



Formulafirst Ltd.

Annual Report 2017

## AT A GLANCE

Formulafirst Ltd. is an investment company domiciled on the British Virgin Islands that was created in 2002 through the merger of Sucellus Trading Ltd. and Optimum Securities 1000 Ltd. The investment company was incorporated on the British Virgin Islands and is subject to the local laws. As a British Virgin Islands investment company listed on SIX, Formulafirst Ltd. offers considerable advantages compared to other collective investment vehicles with conventional legal structures.

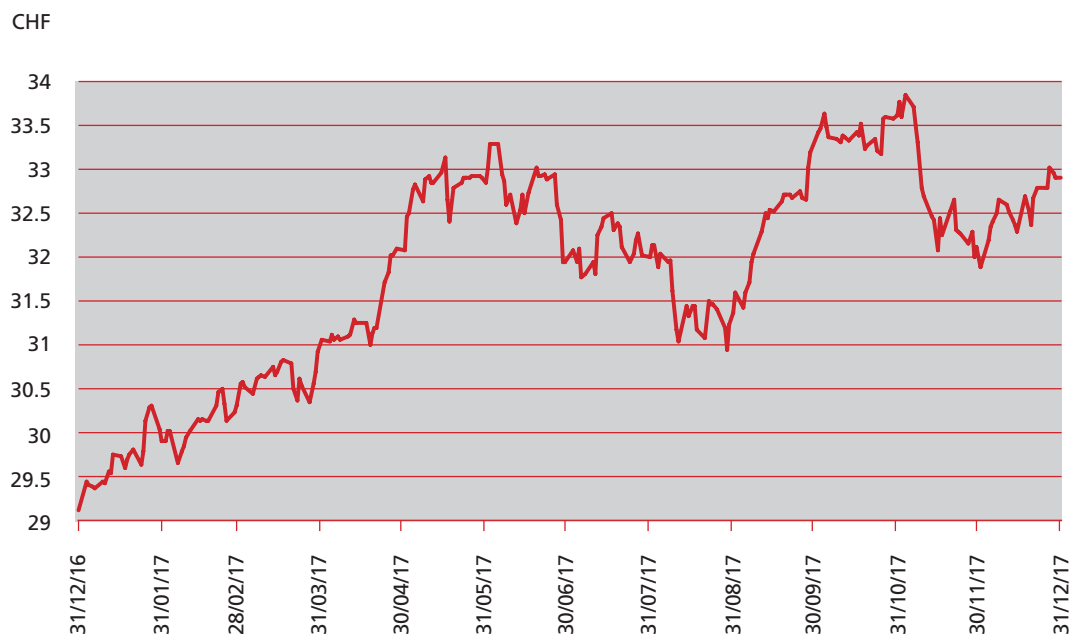
### Formulafirst Ltd. invests

In owner-managed companies in Central Europe

### Key Figures as of 31.12.2017

Share price:	CHF 33.00
Year High:	CHF 33.70
Year Low:	CHF 29.30
NAV per share:	CHF 32.91
Premium vs. NAV:	0.27%
Performance 2017:	13.05%
Performance since Jan. 2015	28.86%
Performance since June 14,95	8.72% p.a.
Total market capitalization	CHF 26,008,686
Net Asset Value (NAV)	CHF 25,937,700
Liquid funds	CHF 374,196
Number of outstanding shares	788,142

## DEVELOPMENT OF NET ASSET VALUE IN 2017



Details concerning our investment philosophy, organisation etc. are published on our homepage:  
[www.formulafirst.vg](http://www.formulafirst.vg).

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## DEAR SHAREHOLDERS

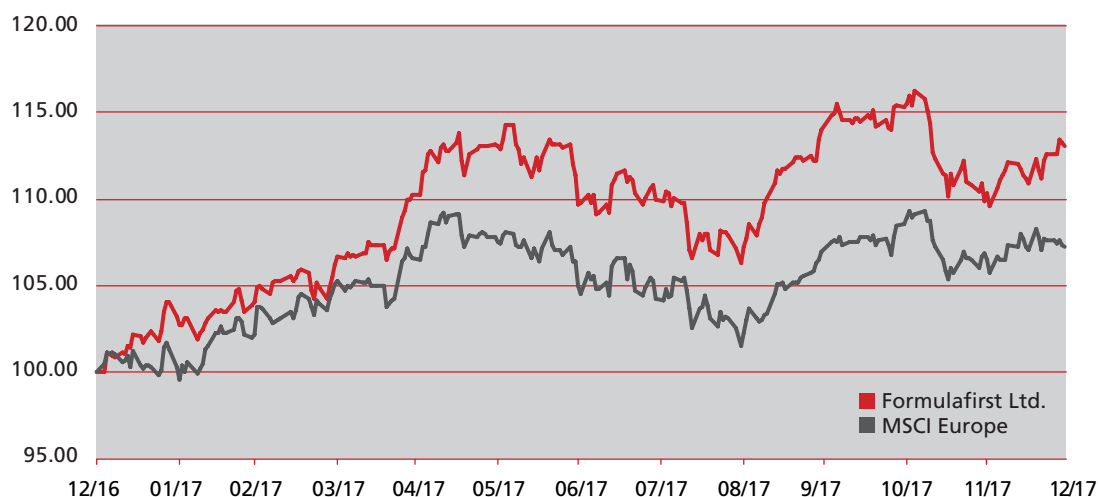
The upward trend on stock markets that began with the election of Donald Trump continued as the new year got under way, fueled by hopes of less government regulation, lower tax rates and government investment programs. Economic data improved across the globe and also contributed to the market advance. Producer and consumer price inflation crept higher in all major countries though as economic activity picked up. Stocks retreated when President Trump was forced to shelve his plans for health care reform in the US. At the beginning of the second quarter global stock markets treaded water due to uncertainty as to whether and how quickly the US president could deliver on his election campaign promises. The investor-friendly outcome of France's presidential elections lifted the markets' spirits. Jitters about Russia's involvement in Donald Trump's election victory were quickly dispelled by a widespread buy-the-dip mentality. Investors attached greater significance to the brighter economic outlook and expectations of rising corporate profits than to the political risks swirling around Washington. As expected, the Federal Reserve increased its key lending rate by 0.25% at its June meeting. Meanwhile, the European Central Bank announced no changes to its monetary policy despite a string of good economic data from the Eurozone. After faltering at the beginning of the second half, stock markets ended July with a gain, having shrugged off the Fed's announcement that it would soon begin to shrink its balance sheet. The ECB merely mentioned that it would review its asset purchase program in the fall, but that was enough to push up the yields of long-dated Eurozone bonds. The euro strengthened considerably in the wake of this development. A war of words between the US president and North Korea's dictator led to an overall flat performance of the markets in August. The meeting of central bank directors in Jackson Hole did not produce any new insights regarding monetary policy, which triggered a temporary drop in the value of the US dollar. Another nuclear bomb test by North Korea dragged stock markets into the red at the beginning of September. However, they reversed direction as the month progressed and some stock markets ended September at new record highs. As expected, Janet Yellen announced that the Fed would begin to shrink the size of its balance sheet in October, which did not trigger much of a response from the markets. Donald Trump unveiled his plans for overhauling the US tax code, which were cheered by investors. International stock markets maintained their record-breaking run in October thanks to the release of positive economic data, among other factors. At its October meeting, the ECB's Governing Council announced that the monthly volume of the ECB's bond purchases would be cut by half from January 2018 and that the program would be extended to at least the end of September 2018. This news made no impression on the market. A market consolidation in early November was short-lived. Investor sentiment was buoyed primarily by good readings on the US and European economies. Consumer confidence was very firm in both geographies. The upward trend on stock markets did not let up in December. Economic data remained solid and both the Fed and the ECB raised their growth forecasts for the coming years. The Fed increased the target range for the federal funds rate by another 25 basis points and guided for three additional rate hikes in 2018. The ECB left its key interest rate unchanged, which hardly raised an eyebrow in the marketplace.

During the year the sharply higher cyclical stocks in Formulafirst's portfolio were sold and the proceeds reinvested in cyclical laggards and the portfolio's defensive exposure was increased somewhat.

The euro position remained fully hedged throughout the year on expectations that the ECB's extremely loose monetary policy would keep the euro weak.

## DEAR SHAREHOLDERS – CONTINUED

During the general market advance in the first half of 2017, the Net Asset Value of Formulafirst Ltd. rose from just under CHF 30.00 to just over CHF 33.00. Uncertainty about the future course of monetary policy and the war of words between Washington and North Korea caused Net Asset Value to dip below CHF 31.00 in the third quarter. Buoyed by good economic data and the passage of US tax reform, NAV fluctuated between CHF 32 and 34 during the fourth quarter. In 2017 the Net Asset Value of Formulafirst Ltd. rose by 13.04%.



Our selection of top-quality stocks performed well in the generally favorable market environment of 2017. We expect our portfolio performance to gain momentum in 2018.

The stocks we selected from the universe of 50 owner-managed companies form a strong portfolio of well performing and well managed globally active companies. They are producing a high dividend yield of 1.8%. Valuations are fair (average P/E for 2018E is 22.8), balance sheets are solid (average equity-to-asset ratio is 51.5%) and the average price/book ratio is a moderate 4.4.

The challenge facing many companies today is: How do I grow my innovative power and productivity in the face of rising competition to maintain, if not increase my prices? In this race, owner-managed companies are clearly at the head of the pack.

## DEAR SHAREHOLDERS – CONTINUED

Largest holdings	PE18E	Equity-to-asset ratio	PE18E	Description	Market Position
Swatch Group AG	23.1	83.7%	1.8	Producer of finished watches, manufacturing all components for the production of both mechanical and quartz watches	World market leader
Fresenius SE & Co KGaA	18.4	39.7%	2.4	Global health care group with products and services for dialysis, hospitals, and outpatient treatment	One of the world's leading health care companies
SAP SE	21.0	57.2%	3.9	Application and analytics software, public and private cloud	World leader
SGS Ltd.	26.2	29.0%	9.9	Inspection, verification, testing, certification	World leader
Krones AG	18.4	42.5%	2.4	Machinery and complete systems for filling and packaging and for beverage production	Global market and technology leader
Fuchs Petrolub SE	22.3	71.2%	4.2	Lubricants and related specialties	World's largest independent lubricant manufacturer
Forbo Holding AG	18.4	56.3%	3.8	Focus on floor coverings (linoleum) and belting	Global leader in flooring and movement systems
Sonova Holding AG	20.9	54.9%	3.8	Design, development, manufacturing of hearing systems	One of the world's leading producers
Duerr AG	18.1	25.5%	3.4	Automated systems, services and products for the car making, furniture and general industry	One of the world's leading mechanical and plant engineering firms
Axel Springer SE	22.4	39.0%	3.0	Digital publishing	Leading company in Europe

After clearly outperforming the broader market during the past year, our portfolio of stocks is positioned with the same goal in mind for the coming year. The earnings yield of major stock markets is still much higher than the low-yielding bonds issued by the very same listed companies and corporate earnings growth is still positive. Equity risk premiums are still well above the historical averages. Good growth prospects in the wake of the synchronous acceleration in global economic activity and fiscal reflation should sustain the upward trend in corporate profits. Monetary policy remains lax in most regions of the world and should likewise continue to have a favorable impact on stock markets.

For and on behalf of the Board of Formulafirst Ltd.



Derek P Baudains, Director

## MARKET OUTLOOK 2018

The secular bull market in **bonds** has ended. The yields are expected to be under upward pressure in most major markets during 2018 and therefore equities offer better return prospects. By late 2018, it might well be appropriate to switch back into bonds against a backdrop of higher yields and a likely bear market in equities. It is hard to like government bonds when the yield on 10-year US Treasuries is only about 60 basis points above the dividend yield of the S&P500, while the euro area bond yield is 280 basis points below the corresponding dividend yields. Real yields, using the latest CPI figures as a measure of inflation, are about 30 basis points in the US and a negative 106 basis points in the euro area. Even if inflation was not expected to rise, it would be difficult to recommend a heavy position in any developed country's government bonds. The most overvalued markets are the core euro area countries, where real yields are 1.5 to 2 standard deviations below their historical average.

The conditions that have driven the impressive **equity** bull market in 2017 are likely to stay in place for much of the year 2018. Interest rates in the US and some other countries are headed higher, but they will remain at historically low levels for some time. Meanwhile, in the absence of recession, corporate earnings still have upside, albeit not as much as analysts project. Relative to both earnings and book value, the US equity market is more expensive than at any time since the late 1990s tech bubble. The market is however not expensive on a relative yield basis because interest rates are so low, even if they were moving slightly higher in 2018. Other developed markets such as the euro zone or Japan are not as highly valued as the US. The performance of corporate earnings throughout this cycle has been extremely impressive given the weaker-than-normal pace of economic growth. Now that the topline growth of companies is accelerating worldwide, earnings growth will get another boost, which will help fuel the stock markets. US equity funds have reported outflows since the beginning of 2017, whereas bond funds have experienced the opposite. This is not a sign of excessive bullishness in US stocks, which is positive from a technical standpoint. As the economic cycle and thus the monetary cycle is far less advanced in Europe and Japan than in the U.S., this will provide extra support to these markets. At the same time, profit margins are less vulnerable outside the U.S. and valuations are cheaper.

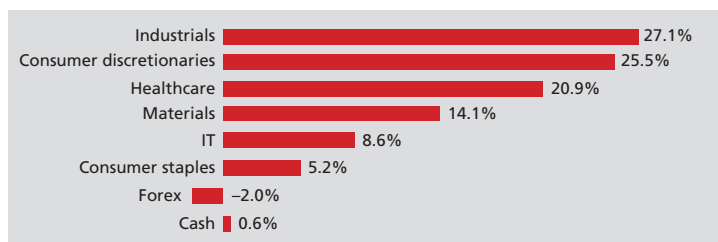
In terms of the current environment, positioning versus the **US dollar** is contrary to what it was a year ago, because investors are now aggressively shorting the dollar. The hurdle for the dollar to deliver positive surprises is thus much lower than a year ago. The U.S. GDP will remain above potential, causing inflation pressures to build. This will give the FED the leeway to implement its planned rate hikes, and thus beat what is currently priced in the market. This development should support the dollar in 2018. The European economy has done better than generally expected in the past year. However the good news in this area is now well known and largely discounted in the market. Investors are very long the **euro**, by both buying EUR/USD and shorting the dollar index. In that sense, the euro today is where the dollar stood at the end of 2016. The euro might appear cheap on a long-term basis, but not so much so that its purchasing power parity estimate – which only works at extremes and over long-time periods – screams a buy. Moreover, the euro has moved out of line with historical interest rate parity relationships, warning that the currency is at risk if the economy disappoints.

The forces that pushed **oil** prices up in 2017 (rising demand, OPEC production cut) will remain in force during the new year. Specifically, the good economic data implies that demand will continue to expand, and the OPEC 2.0 – the producer coalition of OPEC and non-OPEC states, led by Saudi Arabia and Russia – has extended the 1.8 million b/d productions cuts to the end of this year. On that basis, OECD inventories should fall below their five-year average by the end of 2018. There are upside risks to the oil price, because of potential production shortfalls from Venezuela, Nigeria, Iraq and Libya. U.S. shale output is expected to increase from 5.1 mb/d to 6.0 mb/d over the year 2018, in response to higher prices. This is significant, but will not be enough to materially change the global oil demand/supply balance. Longer run, the expansion of U.S. shale output will certainly be enough to prevent any sustained price rise, assuming no large-scale production losses elsewhere. A recent report by the International Energy Agency projected that the U.S. is destined to become the global leader in oil and gas production for decades to come, accounting for 80% of the rise in global oil and gas supply between 2010 and 2025.

## INVESTMENT PORTFOLIO

Details concerning the Equity Portfolio per December 31, 2017 and a schedule of the investments during 2017 are listed in detail on page 34 and 35 (Section: Notes to the Financial Statements: Note 6).

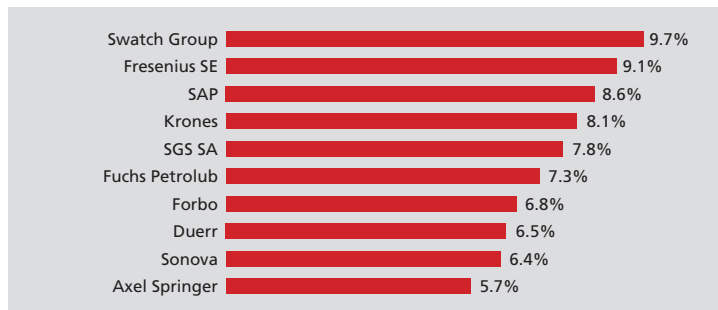
### Breakdown by sectors



### Breakdown by countries



### The largest positions



### Currency Allocation





## BACKGROUND TO THE COMPANY

### Capital structure and shareholders

The Company ("Company" or "Formulafirst") has an authorised share capital which is comprised of nine million bearer shares with a nominal value of CHF 0.01 per share. As of 31 December 2017, 788,142 (31 December 2016: 1,206,651) shares were outstanding, while 8,211,858 (31 December 2016: 7,793,349) were held by the Company as treasury shares.

Formulafirst Ltd.'s shareholders are mainly Swiss and European institutions.

### Objectives and strategy

Formulafirst was founded as Optimum Securities 1000 Ltd. on 29 December 1994 in Tortola/British Virgin Islands. Since 5 May 1999 the Company has been quoted on the SIX Swiss Exchange. The Company's business activities focus on trading and investing in financial instruments. The Company changed its name from Optimum Securities 1000 Ltd. to Formulafirst Ltd. on 18 December 2002.

### Investment Guidelines of Formulafirst Ltd.

Experience shows that owners generally invest more successfully than employees. The investment company Formulafirst focuses on Smart Owners as they are known. The investment universe includes owner-managed companies in Central Europe (Switzerland, Austria or Germany). Owner-managed companies and those that are controlled by owner-oriented groups of investors are generally distinguished by their consistent strategy of long-term and sustainable growth. Since owner-managers have a substantial share of their wealth and, in most cases, of their working time invested in the company, their strategic business orientation includes goals such as maintaining the company's independence, a smooth transfer to the next generation as well as safeguarding and growing the company's assets. The long-term perspective, in some cases spanning several generations, is a major reason why these companies are more focused on their long-term strategic positioning rather than on the short-term maximization of returns.

### Investment Criteria

For owner-managed companies to be included in the investment universe of Formulafirst, the following conditions must be met: a) headquarters in Central Europe (Switzerland, Austria or Germany), b) listed on a regular stock exchange, c) minimum market capitalization of EUR 100 million, d) managed by owner-managers holding at least 15% but no more than 75% of voting rights. The universe of owner-managed companies from which the best stocks are picked by Formulafirst for investment includes the 50 such companies with the highest market capitalization. The companies selected form the basis for Formulafirst's investments.

### Investment Strategy

Made up of the 50 owner-managed companies the investment universe is screened by a thorough fundamental analysis in a primarily "bottom-up" approach and the most promising stocks are identified. Formulafirst invests currently in equities and forwards, but may also invest in convertible instruments, options (managing existing positions), futures (to hedge currency and market risks) and shares of holding companies and funds. Investment exposure is 100% of the Company assets. The investment horizon is long-term and the selection of portfolio positions is limited to a reasonable number. The size of individual investments may not exceed 10% of the portfolio when purchased (cost). The investment style is primarily based on the "value" approach and investments are made in an anti-cyclical manner. The maximum sector weighting in the portfolio should not exceed 30% of investments.

Formulafirst is striving for 10% to 20% growth in assets under management (AuM) in the short to medium term. High net worth individuals and institutional investors are the primary targeted groups, although the listing on SIX Swiss Exchange means retail customers can also easily invest in the Company.

## BACKGROUND TO THE COMPANY – CONTINUED

### Market Positioning

The positioning of Formulafirst offers several advantages compared to conventional mutual funds and investment companies. The key advantage over conventional mutual funds is the very high degree of flexibility Formulafirst has in selecting financial instruments or in which markets to invest. Compared to other investment companies, it is distinguished by lower-than-average price variation from net asset value. The fact that Formulafirst is historically trading at little or no discount to NAV underscores these advantages.

### Information Policy

Investors can visit the homepage of Formulafirst ([www.formulafirst.vg](http://www.formulafirst.vg)) to obtain up-to-date information on all of its activities. In addition to periodic reporting (annual and semi-annual reports), a monthly report containing information about major portfolio positions and important events is published each month. The Corporate Governance Section of the Annual Report is also available on request.

The Company periodically publishes general market reports and background information that are reflected in the selected portfolio structure. Investors may submit specific questions to the responsible Investment Manager (2trade group Ltd.) through the Company's website. Formulafirst Ltd. is committed to meeting the individual information needs of its investors and all potentially interested parties to the maximum extent possible.

For the sake of transparency, the performance of Formulafirst is compared with that of the MSCI Europe Index in CHF as well as with the Smart Owners Index in the Monthly Report publications.

### Fees

Formulafirst is distinguished by an extremely attractive and transparent fee structure. Management fees amount to 1.5% p.a. A performance fee of 20% is also paid after the high watermark has been exceeded. Details of the performance fee can be found in note 12 of the financial statements.

## DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2017.

### Directors' responsibilities

The directors are responsible for the preparation of the Annual Report and financial statements for each financial year that give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- apply applicable accounting standards, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the requirements in preparing the financial statements. The directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements are prepared in accordance with British Virgin Islands Law. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Results and dividends

The results for the year are set out in the Statement of Comprehensive Income on page 16. The directors do not propose to declare a dividend for 2017. There were no dividends paid in 2016.

### Directors

The names of the persons who were directors at any time during the year ended 31 December 2017 are set out below:

Derek P. Baudains  
Markus Gresch  
Christopher D. Parish\*  
Paul Broxup\*

\*On the annual general assembly of Formulafirst Ltd. on May 26, 2017, Mr. Paul Broxup replaced Mr. Christopher D. Parish as a director.

### Directors' and company secretary's interests

Mr. Markus Gresch held 1,000 shares in the Company at 31 December 2017 and 2016. Neither the company secretary nor any of the other directors and their families had an interest in the shares of the Company at 31 December 2017 and 2016.

As disclosed in note 12, certain directors had a material interest in a significant contract during the year in relation to the business of the Company.

The Investment Manager monitors the Company's liquidity position on a daily basis, and the Board of Directors review it on a semi-annual basis.

### Review of Business

Please see the Investment Manager's Report.

### Risk Management

This is contained in note 3 of the financial statements.

### Events since year end

Please see note 17 of the financial statements.

### Publication of financial statements

The financial statements will be published on the website [www.formulafirst.vg](http://www.formulafirst.vg) upon completion. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

On behalf of the Board



Derek P Baudains  
Director

# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FORMULAFIRST LTD TORTOLA, BRITISH VIRGIN ISLANDS

## *Opinion*

We have audited the financial statements of Formulafirst Ltd, which comprise the statement of comprehensive income for the year ended 31 December 2017, the statement of financial position as at 31 December 2017, the statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.


In our opinion, the financial statements (pages 16 to 41) give a true and fair view of the financial position of Formulafirst Ltd as at 31 December 2017 and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and comply with Article 14 of the Directive on Financial Reporting (DFR) of SIX Swiss Exchange.

## *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## *Our audit approach*

<b>Overview</b> 	<b>Overall materiality: CHF 259,000</b>  We tailored the scope of our audit in order to perform sufficient and appropriate work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates. As key audit matters the following areas of focus have been identified: <ul style="list-style-type: none"><li>• Valuation of Investments</li><li>• Ownership of Investments</li><li>• Performance Fees</li></ul>
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## *Audit scope*

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

## *Materiality*

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material, if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FORMULAFIRST LTD TORTOLA, BRITISH VIRGIN ISLANDS

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

<b>Overall materiality</b>	CHF 259'000
<b>How we determined it</b>	1% of total shareholders' equity
<b>Rationale for the materiality benchmark applied</b>	We chose total shareholders' equity as the benchmark because, in our view, this is the key metric of interest to investors, and it is a generally accepted benchmark for investment companies.

### *Report on key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### **Valuation of Investments**

<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<p>The investment portfolio comprises investments in marketable securities.</p> <p>We consider this area to be a key audit matter because of the significance of the value of the investments in the financial statements.</p> <p>As set out in note 6 (Schedule of investments) investments amount to CHF 26.3 million or 98.6% of total assets.</p> <p>The valuations of the investment are prepared by the Investment Manager using the valuation methods disclosed in note 2 (Summary of significant accounting policies). The Board of Directors approves the valuations of the investments.</p>	<p>We gained an understanding of the design and implementation of controls relating to the valuation of investments in order to determine whether appropriate controls are in place at the Investment Manager.</p> <p>We verified the quoted prices of marketable investments by agreeing them to an independent source different to the one used by the Investment Manager.</p> <p>We obtained sufficient audit evidence to conclude that the inputs and estimates used for the valuation of the investments lie within a reasonable range and that valuation methods were both appropriate and consistently applied by the Investment Manager and approved by the Board of Directors.</p>

#### **Ownership of Investments**

<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<p>Investments as set out in note 6 (schedule of investments) are safeguarded by an independent custodian.</p> <p>There is a risk that Formulafirst Ltd may not have sufficient legal entitlement to these investments.</p> <p>We consider this area to be a key audit matter because of the significant value of the investments in the financial statements.</p>	<p>We verified the ownership of investments by confirming the existence of the investment holdings with the custodian.</p> <p>We obtained sufficient audit evidence to conclude that Formulafirst Ltd has sufficient legal entitlement to the investments.</p>

# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FORMULAFIRST LTD TORTOLA, BRITISH VIRGIN ISLANDS

## Performance Fees

Key audit matter	How our audit addressed the key audit matter
<p>Performance fees comprise amounts accrued and payable to the Investment Manager in accordance with the Investment Management Agreement.</p> <p>We consider this area to be a key audit matter because of the complexity of the calculation.</p> <p>The Performance fees is equal to 20% of the amount by which the net asset value of the shares (after deduction of the management fee and before deduction of the performance fee) exceeds the High Water Mark. Performance fee accrues daily and is payable quarterly.</p> <p>As set out in note 12 (Related parties) performance fees incurred in 2017 amount to CHF 1.1 million.</p>	<p>We obtained the calculation of the performance fees charged and examined the offering documents and Investment Management Agreement to ensure that performance fees are being calculated, accrued and paid only when applicable.</p> <p>We recalculated the performance fees ensuring all parameters of the fee calculation were included as set out in the offering documents and investment management agreement.</p> <p>We did not identify any differences through this testing.</p>

## Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the financial statements of Formulafirst Ltd and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS and Article 14 of the Directive on Financial Reporting (DFR) of SIX Swiss Exchange, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FORMULAFIRST LTD TORTOLA, BRITISH VIRGIN ISLANDS

## *Auditor's responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERTsuisse: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.

PricewaterhouseCoopers AG

Rolf Birrer  
Audit expert  
Auditor in charge

Martin Gubler  
Audit expert

Zurich, 20 March 2018

## STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Notes	31 December 2017 CHF	31 December 2016 CHF
<b>Investment income</b>			
Dividend income	2(f), 4	738,793	716,475
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	7	6,054,069	(270,256)
Net foreign exchange loss	7	(75,849)	(47,373)
<b>Total net income</b>		<b>6,717,013</b>	<b>398,846</b>
<b>Expenses</b>			
Management fees	12	522,454	532,278
Performance fees	12	1,134,551	0
Custody fees		69,558	68,077
Directors' fees	12	7,356	7,408
Auditing and accounting fees		71,053	63,185
Administration fees	13	49,522	49,946
Legal fees	12	33,334	26,389
Other operating expenses		65,898	65,435
Investment transaction costs		79,657	35,310
<b>Total operating expenses</b>		<b>2,033,383</b>	<b>848,028</b>
<b>Operating profit/(loss)</b>		<b>4,683,630</b>	<b>(449,182)</b>
<b>Finance costs</b>			
Interest expense		(1,333)	(112)
<b>Profit/(Loss) before tax</b>		<b>4,682,297</b>	<b>(449,294)</b>
Withholding taxes	2(f), i)	(207,040)	(185,915)
<b>Profit/(loss) attributable to equity holders of the Company</b>		<b>4,475,257</b>	<b>(635,209)</b>
<b>Total comprehensive (loss)/income</b>		<b>4,475,257</b>	<b>(635,209)</b>
Earnings per share, basic	2(k), 11	4.08	(0.51)
Earnings per share, fully diluted	2(k), 11	4.08	(0.51)

All amounts arose solely from continuing operations. There are no recognised gains/(losses) other than those dealt with in the Statement of Comprehensive Income – see Page 36, Note 7 of the financial statements.

Approved by the board of directors on 16 March 2018  
and signed on its behalf by:



Derek P Baudains  
Director

The accompanying notes on pages 20 to 41 form an  
integral part of the financial statements.



## STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Notes	31 December 2017 CHF	31 December 2016 CHF
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	2(h)	374,196	386,656
Unrealised appreciation on open forward contracts	8	0	30,079
Financial assets at fair value through profit or loss	6,9	26,250,292	34,933,358
Prepayments		7,765	0
<b>Total assets</b>		<b>26,632,253</b>	<b>35,350,093</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Unrealised depreciation on open forward contracts	8	501,944	0
Accounts payable and accrued expenses	10	192,609	220,768
<b>Total liabilities</b>		<b>694,553</b>	<b>220,768</b>
<b>Net assets</b>		<b>25,937,700</b>	<b>35,129,325</b>
<b>Capital &amp; Reserves attributable to the Company's Equity Shareholders:</b>			
Share capital	11	90,000	90,000
Capital redemption reserve	2(n)	10,000	10,000
Treasury shares held	11	(82,118)	(77,933)
Share premium	2(n)	(17,612,599)	(3,949,902)
Retained earnings		43,532,417	39,057,160
<b>Total Capital &amp; Reserves attributable to the Company's Equity Shareholders</b>		<b>25,937,700</b>	<b>35,129,325</b>
<b>Number of shares outstanding</b>	11	<b>788,142</b>	<b>1,206,651</b>
<b>Net asset value per share</b>		<b>32.91</b>	<b>29.11</b>

Approved by the board of directors on 16 March 2018  
and signed on its behalf by:



Derek P Baudains  
Director

The accompanying notes on pages 20 to 41 form an  
integral part of the financial statements.

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2017

	Note	Share capital CHF	Capital redemption reserve CHF	Treasury shares CHF	Share premium account CHF	Retained earnings CHF	Total CHF
<b>Balance at 1 January 2015</b>		<b>90,000</b>	<b>10,000</b>	<b>(76,758)</b>	<b>(720,140)</b>	<b>34,521,978</b>	<b>33,825,080</b>
Purchase of treasury shares		–	–	(614)	(1,649,626)	–	(1,650,240)
Sale of treasury shares		–	–	64	164,899	–	164,963
Total comprehensive income/(loss) for the year		–	–	–	–	5,170,391	5,170,391
<b>Balance at 31 December 2015</b>		<b>90,000</b>	<b>10,000</b>	<b>(77,308)</b>	<b>(2,204,867)</b>	<b>39,692,369</b>	<b>37,510,194</b>
<b>Balance at 1 January 2016</b>	11	<b>90,000</b>	<b>10,000</b>	<b>(77,308)</b>	<b>(2,204,867)</b>	<b>39,692,369</b>	<b>37,510,194</b>
Purchase of treasury shares		–	–	(645)	(1,800,815)	–	(1,801,460)
Sale of treasury shares		–	–	20	55,780	–	55,800
Total comprehensive income/(loss) for the year		–	–	–	–	(635,209)	(635,209)
<b>Balance at 31 December 2016</b>		<b>90,000</b>	<b>10,000</b>	<b>(77,933)</b>	<b>(3,949,902)</b>	<b>39,057,160</b>	<b>35,129,325</b>
<b>Balance at 1 January 2017</b>	11	<b>90,000</b>	<b>10,000</b>	<b>(77,933)</b>	<b>(3,949,902)</b>	<b>39,057,160</b>	<b>35,129,325</b>
Purchase of treasury shares		–	–	(4,412)	(14,353,025)	–	(14,357,437)
Sale of treasury shares		–	–	227	690,328	–	690,555
Total comprehensive income/(loss) for the year		–	–	–	–	4,475,257	4,475,257
<b>Balance at 31 December 2017</b>		<b>90,000</b>	<b>10,000</b>	<b>(82,118)</b>	<b>(17,612,599)</b>	<b>43,532,417</b>	<b>25,937,700</b>

The capital redemption reserve arose as a result of the cancellation of treasury shares during 2001.

The accompanying notes on pages 20 to 41 form an integral part of the financial statements.

## CASH FLOW STATEMENT

For the year ended 31 December 2017

	2017 CHF	2016 CHF
<b>Cash flows from operating activities</b>		
Profit/(loss) attributable to equity holders of the Company	4,475,257	(635,209)
<i>Adjustment for</i>		
Dividend income	(738,793)	(716,475)
Withholding taxes	207,040	185,915
Interest expense	1,333	112
Net decrease in investments	8,683,066	1,265,327
Net (increase)/decrease in open forward contracts	532,023	(119,797)
Net decrease in accounts payable and accrued expenses	(35,924)	(432,628)
Cash from/(used in) operating activities	13,124,002	(452,755)
Dividends received	738,793	716,475
Withholding taxes paid	(207,040)	(185,915)
Interest paid	(1,333)	(112)
<b>Net cash from operating activities</b>	<b>13,654,422</b>	<b>77,693</b>
<b>Cash flows from financing activities:</b>		
Sale of treasury shares	690,555	55,800
Purchase of treasury shares	(14,357,437)	(1,801,460)
<b>Net cash used in financing activities</b>	<b>(13,666,882)</b>	<b>(1,745,660)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(12,460)</b>	<b>(1,667,967)</b>
Cash and cash equivalents – beginning of year	386,656	2,054,622
<b>Cash and cash equivalents – end of year</b>	<b>374,196</b>	<b>386,656</b>

The accompanying notes on pages 20 to 41 form an integral part of the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

### 1 General information

The Background to Formulafirst Ltd. ("the Company") can be found on page 9 and 10. Formulafirst Ltd. was incorporated in the British Virgin Islands on December 29, 1994 (the Company changed its name from Optimum Securities 1000 Ltd. to Formulafirst Ltd. on 18 December, 2002, address: Formulafirst Ltd., P.O. Box 3483, Road Town, Tortola, British Virgin Islands) and as such it is subject to the company law of the British Virgin Islands. It is a limited liability investment company. The Company is quoted on the Swiss Exchange (SIX) as and from 5 May, 1999.

The investment objective of the Company is to invest its assets and to achieve a long term capital growth for the shareholders. The Company may effect such investment through an asset manager who allocates the Company's assets by using a wide range of investment techniques and styles as follows:

- (a) To trade, buy, sell and otherwise acquire, hold, dispose of, and deal in securities (in international markets) such as listed stocks, convertible securities, money market obligations, options as well as futures contracts. The sole objective of the Company's business is the appreciation of its assets through the investment and speculative trading in above mentioned instruments.
- (b) The Company will, in conjunction with the asset manager, establish investment guidelines that set forth the investment objectives and restrictions.
- (c) To engage in any other business whatsoever, or in any acts or activities, which are not prohibited under any law for the time being in force in the British Virgin Islands.
- (d) To do all such other things as are incidental to or the Company may think conducive to the attainment of all or any of the above subjects.

The ultimate goal of the Company is to increase the Net Asset Value of the Company's shares.

The Company's business year commences on January 1 and ends on December 31 of each year. The Company's financial statements are expressed in CHF and the financial statements are prepared in conformity with International Financial Reporting Standards ("IFRS").

The principles of accounting applied in the financial statements for the year ended 31 December 2017 correspond to those of the financial statements of 31 December 2016, unless otherwise stated.

### 2 Summary of significant accounting policies

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

#### a) Basis of preparation

The financial statements for the year ended 31 December 2017 are prepared in accordance with International Financial Reporting Standards (IFRS) and are in accordance with Swiss law to the extent applicable and the accounting guidelines of SIX. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit and loss.

#### Standards and amendments to existing standards effective for annual periods beginning after 1 January 2017

No new standards, amendments or interpretations to standards that are applicable to the company and valid since on 1 January 2017, have had a significant impact.

#### New Standards, effective for annual periods beginning after 1 January 2018

There are no standards, interpretations or amendments to existing standards not yet effective that have been early adopted.

The following new standards were approved but will only be applicable for the company prospectively and we have not early adopted in these financial statements.

- IFRS 9 replaces the multiple classification and measurement models in IAS 39 Financial instruments effective for annual periods beginning on or after 1 January 2018. Recognition and measurement with a single model that has initially only two classification categories: amortised cost and fair value.

## NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

For the year ended 31 December 2017

Classification of debt assets will be driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if:

- a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and b) the contractual cash flows under the instrument solely represent payments of principal and interest.

All other debt and equity instruments, including investments in complex debt instruments and equity investments, must be recognised at fair value.

All fair value movements on financial assets are taken through the statement of profit or loss, except for equity investments that are not held for trading, which may be recorded in the statement of profit or loss or in reserves (without subsequent recycling to profit or loss).

For financial liabilities that are measured under the fair value option entities will need to recognise the part of the fair value change that is due to changes in their own credit risk in other comprehensive income rather than profit or loss.

Neither the new classification and measurement model nor the new hedge accounting rules or the new impairment model introduced by IFRS 9 will have a material impact on the Company's financial statements.

- IFRS 15, 'Revenue from contracts with customers and associated amendments to various other standards' effective for annual periods beginning on or after 1 January 2018.

The IASB has issued a new standard for the recognition of revenue. This will replace IAS18 which covers contracts for goods and services and IAS11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. A new process to identify the separate performance obligation must be applied before revenue can be recognised.

The company assessed the potential impact of the above mentioned new standards. Based on the analysis of the company concludes that these new standards have no material impact on the company's accounting policies and overall results and financial position.

### **b) Functional currency**

The functional and presentation currency of the Company is CHF. The Company is incorporated in the British Virgin Islands and the currency of the British Virgin Islands is USD. CHF is the functional currency and reflects the primary economic exposure of the Company to CHF. The performance of the Company is measured and reported to investors in CHF.

The Board of Directors considers CHF as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

### **c) Foreign currency translation**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the Statement of Financial Position date. Foreign exchange gains and losses arising from translation are included in the Statement of Comprehensive Income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the Statement of Comprehensive Income within 'net foreign exchange (loss)/gain'. Foreign exchange gains or losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the Statement of Comprehensive Income within 'net (loss)/gain on financial assets and liabilities at fair value through profit or loss'.

## NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

For the year ended 31 December 2017

The following exchange rates have been used to translate assets and liabilities in other currencies to CHF:

	31 December 2017	31 December 2016
US Dollar	0.9748	1.0179
Euro	1.1699	1.0712

### d) Financial assets and liabilities at fair value through profit or loss

#### Classification

The Company classifies its investments in equity securities, and related derivatives, as financial assets or financial liabilities at fair value through profit or loss. These financial assets and financial liabilities are classified as held for trading or designated by the Board of Directors at fair value through profit or loss at inception.

Financial assets or financial liabilities held for trading are those acquired or incurred principally for the purposes of selling or repurchasing in the short term. Derivatives are also categorised as financial assets or financial liabilities held for trading. The Company does not classify any derivatives as hedges in a hedging relationship.

Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Company's documented investment strategy. The Company's policy is for the Investment Manager and the Board of Directors to evaluate the information about these financial assets on a fair value basis together with other related financial information.

#### Recognition/derecognition

Regular-way purchases and sales of investments are recognised on the trade date – the date on which the Company commits to purchase or sell the investment. Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the Statement of Comprehensive Income. Financial assets are derecognised when the right to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

Realised gains and losses on investment disposals are calculated using the first-in first-out (FIFO) method.

#### Measurement

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the financial assets or financial liabilities at fair value through profit or loss category are presented in the Statement of Comprehensive Income within 'net gain / (loss) on financial assets and liabilities at fair value through profit or loss'.

#### Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date. The fair value price is the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value.

### e) Forward contracts

Forward contracts are fair valued at the difference between the original contract amount and the market value of open forward contract positions at the balance sheet date. The movement in fair value of open contract positions is recorded in net gain / (loss) on financial assets and liabilities at fair value through profit or loss in the Statement of Comprehensive Income. Realised gains or losses are recognised on the maturity date of the contract and are included as income in net gain / (loss) on financial assets and liabilities at fair value through profit or loss in the Statement of Comprehensive Income.

### f) Dividend income

Dividend income is recognised in the Statement of Comprehensive Income gross of withholding taxes when the Company's right to receive payment is established (the ex-dividend date).

## NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

For the year ended 31 December 2017

### g) Transaction costs

Transaction costs are legal and professional fees incurred to structure a deal to acquire the Company's investments designated as financial assets at fair value through profit or loss (FVTPL). They include the upfront fees and commissions paid to agents, advisers, brokers and dealers and due diligence fees. Transaction costs, when incurred are immediately recognized in profit and loss as an expense.

### h) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank overdrafts, plus current accounts held with banks and money market deposits with a maturity of three months or less from the date of acquisition. The carrying amounts are a reasonable approximation to fair value due to their short-term maturity.

### i) Taxation

The Company is registered as an International Business Company in the British Virgin Islands under the provisions of the International Business Company Ordinance (Cap 291). Accordingly, no tax is payable in this jurisdiction on its profits. The only tax suffered by the Company is withholding tax deducted at source.

### j) Accrued Expenses

Expenses are accounted for on an accruals basis. All expenses are charged to the Statement of Comprehensive Income.

### k) Earnings per share

Basic earnings per share at the year end is calculated using the weighted average number of shares in issue, net of treasury shares held. Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential ordinary shares.

### l) Net asset value per share

The net asset value per share is calculated by dividing the net assets included in the Statement of Financial Position by the number of shares outstanding at year end.

### m) Segment reporting

2trade group Ltd, the Investment Manager makes the strategic resource allocations on behalf of the Company. The Company has determined only one operating segment as there are no sub portfolios, which are managed separately in line with IFRS 8.

### n) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax. Incremental costs directly attributable to the issue of new ordinary shares or options, or for the acquisition of a business, are included in the cost of acquisition as part of the purchase consideration.

Where the Company re-purchases its own ordinary shares (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the ordinary shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is recognized as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium attributable to the Company's equity holders.

The consideration received or paid for ordinary shares issued or re-purchased respectively is based on the value of the Company's net asset value per ordinary share at the date of the transaction.

The capital redemption reserve arose as a result of the cancellation of treasury shares during 2001.

### o) Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. Actual results may differ from these estimates and most differences may be material. It also requires the Board of Directors to exercise its judgement in the process of applying the Company's accounting policies. The areas where significant assumptions and estimates are made in regards to the financial statements are set out in note 5.

## NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

For the year ended 31 December 2017

### 3 Risks and risk management

#### i) Strategy in using financial instruments

In the normal course of its business the Company enters into various financial instruments which expose it to certain risks. These financial instruments include investments in common stock and forwards. The Company enters into derivatives in order to achieve the desired risk profile. The derivatives used are usually speculative in nature and are not usually used for hedging purposes. Generally, these financial instruments represent future commitments to purchase or sell other financial instruments at specific terms on specified future dates.

The contract amounts of forward contracts reflect the extent of the Company's involvement in the particular class of financial instrument and do not represent the Company's risk of loss due to counterparty non-performance. These financial instruments expose the Company to market risk, liquidity risk, credit risk and currency risk.

The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company selectively uses derivative financial instruments to moderate certain risk exposures. For the Company's investment strategy please refer to background to the Company on page 9 and 10.

#### ii) Market risk

The Company is exposed to equity securities price risk and derivative price risk. This arises from investments held by the Company for which prices in the future are uncertain. Where non-monetary financial instruments – for example, equity securities – are denominated in currencies other than CHF, the price initially expressed in the foreign currency and then converted into CHF will also fluctuate because of changes in foreign exchange rates.

All security investments present a risk of loss of capital. The Investment Manager moderates the risk through the careful selection of securities and other financial instruments. Except for financial futures and forward contracts the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from financial futures and forward contracts can be unlimited. The Company's overall market positions are monitored on a line by line basis by the Investment Manager. The Board of Directors check the exposures on a half yearly basis. The Directors have continuous discussions on risk and market positions. On special occasions the Directors meet at short notice to discuss the Company's overall market position.

#### (a) Market price risk

The Company's market price risk is managed through diversification of the investment portfolio. Formulafirst invests in owner-managed companies and those that are controlled by owner-oriented groups of investors. These companies are generally distinguished by their consistent strategy of long-term and sustainable growth. Since owner-managed companies have a substantial share of their wealth and in most cases, of their working time invested in the company, their strategic business orientation includes goals such as maintaining the company's independence, a smooth transfer to the next generation as well as safeguarding and growing the company's assets. The long-term perspective, in some cases spanning several generations, is a major reason why these companies are more focused on their long-term strategic positioning rather than on the short-term maximization of returns. The weight of a single stock in the portfolio of Formulafirst can equal 10% of the assets (at cost) at most. The Company also follows a sector diversification approach. The portion of one sector cannot exceed more than 30% of total assets. The securities held by the Company and their proportion of net asset value is disclosed in note 6.



## NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

For the year ended 31 December 2017

The Company classifies its investments in equity securities and related derivatives, as financial assets or financial liabilities at fair value through profit or loss. The overall market exposures of securities were CHF 26,250,292 at 31 December 2017 (2016: CHF 34,933,358). The notional exposures of the forward contracts are disclosed in note 8 to the financial statements.

The volatility of the benchmark MSCI Europe Index for the period 1st January 2013 to 31st December 2017 was 11.42% (standard deviation) on an annualized basis, for the period from 1st January 2012 to 31st December 2016 it was 12.06%. The impact of an increase/decrease of a standard deviation increases/decreases the Net Asset Value by CHF 2,997,783 at 31 December 2017 (2016: CHF 4,212,963), all other items remain unchanged.

Sensitivity analysis is based on historical data and cannot take account of the fact that future market price movements, correlations between markets and levels of market liquidity in conditions of market stress may bear no relation to historical patterns. The market price risk information is a relative estimate of risk rather than a precise and accurate number. The market price risk information represents a hypothetical outcome and is not intended to be predictive. Future market conditions could vary significantly from those experienced in the past.

At 31 December the fair value of equities exposed to price risk were as follows:

	31 December 2017 Fair value CHF	31 December 2016 Fair value CHF
Equity securities designated at fair value through profit or loss	26,250,292	34,933,358
	<b>26,250,292</b>	<b>34,933,358</b>

### (b) Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of markets interest rates on the fair value of financial assets and liabilities and future cash flow. The majority of the Company's financial assets and liabilities are non-interest bearing. As a result, the Company is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash is invested at short-term market interest rates. The Company's interest-bearing financial assets and liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

## NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

For the year ended 31 December 2017

The table below summarizes the Company's exposure to interest rate risks.

At 31 December 2017	Interest Bearing Less than 1 month CHF	Interest Bearing 1 month to 2 years CHF	Non-Interest Bearing CHF	Total CHF
<b>Assets</b>				
Cash at bank	374,196	–	–	374,196
Financial assets at fair value through profit or loss	–	–	26,250,292	26,250,292
Other Assets	–	–	7,765	7,765
<b>Total Assets</b>	<b>374,196</b>	<b>–</b>	<b>26,258,057</b>	<b>26,632,253</b>
<b>Liabilities</b>				
Unrealised depreciation on open forwards contracts	–	–	501,944	501,944
Other Liabilities	–	–	192,609	192,609
<b>Total Liabilities</b>	<b>–</b>	<b>–</b>	<b>694,553</b>	<b>694,553</b>

At 31 December 2016	Interest Bearing Less than 1 month CHF	Interest Bearing 1 month to 2 years CHF	Non-Interest Bearing CHF	Total CHF
<b>Assets</b>				
Cash at bank	386,656	–	–	386,656
Unrealized appreciation on open forwards contracts	–	–	30,079	30,079
Financial assets at fair value through profit or loss	–	–	34,933,358	34,933,358
<b>Total Assets</b>	<b>386,656</b>	<b>–</b>	<b>34,963,437</b>	<b>35,350,093</b>
<b>Liabilities</b>				
Other Liabilities	–	–	220,768	220,768
<b>Total Liabilities</b>	<b>–</b>	<b>–</b>	<b>220,768</b>	<b>220,768</b>

Changes in interest rates neither on the upside nor on the downside have a material impact on the Company's net asset value at 31 December 2017 or at 31 December 2016.

## NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

For the year ended 31 December 2017

### (c) Foreign exchange risk

The Company's policy is to enter into hedging transactions when it is appropriate for a certain currency but does not apply hedge accounting. The Company holds both monetary and non-monetary assets denominated in currencies other than the CHF, the functional currency. Currency risk as defined in IFRS 7 is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency risk as monetary assets and liabilities of the Company may be denominated in a currency other than the functional currency.

The table below summarises the Company's assets and liabilities, monetary and non-monetary which are denominated in a currency other than Swiss Franc (all figures in Swiss Franc).

The Company's currency risk is mainly concentrated in movements between the CHF and the EUR.

The volatility of the EUR against the CHF for the period from 1st January 2013 to 31 December 2017 was 7.69% (standard deviation) on an annualized basis and 7.39% for the period from 1st January 2012 to 31st December 2016. If the EUR had increased/decreased by a standard deviation against the CHF this would have increased/decreased net assets by approximately CHF 65,335 in the year 2017 (CHF 31,799 in the year 2016).

As can be seen from these tables the Company's currency exposure on monetary assets and liabilities is not significant in the current or prior year.

At 31 December 2017	CHF CHF	EUR CHF	USD CHF	Total CHF
<b>Assets</b>				
Monetary assets	32,526	341,670	–	374,196
Non-monetary assets	10,530,972	15,726,070	1,015	26,258,057
<b>Liabilities</b>				
Monetary liabilities	(687,689)	(5,849)	(1,015)	(694,553)
Non-monetary liabilities	–	–	–	–
Less nominal value of forward exchange contracts	15,218,135	(15,218,135)	–	–
<b>Total</b>	<b>25,093,944</b>	<b>843,756</b>	<b>–</b>	<b>25,937,700</b>

At 31 December 2016	CHF CHF	EUR CHF	USD CHF	Total CHF
<b>Assets</b>				
Monetary assets	416,735	–	–	416,735
Non-monetary assets	13,283,395	21,649,963	–	34,933,358
<b>Liabilities</b>				
Monetary liabilities	(202,421)	(10,713)	(7,634)	(220,768)
Non-monetary liabilities	–	–	–	–
Less nominal value of forward exchange contract	21,219,660	(21,219,660)	–	–
<b>Total</b>	<b>34,717,369</b>	<b>419,590</b>	<b>(7,634)</b>	<b>35,129,325</b>

## NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

For the year ended 31 December 2017

### iii) Credit risk

Credit risk represents the potential loss that the Company would incur if the counterparties failed to perform pursuant to the terms of their obligations to the Company.

Substantially all of the assets and cash of the Company are held by Neue Helvetische Bank. The Company is exposed to credit risk through the use of Neue Helvetische Bank as the Custodian. Neue Helvetische Bank is a private company and is regulated by the Swiss Financial Market Supervisory Authority called FINMA.

To mitigate the risks to which the Company is exposed from the use of the Custodian, the Investment Manager employs specific procedures to ensure that the counterparties to the Company are reputable institutions and that the credit risk is acceptable to the Company. The Company only transacts with custodians that are regulated entities subject to prudential supervision, or with high credit-ratings assigned by international credit-rating agencies. In addition the Company's securities are maintained in segregated accounts. Thus in the event of insolvency or bankruptcy of the Custodian, the assets are segregated and protected. The Company will however be exposed to credit risk on cash balances held by the Custodian. In the event of the insolvency or bankruptcy of the Custodian, the Company will be treated as a general creditor of the Custodian in relation to cash holdings of the Company.

Derivative transactions are entered on a covered basis. All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation. The Investment Manager monitors the Company's credit position on a daily basis, and the Board of Directors reviews it on a half yearly basis.

### Counterparty Exposures

At 31 December 2017

Broker	Financial Assets at fair value CHF	Financial Liabilities at fair value CHF	Cash CHF	Total CHF
Neue Helvetische Bank	–	(501,944)	374,196	(127,748)
<b>Total</b>	<b>–</b>	<b>(501,944)</b>	<b>374,196</b>	<b>(127,748)</b>

At 31 December 2016

Broker	Financial Assets at fair value CHF	Financial Liabilities at fair value CHF	Cash CHF	Total CHF
Neue Helvetische Bank	30,079	–	386,656	416,735
<b>Total</b>	<b>30,079</b>	<b>–</b>	<b>386,656</b>	<b>416,735</b>

### iv) Liquidity risk

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. The Company's listed securities are considered readily realisable, as all of the equity positions are listed on the stock exchange. The Company may periodically invest in derivative contracts traded over the counter, which are not traded in an organised market and may be illiquid. As a result, the Company may not be able to liquidate its investments in these instruments quickly at an amount close to their fair value to meet its liquidity requirements, or be able to respond to specific events such as deterioration in the creditworthiness of any particular issuer.

The Investment Manager monitors the Company's liquidity position on a daily basis, and the Board of Directors review it on a semi-annual basis.

## NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

For the year ended 31 December 2017

The Company may at its absolute discretion purchase, redeem or otherwise acquire any of its shares for such consideration as it considers appropriate, and either cancel or hold such shares as treasury stock. The price paid by the Company for such shares must be equal or less than the Net Asset Value effective at the time of acquisition.

The table below analyses the Company's financial liabilities into relevant maturity groups, on an undiscounted basis.

At 31 December 2017

### Non-Derivative Liabilities:

	Less than 1 Month CHF	1–3 Months CHF	3–12 Months CHF	Total CHF
Accounts payable and accrued expenses	(126,034)	(57,720)	(8,855)	(192,609)
<b>Total non-derivative financial liabilities</b>	<b>(126,034)</b>	<b>(57,720)</b>	<b>(8,855)</b>	<b>(192,609)</b>

### Derivative Liabilities:

	Less than 1 Month CHF	1–3 Months CHF	3–12 Months CHF	Total CHF
Forward contracts	–	(501,944)	–	(501,944)
<b>Total derivative financial liabilities</b>	<b>–</b>	<b>(501,944)</b>	<b>–</b>	<b>(501,944)</b>

At 31 December 2016

### Non-Derivative Liabilities:

	Less than 1 Month CHF	1–3 Months CHF	3–12 Months CHF	Total CHF
Accounts payable and accrued expenses	(148,055)	(62,713)	(10,000)	(220,768)
<b>Total non-derivative financial liabilities</b>	<b>(148,055)</b>	<b>(62,713)</b>	<b>(10,000)</b>	<b>(220,768)</b>

### Derivative Liabilities:

	Less than 1 Month CHF	1–3 Months CHF	3–12 Months CHF	Total CHF
Forward contracts	–	–	–	–
<b>Total derivative financial liabilities</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

### v) Managing Capital and Reserves attributable to the Company's Equity Shareholders

The Company defines its reported equity as capital to be managed. The objective of the Board of Directors is to increase the equity on a net asset value basis through the Company's investment strategy. There were no external requirements regarding capital during the year 2017 (2016: CHF nil).

The capital of the Company is represented by the net assets attributable to the shareholders. The Company's objective when managing the capital is to safeguard the ability to continue as a going concern in order to provide returns for shareholders and to maintain a strong capital base to support the development of the investment activities of the Company.

### vi) Fair Value Measurements

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the year end date. The quoted market price used for financial assets held by the Company is the last traded price; the appropriate quoted market price for financial liabilities is the last traded price. The Company uses mid-market prices as a basis for establishing fair values for derivatives held.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

## NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

For the year ended 31 December 2017

For instruments for which there is no active market, the Company may use internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models are used primarily to value unlisted equity, for which markets were or have been inactive during the financial year. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Company holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risk, liquidity risk and counterparty risk.

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Company. The Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

## NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

For the year ended 31 December 2017

The following tables analyse within the fair value hierarchy the Company's financial assets and liabilities (by class) measured at fair value:

At 31 December 2017

	Level 1 CHF	Level 2 CHF	Level 3 CHF	Total CHF
<b>Assets</b>				
Financial assets designated at fair value through profit or loss at inception:				
– Equity securities	26,250,292	–	–	26,250,292
– Derivatives	–	–	–	–
<b>Total assets</b>	<b>26,250,292</b>	<b>–</b>	<b>–</b>	<b>26,250,292</b>

	Level 1 CHF	Level 2 CHF	Level 3 CHF	Total CHF
<b>Liabilities</b>				
Financial liabilities held at fair value through Profit/Loss				
– Derivatives	–	(501,944)	–	(501,944)
<b>Total liabilities</b>	<b>–</b>	<b>(501,944)</b>	<b>–</b>	<b>(501,944)</b>

At 31 December 2016

	Level 1 CHF	Level 2 CHF	Level 3 CHF	Total CHF
<b>Assets</b>				
Financial assets designated at fair value through profit or loss at inception:				
– Equity securities	34,933,358	–	–	34,933,358
– Derivatives	–	30,079	–	30,079
<b>Total assets</b>	<b>34,933,358</b>	<b>30,079</b>	<b>–</b>	<b>34,963,437</b>

	Level 1 CHF	Level 2 CHF	Level 3 CHF	Total CHF
<b>Liabilities</b>				
Financial liabilities held at fair value through Profit/Loss:				
– Derivatives	–	–	–	–
<b>Total liabilities</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include listed equities.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing

sources' supported by observable inputs are classified within level 2. These include over-the-counter derivatives. There were no transfers between any of the levels in the current or prior year.

The company held no level 3 investments at any stage during the period or at the period end.

## NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

For the year ended 31 December 2017

The following table analyses within the fair value hierarchy the Company's assets and liabilities not measured at fair value but for which fair value is disclosed:

At 31 December 2017

	Level 1 CHF	Level 2 CHF	Level 3 CHF	Total CHF
<b>Assets</b>				
Cash and cash equivalents	374,196	–	–	374,196
Prepayments	–	7,765	–	7,765
<b>Total assets</b>	<b>374,196</b>	<b>7,765</b>	<b>–</b>	<b>381,961</b>

	Level 1 CHF	Level 2 CHF	Level 3 CHF	Total CHF
<b>Liabilities</b>				
Accruals	–	(192,609)	–	(192,609)
<b>Total liabilities</b>	<b>–</b>	<b>(192,609)</b>	<b>–</b>	<b>(192,609)</b>

At 31 December 2016

	Level 1 CHF	Level 2 CHF	Level 3 CHF	Total CHF
<b>Assets</b>				
Cash and cash equivalents	386,656	–	–	386,656
<b>Total assets</b>	<b>386,656</b>	<b>–</b>	<b>–</b>	<b>386,656</b>

	Level 1 CHF	Level 2 CHF	Level 3 CHF	Total CHF
<b>Liabilities</b>				
Accruals	–	(220,768)	–	(220,768)
<b>Total liabilities</b>	<b>–</b>	<b>(220,768)</b>	<b>–</b>	<b>(220,768)</b>

The assets and liabilities included in the above table are carried at amortised cost; their carrying values are a reasonable approximation of fair value. Cash and cash equivalents include cash in hand, deposits held with banks and other short-term investments in an active market. Accruals represent the contractual amounts and obligations due by the Company for settlement of expenses. Prepayments include part of a 2018 director's fee as well as part of the 2018 Company Secretary fee.



## NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

For the year ended 31 December 2017

### 4 Segment reporting

Analysis between activities is not presented as the Company's operations comprise a single class of business and are not focused on specific geographical regions. IFRS 8 requires disclosures in respect of the chief operating decision maker and certain disclosures in respect of the country of origin of income. Management have deter-

mined that the chief operating decision maker is the Investment Manager, 2trade group limited.

All revenues are derived from financial assets and are attributed to a country based on the domiciliation of the issuer of the instrument. The following tables show the breakdown of dividend income and investments at fair value by their respective countries of origin:

Country	Dividend income for year ended 31 Dec 2017 CHF	Investments at fair value 31 Dec 2017 CHF
Switzerland	270,495	10,524,222
Germany	468,298	15,726,070
<b>Total</b>	<b>738,793</b>	<b>26,250,292</b>

Country	Dividend income for year ended 31 Dec 2016 CHF	Investments at fair value 31 Dec 2016 CHF
Switzerland	248,631	13,283,395
Germany	467,844	21,649,963
<b>Total</b>	<b>716,475</b>	<b>34,933,358</b>

### 5 Critical judgements in applying the Company's accounting policies

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The

estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below.

#### Taxation

The judgements in relation to taxation have been set out in note 14.

#### Fair value of derivative financial instruments

The Company may, from time to time, hold financial instruments that are not quoted in active markets, such as over-the-counter derivatives. Fair values of such instruments are determined by using valuation techniques.

## NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

For the year ended 31 December 2017

### 6 Schedule of investments

	Number of shares at 31 December 2017	Number of shares at 31 December 2016
<b>Long listed financial assets at fair value through profit or loss:</b>		
Axel Springer SE	19,481	43,480
Duerr AG	13,507	33,240
Elringklinger AG	61,326	95,500
Forbo Holding AG	1,175	1,830
Fresenius SE & Co KGaA	31,096	34,230
Fuchs Petrolub SE	36,587	56,975
Vifor Pharma AG	11,141	1,735
Henkel AG & Co. KGaA	10,448	16,270
Dorma & Kaba Holding AG	1,351	1,430
Krones AG	15,733	24,500
Rational AG	2,033	3,673
Roche Holding AG	–	9,000
Sonova Holding AG	10,660	–
SAP SE	20,333	31,663
SGS Ltd.	793	1,235
The Swatch Group AG	6,293	9,800
Wacker Chemie AG	–	12,000
<b>Total long listed financial instruments</b>		
<b>Total Investment in securities</b>		

## NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

For the year ended 31 December 2017

Fair value in CHF at 31 December 2017	% of net asset value at 31 December 2017	Fair value in CHF at 31 December 2016	% of net asset value at 31 December 2016
1,484,366	5.72%	2,148,541	6.12%
1,683,686	6.49%	2,718,571	7.74%
1,339,843	5.17%	1,624,006	4.62%
1,768,375	6.82%	2,402,790	6.84%
2,367,195	9.13%	2,722,905	7.75%
1,894,039	7.30%	2,433,941	6.93%
1,391,511	5.36%	1,993,515	5.67%
1,348,821	5.20%	1,973,769	5.62%
1,226,033	4.73%	1,082,510	3.08%
2,107,491	8.13%	2,280,638	6.49%
1,277,680	4.93%	1,668,235	4.75%
–	–	2,142,000	6.10%
1,622,452	6.26%	–	–
2,222,949	8.57%	2,808,700	8.00%
2,015,013	7.77%	2,558,920	7.28%
2,500,838	9.63%	3,103,660	8.83%
–	–	1,270,657	3.62%
<b>26,250,292</b>	<b>101.21%</b>	<b>34,933,358</b>	<b>99.44%</b>
<b>26,250,292</b>	<b>101.21%</b>	<b>34,933,358</b>	<b>99.44%</b>

## NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

For the year ended 31 December 2017

### 7 Net (loss)/gain on financial assets and liabilities at fair value

	Year ended 31 December 2017 CHF	Year ended 31 December 2016 CHF (Restated)
Realised gains on investments held at fair value	7,097,868	2,916,757
Realised (losses)/gains on forwards	(1,613,440)	(74,910)
Change in unrealised (losses)/gains on investments held at fair value	431,394	(2,766,853)
Change in unrealised gains/(losses) on forwards	(532,023)	119,797
Realised currency (losses) on investments held at fair value	(356,212)	(330,899)
Unrealised currency gains/(losses) on investments held at fair value	1,026,482	(134,148)
<b>Total</b>	<b>6,054,069</b>	<b>(270,256)</b>

The below table shows the net foreign exchange gain/(loss) amount throughout the year:

	Year ended 31 December 2017 CHF	Year ended 31 December 2016 CHF
Realised (losses) on other non-base currency transactions	(88,092)	(4,835)
Unrealised currency gains/(losses) on non-base cash held during the year	12,243	(42,538)
<b>Total</b>	<b>(75,849)</b>	<b>(47,373)</b>

### 8 Forward contracts

Forward contracts are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an Over the Counter (OTC) transaction. The Company enters into these exchange contracts agreeing to buy or sell foreign currency at a pre-determined rate on a specified date in the future. Changes in the contracts value are accounted for as either unrealised gain/(loss) until the contract has matured at which time the gain/(loss) is realised. Realised and unrealised gain/(loss) on contracts is accounted for in the Statement of Comprehensive Income through net (loss)/gain on financial assets and liabilities at fair value through profit and loss.

## NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

For the year ended 31 December 2017

The following table shows the value of the forward contracts held.

Neue Helvetische Bank are the counterparty for all forward contracts.

	Year ended 31 December 2017 CHF	Year ended 31 December 2016 CHF
Unrealised gain/(loss) on open forward contracts	(501,944)	30,079
<b>Unrealised net gain/(loss) on open forward contracts</b>	<b>(501,944)</b>	<b>30,079</b>

The notional open forward contracts at year end are set out below:

At 31 December 2017

CHF	EUR	Maturity	Fair Value CHF	% of net asset value
22,099,635	(19,350,000)	20.03.18	(516,240)	(1.99%)
(4,671,200)	4,000,000	20.03.18	3,916	0.02%
(817,460)	700,000	20.03.18	685	0.00%
(1,392,840)	1,200,000	20.03.18	9,695	0.04%

At 31 December 2016

CHF	EUR	Maturity	Fair Value CHF	% of net asset value
21,219,660	(19,800,000)	20.03.17	30,079	0.09%

### 9 Financial assets designated at fair value through profit or loss

	Year ended 31 December 2017 CHF	Year ended 31 December 2016 CHF
<b>Listed investments:</b>		
Financial assets at fair value through profit or loss at beginning of the year	34,933,358	36,198,685
Additions during the year at purchase price	3,530,142	4,363,834
Sales during the year at selling price	(20,412,740)	(5,314,018)
Change in unrealised gains/(losses) on investments held at fair value	431,394	(2,766,853)
Realised gains on investments held at fair value	7,097,868	2,916,757
Realised currency (losses) on investments held at fair value	(356,212)	(330,899)
Unrealised currency gains/(losses) on investments held at fair value	1,026,482	(134,148)
<b>Financial assets designated at fair value through profit or loss at end of the year</b>	<b>26,250,292</b>	<b>34,933,358</b>

## NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

For the year ended 31 December 2017

### 10 Accounts payable and accrued expenses

Total accrued expenses at the end of the year, are detailed below:

	As at 31 December 2017 CHF	As at 31 December 2016 CHF
Administration fees	8,555	9,548
Audit fees	56,705	52,000
Directors fees	1,015	7,634
Performance fees	–	–
Management fees	117,479	130,873
Other fees	8,855	20,713
<b>Total accounts payable and accrued expenses</b>	<b>192,609</b>	<b>220,768</b>

### 11 Shareholders' equity and earnings per share

Authorised share capital	Year ended 31 December 2017 No. of shares	Year ended 31 December 2017 CHF	Year ended 31 December 2016 No. of shares	Year ended 31 December 2016 CHF
<b>At the beginning and end of the year</b>	<b>9,000,000</b>	<b>90,000</b>	<b>9,000,000</b>	<b>90,000</b>
<b>Treasury shares</b>				
At the beginning of the year	7,793,349	77,933	7,730,830	77,308
Purchase of treasury shares	441,170	4,412	64,519	645
Sale of treasury shares	(22,661)	(226)	(2,000)	(20)
<b>At the end of the year</b>	<b>8,211,858</b>	<b>82,118</b>	<b>7,793,349</b>	<b>77,933</b>
<b>Number and value of ordinary shares outstanding at the end of the year (nominal value per share is CHF 0.01).</b>	<b>788,142</b>	<b>7,881</b>	<b>1,206,651</b>	<b>12,067</b>

## NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

For the year ended 31 December 2017

The Company's share capital is divided into bearer shares with a par value of CHF 0.01 each. All shares not issued are held as treasury shares. Treasury shares are available for issue but until such time they are not entitled to participate in the profits of the Company and do not carry any voting rights.

Each issued outstanding share ranks equally as to dividends and all other pecuniary rights associated with the

ownership of the issued shares in accordance with their par value. Each issued share entitles the holder to exercise one vote. Voting rights are exercised at the general meetings at which resolutions must be passed by an absolute majority of the votes allocated to the shares represented at the shareholders' meeting, except as provided otherwise by the Memorandum and Articles of Association or by British Virgin Islands Law for certain resolutions.

<b>Earnings per share</b>	Year ended 31 December 2017	Year ended 31 December 2016
Weighted average number of shares in issue during the year	1,096,847	1,254,626
Net (loss)/profit for the year in (CHF)	4,475,257	(635,209)
Earnings per share (in CHF), basic	4.08	(0.51)

As of 31 December 2017 and 2016, there are no items of a potentially dilutive effect and therefore, there is no difference between the basic and diluted earnings per share.

The Company did not pay any dividends in 2017 (2016: CHF nil).

### 12 Related parties

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

#### Investment manager

The Company is managed by 2trade group Ltd., based in Switzerland. Pursuant to the terms of an Investment Management Agreement, (dated 1 June 2007, amended as of 1 April 2015), the Company pays 2trade group Ltd. a management fee equivalent to 1.5% per annum of the net asset value of the Company, payable quarterly in arrears. Management fees for the year were CHF 522,454 (2016: CHF 532,278) of which CHF 117,479 remains payable (2016: CHF 130,873) at the year end.

The Investment Manager is also entitled to a performance fee based upon the performance of the net asset value of the shares, accrued daily and payable quarterly in arrears. The performance fee is equal to 20% of the amount, if any, by which the net asset value of the shares (after deduction of the management fee and before deduction of the performance fee) exceeds the High Water Mark for that year. High Water Mark means an amount equal to the higher of (i) the High Water Mark on the immediately preceding quarter end or (ii) the net asset value on the immediately preceding quarter end at which a performance fee was payable by Formulafirst Ltd. The High Water Mark as at 31 December 2017 was CHF 33.18 (2016: CHF 29.55). The High Water Mark changed to 31.04 in Quarter 2 and changed again in quarter 3 to 31.96. Performance fees for the year were CHF 1,134,551 (2016: CHF nil) of which CHF nil remains payable at the year-end.

## NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

For the year ended 31 December 2017

### Legal advisors

Gresch & Schwab is the legal advisor to the Company. Markus Gresch, director of the Company, is a senior partner of Gresch & Schwab. During the year the Company received advisory services amounting to CHF 33,334 (2016: CHF 26,389) of which CHF nil remains payable at the year-end (2016: CHF nil).

### Directors

Directors' remuneration for the year was CHF 7,356 (2016: CHF 7,408) of which CHF 1,015 remains payable at the year-end (2016: CHF 7,634). Mr. Markus Gresch also held 1,000 shares in the Company at 31 December 2017 (2016: 1,000).

### Company Secretary

LTS Secretaries Limited is Company Secretary to the Company. Mr. Derek Baudains, director of the Company, is the Chief Executive officer of the Louvre Group Limited which owns LTS Secretaries Limited. During the year the Company received company secretarial services amounting to CHF 10,772 (2016: CHF 6,630) of which CHF nil remained payable at the year-end (2016: CHF nil).

### 13 Significant Agreement

Swiss Financial Services (Ireland) Ltd acts as Administrator of the Company. The Administrator is entrusted with administrative matters such as bookkeeping and correspondence, and calculation of the NAV, and liaises between the Board of Directors, the Auditors and the Investment Manager.

The administration fee is charged monthly in Euros, fixed at the EUR/CHF foreign exchange rate prevailing at the end of the respective month. The fee is paid quarterly. The administration fee is calculated as follows, 0.11% p.a. on the first CHF 75 million in net assets and 0.10% p.a. on the net assets exceeding CHF 75 million but is subject to a minimum fee per month of EUR 1,000. Net Assets for purposes of such fee calculation are defined as the Company's assets less its liabilities before accrued liabilities for management and incentive fees as well as audit fees, banking expenses and other accrued expenses. The Administrator also receives EUR 5,000 for the preparation of the annual financial statements and EUR 5,000 for the preparation of the semi-annual financial statements.

During the year Administration fees amounted to CHF 49,522 (2016: CHF 49,946) of which CHF 8,555 remained payable at the year-end (2016: CHF 9,548).

### 14 Taxation

The Company invests in securities issued by entities which are virtually all domiciled in countries other than the British Virgin Islands. Many of these foreign countries have tax laws which indicate that capital gains taxes may be applicable to non-residents, such as the Company. Typically, these capital gains taxes are required to be determined on a self-assessment basis and, therefore, such taxes may not be deducted by the Company's broker on a "withholding" basis.



## NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

For the year ended 31 December 2017

In accordance with IAS 12 – Income Taxes, the Company is required to recognize a tax liability when it is probable that the tax laws of foreign countries require a tax liability to be assessed on the Company's capital gains sourced from such foreign country, assuming the relevant taxing authorities have full knowledge of all the facts and circumstances. The tax liability is then measured at the amount expected to be paid to the relevant taxation authorities using the tax laws and rates that have been enacted or substantively enacted by the end of the reporting year. There is sometimes uncertainty about the way enacted tax law is applied to offshore investment funds. This creates uncertainty about whether or not a tax liability will ultimately be paid by the Company. Therefore when measuring any uncertain tax liabilities management considers all of the relevant facts and circumstances available at the time which could influence the likelihood of payment, including any formal or informal practices of the relevant tax authorities.

At 31 December 2017 and 31 December 2016, the Company has measured uncertain tax liabilities with respect to foreign capital gains taxes at CHF nil and while this represents management's best estimate, the estimated value could differ significantly from the amount ultimately payable.

### 15 Employees

The Company had no employees during the current or previous year.

### 16 Significant events during the year

There were no significant events during the year.

### 17 Post balance sheet events

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

### 18 Approval of financial statements

The Directors approved the financial statements on 16 March 2018.

### 19 Authorisation for issue

The Financial statements were authorised for issue by the Board of Directors on 16 March 2018.

## CORPORATE GOVERNANCE

The information in the following sections is based on the Corporate Governance Directive of SIX Swiss Exchange. For the sake of clarity and completeness, certain information might be given more than once in these sections. The numbers given in parentheses refer to the respective provision of SIX Swiss Exchange. SIX Swiss Exchange provisions that are not relevant to Formulafirst Ltd. (the "Company") are not being referred to.

References are also made to relevant passages in the annual report or the [www.formulafirst.vg](http://www.formulafirst.vg) website.

### Group structure (1.1)

The Company is a pure investment company. It has no subsidiaries. All investments are owned directly by the Company.

<b>Domicile:</b>	Formulafirst Ltd. P.O. Box 3483, Road Town, Tortola, British Virgin Islands
<b>Listing:</b>	SIX Swiss Exchange CH-8021 Zurich, Segment Investment Trusts
<b>Market capitalisation:</b>	CHF 26,008,686 per 31.12.2017
<b>Valor:</b>	1462983
<b>ISIN Code:</b>	VGG3637V1094

### Significant shareholders (1.2)

The Company's shareholders mainly consist of institutional investors based in Switzerland and other European countries. The shares held by Neue Helvetische Bank, Zurich, are required by virtue of its market-making activities. The Company is not aware of any existing shareholder pooling agreements or of any significant groups of shareholders.

### Cross-Shareholdings (1.3)

The Company maintains no cross-shareholdings.

### Capital structure (2. – 2.2)

For details about capital structure, shares outstanding, authorized capital see Notes to the Financial Statement, Note 11 shareholders' equity and earnings (loss) per share, page 38 to 39.

As per December 31, 2017, the Company maintains no conditional or authorized capital.

### Changes in capital (2.3)

See statement of Changes in Shareholders' Equity, page 18.

### Shares and participation certificates (2.4)

The ordinary share capital of the Company amounts to CHF 90,000, consisting of nine million bearer shares, with par value of CHF 0.01 each. Of this total, 788,142 were outstanding and fully paid in as of December 31, 2017. There are no participation certificates outstanding.

All outstanding shares are equally entitled to dividends and all other financial rights. The holders of outstanding shares are entitled to one vote per share at the general meetings of shareholders, where resolutions are passed by an absolute majority of the votes cast. The Company is entitled to repurchase some or all outstanding shares at any time, provided the price paid per share does not exceed the applicable Net Asset Value per share on the date of purchase.

The remaining 8,211,858 bearer shares are held by the Company as Treasury shares. These shares have no par value. They are not entitled to a share of the company's profits and carry neither voting rights nor the right to any dividend payments.

The company is entitled at any time to offer these shares or to allocate them or write options on them, provided that the issue price per share is not less than the applicable Net Asset Value per share on the date of issue.

### Profit sharing certificates (2.5)

There exist no profit sharing certificates.

### Limitations on transferability and nominee registrations (2.6)

There exist no limitations on transferability and nominee registrations.

### Convertible bonds and warrants/options (2.7)

There are no convertible bonds and warrants/options existing.

## CORPORATE GOVERNANCE

### Board of directors (3 / 3.1)

#### Derek Baudains, Chairman (executive)

(MBA FCIS TEP FSI) British citizen, born 1957, residing in Guernsey, Member of the Board of Directors since 2002), completed his studies with the Master of Business Administration (MBA). He was engaged as Managing Director of Midland Bank Trust Corporation (Guernsey) Limited from 1985 to 1991. Afterwards he became Director and Chief Executive of Viking Trust Group Limited as well as Director of Leopold Joseph & Sons (Guernsey) Executor and Trustee Company Limited. Since 1994 he has been the Chief Executive Officer of the Louvre Group Limited, with offices in the United Kingdom, Guernsey CI, Liechtenstein, Geneva, Hong Kong and Dubai.

Derek Baudains was elected to the Board of Directors of Formulafirst Ltd. on June 28, 2002. Derek Baudains is also the CEO of Louvre Group Limited. LTS Secretaries Limited acts as Company Secretary to the Company.

#### Paul Broxup, Director (executive)

British citizen, born 1953, residing in Great Bowden, UK, since 2004 he is a non- executive Director of Louvre Family Office Sarl in Geneva, since 2013 he is also the Director and Owner of Revet Ltd., a UK consulting company. Between 2000 and 2013 he was engaged as Director in trust and company administration in the Louvre Group. Paul Broxup was a member of the Society of Trust and Estate Practitioners in UK till 2013. He qualifies as an Associate of the Institute of Bankers in the UK. Paul has over 40 years experience in the international fiduciary business. Paul Broxup is a member of the Board of Directors since May 26, 2017.

#### Markus Gresch, Director (executive)

(lic. iur., LL. M., Swiss citizen, born 1958, residing in Pfäffikon/SZ, Member of the Board of Directors since 1994), completed his studies of Law at the University of Zurich. Afterwards he was engaged as consultant for multinational companies with Winterthur Life Insurance where he was responsible for pension planning services. Since 1990 he's been working in different law offices before founding his own lawyer's office Gresch&Schwab in 1999. In addition to his function as member of the Board, Mr. Markus Gresch acts as legal advisor to the Company. Markus Gresch is member of the Board of Directors since the beginning of the company in December 29, 1994.

### Activities and functions (3.2)

No member of the Board of Directors sits on governing or supervisory bodies of important corporations, institutions or foundations established under private and public law, exercises a permanent management or consultancy function for important interest groups or holds a public or political office.

### Elections and terms of office (3.4)

The Articles of Association stipulate that the shareholders present or duly represented at the ordinary general meeting shall elect the members of the Board of Directors for a specific term of office. The current practice since the establishment of the Company has been to elect the persons to the Board for a term of one year at a time. The members of the Board are elected individually. There are no term limits for Board members. The members of the Board of Directors were elected for a term of one year by the general meeting on May 26, 2017.

The first-time election of the individual members is specified in paragraph 3.1.

### Internal organization structure (3.5.1 – 3.5.2)

Allocation of tasks within the board (3.5.1), members list and area of responsibility for each committee of the board of directors (3.5.2):

Derek Baudains	Chairman of the Board
Paul Broxup	Member
Markus Gresch	Member
Christopher Parish	Member

For details regarding the members of the Board see also section (3/3.1).

There are no specific Board committees with assigned tasks. The Board of Directors takes all decisions in corporate. The minimum quorum requirement is two Directors.

### Work methods of the Board of Directors and its committees (3.5.3)

The Board of Directors constitutes itself and elects a Chairman from among its members. The Chairman sets the agenda of the Board of Directors meetings. The members of the Board of Directors are provided with adequate documentation to prepare for deliberation of the items on the agenda in advance of Board meetings.

## CORPORATE GOVERNANCE

The Board of Directors meets as often as necessary but at least once every business year. It shall meet when convened by the Chairman or at the request of any member. Resolutions of the Board of Directors are decided by a majority of votes cast. Circular resolutions are permitted. Minutes of the deliberations of the Board of Directors and the resolutions passed shall be kept. The average duration of the Board meetings is one hour.

LTS Secretaries Limited, represented by Mr. Derek Baudains, acts as Secretary of the Company since May 2017. Mr. Derek Baudains has immediate access to all relevant information concerning the Company.

The Board of Directors met 10 times during the business year 2017.

### Definition of areas of responsibility (3.6)

The Board of Directors is responsible for the operational management of the Company. It also monitors the investment activity of third parties contractually bound to manage the Company's investment assets and ensures adherence to the investment guidelines. All matters that are not reserved for other governing bodies or third parties by law or by the Articles of Association or by agreements signed with third parties fall within the authority of the Board of Directors.

All duties, power, proceedings and responsibilities of the Directors are described in detail in the Articles 46 to 78 of the Association of the Company on its website.

### Information and control instruments vis-à-vis the Senior Management (3.7)

Executive management of the Company is performed by the Board of Directors (see 3.5.3 and 3.6). The Board of Directors monitors the activity of the Investment Manager and the Administrator. The Chairman of the Board of Directors informs the other Board members about the course of business during the conduct of Board meetings. If any extraordinary events occur, all other Board members will be informed immediately.

The control instruments of the Board of Directors are the daily NAV and the monthly report. This publication includes the NAV, the performance figures, risk statistics, assumptions on the financial markets and the most important positions as well as general information about the Company. The Extraordinary General Meeting on March 28, 2013 amended the Articles of Association to waive the obligation to make an offer according to Art. 32 and Art. 52 of the Swiss Federal Act on Stock Exchanges and Securities Trading ("opting-out").

## Senior Management (4)

### Members of the Senior Management (4.1)

See section 3.1.

### Other activities and functions (4.2)

See section 3.2.

### Management contracts (4.3)

**Investment Manager:** The Investment Management Agreement with 2trade, Baarerstrasse 2, 6301 Zug is disclosed in note 12 to the financial statements. The Investment Management Agreement between the Investment Manager and the Company can be terminated at any time in writing.

**Secretary:** LTS Secretaries Limited, British Virgin Islands, is the Company's Secretary. LTS Secretaries Limited renders trust and fiduciary services for international corporate and private clients. The Secretary of the Company is responsible for correspondence and the organization and holding of shareholder meetings and serves as the point of contact with the authorities. The respective agreement was concluded for an indefinite period and can be terminated by either party giving to the other no less than 30 days written notice. It is paid compensation of CHF 15,000 each year. Including a payment for extraordinary items (e.g. organization annual general meeting) and legal charges, the total amount paid was CHF 10,772.- during the fiscal year 2017.

## CORPORATE GOVERNANCE

**Administrator:** Swiss Financial Services (SFS) (Ireland) Ltd., Old Kilmeaden Road, Waterford, Ireland, is the designated Administrator. SFS is specialized in administration and accounting services especially for U.S. and offshore domiciled investment products. The Administrator is responsible for the Company's accounting and serves as the interface between the Board of Directors, the Auditors and the Investment Manager. Remuneration for the services rendered by the Administrator amount to 0.11 % p.a. for the first CHF 75 million of net assets and 0.10 % p.a. for the amount over and above this mark, subject to a minimum fee of EUR 1,000 a month. Plus EUR 5,000, for the preparation of the annual financial statements, and EUR 5,000 for the preparation of the semi-annual financial statements. The respective agreement was concluded for an indefinite period with a minimum duration of 12 months and can be terminated by either party subject to a notice period of 90 days. Compensation paid for fiscal year 2017 amounts to CHF 49,522.

### Compensation, shareholdings and loans (5)

#### Content and method of determining the compensation and stock ownership programs (5.1)

The Board of Directors decides every year on compensation, share ownership programs and loans granted to members of the Board. Compensation is paid in cash and amounts to a flat-rate fee of USD 2,500 per member. No options or shares in the Company are distributed as compensation. The entitlement of each member to compensation lapses at the end of that member's term of office.

#### Compensation for acting members of governing bodies (5.2)

Every member is entitled to a flat-rate compensation of USD 2,500 for fiscal 2017. These payments due were accounted for in the 2017 accounts and entered under accounts payable. The payment of this compensation will be transacted in the new fiscal year.

A total of USD 7,500 was accrued in 2017 financials in relation to the acting members of the Board of Directors as compensation.

In addition to his function as member of the Board, Mr. Markus Gresch acts as legal advisor to the Company (as mentioned in 3.1). Mr. Gresch was conferred additional compensation for his services rendered as legal advisor (details see 5.7).

#### Compensation for former members of governing bodies (5.3)

The company paid no compensation during Fiscal Year 2017 to former executive or non-executive members.

#### Share allotment in the year under review (5.4)

There was no distribution or allocation of shares to members of the Board in the reporting period.

#### Share ownership (5.5)

The number of Formulafirst Ltd. shares held by members of the Board as of the reporting date was as follows:

(a) executive members:

Derek Baudains	none
Paul Broxup	none
Markus Gresch	1,000 shares

(b) non-executive members:

There are no non-executive members on the Board.

#### Options (5.6)

No option rights are distributed or allocated to members of the Board.

#### Additional fees and remunerations (5.7)

Mr. Markus Gresch acts as legal advisor to the Company in addition to his function as Board member (see 3.1). The compensation paid to Mr. Gresch for his services as legal advisor to the Company in fiscal year 2017 amounted to CHF 33,334.

Mr. Derek Baudains is the Chief Executive Officer of the Louvre Group Limited. LTS Secretaries Limited is a subsidiary company being part of the Louvre Group. LTS Secretaries Limited acts as Secretary of Formulafirst since May 2017 and received total compensation of CHF 10,772 for services rendered (flat fee).

## CORPORATE GOVERNANCE

### Loans to members of governing bodies (5.8)

In principle no loans are granted to members of the Board. Thus, as of December 31, 2017, no such loans were outstanding.

### Compensation (5.9)

Each member of the Board of Directors receives an equal flat-rate of compensation as stated in 5.2, 5.4 and 5.6 (USD 2,500 per Board member). Including additional fees and remunerations as stated in 5.7 the total compensations are the following:

Name	Flat rate Fee CHF	Additional Fee & Remu- nerations CHF	Total CHF
Derek Baudains	2,452	10,772	13,224
Paul Broxup	1,430	–	1,430
Christopher Parish	1,022	–	1,022
Markus Gresch	2,452	33,334	35,786
<b>Total</b>	<b>7,356</b>	<b>44,106</b>	<b>51,462</b>

### Shareholders' participation (6)

#### Voting-rights and representation restrictions (6.1)

There are no voting rights restrictions. The Articles of Association do not contain any regulations on participation at the general meeting other than those provided by British Virgin Islands law.

#### Statutory quorums (6.2)

According to Art. 20, Section 5 of the Articles of Association, a change in the purpose of the Company or its dissolution with subsequent liquidation requires the affirmative vote of two-thirds of the votes cast at a general meeting. The required quorum therefore exceeds the legal minimum requirement stipulated under British Virgin Islands law.

### Convocation of the general meeting of shareholders (6.3)

The ordinary general meeting is held annually in London within the first six months after the close of the fiscal year. The time and place are determined by the Board of Directors. Invitations to shareholders to participate at the general meeting are published at the latest twenty days prior to the meeting in a Zurich, Geneva and British Virgin Islands newspaper.

Shareholders or shareholder groups who own more than 10% of the Company's outstanding shares can submit a written request to the Board of Directors requesting that an extraordinary general meeting be convened.

### Agenda (6.4)

Shareholders or shareholder groups that own more than 10% of the Company's outstanding shares can submit a written request to the Board of Directors requesting that additional items be added to the agenda for the general meeting. Requests need to be submitted not later than 40 days before the general meeting.

### Registrations in the share register (6.5)

No registered shares are present with the Company's capital structure.

### Changes of control and defense measures (7)

#### Duty to make an offer (7.1)

The Company is domiciled in the British Virgin Islands. On March 28, 2013 the Company's Articles of Association were amended by adding new Article 12 A as follows: The obligation to make an offer according to Art. 32 and Art. 52 of the Swiss Federal Act on Stock Exchanges and Securities Trading will be waived entirely (opting out).

#### Clauses on changes of control (7.2)

There are no clauses on changes of control in agreements or plans in favor of members of the Board.

## CORPORATE GOVERNANCE

### Auditors (8)

#### Duration of mandate and term of office of head auditor (8.1)

The auditors of the Company are elected for a term of one year at a time. For the 2017 reporting year the Company was audited by PricewaterhouseCoopers AG, Birchstrasse 160, CH-8050 Zurich. The mandate was assigned on December 12, 2003.

Mr. Rolf Birrer has been the auditor in charge of the auditing mandate for the Company since Fiscal Year 2017.

#### Auditing fees (8.2)

PricewaterhouseCoopers charged for Fiscal Year 2017 CHF 51,780 for services rendered in connection with auditing the financial statements of the Company.

#### Additional fees (8.3)

In relation with the desk review of the interim report the Company paid additional fees of CHF 13,819 to PricewaterhouseCoopers. The fees were paid for professional services in respect of specific procedures in relation to the interim financial statements of the Company for the period ended 30 June 2017.

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

The auditor report to the Board of Directors describes in a Long Form report all examined issues. Members of the Board had one meeting during the audit process with PricewaterhouseCoopers. This meeting takes place before the Annual General Meeting. The Board of Directors annually assesses the performance, compensation and independence of the auditors. The Board of Directors annually controls the extent of the external auditing, the auditing plans and the respective programs and discusses auditing results with the external auditors at the occasion of the Board of Directors' meeting following the audit.

### Information policy (9)

The Company maintains a website. All relevant information is available at [www.formulafirst.vg](http://www.formulafirst.vg).

<b>Share price</b>	Bloomberg, Reuters, Homepage (daily/intraday)
<b>NAV/Share</b>	Bloomberg, Homepage Finanz + Wirtschaft (Wednesday/Saturday)
<b>Performance</b>	monthly update (it is published in the Monthly Report of Formulafirst which appears on the first working day of each month on the web page of the Company)

The Annual / Semi-Annual report is published on the Company's Website or may be sent upon request by e-mail or by post.

Price-relevant information is announced in accordance with the ad-hoc communications guidelines of SIX Swiss Exchange. Invitations to the annual general meetings of shareholders are communicated via a calling notice published in a British Virgin Islands (The BVI Beacon), Zurich (NZZ) and Geneva (Le Temps) newspaper.

<b>Reuters</b>	FFI.S
<b>Bloomberg</b>	FFI SW <Equity>
<b>CH Valorennummer</b>	1 462 983
<b>ISIN</b>	VGG3637V1094

## SHAREHOLDERS' INFORMATION

### BOARD OF DIRECTORS

Derek P Baudains (Guernsey)  
Paul Broxup (UK)  
Markus Gresch (Switzerland)

### REGISTERED OFFICE

Formulafirst Ltd.  
PO Box 3483  
Road Town, Tortola  
British Virgin Islands

### COMPANY SECRETARY

LTS Secretaries Limited  
R.G. Hodge Plaza, 3rd Floor,  
Wickham's Cay 1  
Road Town, Tortola  
British Virgin Islands

### ADMINISTRATOR

Swiss Financial Services (Ireland) Ltd.  
Block 4B, Cleaboy Business Park  
Old Kilmeaden Road  
Waterford  
Ireland

### CUSTODIAN & PAYING AGENT

Neue Helvetische Bank AG  
Seefeldstrasse 215  
CH-8008 Zurich  
Switzerland

### LEGAL ADVISORS

Gresch & Schwab  
Staldenbachstrasse 9b  
P.O. Box  
CH-8808 Pfaffikon/SZ  
Switzerland

### INVESTMENT MANAGER

2trade group ltd.  
Baarerstrasse 2  
P.O. Box 330  
CH-6301 Zug  
Switzerland

### INDEPENDENT AUDITORS

PricewaterhouseCoopers AG  
Birchstrasse 160  
CH-8050 Zurich  
Switzerland

### INVESTOR RELATIONS

Dynamics Group AG  
Utoquai 43  
CH-8008 Zurich  
Switzerland

### PUBLICATION OF NET ASSET VALUE

Bloomberg: FFI SW <Equity> NAV  
Finanz und Wirtschaft  
[www.formulafirst.vg](http://www.formulafirst.vg)

### TICKER/SECURITY CODES

Reuters: FFI.S  
Bloomberg: FFI SW <Equity>  
CH Valorennummer: 1 462 983  
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