

The following information completes the Annual Report in terms of Corporate Governance. New Venturetec is listed on the SIX Swiss Exchange, Symbol NEV, which requires certain disclosures on this subject. Additional information can be found in other parts of the report or on our website www.newventuretec.com.

Company summary

New Venturetec is an investment holding company incorporated in Zurich on August 8, 1997. The Company is the owner of Venturetec, Inc., Tortola, BVI. Venturetec, Inc. holds participations in venture companies in the areas of biotechnology and technology which are domiciled in the USA.

The Company's business objective is to obtain capital appreciation from well selected companies that are at the forefront of technology and products in their field. The management builds positions early enough in leading technology companies with a long term investment commitment. **These investments bear a high degree of risk.**

Venture capital

Venture Capital investing is the process of building a business from scratch. The investments of venture capital are made through different forms of securities ranging from common stock to preferred shares and convertible debt.

Venture capital can be private or public depending on the stage of the company. The company naturally evolves from its inception through generating profits if successful. In most cases several rounds of financing at different prices are conducted.

The proceeds of such financing are mostly used for working capital to build the business as such companies still generate losses. The characteristics of venture investments are typically of high risk, lack of a market for the securities and a long-term investment horizon. No assurance can be given that returns are realized. **The risks of venture capital investments are 100%.**

Investing in New Venturetec

New Venturetec is the owner of Venturetec, Inc., which is currently holding investments in five portfolio companies. The participations are managed to assure the best possible value creation for its shareholders. Cash from disinvestments will likely be reinvested. The investment horizon should be 10 years or more. A shareholder is recommended to follow the development with interest and base an investment or

disinvestment decision on results of the development of the portfolio companies rather than on the general capital market and the investors' sentiment. **Any investor should only invest in New Venturetec if he can afford the complete loss of the investment without having to change his lifestyle. Significant risk is involved and the timelines may exceed the expectations. In addition, the market of New Venturetec shares is very illiquid. The risks of venture investments are 100%. The total loss of the investment has to be considered as a realistic possibility.**

Group structure and shareholders

The group New Venturetec comprises of New Venturetec Ltd. and its wholly owned subsidiary Venturetec, Inc.

New Venturetec

New Venturetec Ltd. is a holding company established 1997 under Swiss law, domiciled in Steinhausen (ZG). The Company is the owner of Venturetec, Inc., Tortola, BVI. New Venturetec Ltd. is listed on the SIX Swiss Exchange (NEV), ISIN # CH0007036830, Valoren # 703683. As of September 30, 2016 the Company's market capitalization was CHF 10,050,000.

Venturetec, Inc.

Venturetec, Inc. is a fully owned subsidiary of New Venturetec, domiciled in Tortola, British Virgin Islands, incorporated on September 11, 1996 with a share capital of USD 20,000,000. The purpose of the Company is to hold investments mainly in US high risk venture capital companies in the industries of biotechnology and technology.

The Board of Directors of Venturetec, Inc. consists of two members:

Peter Friedli, President, Swiss

Luis A. Davis, independent director, BVI resident

Investment advisor

Madison Investment Advisor, Inc., Panama, owned by Peter Friedli, Chairman of the Board of New Venturetec, is the investment advisor of Venturetec, Inc. The investment advisor supports and advises the Board on specific duties with regards to the selection, purchase, sale, structure and disposal of the Group's investments. As per October 1, 2014, the Board and the Investment Advisor agreed to reduce the advisory fee to an all-inclusive fee of 1.0% per annum on the Group's net asset value as estimated based on the valuation guidelines of the Company on a monthly basis. The advisory fee is subject to the retrospectively yearly

approval by the annual shareholder meeting in accordance with the Swiss Ordinance against Excessive Compensation in Stock Exchange Listed Companies ("OaEC"). See also note 12 on page 59. For more details on the investment advisory agreement see page 28.

Significant shareholders

As of September 30, 2016 the following shareholders filed a holding of 3% or more of the total outstanding shares to the Company to SIX Swiss Exchange:

Between 5% and 10%

Reinhard und Rosa Siegrist
Alexander und Chantal Biner, through 4IS Four Eyes AG,
St.Gallen

Between 3% and 5%

RM Strategic Fund
HERCULIS, Partners "Aries" Fund, Liechtenstein

Please see <https://www.six-exchange-regulation.com/de/home/publications/significant-shareholders.html> for more detailed information.

Cross-shareholdings

The Company is not aware of any cross-shareholdings that exceed 3% of the capital shareholdings or voting rights on both sides.

Capital structure

The paid-in capital is CHF 30,000,000 consisting of 5,000,000 bearer shares with a par value of CHF 6.00 each. In the fiscal year 2013/14, the paid-in capital of the

New Venturetec was reduced from CHF 62,500,000 to CHF 30,000,000 or from CHF 12.50 per share to CHF 6.00 per share, by transferring CHF 32,500,000 to the reserves of additional paid in capital. All shares are fully paid in.

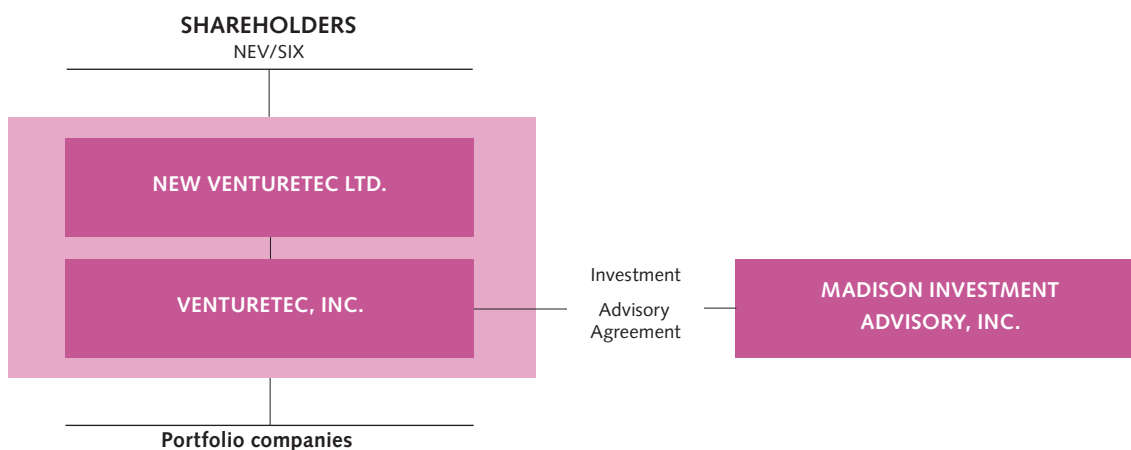
Conditional capital

On December 4, 2013, the annual meeting of shareholders resolved the creation of conditional capital in the amount of CHF 10,200,000 consisting of 1,700,000 bearer shares with par value of CHF 6.00 each. These shares stand in relation to a CHF 15,055,000 convertible bond issued by the Company on January 23, 2014 with maturity date on January 23, 2018. For further details on the terms of the conditional capital, please see on art. 3a of the articles of association of New Venturetec. http://www.newventuretec.com/company/articles_of_association.aspx#

Authorized capital

On November 25, 2014, the ordinary shareholder meeting of New Venturetec approved the creation of authorized capital with nominal value of up to CHF 15,000,000 through the issuance of up to 2,500,000 bearer shares with a nominal value of CHF 6.00 per share. In accordance with art. 3b of the articles of association the board of directors is authorized to execute a capital increase within the bounds of this authorized capital until November 25, 2016. For further details on the terms of the conditional capital, please see on art. 3b of the articles of association of New Venturetec. http://www.newventuretec.com/company/articles_of_association.aspx#

There is no other authorized or conditional capital outstanding. Except of the above stated, there was no change



in the capital structure of the Company for the last three years. No other warrants, options or convertible securities are outstanding. The outstanding loans and the convertible bond are described in a separate paragraph below.

Shares

Each share entitles the holder to one vote at the general assembly of the Company. There are no shares which carry preferential rights. Shareholders are entitled to the rights as set forth in the Swiss Code of Obligation.

Treasury stocks

The Company does not own any of its shares.

Board of Directors

The Board of Directors of New Venturetec consists of two independent members and Peter Friedli. The Board leads all material aspects of the Company including investment and disinvestment decisions, general management and administrative matters and the delegation thereof, as well as investor relation and corporate affairs. The Board periodically discusses the investment holdings of Venturetec, Inc. as well as general business issues relating to its shareholders and investment outlook. Peter Friedli abstains from voting concerning any business issue between himself, the investment advisor and New Venturetec.

Peter Friedli, Chairman, Swiss, executive

Peter Friedli has been a founder and principal of various venture investment firms since 1986. Mr. Friedli has over 29 years of entrepreneurial experience as an independent investment manager in venture capital and has specialized in investments predominantly domiciled in the United States in the areas of biotechnology and technology. He has held interests in more than 170 venture companies ranging from start-up to public companies. Peter Friedli possesses an active involvement in the management of a number of those companies and also serves on the board of them. Prior to that, he worked in the field of international management consulting for service and industrial companies in Europe and the United States.

Peter Friedli is a director of the portfolio company Osiris Therapeutics, Inc. Further, Mr. Friedli is President of Madison Investment Advisor, Inc.

Mr. Friedli is a founder of New Venturetec and has been a member of the Board of Directors since 1997. He is elected until the ordinary shareholder meeting 2016.

Hans Lerch, Vice Chairman, Swiss, non executive

Hans Lerch had a long time career with Kuoni and served as the company's President and CEO from 1999–2005. Thereafter, he was CEO of SR Technics Holding in Zürich and vice Chairman and CEO of Hotelplan Holding AG, Zürich. Other significant positions are Member of the Board of Directors of Kühne+Nagel International, Schindellegi, Chairman of the Board of Directors of the International School of Tourism, Zurich and Executive Vice Chairman of the Abercrombie & Kent Group, London. Mr. Lerch is trained in trading and tourism. Mr. Lerch is no, and has never been, member of the management of New Venturetec, Venturetec, Inc. or Madison Investment Advisor, Inc., further Mr. Lerch or any related party of Mr. Lerch has no and never had any material business relationship to New Venturetec, Venturetec, Inc. or Madison Investment Advisor other than being a member of the Board of Directors of New Venturetec.

Mr. Lerch has been a member of the Board of Directors since 2007. He is elected until the ordinary shareholder meeting 2016.

Andreas von Sprecher, member and Secretary, Swiss, non executive

Andreas von Sprecher is a founding partner at the law firm Hüppi & von Sprecher since more than 10 years. Prior to that Mr. von Sprecher worked as an attorney of law. He is involved in some entrepreneurial projects in the area of tourism and viticulture. Mr. von Sprecher graduated in Law at the University of Zurich and has been admitted to the bar of the Canton of Zurich in 1989.

Mr. von Sprecher is no, and has never been, member of the management of New Venturetec, Venturetec, Inc. or Madison Investment Advisor, Inc., further Mr. von Sprecher or any related party of Mr. von Sprecher has no and never had any material business relationship to New Venturetec, Venturetec, Inc. or Madison Investment Advisor other than being a member of the Board of Directors of New Venturetec.

Mr. von Sprecher is Partner at Hüppi & von Sprecher. He is a member of the Board of Directors of the Schweizerische Mobiliar Genossenschaft and SHV Interholding AG.

Mr. von Sprecher has been a member of the Board of Directors since 2002. He is elected until the ordinary shareholder meeting 2016.

External board representations

The by-laws of the Company regulate the maximal external board representations for all members of the board of directors of the Company in accordance with the Swiss Ordinance against Excessive Compensation in Stock Exchange Listed Companies ("OaEC"). Therefore, non of the members of the Board of directors may take service on more than 30 other boards of directors of companies not related to New Venturetec, of which not more than ten board seats may be in listed companies.

Elections

The members of the board of directors are individually elected for one year, the next election will be at the general meeting of Shareholders in 2016. Board members can be re-elected.

Board remuneration

The annual Board of Directors fee for Mr. Lerch and Mr. von Sprecher is CHF 25,000 each. Peter Friedli is not paid for serving on the Board of Directors.

The fully owned subsidiary Venturetec, Inc. entered into an investment advisory agreement with Madison Investment Advisor, Inc., which is fully owned by Peter Friedli, the Chairman of the board of directors of New Venturetec, on October 1, 2014. In accordance with the investment advisory agreement, the fee is determined to an all inclusive fee of 1% per annum on the group's net asset value as estimated based on the valuation guidelines of the Company on a monthly basis.

Of the 1% all inclusive advisory fee, the lower of USD 50,000 or 10% of the annual advisory fee will directly be paid to a third party for administrative services. The advisory fees for the fiscal year 2015/16 paid or payable to Madison Investment Advisor are USD 174,308.

Board members never received any stock options, free shares, social security contributions other than required by law, or any other compensation or benefits other than the reported Board of Director's fee.

In accordance with the Swiss Ordinance against Excessive Compensation in Stock Exchange Listed Companies ("OaEC") and the articles of association of the company all remunerations to members of the Board of Directors and the management have to be retrospectively approved by the annual shareholders meeting. No special rulings with regard to loans or special social benefits for the members of the Board of Directors or the management are defined in the bylaws of the Company.

For further details on the remuneration of the board of directors and the management please see the "Compensation report" on page 34 and note 14 on page 68.

Shareholdings

Peter Friedli: holding per September 30, 2016: 103,381 shares. No trading during the reporting period.

Peter Friedli holds convertible bonds issued by the company and convertible into common shares of New Venturetec as described in note 10, page 57 and on page 30 below.

Hans Lerch: holding per September 30, 2016: 20,000 shares. No trading during the reporting period.

Andreas von Sprecher: holding per September 30, 2016: 3,000 shares. No trading during the reporting period.

Andreas von Sprecher holds convertible bonds issued by the company and convertible into common shares of New Venturetec as described in note 10, page 57 and on page 30 below.

Portfolio company influence

As a member of the Board Peter Friedli represents all shareholders on the portfolio companies' board. Venturetec, Inc. itself does not have management or strategic influence.

Internal organization

The business of New Venturetec requires specific know how from the members of the Board of Directors which is covered as follows:

- Investment management, including venture capital know how in the area of biotechnology and technology, portfolio consulting and assessments, board participation, strategic consulting, hiring of management and corporate finance. This is covered by Peter Friedli
- Management of investment company: Peter Friedli, Hans Lerch
- Corporate governance: Peter Friedli, Hans Lerch, Andreas von Sprecher
- Legal: Andreas von Sprecher

The Board of Directors constitutes itself. It appoints the Chairman and the Vice Chairman, as well as a Secretary, who is a member of the Board. Meetings of the Board of Directors are convened by the Chairman or, in his absence, by the Vice Chairman. Individual members of the Board of Directors may, stating their reasons, demand that the Chair-

man call a meeting immediately. Prior to the meetings, the members of the Board of Directors receive comprehensive documentation on the agenda items to be discussed at the meeting.

The Board of Directors passes its resolutions by a majority of votes, whereby the Chairman has the deciding vote in the event of a tie. The Board of Directors is quorate when the majority of its members are present at a Board meeting. Resolutions may also be passed in writing or by telephonic meetings without a physical meeting of the Board of Directors being held. Circular resolutions must be unanimous in order to be valid.

The Board of Directors meets for several hours at least four times a year or whenever business requires. The members of the Board have regular informal discussions and reviews between the Board meetings. Three meetings of the Board of Directors took place in the reporting period, all of them lasted several hours. The full Board of Directors was present at all meetings. Peter Friedli visits most of the portfolio companies several times a year.

The Chairman of New Venturetec is annually elected by the annual shareholders meeting in accordance with the Swiss Ordinance against Excessive Compensation in Stock Exchange Listed Companies ("OaEC") and the articles of association of the company.

Committees

In accordance with the Swiss Ordinance against Excessive Compensation in Stock Exchange Listed Companies ("OaEC") and the articles of association of the company, the board of directors is supported by a compensation committee. Based on the business and organizational structure of the company the Board of directors does not appoint any other committees.

Compensation committee

The compensation committee consists of two independent members of the Board of directors, which have been individually elected by the ordinary shareholders meeting for a term of one year until the ordinary shareholders meeting 2016. Members of the compensation committee until the end of the ordinary shareholders meeting on December 2, 2016 are Mr. Hans Lerch and Mr. Andreas von Sprecher.

The duties of the compensation committee is to support the Board of directors to define and survey compensation politic, the compensation rules and the performance goals for the members of the Board of directors and the manage-

ment and to prepare the proposals for the compensation of the members of the Board of directors and the management to the ordinary shareholders meeting. The compensation committee has no decision power. The compensation committee meets once a year for 1–2 hours in October or November. There have been one meeting in the reporting period.

Responsibility and risk control

The Board of Director is the Company's highest governing body and is also charged with supervising and monitoring the activities of the management. According to the Swiss Code of Obligations and the article of association of the Company the Board of Directors is responsible for the strategy, direction, supervision and control of the Company and its management. The Board of Directors of New Venturetec is specifically responsible for the investment strategy and the investment guidelines, organizational regulations, appointing the management, financial planning and accounting policies, overall supervision and the relationship to the shareholders. The Board is further deciding on all investments and disinvestments of the Company. Specifically with regard to the supervision and monitoring the Board of Directors receives regular reports on the Company's business, examines the annual report and semi-annual report and the annual and semi-annual consolidated financial statements and examines the reports produced by the statutory auditors of the Company.

The board of directors may delegate any management item of New Venturetec or Venturetec, Inc. to one or several members of the board. The execution of investments or disinvestments may be delegated to one or several members of the board of directors or to any third parties in accordance to Art. 716b of the Swiss Code of Obligations, the Swiss Ordinance against Excessive Compensation in Stock Exchange Listed Companies ("OaEC") and the articles of association. Venturetec, Inc. entered into an investment advisory agreement with Madison Investment Advisor, Inc. Madison Investment Advisor advises the Board on any investment related items including investments and disinvestments and the monitoring and management of the investees. Further details on the investment advisory agreement are described in the management section below. Any transactions which are related to the investment advisor have to be approved by the independent members of the Board.

Madison investment advisor informs the Board on the status of the portfolio companies on a regular basis and as

business requires. The members of the Board and the investment advisor have regular informal discussions and reviews on corporate and portfolio matters between the board meetings.

Information and control instruments

The Board of Directors adopted the investment guidelines of the Company, see page 5. Any transactions which are related to the investment advisor have to be approved by the independent members of the Board. Madison Investment Advisor does not own any shares of New Venturetec nor of any portfolio companies. The Company, the Board and the management strictly follows the trading and insider rules of the SIX Swiss Exchange.

In addition to the Company's comprehensive external reporting, the Board discusses and reviews the financial performance, major events at portfolio companies as the law permits, net asset value of the portfolio and liquidity planning of New Venturetec at every Board meeting. The Board regularly reviews and discusses the risks on the portfolio company level, as well as the general financial risks of New Venturetec taking all internal and external factors into account. Further, all decisions regarding the investment advisor and Peter Friedli have to be approved by the independent Board members. For further information, please also see "Liquidity risk" on page 29 and "Risk management" on page 32.

Management

The Board of Directors decides on all material matters of the Company, including investments and disinvestments, general corporate and business affairs and regulatory and administrative matters. No additional management have been appointed. The Board delegates the executions of investments, disinvestment and general corporate and administrative duties to one of the Board members, the investment advisor or to any third party.

Under a separate investment advisory agreement, Venturetec, Inc. appointed Madison Investment Advisor, Inc. as investment advisor to support and advise the Board on specific duties with regards to the selection, purchase, sale, structure and disposal of the Group's investments. Madison Investment Advisor also represents the Company on the investees, including selected representations of Venturetec, Inc. on the Board of directors of the portfolio companies. The investment advisor may execute and implement resolutions taken by the Board.

The key points of the investment advisory agreement are:

- The Company appoints the advisor to advise the Board of the Company on all aspects of the portfolio investments of the Company including but not limited to investment selection, due diligence, investment structure and contract negotiations, monitoring, disinvestments and reporting
- The advisor will represent the Company in all relations with the invested portfolio companies, including the representation on the Board of Directors of the portfolio companies. Being a Director of any portfolio company, the advisor will represent all shareholders of the portfolio company, consisting with applicable laws and regulations
- The advisor shall have the full power of attorney on the voting and shareholder rights at the portfolio companies on behalf of the Company, including to sign any documents or shareholder consents on behalf of the Company
- The advisor will regularly report the status or any material developments on the invested portfolio companies to the Board of Directors in compliance with and as permitted by all applicable laws and regulations
- The advisor will advise the Board of Directors with regard to the investment strategy and the investment allocation of the Company
- The advisor will support the Board of Directors in all corporate, administrative and regulatory matters of the Company
- The Advisor will support the Board of Directors in investor relations and communications to the public
- The advisor will execute the above tasks in a manner which is consisting with the investment guidelines of the Company and all applicable laws and regulations.

The investment advisory agreement can be terminated with one year written notice.

Advisory fees

The fully owned subsidiary Venturetec, Inc. entered into an investment advisory agreement with Madison Investment Advisor, Inc., which is fully owned by Peter Friedli, the Chairman of the board of directors of New Venturetec, on October 1, 2014. In accordance with the investment advisory agreement, the fee is determined to an all inclusive

fee of 1% per annum on the group's net asset value as estimated based on the valuation guidelines of the Company on a monthly basis. The advisory fee is payable to the investment advisor quarterly by the end of each quarter.

Of the 1% all inclusive advisory fee, the lower of USD 50,000 or 10% of the annual advisory fee will directly be paid to a third party for administrative services. The advisory fees for the fiscal year 2015/16 paid or payable to Madison Investment Advisor are USD 174,308.

The advisory fee is subject to the retrospectively yearly approval by the annual shareholder meeting in accordance with OaEC and the by-laws of the company.

Administration

Huwylar Private Equity GmbH, Steinhausen, Switzerland, provides administration services and general management support on organizational and regulatory matters to the Board of Directors. The administration fee is CHF 200,000 per annum, payable quarterly.

Conflict of interests

Peter Friedli is the Chairman of the Board of Directors of New Venturetec Ltd. and President of Venturetec, Inc. and owner of Madison Investment Advisor, Inc. Further, Peter Friedli is a Member of the Board of some of the portfolio companies. As such, Mr. Friedli represents all shareholders of each portfolio company. Any related party transaction is approved by the independent Board Members of New Venturetec or the board of the portfolio company respectively with Mr. Friedli abstaining from any vote or as directed by corporate counsel. Peter Friedli may provide investment banking services to portfolio companies if and when needed and may be compensated for such services. Peter Friedli is explicitly authorized to conduct investment banking and / or consulting services to portfolio companies at its own terms if and when needed. Peter Friedli may be paid for such services by the portfolio company including if Venturetec invests in said portfolio company. New Venturetec or Venturetec, Inc. shall not have the right or claim to such payment. Peter Friedli did also personally invest in portfolio companies at market terms. New Venturetec benefits from such investments. Through the effort and services of Peter Friedli for portfolio companies, New Venturetec benefits. New Venturetec has also benefited from the loans, which are provided by Mr. Friedli.

Further conflicts may arise in the course of doing business from time to time.

Liquidity risk

New Venturetec operates on tight liquidity and has to generate cash to cover its operational costs and interest. Further, the Group has liabilities outstanding in the amount of USD 24,232,072 as per September 30, 2016. New Venturetec does not have any operational income and consequently the only way to generate liquidity is through the sale of assets or funding through additional debt or equity. Beside the holdings in Osiris Therapeutics and Myriad Genetics, all investments are held privately for which there is no market. Please see note 16.3 on page 65 for further information the liquidity risk.

Liquidity of Venturetec's investment in Osiris Therapeutics

Venturetec, Inc. directly owns 4,103,301 shares of Osiris Therapeutics, which represents 12.2% of the outstanding shares of Osiris Therapeutics. Based on this ownership, Venturetec, Inc. is a reporting person in respect of Osiris Therapeutics and is subject to reporting requirements of Section 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Venturetec, Inc. has reported its transactions and holdings of Osiris Therapeutics with the United States Securities and Exchange Commission (SEC) through the filing of Forms 3 and 4, consistently since first becoming a reporting person following the IPO of Osiris Therapeutics.

The sale by Venturetec, Inc. of shares of Osiris Therapeutics common stock requires either registration under the Securities Act of 1933, as amended (the "Securities Act"), or that the sale be exempt from registration. Rule 144 under the Securities Act provides a safe harbor from registration for sales by a person other than an issuer, underwriter or dealer. Compliance with Rule 144 requires compliance with various restrictions set forth in the rule, including limitations on the number of shares sold in a given period and the manner in which sales may be completed. For sales by an affiliate of an issuer, which Venturetec, Inc. is presumed to be, Rule 144 provides that the volume of securities sold during any preceding three-month period may not exceed the greatest of the following limitations:

- 1% of the stock outstanding, which for Osiris Therapeutics would be 345,886 shares.
- The average weekly reported volume of trading reported on all national securities exchanges during the preceding four weeks ending September 30, 2016, which for Osiris Therapeutics is currently 323,475.
- The average weekly volume of trading of the securities reported through the consolidated transaction reporting system, which for the week ended September 30, 2016, was 351,500 shares.

Accordingly, for sales of Osiris Therapeutics common stock, the so called "volume limitation" under Rule 144 for an affiliate is currently 351,500 shares available to be sold in Q4 2016.

Rule 144 also requires, in the case of affiliate sales, that a Form 144 be filed with the SEC in advance of the sale. The sale must then take place within 90 days after the filing of the Form 144. If and when a sale transaction occurs, the sale must be reported to the SEC by the filing of a Form 4, within two days.

In addition, as a greater than 10% Shareholder, Venturetec, Inc. is further limited as to when it can engage in purchasing or selling shares of Osiris Therapeutics. Venturetec, Inc. is subject to Osiris' Trading Window and must clear all purchase and/or sales transactions in the Company's common stock with either the President & CEO or the Chief Financial Officer. Osiris' Trading Window usually closes 15-days prior to the end of each fiscal quarter and then reopens on the third Trading Day after the financial results for the quarter are published, which typically is 40–45 days after the fiscal quarter end. The Trading Window may also close during other times at the discretion of the Company.

These restrictions are unrelated and independent of Mr. Friedli's involvement.

Related party transactions

Loans

On January 23, 2014, New Venturetec issued convertible bonds with the following terms:

Aggregated principal amount	CHF 15,055,000
Interest rate	4% per annum
Life	4 years/until Jan. 23, 2018
Principal amount	CHF 5,000
Conversion	Each Bond of CHF 5,000 principal amount is voluntarily convertible into shares of the Company after June 30, 2014.
Conversion price	CHF 9.50 per share

Peter Friedli, the chairman of New Venturetec subscribed to CHF 12,000,000 of the Convertible Bonds which have not been subscribed by existing shareholders. Andreas von Sprecher, member of the Board of New Venturetec subscribed to CHF 50,000 of the Convertible Bonds which have not been subscribed by existing shareholders.

Total liabilities owed to related parties per September 30, 2016 are listed in the table below. Please see notes 10 and 15.3 on page 57 and 61 for further details.

None of the loans outstanding are based on accrued management fees.

Total interests on liabilities owed to related parties in the reporting period were USD 919,702.

On May 9, 2016, Peter Friedli and the Company signed a subordination agreement to address the capital loss of the company in accordance with Art 725 para. 1 CO. The total subordinated claim under this agreement of CHF 19,116,322 as per September 30, 2016 is deferred and cannot be repaid as long as a balance sheet or interim balance sheet audited in accordance with Swiss Auditing Standards shows that the Company is not in a situation of a capital loss in accordance with Art 725 para. 1 CO.

Liabilities owed to related parties as of September 30, 2016

CHF	6,589,310	Loan paid from Peter Friedli to Venturetec, Inc.	4%	31.12.16
CHF	12,000,000	Participation of Peter Friedli in the convertible bond 2018	4%	23.01.18
CHF	50,000	Participation of Andreas von Sprecher in the convertible bond 2018	4%	23.01.18

Waived and accrued management fee

In 2009, Peter Friedli waived accrued and payable management fees in the amount of USD 4,970,034. On August 22, 2011, Mr. Friedli waived additional accrued and payable management fees in the amount of USD 1,297,168. On the same date, Inflabloc shares with a book value of USD 1,500,000 have been transferred to Peter Friedli against accrued and due management fees. The Inflabloc shares had to be written off subsequently. The total amount of waived and abandoned management is USD 7,767,202. This represents the management fee of approximately seven years.

Mr. Friedli owns 103,381 shares of New Venturetec bought at an average price of CHF 33.00. Mr. Friedli never sold any New Venturetec shares. On January 23, 2014, Mr. Friedli subscribed to CHF 12,000,000 of the Convertible Bonds which have not been subscribed by existing shareholders of which CHF 5,000,000 was invested through the conversion of existing short term debt owed by New Venturetec to Mr. Friedli and CHF 7,000,000 was invested in cash.

Shareholders' participation rights

The Company follows the Swiss Code of Obligations regarding the convening of shareholder meetings. New Venturetec does not have any voting restrictions at shareholder meetings and follows the one share – one vote principle. There are no restrictions on the participation rights of any shareholders at the meetings.

Voting

A physical share certificate or a confirmation of a depository that the shares are held and blocked until the day of the shareholder meeting allows a shareholder to vote at the shareholder meeting. Proxy for voting can be given to any person, who does not have to be a shareholder of the Company. Proxies for voting given to any depositories are prohibited in accordance with the Swiss Ordinance against Excessive Compensation in Stock Exchange Listed Companies ("OaEC"). The Shareholder Meeting takes decisions with the majority of the present shareholders, except of special quorum for certain resolutions as set forth in the Swiss Code of Obligations. The Article of Association of the Company does not require higher quorum for any other resolutions.

Agenda and proposals

The Board of Directors defines the agenda of a shareholder meeting and publishes it in the Swiss Official Gazette of Commerce at least 20 days before the shareholder meeting. Shareholders, who hold shares with an aggregated amount of at least CHF 1,000,000, have the right to put any item on the agenda by written request to the Board of Directors. Such items have to be received by the Board of Directors in time to follow the rules of the publication of the agenda. Proposals regarding items, which are not included in the agenda, can be discussed upon the motion of the shareholders but not be voted at the shareholder meeting, except for motions as set forth in the Swiss Code of Obligations.

Change of control and defence measures

Opting-up clause

According to Art. 6 of the Articles of Association of the Company the opting-up is at 49%.

Auditors

KPMG AG, Zurich act as independent statutory and group auditors of the Company and have been in this role since inception. Mr. Christoph Gröbli has been the leading auditor on their behalf since the fiscal year 2015/16. The auditors are elected for a period of one year by the general assembly. The remuneration for KPMG for auditing New Venturetec's consolidated and unconsolidated financial statements for the fiscal year 2015/16 amounted to CHF 85,000. No non-audit fees were incurred during the reporting period.

Information instruments of the auditor

The auditors are meeting with the management of the Company several times and have regular telephonic contact during the normal course of the annual and semi-annual audit. In the fiscal year 2015/16 the auditors had two meetings with the board of directors. The management provides the auditors with all documents requested. The management informs the auditors regularly on the development of the portfolio companies and the business.

Risk management

Most of the investees are in a development stage, disclosing accumulated deficits and little or no revenues. Their ability to continue as a going concern may depend on additional funding. Companies which are in the need of cash often face unfavourable financing terms to existing shareholders – in our case New Venturetec – which basically means heavy dilution and unfavourable liquidation preferences in case of a trade sale. This is only if the company is able to attract investments in the first place for which no assurance can be given that this may occur. These investments offer the opportunity of significant capital gains, but involve a high degree of business and financial risks that can result in substantial losses, including the risk of a total un-recoverability of an investment. The financial risk management objectives and policy of New Venturetec are to minimize dilution by structuring the initial investment accordingly. Other protective measures such as liquidation preferences are also part of the Company's policy. However, the operational risk remains. Furthermore, the Company does not hedge any foreign currencies or interest rate risk exposure. The risks of venture capital investments are 100%. **The total loss of the investment is a realistic possibility.**

Liquidity risk

Liquidity risk is the risk that New Venturetec will not be able to meet its financial obligations as they fall due. New Venturetec, as a greater than 10% shareholder of Osiris Therapeutics is subject to certain trade restrictions. Further, Peter Friedli is Chairman and a member of the Board of Directors of Osiris Therapeutics and therefore also subject to certain trade restrictions. These trading restrictions are also applicable to New Venturetec and may have a negative impact on the liquidity of the Group. For further details please see "Liquidity of Venturetec's investment in Osiris Therapeutics" on page 8.

We have attached risk factors of the main holding of Venturetec, Osiris Therapeutics, for your information. Please see Appendix I, page 76. The information is also publicly available.

FATCA

New Venturetec and Venturetec, Inc. fully comply with the standards of FATCA of the Internal Revenue Services of the United States of America.

Market making

New Venturetec does not make a market in its shares and does not own any of its shares and never has. The Company has no agreement with any market maker. There are no costs and no liabilities in connection with any market making activities. Several banks may act periodically as market makers on their own behalf.

Reporting and Information

Publication

The official publication organ for announcements of the Company is the Swiss Official Gazette of Commerce.

Financial reporting

New Venturetec issues audited annual and unaudited semi-annual consolidated financial statements prepared according to International Financial Reporting Standards (IFRS) and IAS 34. The annual reporting per September 30 and the semi-annual reporting per March 31.

Investor meetings

The financial results and the status of portfolio companies are reported at the Ordinary Annual Shareholders' Meeting in November/December each year. New Venturetec invites selected portfolio companies to present their company and business strategy at the shareholders' meeting.

Price information

New Venturetec traded share prices can be retrieved through electronic channels such as Telekurs (NEV), Reuters (NEV.S) and Bloomberg (NWV SW Equity).

Webpage

The webpage of New Venturetec is www.newventuretec.com. The webpage contains comprehensive information on the investment approach and strategy, latest news and detailed information about the portfolio holdings, including the latest net asset value report. Additionally, investors may find information about the portfolio companies, including a description of their business activity and the links to their webpages. Press releases and news on New Venturetec can be downloaded from the news section of the webpage on http://www.newventuretec.com/news/news_2016.aspx

Email-list

Investors can subscribe to the New Venturetec mailing list on www.newventuretec.com/investors/mailling_list.aspx. New Venturetec sends all ad hoc publication directly to the mailing registrants of the mailing list.

Contact information

The contact information to New Venutrectec can be found on the back of this annual report.

Net asset value and market price – premium / discount

The most common valuation guideline for investment companies is the net asset value. The net asset value is not an absolute value. It is an indicator based on guidelines. By no means does the net asset value represent a “true” value.

The market price is the price paid by the market participants. It is a market price determination by demand and supply. There are times when supply is higher than demand and vice versa. That simply does not correlate with the actual business performance of a company on a daily basis in any significant way. Reasons why somebody may decide to buy or sell are, in many cases, unrelated or only superficially related to the business performance.

New Venturetec offers a participation in a portfolio of young companies, not a trading opportunity. New Venturetec is the wrong vehicle for traders. It is an opportunity for investors, who understand investing in the very old fashioned and traditional way. **Investing in venture capital is a long-term commitment with high risks of 100% losses.**