Annual Report 2012

ALPINE SELECT

Board of Directors

Thomas Amstutz, Chairman
Hans Müller
Walter Geering

Auditors

KPMG AG
Badenerstrasse 172
8026 Zurich
Switzerland

Company Info Sheet

Listing	SIX Swiss Exchange
Stock Exchange Symbol	ALPN
Swiss Security Number	1.919.955
ISIN Code	CH0019199550
Reuters	ALPN.S
Bloomberg	ALPN SW EQUITY
Type of Shares	Registered shares
Outstanding Shares	12'559'215

Net Asset Value is published on a weekly basis in Finanz und Wirtschaft, Zurich, on Bloomberg and on the Company website.

Corporate calendar: www.alpine-select.ch/corporatecalendar.html

Key Figures

Performance table*

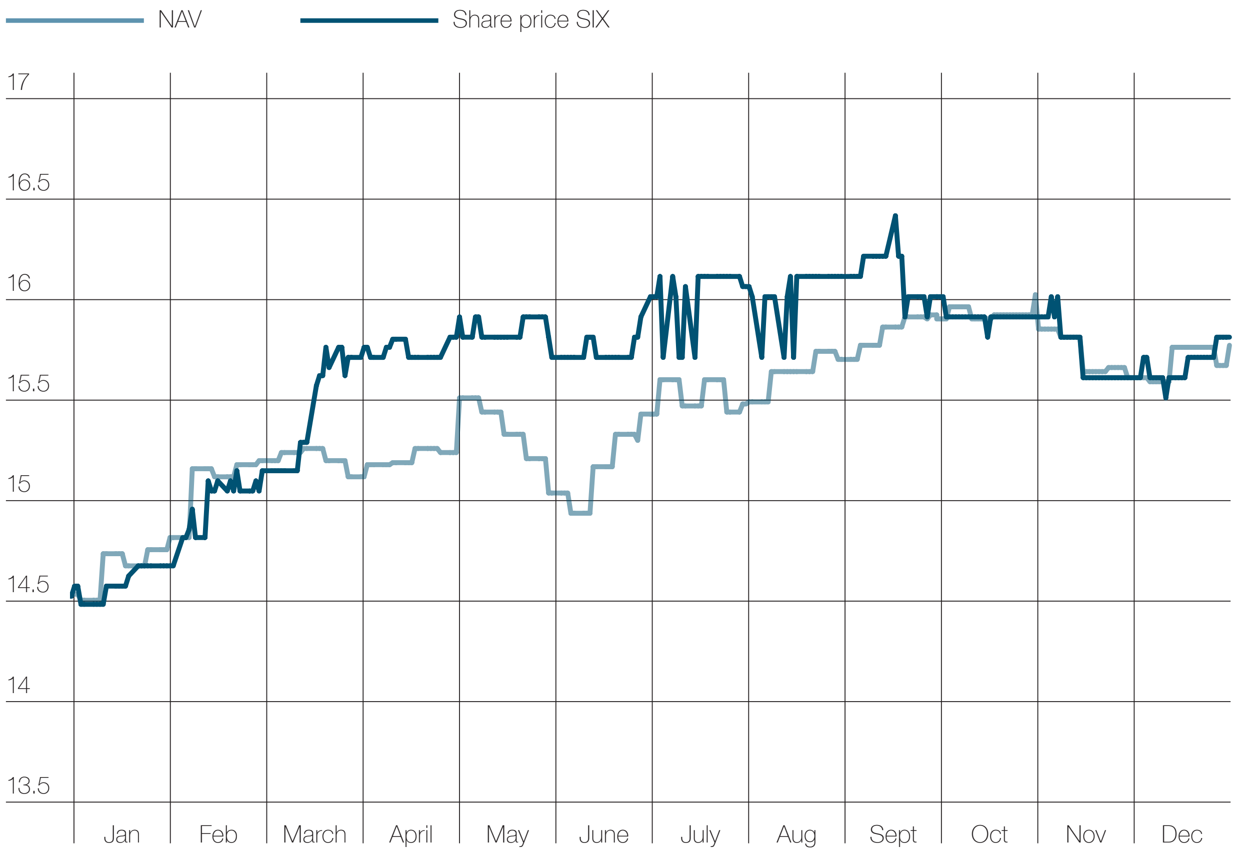
in CHF	31 Dec 2012	31 Dec 2011
Share price	15.80	14.52
NAV	15.77	14.51

in CHF	High 2012	Low 2012
Share price	16.40	14.33
Premium / (Discount) to NAV	4.3%	(1.0%)
NAV	15.95	14.50

* All figures are adjusted for the dividend payment in April 2012 out of reserves from capital contributions.

12 months price-history in CHF for the year 2012

(weekly NAV and daily closing share price)



Positions as a percentage of net asset value (NAV) on 31 December 2012

in %	
Absolute Invest	43
HBM Healthcare	23
Schaffner	16
American Capital	3
Other long positions	6
Cash and other assets net	9

Monthly NAV-performance in %

	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Annually
2007	8.4	-4.4	2.0	1.8	0.7	-0.5	-1.3	-5.7	1.9	0.3	-0.9	0.9	2.8
2008	-4.6	-0.7	-1.9	1.7	-2.1	-1.9	-2.4	-1.2	-5.7	-14.1	-11.0	-4.3	-39.6
2009	-2.3	-0.5	2.2	2.2	1.8	2.7	3.1	3.6	4.4	-0.2	-2.9	0	14.7
2010	1.4	1.2	-0.6	4.2	0.8	2.8	0.8	1.8	2.5	3.4	7.6	3.7	33.4
2011	3.5	2.0	0.6	3.0	4.2	-1.2	-1.2	-4.5	-2.0	1.7	-1.4	-0.5	3.8
2012	1.5	3.1	0	1.8	-2.7	2.6	0.3	1.4	1.4	0.6	-2.8	1.3	8.6

Monthly share price-performance in %

	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Annually
2007	8.9	-2.1	-0.5	2.1	0.5	-1.5	-0.5	-5.8	0	0.6	0	0.6	1.7
2008	-5.5	0	-2.3	1.2	-4.7	0	-1.2	-1.3	-6.3	-15.5	-9.6	-2.7	-39.6
2009	-2.7	-0.9	0.9	0.9	3.7	1.8	3.5	2.5	5.0	0.8	-2.3	0	13.6
2010	-1.2	2.8	2.4	1.5	0	3.0	1.5	1.4	2.5	3.8	7.4	3.1	32.0
2011	4.2	3.5	-0.8	3.6	3.7	-0.3	-1.8	-3.9	-0.9	0	-1.9	0.3	5.3
2012	1.0	2.9	4.0	0.6	0	0.6	0.9	0.3	-0.6	-0.6	-1.9	1.3	8.8

Dear Shareholders

The strategy of Alpine Select AG paid off again in 2012 resulting in another good year. Excluding the pay-out to the shareholders and the adjustments for the share buy-back program, our net asset value increased by 8.6% from CHF 14.51 to CHF 15.77 whereas the share price increased during the reporting period by 8.8% from CHF 14.52 to CHF 15.80. Throughout the year, the shares traded at or near net asset value. Main contributors to our positive result were HBM Healthcare Investments AG, Schaffner Holding AG and our structured product France/Italy short/long. In addition, we were able to exit our entire stake of AIRE GmbH & Co. KGaA and Bank Sarasin & Cie AG as a result of takeovers and realized a considerable profit on these long-term investments. All of our CLO investments (Stone Tower, ING and Atrium) continued to be positive contributors.

Absolute Invest closed the year almost unchanged. We had entered into merger discussions in late spring however, the discussions ceased in September due to delays in the time table and differences on price. During the year we increased our holdings in Absolute Invest and HBM Healthcare as we anticipated a positive future development of their portfolios in conjunction with their stated strategy to deliver value back to their shareholders. As a shorter term trade we liquidated our position in Castle Private Equity and purchased American Capital.

At the end of the reported period, our portfolio of 15 positions amounted to CHF 171.2 million of which our three core holdings (Absolute Invest, HBM Healthcare and Schaffner Holding) represented CHF 158.2 million or 92.4% of total Long Positions. Liquidity amounted to CHF 14.1 million at 31 December 2012 and the Company had no debt outstanding at year-end.

In September 2011 Alpine launched a new share buy-back program for up to 10% of the outstanding shares, open until the Annual Shareholders' Meeting 2013. By year-end 2012, the Company had repurchased 381'261 shares or 3.036% of the outstanding shares. The program will cease on 14 March 2013 and it is proposed to the upcoming Annual Shareholders' Meeting to cancel these shares.

Alpine proposes a dividend of CHF 1.00 per registered share from «Reserves from capital contributions» and we expect that this will become a regular occurrence as long as we achieve our targeted return of 6 – 10% per year.

Our longtime Chairman, Daniel Sauter, resigned on 18th April 2012 to take up the Chairmanship of Bank Julius Bär & Co. AG. During his tenure, Daniel Sauter had a strong influence on the positive development of the Company. We wish him well in his new endeavour.

On behalf of the Board of Directors, I thank you for your continued trust and support.

Thomas Amstutz

Chairman of the Board of Directors

1. Company structure and shareholders

1.1. Business

Alpine Select AG (the «Company» or «Alpine») aims to achieve attractive absolute returns through investments in securities of Swiss and foreign corporations, taking advantage of particular corporate events or circumstances. Accordingly, the Company invested in a number of Swiss and foreign companies, which, in view of the manageable risk exposure, provided interesting investment opportunities.

1.2. Company structure

Alpine, with registered offices at Bahnhofstrasse 23, Zug, Switzerland, is a joint stock company incorporated on 17 September 1997 under the laws of Switzerland. The shares of Alpine are listed on the SIX Swiss Exchange.

The only subsidiary of the Company, Sumara AG, was merged by absorption into Alpine Select AG as of 1st January 2012.

1.3. Significant shareholders

The Company received no disclosure notifications of shareholders during 2012.

Management transactions were regularly reported to the SIX Swiss Exchange and can be seen under: http://www.six-exchange regulation.com/obligations/disclosure/ major_shareholders_de.html

As of 31 December the following shareholders owned 3% or more of the outstanding shares of the Company:

	2012	2011
Fabrel AG		
Seestrasse 50, 6052 Hergiswil:		
– Number of shares (including 140 shares directly held by Hans Müller)	2'850'140	2'900'140
– Percentage	22.69%	23.09%
Beneficial owner of Fabrel AG is Hans Müller, 6052 Hergiswil		
Trinsic AG		
Artherstrasse 21, 6300 Zug:		
– Number of shares (including 100'000 shares directly held by the beneficial owners of Trinsic AG)	2'403'828	2'425'776
– Percentage	19.14%	19.31%
Beneficial owners of Trinsic AG are Daniel Sauter, 6300 Zug, Regina Sauter, 6300 Zug, Viktoria Sauter, 6300 Zug, Florian Sauter, 6340 Baar, and, partly indirect through Talpas AG, 7502 Bever, Michel Vukotic, 8706 Meilen, Corinne Vukotic, 8706 Meilen, Aline Vukotic, 8706 Meilen, and Fabienne Vukotic, 8706 Meilen		
Hans Hornbacher		
3 Avenue de Grande-Bretagne, 98000 Monte-Carlo, Monaco:		
– Number of shares	415'637	415'637
– Percentage	3.31%	3.31%
Alpine Select AG (treasury shares)		
Bahnhofstrasse 23, 6300 Zug		
– Number of shares	381'261	70'000
– Percentage	3.04%	0.56%

To the Company's best knowledge, there are no shareholder agreements in place. Resulting from the current share buy-back-program (see sections 2.4 and 2.5), the Company held at year-end 381'261 own shares, representing 3.036% of the share capital. No additional shares were purchased until 28 February 2013. The program ends prior to the next Annual Shareholders' Meeting in 2013. The Board of Directors proposes to the Annual Shareholders' Meeting to cancel the shares re-purchased under the share buy-back-program resulting in a reduction of the number of outstanding shares.

For information required under Art. 663c para. 3 Swiss Code of Obligations please see section 5.3 (Share ownership of members of the Board of Directors and Management).

1.4. Cross-Shareholdings

There are no cross-shareholdings.

2. Capital structure

2.1. Share capital

As of 31 December 2012, the share capital of the Company amounts to CHF 251‘184.30 and is divided into 12‘559‘215 registered shares with a nominal value of CHF 0.02 each. The share capital is fully paid-in. Each registered share carries one voting right. The shares are listed on the SIX Swiss Exchange and are traded in Swiss Francs (symbol: ALPN; SSN: 1.919.955; ISIN: CH 0019199550). As of 31 December 2012, Alpine's market capitalization was, after adjustments for the current share buy-back program, CHF 198 million.

2.2. Authorized share capital

There is no authorized share capital as of 31 December 2012.

2.3. Conditional share capital

As of 31 December 2012, the Company‘s Articles of Association foresee that the share capital may be increased by an amount not exceeding CHF 125‘592.14 through the issuance of a maximum of 6‘279‘607 registered shares to be fully paid-in with a nominal value of CHF 0.02 each through the exercise of conversion and/or option rights in connection with bonds or similar instruments issued by the Company and/or through the exercise of option rights granted to shareholders.

The respective owners of option and/or conversion rights are entitled to subscribe the new shares. Actual shareholders‘ subscription rights on such new shares are excluded. The Board of Directors determines the conditions of the option and/or conversion rights.

The Board of Directors is authorized to restrict or exclude the shareholders‘ pre-emption rights on the issue of bonds or similar instruments connected to option and/or conversion rights if these bonds are served to finance or refinance the acquisition of enterprises, parts of enterprises or participations in companies or new investments. If pre-emption rights are excluded by a resolution of the Board of Directors, then (1) the bonds or similar instruments shall be issued at the respective market conditions and new shares shall be issued at the respective conditions of the option and/or conversion rights; (2) the exercise period shall not exceed ten years for conversion rights and five years for option rights from the respective date of issuance; (3) the price of the conversion or the option rights or their calculation procedure shall be determined at market conditions; with respect to the shares of the Company, they shall derive from the stock market price.

The acquisition of shares through the exercise of option and/or conversion rights as well as each following assignment of the shares is restricted by Art. 6 of the Articles of Association.

2.4. Changes in share capital

At the Annual Shareholders‘ Meeting held on 28 April 2008 the shareholders entitled the Board of Directors to start a share buy-back-program to re-purchase shares up to a maximum of 20% of the outstanding share capital which was CHF 317‘282.88 as per 31 December 2007. In 2008, the Company acquired 2‘051‘917 own shares with a nominal value of CHF 0.02 each corresponding to 12.93% of the share capital, via a second trading line at the SIX Swiss Exchange. In 2009 another 533‘780 shares were acquired under this share buy-back-program. As announced on 17 February 2009, the share buy-back-program was terminated as per 31 March 2009 after a total of 2‘585‘697 shares or 16.30% of the outstanding share capital had been re-purchased.

The Board of Directors proposed to the shareholders at the Annual Shareholders‘ Meeting held on 30 April 2009 to reduce the share capital from CHF 317‘282.88 to CHF 265‘568.94 by cancelling 2‘585‘697 shares with a nominal value of CHF 0.02 each and to adjust Art. 4 of the Articles of Association of the Company accordingly. The capital decrease was effective in the Commercial Register of the Canton of Zug as per 15 July 2009.

At the Annual Shareholders‘ Meeting held on 30 April 2009, the shareholders entitled the Board of Directors to start a new share buy-back-program under which shares up to a maximum of 10% of the outstanding share capital could be re-purchased. The program was started on 27 July 2009 with a duration until the next Annual Shareholders‘ Meeting on 29 April 2010. An extension of one year was approved by the Annual Shareholders‘ Meeting 2010. As per 31 December 2010, the Company had acquired 663‘232 own shares with a nominal value of CHF 0.02 each corresponding to 4.995% of the share capital, via the second trading line at the SIX Swiss Exchange. Further purchases of 56‘000 shares took place in 2011. As anounced on 18 January 2011, the share re-purchase program was terminated as per 4 March 2011 with a total of 719‘232 shares re-purchased.

The Board of Directors proposed to the shareholders at the Annual Shareholders‘ Meeting on 18 April 2011 to terminate the share buy-back-program and to reduce the share capital from CHF 265‘568.94 to CHF 251‘184.30 by cancelling 719‘232 shares with a nominal value of CHF 0.02 each and to adjust Art. 4 of the Articles of Association of the Company accordingly. The capital decrease was effective in the Commercial Register of the Canton of Zug as per 30 June 2011. A total of 12‘559‘215 shares are outstanding since then.

All figures in this report as well as historic figures have been adjusted for these capital decreases.

2.5. Treasury shares

At the Annual Shareholders' Meeting held on 18 April 2011, the shareholders authorized the Board of Directors to start a new share buy-back-program to re-purchase shares up to a maximum of 10% of the outstanding share capital. The program was started on 27 September 2011 with a duration until the next Annual Shareholders' Meeting. The Board of Directors proposed to the Annual Shareholders' Meeting on 18 April 2012 to extend this program for one year until the Annual Shareholders' Meeting 2013. The proposal was accepted at the shareholder's meeting of 18 April 2012.

Resulting from the current share buy-back-program (see sections 2.4 and 2.5), the Company held 381'261 own shares as per 31 December 2012 representing 3.036% of the share capital. No additional shares were purchased until 28 February 2013. The program ends on 14 March 2013. The Board of Directors proposes to the shareholders to cancel all repurchased shares, resulting in a reduction of the Company's number of outstanding shares.

2.6. Shares and participation certificates

The Company's share capital as per 31 December 2012 amounts to CHF 251'184.30 and consists of 12'559'215 fully paid-in registered shares with a nominal value of CHF 0.02 each. There are no preferential rights or similar rights. Each share carries one vote and has full dividend rights. There are no voting right restrictions and each shareholder can exercise his voting rights at the shareholders' meetings (see section 2.8 on Nominees). There are no participation certificates.

2.7. Profit sharing certificates

There are no profit sharing certificates outstanding.

2.8. Limitation on share transferability and nominee registration

Registered shareholders are those recognized as such by a corresponding entry in the Company's share register. Holders of shares shall be entitled, upon application, to be entered as registered shareholders with full voting rights as long as they explicitly declare that the shares were acquired for their own account (Art. 6 para. 2 of the Articles of Association).

In accordance with Art. 6 para. 3 of the Articles of Association, persons who do not declare in their application to hold the shares for their own account («Nominees») will be registered in the Company's register with voting rights up to 9% of the share capital as registered in the Register of Commerce. Nominees who are bound by capital, voting power, management or in another manner or who coordinate their actions by agreement, union or in any other manner in order to elude the transfer restrictions are to be considered as one Nominee when applying this provision. Beyond this limitation, Nominees shall be registered as shareholders with voting rights only if the respective

Nominee discloses name, address, nationality and shareholdings of the persons for the account of whom he holds 1% or more of the share capital as registered in the Register of Commerce (Art. 6 para. 4 of the Articles of Association).

With the reservation of Art. 653c para. 3 of the Swiss Code of Obligations, these restrictions apply to the acquisition of registered shares by exercising subscription, option as well as conversion rights (Art. 6 para. 7 of the Articles of Association). The alleviation or withdrawal of restrictions upon the transfer of registered shares requires a resolution of the Shareholders' Meeting passed by at least two thirds of the represented share votes and the absolute majority of the represented shares' nominal value.

2.9. Convertible bonds and warrants

The Company does not have convertible bonds and/or warrants outstanding.

2.10. Share certificates

Subject to Art. 5 para. 2 of the Articles of Association, the registered shares of the Company are arranged as book-entry securities (in the sense of the Swiss Code of Obligations) and intermediated securities (in the sense of the Swiss Federal Act on Intermediated Securities).

After having been registered in the share register, the shareholder may at all times require certificates for his registered shares; however, he has no right to have the certificates for his registered shares printed and delivered. On the other side, the Company may decide, at any time, to print and deliver deeds for the registered shares (single deeds, certificates or global deeds). It may recall from the respective safe keeping system registered shares which are arranged as intermediated securities. Subject to the prior consent of the shareholders, the Company may cancel issued deeds which are deposited with it without substitution. Currently two certificates for a total of 525 shares are outstanding.

3. Board of Directors

The duties of the Board of Directors of the Company are defined in the Swiss Code of Obligations, the Articles of Association and the Organizational Rules of the Company.

3.1. Members of the Board of Directors

As of 31 December 2012 the members of the Board of Directors are:

Thomas Amstutz

Born 1962, Chairman (since 18 April 2012) and executive member, Swiss, Board member since 2012 and elected until 2013.

Thomas Amstutz held a variety of management positions with Credit Suisse Group since joining the company in 1978. In 1987 he was appointed Managing Director of CSFB Geneva, Head of Foreign Exchange/Precious Metals Options. Between 1991 and 1996 he held different positions within Credit Suisse in Zurich before heading the Sales and Trading department in Frankfurt. In 1999 he was appointed Member of the Executive Board of Credit Suisse Private Banking and from August 2002 until December 2004 he was Member of the Executive Board of Credit Suisse Financial Services and Head of the Investment Management Division. Thomas Amstutz graduated from Commercial School of Business Administration.

Hans Müller

Born 1947, non-executive member, Swiss, Board member since 2006 and elected until 2013.

Hans Müller held various positions in the Swiss machine industry from 1978 to 1996. Since 1997 he is Chairman and Managing Director of Fabrel AG, Hergiswil. Fabrel AG (beneficial owner is Hans Müller) is a significant shareholder of the Company. Hans Müller has over thirty years of experience in portfolio management and is member of the Board of Directors of various privately held companies. He holds a degree from the University of St. Gallen (lic. oec. HSG).

Hans Müller will not stand for reelection.

Walter Geering

Born 1943, executive member and CEO, Swiss, Board member since 2007 and elected until 2013.

From 1959 to 1994 Walter Geering held different positions with banks in Switzerland and abroad, including 12 years in the general management of Swiss Volksbank and then served as CEO of LBBW Schweiz AG, a subsidiary of the Landesbank Baden-Württemberg AG from 1995 to 2006. Walter Geering is a financial analyst and has a management degree from the University of Zurich (MBA).

Thomas Amstutz and Walter Geering serve as executive members of the Board of Directors of the Company and will hereafter be referred to as the Management.

The non-executive member of the Board of Directors, Hans Müller, was not a member of the management of Alpine in the last five business years and has no significant business relationship with the Company except for the holdings of Fabrel AG in Alpine.

Daniel J. Sauter resigned as chairman and executive member of the Board of Directors effective 18 April 2012.

3.2. Other activities

Thomas Amstutz is CEO and Chairman of the Board of Directors of Absolute Investment Services AG Zurich, member of the Board of Directors of Absolute Invest AG, Zug, member of the Board of Directors of Castle Private Equity AG, Pfaeffikon and the former Chairman of the Board of Directors of Absolute Private Equity AG, Zug. In addition he is a member of the Board of Directors of the following companies: Jade Invest SA, Neuchatel, FinOps AG, Zurich and JAAM AG, Zurich. Thomas Amstutz is further a member of the Asset Allocation Committee of Spida Personalvorsorgestiftung, Zurich as well as Trustee of the Board of the Zurich International School, Zurich.

Hans Müller is chairman and managing director of Fabrel AG, Hergiswil and on the Board of Directors of some other non listed Swiss companies.

Walter Geering is member of the Board of Directors of Tiberius Asset Management AG, Zug as well as of one of its subsidiaries and on the Board of Directors of some other non listed Swiss companies.

Members of the Board of Directors are currently not involved in permanent management consultancy functions for important Swiss or foreign interest groups. They are not in charge of or hold any official function or political assignment.

3.3. Election and term of office

The members of the Board of Directors are elected by the Annual Shareholders‘ Meeting. Each member is elected individually for a period of one year and can be re-elected. The Board of Directors constitutes itself. It appoints its Chairman and a secretary who does not need to be a member of the Board of Directors.

In accordance with Art. 13 of the Articles of Association the Board of Directors comprises of a minimum of three and a maximum of nine members.

3.4. Internal organizational structure, delegated authorities and management board

Thomas Amstutz is the Executive Chairman of the Board of Directors. The Board of Directors has not established any committees. The nature of the Company's business dictates that the Board of Directors takes an active role in defining the Company's investment strategy whilst delegating management and control tasks to the Company's Management. A formalized internal control system is in place since November 2007. Accounting functions and some administrative tasks have been outsourced to third parties who supply the Board of Directors with weekly and quarterly reports and adhere to the internal control system. The Board of Directors convenes at least three times a year. During 2012 the Board of Directors convened seven times. Meetings normally last half a day.

3.5. Areas of responsibility

The Board of Directors assumes the responsibilities as stipulated in Art. 716 et seq. of the Swiss Code of Obligations. The primary functions of the Board of Directors, as specified in the Company's Organizational Rules and Investment Guidelines, are:

- to ultimately direct the Company and to issue the necessary directives and, in particular, to develop Company strategies;
- to discuss and review investment opportunities proposed by the Management and to take investment decisions;
- to establish organizational policies, in particular to issue and amend the Organizational Rules;
- to organize the accounting, the financial control and the financial planning;
- to appoint and recall the persons entrusted with the management and representation of the Company and to grant signatory power;
- to ultimately supervise the persons entrusted with the management, in particular with respect to compliance with the law, the Company's Articles of Association, regulations and directives;
- to prepare the business report as well as the Shareholders' Meeting and to implement the resolutions;
- to inform the judge in the event of over-indebtedness;
- to pass resolutions regarding the subsequent payment of capital with respect to not fully paid-in shares; to pass resolutions regarding increases in share capital as far as they are within the competence of the Board of Directors (Art. 651 para. 4 Swiss Code of Obligations) as well as the adoption of capital increases and the amendments to the Articles of Association entailed therewith;
- to verify the professional qualifications of the specially qualified auditors.

The Board of Directors delegates the management of the Company entirely to the Company's Management unless otherwise provided by law. The Company's Articles of Association and the Organizational Rules are published on the Company's Web Site (www.alpine-select.ch/profile.html).

3.6. Information and control instruments

A formalized internal control system is in place to monitor the major work processes and risks on a monthly basis. The internal control system is supervised by the Board of Directors and supports the Management to follow pre-defined processes and evaluate corporate and process risks, their likelihood and prospective development.

The Board of Directors receives a NAV calculation and details for the valuation of specific assets on a weekly basis. In order to control and review the functioning of and the compliance with the internal control system as well as the Company's general activities, the Chariman of the Board of Directors meets monthly with the Chief Executive Officer to discuss issues at hand, identify and discuss risks and possible remedies and work through a checklist to e.g. ensure processes are followed, payments are made, dividends are collected, risks are weighted etc.

Since 1 January 2011, investment companies have to identify shareholders that exceed the 3% reporting threshold according to Art. 20 SESTO. On 11 November 2011 Alpine became a member of the Swiss Association of Investment Companies (SVIG), a self-regulatory organization for the indirect supervision of financial intermediaries in the fight against money laundering and terrorist financing. Alpine will timely introduce additional processes and control instruments in accordance with their guidelines.

4. Management

4.1. Members of Management

The Management of the Company consists of:

Thomas Amstutz
Thomas Amstutz acts as the Executive Chairman of the Company since 18 April 2012. For further information see section 3.1.

Walter Geering
Walter Geering is the Chief Executive Officer of the Company. For further information see section 3.1.

Daniel J. Sauter resigned as Executive Chairman as of 18 April 2012.

4.2. Other activities and interests

See section 3.2 for Thomas Amstutz and Walter Geering.

4.3. Management contracts

Neither management contracts nor agreements of a similar nature exist.

5. Compensation, shareholdings and loans

5.1. Content and method to determine the compensation

In accordance with Art. 17 of the Articles of Association, the members of the Board of Directors and the Management are entitled to an annual compensation as determined by the Board of Directors and to be reimbursed for any out of pocket expenses they incur on behalf of the Company. In 2009, the Board of Directors decided that from 1 January 2010 onwards neither a bonus nor other variable compensation will be granted to members of the Board of Directors or the Management.

The annual compensation has no performance-related or other variable component and the compensation for all members of the Board of Directors and the Management is rendered in the form of a fixed cash payment determined by the Board of Directors. There are no management incentive schemes of any nature or schemes that foresee the issuance of shares or share options. Since 2012 each member of the Board of Directors receives a fixed net annual compensation of CHF 50'000 for the Chairman and CHF 35'000 for the members per business year for the exercise of the duties as Chairman and member of the Board of Directors. This compensation is paid out in cash and the payment is made after the Annual Shareholders' Meeting. One board member, Walter Geering, is employed by the Company and is - as a member of the Management and of the Board of Directors – remunerated only on the basis of his employment agreement. His remuneration under the employment agreement was initially determined by the Board of Directors at its full discretion and is based on a full time equivalent. Therefore the paid out cash remuneration depends on the workload and assignments of the respective member of the Management during the business year.

The compensation paid in 2011 and 2012 is listed in section 5.7 below.

5.2. Allocation of shares

In 2012 no shares were allocated to members of the Board of Directors, the Management or parties closely linked to such persons.

5.3. Share ownership of members of the Board of Directors and Management

As of 31 December 2012, Thomas Amstutz directly held 20‘000 shares of the Company. The non-executive member of the Board of Directors, Hans Müller and parties closely linked to him, held 2‘850‘140 shares and Walter Geering directly held 10‘000 shares of the Company. To the best knowledge of the Company, all transactions with shares of the Company of the members of the Board of Directors have been disclosed as management transactions according to the respective rules of the SIX Swiss Exchange.

5.4. Options

No options have been issued.

5.5. Additional fees and remuneration

No additional fees and remunerations have been paid to members of the Board of Directors or Management in 2012.

5.6. Loans to members of the Board of Directors and Management

No loans have been granted to members of the Board of Directors and Management or parties closely linked to such persons.

5.7. Compensation

For the method of determining the compensation of the members of the Board of Directors and the Management, see section 5.1 above.

Neither share nor stock option plans exist.

The following table shows the compensation of the members of the Board of Directors:

in CHF	2012	2011
Thomas Amstutz, executive member, Chairman since 18 April 2012	53‘333	0
Daniel Sauter, executive member, Chairman until 18 April 2012	55'822	181‘128
Hans Müller, member [1]	37'800	27'000
Walter Geering, executive member	178'680	178'680
Total	**325‘635**	**386‘808**

[1] including 8% value added tax

6. Shareholders‘ participation rights

6.1. Voting right restrictions

There are no voting right restrictions (see section 2.8 on Nominees).

6.2. Statutory quorums

The General Meeting of the Shareholders passes its resolutions and carries out its elections with an absolute majority of the share votes represented except to the extent legal or statutory provisions provide otherwise.

A resolution of the Shareholders‘ Meeting passed by at least two thirds of the represented share votes and the absolute majority of the represented nominal value of the shares is required for:

- the cases listed in Art. 704 para. 1 Swiss Code of Obligations;
- the alleviation or withdrawal of restrictions upon the transfer of registered shares;
- the conversion of registered shares into bearer shares;
- the dissolution of the Company followed by the liquidation;
- the recall of the members of the Board of Directors according to Art. 705 para. 1 Swiss Code of Obligations;
- the amendment of Art. 13 of the Articles of Association concerning election and term of office of the members of the Board of Directors;
- the removal from the Articles of Association of increased requirements for resolutions of the Shareholder‘s Meeting, especially those of Art. 12 of the Articles of Association.

6.3. Convening of Shareholders‘ Meetings

In addition to the legal provisions, the following rules are set forth in Art. 8 para. 3 and Art. 9 para. 2 of the Articles of Association:

- Extraordinary Shareholders‘ Meetings shall be convened by the Board of Directors within 60 days after shareholders representing at least 10% of the share capital request such meeting in writing, setting forth the items to be discussed and the proposals to be decided upon;
- The Shareholders‘ Meeting shall be convened by mail to the shareholders and usufructuaries at least 20 days prior to the meeting day. The convening letter shall state the day, time and place of the meeting, the agenda, the proposals of the Board of Directors, the proposal of the shareholders who have requested the Shareholders‘ Meeting or that an item to be included on the agenda.

6.4. Items on the agenda

Shareholders representing at least 10% of the share capital may request that items be included in the agenda of a Shareholders‘ Meeting. Such requests must be filed in writing setting forth the items to be discussed and the proposals to be decided upon, at least 45 days prior to the respective Shareholders‘ Meeting.

6.5. Registration in the shareholders‘ register

The deadline for the inscription of registered shareholders into the share register in view of their participation in the Shareholders‘ Meeting is established every year by the Board of Directors. It is usually settled about 15 – 25 days before the Shareholders‘ Meeting. No exception will be granted.

7. Changes in control and defensive measures

7.1. Mandatory offer

There is no statutory opting out or opting up (see also Art. 6 para. 8 of the Articles of Association).

7.2. Change of control clause

There exist no agreements or statutory requirements which could affect or influence a change in control of the Company. In particular, no special agreement exists that provides any benefit to the members of the Board of Directors or the Management of the Company as a consequence of a takeover (change of control clauses).

8. Auditors

8.1. Duration of mandate and term of office

On 29 April 2010, the Annual Shareholders‘ Meeting elected KPMG AG, Zurich as the new auditors for a term of one year. KPMG AG audited the financial statements of 2010 according to Art. 18 of the Articles of Association and was re-elected since, always for a one year term at the Annual Shareholders‘ Meetings. Marc Ziegler is the auditor in charge for Alpine since KPMG AG‘s election in 2010.

As member of the Swiss Association of Investment Companies (SVIG) - a self-regulatory organization for the indirect supervision of financial intermediaries in the fight against money laundering and terrorist financing - Alpine will timely introduce processes and control instruments in accordance with their guidelines (see section 3.6). The external auditors will audit the functioning of these control instruments the first time in 2013.

8.2. Audit fees

For the year 2012 audit fees amounted to CHF 64‘286 (2011: CHF 63‘904).

8.3. Additional fees

An amount of CHF 26‘560 was paid to KPMG AG, Zurich in connection with their services rendered for the merger-project with Absolute Invest AG.

8.4. Surveillance and control instruments

The work of external auditors and their independence is assessed and examined by the Chairman of the Board of Directors and the Chief Executive Officer in a planning meeting with the auditors as well as in meetings during the audit and in a post audit meeting. The quality, know-how, cost-consciousness and timely reports are major factors in the assessment of the auditors‘ work. Their written reports, findings and suggestions are discussed in detail at the meetings of the Board of Directors. Regular meetings between members of the Board of Directors and the auditors take place. In 2012 two such meetings took place.

9. Information policy

The Company maintains a transparent and pertinent information policy and complies with the ad-hoc publicity guidelines.

Shareholders are regularly informed through the following means:

- The annual report, published in English. In accordance with legal requirements, the report is published at least 20 days before the Annual Shareholders' Meeting. A copy of the report is posted to all shareholders registered in the share register upon their request;
- The semi-annual report, published in English;
- Quarterly reports, published in English;
- Monthly reports, published in English;
- Weekly net asset value reports;
- Ad-hoc releases, as required.

Information is disclosed through:

- Reuters: ALPN.S;
- Bloomberg: ALPN SW EQUITY;
- Twitter
- Finanz und Wirtschaft, Zurich;
- Internet: www.alpine-select.ch/news, RSS or Email.

The corporate calendar is published on the Company's website under:
www.alpine-select.ch/corporatecalendar.html

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER

in TCHF	Notes	2012	2011
ASSETS			
Current assets			
Cash and cash equivalents		14'070	46'732
Financial assets at fair value through profit or loss – trading	7	3'942	2'082
Other current assets		49	185
Total current assets		**18'061**	**48'999**
Non-current assets			
Financial assets at fair value through profit or loss – trading	7	174'819	158'565
Furniture and equipment		0	7
Total non-current assets		**174'819**	**158'572**
TOTAL ASSETS		**192'880**	**207'571**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Financial liabilities at fair value through profit or loss – trading	7	21	12'989
Current income tax liability	13	0	1'150
Accounts payable and accrued liabilities		248	178
Total current liabilities		**269**	**14'317**
Non-current liabilities			
Deferred tax liabilities	8	600	503
Total non-current liabilities		**600**	**503**
Shareholders' equity			
Share capital	9	251	251
Additional paid-in capital		68'820	80'998
Treasury shares	9	(6'095)	(1'100)
Retained earnings		129'035	112'602
Total shareholders' equity		**192'011**	**192'751**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**192'880**	**207'571**

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER

in TCHF	Notes	2012	2011
OPERATING INCOME			
Gain on financial assets and financial liabilities at fair value through profit or loss, net – trading	10	15'093	801
Dividend income	7	2'586	10'424
Interest income from financial assets		890	957
Other income		91	424
Total operating income		**18'660**	**12'606**
OPERATING EXPENSES			
General and administrative expenses	11	(1'525)	(1'256)
Commissions and other bank fees		(586)	(989)
Interest expense on bank overdrafts		(2)	(27)
Foreign exchange losses on cash and cash equivalents, net		(158)	(395)
Depreciation on furniture and equipment		(7)	(6)
Total operating expenses		**(2'278)**	**(2'673)**
Profit before tax		**16'382**	**9'933**
Tax income / (expense)	8/13	51	(967)
Profit for the year		**16'433**	**8'966**
Other comprehensive income for the year, net of tax		0	0
Total comprehensive income for the year		**16'433**	**8'966**
Earnings per share in CHF (basic and diluted)	14	1.34	0.71

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER

in TCHF	Notes	2012	2011
Cash flows from operating activities			
Net profit before tax		16'382	9'933
Adjustments for:			
– Gain on financial assets and financial liabilities at fair value through profit or loss, net – trading		(15'093)	(801)
– Dividend income		(2'586)	(10'424)
– Interest income		(890)	(957)
– Interest expense		2	27
– Depreciation on furniture and equipment		7	6
– Foreign exchange losses on cash and cash equivalents, net		158	395
Withholding taxes received		0	15'722
Increase in other current assets		(22)	(8)
Increase in accounts payable and accrued liabilities		70	3
Dividends received	7	2'586	10'424
Interest received		1'048	891
Interest paid		(2)	(27)
Income taxes paid		(1'002)	0
Net cash inflow from operating activities		**658**	**25'184**
Cash flows from investing activities			
Purchases of financial assets at fair value through profit or loss – trading	7	(56'126)	(153'397)
Proceeds from sale of financial assets at fair value through profit or loss – trading	7	53'485	168'467
Proceeds from short sale of financial liabilities at fair value through profit or loss – trading	7	0	91
Net cash inflow from currency forwards	7	(13'348)	13'201
Net cash (outflow for) inflow from investing activities		**(15'989)**	**28'362**
Cash flows from financing activities			
Purchase of treasury shares, incl. transaction costs	9	(4'995)	(2'083)
Dividend paid to shareholders		(12'178)	(25'118)
Net cash outflow for financing activities		**(17'173)**	**(27'201)**
Effect of exchange rate changes on cash and cash equivalents		(158)	(395)
Net (decrease) increase in cash and cash equivalents		**(32'662)**	**25'950**
Cash and cash equivalents at beginning of year		46'732	20'782
Cash and cash equivalents at end of year		**14'070**	**46'732**
Cash and cash equivalents consist of:			
Current accounts at banks		14'070	46'732
Cash and cash equivalents as defined for the statement of Cash flows		**14'070**	**46'732**

STATEMENT OF CHANGES IN EQUITY

in TCHF	Share capital	Additional paid-in capital	Treasury shares	Retained earnings	Total
Balance at 1 January 2011	**266**	**115‘597**	**(8‘515)**	**103‘636**	**210‘984**
Profit for the year				8‘966	8‘966
Other comprehensive income for the year					0
Total comprehensive income for the year	**0**	**0**	**0**	**8‘966**	**8‘966**
Purchase of treasury shares under program 2 (Note 9)			(981)		(981)
Cancellation of treasury shares (Note 9)	(15)	(9‘481)	9‘496		0
Dividend paid to shareholders*)		(25‘118)			(25‘118)
Purchase of treasury shares under program 3 (Note 9)			(1‘102)		(1‘102)
Income tax on transaction costs included in «Purchase of treasury shares under program 3» (Note 9)			2		2
Total contributions by and distributions to owners of the Company	**(15)**	**(34‘599)**	**7‘415**	**0**	**(27‘199)**
Balance at 31 December 2011	**251**	**80‘998**	**(1‘100)**	**112‘602**	**192‘751**
Profit for the year				16‘433	16‘433
Other comprehensive income for the year					0
Total comprehensive income for the year	**0**	**0**	**0**	**16‘433**	**16‘433**
Dividend paid to shareholders*)		(12‘178)			(12‘178)
Purchase of treasury shares under program 3 (Note 9)			(4‘995)		(4‘995)
Total contributions by and distributions to owners of the Company	**0**	**(12‘178)**	**(4‘995)**	**0**	**(17‘173)**
Balance at 31 December 2012	**251**	**68‘820**	**(6‘095)**	**129‘035**	**192‘011**

*) the Annual Shareholders' Meetings decided to pay the dividend out of the Reserves from capital contributions.

1. Corporate information

Alpine Select AG (the «Company» «Alpine») is a limited liability company incorporated on 17 September 1997 under the laws of Switzerland having its registered office at Bahnhofstrasse 23, Zug (Switzerland).

The Company's purpose is to invest in securities of any form of Swiss or foreign corporations taking advantage of particular corporate circumstances. As of 31 December 2012, the Company has one employee.

2. Change in Group structure / change in the Company's Board of Directors

Until 31 December 2011, Alpine Select AG together with its wholly owned subsidiary Sumara AG, Zug (Switzerland) formed a group of companies for which consolidated financial statements were prepared and issued. Effective 1 January 2012, Sumara AG was merged by absorption into Alpine Select AG. The merger was registered in the Register of Commerce of the Canton of Zug on 12 June 2012.

As already announced in a press release dated 19 March 2012, Daniel Sauter resigned from and Thomas Amstutz was elected to the Company's Board of Directors at the ordinary Annual Shareholders' Meeting held on 18 April 2012.

3. Accounting policies

3.1. Basis of presentation of the financial statements

The financial statements were prepared in accordance with International Financial Reporting Standards («IFRS»), Swiss law and the special provisions for investment companies according to the Listing Rules and the Directive of Financial Reporting of the SIX Swiss Exchange and are presented in Swiss Francs (CHF) / thousands of Swiss Francs (TCHF).

The financial statements have been prepared under the historical cost basis except for financial assets and financial liabilities at fair value through profit or loss and all derivative instruments which are recorded at fair value. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

3.2. Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following new, revised and amended Standards and Interpretations issued for financial years beginning on or after 1 January 2012.

- IFRS 7: Financial Instruments: Disclosures: Transfers of Financial Assets - Amendment (effective 1 July 2011);
- IAS 12: Income Taxes: Deferred Tax: Recovery of Underlying Assets - Amendment (effective 1 January 2012);

The adoption of the amended standards during the year 2012 did not have any effect on the financial statements or the performance of the Company.

In 2013, the Company will adopt the following new and revised standards:

- IFRS 7: Financial Instruments: Disclosures: Offsetting Financial Assets and Financial Liabilities - Amendment (effective 1 January 2013);
- IFRS 10: Consolidated Financial Statements (effective 1 January 2013);
- IFRS 11: Joint Arrangements (effective 1 January 2013);
- IFRS 12: Disclosure of Interests in Other Entities (effective 1 January 2013);
- IFRS 13: Fair Value Measurement (effective 1 January 2013);
- IAS 1: Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income - Amendment (effective 1 July 2012);
- IAS 27: Separate Financial Statements (effective 1 January 2013);
- IAS 28: Investments in Associates and Joint Ventures (effective 1 January 2013);
- Various: Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance - Amendments to IFRS 10, IFRS 11 and IFRS 12 (effective 1 January 2013);
- Various: Annual Improvements to IFRS (May 2012) – Omnibus Change to many Standards (mostly effective 1 January 2013).

The Company has not yet fully determined the potential effects of these new and revised/amended standards on the financial statements and the performance of the Company.

In 2014, the Company will adopt the following amended standards:

- IAS 32: Financial Instruments: Offsetting Financial Assets and Financial Liabilities – Amendment (effective 1 January 2014);
- Various: Investment Entities - Amendments to IFRS 10, IFRS 12 and IAS 27 (effective 1 January 2014).

The Company has not yet determined the potential effects of these amended standards on the financial statements and the performance of the Company.

In 2015, the Company will adopt the following new standard:

- IFRS 9: Financial Instruments and related amendments to IFRS 7 regarding transition (effective 1 January 2015);

The Company has not yet determined the potential effects of this new standard on the financial statements and the performance of the Company.

3.3. Foreign currencies

Foreign currency transactions are recorded at the rate of exchange prevailing at the date of the transaction. On the reporting date monetary assets and liabilities denominated in foreign currencies are translated into Swiss Francs at the exchange rates prevailing at that date. The resulting exchange gains and losses are included in profit or loss. The exchange rate difference resulting from foreign currency positions within Cash and cash equivalents is disclosed separately in profit or loss. Other exchange rate differences are included in Gain on financial assets and financial liabilities at fair value through profit or loss, net - trading (see also Note 10).

The following exchange rates have been applied:

		2012	2011
USD/CHF			
Balance sheet	End of year rate	0.9153	0.9351
EUR/CHF			
Balance sheet	End of year rate	1.2068	1.2139

3.4. Financial assets and financial liabilities at fair value through profit or loss

Financial assets at fair value through profit or loss may comprise equity investments, bonds, collective investment schemes, futures, options, warrants, swaps as well as currency forward contracts. Financial liabilities at fair value through profit or loss mainly include futures and options sold short as well as currency forward contracts. For the positions at year-end we refer to the investment table under Note 7.

Investments in which the Company holds more than 20% but less than 50% voting rights, are accounted for as venture capital investments and are designated at fair value through profit or loss in accordance with the exemption included in IAS 28 Investments in Associates and IAS 39 Financial Instruments: Recognition and Measurement.

Financial assets and financial liabilities at fair value through profit or loss are initially recorded at their fair value (corresponding to their cost) and are subsequently measured at their fair value. Transactions are recognized on the trade date.

The fair value of investments that are traded in an active financial market is determined by reference to quoted market prices at the close of business on the balance sheet date.

All realized and unrealized gains and losses including foreign exchange gains and losses on financial assets and financial liabilities at fair value through profit or loss are recognized in profit or loss. The realized and unrealized gains and losses are calculated based on the weighted average cost formula.

3.5. Cash and cash equivalents

Cash and cash equivalents include cash at banks and short-term deposits with an original maturity of up to three months.

3.6. Dividend income

Dividend income is recognized in profit or loss on the date the Company's right to receive payments is established and recorded net of withholding tax when applicable. For quoted equity securities the date usually equals the ex-dividend date.

3.7. Income taxes

Alpine Select AG has the status of a holding company in the Canton of Zug and as such benefits from the participation exemption at federal level on income from dividends, stock dividends and capital gains and from the complete exemption at cantonal and communal level. For federal tax purposes, the Company is subject to income tax at a rate of 7.84% (based on the profit before tax) on income which does not qualify for the participation exemption.

3.8. Treasury shares

Own shares of the Company are designated as treasury shares. Treasury shares are presented in the statement of financial position as a deduction from equity. The acquisition of treasury shares is presented as a change in equity. Gains or losses on the sale, issuance or cancellation of treasury shares are recognized in equity.

4. Subsidiaries

Since 2005 the Company held a 100% interest in Sumara AG, Zug (Switzerland). Effective 1 January 2012, Sumara AG was merged by absorption into Alpine Select AG.

5. Operating segments

IFRS 8 requires entities to define operating segments and segment performance in the financial statements based on information used by the «Chief operating decision-maker». The Board of Directors is considered to be the «Chief operating decision-maker». An operating segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other operating segments. The Company invests in securities, quoted or non-quoted, of Swiss and foreign corporations, taking advantage of significant transactional events such as spin-offs, acquisitions, mergers, carve-outs and recapitalizations.

The investment strategy and the Company's performance are evaluated on an overall basis and are not based on specific markets or industries. Thus the Company operates as one segment.

6. Financial risk management

The Company maintains various positions of derivative and non-derivative financial instruments in accordance with the Company's investment policy. The investment policy of the Company allows investing in securities, quoted or non-quoted, of Swiss and foreign corporations, taking advantage of significant transactional events such as spin-offs, acquisitions, mergers, carve-outs and recapitalizations. The Company will actively pursue investment opportunities in which it believes its involvement will become a success factor for the investee and the Company.

The Company's investment portfolio mainly comprises quoted securities. Its investments are denominated in Swiss Francs, US Dollar and Euro. The investments held in foreign currencies may expose the Company in a certain degree to a currency exposure risk. To manage the foreign currency risk the Company uses foreign currency forward contracts.

The Company's investment policy and activities involve exposure to various market and price risks and degrees thereof. The Company manages and limits these risks by diversification among markets, instruments and investments as well as through the use of trading limits. The Company's portfolio is reviewed and managed on a daily basis. Based on the SIX Swiss Exchange requirements for investment companies the Company calculates and publishes the net asset value weekly.

The following attempts to summarize the nature of the principal risks associated with the instruments and markets in which the Company invests; however it does not represent a comprehensive review of all risks associated with the Company's activities.

The Board of Directors regularly reviews and agrees policies for managing these risks which are summarized below.

Equity price risk / concentration risk: Equity price risk is the risk of potential adverse change to the value of financial instruments because of changes in market conditions. Although the Company will attempt to mitigate risks associated with market fluctuations and investment concentrations, it is possible that at any given time significant concentrations of investments may be made in markets and/or individual investments, including other investment companies, which might be both illiquid and volatile. Accordingly, risks exist that the Company might not be in a position to readily dispose of its holding in such markets or investments when it chooses to do so and also that the prices achieved on disposal are different from those reported in the Company's statement of financial position.

The Company is exposed to the price risk of its investments which are listed in European stock exchanges. Some of the equity investments in which the Company invests, directly or indirectly, are subject to the risks inherent to their respective industries. In addition, market liquidity is limited for certain of these investments. The Company attempts to minimize such risks.

The Company is listed on the SIX Swiss Exchange as Investment Company. For the calculation of a meaningful sensitivity analysis for the Company's portfolio in respect of the price risk, the Company has therefore chosen the IGSP Investment Index of the SIX Swiss Exchange being an index that is composed by and calculated based on its members. The volatility of the IGSP Investment Index for the 5 years period until 31 December 2012 is 18.04% (standard deviation) and 18.09% (standard deviation) for the 5 years period until 31 December 2011.

If – in the year under review – the IGSP Investment Index would have increased by a yearly standard deviation of 18.04%, the positive impact on the Company's result before tax would have been CHF 31.5 million (2011: CHF 28.7 million). An equal but opposite change would have resulted in an equal but opposite impact on the Company's result before tax.

Credit risk: Financial assets that potentially expose the Company in 2012 to credit risk mainly consist of Cash and cash equivalents, the four CLO-investments, Derivatives and Other current assets. In 2011 the exposure to credit risk also comprised the bonds Triple ICE KI Bank Julius Baer that has been sold in 2012. The Company's exposure to credit risk is limited to the carrying value of these assets as reported in the Company's statement of financial position and in the investment table respectively being approx. CHF 28.8 million as at 31 December 2012 and approx. CHF 59.5 million as at 31 December 2011.

The four CLO-investments in Atrium V Ltd., ING Investment Management CLO, Stone Tower CLO VI LTD and the Var. Obl. Stone Tower CLO VII of total CHF 7.2 million as per 31 December 2012 (2011: CHF 5.6 million) represent 4.2% (2011: 3.5%) of the total Long Positions in the Company's investment table. The CLO-investments offer the Company the opportunity to invest in diversified portfolios of below investment grade debt obligations. The intrinsic investments are primarily in floating rate leveraged loans, senior secured bonds and synthetic securities and partly in unsecured high yield bonds. A high portion of the investments of the CLO's are debt financed, allowing a high leverage to the investors. The assets are diversified to mitigate single credit or industry risk to the Company.

Liquidity risk: The liquidity risk is defined as the risk that the Company could not be able to settle or meet its obligations on time or at a reasonable price. The Company's liquidity risk is managed on a daily basis by the Company's management and is monitored on a weekly basis by the Board of Directors. The Company›s financial liabilities are small and usually mature in the next 12 months. Nevertheless it is the Company's policy to have 100% of the anticipated payables for the next 12 months available in cash and cash equivalents and readily available credit lines.

The liquidity risk is considered to be low since there are no material liabilities.

The following table summarizes the maturity profile of the Company's financial liabilities for the year ended 31 December 2012 and 2011 based on contractual and undiscounted payments:

in TCHF	On demand	Less than 3 months	3 to 12 months	Total
31 December 2012				
Financial assets / (liabilities) at fair value through profit or loss				
– Forward exchange contracts, settled gross	0	3'921	0	3'921
– of which: inflow	*0*	*107'277*	*0*	*107'277*
– of which: outflow	*0*	*(103'356)*	*0*	*(103'356)*
Accounts payable and accrued liabilities	0	(45)	(203)	(248)
Inflow (Outflow) net	**0**	**3'876**	**(203)**	**3'673**
31 December 2011				
Financial assets / (liabilities) at fair value through profit or loss				
– Forward exchange contracts, settled gross	0	(10'907)	0	(10'907)
– of which: inflow	*0*	*138'521*	*0*	*138'521*
– of which: outflow	*0*	*(149'428)*	*0*	*(149'428)*
Accounts payable and accrued liabilities	0	(66)	(112)	(178)
Inflow (Outflow) net	**0**	**(10'973)**	**(112)**	**(11'085)**

The amounts to be paid approximate the amounts stated above due to the short-term nature of the liabilities and due to limited differences in underlying foreign exchange rates. The current tax liability of TCHF 0 (2011: TCHF 1'150) is not included since it is not regarded as a financial liability.

Interest rate risk: The majority of the Company's financial assets and liabilities are non-interest-bearing. Interest-bearing are mainly the positions Cash and cash equivalents, Bonds and to a certain extent the Long/Short Leverage Certificate IK 1. Interest-bearing financial assets and financial liabilities mature in the short-term. Therefore, the Company's exposure to fair value interest rate risk due to fluctuations in the prevailing market interest rates is limited.

The Company's interest rate risk positions are monitored on a regular basis by the Company's management. Changes in interest rates are therefore not expected to significantly impact the Company's results of operations.

An increase of 100 basis points in short-term interest rates as at the reporting date would have increased the result before tax by CHF 0.2 million (2011: CHF 0.5 million). A decrease of 100 basis points would have resulted in an opposite and proportional effect.

Currency risk: The Company may enter from time to time into transactions denominated in currencies other than the Swiss Franc. Consequently, the Company is exposed to the risk that the exchange rate of foreign currencies against the Swiss Franc may change in a manner that will adversely impact the Company's results of operations and/or net assets.

The Company seeks to mitigate the currency risk on the foreign currency net exposures by putting short-term currency forward contracts in place.

The following table summarises the components of the Company's financial assets and financial liabilities at fair value through profit or loss that are exposed to foreign currency risk.

in TCHF	Cash and cash equivalents	Currency forwards	Other financial ass./liab. at fair value through profit or loss	Net exposure
31 December 2012				
– US Dollar	47	(95'997)	95'898	(52)
– Euro	55	(7'359)	3'590	(3'714)
Total	**102**	**(103'356)**	**99'488**	**(3'766)**
31 December 2011				
– US Dollar	458	(139'728)	86'148	(53'122)
– Euro	9	(9'700)	4'986	(4'705)
Total	**467**	**(149'428)**	**91'134**	**(57'827)**

The following table sets out the Company's net exposure to changes in foreign currencies of its financial assets and financial liabilities designated at fair value through profit or loss for the year ended 31 December.

in TCHF	**2012**		**2011**	
	Currency change in %	Gain / (loss)	Currency change in %	Gain / (loss)
CHF to (strengthen) versus the US Dollar	(5.0%)	3	(5.0%)	2'656
CHF to (strengthen) versus the Euro	(5.0%)	186	(5.0%)	235
Net gain		**189**		**2'891**

If – at 31 December 2012 – had the Swiss Franc continued to strengthen versus the Euro and the US Dollar by 5% by keeping all other variables constant, the effect on the Company's net profit before tax and equity in the year under review would have been a gain of TCHF 189 (2011: gain of TCHF 2'891). An adverse change of the Swiss Franc for both foreign currencies would have resulted in an equal but opposite effect for 2012 and 2011.

The Company's currency risk positions are monitored on a regular basis by the Company's management.

Other risks: Some of the companies in which the Company invests, directly or indirectly, are subject to the risks inherent to their respective industries. In addition, established markets do not exist for certain of these holdings and, therefore, they must be considered illiquid. The Company attempts to minimize such risks by performing extensive investment research.

Risk assessment disclosure required by Swiss Law: The risk assessment process of the Company ensures both, the early recognition and analysis of risks as well as the possibility to take corresponding measures. Management evaluates and analyses potential risks of the Company on the probability of coming into effect and the possible impact on the financial statements based on periodic and systematic identification of such risks.

The Board of Directors has decided on measures that should enable the Company to reduce risks of material misstatements regarding financial statements or accounting processes. Residual risks are monitored and periodically, at least on a yearly basis, reported to and discussed by the Board of Directors.

Fair values: The following table shows a comparison by category of carrying amounts and fair values of the Company's financial instruments.

in TCHF	2012		2011	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at fair value through profit or loss				
Financial assets at fair value through profit or loss – trading				
– current	3'942	3'942	2'082	2'082
– non-current	174'819	174'819	158'565	158'565
Loans and receivables				
– Cash and cash equivalents	14'070	14'070	46'732	46'732
– Other current assets	49	49	185	185
Financial liabilities at fair value through profit or loss				
Financial liabilities at fair value through profit or loss – trading				
– current	21	21	12'989	12'989
– non-current	0	0	0	0
Financial liabilities at amortized cost				
Accounts payable and accrued liabilities	248	248	178	178

Market values have been used to determine the fair value of listed financial assets and financial liabilities designated at fair value through profit or loss. The carrying amounts of Cash and cash equivalents, Other current assets and Accounts payable and accrued liabilities approximate the fair value due to the short-term nature of these positions.

Capital management: The Company's capital is represented by the net assets as set out in the table below.

in TCHF	2012	2011
Current assets	18'061	48'999
Non-current assets	174'819	158'572
Total assets	**192'880**	**207'571**
Current liabilities	(269)	(14'317)
Non-current liabilities	(600)	(503)
Total liabilities	**(869)**	**(14'820)**
Net assets	**192'011**	**192'751**

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Company's objective is to invest in a diversified portfolio of listed equity investments, corporate debt, commercial paper, derivatives and short sales in order to provide the shareholders with «above average returns» through both, capital growth and income.

The Company manages its capital structure and makes adjustments to it if the economic conditions change. To maintain or adjust the capital structure, the Company may return capital to shareholders or issue new shares. During the year under review the Company purchased treasury shares in the amount of CHF 5.0 million (2011: CHF 2.1 million). Further reference is made to Note 9.

The Company monitors and reports its net asset value on a weekly basis.

7. Financial assets and financial liabilities at fair value through profit or loss – trading

The financial assets and financial liabilities at fair value through profit or loss consist of the following:

in TCHF	2012	2011
Financial assets at fair value through profit or loss - trading		
Positive fair value of currency forward contracts	3'942	2'082
Financial assets held for trading – Trading securities	171'229	158'565
Financial assets held for trading – Trading options	3'590	0
Total	**178'761**	**160'647**
– current	3'942	2'082
– non-current	174'819	158'565
Financial liabilities at fair value through profit or loss - trading		
Negative fair value of currency forward contracts	21	12'989
Total	**21**	**12'989**
– current	21	12'989
– non-current	0	0

The following table analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data.

in TCHF	Level 1	Level 2	Level 3	Total
31 December 2012				
Positive fair value of currency forward contracts	0	3'942	0	3'942
Financial assets held for trading – Trading securities	164'054	7'175	0	171'229
Financial assets held for trading – Trading options	0	3'590	0	3'590
Negative fair value of currency forward contracts	0	(21)	0	(21)
Total	**164'054**	**14'686**	**0**	**178'740**
31 December 2011				
Positive fair value of currency forward contracts	0	2'082	0	2'082
Financial assets held for trading – Trading securities	152'969	5'596	0	158'565
Negative fair value of currency forward contracts	0	(12'989)	0	(12'989)
Total	**152'969**	**(5'311)**	**0**	**147'658**

Further details are shown in the investment table on the following pages.

Investment table as of 31 December 2012

in TCHF	Number of shares at 1 January 2012	Fair value at 1 January 2012	Additions	Reductions
			For the period	
LONG POSITIONS				
Absolute Invest AG	2'266'717	80'545	15'459	(10'982)
AIRE GmbH & Co. KGaA	429'272	4'986	4'983	(16'156)
American Capital		0	5'467	
Atrium V Ltd.	1'500	1'276		
Bank Sarasin & Cie AG		0	6'905	(7'192)
Castle Private Equity		0	447	(516)
HBM Healthcare Inv. AG[2]	752'357	30'059	13'822	(5'428)
Highland Financial Partners LP	600'000	0		
ING Investment Management CLO	2'000	1'571		
Invisa Inc.	26'000	7		
Peoples Choice Financial Corporation	70'800	0		
Prime New Energy AG (in liquidation)	210'492	0		
Prokmu Invest AG	57'350	0		
Schaffner Holding AG	141'814	32'475	2'821	(4'487)
Shape Capital Ltd		0	155	
Stone Tower CLO VI Ltd	2'000	1'441		
Vitafort International Corporation	317'543	0		
Var. Obl. Stone Tower CLO VII	2'000'000	1'308		
9.0 % Triple ICE KI Bank Julius Baer	5'000'000	4'897		(5'000)
Total Long Positions		**158'565**	**50'059**	**(49'761)**
of which gains				
of which gains from second line trades				
of which losses				
of which losses from second line trades				

[1] Unrealized gains / (losses) also include reversed unrealized gains / (losses) from prior year.

[2] Formerly: HBM Bioventures AG

	Realized gains/(losses) net of FX	Realized FX gains/(losses)	Unrealized gains/(losses) net of FX 1)	Unrealized FX gains/(losses) 1)	Fair value at 31 December 2012	Number of shares at 31 December 2012	Stock price (closing) in local currency at 31 December 2012		Dividends received
	1 January to 31 December 2012								
	877	(583)	(932)	(1'168)	83'216	2'395'553	USD	38	
	(1'809)	(3'713)	8'146	3'563	0	0			
			125	(90)	5'502	500'000	USD	12	
			373	(29)	1'620	1'500	USD	1'180	465
	287				0	0			
	69				0	0			
	259		5'205		43'917	946'454	CHF	46	
					0	600'000	USD	0	
			335	(39)	1'867	2'000	USD	1'020	745
			1	(3)	5	26'000	USD	0	
					0	70'800	USD	0	
			126		126	210'492	CHF	1	
					0	57'350	CHF	0	
	281		26		31'116	134'706	CHF	231	621
			17		172	1'187	CHF	146	
			622	(39)	2'024	2'000	USD	1'105	755
					0	317'543	USD	0	
			392	(36)	1'664	2'000'000	USD	91	
			103		0	0			
	(36)	**(4'296)**	**14'539**	**2'159**	**171'229**				**2'586**
	999	0	15'471	3'562					
	931	0	0	0					
	(1'948)	(3'723)	(932)	(1'403)					
	(18)	(573)	0	0					

Investment table as of 31 December 2012

in TCHF	Number of shares at 1 January 2012	Fair value at 1 January 2012	Additions	Reductions
			For the period	
TRADING OPTIONS				
FX-OTC-E-Option (Call USD / Put CHF; Strike: 1.00)		0	29	(170)
Long/Short Leverage Certificate IK 1		0	6'038	(3'554)
Total Trading Options		**0**	**6'067**	**(3'724)**
of which gains				
of which losses				
of which assets		0		
of which liabilities		0		
CURRENCY FORWARDS				
Currency Forwards CHF/USD; USD/CHF		(10'840)		
Currency Forwards CHF/EUR; EUR/CHF		(67)		
Total Currency Forwards		**(10'907)**	**0**	**0**
of which gains				
of which losses				
of which assets		2'082		
of which liabilities		(12'989)		

[1] Unrealized gains / (losses) also include reversed unrealized gains / (losses) from prior year.

Realized gains/(losses) net of FX	Realized FX gains/(losses)	Unrealized gains/(losses) net of FX [1)]	Unrealized FX gains/(losses) [1)]	Fair value at 31 December 2012	Number of shares at 31 December 2012	Stock price (closing) in local currency at 31 December 2012	Dividends received
1 January to 31 December 2012							
141				0	0		
498	37	558	13	3'590	25'000	EUR 119	
639	**37**	**558**	**13**	**3'590**			**0**
639	37	558	13				
0	0	0	0				
				3'590			
				0			
	(13'196)		14'782	3'942			
	(152)		46	(21)			
0	**(13'348)**	**0**	**14'828**	**3'921**			**0**
0	4'837	0	16'931				
0	(18'185)	0	(2'103)				
				3'942			
				(21)			

Investment table as of 31 December 2011

in TCHF	Number of shares at 1 January 2011	Fair value at 1 January 2011	Additions	Reductions
			For the period ………………………………	
LONG POSITIONS				
Absolute Invest AG	1'990'807	70'513	46'380	(37'481)
Absolute Private Equity AG	2'257'744	30'725	61'489	(103'804)
AIRE GmbH & Co. KGaA	350'000	4'152	898	
Atrium V Ltd.	1'500	950		
BB Biotech AG	18'000	1'112		(1'150)
HBM Bioventures AG	246'574	10'482	26'742	(3'786)
Highland Financial Partners LP	600'000	0		
ING Investment Management CLO	2'000	1'491		
Invisa Inc.[2]	130'000	1		
Orior AG	70'000	3'822		(3'848)
Peoples Choice Financial Corporation	70'800	0		
Prime New Energy AG (in liquidation)	210'492	21		
Prokmu Invest AG	57'350	0		
Schaffner Holding AG	134'914	40'069	12'888	(13'393)
Stone Tower CLO VI Ltd	2'000	1'287		
Vitafort International Corporation	317'543	0		
Var. Obl. Stone Tower CLO VII	2'000'000	1'043		
8.5 % Triple ICE KI Bank Julius Baer	5'000'000	5'073		(5'005)
9.0 % Triple ICE KI Bank Julius Baer		0	5'000	
Total Long Positions		**170'741**	**153'397**	**(168'467)**
of which gains				
of which gains from second line trades				
of which losses				
of which losses from second line trades				

[1] Unrealized gains / (losses) also include reversed unrealized gains / (losses) from prior year.

[2] Reverse split 5:1

	Realized gains/(losses) net of FX	Realized FX gains/(losses)	Unrealized gains/(losses) net of FX[1)]	Unrealized FX gains/(losses)[1)]	Fair value at 31 December 2011	Number of shares at 31 December 2011	Stock price (closing) in local currency at 31 December 2011		Dividends received
	1 January to 31 December 2011								
	4'958	(5'853)	(4'507)	6'535	80'545	2'266'717	USD	38	7'978
	20'810	791	(12'157)	2'146	0	0			
			315	(379)	4'986	429'272	EUR	10	
			322	4	1'276	1'500	USD	910	550
	69		(31)		0	0			
	(125)		(3'254)		30'059	752'357	CHF	40	
					0	600'000	USD	0	
			74	6	1'571	2'000	USD	840	563
			6		7	26'000	USD	0	
	488		(462)		0	0			38
					0	70'800	USD	0	
			(21)		0	210'492	CHF	0	
					0	57'350	CHF	0	
	4'442		(11'531)		32'475	141'814	CHF	229	595
			148	6	1'441	2'000	USD	770	700
					0	317'543	USD	0	
			260	5	1'308	2'000'000	USD	70	
	5		(73)		0	0			
			(103)		4'897	5'000'000	CHF	98	
	30'647	**(5'062)**	**(31'014)**	**8'323**	**158'565**				**10'424**
	25'905	1'548	1'123	8'702					
	4'952	0	0	0					
	(105)	(834)	(32'137)	(379)					
	(105)	(5'776)	0	0					

Investment table as of 31 December 2011

in TCHF	Number of shares at 1 January 2011	Fair value at 1 January 2011	Additions	Reductions
			For the period	
TRADING OPTIONS				
FX-OTC-E-Option (Call EUR / Put CHF; Strike: 1.35)	(5'000'000)	(1)		
FX-OTC-E-Option (Call EUR / Put CHF; Strike: 1.32)				(91)
Total Trading Options		**(1)**	**0**	**(91)**
of which gains				
of which losses				
of which assets		0		
of which liabilities		(1)		
CURRENCY FORWARDS				
Currency Forwards CHF/USD; USD/CHF		4'258		
Currency Forwards CHF/EUR; EUR/CHF		221		
Total Currency Forwards		**4'479**	**0**	**0**
of which gains				
of which losses				
of which assets		4'479		
of which liabilities		0		

[1] Unrealized gains / (losses) also include reversed unrealized gains / (losses) from prior year.

Realized gains/(losses) net of FX	Realized FX gains/(losses)	Unrealized gains/(losses) net of FX [1]	Unrealized FX gains/(losses) [1]	Fair value at 31 December 2011	Number of shares at 31 December 2011	Stock price (closing) in local currency at 31 December 2011	Dividends received
1 January to 31 December 2011							
117		(116)		0	0	0	
91				0	0	0	
208	**0**	**(116)**	**0**	**0**			**0**
208	0	0	0				
0	0	(116)	0				
				0			
				0			
	12'980		(15'099)	(10'840)			
	221		(287)	(67)			
0	**13‘201**	**0**	**(15‘386)**	**(10‘907)**			**0**
0	23'253	0	2'093				
0	(10'052)	0	(17'479)				
				2'082			
				(12'989)			

8. Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are disclosed net in the statement of financial position. Deferred tax liabilities result from valuation differences of financial assets and financial liabilities at fair value through profit or loss – trading. Deferred tax assets are recognized for tax losses carried-forward to an extent to which the realization of the related tax benefit is probable through future taxable profits.

The movements of deferred tax assets and liabilities were as follows:

in TCHF	Fin. assets at fair value through profit or loss	Capitalized tax losses carried forward	Deferred tax (liabilities) / assets, net
Balance at 1 January 2011	**(2‘809)**	**2‘121**	**(688)**
Deferred tax income / (expense)	2‘264	(2‘079)	185
Balance at 31 December 2011	**(545)**	**42**	**(503)**
Deferred tax expense	(55)	(42)	(97)
Balance at 31 December 2012	**(600)**	**0**	**(600)**

Deferred tax assets and deferred tax liabilities are netted in case there is a legally enforceable right and the deferred income taxes relate to the same fiscal authority. Provisions for deferred taxes are calculated in accordance with the liability method using a tax rate of 7.84% (based on the result before tax).

As of 31 December 2012 the Company has no tax losses carried-forward. As of 31 December 2011 the tax losses carried-forward amounted to approx. CHF 19.0 million of which CHF 18.5 million were unrecorded. Due to the merger of Sumara AG into Alpine Select AG (merger by absorption) all remaining tax loss carry-forwards of Alpine Select AG were consumed.

9. Share capital and treasury shares

Share capital: Unchanged to prior year the share capital of the Company is CHF 251'184.30 as of 31 December 2012 consisting of 12'559'215 fully paid-in registered shares with a nominal value of CHF 0.02 each. No preferential or similar rights exist. Each share has one vote and all shares are equally entitled to dividends. There are no voting right restrictions. The Company does not have participation certificates.

Re-purchase program 2 (extended until February 2011): In July 2009 the Company started a share re-purchase program (re-purchase program 2) under which 316'926 treasury shares were re-purchased until 31 December 2009 at an average price of CHF 12.33 per share. The total purchase costs of TCHF 3'964 include transaction costs of TCHF 57. The income tax effect on transaction costs amounts to TCHF 4 applying the tax rate of 7.8%. During the year 2010 the Company acquired another 346'306 treasury shares at an average price of CHF 13.05 per share under the continued re-purchase program 2 for a total amount of TCHF 4'558 including transaction costs of TCHF 37. The income tax effect on transaction costs as per 31 December 2010 amounts to TCHF 3 applying the tax rate of 7.8%. In February 2011, the Company acquired another 56'000 treasury shares at an average price of CHF 17.52 per share under the continued re-purchase program 2 for a total amount of TCHF 981.

Since July 2009, when the re-purchase program 2 was started, until 30 June 2011, a total of 719'232 treasury shares (5.4165% of the outstanding share capital) were acquired for a total amount of TCHF 9'409 including transaction costs of total TCHF 94. The total income tax effect on transaction costs as per 30 June 2011 amounts to TCHF 7 applying the tax rate of 7.8%. All 719'232 treasury shares were cancelled as per 30 June 2011 (registration date of the capital decrease in the Register of Commerce of the Canton of Zug) when the share capital of the Company was reduced.

Re-purchase program 3: The Annual Shareholders' Meeting held on 18 April 2011 entitled the Company's Board of Directors to start a new re-purchase program and to re-purchase a maximum of 1'255'921 treasury shares being 10% of the Company's nominal share capital. The re-purchase program 3 was started in October 2011. During the period October 2011 until 31 December 2011, the Company acquired 70'000 treasury shares at an average price of CHF 15.42 per share for a total amount of TCHF 1'102 including transaction costs of TCHF 23. The income tax effect on transaction costs amounts to TCHF 2 as per 31 December 2011 applying the tax rate of 7.8%. The Annual Shareholders' Meeting held on 18 April 2012 entitled the Company's Board of Directors to continue the re-purchase program 3 that was started in October 2011. During the year ended 31 December 2012 the Company acquired another 311'261 treasury shares under the continued re-purchase program at an average price of CHF 16.05 per share for a total amount of TCHF 4'995.

Since October 2011, when the re-purchase program 3 was started, until 31 December 2012 a total of 381'261 treasury shares (3.0357% of the outstanding share capital) were acquired for a total amount of TCHF 6'097 including transaction costs of total TCHF 23. The total income tax effect on transaction costs as per 31 December 2012 amounts to TCHF 2 applying the tax rate of 7.8%.

Treasury shares / sale of treasury shares: As per 31 December 2012 the Company held 381'261 treasury shares (2011: 70'000 treasury shares). After considering the deduction of 381'261 treasury shares, 12'177'954 shares were outstanding as of 31 December 2012 (31 December 2011: 12'489'215 outstanding shares).

No treasury shares were sold during the years ended 31 December 2012 and 2011.

Conditional share capital: The Company's share capital could be increased by an amount not exceeding CHF 125'592.14 through the issue of a maximum of 6'279'607 registered shares to be fully paid-in with a nominal value of CHF 0.02 each through the exercise of conversion or option rights in connection with bonds or similar instruments that may be issued by the Company or through the exercise of option rights granted to shareholders.

10. Gain on financial assets and financial liabilities at fair value through profit or loss, net – trading

in TCHF	2012	2011
Financial assets held for trading: Trading Securities		
Realized gains – Trading securities	999	25'905
Realized gains – Trading securities (second trading line)	931	4'952
Realized losses – Trading securities	(1'948)	(105)
Realized losses – Trading securities (second trading line)	(18)	(105)
Net realized currency losses – Trading securities	(4'296)	(5'062)
Net realized – Trading Securities	**(4'332)**	**25'585**
Unrealized gains – Trading securities	15'471	1'123
Unrealized losses – Trading securities	(932)	(32'137)
Net unrealized currency gains – Trading securities	2'159	8'323
Net unrealized – Trading Securities	**16'698**	**(22'691)**
Financial assets/liabilities held for trading: Trading Options		
Realized gains – Trading options	639	208
Realized currency gains – Trading options	37	0
Net realized – Trading Options	**676**	**208**
Unrealized gains – Trading options	558	0
Unrealized losses – Trading options	0	(116)
Unrealized currency gains – Trading options	13	0
Net unrealized – Trading Options	**571**	**(116)**
Financial assets/liabilities held for trading: Currency Forwards		
Realized gains – Currency forwards	4'837	23'253
Realized losses – Currency forwards	(18'185)	(10'052)
Net realized – Currency Forwards	**(13'348)**	**13'201**
Unrealized gains – Currency forwards	16'931	2'093
Unrealized losses – Currency forwards	(2'103)	(17'479)
Net unrealized – Currency Forwards	**14'828**	**(15'386)**
Gain on financial assets and financial liabilities at fair value through profit or loss, net – trading	**15'093**	**801**

11. General and administrative expenses

in TCHF	2012	2011
Personnel expenses incl. social costs	(361)	(428)
Legal, accounting and auditing fees	(899)	(333)
Other office expenses	(265)	(495)
General and administrative expenses	**(1‘525)**	**(1‘256)**

The increase in Legal, consulting and accounting fees in 2012 relates to the costs that arose in connection with the planned merger of Alpine Select AG and Absolute Invest AG. The merger was stopped in September 2012.

12. Employee benefits

For the one employee of the Company, no defined benefit plans or post-retirement schemes exist as per 31 December 2012 and therefore no further disclosures are provided.

13. Tax income / (expense)

in TCHF	2012	2011
Current tax expense	0	(1‘152)
Tax income from prior years	148	0
Deferred tax (expense) / income	(97)	185
Tax income / (expense)	**51**	**(967)**

As per 31 December 2012 no current income tax expense was recognized (2011: income tax expense of TCHF 1’152 including TCHF 2 for income tax on transaction costs for the acquisition of treasury shares). Deferred tax income and expense is presented on a net basis.

Tax reconciliation:

in TCHF	2012	2011
Net profit before tax	16'382	9'933
Company's statutory income tax rate	7.84%	7.84%
Tax expense using the Company's statutory income tax rate	(1'284)	(779)
Effect of income exempt from tax	280	407
Utilisation of previously unrecognized tax losses	907	0
Tax effect of tax losses for which no deferred income tax asset was recognized	0	(595)
Prior year adjustments	148	0
Tax income / (expense)	**51**	**(967)**
Effective tax rate on the net profit before tax	-0.3%	9.7%

14. Earnings per share

	2012	2011
Net profit of the year in TCHF as per the statement of comprehensive income	16'433	8'966
Weighted average number of outstanding shares	12'218'752	12'557'482
Earnings per share in CHF (basic and diluted)	**1.34**	**0.71**

15. Net asset value (NAV) per share

The net asset value per share is calculated using the adjusted number of outstanding shares at the end of the statement of financial position date. The net asset value per share at 31 December 2012 is CHF 15.77 (2011: CHF 14.51 when adjusted for the dividend paid out of the capital contribution reserves in April 2012 or CHF 15.43 when unadjusted).

16. Contingencies; commitments

For the presented periods, no contingent liabilities and/or commitments exist.

17. Significant shareholders

To the best knowledge of the Company, the following shareholders held a participation exceeding 3% of the Company's share capital at 31 December.

	2012	2011
Fabrel AG		
Seestrasse 50, 6052 Hergiswil:		
– Number of shares (including 140 shares directly held by Hans Müller)	2'850'140	2'900'140
– Percentage	22.69%	23.09%
Beneficial owner of Fabrel AG is Hans Müller, 6052 Hergiswil		
Trinsic AG		
Artherstrasse 21, 6300 Zug:		
– Number of shares (including 100'000 shares directly held by the beneficial owners of Trinsic AG)	2'403'828	2'425'776
– Percentage	19.14%	19.31%
Beneficial owners of Trinsic AG are Daniel Sauter, 6300 Zug, Regina Sauter, 6300 Zug, Viktoria Sauter, 6300 Zug, Florian Sauter, 6340 Baar, and, partly indirect through Talpas AG, 7502 Bever, Michel Vukotic, 8706 Meilen, Corinne Vukotic, 8706 Meilen, Aline Vukotic, 8706 Meilen, and Fabienne Vukotic, 8706 Meilen		
Hans Hornbacher		
3 Avenue de Grande-Bretagne, 98000 Monte-Carlo, Monaco:		
– Number of shares	415'637	415'637
– Percentage	3.31%	3.31%
Alpine Select AG (treasury shares)		
Bahnhofstrasse 23, 6300 Zug		
– Number of shares	381'261	70'000
– Percentage	3.04%	0.56%

18. Related party transactions

In 2012 the remuneration of the Board of Directors amounts to TCHF 326 (2011: TCHF 387). As of 31 December 2012 one member of the Board of Directors, Hans Müller, owned directly or indirectly more than 3% of the Company‘s shares (2011: two members of the Board of Directors, Daniel Sauter and Hans Müller, owned directly or indirectly more than 3% of the Company‘s shares). Further reference is made to Note 17. In 2011 a commitment fee of TCHF 200 was paid to Fabrel AG, Hergiswil in connection with a standby credit-line to allow Alpine to offer for a large block of shares of Absolute Private Equity AG. The commitment fee is recorded in General and administrative expenses (Note 11). The beneficial owner of Fabrel AG is Hans Müller, Hergiswil.

Since 18 April 2012, Thomas Amstutz is an executive member of the Board of Directors of Alpine Select AG. He is also a member of the Board of Directors of Absolute Invest AG and Castle Private Equity AG. Alpine Select AG may trade with shares of both, Absolute Invest AG and Castle Private Equity AG. Such trades are made through the SIX Swiss Exchange.

Apart from that, there are no other related party transactions to be reported for the years ended 31 December 2012 and 2011.

19. Events after the balance sheet date

These financial statements and the statutory financial statements for the year ended 31 December 2012 were authorized for issue by the Board of Directors on 27 February 2013. The Annual Shareholders' Meeting called for 25 April 2013 will vote on the final approval of these financial statements and the statutory financial statements. There were no significant events to report until this date.

Report of the Independent Auditor to the Annual Shareholders' Meeting on the Financial Statements of Alpine Select AG, Zug

As independent auditor, we have been engaged to audit the accompanying financial statements of Alpine Select AG (pages 24 to 55 of the Annual Report), which comprise the statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes for the year ended 31 December 2012.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards (IFRS) and Article 14 of the Directive on Financial Reporting issued by the SIX Swiss Exchange. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

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

Report of the Independent Auditor to the Annual Shareholders' Meeting on the Financial Statements of Alpine Select AG, Zug

Opinion

In our opinion, the financial statements for the year ended 31 December 2012 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards (IFRS) and comply with article 14 of the Directive on Financial Reporting issued by the SIX Swiss Exchange.

KPMG AG

Marc Ziegler	Alexander Fähndrich
Licensed Audit Expert Auditor in Charge	Licensed Audit Expert

Zurich, 27 February 2013

BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER

in CHF	Notes	2012	2011
ASSETS			
Current assets			
Cash and cash equivalents		14'069'617	6'533'022
Unrealized gains from currency forward contracts, net	3	3'921'290	0
Other current assets		49'383	184'616
Treasury shares	4	6'023'924	1'079'208
Total current assets		**24'064'214**	**7'796'846**
Non-current assets			
Securities	5	167'160'425	78'665'161
Participation	6	0	69'055'306
Furniture and equipment		0	6'719
Total non-current assets		**167'160'425**	**147'727'186**
TOTAL ASSETS		**191'224'639**	**155'524'032**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		247'539	144'357
Unrealized losses from currency forward contracts, net	3	0	4'321'943
Total current liabilities		**247'539**	**4'466'300**
Shareholders' equity			
Share capital	1	251'184	251'184
Legal reserves			
– General reserves		6'711'551	11'706'850
– Reserves from capital contributions	7	64'212'100	76'390'054
– Reserves from capital contributions – not yet approved	7	7'848'486	7'848'486
– Reserves for treasury shares	4	6'074'507	1'079'208
Retained earnings		53'781'950	47'689'898
Net profit of the year		52'097'322	6'092'052
Total shareholders' equity		**190'977'100**	**151'057'732**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**191'224'639**	**155'524'032**

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER

in CHF	Notes	2012	2011
OPERATING INCOME			
Gain on securities, net		12'241'418	4'837'483
Gain / (loss) on derivative financial instruments, net		2'156'595	(906'005)
Dividend income		2'586'366	3'132'000
Gain on merger with Sumara AG	6	36'313'719	0
Interest income		889'472	407'909
Other income		90'608	424'003
Total operating income		**54'278'178**	**7'895'390**
OPERATING EXPENSES			
General and administrative expenses		(1'523'237)	(1'216'287)
Commissions and other bank fees		(586'886)	(523'819)
Depreciation furniture and equipment		(6'719)	(6'692)
Foreign exchange losses, net		(157'741)	(41'503)
Impairment charge on treasury shares	4	(50'583)	0
Interest expenses		(1'775)	(10'442)
Total operating expenses		**(2'326'941)**	**(1'798'743)**
Net profit before tax		**51'951'237**	**6'096'647**
Tax income / (expense)		146'085	(4'595)
Net profit of the year		**52'097'322**	**6'092'052**

1. Share capital

Unchanged to prior year, the fully paid-in share capital of Alpine Select AG (the «Company») amounts to CHF 251'184.30 as per 31 December 2012 and is divided into 12'559'215 registered shares with a nominal value of CHF 0.02 each. No preferential or similar rights exist. Each share has one vote and all shares are equally entitled to dividends. There are no voting right restrictions. The Company does not have participation certificates.

The shares of the Company are listed on the SIX Swiss Exchange and are traded in Swiss Francs (Symbol: ALPN; SSN: 1.919.955; ISIN: CH 0019199550).

2. Conditional share capital

The Company's share capital could be increased by an amount not exceeding CHF 125'592.14 through the issue of a maximum of 6'279'607 registered shares to be fully paid-in with a nominal value of CHF 0.02 each through the exercise of conversion or option rights in connection with bonds or similar instruments that may be issued by the Company or through the exercise of option rights granted to shareholders.

3. Currency forward contracts

Open currency forward contracts are valued at market prices.

4. Treasury shares

The Annual Shareholders' Meeting held on 18 April 2011 entitled the Board of Directors to start a new re-purchase program and to acquire a maximum of 1'255'921 treasury shares being 10% of the Company's nominal share capital. This re-purchase program was started in October 2011 and during the period October to December 2011 the Company acquired 70'000 treasury shares at an average price of CHF 15.42 per share for a total amount of TCHF 1'079.

The Annual Shareholders' Meeting held on 18 April 2012 entitled the Board of Directors to continue the re-purchase program that was started in October 2011. In 2012 the Company acquired another 311'261 treasury shares under the continued re-purchase program at an average price of CHF 16.05 per share for a total amount of TCHF 4'995.

Since October 2011, when the re-purchase program was started, until 31 December 2012 a total of 381'261 treasury shares corresponding to 3.0357% of the outstanding share capital were acquired via the second trading line at the SIX Swiss Exchange for a total amount of TCHF 6'024. The re-purchase program is continued in 2013.

The treasury shares are valued at the lower of cost or market. The changes in treasury shares were as follows:

	Price per share [1]	Number of shares	in CHF
Balance at 31 December 2011		**70'000**	**1'079'208**
Acquisition of treasury shares	16.05	311'261	4'995'299
Impairment charge on treasury shares			(50'583)
Balance at 31 December 2012		**381'261**	**6'023'924**

[1] The price per share reflects the average purchase price

5. Securities

Securities are recorded at the lower of cost or market.

6. Participation

Since 2005 the Company held a 100% interest in Sumara AG, Zug (Switzerland). Effective 1 January 2012, Sumara AG was merged by absorption into Alpine Select AG.

7. Reserves from capital contributions

As a result of the capital contribution principle, a new regulation in Swiss tax law that came into force as per 1 January 2011, the Company has – to the best of its knowledge – identified Reserves from capital contributions of CHF 109'356'970 and re-allocated the components accordingly within shareholders' equity as per 31 December 2010. Federal Tax Authorities (Eidgenössische Steuerverwaltung) approved an amount of CHF 101'508'484 thereof as Reserves from capital contributions in the sense of article 20 of the Federal Tax Law (DBG) but refused to approve the remainder of CHF 7'848'486. Federal Tax Authorities justified the refused approval for the remainder of CHF 7'848'486 by saying that these would have been «costs that arose in connection with the capital increases» and therefore would not qualify as Reserves from capital contributions.

Contrary to the Federal Tax Authorities, the Company is of the opinion that the amount of CHF 7'848'486 qualifies as Reserves from capital contributions and therefore has not reclassified the components within shareholders' equity as per 31 December 2012.

The Company has agreed to the proposal of the Federal Tax Authorities that – should distributions be made out of the Reserves from capital contributions – they would first be deducted from the amount that was approved by Federal Tax Authorities. Should – on a later stage – distributions be planned out of the amount that was not approved by Federal Tax Authorities and should – at that time – the legal situation on which the above difference is based not be finally assessed, the Company would reserve its right to formally appeal the decision of the Federal Tax Authorities then.

8. Significant shareholders

To the best knowledge of the Company the following shareholders held a participation exceeding 3% of the share capital of the Company at 31 December:

	2012	2011
Fabrel AG		
Seestrasse 50, 6052 Hergiswil:		
– Number of shares (including 140 shares directly held by Hans Müller)	2'850'140	2'900'140
– Percentage	22.69%	23.09%
Beneficial owner of Fabrel AG is Hans Müller, 6052 Hergiswil		
Trinsic AG		
Artherstrasse 21, 6300 Zug:		
– Number of shares (including 100'000 shares directly held by the beneficial owners of Trinsic AG)	2'403'828	2'425'776
– Percentage	19.14%	19.31%
Beneficial owners of Trinsic AG are Daniel Sauter, 6300 Zug, Regina Sauter, 6300 Zug, Viktoria Sauter, 6300 Zug, Florian Sauter, 6340 Baar, and, partly indirect through Talpas AG, 7502 Bever, Michel Vukotic, 8706 Meilen, Corinne Vukotic, 8706 Meilen, Aline Vukotic, 8706 Meilen, and Fabienne Vukotic, 8706 Meilen		
Hans Hornbacher		
3 Avenue de Grande-Bretagne, 98000 Monte-Carlo, Monaco:		
– Number of shares	415'637	415'637
– Percentage	3.31%	3.31%
Alpine Select AG (treasury shares)		
Bahnhofstrasse 23, 6300 Zug		
– Number of shares	381'261	70'000
– Percentage	3.04%	0.56%

9. Compensation

Since 2012 the Chairman of the Board of Directors is remunerated with a net amount of CHF 50‘000 per year and the members of the Board of Directors are remunerated with a net amount of CHF 35‘000 per year (2011: CHF 25‘000). Any social costs in connection with the remuneration are born by the Company. The amount of the compensation is not related to any performance or market or any other conditions. The compensation is paid out in cash and the payment is usually made after the Annual Shareholders‘ Meeting.

Members of the Board of Directors who are employed by the Company have waived their board fees and are instead remunerated by a fixed annual salary only. Variations occur due to the workload whilst the amounts remain fixed as per the individual contracts.

The Board of Directors do not have any further rights of compensation for their services rendered to the Company; in particular no shares or options are paid out as Directors’ compensation and no guarantees, loans, advances or credits are granted to members of the Board of Directors.

No loans were granted to or received from members of the Board of Directors. Neither share nor stock option plans exist.

The following table shows the compensation of the members of the Board of Directors:

in CHF	2012	2011
Thomas Amstutz, executive member, Chairman since 18 April 2012	53‘333	0
Daniel Sauter, executive member, Chairman until 18 April 2012	55‘822	181‘128
Hans Müller, member [1]	37‘800	27‘000
Walter Geering, executive member	178‘680	178‘680
Total	**325‘635**	**386‘808**

[1] including 8% value added tax

There were no other payments in 2012 and no other accruals as of 31 December 2012. In 2011 the Company paid a commitment fee of CHF 200‘000 to Fabrel AG, Hergiswil (beneficial owner: Hans Müller) in connection with a standby credit-line that would have allowed the Company to offer for a large block of shares of Absolute Private Equity AG. Apart from that there were no other payments in 2011 and no other accruals as of 31 December 2011.

10. Fire insurance value

Unchanged to prior year, the fire insurance value for Furniture and equipment amounts to CHF 80’000 as per 31 December 2012.

11. Risk management

The risk assessment process of the Company ensures both, the early recognition and analysis of risks as well as the possibility to take corresponding measures. Management evaluates and analyses potential risks of the Company on the probability of coming into effect and the possible impact on the financial statements based on periodic and systematic identification of such risks.

The Board of Directors has decided on measures that should enable the Company to reduce risks of material misstatements regarding financial statement or accounting processes. Residual risks are monitored and periodically, at least on a yearly basis, reported to and discussed by the Board of Directors.

Proposed Appropriation of Available Earnings as of 31 December (Proposal of the Board of Directors)

in CHF	2012	2011
Retained earnings at the beginning of the year	53'781'950	47'689'898
Net profit of the year	52'097'322	6'092'052
Retained earnings at the end of the year	105'879'272	53'781'950
Dissolution of Reserves from capital contributions *)	12'177'954	12'177'954
Available for distribution	**118'057'226**	**65'959'904**
Proposal of the Board of Directors for appropriation of available earnings		
Dividend *)	12'177'954	12'177'954
To be carried forward	105'879'272	53'781'950
	118'057'226	**65'959'904**
Total dividend distribution	12'177'954	12'177'954
– out of Reserves from capital contributions	12'177'954	12'177'954
– out of Other reserves	0	0

*) The proposed dividend is calculated based on all outstanding registered shares less those shares held by the Company (treasury shares) as they are not entitled to a dividend. At the date of declaration of the dividend, the number of shares held by the Company could be different from the amount reported here and therefore the reported dividend sum (as well as the Dissolution of Reserves from capital contributions) may differ as well.

Report of the Statutory Auditor on the Statutory Financial Statements to the Shareholders' Meeting of Alpine Select AG, Zug

As statutory auditor, we have audited the accompanying financial statements of Alpine Select AG, which comprise the balance sheet, income statement and notes (pages 58 to 65 of the Annual Report) for the year ended on 31 December 2012.

Board of Directors' responsibility

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

Auditor's responsibility

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

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

Opinion

In our opinion, the financial statements for the year ended on 31 December 2012 comply with Swiss law and the Company's articles of incorporation.

Report of the Statutory Auditor on the Statutory Financial Statements to the Shareholders' Meeting of Alpine Select AG, Zug

Report on other legal requirements

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

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

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Marc Ziegler	Alexander Fähndrich
Licensed Audit Expert Auditor in Charge	Licensed Audit Expert

Zurich, 27 February 2013

ALPINE SELECT

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