity investments offer the chance to participate in the growth of the next generation of businesses. On the other hand they carry a 100% risk, which can lead to a total loss of the capital invested.

The information set out below is in accordance with the Directive on Information Relating to Corporate Governance of the SIX Swiss Exchange.

## 1. Group structure and shareholders

### 1.1 Group structure

1.1.1 Diagram of the operational group structure:



1.1.2 Information about stock exchange listed companies that are consolidated as per 31.12.2010:

Company	Registered office	Place of listing	Stock market capitalisation	Swiss Security No.
ProgressNow! <i>invest</i> AG	Frauenfeld	SIX Swiss Exchange	CHF 6'041'500	1 051 086

# Company information - Corporate Governance

1.1.3 Information about unlisted companies that are consolidated as per 31.12.2010:

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

## 1.2 Shareholders

Significant shareholders or shareholder groups	Date of disclosure notification	Number of shares	% ownership
Bâloise Holding, CH-Basle	21.12.2001	200'000	28.47%
Shareholders' Group Rüetschi Zehnder AG, CH-Frick	22.08.2009	40'386	5.75%
KM (Overseas) Ltd, CA-Grand Cayman	03.12.2002	35'615	5.07%
Ritec AG, CH-Zug	09.01.2008	29'152	4.15%
Robert Straub, CH-Zürich	09.01.2008	23'000	3.27%
Eduard Kauffmann, CH-Zürich	11.10.2010	22'965	3.27%

The above figures (number of shares and % ownership) correspond to the disclosure notifications made to the company and the disclosure office of the SIX Swiss Exchange and do not necessarily represent the exact shareholding on December 31, 2010. Details of the individual disclosure notifications can be viewed on the website of the SIX Swiss Exchange ([www.six-swiss-exchange.com](http://www.six-swiss-exchange.com)) under "PRON", "Significant shareholders".

In 2010 the company received one notice of disclosure of holdings. The holding of 22'965 shares (3.27% of share capital) held indirectly over GAA Global Asset Allocation, GB-London (publication SHAB 09.01.2008) is now held directly by Eduard Kauffmann, CH-Zürich.

The company received no notifications of disclosure of holdings resulting from purchase or sales of shares in 2010.

## 1.3 Cross-shareholdings

There are no cross-shareholdings.

## 2. Capital structure

### 2.1 Capital

Ordinary capital as per 31.12.2010:	CHF 35'125'000
Authorised capital as per 31.12.2010:	CHF 0
Conditional capital as per 31.12.2010:	CHF 17'562'500

### 2.2 Conditional capital

Conditional capital	Share category	Nominal value
CHF 17'562'500	Registered shares	CHF 50

Conditions: The share capital of the company can be increased by a maximum of CHF 17'562'500 by the issue of a maximum of 351'250 fully paid registered shares through the exercise of option or conversion rights granted in connection with debentures or similar loans by the company or, if this amount is not drawn upon, through the exercise of other options granted to the shareholders of the company. With option bonds and convertible loans, shareholders' pre-emptive rights can be limited or excluded if such debentures or similar loans are to be placed on foreign capital markets. Art.4b of the statutes of the company (available in German under <http://www.progressnow/progressnow/statuten.htm>) contains full details of conditional capital, and Art. 6 contains details of the registration criteria for registered shares with restricted transferability.

# Company information - Corporate Governance

## 2.3 Changes in capital

Date	Share capital	Statutory reserves	Balance sheet loss	Total equity
31.12.2008	CHF 35'125'000	CHF 35'125'000	CHF -56'075'729	CHF 14'174'271
31.12.2009	CHF 35'125'000	CHF 35'125'000	CHF -56'903'548	CHF 13'346'452
31.12.2010	CHF 35'125'000	CHF 35'125'000	CHF -58'486'326	CHF 11'763'674

## 2.4 Shares and participation certificates

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

All issued shares have identical rights and entitlements. Each share entitles the registered shareholder to one vote at the company's annual general meeting of shareholders. The company has no participation certificates outstanding.

## 2.5 Profit sharing certificates

The company has no profit sharing certificates outstanding.

## 2.6 Limitations on transferability and nominee registrations

### 2.6.1 Limitations on transferability per share category:

Article 6 of the company's statutes (available in German under <http://www.progressnow/progressnow/statuten.htm>) governs these provisions. 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.

### 2.6.2 Reasons for granting exceptions in the year under review:

The company has neither received a request for granting exceptions from any shareholder nor granted and/or rejected such a request.

### 2.6.3 Admissibility of nominee registrations:

A nominee registration is possible, however without voting rights.

### 2.6.4 Relaxation or cancellation of the limitations on transferability:

The relaxation or cancellation of the limitations on transferability of registered shares requires a decision by the general meeting of shareholders that is carried by at least two-thirds of the votes present.

## 2.7 Convertible bonds and 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
<b>Executive members</b>				
Rolf Kälin	Swiss citizen, 1953	Vice Chairman	February 2000	AGM 2013
<b>Non-executive members</b>				
Dr. Robert Straub	Swiss citizen, 1940	Chairman	February 2000	AGM 2011
René Häusler	Swiss citizen, 1955	Member	March 2000	AGM 2012

## Company information - Corporate Governance

**Rolf Kälin** has a commercial education (KV) and completed the advanced management program of the Wharton Business School (Philadelphia). He has more than twenty years' international investment banking and asset management experience. He began his career in 1976 at Swiss Bank Corporation, Zürich, and from 1978 worked for Manufacturers Hanover Trust, London in securities trading. Between 1982 and 1984 he was head of sales and syndicate at Chemical Bank International Ltd, London. In 1985 he was appointed managing director of Leu Securities, London and in 1987 head of securities trading and sales division at Bank Leu AG, Zurich. In this position, Rolf Kälin was also holder of the trading licence for Bank Leu on the Zürich stock exchange. Following the merger he moved to Credit Suisse as deputy head of division, group securities sales. From 1991 to 1992 he was director and head of the finance department at Dresdner Bank, Munich, responsible for the bavarian area. In 1993 he joined LGT Group, first as managing director of LGT Asset Management, Zurich and board member of the group and as of 1995, as head of corporate development for the whole group. In September 1998 he founded Kaelin Management AG. Rolf Kälin is also the only director of ProgressNow! *advisers* AG (adviser to ProgressNow! (Overseas) Ltd) and the only director and main shareholder of Kaelin Management AG. In addition, Rolf Kälin is a board member of the ProgressNow! portfolio company Velico Medical, Inc.

**Dr. Robert Straub** studied economics at the Universities of Zurich and Fribourg (Switzerland). He has over thirty years' experience in finance, particularly in asset management for institutional investors. Until 1974, he worked at various banks and insurance companies, including a period as assistant director at Swiss Volksbank. He spent the next twenty years as Head of Asset Management for the Finance Department of the Canton of Zurich, and as of 1988 as Head of Finance. In 1995 he set up an independent financial consultancy in Zurich. Since 1984 he has been active on various committees of the "Investmentstiftung für Personalvorsorge" and was their President from 1990 to 2002. In addition, Robert Straub has been a member of many bodies and boards, including President of the Committee for Cantonal Finance Issues. He is currently a board member of Belimo Holding AG and the cooperative Urbanis – Finanzierungsgemeinschaft Schweizer Städte.

**René Häusler** graduated from the University of Zurich in 1984 with a master's degree in history, political science and economy, having interrupted his studies in 1983-84 to join the swiss delegation at the Neutral Nations Supervisory Commission (NNSC) in Korea. Between 1988 and 1994 he worked for Bank Sogenal in Zurich and the Society of Physicians (Ärztegesellschaft) of the Canton of Zurich. He is the author of several books and articles on political psychology. Since 1995 René Häusler has been self employed, and until the end of 1999 he was a frequent guest lecturer at the Chulalongkorn University in Bangkok. Today he is mainly active in the investor relations presentation business. He is chairman of Bowl Construction AG, L'Avenir Finanz AG, Lafina Investment AG and Lawewa International Ltd. In addition he is the sole director and CEO of Theracon AG, vice chairman of Sempre-Automaten AG and a board member of Avalon Oil & Gas Inc Mineapolis/USA and the ThaiSwiss SME Industrial Center in Pranburi, which provides swiss small and mid caps with cost-effective and low-risk access to the Asian market.

### 3.2 Other activities and functions

A brief description of further activities and functions of each board member outside the ProgressNow! *invest* Group can be found in paragraph 3.1.

### 3.3 Cross-involvement (cancelled)

### 3.4 Elections

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, requires 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. The first election and remaining term of office of each board member are listed in paragraph 3.1.

# Company information - Corporate Governance

## 3.5 Internal organisational structure

The organisation and duties of the board of directors are defined in the statutes (available in German under <http://www.progressnow/progressnow/statuten.htm>) and the rules of organisation of the company (available free of charge from the company - email: [office@progressnow.ch](mailto:office@progressnow.ch) or Postfach, 8501 Frauenfeld).

Besides ensuring that all legal regulations in the relevant countries are adhered to, 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;
- Valuing the private equity investments of ProgressNow! (Overseas) Ltd for the annual and semi-annual financial statements of ProgressNow! *invest* Group.

The board of directors has no particular division of duties; hence there are no board committees.

The board of directors convenes whenever business requires, but at least four times a year. A board meeting is generally held once a quarter, but at the latest four months after the previous meeting. 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. A board meeting lasts between one and three hours. In the business year 2010 a total of seven board meetings took place which all board members participated in. The general manager also participates in the board meetings.

## 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 statutes (available in German under <http://www.progressnow/progressnow/statuten.htm>) or the rules of organisation (available free of charge from the company - email: [office@progressnow.ch](mailto:office@progressnow.ch) or Postfach, 8501 Frauenfeld) provide otherwise.

The general manager is primarily responsible for administrative tasks such as:

- Carrying out and supervising all current business of ProgressNow! *invest* AG as set out in the rules of organisation;
- Consultation with and receiving reports and information from the board of directors of ProgressNow! (Overseas) Ltd addressed to the board of ProgressNow! *invest* AG;
- Maintenance and supervision of the bookkeeping according to the instructions of the board of directors;
- Preparing the annual report and annual financial statements, and the semi-annual report and financial statements, for the board of ProgressNow! *invest* AG as well as reporting periodically to the latter about the course of business of the Group;
- Consulting and exchanging information with the auditors and the group auditors;
- Supervising and maintenance of the shareholder register;
- Reporting immediately to the board of directors and chairman of ProgressNow! *invest* AG on the occurrence of a higher risk in the course of business, in the case of extraordinary occurrences, in case of capital loss and over-indebtedness (Art. 725 CO) or other dangers to the company.

The general manager is not involved in the investment process.

The board of directors of ProgressNow! (Overseas) Ltd which takes the investment decisions based on proposals made by ProgressNow! *advisers* AG consists of Ingo J. Wolfert (Chairman) und Dennis Hunter. After graduating in economics and social sciences from the University of Augsburg (Germany), Ingo J. Wolfert was employed at Siemens Electric Ltd in 1990 as a computer analyst in Point Claire (Canada). Between 1993 and 1999 he worked for various Siemens offices in Germany, during which time he also managed projects in France, Ireland and Suzhou (China). In October 1999 he returned to Canada to assume the position of general manager at the Industry & Construction Group of Siemens Canada Ltd, a post he held until March 2009. Dennis Hunter is the managing director of Queensgate Bank & Trust Company Ltd, Grand Cayman, and has more than 25 years of international investment banking and asset management experience.

# Company information - Corporate Governance

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

The executive director, together with the investment adviser, informs the board of directors in detail of developments at the portfolio companies at each quarterly board meeting. In addition, the board of directors is informed by the general manager at every meeting about current business development, including the net asset value and share price development. Every board member can at any time request information relating to all activities of the company and group companies. Extraordinary events have to be brought to the attention of board members immediately. Information on risk management can be found under note 3 to the consolidated financial statements, page 29-31 in this annual report.

## 4. Management

### 4.1 Members of the management

Management is governed by a Management services agreement (see para. 4.3.2). The basic duty of the general manager 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 in principle extend to ProgressNow! (Overseas) Ltd.

Under the Management services agreement the management is performed by Bettina S. Steffen (Swiss citizen, 1959). Bettina Steffen is a certified swiss banker with more than 15 years of international banking experience. From 1990 to 1996 she headed the swiss representative office of Manufacturers Hanover Trust New York and, after its merger with Chemical Bank, of Chemical Bank. In 1996, following the merger of Chemical Bank with Chase Manhattan Bank, Bettina Steffen joined Liechtenstein Global Trust Zurich where she worked as project manager in the corporate development department. Since 1998 she has been employed by Kaelin Management AG. In addition, Bettina Steffen is also responsible for the administrative management of ProgressNow! *advisers* AG.

Investment controlling is carried out by Brian Bailey (Swiss-British dual national, 1950) 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. Between 1975 and 1982 he was employed as auditor with KPMG in London and Zurich. He subsequently worked as financial controller for Aeberhardt AG and Intercapital CMS, swiss subsidiaries of british companies. Since December 2000 he has been employed as finance manager and investment controller at Kaelin Management AG.

### 4.2 Other activities and functions

Besides her functions for the company, Bettina Steffen is active for Kaelin Management AG and ProgressNow! *advisers* AG. She is also a shareholder in Kaelin Management AG. Apart from this, 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 section 3.1, a board member of ProgressNow! *invest* AG is also sole director of ProgressNow! *advisers* AG. Kaelin Management AG is main shareholder of ProgressNow! *advisers* AG.

The investment advisory agreement defines, inter-alia, the services provided and remuneration of the adviser. It can be terminated as per 30 June, with a notice period of twelve months. Since business year 2008 the advisory fee has been fixed at CHF 150'000 per annum. 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 SIX 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.

### 4.3.2 Management services agreement

The management of ProgressNow! *invest* AG is governed by a management services agreement between the company, Kaelin Management AG and the general manager (see note 4.1). Under this agreement Kaelin Management is responsible for providing and remunerating the general manager and any other necessary personnel. The fixed annual fee amounts to CHF 25'000. The management services agreement can be terminated with a notice period of three months. ProgressNow! *invest* AG has no employees.

### 4.3.3 Administrative services agreement

The administration of ProgressNow! (Overseas) Ltd is covered by an administrative services agreement. Since January 2008, the administration of ProgressNow! (Overseas) Ltd has been carried out by IFCE Fund Services, Curacao, Netherlands Antilles. The annual fee for the administration is USD 10'000. The administrative services agreement can be terminated with a notice period of three months. The subsidiary has no employees.

## 5. Compensation, shareholdings and loans

The directors of ProgressNow! *invest* AG receive a fixed annual fee for their services. This amounted to CHF 35'000 in 2010; the Chairman received CHF 15'000 and the other directors CHF 10'000.

According to the management services agreement (see note 4.3.2) ProgressNow! *invest* AG pays Kaelin Management an annual fee. This amounted to CHF 25'000 in 2010; no payments were made to the general manager.

### 5.1 Content and method of determining the compensation and shareholding programmes

Every member of the board of directors receives a fixed annual fee for his services as a director. According to Art. 17 of the statutes (available in German under <http://www.progressnow/progressnow/statuten.htm>) this fee is fixed by the board of directors at their discretion. It is set at the time of the annual budget.

The remuneration for management services (see note 4.3.2) is governed by a contractual agreement and is based on a discretionary decision by the board of directors.

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

## 6. Shareholders' participation

### 6.1 Voting-rights and representation restrictions

There are no restrictions on voting rights, provided that the shareholder is entered in the company's share register. All shareholders can nominate another person, who does not have to be a shareholder, to vote for them at general meetings of shareholders.

### 6.2 Statutory quorums

Statutory quorums are defined in article 12 of the company's statutes (available in German under <http://www.progressnow/progressnow/statuten.htm>). In addition to the cases mentioned in 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.

# Company information - Corporate Governance

## 6.3 Convocation of the general meeting of shareholders

The statutes (available in German under <http://www.progressnow/progressnow/statuten.htm>) 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 statutes (available in German under <http://www.progressnow/progressnow/statuten.htm>) contain no requirements for the addition of items to the agenda of the general meeting of shareholders that vary from, or supplement, those required by law. Shareholders representing shares with a total nominal value of CHF 1 million can request that an item be added to the agenda. Such requests have to be submitted to the company in writing no later than 60 days before the date of the general meeting.

## 6.5 Registrations in the share register

Registrations in the share register are made until ten 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.

## 8. Auditors

PricewaterhouseCoopers AG, Bahnhofplatz 10, 3001 Bern, are company and group auditors.

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

Since the establishment of the company in February 2000, the annual general meeting has re-elected PricewaterhouseCoopers AG. Markus Schmid has been auditor in charge of the ProgressNow! Group since 2010.

### 8.2 Audit fees

In the year under review total audit fees of CHF 42'688 were paid, of which CHF 31'390 related to ProgressNow! *invest* AG and CHF 11'298 to ProgressNow! (Overseas) Ltd.

### 8.3 Additional fees

In the year under review, no other fees were paid to the auditors.

### 8.4 Supervisory and control instruments pertaining to the audit

The board of directors assess the work of the auditors annually and propose an auditing company for election to the annual general meeting. The auditors are accountable to the board of directors and to the shareholders.

The auditors, PricewaterhouseCoopers AG, are responsible for performing an independent audit of the consolidated and statutory accounts in accordance with generally accepted auditing standards.

The executive director liaises with the elected auditors and, in particular, discusses significant risks, contingencies and other obligations of the company. At least once a year he discusses all significant matters with the auditors.

## Company information - Corporate Governance

The board of directors assess the independence of the auditors, and review and approve the planned audit work. In particular they review material changes to the accounting policies of the company, the adequacy and efficiency of the financial reporting, the internal control system as well as findings and recommendations of the auditors. The board of directors approve in advance any non-audit services provided by the auditors. They also discuss with the auditors the results of the annual audit; in particular the report on the financial statements, any necessary changes to the audit plan, any alternative accounting treatments and any other written communications with management, such as management letters. The board of directors review the audit fees to consider whether the level of fees is appropriate.

The auditors did not participate in any meetings of the board of directors in 2010. During the year audit meetings took place between the executive director and/or the general manager, the investment controller and the lead audit partner and/or the audit expert.

In accordance with the Swiss federal act on the licensing and oversight of auditors, and to ensure independence of the external auditor, the lead audit partner is changed every seven years.

### 9. Information policy

The company publishes audited annual consolidated accounts prepared in accordance with IFRS and unaudited semi-annual consolidated accounts prepared in accordance with IFRS. The annual accounts are presented at the ordinary general meeting of shareholders which takes place in March/April of the following year. A shareholders' letter is sent with the invitation to the ordinary general meeting of shareholders to all shareholders registered in the share register. The annual report and the current semi-annual report are available as a PDF file on the company's website.

The official publication organ for announcements of the company is the Swiss Official Gazette of Commerce. The Net asset value of the company is updated on a weekly basis, and published on the website of the company. The website also features information on the investment focus of the company, the valuation guidelines for private equity investments and latest information on the portfolio companies, including links to the relevant websites.

The share price (current and historical values), management transactions and significant shareholders can be viewed on the website of the SIX Swiss Exchange ([www.six-swiss-exchange.com](http://www.six-swiss-exchange.com)) under "PRON". The company publishes price sensitive facts in accordance reporting requirements of the SIX Swiss Exchange. Press releases and ad-hoc news are sent by email to registered persons and can be viewed on the company's website.

<b>Event:</b>	<b>Date:</b>	<b>Website: <a href="http://www.progressnow.com">www.progressnow.com</a></b>
End of business year	December 31	
Publication Annual report 2010	March 2, 2011	"What is ProgressNow!?", "Annual reports"
Publication Shareholders' letter	March 2, 2011	"What is ProgressNow!?", "Annual reports"
Annual general meeting	March 23, 2011	
End of half year	June 30	
Publication Semi-annual report 2011	July 29, 2011	"What is ProgressNow!?", "Semi-annual reports"
Publication Net asset value (NAV)	weekly	"Our portfolio", "Net asset value"
Press releases		"ProgressNow! news", "Press releases"
Ad-hoc news		"ProgressNow! news", "Ad-hoc news"
Registration Ad-hoc news		"ProgressNow! news", "Registration Ad-hoc news"

# IFRS Accounts

## ProgressNow! invest Group

Consolidated balance sheet as at December 31 (in Swiss francs)		2010	%	2009	%
	Notes	CHF		CHF	
<b>ASSETS</b>					
Cash and cash equivalents	5	1'062'075	8.96	1'388'688	10.34
Receivables and prepayments		3'213	0.03	14	0.00
Marketable securities	6	87'511	0.74	197'357	1.47
Private equity investments	7	10'698'837	90.27	11'849'200	88.19
<b>Total assets</b>		<b>11'851'636</b>	<b>100.00</b>	<b>13'435'259</b>	<b>100.00</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
Accruals		87'962	0.74	88'807	0.66
<b>Total liabilities</b>		<b>87'962</b>	<b>0.74</b>	<b>88'807</b>	<b>0.66</b>
Share capital	8	35'125'000	296.37	35'125'000	261.44
Share premium		31'008'152	261.64	31'008'152	230.80
Loss carried forward		-54'369'478	-458.75	-52'786'700	-392.90
<b>Total shareholders' equity</b>		<b>11'763'674</b>	<b>99.26</b>	<b>13'346'452</b>	<b>99.34</b>
<b>Total liabilities and shareholders' equity</b>		<b>11'851'636</b>	<b>100.00</b>	<b>13'435'259</b>	<b>100.00</b>

Consolidated statement of comprehensive income for the year ended December 31 (in Swiss francs)		2010	2009
	Notes	CHF	CHF
<b>Operating income/loss</b>			
Interest income	9	1'224	1'586
Unrealised loss from marketable securities	10	-109'846	-286'881
Realised gain from private equity investments	11	0	9'144
Unrealised loss from private equity investments	12	-1'150'363	-210'128
Foreign exchange loss/gain	13	-1'372	107
Other finance costs		-5'484	-7'395
<b>Total operating loss</b>		<b>-1'265'841</b>	<b>-493'567</b>
<b>Operating expenses</b>			
Portfolio management expenses	14	-150'000	-150'000
Other administrative expenses		-166'664	-200'097
Capital tax		-273	-1'032
<b>Total operating expenses</b>		<b>-316'937</b>	<b>-351'129</b>
<b>Loss</b>		<b>-1'582'778</b>	<b>-844'696</b>
Other comprehensive income		0	0
<b>Total comprehensive loss</b>		<b>-1'582'778</b>	<b>-844'696</b>
<b>Loss per outstanding share:</b>	16	<b>-2.25</b>	<b>-1.21</b>
<b>Loss per outstanding share, diluted:</b>	16	<b>-2.25</b>	<b>-1.21</b>
Average number of shares outstanding:		702'500	700'416

The notes on pages 25 to 36 are an integral part of these consolidated financial statements.

# IFRS Accounts

## ProgressNow! invest Group

Consolidated statement of cash flows for the year ended December 31 (in Swiss francs)		2010 CHF	2009 CHF
	Notes		
Sale of private equity investments	7	0	9'144
Purchase of private equity investments	7	0	-93'166
Interest received		1'224	1'587
Interest and bank charges paid		-684	-7'394
Portfolio management and administrative expenses		-325'508	-344'291
Capital tax payments		-273	-1'032
<b>Cash flow from operating activities</b>		<b>-325'241</b>	<b>-435'152</b>
Sale of treasury shares		0	29'976
<b>Cash flow from financing activities</b>		<b>0</b>	<b>29'976</b>
<b>Decrease in cash and cash equivalents</b>		<b>-325'241</b>	<b>-405'176</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>1'388'688</b>	<b>1'793'757</b>
<b>Foreign exchange loss/gain on cash and cash equivalents</b>		<b>-1'372</b>	<b>107</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>1'062'075</b>	<b>1'388'688</b>

The business of the group is the investment in marketable securities and non-quoted companies (private equity). For this reason such investment transactions form part of the operating activities.

## Consolidated statement of changes in shareholders' equity as per December 31, 2010

Shareholders' equity		Share capital CHF	Share premium CHF	Retained losses CHF	Total shareholders' equity CHF
<b>Balance at start of year</b>	1.1.2009	35'125'000	30'978'176	-51'942'004	14'161'172
Sale of treasury shares			29'976		29'976
Loss 2009				-844'696	-844'696
<b>Balance at end of year</b>	31.12.2009	35'125'000	31'008'152	-52'786'700	13'346'452
<b>Balance at start of year</b>	1.1.2010	35'125'000	31'008'152	-52'786'700	13'346'452
Loss 2010				-1'582'778	-1'582'778
<b>Balance at end of year</b>	31.12.2010	35'125'000	31'008'152	-54'369'478	11'763'674

## Statement of treasury shares as per December 31, 2010

Treasury shares	Number of shares	Price in CHF Highest	Price in CHF Average	Price in CHF Lowest	Historic cost CHF
<b>Balance per January 1, 2009</b>	2'599		42.10		109'422
Purchases	0				0
Sales	-2'599	13.28	11.53	9.35	-109'422
<b>Balance per December 31, 2009</b>	0		0.00		0
<b>Balance per January 1, 2010</b>	0		0.00		0
Purchases	0				0
Sales	0				0
<b>Balance per December 31, 2010</b>	0		0.00		0

The notes on pages 25 to 36 are an integral part of these consolidated financial statements.

# IFRS Accounts

## ProgressNow! *invest* Group

### Notes to the consolidated financial statements for the year 2010

#### 1. 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 Zürcherstrasse 300, 8500 Frauenfeld, Switzerland. Its duration is unlimited.

The company is listed on the SIX Swiss Exchange.

Group companies per 31.12.2010 are as follows:

Company	Registered office	Country	% ownership	
			31.12.2010	31.12.2009
ProgressNow! <i>invest</i> AG	Frauenfeld	Switzerland	---	---
ProgressNow! (Overseas) Ltd	Grand Cayman	Cayman Islands	100.00%	100.00%

These consolidated financial statements were authorised for issue by the board of directors on February 17, 2011. At the annual general meeting, which will take place after publication of these consolidated financial statements, ProgressNow! *invest* AG shareholders, as owners of the parent company, have the right to reject and alter these statements.

#### 2. Summary of accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### 2.1 Basis of preparation

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and article 14 of the Directive on Financial Reporting (RLR) issued by the SIX Swiss Exchange. The consolidated financial statements have been prepared under the historical cost convention, with the exception of marketable securities and private equity investments which, as "financial assets at fair value through profit or loss" are valued at fair value.

The preparation of financial statements in conformity with IFRS requires management to make assumptions and estimates that effect the reported amounts of assets, liabilities, income and expenses. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

The annual closing date for the individual company accounts is December 31. For all companies consolidated, the financial year corresponds to the calendar year.

##### **Standards, amendments and interpretations effective in 2010**

The group has adopted the following standards, amendments and interpretations to existing standards. These have no impact on the financial statements of the group:

- IAS 27 (amendment), "Consolidated and separate financial statements";

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- IFRS 2 (amendment), "Group cash settled share based payment transactions";
- IFRS 3 (amendment), "Business combinations";
- IFRIC 9 (amendment), "Embedded derivatives";
- IFRIC 17, "Distribution of non-cash assets to owners";
- IFRIC 18, "Transfers of assets from customers";
- Annual improvements 2009: This is a collection of relatively minor changes to existing standards and interpretations, mostly applicable from January 1, 2010, which have no impact on the financial statements of the group.

## **Standards, amendments and interpretations to existing standards that are not yet effective**

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the group's accounting periods beginning on or after January 1, 2011 or later periods. The group has not early adopted them. It is anticipated that, to the extent that they are applicable to the group, these will only give rise to additional disclosures:

- IAS 24 (amendment), "Related party disclosures" (effective January 1, 2011);
- IAS 32 (amendment), "Financial instruments: Presentation" (effective February 1, 2010);
- IFRS 9, "Financial instruments" (effective January 1, 2013);
- IFRIC 14, "IAS 19 – Limits on a defined benefit asset, minimum funding requirements and their interaction" (effective January 1, 2011);
- IFRIC 19, "Extinguishing financial liabilities with equity instruments" (effective July 1, 2010);
- Annual improvements 2010: This is a collection of relatively minor changes to existing standards and interpretations, mostly applicable from January 1, 2011, which have no impact on the financial statements of the group.

## **2.2 Consolidation principles**

Subsidiaries are all entities in which the Group directly or indirectly holds 50% or more of the voting rights or otherwise has power to exercise control over operations.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the subsidiary is sold, or control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. Identifiable assets acquired and liabilities assumed are measured initially at their fair values at the acquisition date; the excess of the cost of acquisition over the fair value of the Group's share of identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement (badwill).

Intercompany transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Private equity investments in which the Group directly or indirectly holds between 20% and 50% of the voting rights on the balance sheet date, or otherwise has power to exercise control over operations, are classified as "financial assets at fair value through profit or loss" and valued in accordance with the valuation guidelines of the ProgressNow! *invest* Group listed below.

## **2.3 Segment reporting**

The Group has only one business segment, namely the investment in quoted and non-quoted companies. Separate segment reporting is therefore not applicable.

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## 2.4 Foreign currency translation

The functional and presentation currency of the group is Swiss francs. The accounts of group companies are maintained in Swiss francs. 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.

## 2.5 Financial assets

### ***Adoption of IAS 39***

All marketable securities and private equity investments of the Group are classified as "financial assets at fair value through profit or loss" as, in accordance with the group's investment policy, these are managed on a fair value basis, and their performance is so calculated. Such information is regularly reported to the board of directors and management. They are initially recognised at "fair value", which usually represents cost. Standard purchases and sales of financial assets are recognised on the trade date. Gains and losses arising from changes in "fair value" are recognised in the income statement as unrealised gains or losses. Gains and losses arising from the sale of "financial assets at fair value through profit or loss" are recognised in the income statement as realised gains or losses.

### ***Marketable securities***

Marketable securities are stated at market value. Market value is calculated by reference to stock exchange closing prices (last bid price) on the balance sheet date.

### ***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 valued according to the valuation guidelines of the Group (adoption of IAS 39 of the IASB). In cases where 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. No independent external valuations are conducted for private equity investments and the valuations are the sole responsibility of the board of directors. Due to the inherent difficulties in determining such fair values, these may differ significantly from values that would have been used had ready markets existed, and the differences could be material.

### ***Basic principles for the valuation of private equity investments***

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". 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 always be followed. Should a company become publicly traded (e.g. via an IPO) then the valuation principles of marketable securities shall be followed.

### ***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:

### ***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 take-over/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

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- 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. The following points system illustrates the weighting applied to the various factors considered when deciding if and to what degree a diminution of value has occurred:

### • **Financial situation:**

- 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 in 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

A decrease in the valuation shall not be made, even if factors exist which would 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 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.

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## **Valuation guidelines for options on direct investments**

The initial valuation of Options on private equity investments is made at fair value, which normally corresponds to cost. A revaluation or devaluation to the intrinsic value of the option (fair value) along the lines of a share valuation is carried out if a new financing round or a partial takeover or sale of the company takes place. Time value and volatility are not taken into account.

## **2.6 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, bank accounts at sight and deposit balances. These include fixed deposits with maturities of maximum three months.

## **2.7 Share capital**

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

## **2.8 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 tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The calculation is made using the local tax rates in force at the balance sheet date.

Potential tax benefits arising from available loss carry-forwards and valuation differences are only recorded as assets in the balance sheet if realisation by means of anticipated profits is probable.

## **3. Financial risk management**

### **3.1 Financial risk factors**

The Group's activities expose it to a variety of financial risks: credit risks, liquidity risks and market risks. The Group's overall risk management programme aims to minimise the negative effects of the unpredictability of financial markets. 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 credit, liquidity and market risks are continuously monitored by ProgressNow! (Overseas) Ltd with the assistance of ProgressNow! *advisers* AG.

#### ***Credit risks***

Credit risk arises from cash and cash equivalents (see note 5) and receivables. 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. At the year ends 2010 and 2009 receivables were immaterial.

In addition, the group grants loans and holds convertible notes in young companies at the venture stage (venture capital). Due to their nature there is a risk that such loans and notes are not recoverable on due dates, and possibly not at all. No such loans or notes were outstanding at year ends 2010 and 2009.

#### ***Liquidity risks***

The Group's liquidity management includes maintaining sufficient cash and readily realisable marketable securities in order to meet liabilities. However, there is no ready market for the Group's private equity investments

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and as a result the Group may not be able to meet its liquidity requirements by disposing of these quickly at an amount close to their fair value. In addition certain investments cannot be sold without the agreement of other co-investors and it is also possible that investments will not show an increase in value for several years.

At present the group has no credit lines with financial institutions to cover unforeseen liquidity requirements.

At the year ends 2010 and 2009 all liabilities were due within one year.

## **Market risks**

### *Price changes*

In keeping with its objectives, part of the Group's assets may be invested in marketable securities. The Group is thus subject to price fluctuations on the stock markets. Details of the marketable securities are set out in note 6. If the relevant share prices at December 31 had been 20% higher/lower with all other variables held constant, the loss for the year would have been approximately CHF 18'000 (2009: CHF 39'000) lower/higher.

In addition, there is a risk that the Group's private equity investments may not be realisable at their fair value. There is no ready market for such venture capital investments and certain investments are illiquid and cannot be sold without the agreement of other co-investors. Details of private equity investments are set out in note 7. If the fair value of such investments at December 31 had been 50% higher/lower with all other variables held constant, the loss for the year would have been approximately CHF 5'349'000 (2009: CHF 5'925'000) lower/higher. The percentages used in the above sensitivity analysis are based on the experience of recent years.

### *Risk concentration*

The investment in Velico Medical, Inc represents a risk concentration for the Group. At December 31<sup>t</sup>, 2010 the value of the investment was CHF 9'233'928 (2009: CHF 10'240'437). This represented 78% of the total assets of the Group (2009: 76%).

### *Currency risks*

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

The following table summarises the group's US dollar assets and liabilities as per December 31:

<b>USD Assets</b>	<b>2010</b>		<b>2009</b>	
Cash and cash equivalents	CHF	532	CHF	1'302
Receivables and prepayments	CHF	3'199	CHF	0
Marketable securities	CHF	87'511	CHF	197'357
Private equity investments	CHF	10'582'409	CHF	11'735'904

At December 31 if the USD dollar had valued 10% higher/lower against the Swiss franc with all other variables held constant, the loss for the year would have been approximately CHF 1'067'000 (2009: CHF 1'193'000) lower/higher. The above percentage used is based on the experience of recent years.

### *Interest rate risk*

As the Group has no significant interest bearing assets or liabilities, the Group's income and operating cash flows are not at the present time materially affected by changes in market interest rates.

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## 3.2 Capital management

The company manages its shareholders' equity within the limits of the law and in accordance with its investment strategy and liquidity planning. The objective of the company is to combine the growth potential of investments in young companies in the healthcare, education and environment sectors, including renewable energy sources.

The investment guidelines limit the amount of debt to 30% of net assets.

## 3.3 Fair Value estimation

The group uses the following hierarchies to report financial instruments that are measured at fair value:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the group's assets/liabilities that are measured at fair value:

<b>Per December 31, 2010</b>		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>					
Marketable securities	CHF	87'511	0	0	87'511
Private equity investments	CHF	0	0	10'698'837	10'698'837
<b>Liabilities</b>	CHF	0	0	0	0
<b>Total</b>	<b>CHF</b>	<b>87'511</b>	<b>0</b>	<b>10'698'837</b>	<b>10'786'348</b>

Marketable securities are stated at market value, and private equity investments are valued according to the valuation guidelines of the group (see note 2.5). The marketable securities and private equity investments totaling CHF 10'786'348 are classified as "financial assets at fair value through profit or loss".

The following table presents the changes in level 3 instruments:

<b>Per Januar 1, 2010</b>	CHF	<b>11'849'200</b>
Unrealised gain	CHF	3'132
Unrealised loss	CHF	-1'153'495
<b>Per December 31, 2010</b>	<b>CHF</b>	<b>10'698'837</b>

## 4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are set out below:

- **Fair value of private equity investments**

The Group holds investments in young companies at the venture stage (venture capital) and in securities that are not dealt on a recognised stock exchange. Fair values of such investments are determined according to the valuation guidelines of the Group (see note 2.5). Due to the inherent difficulties in determining such fair values, these may differ significantly from values that would have been used had ready markets existed, and the differences could be material.

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## 5. Cash and cash equivalents

Cash and cash equivalents consist of current accounts with banks, payable on demand, of which 99% is held at a major Swiss bank. They comprise the following currencies:

		2010			2009	
CHF	CHF	1'061'543		CHF	1'387'386	
USD	CHF	532		CHF	1'302	
	<b>CHF</b>	<b>1'062'075</b>		<b>CHF</b>	<b>1'388'688</b>	

## 6. Marketable securities

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

### Balance per investment category and currency

		2010			2009	
Healthcare in USD	CHF	87'511		CHF	197'357	
	<b>CHF</b>	<b>87'511</b>		<b>CHF</b>	<b>197'357</b>	

There were no purchases or sales of marketable securities in 2010 or 2009.

Marketable securities	31.12.2010			31.12.2009		
	Number of shares		Fair Value	Number of shares		Fair Value
<b>Healthcare</b>						
Hansen Medical, Inc	63'011	CHF	87'511	63'011	CHF	197'357
<b>Total marketable securities</b>		<b>CHF</b>	<b>87'511</b>		<b>CHF</b>	<b>197'357</b>

## 7. 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

		2010			2009	
Healthcare in USD	CHF	10'582'409		CHF	11'735'904	
Energy in AUD	CHF	116'428		CHF	113'296	
Education in USD	CHF	0		CHF	0	
	<b>CHF</b>	<b>10'698'837</b>		<b>CHF</b>	<b>11'849'200</b>	

Investment activity		2010				2009			
		Additions		Disposals		Additions		Disposals	
Healthcare in USD	CHF	0	CHF	0	CHF	93'166	CHF	-9'144	
	<b>CHF</b>	<b>0</b>	<b>CHF</b>	<b>0</b>	<b>CHF</b>	<b>93'166</b>	<b>CHF</b>	<b>-9'144</b>	

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Direct investments	Investment type	31.12.2010				31.12.2009			
		Owner-ship %	Voting rights %	Number	Fair Value CHF	Owner-ship %	Voting rights %	Number	Fair Value CHF
<b>Healthcare</b>									
Cadent Holdings, Inc	Shares	1.2	1.4	336'372	1'346'122	1.3	1.6	336'372	1'492'851
	Options *1	na	na	637	2'359	na	na	637	2'616
Velico Medical, Inc	Shares	29.8	38.8	9'906'585	9'233'928	29.4	38.8	9'906'585	10'240'437
					<b>10'582'409</b>				<b>11'735'904</b>
<b>Energy</b>									
Oceanlinx Ltd	Shares	0.1	0.2	348'179	116'428	0.1	0.2	348'179	113'296
					<b>116'428</b>				<b>113'296</b>
<b>Education</b>									
Enablearning, Inc	Shares	25.6	26.6	1'452'905	0	25.5	26.6	1'452'905	0
					<b>0</b>				<b>0</b>
<b>Total direct investments</b>					<b>10'698'837</b>				<b>11'849'200</b>

## Notes:

\*1: 637 options give the right to purchase 637 ordinary shares at a price of USD 0.32 per share, exercisable in the event of an IPO, a reorganisation, a sale or merger of the company, or at the latest by 31.01.2015.

## 8. Share capital

### Issued shares:

As at 31.12.2010 there were a total of 702'500 registered shares of nominal value CHF 50 issued and fully paid.

### Outstanding shares:

As at 1.1.2010 the company held no treasury shares, and therefore 702'500 shares were outstanding. In 2010 there were no purchases or sales of treasury shares.

### Conditional share capital:

The company has a conditional share capital of CHF 17'562'500. The share capital can be increased through the exercise of option and conversion rights granted in connection with debentures or similar loans of the company, or through the exercise of any other options.

### Significant shareholders

	Ownership 31.12.2010	Ownership 21.12.2009
Bâloise-Holding, Aeschengraben 21, CH-4002 Basel	28.47%	28.47%
Shareholders' Group Rüetschi Zehnder AG, Hauptstrasse 43, CH-5070 Frick	5.75%	3.24%
KM (Overseas) Ltd, George Town, Cayman Island, B.W.I.	5.07%	5.07%
Ritec AG, Grafenastrasse 7, CH-6304 Zug	4.15%	4.15%
Robert Straub, CH-8049 Zürich	3.27%	3.27%
Eduard Kauffmann, CH-8032 Zürich	3.27%	---
Global Asset Allocation, 5 Chester Close, UK-London SW1X 7BE	---	3.27%

The above figures correspond to the disclosure notifications made to the company and the disclosure office of the SIX Swiss Exchange and do not necessarily represent the exact shareholdings at December 31. Details of individual disclosure notifications can be viewed on the website of the SIX Swiss Exchange ([www.six-swiss-exchange.com](http://www.six-swiss-exchange.com)) under "PRON" "Significant Shareholders".

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## 9. Interest income

	2010		2009	
Interest from banks	CHF	1'210	CHF	1'565
Other interest	CHF	14	CHF	21
	<b>CHF</b>	<b>1'224</b>	<b>CHF</b>	<b>1'586</b>

## 10. Unrealised loss from marketable securities

	2010 unrealised				2009 unrealised			
	Gain		Loss		Gain		Loss	
Healthcare in USD	CHF	0	CHF	-109'846	CHF	0	CHF	-286'881
	<b>CHF</b>	<b>0</b>	<b>CHF</b>	<b>-109'846</b>	<b>CHF</b>	<b>0</b>	<b>CHF</b>	<b>-286'881</b>

## 11. Realised gain from private equity investments

	2010 realised				2009 realised			
	Gain		Loss		Gain		Loss	
Healthcare in USD	CHF	0	CHF	0	CHF	9'144	CHF	0
	<b>CHF</b>	<b>0</b>	<b>CHF</b>	<b>0</b>	<b>CHF</b>	<b>9'144</b>	<b>CHF</b>	<b>0</b>

## 12. Unrealised loss from private equity investments

	2010 unrealised				2009 unrealised			
	Gain		Loss		Gain		Loss	
Healthcare in USD	CHF	0	CHF	-1'153'495	CHF	315'695	CHF	-304'132
Energy in AUD	CHF	3'132	CHF	0	CHF	113'296	CHF	0
Education in USD	CHF	0	CHF	0	CHF	0	CHF	-334'987
	<b>CHF</b>	<b>3'132</b>	<b>CHF</b>	<b>-1'153'495</b>	<b>CHF</b>	<b>428'991</b>	<b>CHF</b>	<b>-639'119</b>

## 13. Foreign exchange loss/gain

	2010		2009	
Realised foreign exchange loss/gain	CHF	-1'284	CHF	185
Unrealised foreign exchange loss	CHF	-88	CHF	-78
	<b>CHF</b>	<b>-1'372</b>	<b>CHF</b>	<b>107</b>

## 14. Portfolio management costs

In accordance with the investment advisory agreement between ProgressNow! (Overseas) Ltd and ProgressNow! *advisers* AG, advisory and performance fees were charged by ProgressNow! *advisers* AG as follows:

	2010		2009	
Advisory fee	CHF	150'000	CHF	150'000
Performance fee	CHF	0	CHF	0
	<b>CHF</b>	<b>150'000</b>	<b>CHF</b>	<b>150'000</b>

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In January 2008 ProgressNow! (Overseas) Ltd and ProgressNow! *advisers* AG agreed to amend the existing investment advisory agreement. Under the amended agreement the annual advisory fee as from January 2008 amounts to CHF 150'000.

At the end of a business year a performance fee is due when the share price of the company on the SIX Swiss Exchange exceeds the historical highest price ("High water mark"). At the present time this is CHF 100.00.

## 15. Taxes

As a result of losses there was no income tax liability in 2010 and 2009. No deferred asset has been provided on the loss carried forward for tax purposes since realisation is uncertain.

Tax losses carried forward, for which no deferred tax asset has been recognised, expire as follows:

	<b>2010</b>	<b>2009</b>
Dezember 31, 2011	CHF 10'366'874	CHF 10'366'874
December 31, 2012	CHF 0	CHF 0
December 31, 2103	CHF 2'934'204	CHF 2'934'204
December 31, 2014	CHF 26'662'290	CHF 26'662'290
December 31, 2015	CHF 16'112'361	CHF 16'112'361
December 31, 2016	CHF 827'819	CHF 827'819
December 31, 2017	CHF 1'582'778	CHF 0
<b>Total tax losses</b>	<b>CHF 58'486'326</b>	<b>CHF 56'903'548</b>

## 16. Loss per share

	<b>2010</b>	<b>2009</b>
Weighted average number of shares outstanding	702'500	700'416
Consolidated loss for the year	CHF -1'582'778	CHF -844'696
Loss per share (diluted/undiluted)	CHF -2.25	CHF -1.21

As at December 31, 2010 there were no positions with dilution potential. For this reason diluted and undiluted loss per share are identical.

## 17. Contingent liabilities

No contingent liabilities existed at the balance sheet date.

## 18. Related parties and companies

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

ProgressNow! (Overseas) Ltd receives investment advice from ProgressNow! *advisers* AG, an investment advisory company domiciled in Frauenfeld. A board member of ProgressNow! *invest* AG is also chairman of the board of ProgressNow! *advisers* AG. Details of the investment advisory agreement are set out above under note 14 "portfolio management costs".

In addition an executive management agreement has been entered into between ProgressNow! *invest* AG and Kaelin Management AG. 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.

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Total directors' remuneration for 2010 amounts to CHF 35'000 (2009 CHF 35'000). Details are set out in the notes to the statutory accounts of ProgressNow! invest AG.

There exist no other transactions with related parties or companies.

## 19. Shareholdings of board of directors, management and related parties

Executive directors, management and their related parties held 48'498 shares as at 31.12.2010 (48'498 at 31.12.2009). Non-executive directors and their related parties held 28'000 shares as at 31.12.2010 (28'000 at 31.12.2009). A detailed summary of such shareholdings is set out in the notes to the statutory accounts.

## 20. Post balance sheet events

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

## 21. Net asset value

	<b>2010</b>	<b>2009</b>
Total assets	CHF 11'851'636	CHF 13'435'259
Total liabilities	CHF -87'962	CHF -88'807
<b>Net asset value of the company</b>	<b>CHF 11'763'674</b>	<b>CHF 13'346'452</b>
Total issued shares	702'500	702'500
<b>Net asset value per issued share</b>	<b>CHF 16.75</b>	<b>CHF 19.00</b>

## 22. Exchange rates

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

<b>Currency</b>	<b>2010</b>	<b>2009</b>
US dollar (USD)	0.9321	1.0337
Australian dollar (AUD)	0.9554	0.9297

# Report of the group auditors



PricewaterhouseCoopers AG  
Bahnhofplatz 10  
Postfach  
3001 Bern  
Phone +41 58 792 75 00  
Fax +41 58 792 75 10  
www.pwc.ch

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

## Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of ProgressNow!invest AG, which comprise the balance sheet, statement of comprehensive income, cash flow statement, statement of changes in equity and notes (pages 23 to 36), for the year ended 31 December 2010.

### *Board of Directors' Responsibility*

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

# Report of the group auditors



## *Opinion*

In our opinion, the consolidated financial statements for the year ended 31 December 2010 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 article 14 of the Directive on Financial Reporting (DFR) of SIX Swiss Exchange and Swiss law.

## *Emphasis of Matter*

In accordance with article 16 of the Directive on Financial Reporting (DFR) of SIX Swiss Exchange we draw attention to note 2.5 of the consolidated financial statements. As indicated in note 7, the consolidated financial statements include unquoted investments stated at their fair value of CHF 10.7 million. Because of the inherent uncertainty associated with the valuation of such investments and the absence of a liquid market, these fair values may differ from their realizable values, and the difference could be material. The determination of the fair values of these investments is the responsibility of the Board of Directors. The valuation procedures used are disclosed in note 2.5 of the consolidated financial statements. We have reviewed the procedures applied by the Board of Directors in valuing such investments and have viewed the underlying documentation. While in the circumstances the procedures appear to be reasonable and the documentation appropriate, the determination of fair values involves subjective judgment which cannot be independently verified. Our opinion is not qualified in respect of this matter.

## **Report on other legal requirements**

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

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

PricewaterhouseCoopers AG

Two handwritten signatures in blue ink are shown. The signature on the left is for Markus Schmid, and the signature on the right is for Andreas Aebersold.

Markus Schmid

Audit expert

Auditor in charge

Andreas Aebersold

Audit expert

Berne, 17 February 2011

Enclosure:

- Consolidated financial statements (balance sheet, statement of comprehensive income, cash flow statement, statement of changes in equity and notes)

# Statutory Accounts

## ProgressNow! invest AG

Balance sheet as at December 31 (in Swiss francs)	Notes	2010 CHF	2009 CHF
<b>ASSETS</b>			
Cash and cash equivalents		6'117	39'101
Receivables from third parties		14	14
Loan to group company		1'793'889	1'893'889
Treasury shares	1.2	0	0
Investment:			
- in subsidiary	1.1	10'031'816	11'487'255
<b>Total assets</b>		<b>11'831'836</b>	<b>13'420'259</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Accruals		68'162	73'807
<b>Total liabilities</b>		<b>68'162</b>	<b>73'807</b>
Share capital		35'125'000	35'125'000
Statutory reserves:			
- general reserve from capital contribution		35'125'000	35'125'000
Loss carried forward:			
- Loss brought forward		-56'903'548	-56'075'729
- Loss for the year		<u>-1'582'778</u>	<u>-827'819</u>
<b>Total shareholders' equity</b>		<b>11'763'674</b>	<b>13'346'452</b>
<b>Total liabilities and shareholders' equity</b>		<b>11'831'836</b>	<b>13'420'259</b>

Income statement for the year ended December 31 (in Swiss francs)	2010 CHF	2009 CHF
<b>Operating income/loss</b>		
Interest income	53	64
Loss from investment	-1'455'439	-686'028
Gain from treasury shares	0	16'877
Other finance costs	-252	-2'016
<b>Total operating loss</b>	<b>-1'455'638</b>	<b>-671'103</b>
<b>Operating expenses</b>		
Administrative expenses	-126'867	-155'684
Capital tax	-273	-1'032
<b>Total operating expenses</b>	<b>-127'140</b>	<b>-156'716</b>
<b>Loss</b>	<b>-1'582'778</b>	<b>-827'819</b>

# Statutory Accounts

ProgressNow! invest AG

## Notes to statutory accounts for the year 2010

### 1. Information according to Art. 663b CO

#### 1.1 Significant investments

Company	Business activity	Ownership
ProgressNow! (Overseas) Ltd Grand Cayman Cayman Islands	Investment in quoted securities and private equity investments in the healthcare, education and environment sectors including renewable energy sources.	100%

ProgressNow! (Overseas) Ltd was founded in 2000.

#### Valuation principle

The investment is valued at the lower of cost and net asset value of the subsidiary at the balance sheet date. As at December 31, 2010 the net assets of the subsidiary included private equity investments of CHF 10.7 million. These are stated at fair value. The valuation is the sole responsibility of the board of directors. Due to the inherent difficulty in determining such fair values, these may differ significantly from the value that would have been used had ready markets existed, and the differences could be material.

#### 1.2 Treasury shares

	Number of shares	Price CHF Highest	Price CHF Average	Price CHF Lowest	Historic cost CHF	Valuation Adjustment	Book value CHF
<b>Balance per January 1, 2009</b>	2'599		42.10		109'422	-96'323	13'099
Purchases	0				0	0	0
Sales	-2'599	13.28	11.53	9.35	-109'422	79'446	-29'976
Realised gain						16'877	16'877
<b>Balance per December 31, 2009</b>	0				0	0	0
<b>Balance per January 1, 2010</b>	0				0	0	0
Purchases	0				0	0	0
Sales	0				0	0	0
<b>Balance per December 31, 2010</b>	0				0	0	0

#### 1.3 Conditional capital

The company has a conditional share capital of CHF 17'562'500. The share capital can be increased through the exercise of options and conversion rights granted in connection with debentures or similar loans to the company or through the exercise of any other options.

#### 1.4 Risk assessment

The company is exposed to a variety of risks: credit risks, liquidity risks and market risks. These risks are continuously monitored by ProgressNow! (Overseas) Ltd with the assistance of ProgressNow! advisers AG. The board of directors is informed in detail of developments at the portfolio companies of ProgressNow! (Overseas) Ltd and of developments at the holding company at at least four board meetings per year.

# Statutory Accounts

## 2. Information according to Art. 663b<sup>bis</sup> CO

### 2.1 Compensation

Directors' remuneration for services rendered in year:	2010	2009
Robert Straub, non executive director, chairman of the board	CHF 15'000	CHF 15'000
Kaelin Management AG für Rolf Kälin, executive director	CHF 10'000	CHF 10'000
René Häusler, non executive director	CHF 10'000	CHF 10'000

Management is regulated by an executive management agreement between the company and Kaelin Management AG. The Management fee in 2010 amounted to CHF 25'000 (2009: CHF 25'000).

## 3. Information according to Art. 663c OR

### 3.1 Significant shareholders

	Ownership 31.12.2010	Ownership 31.12.2009
Bâloise-Holding, Aeschengraben 21, CH-4002 Basel	28.47%	28.47%
Shareholders' Group Rüetschi Zehnder AG, Hauptstrasse 43, CH-5070 Frick	5.75%	3.24%
KM (Overseas) Ltd, George Town, Cayman Island, B.W.I.	5.07%	5.07%
Ritec AG, Grafenaustrasse 7, CH-6304 Zug	4.15%	4.15%
Robert Straub, CH-8049 Zürich	3.27%	3.27%
Eduard Kauffmann, CH-8032 Zürich	3.27%	---
Global Asset Allocation, 5 Chester Close, UK-London SW1X 7BE	---	3.27%

The above figures correspond to the disclosure notifications made to the company and the disclosure office of the SIX Swiss Exchange and do not necessarily represent the exact shareholding at December 31. Details of the individual disclosure notifications can be viewed on the website of the SIX Swiss Exchange ([www.six-swiss-exchange.com](http://www.six-swiss-exchange.com)) under "PRON" "Significant Shareholders".

### 3.2 Shareholdings of board of directors and management

Executive directors, management and their related parties held 48'498 shares at 31.12.2010. Non-executive directors and their related parties held 28'000 shares at 31.12.2010. This is set out in detail below:

	Holding 31.12.2009	Purchases/Sales	Holding 31.12.2010
<b>Executive director</b>			
Rolf Kälin	43'105	0	43'105
<b>Non-executive directors</b>			
Robert Straub	23'000	0	23'000
René Häusler	5'000	0	5'000
<b>Management</b>			
Bettina Steffen	5'393	0	5'393

# Report of the statutory auditors



PricewaterhouseCoopers AG  
Bahnhofplatz 10  
Postfach  
3001 Bern  
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Fax +41 58 792 75 10  
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Report of the statutory auditor  
to the general meeting of  
ProgressNow!invest AG  
Frauenfeld

## Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of ProgressNow!invest AG, which comprise the balance sheet, income statement and notes (pages 39 to 41), for the year ended 31 December 2010.

### *Board of Directors' Responsibility*

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements for the year ended 31 December 2010 comply with Swiss law and the company's articles of incorporation.

# Report of the statutory auditors



## *Emphasis of Matter*

We draw attention to note 1.1 of the financial statements. Because of the uncertainties inherent in the valuation of Private Equity Investments and the fact that liquid markets are not always available we would point out that the fair values of CHF 10.7 million in total for Private Equity Investments held by ProgressNow!(Overseas) Ltd. may differ from the realizable value, and the difference could be material. Our opinion is not qualified in respect of this matter.

## *Other Matters*

Further we draw attention to the fact that half the share capital and statutory reserves are no longer supported by net assets. As per article 725, paragraph 1 CO this obliges the Board of Directors to immediately convene a general meeting and propose restructuring measures.

## **Report on other legal requirements**

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

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

PricewaterhouseCoopers AG

Two handwritten signatures in blue ink are shown side-by-side. The signature on the left is 'Markus Schmid' and the one on the right is 'Andreas Aebersold'.

Markus Schmid  
Audit expert  
Auditor in charge

Andreas Aebersold  
Audit expert

Berne, 17 February 2011

Enclosures:

- Financial statements (balance sheet, income statement and notes)

## Company details

### The company

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

Telephone: +41 (0)52 723 30 90  
Telefax: +41 (0)52 723 30 91  
E-Mail: [office@progressnow.ch](mailto:office@progressnow.ch)  
Homepage: [www.progressnow.ch](http://www.progressnow.ch) / [www.progressnow.com](http://www.progressnow.com)

### The share

Listing: SWX Swiss Exchange  
Security number: 1 051 086  
ISIN code: CH0010510862  
Ticker: PRON

The German version of this annual report can be found at [www.progressnow.ch](http://www.progressnow.ch)

