

**New Venturetec  
Semi-Annual Report  
May 12, 2004**

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# Press Release

Für weitere Informationen:

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## New Venturetec mit verbessertem Ergebnis

### Resultate für die 6-monatige Berichtsperiode vom 1. Oktober 2003 bis 31. März 2004

Zürich, 6. Mai 2004. New Venturetec hat sich in einem weiterhin nicht rosigen Umfeld für High Tech Venture Capital Anlagen gut gehalten. Der innere Wert pro Aktie stieg in der 6-monatigen Berichtsperiode von CHF 22.13 auf CHF 24.74, was einer Wertsteigerung von 11.81% entspricht; in USD berechnet 16.24%. Die Aktie ist im gleichen Zeitraum von CHF 16.00 auf CHF 21.00 oder 31.25% gestiegen. Damit ergibt sich ein Discount gegenüber dem inneren Wert von 15.12% per 31. März 2004. Per 6. Mai 2004 beträgt der Discount gegenüber dem adjustierten Net Asset Value 17.18%.

Dem unrealisierten Gewinn von CHF 1'376'331.00 stand ein unrealisierter Verlust von CHF 208'096.00 gegenüber. Der konsolidierte Nettoverlust betrug in der Berichtsperiode CHF 1'897'020.00, verglichen mit einem Verlust von CHF 10'545'731.00 in der Vergleichsperiode 2003. Der Comprehensive Profit pro Aktie beträgt für die gleiche Periode CHF 2.61, verglichen mit einem Comprehensive Loss von CHF 2.82 in der Vorjahresperiode. Basilea Pharmaceutica ist seit dem 25. März 2004 an der SWX kotiert und hat durch die Ausgabe von 2'100'000 neuer Aktien zu CHF 98.00 pro Aktie über CHF 200 Millionen Neugeld für die Entwicklung und Markteinführung neuer Produkte erhalten.

Das Portfolio bestand per 31. März 2004 aus elf Beteiligungen wovon fünf über den Anschaffungskosten, zwei zu den Anschaffungskosten und vier unter den Anschaffungskosten bewertet sind. Auf den Totalinvestitionskosten ergibt sich ein unrealisierter Verlust von CHF 23'400'217.00 oder 15.58% vom in New Venturetec einbezahlten Kapital inklusive Agio.

Der Verwaltungsaufwand inklusive Management Fee und sonstige externe Kosten beliefen sich auf CHF 920'217.00 gegenüber CHF 1'029'107.00 in der Vergleichsperiode 2003. Dies entspricht 1.57% vom durchschnittlichen Inventarwert in der Berichtsperiode. Die Management Fee, sowie die Verwaltungsratsbezüge von CHF 7'500 wurden nicht ausbezahlt sondern vollständig vorgetragen.

New Venturetec ist eine börsenkotierte Schweizer Beteiligungsgesellschaft (SWX: NEV), die sich direkt an Venture Capital Gesellschaften vorwiegend in den USA, in den Bereichen Biotechnologie, Kommunikation, Technologie und Internet beteiligt.

Die Halbjahres-Konferenz 2004 findet am 12. Mai 2004, 11.45-13.30, im CREDIT SUISSE-Forum St. Peter, St. Peterstrasse 19, 8001 Zürich statt. Folgende Firmen werden präsentieren: E-centives, Basilea Pharmaceutica und mPortal.

# New Venturetec – A Unique Approach to Venture Investing

## Company

New Venturetec is an investment company incorporated in Zurich on August 8, 1997. The Company holds participations in venture companies in the areas of Biotechnology, Communications, Technology and Internet predominantly domiciled in the USA.

Its 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 of New Venturetec builds positions early enough in leading technology companies with a long-term investment commitment.

## 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. Several rounds of financing at different prices are conducted in most cases.

The proceeds of such financing are used for working capital to build the business as such companies still generate losses. The characteristics of a venture investment are typically high risk, lack of a market for the securities and long-term investment horizon. Venture capital offers the possibility of significant investment returns and attractive diversification benefits. However, no assurance can be given that such returns are realized.

## Investment philosophy

The investment targets are carefully selected after in-depth analysis of people, technology and markets. Major attention is given to the management, its capability and commitment. Influence on key management decisions and on strategic planning is performed. Monitoring and control procedures as well as providing up-to date reports on company progress and financial situation are an integral part of the investment management.

## Investing in New Venturetec

New Venturetec is a holding company with currently 11 holdings. The participations are actively managed to assure the best possible value creation for its shareholders. Cash from disinvestments will be reinvested. No capital increase is planned. The investment horizon should be 3-5 years.

Shareholders of New Venturetec are mostly Swiss-based institutional investors with a long term investment horizon. The free float is estimated to be approximately 50% of the total outstanding shares. A shareholder should follow the development with interest and base his investment or disinvestment decision on results of the development of the portfolio companies rather than on the general capital market and investors' sentiment

## What is New Venturetec

- New Venturetec is a Swiss public investment company quoted on SWX Swiss Exchange; symbol NEV
- The Company invests in Venture Capital in the areas of Biotechnology, Communications, Technology and Internet predominantly in the United States
- New Venturetec has a well-balanced portfolio in terms of industries and life stages
- New Venturetec has a focused, experienced and shareholder-oriented management

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## Income Statement for the six months ended March 31, 2004

	31.3.2003	31.3.2004
<b>Income</b>		
Realized Gains	CHF 730'090	CHF 0
Unrealized Gains	395'570	CHF 1'376'331
Interest Income	CHF 1'291'961	CHF 280'093
<b>Total</b>	<b>CHF 2'417'621</b>	<b>CHF 1'656'424</b>
<b>Expenses</b>		
Realized Losses	CHF 2'806'478	CHF 0
Unrealized Losses	CHF 1'457'824	CHF 208'096
Management Fees	CHF 888'333	CHF 801'778
SG & A	CHF 140'370	CHF 118'330
Interest	CHF 1'060'325	CHF 1'004'105
Net Exchange Losses	CHF 4'819'296	CHF 1'415'408
Other	CHF 1'790'726	CHF 5'727
<b>Total</b>	<b>CHF 12'963'532</b>	<b>CHF 3'553'444</b>
Deferred Taxes	CHF 0	CHF 0
<b>Net Profit (Loss)</b>	<b>CHF (10'545'731)</b>	<b>CHF (1'879'020)</b>

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### Comprehensive Income for the six months ended March 31, 2004

		31.3.2003	31.3.2004
<b>Revaluation Reserve</b>	CHF	2'356'260	CHF 17'793'384
<b>Translation Adjustments</b>	CHF	(5'890'896)	CHF (2'831'061)
<b>Retained Earnings</b>	CHF	(10'545'731)	CHF (1'897'020)
<b>Comprehensive Income (Loss)</b>	CHF	(14'080'367)	CHF 13'065'303
<b>Comprehensive Income per Share</b>	CHF	(2.82)	CHF 2.61
<b>Return on Equity</b>		- 11.98%	11.15%

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### Net Asset Value (NAV) as of March 31, 2004

	chg%		30.9.2003	31.3.2004
<b>Assets</b>	8.99%	CHF	157'974'570	CHF 172'081'422
<b>Liabilities</b>	1.15%	CHF	40'976'076	CHF 41'445'443
<b>Net Asset Value</b>	11.81%	CHF	110'658'447	CHF 123'723'750
<b>NAV per Share</b>	11.81%	CHF	22.13	CHF 24.74

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## Summary of the Financial Results for the six months ended March 31, 2004

	31.3.2003	31.3.2004
<b>Total Net Profit (Loss) per Share</b>	CHF (10'545'731) CHF (2.11)	CHF (1'897'020) CHF (0.38)
<b>Comprehensive Income (Loss) per Share</b>	CHF (14'080'367) CHF (2.82)	CHF 13'065'303 CHF 2.61
<b>Return on Equity</b>	CHF -11.98%	CHF 11.15%
<b>Net Asset Value (30.9.2003) Adjusted Management estimate of NAV</b>	CHF 110'658'447	CHF 123'723'750 CHF 104'898'713
<b>Net Asset Value per Share Adjusted Management estimate per share</b>	CHF 22.13	CHF 24.74 CHF 20.98
<b>Change in %</b>	-11.32%	11.81%

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## Costs for the six months ended March 31, 2004

	31.3.2003	31.3.2004
<b>Management Fee</b>	CHF (888'333)*	CHF (801'778)*
<b>Third Party/Administration/ Bank Charges</b>	CHF (140'774)	CHF (110'993)
<b>Board of Directors</b>	CHF 0	CHF 7'500*
<b>Total Actual Expenses</b>	CHF (1'029'107)	CHF (920'271)
<b>Total % of Net Asset Value (annualized)</b>	1.75%	1.57%

\* 100% accrued

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## New Venturetec Performance

Since Inception, January 1997 through March 31, 2004

➤ Investments:	31			
Biotechnology	Communication	Technology	Internet	
9	6	8	8	
<hr/>				
➤ Disinvestments:	20			
Profitable	Break-even	Loss making		
5	13	2		
<hr/>				
Realized Profit	USD 14,014,943			
Realized Loss	USD 11,002,871			
Profit	USD 3,012,072			

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## New Venturetec Performance

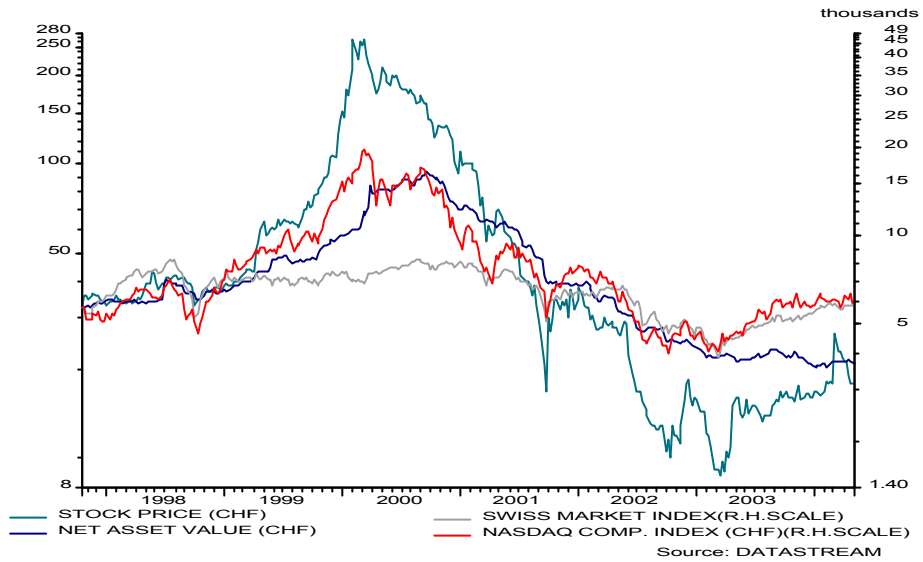
Since Inception, January 1997 through March 31, 2004

Investments:	11	Unrealized	Return p.a.	% of NAV
		Gain/Loss		
WStore	USD	9,005,000	14.1%	15.8%
Osiris Therapeutics	USD	8,125,217	10.5%	19.9%
mPortal	USD	4,707,500	18.9%	9.6%
Pharmadigm	USD	1,000,000	2.6%	7.7%
CambridgeMED	USD	562,500	33.8%	1.1%
Basilea Pharmaceutica	CHF	0	0.0%	13.8%
Prolexys Pharmaceuticals	USD	0	0.0%	8.7%
IPeria	USD	-485,785	-1.1%	10.9%
VantageMed	USD	-3,718,320	-23.2%	1.0%
Priority Telecom	USD	-15,582,567	-35.8%	1.5%
E-centives	USD	-21,112,722	-29.4%	9.8%

Total unrealized gain: USD 23,400,217      Total unrealized loss: USD 40,899,394

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### Performance since IPO 17.10.1997 - 03.05.2004



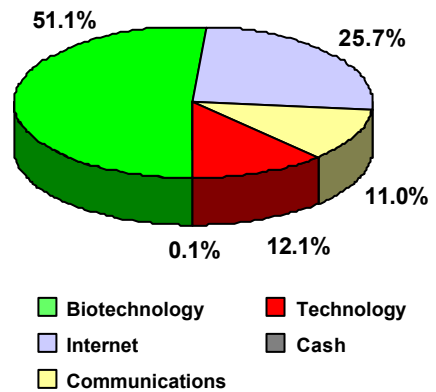
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### Portfolio Composition May 3, 2004

11 companies:    8 private        73.7% of Assets  
                           4 public        26.2% of Assets

#### Investments by Industry

	NAV in US\$	%
Biotechnology	59'478'906	51.1
Communications	12'751'342	11.0
Technology	14'217'181	12.1
Internet	29'881'856	25.7
Cash	69'166	0.1
<b>Total</b>	<b>116'398'451</b>	<b>100.0</b>



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## Key Figures May 3, 2004

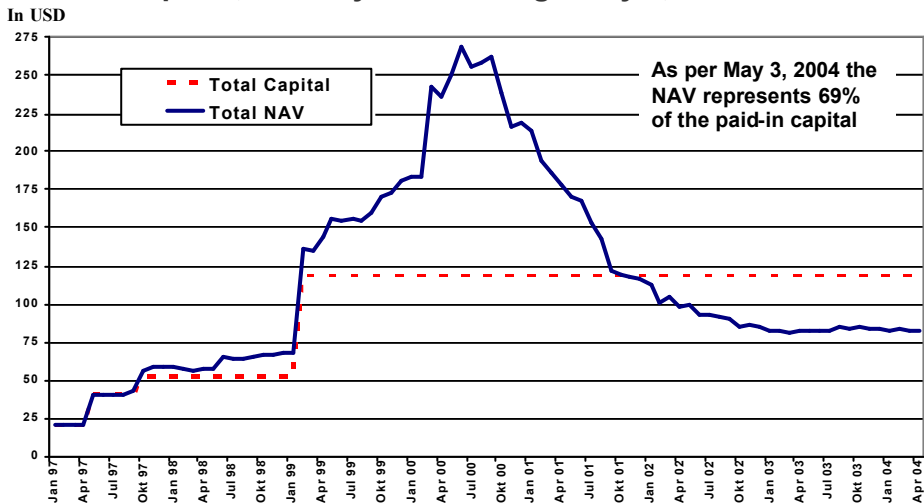
Company	Current Total Market Capitalization (in USD)	Ownership New Venturetec	Valuation as of 03.05.04 (in USD)	Price per share at the last financing round	Date of the last round	Estimated revenues in 2004 (in USD)	Monthly cash burn (in USD)	Expected time of break-even
Osiris Therapeutics	172'010'412	10.7%	4.00	5.50	Dec 03	n/a	1'100k	n/a
Pharmadiam	45'960'750	19.2%	2.50	2.50	Feb 03	n/a	250k	n/a
Basilea Pharmaceutic	256'000'000	7.6%	51.20	98.00	Mar 25	n/a	n/a	n/a
Prolexys Pharma.	216'121'202	4.6%	17.50	17.50	Mar 01	n/a	1'400k	2008
CambridgeMED	15'500'000	8.5%	2.00	1.60	Sep 03	n/a	110k	2005
Priority Telecom	140'555'622	1.2%	2.24	public	Sep 01	EUR 110m	nil	2006
mPortal	35'390'441	35.0% <sup>1)</sup>	0.70	0.40	Dez 03	2m	150k	2005
VantageMed	14'000'000	8.4%	1.22	public	Feb 00	24.0m	n/a	n/a
IPeria	32'250'000	39.8% <sup>1)</sup>	7.50	7.50	Feb 03	1.5m	250k	2005
E-centives	39'960'000	11.0%	0.54	public	May 04	n/a	n/a	n/a
WStore	67'500'000	26.6%	7.57	3.00	May 04	65m	nil	profitable

1) Ownership will be reduced through financing and M&A transactions.

Disclaimer: The estimates are made by New Venturetec. New Venturetec wishes to caution that any such forward looking statements/estimates are no guarantees of future performance and certain factors could in the future adversely affect actual results and may differ materially from those expressed. Cash requirements may among others be one of them.

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## Net Asset Value and Paid-In Capital Since Inception, January 1997 through May 3, 2004

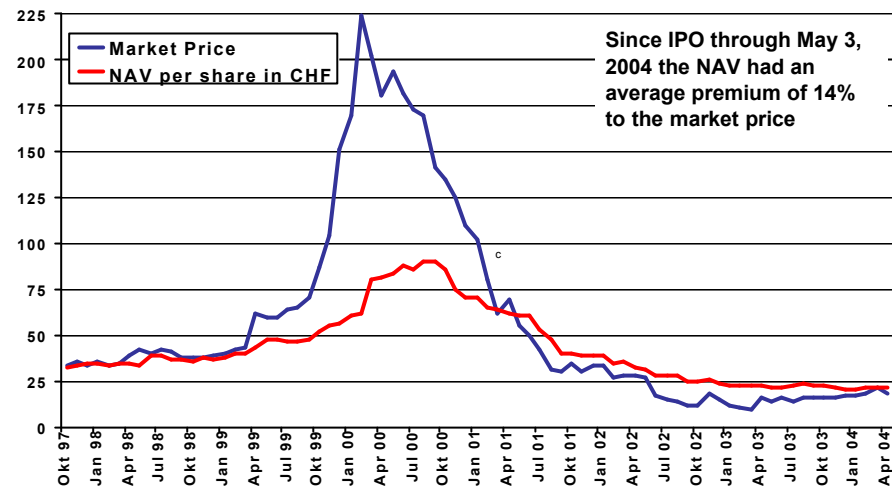


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## Net Asset Value and Market Price

Since IPO, October 17, 1997 through May 3, 2004

In USD



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## Net Asset Value and Market Price

Premium / Discount

- The net asset value is an estimated value based on public available guidelines
- The market price is the price paid by the market participants determined by demand and supply
- Few public companies trade at their net asset value, if any at all

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## Conclusion

- Stable and well diversified portfolio
- Good operational progress
- Increased chances of success

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## Expectations

- Continued focus on strategy and growth
- Continued monitoring and support by the investment manager

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## Timeframe

- It has taken longer than planned
- Three years spent in down cycle
- Success not predictable in time
- Focus on quality rather than any fix date

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## Building Value

- Satisfied customers will increase value
- Profitability as an unavoidable threshold
- Value added products
- Positioning in the market

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## Risks

- Market for products is still difficult with little visibility
- Time and cash are limited resources

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## New Venturetec - an Attractive Investment Opportunity

- It is unique in its investment approach
- Attractive valuation and timing
- Majority of companies have proven management and technology
- Steady and experienced management team

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## For further Information

- Visit us online at: [www.newventuretec.com](http://www.newventuretec.com)
- e-mail: [peter.friedli@friedlicorp.ch](mailto:peter.friedli@friedlicorp.ch)
- Tel: 0041 1 283 29 00
- New Venturetec Stock Symbol on the Swiss Exchange: Reuters (NEV.S), Bloomberg (NEV SW)

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## Ordinary Shareholder Meeting 2004

November 30, 2004  
11.45 - 13.30h

UBS Grünenhof  
Nüscherstrasse 9  
8001 Zurich

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# Corporate Information

## Corporate Governance

The following information completes this Annual Report with regard to Corporate Governance. New Venturetec is listed on the SWX Swiss Exchange, which requires certain disclosures on this subject. Some additional information is mentioned in other parts of the report or on our website [www.newventuretec.com](http://www.newventuretec.com).

The Board of Directors of New Venturetec, which consists of three members including the Investment Manager, discusses periodically the investment holdings as well as general business issues relating to its shareholders and investment outlook. Concerning any business issue between the Investment Manager and New Venturetec, the Investment Manager abstains from voting. New Venturetec always has the opportunity to invest at the same terms the Investment Manager proposes and may conclude. The Investment Manager does not make any investment without presenting it to New Venturetec.

## Capital Structure

The Paid-in Capital is CHF 62,500,000 consisting of 5,000,000 Bearer shares with a par value of CHF 12.50 each. There is no authorized or conditional capital outstanding. There was no change in the capital structure for the last three years.

No warrants, options, or convertible securities are outstanding. The outstanding loans are described in a separate paragraph below.

## Voting Rights

Each share entitles the holder to one vote at the general assembly of the Company.

## Shareholders with more than 5% of the outstanding shares

As of March 31, 2004 the following shareholders hold 5% or more of the total outstanding shares:

Bâloise-Holding, Basel	7.00%
Beamtenversicherungskasse des Kantons Zürich	6.40%

## Opting-up clause

According to Art. 6 of the Articles of Association of the Company, the threshold of the voting rights that triggers the obligation to make an offer for all listed equity securities of the Company listed on the stock exchange is increased up to 49%.

## Treasury Stocks

The Company does not own any of its shares.

## Board of Directors

Peter Friedli, Swiss, Entrepreneur, President  
Beat Wittmann, Swiss, Member Executive Board Clariden Bank, Vice President  
Andreas von Sprecher, Swiss, Lawyer, Partner at Hüppi & von Sprecher, Member and Secretary

The members of the Board of Directors are elected for three years, the next election will be at the General Meeting of Shareholders in 2006.

## Related party transactions

During the fiscal year 2003/04 the directors and the Investment Manager engaged in the following trading in shares of New Venturetec:

### **Bought:**

Peter Friedli: no transaction

Beat Wittmann: no transaction

Andreas von Sprecher: 1'000 Aktien at CHF 18.00

### **Sold:**

Peter Friedli: no transaction

Beat Wittmann: no transaction

Andreas von Sprecher: no transaction

The Board of Directors together does not own more than 5% of the shares of the Company.

There was no remuneration paid for the Board of Directors in the first half of the fiscal year 2003 / 04.

Friedli Corporate Finance Inc. does not own and never has owned any shares of the Company.

No other transactions occurred between the directors, the Investment Manager and New Venturetec other than described in this report.

### **Other mandates:**

Peter Friedli is a director of the following portfolio companies: Osiris Therapeutics, Inc., Pharmadigm Inc., Basilea Pharmaceutica AG, Prolexys Pharmaceuticals, Inc., CambridgeMed Inc., mPortal Inc., VantageMed Corp, Iperia Inc., E-centives Inc., WStore Europe S.A.

## Portfolio Company Influence

Peter Friedli represents as board member various investment companies and investors, including Venturetec, Inc., on the portfolio companies' board. Venturetec, Inc. itself does not have management or strategic influence.

## Loans and accrued management fee

New Venturetec has borrowed from other investment companies managed by the Investment Manager certain amounts for the purpose of making investments. The interest payable on the loans is accrued. The payment of the accrued interest and the redemption of the loans will be both through disinvestment proceeds. If no disinvestment proceeds are available to repay the loan, the maturity of the loan will be extended and interest is further accrued. As shown in the table, each loan is secured with the investments for which the loan proceeds were used. Therefore there is no risk, liability or costs for New Venturetec in connection with the loans. The loans were and still are offered at the same terms to selected New Venturetec shareholders.

Since the second quarter of 2001, the investment management fee has not been paid out to the Investment Manager but rather accrued. The management fee for the first half of the fiscal year 2003 / 04 is CHF 801,778 and the total management fees accrued as per March 31, 2004 are CHF 6,667,737. The accrued management fee has the nature of an interest free loan to New Venturetec as it carries no interest and is unsecured. The accrued management fee will be paid through disinvestment proceeds if and when they become available.

Date	Currency	Principle Amount	Interest Rate	Maturity Date	Secured with shares of
31.01.2001	CHF	20,000,000	5.0%	30.06.2005	Basilea Pharma.
17.04.2001	USD	10,000,000	6.5%	30.06.2005	Prolexys Pharma.
27.02.2002	USD	500,000	10.0%	30.06.2005	Cambridge Med
15.04.2002	CHF	2,000,000	5.0%	30.06.2005	E-centives
<b>Accrued management fees</b>					
3.01 - 3.04	CHF	6,667,737	Interest free	open	unsecured

## Management

Under a separate Investment Management Agreement, the Company appointed Friedli Corporate Finance, Inc., Belize, as Investment Manager with specific responsibilities as regards the selection, purchase, sale, structure and disposal of the Group's investments. These tasks are carried out by Mr. Peter Friedli who at the same time is the President of the Board of Directors of New Venturetec Ltd. and is also a member of the Board of Directors of certain investees. Mr. Friedli is the sole shareholder and Director of Friedli Corporate Finance, Inc.

### Change of Investment Manager

In case of a change of control or termination of the Investment Management Agreement with Friedli Corporate Finance by the shareholders or the Board, all loans and accrued management fees due to Friedli Corporate Finance are due to be settled within three business days from the date of termination. The settlement can be made in cash or all of the shares which were purchased with the loan. All accrued interest and management fees have to be settled in cash.

## Management Fees

According to the investment management agreement, management fees payable to the Investment Manager are calculated at 1.5 % per annum on the Group's net asset value as estimated by the Investment Manager. Another 0.5 % can be used for investor relation services and other external costs directly related to the investment management activities. Since March 31, 2001 no management fees have been paid to the Investment manager, but rather accrued.

In addition, the management agreement provides for a performance fee equal to:

- 12% of the percentage points exceeding 15% of the compounded annual return to investors calculated on the basis of the net asset value, multiplied by the net amount of "realized profit and loss"; or
- 12% of the net amount of "realized profit and loss", if the compounded annual return to investors is 20% or higher.

The performance fee is payable annually based on the audited financial statements, if the conditions are met, in the form of shares of the Company, cash, or a combination thereof at the discretion of the Investment Manager. 94% of the performance fee is paid to the Investment Manager and 6 % to the members of the Board of Directors (excluding Mr. Friedli). No performance fee has been paid out since inception of the Company.

## Auditor

KPMG Fides Peat AG, Zurich acts as independent statutory and group auditors of the Company and has been in this role since inception. Mr. Philipp Hallauer has been the leading auditor on their behalf since 2002. The auditors are elected for a period of one year by the general assembly. In the first half of the fiscal year 2003 / 2004 KPMG Fides Peat billed CHF 52'186 for auditing New Venturetec's consolidated and unconsolidated financial statements for the year ended September 30, 2003.

## 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. 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 unrecoverability of an investment. New Venturetec's financial risk management objectives and policy are to minimize dilution by structuring the initial investment accordingly. Other protective measures such as liquidation preferences and involvement in the decision process 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.

## Market Making

New Venturetec does not make a market in its shares and does not own any of its shares. The company has no agreement with any market maker. There are no costs and no liability in connection with any market making activities. Several banks may act periodically as market makers on their own behalf.

## Reporting and Information

### Investor Meetings

New Venturetec issues audited annual and unaudited semi-annual consolidated financial statements prepared according to International Financial Reporting Standards (IFRS). The financial results are reported at the Ordinary Annual Shareholder Meeting in November/December each year and at the Semi-Annual Conference in May of each year. At both meetings, New Venturetec invites selected portfolio companies to present their company and business strategy.

### Price Information

New Venturetec provides daily price information on its webpage. Additionally prices can be retrieved through electronic channels such as Telekurs (NEV), Reuters (NEV.S) and Bloomberg (NWW SW Equity).

### Webpage

New Venturetec's webpage is [www.newventuretec.com](http://www.newventuretec.com). The webpage contains comprehensive information about New Venturetec's investment approach and strategy, latest news and detailed information about the portfolio holdings, including the latest Net Asset Value Report (NAV). Additionally, investors may find information about the portfolio companies, including a description of the business activity and links to the webpages of the portfolio companies.

### Email

New Venturetec sends information, reports and updates about its portfolio companies periodically to shareholders by email.

Prices and Volume	2003/2004	2002/2003	2001/2002	2000/2001	1999/2000
	6 Month	Year	Year	Year	Year
	31.03.2004				
High/Low Share price in CHF (SWX)	27.40/15.10	18.50/8.50	39.90/10.60	147.00/17.00	266.00/72.50
High/Low Net Asset Value in CHF:	24.74/20.34	25.58/21.55	39.52/26.82	93.31/39.07	95.02/46.98
Closing share price (SWX)					
at the end of the period in CHF:	21.00	16.00	11.30	30.00	141.00
Net Asset Value in CHF					
at the end of the period:	24.74	22.24	24.91	39.53	91.82
Premium/Discount	-15.12%	-28.06%	-54.64%	-24.11%	53.56%
Average daily trading volume	6'162	3'454	2'217	4'679	13'847

## Net Asset Value (NAV) and Market Price – Premium / Discount

The most common valuation guideline for investment companies is the NAV. The NAV is not an absolute value. It is an indicator based on guidelines.

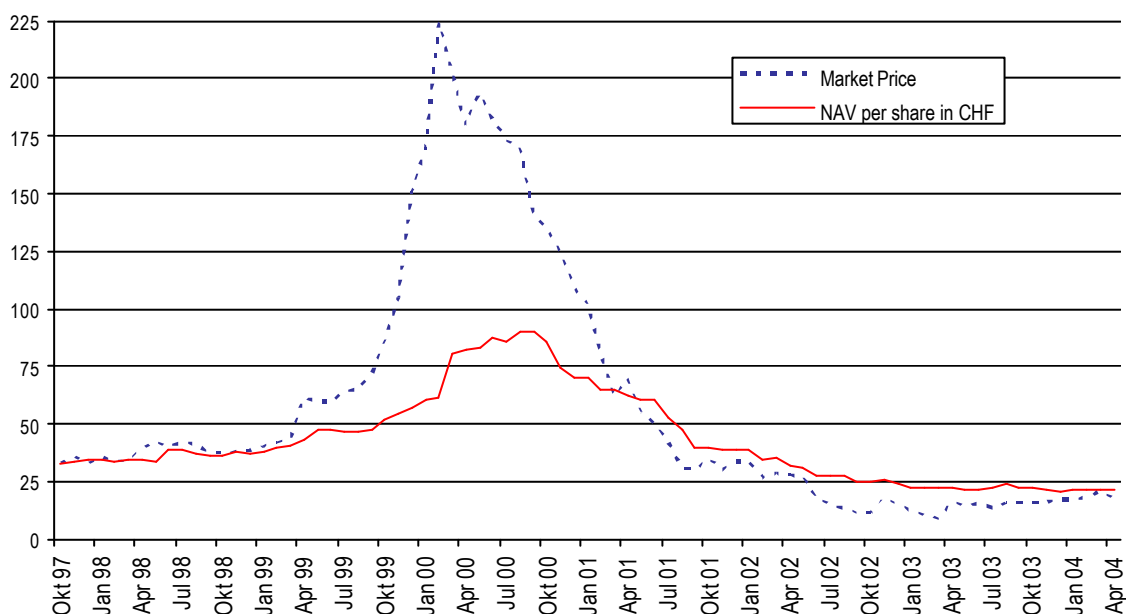
How such guidelines are applied is a different story all together. It is the investment manager's duty and responsibility to use, apply and implement such generally accepted guidelines in a professional, ethical and consistent manner. Only then does the NAV represent a certain meaningful benchmark over time that gives investors the information they need. By no means does the NAV 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 doesn't correlate with the actual business performance of a company on a daily basis in any significant way. The reasons why somebody may decide to buy or sell is, in many cases, unrelated or only superficially related to the business performance.

This small short term correlation between the market price and the NAV results in a discount or a premium which are defined as the difference between the two prices. Since the IPO, New Venturetec had an average premium of 14%, calculated on a monthly basis.

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 for investors who understand the true meaning of investing, the very old fashioned and traditional way.

The capital market is not efficient in the short term or on a daily basis. Long term the NAV and the market price will converse. The assets are what they are, so is the value. At times of redemption or dissolution there is only one value. Investing in venture capital is a long-term commitment.



Highest premium: 267% in February 2000  
Highest discount: -60% in March 2003  
Average: 14.43%

# NEW VENTURETEC

**Stockprice** CHF 18.00  
**Net Asset Value** USD 16.38 CHF 21.25  
**Market Capitalization** CHF 90'000'000

May 3, 2004

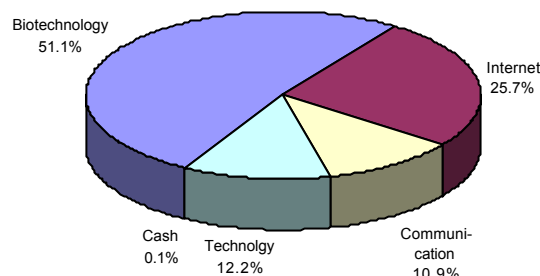
## The Company

New Venturetec is an investment company listed on the SWX Swiss Exchange. The Company holds participations in venture companies in the areas of biotechnology, communications, technology and Internet predominantly in the United States.

## The Objective

The objective of New Venturetec is to achieve long-term capital appreciation through equity and debt investments in start-up, emerging and growth companies which the Investment Manager believes offer significant growth opportunities. We identify successful and promising companies and then actively work with the management over a five to ten year time horizon. New Venturetec has a portfolio of promising companies with high growth potential. It provides an investor the opportunity to participate in venture companies at an attractive price. New Venturetec is managed with the clear focus of long term growth.

## Portfolio by Industry



## Performance through May 3, 2004

### Net asset value total return net

	CHF	Total return 03.05..2004	USD	Total return 03.05..2004
January 1997	28.94	-26.58%	20.00	-18.09%
Since IPO, Oct. 1997	33.00	-35.62%	22.76	-28.02%
Since capital increase February 1999	39.80	-46.62%	27.54	-40.51%
Year to Date	20.74	2.44%	16.65	-1.61%

### IRR net, p.a.

	Based on NAV		Based on market price
	CHF	USD	CHF
January 1997	-8.01%	-5.95%	-10.54%
Since IPO, Oct. 1997	-8.79%	-6.63%	-11.36%
Since capital increase February 1999	-11.24%	-8.75%	-14.00%

## Portfolio by Company in USD

Name	Invested capital	Unrealized gain/loss	Total est. value	% of NAV
<b>Biotechnology</b>				
				<b>51.1</b>
Osiris Therapeutics	14'794'223	8'125'217	22'919'440	19.7
Pharmadigm	8'339'107	1'000'000	9'339'107	8.0
Basilea Pharma.	15'907'860	0	15'907'860	13.7
Prolexys Pharma.	10'000'000	0	10'000'000	8.6
CambridgeMED	750'000	562'500	1'312'500	1.1
<b>Communications</b>				
				<b>10.9</b>
Priority Telecom	17'250'000	-15'576'157	1'673'842	1.4
mPortal	6'370'000	4'707'500	11'077'500	9.5
<b>Technology</b>				
				<b>12.2</b>
VantageMed	4'905'000	-3'735'034	1'169'966	1.0
IPeria	13'533'000	-485'785	13'047'215	11.2
<b>Internet</b>				
				<b>25.7</b>
E-centives	33'400'000	-21'680'613	11'719'386	10.1
WStore.com	9'157'470	9'005'000	18'162'470	15.6
<b>Total</b>	<b>134'406'660</b>	<b>-18'077'372</b>	<b>116'329'286</b>	<b>99.9</b>
<b>Cash</b>			<b>69'166</b>	<b>0.1</b>

## Corporate Information

Company	New Venturetec Ltd.
Domicile	Zurich inception January 1997
Type of Securities	Bearer Shares
Outstanding Shares	5'000'000 Shares
Initial Public Offering	October 16, 1997
Offering Price	CHF 33.00
Dividend	The Company does not intend to pay any dividend, but rather reinvest any realized cash from disinvestments
Management Fee	1.5% p.a. payable on the quarterly Net Asset Value, plus up to 0.5% for costs
Performance Fee	12% of the percentage points exceeding 15% of the compounded annual return to investors calculated on the basis of the Net Asset Value, multiplied by the net amount of "realized profit and loss"; or 12% of the net amount of "realized profit and loss", if the compounded annual return to investors is 20% or higher
Board of Directors	Peter Friedli, President Beat Wittmann, Vice President Andres von Sprecher, Member
Investment Manager	Friedli Corporate Finance, Inc.
Auditors	KPMG Fides Peat, Zurich
Listing	SWX Swiss Exchange (Segment Investment Company)
Security Number	Valor: 703 683
Price Information (Ticker)	Telekurs (NEV), Reuters (NEV.S), Bloomberg (NWX SW Equity)
Reporting	Annual Report, semi-annual report, permanent information available on <a href="http://www.newventuretec.com">www.newventuretec.com</a>

## New Venturetec

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enter [www.newventuretec.com](http://www.newventuretec.com)

**New Venturetec Ltd., Zurich**

**Interim Consolidated Financial Statements**

for the period from October 1, 2003  
to March 31, 2004

Audit

KPMG Fides Peat  
Badenerstrasse 172  
CH-8004 Zurich

P.O. Box  
CH-8026 Zurich

Telephone +41 1 249 31 31  
Fax +41 1 249 23 19  
www.kpmg.ch

Independent Auditors' Report

**New Venturetec Ltd., Zurich**

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We have reviewed the interim consolidated financial statements (balance sheet, income statement, statement of changes in equity, cash flow statement and notes) of New Venturetec Ltd., Zurich, and subsidiary ("the Group") for the six month period ended March 31, 2004.

These interim consolidated financial statements are the responsibility of the Company's Board of Directors. Our responsibility is to issue a report on these interim consolidated financial statements based on our review.

We conducted our review in accordance with the International Standard on Auditing applicable to review engagements. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the interim consolidated financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that material modifications should be made to the accompanying interim consolidated financial statements of the Group in order for them to be in conformity with International Financial Reporting Standards (IFRS), and to comply with Swiss law and the accounting principles of the Additional Rules for the Listing of Investment Companies issued by the Swiss Exchange.

Without qualifying our opinion we draw attention to Notes 4b and 6 to the interim consolidated financial statements, describing the Group's venture capital investments. These investments, amounting to CHF 164,464,234 (95.6% of consolidated assets) as of March 31, 2004, and amounting to CHF 150,229,770 (95.1% of consolidated assets) as of September 30, 2003, have been valued at fair values as determined by the Investment Manager and approved by the Board of Directors. We have reviewed the procedures applied in valuing such investments and have inspected underlying documentation; while in the circumstances the procedures appear to be reasonable and the documentation appropriate, determination of fair values involves subjective judgment which is not susceptible to independent verification procedures.

KPMG Fides Peat

Hans Moser  
*Swiss Certified Accountant*

Philipp Hallauer  
*Swiss Certified Accountant*  
*Auditor in Charge*

Zurich, April 21, 2004

## Interim Consolidated Balance Sheet

31.3.2004  
(unaudited)30.9.2003  
(audited)

	Note	CHF	CHF
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	53,648	162,818
Deferred expenses and accrued income		56	58
		<u>53,704</u>	<u>162,876</u>
<b>Non-current assets</b>			
Venture capital investments	6	164,464,234	150,229,770
Accounts receivable	11	7,563,484	7,581,924
		<u>172,027,718</u>	<u>157,811,694</u>
		<u>172,081,422</u>	<u>157,974,570</u>
<b>Liabilities and shareholders' equity</b>			
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accrued expenses	9	6,912,229	6,340,047
		<u>6,912,229</u>	<u>6,340,047</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities	8 / 10	212,578	123,164
Loans payable to related parties	12.3	41,232,865	40,852,912
		<u>41,445,443</u>	<u>40,976,076</u>
<b>Shareholders' equity</b>			
Share capital	7	62,500,000	62,500,000
Additional paid-in capital	7	73,400,000	73,400,000
Revaluation reserve	8	42,303,038	24,509,654
Cumulative translation adjustment		(2,589,227)	241,834
Accumulated deficits		(51,890,061)	(49,993,041)
		<u>123,723,750</u>	<u>110,658,447</u>
		<u>172,081,422</u>	<u>157,974,570</u>
Number of shares outstanding		5,000,000	5,000,000
<b>Net asset value per share</b>	7	<b>24.74</b>	<b>22.13</b>
<b>Adjusted net asset value per share</b>	7	<b>20.98</b>	<b>22.13</b>

The accompanying notes form an integral part of these interim consolidated financial statements.

**Interim Consolidated Income Statement  
for the six months ended March 31,**

		<b>2004 (unaudited)</b>	<b>2003 (unaudited)</b>
	<b>Note</b>	<b>CHF</b>	<b>CHF</b>
<b>Income</b>			
Interest income	11	280,093	1,291,961
Realized gains on investments		0	730,090
Unrealized gains on investments	6.4	<u>1,376,331</u>	<u>395,570</u>
		<b><u>1,656,424</u></b>	<b><u>2,417,621</u></b>
<b>Expenses</b>			
Realized losses on investments	6.4	0	(2,806,478)
Impairment losses on investments	6.4	(208,096)	(1,457,824)
Valuation adjustment on accounts receivable	11	(5,564)	(566,400)
Management fees	9	(801,778)	(888,333)
Interest on loans from related parties	12.3	(1,004,105)	(1,060,325)
General and administrative expenses		(118,330)	(140,370)
Bank charges		(163)	(404)
Net exchange losses		(1,415,408)	(4,819,296)
Other finance charges	11	<u>0</u>	<u>(1,223,922)</u>
		<b><u>(3,553,444)</u></b>	<b><u>(12,963,352)</u></b>
<b>Loss before income taxes</b>		<b><u>(1,897,020)</u></b>	<b><u>(10,545,731)</u></b>
Income taxes	10	<u>0</u>	<u>0</u>
<b>Net loss</b>		<b><u>(1,897,020)</u></b>	<b><u>(10,545,731)</u></b>
Weighted average number of shares outstanding during the half year period			
		5,000,000	5,000,000
<b>Basic and diluted loss per share</b>		<b>(0.38)</b>	<b>(2.36)</b>

The accompanying notes form an integral part of these interim consolidated financial statements.

**Interim Consolidated Statement of Changes in Equity  
for the six months ended March 31, 2003 and 2004 (unaudited)**

	Share capital	Additional paid-in capital	Revaluation reserve	Cumulative translation adjustment *	Accumulated deficits	Total shareholders' equity
	CHF (note 7)	CHF (note 7)	CHF (note 8)	CHF	CHF	CHF
<b>Balance as of 30.9.2002</b>	<b>62,500,000</b>	<b>73,400,000</b>	<b>22,841,872</b>	<b>9,455,740</b>	<b>(43,671,271)</b>	<b>124,526,341</b>
<b>Net loss</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(10,545,731)</b>	<b>(10,545,731)</b>
Revaluation of investments	0	0	4,098,532	0	0	4,098,532
Deferred taxes on revaluation	0	0	(20,494)	0	0	(20,494)
Translation adjustment	0	0	(1,721,778)	(5,890,896)	0	(7,612,674)
<b>Other comprehensive loss</b>	<b>0</b>	<b>0</b>	<b>2,356,260</b>	<b>(5,890,896)</b>	<b>0</b>	<b>(3,534,636)</b>
<b>Total comprehensive loss</b>	<b>0</b>	<b>0</b>	<b>2,356,260</b>	<b>(5,890,896)</b>	<b>(10,545,731)</b>	<b>(14,080,367)</b>
<b>Balance as of 31.3.2003</b>	<b>62,500,000</b>	<b>73,400,000</b>	<b>25,198,132</b>	<b>3,564,844</b>	<b>(54,217,002)</b>	<b>110,445,974</b>
<b>Balance as of 30.9.2003</b>	<b>62,500,000</b>	<b>73,400,000</b>	<b>24,509,654</b>	<b>241,834</b>	<b>(49,993,041)</b>	<b>110,658,447</b>
<b>Net loss</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,897,020)</b>	<b>(1,897,020)</b>
Revaluation of investments	0	0	19,025,588	0	0	19,025,588
Deferred taxes on revaluation	0	0	(95,128)	0	0	(95,128)
Translation adjustment	0	0	(1,137,076)	(2,831,061)	0	(3,968,137)
<b>Other comprehensive profit</b>	<b>0</b>	<b>0</b>	<b>17,793,384</b>	<b>(2,831,061)</b>		<b>14,962,323</b>
<b>Total comprehensive profit</b>	<b>0</b>	<b>0</b>	<b>17,793,384</b>	<b>(2,831,061)</b>	<b>(1,897,020)</b>	<b>13,065,303</b>
<b>Balance as of 31.3.2004</b>	<b>62,500,000</b>	<b>73,400,000</b>	<b>42,303,038</b>	<b>(2,589,227)</b>	<b>(51,890,061)</b>	<b>123,723,750</b>
				<b>2004</b>	<b>2003</b>	
Weighted average number of shares outstanding during the half year period				5,000,000	5,000,000	
<b>Basic and diluted comprehensive profit (loss) per share</b>				<b>2.61</b>	<b>(2.82)</b>	

\* on net assets of Venturetec, Inc. before revaluation of investments

The accompanying notes form an integral part of these interim consolidated financial statements.

**Interim Consolidated Cash Flow Statement  
for the six months ended March 31,**

		<b>2004 (unaudited)</b>	<b>2003 (unaudited)</b>
	<b>Note</b>	<b>CHF</b>	<b>CHF</b>
Net loss		(1,897,020)	(10,545,731)
Realized losses on investments	6.4	0	2,806,478
Valuation adjustments and other finance charges on accounts receivable	11	5,564	566,400
Interest on loans from related parties	12.3	1,004,105	1,060,325 *)
Realized gains on investments	6.4	0	(730,090)
Unrealized gains on investments	6.4	(1,376,332)	(395,570)
Exchange gains and losses, net		1,415,408	4,819,296
Interest income capitalized	11	(280,036)	(1,291,291)
Other finance charges	11	0	1,223,922
Impairment losses on investments	6.4	208,096	1,457,824
Changes in current assets and liabilities		815,557	950,833 *)
<b>Cash used in operating activities</b>		<b>(104,658)</b>	<b>(77,604)</b>
Purchase of investments and notes receivable	6.4	0	(977,384)
Proceeds on disposal of investments		0	920,400
<b>Cash used in investing activities</b>		<b>0</b>	<b>(56,984)</b>
Loans from related parties	12	0	0
<b>Cash provided by financing activities</b>		<b>0</b>	<b>0</b>
Exchange effect on cash and cash equivalents		(4,512)	(34,736)
<b>Net change in cash and cash equivalents</b>	11	<b>(109,170)</b>	<b>(169,324)</b>
Cash and cash equivalents at beginning of period	5	162,818	538,443
<b>Cash and cash equivalents at end of period</b>	5	<b>53,648</b>	<b>369,119</b>

\*) Interest on loans presented separately to conform with the current year's presentation.

The accompanying notes form an integral part of these interim consolidated financial statements.

## Notes to the Interim Consolidated Financial Statements for the six months ended March 31, 2004

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### Basis of the interim consolidated financial statements

#### 1 Principal activities

New Venturetec Ltd., Zurich (“the Company”) was formed on July 16, 1997 and incorporated on August 8, 1997 for the purpose of direct and indirect investments in Swiss and foreign companies, especially in high risk venture capital companies in the industries of Biotechnology, Communications, Technology and Internet.

#### 2 Basis of presentation

The Group represents the Company and its wholly-owned subsidiary Venturetec, Inc., Tortola, British Virgin Islands, incorporated on September 11, 1996 with a share capital of USD 20 million. As of March 31, 2004, the Company's venture capital investments and notes receivable are held via this subsidiary.

The Group's interim consolidated financial statements cover the six months from October 1, 2003 to March 31, 2004. These interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law and the accounting principles of the Additional Rules for the Listing of Investment Companies issued by the Swiss Exchange.

The same accounting policies and methods have been applied as those relating to the annual report for the year ended September 30, 2003.

#### 3 Performance reporting

Unrealized gains and losses arising from the revaluation of investments (other than options and similar rights) are recognized directly in equity (revaluation reserve), except for unrealized losses which do not reverse a previous revaluation and are recognized as impairment losses in the income statement. *Comprehensive income* as presented in the statement of changes in equity reflects the overall performance of the Group, including all revaluation gains and losses on investments, translation adjustments and net profit / (loss) for the period.

## Notes to the Interim Consolidated Financial Statements for the six months ended March 31, 2004

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### 4 Summary of significant accounting policies

#### *a) Principles of consolidation*

The interim consolidated financial statements include the Company and its subsidiary as mentioned above. All intercompany transactions and balances have been eliminated.

#### *b) Valuation of venture capital investments and notes receivable*

The Group's investments primarily relate to U.S. venture capital companies.

Investments are stated at fair value on an item by item basis, as determined by the Investment Manager and approved by the Board of Directors. Fair value is defined as the estimated amount for which an asset could be exchanged between knowledgeable, willing parties in an arms' length transaction. Options and similar rights attached to the investments are also considered in determining fair value. Since the structure of the investees' capital is subject to immediate changes and events that may dilute the percentage held by the Group, the investees are not considered to qualify as associated companies in accordance with IAS 28 even if the Group's share of capital temporarily exceeds 20% at balance sheet date. Furthermore, the extent of the Investment Manager's influence on the investees and the Group's voting rights do not necessarily correlate to the percentage held by the Group. As a consequence, measuring such investments at fair value is considered more appropriate than applying the equity method of accounting.

The notes receivable are carried at amortized cost less any valuation allowance deemed necessary.

Unrealized revaluation gains (excluding options and similar rights) are dealt with in the statement of changes in equity. Unrealized losses due to a decline in the fair value of an investment are dealt with in the statement of changes in equity to the extent that they reverse previous revaluation gains in respect of the same investment. Any additional unrealized losses are recognized in the income statement as an impairment loss. As for options and similar rights, any changes in fair value are recognized in the income statement.

When an investment is sold at a price equal to or higher than its carrying amount, the related revaluation reserve is recognized in the income statement as a "realized gain on investments". Since both the decrease in revaluation reserve and the recognition of a gain on disposal of investments are components of comprehensive income, this entry increases net profit but does not have any effect on comprehensive income for the period. Any additional gain on sale arising from the difference between the sales price and the carrying amount of the investment is recognized in the same line item of the income statement and has the effect of increasing net profit and thereby, also increasing comprehensive income.

**Notes to the Interim Consolidated Financial Statements for the six months ended March 31, 2004**

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***b) Valuation of venture capital investments and notes receivable (continued)***

**The basis for valuation is the following:**

**Valuation of investments in public companies:**

The closing bid price on the reporting date as reported by the exchange where the shares are quoted and traded is used as fair value, notwithstanding the following:

- Such investments may be subject to lock-up agreements during a certain period.
- The reliability of the fair value depends on whether one or more buyers would be willing to acquire the entire share held in the investee at the publicly listed price.

**Valuation of investments in private companies:**

The original cost or the price of any subsequent capital increase is considered as an approximation of fair value at the time of transaction. The following factors determine the price paid for an investment:

- Start-up capital: Technology assessment, negotiations with management, industry comparables, or competitors' bids.
- Capital increase: Re-evaluation of the original technology assessment, negotiations with management, industry comparables, competitors' bids, or achievement of milestones and business plan guidelines. The investment valuation may include a reduction of 10-20% from the price of the capital increase if considered necessary based on the valuation factors listed below.

Subsequent measurement is taking into account the following aspects:

- An unrealized gain is recognized in the revaluation reserve when a significant event occurs, such as the issuing of a patent, corporate partnering / private placement, achievement of a milestone (e.g., in research and development) or an increased profitability.
- If performance subsequent to the acquisition is significantly below the business plan, or if any other circumstances exist that indicate a decrease of the recoverable amount of an investment below its carrying amount, the recoverable amount is determined based on the revised outlook and write-offs are recognized accordingly.

**Notes to the Interim Consolidated Financial Statements for the six months ended March 31, 2004**

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***b) Valuation of venture capital investments and notes receivable (continued)***

**Valuation factors are:**

- nature of the business and history of the investee, and related risks
- economic and industry outlook, and related risks
- financial condition and earnings capacity of the investee, and related risks
- incremental value of goodwill and other intangible assets
- sale of shares and the volume of shares to be valued
- market price of shares of public enterprises engaged in the same or a similar business
- fair value of the investee as a whole, taking into account:
  - cost based considerations: replacement values of the underlying net assets on both a going concern and a liquidation basis, etc.
  - earnings-based considerations: discounted earnings, price earnings ratios, multiples, etc.
  - market-based considerations: market values of shares, adjusted market value, etc.

The investments are subject to a revaluation by the Investment Manager whenever the Company's net asset value is published (normally on a quarterly basis). No independent external valuations are conducted for investments in private companies. There are inherent difficulties in determining the fair value of such investments and, as a consequence, the net asset value of the Company.

***c) Accounts receivable***

Accounts receivable relate to the sale of investments. Where an investment is sold and the settlement is deferred beyond normal credit terms, the proceeds recognized on the disposal are the present value of the anticipated future cash flows. A market related discount rate is used to discount the anticipated future cash flows. In subsequent periods interest is recognized on the receivable at a market related rate using the effective interest rate method.

***d) Loans payable***

Interest-bearing borrowings are recognized initially at cost, less any attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings using the effective interest rate method.

***e) Cash and cash equivalents***

Cash and cash equivalents include cash at banks and fixed term deposits with original maturity dates of three months or less. They are stated at their nominal amount.

## Notes to the Interim Consolidated Financial Statements for the six months ended March 31, 2004

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### *f) Foreign currency translation*

The Group's measurement currencies are the Swiss franc (parent company) and the United States dollar (subsidiary). The consolidated financial statements are presented in Swiss francs.

#### *Transactions and balances:*

Transactions in foreign currencies are recorded using exchange rates in effect at the time of the transaction. Gains or losses arising on settlement of these transactions are included in income of the respective reporting period. Monetary assets and liabilities denominated in foreign currencies are translated using exchange rates prevailing at the balance sheet date. Any gains and losses arising from this translation are recorded in income of the respective reporting period.

#### *Financial statements of the foreign subsidiary:*

All assets and liabilities of the Company's wholly-owned subsidiary denominated in USD are translated using the exchange rate prevailing at the balance sheet date. Income, expenses, cash flows and movements of the cost and revaluation of investments are translated using the average exchange rate of the reporting period. The exchange differences on translating balance sheets and income statements are debited or credited directly to retained earnings as translation adjustments. Exchange differences on translating cash flows are separately disclosed in the cash flow statement as exchange effect on cash and cash equivalents.

The following exchange rates were applied:

	<i>Rate at balance sheet date</i>			<i>Average rate for the six months ended</i>	
	<i>31.03.04</i>	<i>30.09.03</i>	<i>31.03.03</i>	<i>31.03.04</i>	<i>31.03.03</i>
1 USD to CHF	1.2672	1.3176	1.3720	1.2807	1.4160

### *g) Income taxes*

New Venturetec Ltd. has the status of a holding company and as such, benefits from the participation exemption at federal level and from the complete exemption at cantonal and communal level. The theoretical maximum applicable income tax rate is 8.5%. Venturetec, Inc. is not subject to any income taxes.

Current income taxes are, to the extent unpaid, provided for at the enacted tax rate based on current and past earnings of New Venturetec Ltd.

Deferred income taxes are recognized at the expected applicable tax rates on any temporary differences, both taxable and deductible, between the carrying amount and the tax base of assets and liabilities, including the taxable temporary differences of the subsidiary since they might result in dividend income of New Venturetec Ltd. In measuring the deferred tax assets or liabilities, the manner in which the enterprise expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities is taken into account.

## Notes to the Interim Consolidated Financial Statements for the six months ended March 31, 2004

## Notes to the interim consolidated balance sheet

<b>5</b>	<b>Cash and cash equivalents</b>	<b>31.03.2004</b>	<b>30.09.2003</b>
		<b>CHF</b>	<b>CHF</b>
	Cash at banks	53,648	162,818
	<b>Cash and cash equivalents</b>	<b>53,648</b>	<b>162,818</b>
<b>6</b>	<b>Venture capital investments and notes receivable</b>		
<b>6.1</b>	<b>Summary</b>	<b>31.03.2004</b>	<b>30.09.2003</b>
		<b>CHF</b>	<b>CHF</b>
	Venture capital investments at cost	168,376,872	169,144,479
	Devaluation of venture capital investments	(8,607,614)	(29,725,617)
	Warrants on venture capital investments at fair value	4,694,976	10,810,908
	<b>Total investments at fair value</b>	<b>164,464,234</b>	<b>150,229,770</b>

As of March 31, 2004, the Group's venture capital investments in early stage companies are primarily in the form of common or preferred shares, except for warrants granted in connection with two venture capital investments in the amount of CHF 4.7 million.

**Financial 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. 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 unrecoverability of an investment. New Venturetec's financial risk management objectives and policy are to minimize dilution by structuring the initial investment accordingly. Other protective measures such as liquidation preferences and involvement in the decision process are also part of the Company's policy. However, the operational risk remains. Furthermore, the Company does not hedge any foreign currency or interest rate risk exposure.

## Notes to the Interim Consolidated Financial Statements for the six months ended March 31, 2004

## 6 Venture capital investments and notes receivable (continued)

## 6.2 List of investments

	Approximate paid-in capital <sup>1</sup>		Approximate percentage held <sup>1</sup>	
	31.03.2004 USD million	30.09.2003 USD million	31.03.2004 %	30.09.2003 %
<b>Biotechnology</b>				
Osiris Therapeutics <sup>2</sup>	103.6	103.6	11	11
Pharmadigm	38.0	37.3	19	17
Basilea Pharmaceutica <sup>3</sup>	426.7	172.1	6	8
Prolexys Pharmaceuticals <sup>4,5</sup>	166.8	166.8	5	5
CambridgeMed <sup>4</sup>	2.8	2.8	8	8
<b>Communications</b>				
Priority Telecom	1,211.0	1,211.0	1	1
mPortal	11.1	9.8	28	35
<b>Technology</b>				
VantageMed	72.6	72.6	8	8
IPeria	36.7	35.8	30	40
<b>Internet</b>				
E-centives <sup>4</sup>	123.8	123.8	14	20
WStore	11.7	11.6	25	28

<sup>1</sup> Paid-in capital includes common and preferred share capital and any additional paid-in capital, as of the date of the most recent financial statements. The numbers represent the structure of a typical early stage company. There may be immediate changes, events which will change the structure and dilute the percentage and voting rights held in the companies. There is no relationship between changes of such numbers and the value of the investment. No assurance can be given that any development will be in favour of the investment value.

<sup>2</sup> MSC Regenos, Zurich, the former parent company of Osiris Therapeutics, was liquidated based on an extraordinary shareholders' meeting on September 29, 2003. Its investment in Osiris Therapeutics was distributed to the shareholders.

<sup>3</sup> The investment is pledged to secure a loan from a related party. See also note 12.3.

<sup>4</sup> The investment is pledged to secure a loan from a related party. See also note 12.3.

<sup>5</sup> Formerly Myriad Proteomics

## Notes to the Interim Consolidated Financial Statements for the six months ended March 31, 2004

## 6 Venture capital investments and notes receivable (continued)

## 6.3 Movements of cost and revaluation, prior period

	<u>Cost</u> 1.10.02 CHF	Additions CHF	Disposals CHF	Transl. adjust. CHF	<u>Cost</u> 31.03.03 CHF	<u>Fair value</u> 31.03.03 CHF	
<b>Biotechnology</b>							
MSC Regenos	21,773,139	46,406	0	(1,521,872)	20,297,673	31,480,542	<sup>3</sup>
Pharmadigm	11,558,800	0	0	(807,157)	10,751,643	12,333,373	<sup>3</sup>
Basilea Pharmaceutica	23,464,093	0	0	(1,638,509)	21,825,584	21,825,584	
Prolexys Pharmaceuticals	14,750,000	0	0	(1,030,000)	13,720,000	13,720,000	
CambridgeMed	1,106,250	0	0	(77,250)	1,029,000	1,440,600	
<b>Communications</b>							
Priority Telecom	25,443,750	0	0	(1,776,750)	23,667,000	617,533	
mPortal	9,395,750	0	0	(656,110)	8,739,640	15,198,330	<sup>3</sup>
<b>Technology</b>							
VantageMed	7,234,875	0	0	(505,215)	6,729,660	401,301	
Careside	10,388,235	0	(9,972,705)	(415,530)	0	0	
IPeria	18,412,425	778,800	0	(1,309,949)	17,881,276	15,215,480	
<b>Internet</b>							
E-centives	31,565,000	9,868,295	0	(2,510,842)	38,922,453	11,604,164	<sup>3</sup>
WStore	13,348,750	152,178	0	(936,879)	12,564,049	24,918,909	
ConsumerREVIEW	16,225,000	992,773	(16,568,773)	(649,000)	0	0	
<b>Total</b>	<b>204,666,067</b>	<b>11,838,452</b>	<b>(26,541,478)</b>	<b>(13,835,063)</b>	<b>176,127,978</b>	<b>148,755,816</b>	

<sup>1</sup> Sold with a gain of CHF 0.7 million, resulting in an account receivable of CHF 1.4 million (less a valuation allowance of CHF 0.6 million) and cash of CHF 0.9 million.

<sup>2</sup> New Venturetec sold its investment in Consumer REVIEW (including accumulated interest on the note receivable presented as an addition) to E-centives and in return received E-centives shares with a value of CHF 9.9 million. In addition to the devaluation of the investment in Consumer REVIES as of 30.9.2002, this sale resulted in a loss of CHF 2.8 million. No cash flow was generated out of this transaction.

<sup>3</sup> These investments include warrants in the total amount of CHF 11.3 million (cost=nil)

## Notes to the Interim Consolidated Financial Statements for the six months ended March 31, 2004

## 6 Venture capital investments and notes receivable (continued)

## 6.3 Movements of cost and revaluation, prior period (continued)

	<u>Revaluation</u> 1.10.02 CHF	Unrealized gains CHF	Unrealized losses CHF	Increases/ (Decreases) due to disposals CHF	Transl. adjust. CHF	<u>Revaluation</u> 31.3.2003 CHF
<b>Biotechnology</b>						
MSC Regenos	5,370,230	1,139,800 <sup>1</sup>		0	(410,423)	6,099,607
Pharmadigm	(4,937,025)	0	0	0	344,755	(4,592,270)
Basilea Pharmaceutica	0	0	0	0	0	0
Prolexys Pharmaceuticals	0	0	0	0	0	0
CambridgeMed	442,500	0	0	0	(30,900)	411,600
<b>Communications</b>						
Priority Telecom	(23,261,289)	0	(1,457,825) <sup>2</sup>	0	1,669,647	(23,049,467)
mPortal	3,861,550	2,958,732 <sup>3</sup>	0	0	(361,592)	6,458,690
<b>Technology</b>						
VantageMed	(7,012,999)	201,167 <sup>2</sup>	0	0	483,473	(6,328,359)
Careside	(8,714,997)	0	0	8,366,395 <sup>5</sup>	348,602	0
IPeria	(2,865,925)	0	0	0	200,129	(2,665,796)
<b>Internet</b>						
E-centives	(29,571,653)	194,403 <sup>2</sup>	0	0	2,058,961	(27,318,289)
WStore	13,282,375	0	0	0	(927,515)	12,354,860
ConsumerREVIEW	(4,056,250)	0	0	3,894,000 <sup>6</sup>	162,250	0
<b>Total</b>	<b>(57,463,483)</b>	<b>4,494,102 <sup>7</sup></b>	<b>(1,457,825) <sup>4</sup></b>	<b>12,260,395</b>	<b>3,537,387</b>	<b>(38,629,424)</b>
<b>Revaluation of warrants</b>	<b>12,102,375</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(845,113)</b>	<b>11,257,262</b>
<b>Total revaluation of in- vestments and warrants</b>	<b>(45,361,108)</b>	<b>4,494,102</b>	<b>(1,457,825)</b>	<b>12,260,395</b>	<b>2,692,274</b>	<b>(27,372,162)</b>

<sup>1</sup> Based on note conversion and corporate partnering

<sup>2</sup> Based on quoted share price (NASDAQ, AMEX, Euronext or SWX New Market)

<sup>3</sup> Due to milestone achievements

<sup>4</sup> Recognized in the income statement as impairment losses on investments

<sup>5</sup> Sold with a gain of CHF 0.7 million

<sup>6</sup> Sold with a loss of CHF 2.8 million

<sup>7</sup> Of which CHF 395,570 are included in the income statement as unrealized gains in investments

## Notes to the Interim Consolidated Financial Statements for the six months ended March 31, 2004

## 6 Venture capital investments and notes receivable (continued)

## 6.4 Movements of cost and revaluation, current period

	<u>Cost</u> 1.10.03 CHF	Additions CHF	Disposals CHF	Transl. adjust. CHF	<u>Cost</u> 31.03.04 CHF	<u>Fair value</u> 31.03.04 CHF
<b>Biotechnology</b>						
Osiris Therapeutics	19,492,868	0	0	(745,628)	18,747,240	29,043,515 <sup>2</sup>
Pharmadigm	10,325,339	5,763,150 <sup>1</sup>	0	(455,708)	15,632,781	11,197,581
Basilea Pharmaceutica	20,960,196	0	0	(801,756)	20,158,440	38,983,477 <sup>4</sup>
Prolexys Pharmaceuticals	13,176,000	0	0	(504,000)	12,672,000	12,672,000
CambridgeMed	988,200	0	0	(37,800)	950,400	1,663,200
<b>Communications</b>						
Priority Telecom	22,728,600	0	0	(869,401)	21,859,199	2,112,971
mPortal	8,393,112		0	(321,048)	8,072,064	14,037,408
<b>Technology</b>						
VantageMed	6,462,828	0	0	(247,212)	6,215,616	1,535,530
IPeria	17,172,281		0	(656,863)	16,515,418	15,899,831
<b>Internet</b>						
E-centives	37,379,173 <sub>2,3</sub>	0	0	(1,429,804)	35,949,369	14,303,239
WStore	12,065,882	0		(461,537)	11,604,345	23,015,482
<b>Total</b>	<b>169,144,479</b>	<b>5,763,150</b>	<b>0</b>	<b>(6,530,757)</b>	<b>168,376,872</b>	<b>164,464,234</b>

<sup>1</sup> During the period under review, warrants relating to the investment of Pharmadigm were converted into preferred shares. This transaction was treated as an addition of cost in the amount of CHF 5.8 million and a decrease of revaluation due to disposal in the same amount. No cash was involved in this transaction.

<sup>2</sup> These investments include warrants in the total amount of CHF 4.7 million (cost=nil)

<sup>3</sup> In 2004, Venturetec, Inc. obtained a credit line of USD 7.0 million reserved for additional funding of E-centives.

<sup>4</sup> The company's shares were listed on the Swiss Exchange SWX on March 25, 2004. The investment is subject to a look-up period of 12 month

## Notes to the Interim Consolidated Financial Statements for the six months ended March 31, 2004

## 6 Venture capital investments and notes receivable (continued)

## 6.4 Movements of cost and revaluation, current period (continued)

	<u>Revaluation</u> 1.10.03 CHF	Unrealized gains CHF	Unrealized losses CHF	Increases/ (Decreases) due to disposals CHF	Transl. adjust. CHF	<u>Revaluation</u> 31.3.2004 CHF
<b>Biotechnology</b>						
Osiris Therapeutics	5,824,078	0	0	0	(222,779)	5,601,299
Pharmadigm	(4,410,186)	0	(195,773) <sup>1</sup>	0	170,759	(4,435,200)
Basilea Pharmaceutica	0	19,025,588 <sup>2</sup>	0	0	(200,551)	18,825,037
Prolexys Pharmaceuticals	0	0	0	0	0	0
CambridgeMed	741,150	0	0	0	(28,350)	712,800
<b>Communications</b>						
Priority Telecom	(20,670,295)	134,821 <sup>2</sup>	0	0	789,246	(19,746,228)
mPortal	6,202,602	0	0	0	(237,258)	5,965,344
<b>Technology</b>						
VantageMed	(6,143,507)	1,241,511 <sup>2</sup>	0	0	221,910	(4,680,086)
IPeria	(640,071)	0	0	0	24,484	(615,587)
<b>Internet</b>						
E-centives	(22,494,376)	0	(12,323) <sup>2</sup>	0	860,570	(21,646,129)
WStore	11,864,988	0	0	0	(453,852)	11,411,136
<b>Revaluation of investments</b>	<b>(29,725,617)</b>	<b>20,401,920</b> <sup>3</sup>	<b>(208,096)</b>	<b>0</b>	<b>924,179</b>	<b>(8,607,614)</b>
<b>Revaluation of warrants</b>	<b>10,810,908</b>	<b>0</b>	<b>0</b>	<b>(5,763,150)</b>	<b>(352,782)</b>	<b>4,694,976</b>
<b>Total revaluation of investments and warrants</b>	<b>(18,914,709)</b>	<b>20,401,920</b>	<b>(208,096)</b>	<b>(5,763,150)</b>	<b>571,397</b>	<b>(3,912,638)</b>

<sup>1</sup> Based on recent round of financing

<sup>2</sup> Based on quoted share price (DASDAQ, AMEX, Euronext or SWX New Market)

<sup>3</sup> Of which CHF 1.4 million are included in the income statement as unrealized gains on investments.

## Notes to the Interim Consolidated Financial Statements for the six months ended March 31, 2004

### 7 Share capital and net asset value

On October 10, 1997, the Company increased its share capital from CHF 25,000,000 to CHF 31,250,000 by issuing 500,000 bearer shares with a par value of CHF 12.50 each at a price of CHF 33.00 per share. On October 17, 1997, the Company's shares were listed on the Swiss Exchange. The additional paid-in capital amounted to CHF 10,250,000. The cost of the initial public offering (IPO) in the amount of CHF 1,090,000, including bank commissions, stamp duties and other costs directly related to the IPO, was deducted from additional paid-in capital.

On February 4, 1999, the Company increased its share capital from CHF 31,250,000 to CHF 62,500,000 by issuing 2,500,000 bearer shares with a par value of CHF 12.50 at a price of CHF 39.75 per share. The additional paid-in capital amounted to CHF 68,125,000. The cost of the capital increase in the amount of CHF 3,885,000, including bank commissions, stamp duties and other costs directly related to the capital increase, was deducted from additional paid-in capital.

The share capital as of March 31, 2004 consisted of 5,000,000 bearer shares with a par value of CHF 12.50 each, fully paid in. As of that date, Bâloise-Holding, Basel, held 7 % (350,000 shares), and Beamtenversicherungskasse of the Canton of Zurich held 6.4 % (320,000 shares) in New Venturetec Ltd.

The following is a calculation of the Company's net asset value:

CHF	<b>31.03.2004</b> CHF	<b>30.09.2003</b>
Cash and cash equivalents (note 5)	53,648	162,818
Deferred expenses and accrued income	56	58
Accounts receivable (note 11)	7,563,484	7,581,924
Management valuation of investments	<u>164,464,234</u>	<u>150,229,770</u>
	<b>172,081,422</b>	<b>157,974,570</b>
Less: liabilities	<u>(48,357,672)</u>	<u>(47,316,123)</u>
<b>Management estimate of net asset value (NAV)</b>	<b>123,723,750</b>	<b>110,658,447</b>
Less: Reversal of revaluation of investment in Basilea Pharmaceutica for NAV reporting purposes	<u>(18,825,037)</u>	<u>0</u>
<b>Adjusted management estimate of net asset value</b>	<b><u>104,898,713</u></b>	<b><u>110,658,447</u></b>
Number of shares issued and outstanding	5,000,000	5,000,000
<b>Net asset value per share</b>	<b>24.74</b>	<b>22.13</b>
<b>Adjusted net asset value per share</b>	<b><u>20.98</u></b>	<b><u>22.13</u></b>

## Notes to the Interim Consolidated Financial Statements for the six months ended March 31, 2004

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### 7 Share capital and net asset value (continued)

The Investment Manager decided not to include in the NAV the increase in fair value of the investment in Basilea Pharmaceutica that resulted from that company's recent initial public offering, since the related shares are subject to a 12 month lock-up period. The management fee was calculated and accrued based on the adjusted net asset value (see note 9).

### 8 Revaluation reserve

The revaluation reserve relates to the management valuation of investments and can be analyzed as follows:

	<b>31.03.2004</b>	<b>30.09.2003</b>
	<b>CHF</b>	<b>CHF</b>
Devaluation of venture capital investments (note 6.4 and 6.3)	(3,912,638)	(18,914,709)
Reverse: Revaluation gains on options and warrants originally recognized in the income statement	(4,694,976)	(10,810,908)
Add: Cumulative impairment losses recognized in the income statement)	<u>51,123,230</u>	<u>54,358,435</u>
<b>Total cumulative revaluation gains</b>	<b>42,515,616</b>	<b>24,632,818</b>
Less deferred tax (note 10)	<u>(212,578)</u>	<u>(123,164)</u>
<b>Revaluation reserve as of balance sheet date</b>	<b><u>42,303,038</u></b>	<b><u>24,509,654</u></b>

The revaluation reserve includes accumulated translation adjustments (unrealized exchange gains) in the amount of CHF 10,839,371 (30.9.2003: CHF 11,976,447).

**Notes to the Interim Consolidated Financial Statements for the six months ended March 31, 2004**

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**Notes to the interim consolidated income statement**

**9 Management fees**

According to the Investment Management Agreement (see note 12), management fees payable to the Investment Manager are calculated at 1.5% per annum on the Group's net asset value as estimated by the Investment Manager. Another 0.5% can be used for investor relation services and other external costs directly related to the investment management activities; such costs are presented under general and administrative expenses.

During the interim periods and as of March 31, 2004 and 2003, no management fees were paid out, and CHF 801,778 (prior interim period: CHF 888,333) were accrued for. No costs for external services relating to the investment management activities were incurred during the period ended March 31, 2004 (prior interim period: nil). Total management fees accrued as of March 31, 2004 amounted to CHF 6,667,737. The Investment Managers' intention is to request payment of such fees only upon a significant improvement of the Group's liquidity position. However, the accrued expenses become due within 3 business days from a forced change of the Investment Manager.

**10 Income taxes**

For the interim periods ended March 31, 2004 and 2003, no current tax expenses or provisions were recognized due to the accumulated deficits disclosed by the parent company. The tax effect of the tax loss carryforward is insignificant and not recognized as an asset.

Deferred taxes arise only on the revaluation of investments and on the undistributed earnings of the subsidiary. The related deferred tax liability and any changes thereto are debited or credited to the revaluation reserve and to deferred tax expense respectively. They are calculated at 0.5%, which is the estimated tax rate on dividend income applicable to the parent company.

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**Notes to the Interim Consolidated Financial Statements for the six months ended March 31, 2004**


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**Notes to the interim consolidated cash flow statement****11 Additional information on the cash flow statement**

	<b>31.03.2004</b>	<b>31.03.2003</b>
	<b>CHF</b>	<b>CHF</b>
Interest received in cash	<u>57</u>	<u>771</u>
Interest paid	<u>0</u>	<u>0</u>
Dividends received	<u>0</u>	<u>0</u>
Income taxes paid	<u>0</u>	<u>0</u>

See note 5 regarding the composition of cash and cash equivalents.

***Significant non-cash transactions:***

During the period under review, interest income in the amount of CHF 280,036 was recognized as part of accounts and notes receivable (prior period: CHF 1,291,291).

During the period under review, warrants relating to the investment of Pharmadigm were converted into preferred shares. This transaction was treated as an addition of cost in the amount of CHF 5.8 million and a decrease of revaluation due to disposal in the same amount respectively. No cash was involved in this transaction.

As disclosed in notes 9 and 12.3 respectively, management fees and interest on loans payable were accrued and did not result in any cash flow during the period under review.

***Expected cash flows relating to accounts receivable from disposal of investments:***

	<b>31.03.2004</b>	<b>30.09.2003</b>
	<b>CHF</b>	<b>CHF</b>
Total accounts receivable, gross	14,052,627	14,611,538
Valuation allowance	(5,314,452)	(5,520,098)
Discount	<u>(1,174,691)</u>	<u>(1,509,516)</u>
Total accounts receivable	<u>7,563,484</u>	<u>7,581,924</u>

## Notes to the Interim Consolidated Financial Statements for the six months ended March 31, 2004

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### 11 Additional information on the cash flow statement (continued)

The accounts receivable are denominated in USD, relate to the disposals of the investments in ETEX (CHF 13.3 million) and Careside (CHF 1.3 million) in prior years and do not bear any interest.

**The repayment schedule of the original amount related to ETEX is as follows:**

	<b>USD</b>
As of April 30, 2002	1,000,000
As of September 30, 2005	5,000,000
As of September 30, 2006	5,000,000

By September 30, 2002 USD 910,490 of the first installment had been received. The remaining balance was discounted with a market related interest rate. A revision of the due dates to those stated above resulted in an additional discount in the amount of CHF 1.2 million that was recognized as other finance charges during 2003. A valuation allowance of USD 3.8 million (CHF CHF 4.8 million) reflects the fact that the disposal proceeds recognized depend on the successful achievement of certain milestones.

In addition, a valuation allowance of USD 400,000 (CHF 0.6 million) was established as of September 30, 2003 to reflect the uncertainty of the valuation of the receivable related to the disposal of Careside.

## Notes to the Interim Consolidated Financial Statements for the six months ended March 31, 2004

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### Other notes

#### 12 Related parties

##### 12.1 Investment Manager

Under a separate Investment Management Agreement, the Company appointed Friedli Corporate Finance, Inc., Belize, as Investment Manager with specific responsibilities as regards the selection, purchase, sale, structure and disposal of the Group's investments. These tasks are carried out by Mr. Peter Friedli who at the same time is the President of the Board of Directors of New Venturetec Ltd. and is also a member of the Board of Directors of certain investees. Mr. Friedli is the sole shareholder and Director of Friedli Corporate Finance, Inc.

In addition to the *management fees* recognized in the income statement and disclosed in note 9, the agreement provides for a *performance fee* equal to

- 12% of the percentage points exceeding 15% of the compounded annual return to investors calculated on the basis of the net asset value, multiplied by the net amount of "realized profit and loss"; or
- 12% of the net amount of "realized profit and loss", if the compounded annual return to investors is 20% or higher.

The performance fee is payable annually based on the audited financial statements, if the conditions are met, in the form of shares of the Company, cash, or a combination thereof at the discretion of the Investment Manager. 94% of the performance fee is paid to the Investment Manager and 6% to the members of the Board of Directors (excluding Mr. Friedli). For the interim periods ended March 31, 2004 and 2003, no performance fee was paid out or due.

##### 12.2 Board of Directors

CHF 7,500 were accrued as fees payable to the Board Directors for the half year period under review (nil in prior period).

## Notes to the Interim Consolidated Financial Statements for the six months ended March 31, 2004

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### 12.3 Loans payable

On January 31, 2001, an investment company managed by the same Investment Manager granted a loan to Venturetec, Inc. of CHF 20,000,000 repayable on June 30, 2005 and bearing interest at 5% per annum. On April 17, 2001, another loan of USD 10,000,000 was granted to Venturetec, Inc. by the same investment company, repayable on June 30, 2005 and bearing interest at 6.5% per annum. The loans were used to finance the investments in Basilea Pharmaceutica and Prolexys Pharmaceuticals, respectively (see note 6). The original due dates of both loans, being June 30, 2002, had already been prolonged in April 2002 to June 2004, and were further prolonged in June 2003 to June 30, 2005.

On February 27, 2002, a loan of USD 500,000 was granted to Venturetec, Inc. by another investment company managed by the same Investment manager, repayable on June 30, 2005 and bearing interest at 10% per annum, for the purpose of financing the investment in CambridgeMed (see note 6). The original due date of June 30, 2004 was prolonged in June 2003 to June 30, 2005.

On April 15, 2002, a loan of CHF 2,000,000 was granted to Venturetec, Inc. by another investment company managed by the same Investment Manager, repayable on June 30, 2005 and bearing interest at 5% per annum, for the purpose of financing part of the investment in E-centives (see note 6). The original due date of June 30, 2004 was prolonged in June 2003 to June 30, 2005.

All loans are secured by the respective investments mentioned above, and the amount to be settled is in each case the lower of the nominal amount, including accrued interest, and the amount realized, if any, upon the sale of the respective underlying investments. Principal and interest may be repaid on or before the due date either in cash or shares, or, in one case, a specified combination thereof. Accordingly, interest is accrued for as part of the carrying amount of the loans, and settlement of the principals and accrued interest is intended to be made by use of proceeds upon the disposal of investments. Upon a forced change of the Investment Manager, all loans payable, including accrued interest, become due within 3 business days from such event. In such event, the amounts may be settled at the discretion of the Company either in cash or in the shares of the respective underlying investments.

### 13 Subsequent events

The interim consolidated financial statements were authorized for issue by the Board of Directors on April 21, 2004.

The Board of Directors is not aware of any events between March 31, 2004 and April 21, 2004, which would require adjustment to the carrying amounts of the Group's assets and liabilities as of March 31, 2004 or would require disclosure under this heading.

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