

ALPINE SELECT

ANNUAL
REPORT
2014

Investors' Information

Board of Directors

Raymond J. Baer	Chairman
Thomas Amstutz	Member
Dieter Dubs	Member
Walter Berchtold	Member as of 26 May 2014

Management

Claudia Habermacher	Chief Executive Officer
---------------------	-------------------------

Auditors

KPMG Ltd.
Badenerstrasse 172
8026 Zurich / Switzerland

Alpine Facts

Incorporation date	18 September 1997
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	13,377,954
Custodian	Bank Julius Baer
Management Fees	None
Advisory Fees	CHF 0.7m/annually
Performance Fees	None
Distributions	Out of reserves from capital contributions

Corporate Calendar

<http://www.alpine-select.ch/investors/corporate-calendar.aspx>

Contact

Alpine Select Ltd.
Bahnhofstrasse 23
6300 Zug / Switzerland
T +41 41 720 44 11
investorrelations@alpine-select.ch
<http://www.alpine-select.ch/>

Contents

Key figures	4
Chairman's statement and review of operations	6
Corporate governance	9
Compensation report	25
Report of the statutory auditor on the compensation report	31
Consolidated financial statements	35
Notes to the consolidated financial statements	43
Report of the statutory auditor on the consolidated financial statements	89
Statutory financial statements	93
Notes to the statutory financial statements	97
Proposed appropriation of available earnings	103
Report of the statutory auditor on the financial statements	105

Key Figures*

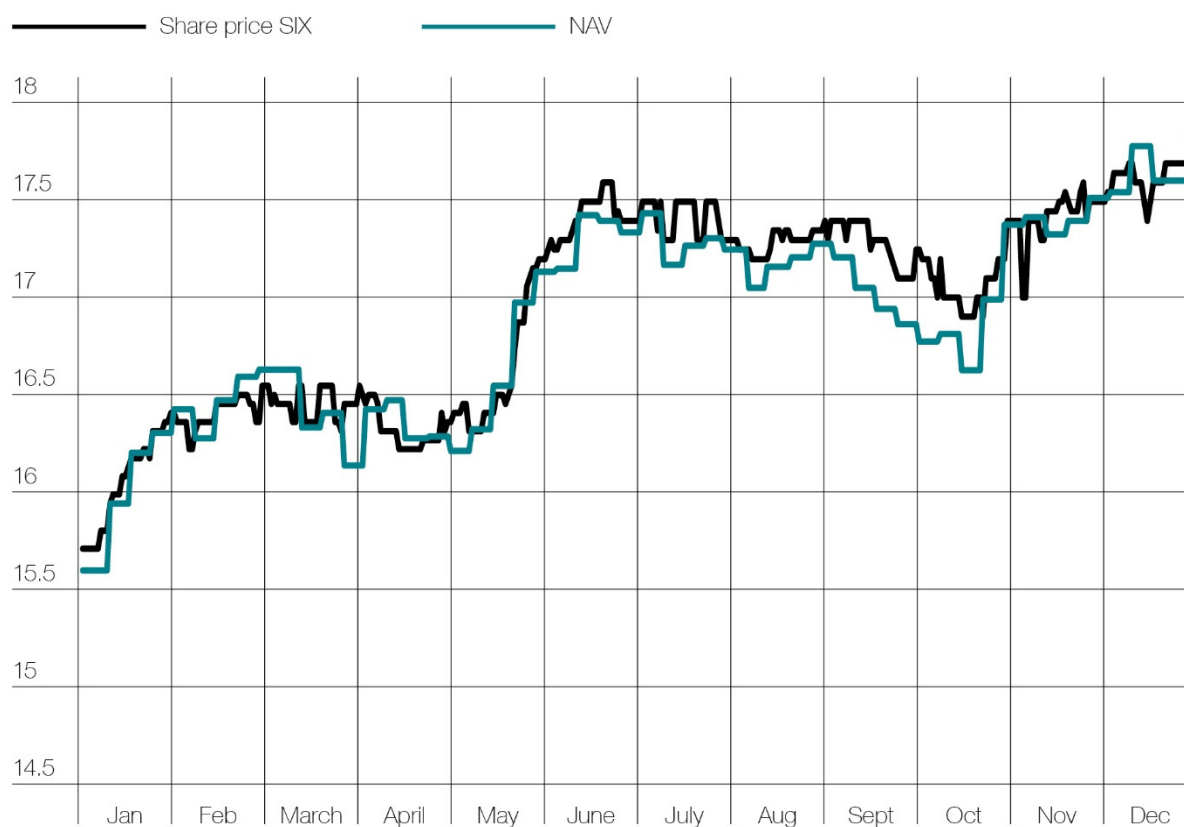
Performance Table

	31 Dec 2014	31 Dec 2013
Share price	17.70	15.69
NAV	17.86	16.02

	High 2014	Low 2014
Share price	17.70	15.69
Premium / (Discount) to NAV	2.86%	-2.41%
NAV	17.86	15.57

12 Months Price-History in CHF for the Year 2014

Daily closing share price and weekly NAV (unconsolidated until April 2014)



Positions as a Percentage of Net Asset Value (NAV) on 31 December 2014

in %	-10	-5	0	5	10	15	20	25	30	35	40
HBM Healthcare Investments Ltd.										36.4	
Altin Ltd.					13.5						
Cheyne CDO I Fund Ltd.				9.8							
Cheyne New Europe Fund L.P.				7.4							
CQS Directional Opp. Feeder Fund Ltd.				6.4							
Other Long Positions								25.2			
Other Hedge Funds Positions				8.2							
Cash and other assets/(liabilities), net		-6.9									

Monthly NAV Performance in % ¹⁾

	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Annual
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	0.0	1.8	-2.7	2.6	0.3	1.4	1.4	-4.9	-2.8	7.2	8.7
2013	1.8	0.2	0.5	-0.7	3.9	-2.1	1.0	-1.2	3.9	3.5	-0.1	1.0	12.2
2014	4.5	1.4	-1.8	0.8 ³⁾	5.8	1.2	-1.1	0.6	-2.2	2.9	0.9	1.6	13.5 ²⁾

¹⁾ The monthly NAV performance as disclosed in above performance table is based on the estimated monthly NAV as published by the Company. The NAV effect of the acquisition and consolidation of Absolute Invest Ltd. is considered from April 2014 on. Published NAVs are not adjusted except for the effect of dividend distributions of Alpine Select Ltd. Effective Year-performance for 2014 was 11.5%.

²⁾ Estimated and effective monthly NAVs may differ. Effective performance for year 2014 was 11.5%.

³⁾ Change to publication of consolidated NAV.

Monthly Share Price Performance in %

	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Annual
2010	-1.2	2.8	2.4	1.5	0.0	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	0.0	-1.9	0.3	5.3
2012	1.0	2.9	4.1	0.6	0.0	0.6	0.9	0.3	-0.6	-0.6	-1.9	1.3	8.8
2013	1.9	-0.3	0.6	0.3	2.0	-1.9	1.6	-1.0	2.9	5.1	0.3	0.0	12.0
2014	4.2	1.2	-0.6	-0.6	5.2	1.2	-0.6	0.3	-1.4	1.8	0.6	1.1	12.8

* All figures are adjusted for the dividend payment in June 2014 out of reserves from capital contributions.

Chairman's Statement and Review of Operations

Dear Shareholders

We are very pleased to inform you of another very successful year. Including the pay-out to shareholders of CHF 1.00, the Net Asset Value («NAV») increased by 11.5% (from CHF 16.02 to CHF 17.86) during 2014. The Alpine share price followed suit and increased by 12.8% (from CHF 15.69 to CHF 17.70). Throughout the year 2014, the shares traded at or near the NAV thereby living up to an important commitment of ours.

HBM Healthcare Investments Ltd. («HBM»), Alpine's largest position in the portfolio, was again the main contributor to the positive result for 2014 by returning an additional unrealized profit of CHF 28.0m. Our continuous effort to motivate the management of HBM to address the unacceptable high discount to its NAV culminated in our motion to abolish voting restrictions at the Company's ordinary general meeting in June 2014. Although our motion was turned down, the management of HBM reiterated its intentions to continue with shareholder friendly measures such as dividend distributions and share buy-backs.

In Altin Ltd. («Altin»), we have found a typical «Alpine Investment Case»: A broadly diversified portfolio of mostly liquid hedge funds, which still trades at an attractive discount to NAV (more than 20% at year-end 2014). We have steadily increased our position and as at 31 December 2014, Alpine holds 602,319 shares or 15.8% of all outstanding Altin shares.

Further visits to Japan have confirmed our constructive positive outlook on Japan. We have increased our Japan allocation from CHF 42.7m to CHF 51.5m in 2014 by investing into two new funds and increasing our allocation to one existing Japan investment. However, during our continued monitoring process of our Japan book, we have also decreased our investment in one manager and redeemed from another.

We had increased our holding in Absolute Invest («ABSI») during 2013 by direct purchases and by a public offering for the remaining shares. As at 31 December 2013, Alpine Select held 98.95% of all outstanding ABSI shares. We completed the integration of the fully acquired ABSI with the squeeze out of the remaining shares and the subsequent delisting of ABSI in June 2014. In order to account for the illiquid nature of the largest holding of the legacy position of ABSI, Cheyne New Europe Fund L.P., we continue to discount the respective NAV with an IRR of 8% of its net present value, given that exits are not expected to commence before the end of 2019.

In summary, we have invested in six new funds during 2014 and redeemed eight funds from the portfolio. For nine positions, we either increased or decreased our allocation. However, allocation to 29 funds remained unchanged during the reporting period, proving our continuous investment strategy and conviction.

The Swiss National Bank announced on 15 January 2015 its decision to discontinue the minimum exchange rate of CHF 1.20 per euro and to lower interest rates. Following this announcement, markets experienced enormous volatility and volumes, not seen for decades. We continue to monitor the situation closely and review any opportunities that might arise from this move. Overall, we managed this period of extreme volatility very prudently. The low volatility of Alpine's NAV is therefore very gratifying.

Chairman's Statement and Review of Operations

The Annual Shareholders' Meeting held on 26 May 2014 elected Walter Berchtold as a new member of the board of directors. In addition, Raymond J. Baer and Dieter Dubs were elected as members of the compensation committee. The shareholders also approved the board's proposal to amend the articles of association, following the Company's early implementation of the Ordinance Against Excessive Compensation and also approved the applications in regards to the maximum compensation to the board and management.

Due to favorably reaching our targeted return, Alpine has paid a dividend of CHF 1.00 to its shareholders for the last two years. As Alpine closed the reporting year with another satisfying performance we propose to keep the dividend for 2014 at CHF 1.00.

On behalf of the board of directors, we would like to thank you for your continued support and trust in our activities.

A handwritten signature in black ink, appearing to be 'R. J. Baer', written in a cursive style.

Raymond J. Baer
Chairman of the Board of Directors

Corporate Governance

1.	Company structure and shareholders	10
2.	Capital structure	11
3.	Board of directors	14
4.	Management	19
5.	Compensation, shareholdings and loans	19
6.	Shareholders' participation	20
7.	Changes in control and defense measures	22
8.	Auditors	22
9.	Information policy	23

1. Company structure and shareholders

1.1. Business

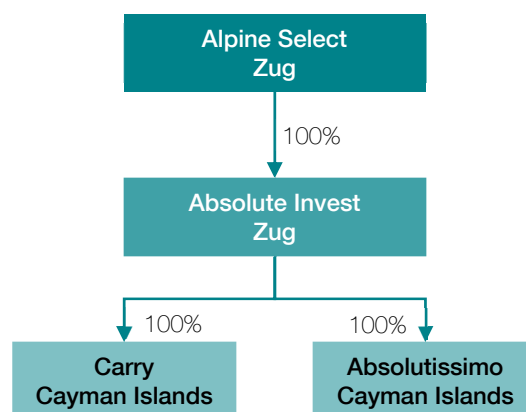
Alpine Select Ltd. (the «Company», «Alpine») offers institutional and individual investors the opportunity to buy into a broad portfolio with core investment strategies focusing on: discount, risk-arbitrage, tactical exploitation of under-researched companies/situations, short-term opportunities and liquid hedge funds.

1.2. Group 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 under the Stock Exchange symbol ALPN, ISIN Code CH0019199550. As at 31 December 2014, market capitalization stood at CHF 236.79 million (2013: CHF 222.07 million).

Absolute Invest Ltd., Zug («Absolute Invest») the consolidated and only subsidiary of the Company holds the subsidiaries Absolutissimo Limited («Absolutissimo») and Carry Ltd. («Carry»), both domiciled in the Cayman Islands. Absolute Invest is a joint stock company with registered offices at c/o Alpine Select Ltd., Bahnhofstrasse 23, Zug, Switzerland. On 11 October 2013 Alpine published a public tender offer to acquire all outstanding publicly owned shares of Absolute Invest. As of 31 December 2013, Alpine held 98.95% of the outstanding Absolute Invest shares. Following the completion of the public tender offer, Alpine requested on 20 December 2013 the cancellation of all outstanding publicly owned shares of Absolute Invest by the competent court.

The integration of the fully acquired Absolute Invest was completed with the squeeze out of the remaining shares and the subsequent delisting of Absolute Invest in June 2014.



1.3. Significant shareholders

The Company received two disclosure notifications of shareholders during 2014: On 7 February 2014, Credit Suisse Group Ltd. reported falling below the 3% threshold and on 26 February 2014, Raymond J. Baer reported exceeding the 5% threshold. An update on shareholdings can be obtained from the SIX Swiss Exchange website: http://www.six-swiss-exchange.com/shares/companies/major_shareholders_en.html?fromDate=%2019980101&issuer=10658.

Thirteen management transactions were reported to the SIX Swiss Exchange in 2014. They can be viewed under the symbol ALPN on the SIX website: http://www.six-swiss-exchange.com/shares/companies/management_transactions_en.html?preloadResults=true&issuerId=10658&fromDate=20140324.

As of 31 December 2014 Alpine had 13,377,954 shares issued and outstanding. The Company has knowledge of the following investors, which held 3% or more of the outstanding shares of Alpine:

	2014	2013
Trinsic Ltd. Artherstrasse 21, 6300 Zug <ul style="list-style-type: none"> • Number of shares, including 170,000 shares (2013: 170,000 shares) directly held by the beneficial owners of Trinsic Ltd. • Percentage Beneficial owners of Trinsic Ltd.: Daniel Sauter, Zug; Regina Barbara Young, Zug; Viktoria Louise Sauter, Zug; Florian Sauter, Zug and, partly indirect through Talpas Ltd., 7502 Bever: Michel Vukotic, Meilen; Corinne Vukotic, Meilen; Aline Vukotic, Meilen and Fabienne Vukotic, Meilen	2,154,300 16.10%	2,284,421 17.08%
Fabrel Ltd. / Hans Müller Seestrasse 50, 6052 Hergiswil <ul style="list-style-type: none"> • Number of shares including 376,140 shares (2013: 376,140 shares) directly held by Hans Müller • Percentage Beneficial owner of Fabrel Ltd. is Hans Müller, Hergiswil	1,351,140 10.10%	1,351,140 10.10%
Raymond J. Baer Goldhaldenstrasse 23, 8702 Zollikon <ul style="list-style-type: none"> • Number of shares • Percentage 	783,708 5.86%	519,764 3.89%
Hans-Ulrich Rihs Eichstrasse 49, 8712 Stäfa <ul style="list-style-type: none"> • Number of shares • Percentage 	570,000 4.26%	597,000 4.46%
Hans Hornbacher Route de Perreret 3, 1134 Vufflens-le-Château <ul style="list-style-type: none"> • Number of shares • Percentage 	445,637 3.33%	445,637 3.33%
Credit Suisse Group Ltd. Paradeplatz 8, 8070 Zürich <ul style="list-style-type: none"> • Number of shares • Percentage 	- -	617,300 4.61%

To the Company's best knowledge, there are no shareholder agreements in place.

1.4. Cross-shareholdings

There are no cross-shareholdings.

2. Capital structure

2.1. Capital

The Company's fully paid-in share capital consists of 13,377,954 registered shares with a nominal value of CHF 0.02 each. The shares are listed in CHF on the SIX Swiss Exchange in Zurich under the Stock Exchange symbol ALPN, ISIN code CH0019199550.

2.2. Authorized and conditional share capital

Authorized share capital

According to article 4a of the Company's articles of association, the board of directors is authorized to increase the share capital by a maximum amount of CHF 121,779.54 at any time until 25 April 2015 by issuing a maximum of 6,088,977 registered shares with a nominal value of CHF 0.02 each to be fully paid in.

Increases by way of firm underwriting and partial increases are permitted. The board of directors shall determine the date of issuance of the new shares, their issue price, the method of payment, the conditions for exercising subscription rights and the date of the dividend entitlement. Upon acquisition, the new registered shares are subject to the transfer restrictions set forth in article 6 of the articles of association.

The board of directors is authorized to exclude the subscription rights of the shareholders and to allocate them to third parties, if the new registered shares are used for a merger with a company, an acquisition of enterprises, parts of enterprises or participations in companies by share exchange, for the financing or re-financing of acquisitions or enterprises, parts of enterprises or participations in companies or new investment projects.

Registered shares for which subscription rights have been granted, but not exercised, are to be sold on the market at market conditions or to be used in the interest of the Company.

Conditional share capital

As of 31 December 2014, the Company's articles of association (art. 4b) foresee that the share capital may be increased by a maximum amount of CHF 121,779.54 by issuing a maximum of 6,088,977 registered shares with a nominal value of CHF 0.02 each to be fully paid in, through the exercise of option and/or conversion rights granted in connection with bonds or similar debt instruments of the Company or its subsidiary, and/or through the exercise of option rights granted to the shareholders.

The respective owners of option and/or conversion rights are entitled to subscribe the new shares. The subscription right of the current shareholder is excluded for such new shares. The board of directors shall determine the option and/or conversion conditions.

The board of directors is authorized to restrict or exclude the shareholders' preemption rights when issuing bonds or similar debt instruments connected to option and/or conversion rights if these are issued to finance, including refinance, the acquisition of enterprises, parts of enterprises or participations in companies or new investment projects. If the preemption right is excluded by a resolution of the board of directors, the following applies: (1) The bonds or similar debt instruments shall be issued at the respective market conditions and new shares shall be issued at the respective option and/or conversion conditions. (2) The exercise period shall not exceed ten years from the respective date of issuance for conversion rights and five years from the respective date of issuance for option rights. (3) The determination of the option or conversion price or their calculation modalities shall be effected at market conditions; with respect to the shares of the Company, their stock market price is relevant.

The acquisition of shares by exercising conversion and /or option rights as well as each subsequent transfer

of the shares are subject to the restrictions of article 6 of the articles of association.

2.3. Changes in share capital

The description of the changes of the share capital is disclosed in the consolidated financial statements, Note 14.

2.4. Shares

The Company's share capital as at 31 December 2014 amounts to CHF 267,559.08 and consists of 13,377,954 fully paid-in registered shares with a nominal value of CHF 0.02 each. No preferential or similar rights exist. There are two share certificates outstanding for 525 shares in total.

2.5. Profit sharing certificates

There are no profit sharing certificates outstanding.

2.6. Limitation on transferability and nominee registration

Registered shareholders are those recognized as such by a corresponding entry in the Company's share register. Acquirers of registered shares shall be registered in the share register as shareholders with voting rights upon request without limitation provided they explicitly declare that they acquired these registered shares in their own name and on their own account (art. 6 para. 1 and 2 of the articles of association).

In accordance with article 6 paragraph 3 and 4 of the articles of association, persons who do not confirm in their registration application to hold the shares for their own account (hereinafter «Nominees») shall be registered in the share register with voting rights up to a maximum of 9% of the share capital as registered in the commercial register. Nominees who are affiliated by capital or vote, through common management or otherwise, or who coordinate their actions through agreement, syndicate or otherwise in order to avoid the registration restrictions are to be considered as one Nominee. Beyond this limit, Nominees are only registered as shareholders with voting rights if the respective Nominee discloses the names, addresses, nationalities and shareholdings of the persons for whose account the Nominee holds 1% or more of the share capital as registered in the commercial register.

After hearing the person affected, the board of directors may cancel entries in the share register, if these were based on wrong information provided by the acquirer. The acquirer shall immediately be informed about the cancellation. The board of directors shall take the measures necessary to ensure the compliance with the aforementioned provisions. It is authorized to conclude agreements with Nominees regarding their notification duties (art. 6 para. 5 and 6 of the articles of association).

With the reservation of article 653c paragraph 3 of the Swiss Code of Obligations («CO»), these restrictions also apply in case of the acquisition of registered shares by exercising subscription, option and conversion rights (art. 6 para. 7 of the articles of association).

The alleviation or suspension of the restriction regarding the transfer of registered shares requires a resolution of the shareholders' meeting passed by at least two thirds of the voting shares represented and the absolute majority of the par values of the shares represented (art. 12 of the articles of association).

2.7. Convertible bonds and/or warrants or options

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

3. Board of directors

3.1. Members of the board of directors

All members of the Board of Directors of Alpine are non-executive members.

Raymond J. Baer, born 1959, Swiss citizen

Raymond J. Baer holds a law degree (lic.iur.) from the University of St. Gallen (1984) and a Masters of Law (LL.M.) from the Columbia Law School, New York (1985).

From 1988 to 2003, he held various executive positions within the Julius Baer Group Ltd. abroad and in Switzerland, lastly as head of Private Banking Business Line and member of the group executive board. From 2003 to 2012, he was the chairman of the Board of Directors of the Julius Baer Group and a board member as well as member of the Committee of the Governing Board of the Swiss Bankers Association (1999 – 2012). Raymond J. Baer was the president of the Association of Swiss Commercial & Investment Banks (2003 – 2012) and a member of the Regulatory Board of SIX Swiss Exchange (1999 - 2010).

Since December 2013, Raymond J. Baer is also the chairman and non-executive member of the Board of Directors of Absolute Invest. He has no significant business relationship with Alpine or its subsidiary.

Thomas Amstutz, born 1962, Swiss citizen

Thomas Amstutz completed his bank apprenticeship at Credit Suisse and graduated from the Commercial School of Business Administration, Zurich in 1981.

Between 1987 and 2004, he held various management positions at different entities of the Credit Suisse Group, based in Geneva, Frankfurt and Zurich. From 2005 to 2013, he acted as the chairman and chief executive officer of Absolute Investment Services Ltd., Zurich. Since 2014, he is partner and director of JAAM AG, Zurich.

Since December 2013, Thomas Amstutz is also a non-executive member of the board of Absolute Invest (from 2000 to 2013 he acted as the chairman of the board). JAAM AG provides consultancy services to Alpine (for more see Note 5.5 below).

Walter Berchtold, born 1962, Swiss citizen

Walter Berchtold holds a commercial diploma from Neue Schule Zurich.

Walter Berchtold was a member of the Executive Board of Credit Suisse Group AG and Credit Suisse AG from 2003 until 2012. From 2006 until 2011 he was CEO Private Banking and subsequently until 2012 Chairman Private Banking of Credit Suisse. Prior to this role, Walter Berchtold served as CEO Credit Suisse from 2004 until the merger with Credit Suisse First Boston and before that, he held numerous senior positions within Credit Suisse First Boston, Credit Suisse Financial Services and Credit Suisse AG – amongst others – head of Trading & Sales. In addition, Walter Berchtold was the Chairman of the Board of Directors

of Clariden Leu Ltd. and its predecessor entities until 2012 and over many years, Walter Berchtold served on the boards of various bodies like the Swiss Bankers Association, SWX Swiss Exchange, Eurex, virt-x as well as on several non-profit foundations.

Since May 2014, he is a non-executive member of the Board of Directors of Absolute Invest. He has no significant business relationship with Alpine or its subsidiary.

Dieter Dubs, born 1965, Swiss citizen

Dieter Dubs holds a law degree (lic.iur.) from the University of St. Gallen (1993), one (Dr.iur.) from the University of St. Gallen (2000) and an LL.M. from the Harvard Law School (2002).

Dieter Dubs is a partner of Baer & Karrer since 2005. He has broad experience in M&A transactions with a focus on public tender offers, having represented several target companies in unfriendly takeover situations. In addition, Dieter Dubs advises listed companies on corporate and regulatory matters.

Since December 2013, he is a non-executive member of the Board of Directors of Absolute Invest. Baer & Karrer advises Alpine in legal matters (for more see Note 5.5 below).

3.2. Other activities and functions of board members

In accordance with the Corporate Governance Directive and the corresponding commentary of the SIX Swiss Exchange, mandates and interest ties of the members of the Board of Directors of Alpine with exchange-listed domestic and foreign companies as well as with domestic and foreign finance companies outside the Group are listed below, and are in addition to those stated in Note 3.1 above.

Raymond J. Baer

- Honorary Chairman of the Julius Baer Group
- President of the Julius Baer Group pension fund
- Member of the Board of Directors of AMAG Automobil- und Motoren AG, Zurich
- On the board of two foundations

Thomas Amstutz

- Member of the Board of Directors of Castle Private Equity Ltd., Pfäffikon; Baloise Bank SoBa Ltd., Solothurn; Model Holding AG, Weinfelden; Jade Invest SA, Neuchatel; FinOps AG, Zurich; Absolute Private Equity Ltd., Zug
- Member of the Asset Allocation Committee of Hesta AG, Zug and of Spida Personalvorsorgestiftung, Zurich
- Trustee of the board of The Zurich International School, Wädenswil

Walter Berchtold

- On the board of a family foundation investment committee

Dieter Dubs

- None

3.3. Statutory clause regarding the number of allowed mandates

The members of the board of directors are not allowed to exercise more than seven additional mandates in companies listed on an official stock exchange and ten additional mandates in companies that are not listed on the stock exchange (art. 13, para. 5 of the articles of association). The following mandates do not fall under the aforementioned restrictions, provided a member of the board of directors does not exercise more than ten such mandates:

- mandates in enterprises controlled by the Company; and
- mandates in associations, foundations, non-profit organizations, trusts, employee benefit schemes and other comparable structures.

3.4. Elections and term of office

In accordance with article 13 of the articles of association, the board of directors comprises of no less than three and no more than six members.

The chairman, the other members of the board of directors as well as the members of the compensation committee of the board of directors are elected by the shareholders' meeting on an individual basis for a term of office of one year. The term of one year is deemed to signify the period from one ordinary shareholders' meeting to, and including, the next. Members whose term of office expires are eligible for immediate re-election.

If the office of chairman becomes vacant, the board of directors shall appoint a new chairman for the remaining term of office. If vacancies arise in the compensation committee, the board of directors may, for the period until the next ordinary shareholders' meeting, either fill such vacancies with its members or leave them open.

Member	Function	1st time election	Elected until
Raymond J. Baer	Chairman and non-executive member BoD	25 April 2013	2015
	Chairman of the compensation committee	26 May 2014	2015
Thomas Amstutz	Non-executive member BoD	18 April 2012	2015
Walter Berchtold	Non-executive member BoD	26 May 2014	2015
Dieter Dubs	Non-executive member BoD	25 April 2013	2015
	Member of the compensation committee	26 May 2014	2015

3.5. Internal organization

Board of directors: Definition of areas of responsibility

The board of directors operates according to the CO, the Company's articles of association and its organizational rules that can be downloaded from the Company's website.

According to the CO and to article 15 of the Company's articles of association, the board of directors has the following non-transferable and inalienable tasks:

- the ultimate management of the Company and the giving of necessary directives;
- the establishment of the organization;

- the structuring of the accounting system, the financial controlling as well as the financial planning;
- the appointment and dismissal of the persons entrusted with the management and the representation of the Company and granting of signatory power;
- the ultimate supervision of the persons entrusted with the management, in particular with regard to compliance with the law, the articles of association, regulations and directives;
- the preparation of the annual report as well as the preparation of the shareholders' meeting and the execution of its resolutions;
- the preparation of the compensation report;
- the notification of the judge in case of over-indebtedness;
- resolutions regarding the verification of capital increases and amendments of the articles of association resulting thereof.

The board of directors meet whenever the business requires or at least four times a year. During 2014, the board convened four times.

Committees: Compositions, tasks and responsibilities

In 2014, the board of directors has established two committees, a compensation and an investment committee.

The compensation committee of Alpine

The compensation committee usually consists of two or three members. The board appoints the chairman from the members of the compensation committee and issues regulations for the compensation committee. The compensation committee in principle has the following duties and responsibilities:

- proposal to the board of directors on the structure of the compensation policy and the guidelines for compensation;
- proposal to the board of directors on the maximum total amount of compensation for the board of directors and the management in accordance with article 22 of the articles of association;
- proposal to the board of directors on compensation for members of the board of directors;
- proposal to the board of directors on the compensation and employment conditions for members of the management, including compensation relevant decisions in connection with termination of the employment relationship;
- proposal for amendments of the compensation rules;
- proposal of the compensation report to the board of directors;
- other duties and responsibilities entrusted to it by the articles of association or the board of directors.

In 2014, the compensation committee met once. As per 31 December 2014, the committee consists of Raymond J. Baer (chairman) and Dieter Dubs.

The investment committee of Alpine

The investment committee advises the board of directors on investment issues. The committee consists of a minimum of two and not more than six members of the board of directors. The board of directors appoints the chairman from the members of the investment committee. Any board member, who is not a member

of the committee, is entitled to attend the meetings as a guest. The investment committee meets when required, at least four times a year. The chairman of the committee is free to invite guests for special topics.

The investment committee has the following duties and responsibilities:

- proposals to the board of directors on the direction of the investment policy and the investment strategy in general, in line with the investment guidelines;
- proposals and «exits» to the board of directors on investment allocations (geographical or by investment styles), in line with the investment guidelines;
- recommendations to the board of directors on specific investments and/or de-investments, in line with the investment guidelines;
- recommendations to the board of directors on framework decisions in regards to investments in financial products;
- continuous monitoring and – if required – suggestions to the board of directors on changes to the investment guidelines;
- other duties and responsibilities entrusted to it by the articles of association or the board of directors.

The investment committee submits solely recommendations to the board of directors; the ultimate investment decision lies with the board of directors.

In 2014, the investment committee met four times. As at 31 December 2014, the committee consists of Raymond J. Baer (chairman), Thomas Amstutz and Walter Berchtold.

3.6. Areas of responsibility

The board of directors is entrusted with the ultimate direction of the Company as well as the supervision of the management. It represents the Company towards third parties and attends to all matters, which are not delegated to or reserved for another corporate body of the Company by law, the articles of association or the regulations.

The board of directors may entrust the management, wholly or in part, and the representation of the Company to one or several individual persons, members of the board of directors or third parties. It may entrust the asset management, wholly or in part, to a legal person. The board of directors shall enact the organizational regulation and arrange for the appropriate contractual relationships or take the appropriate resolutions for the transfer of the management.

3.7. Information and control instruments vis-à-vis the management

Internal control system («ICS»)

A formalized ICS is in place to monitor the major work processes and risks on a regular basis. It is supervised by the board 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 ICS as well as the Company's general activities, the chairman of the board of directors meets regularly with the chief executive

officer to discuss issues at hand, identify and discuss risks and possible remedies and to work through a checklist to e.g. ensure processes are followed, payments are made, dividends are collected, risks are weighted.

Risk management

The board of directors conducts an annual risk assessment that is usually discussed and approved at the board's year-end meeting. Depending on the outcome, internal processes might be amended.

4. Management

4.1. Members of management

The board of directors has delegated the operational management of the Company to Claudia Habermacher as chief executive officer.

Claudia Habermacher, Swiss citizen, born 1969, joined the Company on 1 July 2013 and took over the function of the chief executive officer as of 1 January 2014 from Walter Geering. Before joining Alpine Select, Claudia Habermacher was a project manager at GAM Anlagefonds Ltd. («GAM») for more than seven years. Among others, at GAM she was in charge of the fund administration of a Swiss listed hedge fund. Prior to her engagement with GAM, she was at creInvest Ltd. responsible for heading the office and overall responsibility in the day-to-day work required to provide professional and administrative support to the CEO and the members of the board of directors. Claudia Habermacher completed her commercial apprenticeship in 1989. She has attended various professional training courses, lastly the certified Swiss Fund Officer FAVIAF (fund-academy AG, Zurich).

Since 23 December 2013, Claudia Habermacher also acts as the chief executive officer of Absolute Invest. In addition, she is a member of the managing board of the Swiss Association of Investment Companies («SAIC») since March 2014.

4.2. Statutory clause regarding the number of allowed mandates

Members of the management may – subject to approval of the board of directors – exercise a maximum of five mandates in listed or unlisted companies.

4.3. Management contracts

Neither management contracts nor agreements of a similar nature exist. Regarding advisory contracts see Note 5.5 below.

5. Compensation, shareholdings and loans

5.1. Compensation of the board of directors and the management

The compensation of the board of directors and the management is disclosed in the compensation report, Note 3.1 and 3.2.

5.2. Common provisions for the compensation of the board of directors and the management

The common provisions for the compensation of the board of directors and the management is disclosed in the compensation report, Note 2.3.

5.3. Approval of the compensations by the shareholders' meeting

As defined in article 22 of the articles of association, the shareholders' meeting approves the motions of the board of directors separately and annually with regard to:

- The maximum total amount of the fixed compensation for the board of directors for the period until the next ordinary shareholders' meeting; and
- The maximum total amount of the fixed compensation and the variable compensation component for the management for the following business year.

If new members of the management are appointed after a resolution has been approved, a supplementary amount of the maximum of 100% of the total amount approved for the management for the year in question is available for their compensation and to offset any disadvantages in connection with the change of job. This does not require the approval of the shareholders' meeting.

5.4. Share ownership of members of the board of directors and management

The share ownership of members of the board of directors and management is disclosed in the statutory financial statements, Note 11.

5.5. Advisory contracts

Among others, Thomas Amstutz is also a member of the Board of Directors of FinOps AG and of JAAM AG. The advisory contract between Absolute Invest and FinOps was terminated in 2014 and a total of CHF 40,000 was paid to FinOps for the reporting year. Alpine entered into a service agreement according to which JAAM provides the Company with consultancy services. Based on this agreement JAAM received a total compensation of CHF 720,000 for 2014.

Dieter Dubs is a partner of Baer & Karrer Ltd., Zurich. For the year 2014, Alpine paid CHF 201,000 to Baer & Karrer Ltd. for their legal services.

6. Shareholders' participation

6.1. Voting rights and representation restrictions

Each share carries one vote and all shares are equally entitled to dividends. There are no voting right restrictions and each shareholder can exercise his voting rights at the annual shareholders' meeting.

Each shareholder may be represented at the shareholders' meeting only by his legal representative or, by virtue of a written proxy, by another shareholder entitled to vote, or by the independent proxy. Members of the board of directors and the management may represent other shareholders provided this is not an institutionalized practice.

The shareholders' meeting elects an independent proxy. The term of office ends after completion of the

next ordinary shareholders' meeting. Re-election is possible. If the Company does not have an independent proxy, the board of directors shall appoint one for the next shareholders' meeting.

The independent proxy is obliged to exercise the represented voting rights pursuant to the instructions given. In the event that he has not received any instructions, he shall submit an abstain vote. The general instruction to vote in favor of the board of directors with respect to motions relating to agenda items contained in the invitation to the shareholders' meeting and with respect to agenda items that have not been pre-announced as well as to motions relating to new agenda items pursuant to article 700 paragraph 3 CO is deemed a valid voting instruction.

The board of directors may establish procedural rules for the participation in and the representation at the shareholders' meeting and in particular rules on issuing instructions to the independent proxy. The board of directors ensures that shareholders may submit electronic proxies and instructions to the independent proxy, by which he/she is authorized to wholly or partially waive the requirement for a qualified electronic signature.

6.2. Statutory quorums

A resolution of the shareholders' meeting passed by at least two thirds of the voting shares represented and the absolute majority of the par values of the shares represented is required for:

- the cases listed in article 704 paragraph 1 CO;
- the alleviation or suspension of the restriction regarding the transfer of registered shares;
- the conversion of registered shares into bearer shares;
- the dissolution of the Company by way of liquidation;
- the dismissal of the board of directors according to article 705 paragraph 1 CO;
- the amendment of article 13 of the articles of association regarding election and term of office of the board of directors;
- the removal of restrictions contained in the articles of association regarding the adoption of resolutions in the shareholders' meeting, in particular those of article 12.

6.3. Convocation of the shareholders' meetings

In addition to the legal provisions, the following rules are set forth in article 8 paragraph 3, and in article 9 paragraph 2 of the articles of association:

- Extraordinary shareholders' meetings shall be convened by the board of directors within 60 days if shareholders representing at least ten percent of the share capital request such meeting in writing, setting forth the agenda items and the motions.
- The shareholders' meeting shall be convened by letter to the shareholders and usufructuaries at least 20 days prior to the meeting. The convocation letter must include the date, time and place of the meeting, the agenda items as well as the motions of the board of directors and of the shareholders who have requested that a shareholders' meeting be called or that an item be placed on the agenda.

6.4. Agenda

Shareholders representing at least ten percent of the share capital may request items to be placed on the

agenda. Such request must be filed at least 45 days prior to the respective shareholders' meeting in writing, setting forth the agenda items and the motions.

6.5. Inscriptions into the share 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 to 25 days before the shareholders' meeting. No exception will be granted.

7. Changes in control and defense measures

7.1. Duty to make an offer

There is no statutory opting out or opting up.

7.2. Clauses on change of control

No agreements or statutory requirements, which could affect or influence a change in control of the Company do exist. In particular, neither board of directors nor the management benefit from a contractual clauses on change-of-control situations.

8. Auditors

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

In accordance with the articles of association, paragraph 18, the external auditors are elected by the shareholders' meeting each year and have the rights and obligations, assigned to them by law. KPMG Ltd., Zurich, has been the statutory external auditor of the Company since 29 April 2010. Marc Ziegler is the auditor in charge since 2010. The lead auditor may hold his engagement for a maximum of seven consecutive years, but may resume the engagement after a break of three years.

8.2. Auditing fees

The audit fees for the year 2014 amounted to CHF 161,500 (2013: CHF 165,000).

8.3. Additional fees

An amount of CHF 45,000 was paid to KPMG Ltd., Zurich, in connection with their interim review as of 30 June 2014. No advisory or tax services have been rendered to the Group in 2014 by KPMG Ltd., Zurich.

8.4. Informational instruments pertaining to the external audit

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 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 2014, three 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 and any other stakeholders are regularly and timely informed through weekly NAV estimates, monthly reports, and half-year and annual reports as well as at the annual shareholders' meeting. In addition the NAV is also published in the Finanz und Wirtschaft, Zurich and available at Reuters (ALPN.S) and Bloomberg (ALPN SW EQUITY).

In accordance with legal requirements, the annual report is published at least 20 days before the annual shareholders' meeting. A copy of the report is emailed to all shareholders and interested parties that have subscribed the specific service. In addition, investors receive a print copy of the annual report by mail upon their request.

News releases (including ad-hoc news, estimated NAV, monthly reports) can be downloaded from the Company website <http://www.alpine-select.ch/news>. Investors are invited to join the email distribution by subscribing to the respective service at <http://www.alpine-select.ch/site-services/email-alerts.aspx>.

The corporate calendar is published on the Company's website under <http://www.alpine-select.ch/investors/corporate-calendar.aspx>.

Alpine can be contacted at tel. +41 41 7204411 or investorrelations@alpine-select.ch.

Compensation Report

1.	Introductory note	26
2.	Principles and elements as well as authority and determination of compensation	26
3.	Compensation, loans and credits to the board of directors, the management and related parties	29

The Compensation Report gives an overview on the compensation policy applied at Alpine Select Ltd. (the «Company», «Alpine») and the compensation payments to the members of the board of directors and the management during the fiscal year 2014. The content and scope of the information provided herein are in accordance with the Swiss Ordinance against Excessive Compensation in Stock Exchange Listed Companies («OaEC») - that came into effect on 1 January 2014 - and the standards on Corporate Governance issued by the SIX Swiss Exchange (1 September 2014).

1. Introductory note regarding the specific structure of Alpine Select Ltd. as an investment company

Alpine is a listed investment company as defined in the Collective Investment Act (art. 2 para. 3) with a structure of a «société d'investissement à capital fixe (SICAF)». As a publicly listed Swiss company, Alpine is subject to the supervision and regulation of the SIX Swiss Exchange as well as the provisions of the OaEC et al. Following this, Alpine is excluded from the regulatory supervision by FINMA and the regulations from the Collective Investment Act.

As an investment company Alpine's sole purpose is the management of its assets in the best interest of its shareholders. Beyond this, the Company pursues no other business and operational activities.

Following article 716b of the Swiss Code of Obligations («CO») and article 14 paragraph 2 of the articles of association the board of directors may entrust the management, wholly or in part, and the representation of the Company to one or several individual persons, members of the board of directors or third parties. It may entrust the asset management, wholly or in part, to a legal person. The board of directors has exercised this authority in accordance to article 716b CO and has delegated the responsibility for running the Company to the management.

During the financial year under review, the board of directors has established two committees: a compensation and an investment committee.

2. Principles and elements as well as authority and determination of compensation

2.1. Compensation of the members of the board of directors

The individual members of the board of directors receive a function and task-related fixed compensation, of which the majority is paid in cash, and may receive other benefits and services, which also qualify as compensation. In addition, the members of the board of directors are entitled to reimbursement of the expenditures incurred by them in the interest of the Company. The board of directors regulates the details of the compensation of its members in the compensation rules.

2.2. Compensation of the members of the management

The members of the management receive a fixed compensation, as well as, if applicable, a variable compensation.

The fixed compensation consists of a basic compensation or a basic salary including fringe benefits plus employer contributions to social security and, if applicable, contributions to occupational provisions. The variable compensation for the management is paid as a short-term variable compensation component in

cash, plus employer contributions to social security and, if applicable, contributions to occupational provisions. If members of the management receive a variable compensation, the following principles apply:

- a. The short-term variable compensation component is determined by the board of directors at the request of the compensation committee after completion of the financial year to which the variable compensation refers.
- b. The variable compensation component is linked to the success of the investments made by the Company and the therewith associated financial targets, to possible special projects as well as to the personal goals of the individual members of the management. The board of directors determines the variable compensation for the members of the management on this basis and in accordance with the corresponding regulations taking into account the Company's success and the achievement of personal goals.
- c. The variable compensation principles are implemented by the board of directors in regulations and explained in the annual compensation report.

2.3. Common provisions for the compensation of the board of directors and the management

Members of the board of directors and the management receive neither credits nor loans from the Company and do not participate in any share- or option-based profit and/or participation plans of the Company.

The compensations may be paid by the Company or its group companies.

Compensations to members of the board of directors or the management for activities in companies which are directly or indirectly controlled by Alpine are admissible. These compensations are included in the amount of the total compensation to the board of directors and the management, which the shareholders' meeting needs to approve according to article 22 of the articles of association.

The Company may compensate and pay appropriate advance payments to the members of the board of directors and the management for any disadvantages incurred in relation to proceedings, litigations or settlements in connection with their activities for the Company or one of its participations and may conclude insurances.

Further details on the compensation of the board of directors and the management are determined by the board of directors in the compensation rules. The document is downloadable from the Company's website, in German only: <http://www.apline-slect.ch>.

Employment contracts with the members of the management and possible contracts with members of the board of directors, which form the basis of the compensation of the respective members, are concluded for a fix period of a maximum of one year or for an indefinite period of time with a cancellation period of a maximum of twelve months at the end of a calendar month.

2.4. Authority and determination of compensation

Alpine's compensation committee acts as the relevant body in accordance with the OaEC and the articles of association subject to revision in accordance with the OaEC.

The compensation committee prepares the recommendations submitted to the full board of directors for

Compensation Report

compensation for the board of directors and the management.

The compensation committee usually consists of two or three members. The shareholders' meeting elects the members of the compensation committee on an individual basis for a term of office of one year. The term of one year is deemed to signify the period from one ordinary shareholders' meeting to, and including, the next. Members whose term of office expires are eligible for immediate re-election.

The board of directors appoints the chairman from the members of the compensation committee and issues regulations that define the responsibilities of this committee, taking into account Swiss law and the Company's articles of association. If vacancies arise in the compensation committee, the board of directors may, for the period until the next ordinary shareholders' meeting, either fill such vacancies with its members or leave them open.

The compensation committee in principle has the following duties and responsibilities:

1. proposal to the board of directors on the structure of the compensation policy and the guidelines for compensation;
2. proposal to the board of directors on the maximum total amounts of compensation for the board of directors and the management in accordance with article 22 of the articles of association;
3. proposal to the board of directors on compensation for members of the board of directors;
4. proposal to the board of directors on the compensation and employment conditions for members of the management, including compensation relevant decisions in connection with termination of the employment relationship;
5. proposal for amendments of the compensation rules;
6. proposal of the compensation report to the board of directors;
7. other duties and responsibilities entrusted to it by the articles of association or the board of directors.

The compensation of the board of directors and the management according to article 22 of the articles of association are subject to authorization by the annual shareholders' meeting.

3. Compensation, loans and credit to the board of directors, the management and related parties

3.1. Compensation to the board of directors and the management in 2014 (audited)

in CHF

Name / Function	Period	Gross salary	Variable compensation	Social security contributions	Pension fund contributions	Flat-rate allowances	Total compensation
Raymond J. Baer <i>Chairman and non-executive member BoD</i>	1-Jan to 31-Dec-14	150,000	0	11,863	0	15,000	176,863
Thomas Amstutz <i>Non-executive member BoD</i>	1-Jan to 31-Dec-14	40,000	0	3,202	0	0	43,202
Dieter Dubs <i>Non-executive member BoD</i>	1-Jan to 31-Dec-14	40,000	0	3,202	0	0	43,202
Walter Berchtold <i>Non-executive member BoD</i>	26-May to 31-Dec-14	23,950	0	1,917	0	0	25,867
Claudia Habermacher <i>Chief executive officer</i>	1-Jan to 31-Dec-14	150,000	20,000	13,344	9,996	10,000	203,340
Walter Geering <i>Former executive member BoD</i>	1-Jan to 31-Mar-14	40,920	0	2,536	0	3,750	47,206

For further compensation paid to the members of the board of directors and the management in 2014, see Note 3.5 below.

3.2. Compensation to the board of directors and the management in 2013 (audited)

in CHF

Name / Function	Period	Gross salary	Variable compensation	Social security contributions	Pension fund contributions	Flat-rate allowances	Total compensation
Raymond J. Baer <i>Chairman and non-executive member BoD</i>	25-Apr to 31-Dec-13	102,300	0	8,249	0	10,230	120,779
Thomas Amstutz ¹⁾ <i>Non-executive member BoD</i>	1-Jan to 31-Dec-13	58,391	0	4,674	0	0	63,065
Dieter Dubs <i>Non-executive member BoD</i>	25-Apr to 31-Dec-13	27,280	0	2,226	0	0	29,506
Walter Geering <i>Executive member BoD</i>	1-Jan to 31-Dec-13	163,680	0	10,238	0	15,000	188,918
Hans Müller ²⁾ <i>Non-executive member BoD</i>	1-Jan to 25-Apr-13	37,800	0	0	0	0	37,800

¹⁾ Includes the board fees that Thomas Amstutz received from Absolute Invest Ltd. in 2013. ²⁾ Including 8% value added tax

3.3. Loans and credits to the board of directors and the management

No loans or credits were granted to present or past members of the board of directors or the management in 2014 and there were none outstanding as at year-end 2014.

3.4. Compensation, loans and credits to related parties

No compensation was paid, nor loans or credits granted to related parties at non-market conditions in 2014, and there were none outstanding as at year-end 2014.

3.5. Advisory contracts

Among others, Thomas Amstutz is also a member of the Board of Directors of FinOps AG and of JAAM AG. The advisory contract between Absolute Invest and FinOps was terminated in 2014 and a total of CHF 40,000 was paid to FinOps for the reporting year. Alpine entered into a service agreement according to which JAAM provides the Company with consultancy services. Based on this agreement JAAM received a total compensation of CHF 720,000 for 2014.

Dieter Dubs is a partner of Baer & Karrer Ltd., Zurich. For the year 2014, Alpine paid CHF 201,000 to Baer & Karrer Ltd. for legal services.

Report of the Statutory Auditor on
the Compensation Report

Report of the Statutory Auditor on the Compensation Report to the Annual Shareholders' Meeting of Alpine Select Ltd., Zug



KPMG AG
Audit
Badenerstrasse 172
CH-8004 Zurich

P.O. Box 1872
CH-8026 Zurich

Telephone +41 58 249 31 31
Fax +41 58 249 44 06
Internet www.kpmg.ch

Report of the Statutory Auditor to the General Meeting of Shareholders of

Alpine Select AG, Zug

We have audited the accompanying compensation report of Alpine Select AG dated 1 April 2015 for the year ended 31 December 2014. The audit was limited to the information according to articles 14 to 16 of the Ordinance against Excessive compensation in Stock Exchange Listed Companies («Ordinance») contained in the tables referred to as audited in the compensation report.

Responsibility of the Board of Directors

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's Responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14 – 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14 – 16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report of the Statutory Auditor on the Compensation Report to the Annual Shareholders' Meeting of Alpine Select AG, Zug

*Alpine Select AG, Zug
Report of the Statutory Auditor
on the compensation report
to the General Meeting of Shareholders*

Opinion

In our opinion, the compensation report for the year ended 31 December 2014 of Alpine Select AG complies with Swiss law and articles 14 – 16 of the Ordinance.

KPMG AG



Marc Ziegler
*Licensed Audit Expert
Auditor in Charge*



Alexander Fährndrich
Licensed Audit Expert

Zurich, April 1, 2015

Consolidated Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER

in TCHF	Note	2014	2013
ASSETS			
Current assets			
Cash and cash equivalents		986	13,017
Financial assets at fair value through profit or loss – trading	7/8	1,258	2,006
Other current assets	11	1,755	924
Total current assets		3,999	15,947
Non-current assets			
Financial assets at fair value through profit or loss – trading	7/8	255,558	216,195
Total non-current assets		255,558	216,195
TOTAL ASSETS		259,557	232,142
LIABILITIES AND EQUITY			
Current liabilities			
Bank overdrafts		3,654	0
Short-term bank loans	12	12,890	0
Financial liabilities at fair value through profit or loss – trading	7/8	2,363	0
Current tax liability		20	55
Accounts payable and accrued liabilities		508	1,208
Total current liabilities		19,435	1,263
Non-current liabilities			
Deferred tax liabilities	13	802	1,183
Total non-current liabilities		802	1,183
Equity			
Share capital	14.1	268	268
Additional paid-in capital		54,829	68,207
Translation reserve		1,698	(3,621)
Retained earnings		182,156	161,910
Equity attributable to owners of Alpine Select Ltd.		238,951	226,764
Non-controlling interests	15	369	2,932
Total equity		239,320	229,696
TOTAL LIABILITIES AND EQUITY		259,557	232,142
Net asset value (NAV) per share in CHF	21	17.86	16.95

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER

in TCHF	Note	2014	2013
INCOME			
Gain on financial assets and financial liabilities at fair value through profit or loss, net – trading	16	17,937	33,563
Dividend income	8/9	4,630	2,373
Interest income from financial assets		250	634
Other income		66	146
Net foreign exchange gains on cash and cash equivalents		15	0
Gain on bargain purchase	2.3	0	2,718
Total income		22,898	39,434
EXPENSES			
General and administrative expenses	17	(2,259)	(3,577)
Commissions and other bank fees		(957)	(1,097)
Net foreign exchange losses on cash and cash equivalents		0	(2,781)
Interest expenses		(60)	(28)
Total expenses		(3,276)	(7,483)
Profit before tax		19,622	31,951
Income tax income / (expense)	19	381	(665)
Profit for the year		20,003	31,286
Other comprehensive income:			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences – foreign operations		5,396	(6,833)
Other comprehensive income / (loss) for the year, net of tax		5,396	(6,833)
Total comprehensive income for the year		25,399	24,453
Profit for the year attributable to:			
Owners of Alpine Select Ltd.		20,219	30,669
Non-controlling interests	15	(216)	617
		20,003	31,286
Total comprehensive income / (loss) for the year attributable to:			
Owners of Alpine Select Ltd.		25,538	27,048
Non-controlling interests	15	(139)	(2,595)
		25,399	24,453
Earnings per share in CHF (basic and diluted)	20	1.51	2.37

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER

in TCHF	Note	2014	2013
Cash flows from operating activities			
Profit before tax		19,622	31,951
Adjustments for:			
• Gain on financial assets and financial liabilities at fair value through profit or loss, net – trading	16	(17,937)	(33,563)
• Dividend income	8/9	(4,630)	(2,373)
• Gain on bargain purchase	2.3	0	(2,718)
• Interest (income) / expenses, net		(190)	(606)
• Net foreign exchange (gains) / losses on cash and cash equivalents		(15)	2,781
• Other non-cash (income) / expenses		(451)	422
Decrease in other current assets		4	1,028
Decrease in accounts payable and accrued liabilities		(257)	(342)
Withholding taxes received		3,199	1,452
Dividends received		4,509	2,373
Interest received		250	634
Interest paid		(56)	(32)
Income taxes paid		(35)	0
Net cash from operating activities		4,013	1,007
Cash flows from investing activities			
Purchases of financial assets at fair value through profit or loss	10.1	(85,283)	(74,215)
Proceeds from sale of financial assets at fair value through profit or loss	10.2	80,428	148,039
Net cash (outflow) / inflow from currency forwards		(11,956)	3,648
Acquisition of subsidiary, net of cash acquired	2.5	0	2,302
Net cash (used in) from investing activities		(16,811)	79,774

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER

in TCHF	Note	2014	2013
Cash flows from financing activities			
Acquisition of non-controlling interests	15	(1,110)	(59,591)
Increase short-term bank loans	12	12,886	2,780
Repayment of short-term bank loans		0	(7,414)
Increase of share capital, net of transaction costs	14.1	0	17,650
Distribution to non-controlling interests	15	(1,287)	0
Dividend paid to non-controlling interests		0	(19,135)
Dividend paid to shareholders of Alpine		(13,378)	(12,178)
Net cash used in financial activities		(2,889)	(77,888)
Effect of exchange rate changes on cash and cash equivalents		2	(3,946)
Net decrease in cash and cash equivalents		(15,685)	(1,053)
Cash and cash equivalents at 1 January		13,017	14,070
Cash and cash equivalents at 31 December		(2,668)	13,017
Cash and cash equivalents as at 31 December consist of:			
Current accounts at banks		986	13,017
Less bank overdrafts		(3,654)	0
Cash and cash equivalents as defined for the consolidated statement of cash flows		(2,668)	13,017

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in TCHF Note

Balance at 1 January 2013

Profit	
Other comprehensive loss	
Total comprehensive income / (loss)	
Dividend paid to shareholders of Alpine*	
Dividend paid to non-controlling interests*	
Acquisition of subsidiary with non-controlling interests	
Acquisition of non-controlling interests	2.5
Cancellation of treasury shares	14.4
Increase of share capital, net of transaction costs	14.1
Income tax on transaction costs	14.1

Total changes in ownership, contributions by and distributions to owners of the Company

Balance at 31 December 2013

Profit / (loss)	
Other comprehensive income	
Total comprehensive income / (loss)	
Dividend paid to shareholders of Alpine*	
Distribution to non-controlling interests	
Acquisition of non-controlling interests	15

Total changes in ownership, contributions by and distributions to owners of the Company

Balance at 31 December 2014

*paid out of the reserves from capital contributions.

Attributable to owners of Alpine Select Ltd.							
Share capital	Additional paid in capital	Treasury shares	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
251	68,820	(6,095)	0	129,035	192,011	0	192,011
				30,669	30,669	617	31,286
			(3,621)		(3,621)	(3,212)	(6,833)
0	0	0	(3,621)	30,669	27,048	(2,595)	24,453
	(12,178)				(12,178)		(12,178)
					0	(19,135)	(19,135)
					0	86,459	86,459
				2,206	2,206	(61,797)	(59,591)
(7)	(6,088)	6,095			0		0
24	17,626				17,650		17,650
	27				27		27
17	(613)	6,095	0	2,206	7,705	5,527	13,232
268	68,207	0	(3,621)	161,910	226,764	2,932	229,696
				20,219	20,219	(216)	20,003
			5,319		5,319	77	5,396
0	0	0	5,319	20,219	25,538	(139)	25,399
	(13,378)				(13,378)		(13,378)
					0	(1,287)	(1,287)
				27	27	(1,137)	(1,110)
0	(13,378)	0	0	27	(13,351)	(2,424)	(15,775)
268	54,829	0	1,698	182,156	238,951	369	239,320

Notes to the Consolidated Financial Statements

1. Corporate information	44	16. Gain on financial assets and financial liabilities at fair value through profit or loss, net – trading	82
2. Acquisition of Absolute Invest Ltd.	44	17. General and administrative expenses	83
3. Basis of presentation of the consolidated financial statements	46	18. Employee benefits	83
4. Accounting policies	48	19. Income tax income / (expense)	84
5. Operating segments	52	20. Earnings per share	84
6. Financial risk management	53	21. Net asset value (NAV) per share	85
7. Financial assets and financial liabilities at fair value through profit or loss – Trading	60	22. Contingencies, commitments pledged assets	85
8. Consolidated investment table as at 31 December 2014	64	23. Significant shareholders	86
9. Consolidated investment table as at 31 December 2013	70	24. Related party transactions	86
10. Cash flows from purchases and disposals of investments	78	25. Events after the balance sheet date	87
11. Other current assets	78		
12. Short-term bank loans	78		
13. Deferred tax assets and deferred tax liabilities	79		
14. Share capital and treasury shares	79		
15. Non-controlling interests	81		

1. Corporate information

Alpine Select Ltd. (the «Company», «Alpine» and together with its subsidiary Absolute Invest Ltd. the «Group») 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 offers institutional and individual investors the opportunity to buy into a broad portfolio with core investment strategies focusing on: discount-, risk-arbitrage, tactical exploitation of under-researched companies / situations, short term opportunities and liquid hedge funds.

As of 31 December 2014, the Company has one employee.

2. Acquisition of Absolute Invest Ltd., Zug in 2013

Absolute Invest Ltd. («Absolute Invest») was one of Alpine's investments carried at fair value through profit or loss as per 31 December 2012. On 6 June 2013, Absolute Invest, an investment company listed at the SIX Swiss Exchange, announced that Alpine and two members of its board of directors (Thomas Amstutz and Raymond Baer) have acquired further shares of Absolute Invest and obtained control by reaching 50.05% of the shares and voting interests in Absolute Invest as per 5 June 2013. The shareholding in Absolute Invest as per 5 June 2013 was as follows:

	in %	Shares
Total number of issued and outstanding shares of Absolute Invest as per 5 June 2013	100.00%	5,995,552
Number of Absolute Invest shares directly held by Alpine as per 5 June 2013	47.92%	2,873,174
Number of Absolute Invest shares held by Thomas Amstutz and Raymond Baer as per 5 June 2013	2.13%	127,714
Total Number of Absolute Invest shares held by Alpine (Alpine Select Ltd., Thomas Amstutz and Raymond Baer) as per 5 June 2013	50.05%	3,000,888
Number of Absolute Invest shares not directly held by Alpine as per 5 June 2013 (non-controlling interests)	52.08%	3,122,378

Although only holding 47.92% of the shares of Absolute Invest as per 5 June 2013 directly, Alpine had control over Absolute Invest as two members of Alpine's board of directors held another 2.13% of Absolute Invest's shares resulting in a total of 50.05% for Alpine. Thus, Absolute Invest was fully consolidated from that date on.

Further purchases of Absolute Invest shares by Alpine after 5 June 2013 are disclosed in the consolidated statement of changes in equity as a change between non-controlling interests and equity attributable to the shareholders of Alpine Select.

In the period 6 June to 31 December 2013, Absolute Invest contributed approximately CHF 3.5 million to the Group's total income as per the consolidated statement of comprehensive income and a profit of around CHF 0.6 million to the Group's result after tax. If the acquisition had occurred on 1 January 2013, management estimates that total income as per the consolidated statement of comprehensive income for the year ended 31 December 2013 would have been approximately CHF 39.3 million and that the consolidated

profit for the year ended 31 December 2013 would have been approximately CHF 23.5 million.

2.1. Consideration transferred

The total consideration transferred is a payment of TCHF 1,293 on 5 June 2013 when Alpine acquired 48,942 shares of Absolute Invest via the first trading line at the SIX Swiss Exchange.

2.2. Identifiable assets acquired and liabilities assumed

in TCHF	2013
Cash and cash equivalents	3,595
Other current assets	1,400
Financial assets at fair value through profit or loss (non-current)	165,910
Time loan due to Credit Suisse Ltd.	(4,722)
Financial liabilities at fair value through profit or loss	(202)
Accounts payable and other accrued liabilities	(901)
Fair value of identifiable net assets	165,080

2.3. Gain on bargain purchase

A gain on bargain purchase is recognized as a result of the acquisition as per 5 June 2013 as follows:

in TCHF	Note	2013
Total consideration transferred	2.1	1,293
Fair value of previously held interest in Absolute Invest at 5 June 2013	2.4	74,610
Non-controlling interests, based on their proportionate interest in the recognized amounts of the assets and liabilities of Absolute Invest		86,459
Less: fair value of identifiable net assets	2.2	(165,080)
Gain on bargain purchase		(2,718)

Absolute Invest is an investment company. Its shares were listed at the SIX Swiss Exchange and have in the past been traded at a discount to the net asset value. Alpine used to value its investment in Absolute Invest at the listed market price. The same valuation method is applied to the total consideration transferred of TCHF 1,293 and the fair value of the previously held interest in Absolute Invest of TCHF 74,610. The (historical) discount between Absolute Invest's listed market price and its net asset value results in a gain from bargain purchase when acquiring Absolute Invest as per 5 June 2013 as set out in above table.

2.4. Fair value of previously held interest in Absolute Invest Ltd. as per 5 June 2013

Prior to the acquisition of Absolute Invest as per 5 June 2013, the investment in Absolute Invest was carried at fair value through profit or loss and disclosed in Alpine's investment table. The fair value of the previously held interest in Absolute Invest is calculated based on the listed market price per Absolute Invest share as disclosed in the following table:

Number of Absolute Invest shares previously directly held by Alpine	2,824,232 shares
Listed market price per Absolute Invest share as per 5 June 2013:	
• in USD	28.0000 USD
• in CHF (at the exchange rate of 0.943489):	26.4177 CHF
Fair value of previously held interest in Absolute Invest as per 5 June 2013 (in TCHF):	74,610

2.5. Acquisition of Absolute Invest Ltd., net of cash acquired

in TCHF	Note	2013
Consideration transferred cash	2.1	(1,293)
Cash and cash equivalents acquired	2.2	3,595
Cash flow from acquisition of subsidiary, net of cash acquired		2,302

During the period 6 June to 31 December 2013, the Company acquired an additional 51.03% interest in Absolute Invest for TCHF 59,591 in cash via the first trading line at the SIX Swiss Exchange and through a public tender offer via the Neue Helvetische Bank Ltd., Zurich. The ownership was increased from 47.92% as per the acquisition date to 98.95% as per 31 December 2013. The proportionate net asset value of Absolute Invest for the acquired 51.03% was TCHF 61,797 as per 31 December 2013. The Group recognized a decrease in non-controlling interests of TCHF 61,797 and an increase in retained earnings of TCHF 2,206. During the year to 31 December 2014, Alpine acquired the remaining 1.05% interest in Absolute Invest for TCHF 1,110 in cash.

3. Basis of presentation of the consolidated financial statements

The accompanying consolidated financial statements for the year ended 31 December 2014 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.

The consolidated financial statements are presented in Swiss Francs (CHF) / thousands of Swiss Francs (TCHF).

3.1. Companies included in the consolidation

The consolidated financial statements comprise the financial statements of the parent company (Alpine Select Ltd., Zug), its subsidiary Absolute Invest Ltd, Zug and the financial statements of Absolute Invest Ltd.'s wholly owned subsidiaries Absolutissimo Limited and Carry Ltd. (both domiciled on the Cayman

Islands) as well as the financial statements of Cheyne Discovery Fund I Inc., Cayman Islands, a company in which Absolutissimo holds 63.48% as at 31 December 2013 and 2014.

3.2. Non-controlling interests

Equity attributable to non-controlling interests is presented in the consolidated statement of financial position within equity, separate from equity attributable to owners of Alpine. Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Non-controlling interests as at 31 December 2014 comprise 36.52% in Cheyne Discovery Fund I Inc. not held by the Group. Non-controlling interests as at 31 December 2013 comprise 1.05% in Absolute Invest and 36.52% in Cheyne Discovery Fund I Inc. not held by the Group.

3.3. Accounting estimates and judgment

The preparation of these financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses as well as the disclosure of contingent liabilities. Therefore, management has carefully considered the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates.

The most critical judgments and estimates relate to the valuation of the Group's unlisted investments. Unlisted investments are recorded at the (adjusted) net asset value as reported by the managers or administrators of such investments. This value is considered fair value as this amount is estimated to represent the amount at which the unlisted investment funds could be exchanged in an arm's length transaction. Fair value estimates are made at a specific point in time and are subjective in nature. Fair values can therefore not be determined with precision. The fair values might be impacted by changes in factors such as the nature of the business, the industry and economic outlook (local as well as global) and earnings capacity of the fund.

Alpine has early adopted «Investment Entities – Amendments to IFRS 10, IFRS 12 and IAS 27» with a date of initial application of 1 January 2013. As a result of the amendment to IFRS 10, investment entities are exempted from consolidating controlled investees.

Management concluded that Alpine meets the definition of an investment entity, as the following conditions exist:

- Alpine holds multiple investments;
- Alpine's business purpose is to invest in securities of any form of Swiss or foreign corporations taking advantage of particular corporate circumstances with the goal to achieve returns from capital appreciation and investment income;
- The performance of these investments is measured and evaluated on a fair value basis.

Alpine holds – directly and indirectly – multiple investments and ownership interests in the form of redeemable shares. Following the requirements of IFRS 10 Alpine generally applies the investment entity exemption.

Investments exceeding 20% of the share capital are not consolidated but classified as financial assets at fair value through profit or loss. For further information, please also refer to Note 7 in the disclosures of these consolidated financial statements.

As described in Note 2 Alpine consolidates Absolute Invest starting 5 June 2013. Alpine decided not to apply the investment entity exemption to Absolute Invest as Absolute Invest provides services that relate to the investment activities. Therefore Alpine based its decision on the majority of shareholding. Due to the amendment to IFRS 10 issued in December 2014, the consolidation of Absolute Invest needs to be revised as of 1 January 2016.

4. Accounting policies

The consolidated 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.

4.1. 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 2014.

- IAS 32: Financial instruments – Presentation: Offsetting Financial Assets and Financial Liabilities – Amendments (effective 1 January 2014);
- IAS 36: Impairment of Assets: Recoverable Amount – Disclosures for Non-Financial Assets – Amendments (effective 1 January 2014);
- IAS 39: Financial Instruments – Recognition and Measurement: Novation of Derivatives and Continuation of Hedge Accounting – Amendments (effective 1 January 2014);
- IFRIC 21: Levies (effective 1 January 2014).

The adoption of the new and amended standards and interpretations during the year 2014 did not have any effect on the consolidated financial statements or the performance of the Group.

In 2015 and afterwards, the Group will adopt the following new and amended standards:

- Various: Annual Improvements to IFRS (2010 – 2012 Cycle) – Omnibus Change to many Standards (effective 1 July 2014);
- Various: Annual Improvements to IFRS (2011 – 2013 Cycle) – Omnibus Change to many Standards (effective 1 July 2014);
- Various: Investment Entities: Applying the Consolidation Exception – Amendments to IFRS 10, IFRS 12 and IAS 28 (effective 1 January 2016);
- Various: Clarification of Acceptable Methods of Depreciation and Amortization – Amendments to IAS 16 and IAS 38 (effective 1 January 2016);
- Various: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (effective 1 January 2016);

- Various: Annual Improvements to IFRS (2012 – 2014 Cycle) – Omnibus Change to many Standards (effective 1 January 2016);
- IFRS 9: Financial Instruments (effective 1 January 2018);
- IFRS 11: Accounting for Acquisitions of Interests in Joint Operations – Amendments (effective 1 January 2016);
- IFRS 14: Regulatory Deferral Accounts (effective 1 January 2016);
- IFRS 15: Revenue from Contracts with Customers (effective 1 January 2017);
- IAS 1: Disclosure Initiative – Amendments (effective 1 January 2016);
- IAS 27: Equity Method in Separate Financial Statements – Amendments (effective 1 January 2016).

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

4.2. Foreign currency transactions

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 the respective functional currency at the exchange rates prevailing at that date. The resulting exchange gains and losses are included in profit or loss. Non-monetary assets and liabilities in foreign currencies that are stated at fair value are translated to the functional currency at the foreign exchange rate at the date the fair values were determined. The resulting exchange gains and losses are included in profit or loss. The exchange rate differences resulting from foreign currency positions within cash and cash equivalents are 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 16).

The following exchange rates were applied:

		2014	2013
USD / CHF			
Balance sheet	End of December	0.99362	0.88937
Items of profit and loss	Average rate for the year	0.91528	0.92668
EUR / CHF			
Balance sheet	End of December	1.20235	1.22550
Items of profit and loss	Average rate for the year	1.21459	1.23096
JPY / CHF			
Balance sheet	End of December	0.00829	0.00846
Items of profit and loss	Average rate for the year	0.00866	0.00898

4.3. Foreign operations

The financial statements of those Group companies having USD as their functional currency are translated into the presentation currency CHF (Swiss Francs). All assets and liabilities are translated at the exchange

rate of the balance sheet date. Income, expenses and cash flows are translated using the average exchange rate of the year, which approximates the exchange rate at the date of the transaction. The exchange differences on translating balance sheets and income statements are debited or credited as a translation adjustment on foreign operations in the consolidated statement of comprehensive income. Exchange differences on translating cash and cash equivalents and related cash flows are separately disclosed in the consolidated statement of cash flows as effect of exchange rate changes on cash and cash equivalents. The exchange rates applied are those disclosed in the table above (Note 4.2).

4.4. 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, hedge funds, 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.

A financial asset or a financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it. Currency forwards and options are also categorized as held for trading. The Company may engage in short sales anticipating a decline in the respective market (mainly trading options sold short). Short sales are classified as financial liabilities at fair value through profit or loss.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). That definition of fair value emphasizes that fair value is a market-based measurement, not an entity-specific measurement. When measuring fair value, an entity uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. As a result, an entity's intention to hold an asset or to settle or otherwise fulfil a liability is not relevant when measuring fair value.

IFRS 13 established a single source of guidance under IFRS for all fair value measurements providing guidance on how to measure fair value under IFRS when fair value is required or permitted.

The fair value of investments that are traded in an active financial market (level 1) is determined by reference to quoted market prices on principal markets at the close of business on the balance sheet date. Such financial assets 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.

In order to determine whether a market is active or not, the board of directors takes the following into consideration:

- Few recent transactions; there is not sufficient frequency or volume of transactions to provide pricing information on an ongoing basis;
- There are no price quotes available or are not based on current information; and
- Little information is published.

When a price for an identical asset or liability is not observable (level 2 and level 3), fair value is measured

using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs.

Investments in level 2 and level 3 are carried at estimated fair value. The valuation method used for unquoted funds and equities is the «adjusted net asset method». In determining the fair value of investments for which quotations are not readily available, the valuation is generally based on the latest available net asset value («NAV») of the fund reported by the corresponding fund manager provided the NAV has been appropriately determined by using proper fair value principles in accordance with IFRS 13. The Board of Directors reviews and approves the NAV provided by the investment manager unless the Company is aware of reasons that such a valuation may not be the best approximation of fair value. The adjusted net asset method is the single technique used across all fund investment types.

The NAV would also be adjusted if the Group becomes aware of significant market changes or events that have a significantly impact on the value of the underlying investments and that are not yet included in the NAV as reported by the fund manager. In addition, the Group has the following control procedures in place to ensure that the NAV of the underlying fund investments is calculated in a manner consistent with IFRS 13:

- Thorough initial due diligence process and ongoing monitoring procedures;
- Comparison of historical realizations to last reported fair values;
- Qualifications, if any, in the auditor's report;
- Comparing the NAV as per the latest audited financial statements (if available) with the NAV that was reported by the fund manager for the respective period.

The Group invests if the investment manager of the fund is reputable within the industry and has a reasonable track record, if there is an appropriate transparency in the fund's investments and regular statements are provided.

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 – trading, are recognized in profit or loss. The realized and unrealized gains and losses are calculated based on the weighted average cost formula.

Due to the inherent uncertainty of the valuation of unlisted investments and considering a potential market turmoil which (among other things) may lead to illiquidity in markets for certain financial products, the estimated values may differ significantly from the values that would have been recorded had a ready market for these investments existed. These differences could be material.

4.5. 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.

4.6. Other current assets

Other current assets result from withholding tax, receivables from investments sold or other miscellaneous events. Other current assets are initially recognized at their fair values; subsequently they are measured at amortized cost, which approximates nominal value.

4.7. Bank overdrafts

Bank overdrafts reflect the negative balance of the Group's bank accounts at the balance sheet date. Due to the short-term nature of this position, the carrying amount of the bank overdraft approximates the nominal value.

4.8. Bank loans

Interest-bearing bank loans are recognized initially at fair value less any attributable transaction costs and are subsequently carried at amortized cost using the effective interest method.

4.9. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are classified as short-term liabilities since they are expected to be settled within twelve months after the reporting period. Accounts payable and accrued liabilities are carried at amortized cost, which approximates nominal value.

4.10. Deferred tax assets and deferred tax liabilities

Deferred tax liabilities result from valuation differences between tax value and IFRS carrying amounts 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. Deferred tax assets and deferred tax liabilities are disclosed net if all requirements for netting are adhered to in the consolidated statement of financial position.

4.11. 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.

4.12. Income taxes

Alpine and its subsidiary Absolute Invest have the status of a holding company in the Canton of Zug and as such benefit 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 companies are subject to income tax at a rate of 7.83% (based on the profit before tax) on income, which does not qualify for the participation exemption. Absolute Invest's subsidiaries on the Cayman Islands are not subject to any income taxes.

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 Group maintains various positions of derivative and non-derivative financial instruments in accordance with the Group's investment policy. The investment policy 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 Group will actively pursue investment opportunities in which it believes its involvement will become a success factor for the investee and the Group.

The Group's investments are denominated in Swiss Francs, US Dollar, Euro and Japanese Yen. The investments held in foreign currencies may expose the Group in a certain degree to a currency exposure risk. To manage the foreign currency risk the Group uses foreign currency forward contracts.

The Group's investment policy and activities involve exposure to various market and price risks and degrees thereof. The Group manages and limits these risks by diversification among markets, instruments and investments as well as using trading limits.

The Group's portfolio is reviewed and managed on a daily basis. Based on the SIX Swiss Exchange requirements for investment companies, Alpine Select calculates and publishes a weekly net asset value.

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

The board of directors regularly reviews and agrees policies for managing these risks, which are summarized below.

6.1. Equity price risk / concentration risk

Equity price risk is the risk of potential adverse change to the value of equity instruments because of changes in market conditions. Although the Group 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 Group 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 Group's consolidated statement of financial position.

Investments held by Absolutissimo and Carry are managed by fund money managers who implement a variety of different strategies in the financial markets. The level of systematic market exposure is left to the discretion of these money managers. The portfolio is expected to have some degree of correlation to the equity markets in which many of the money managers trade. It will be sought to limit the correlation between

the managers in order to dampen the volatility of the portfolio as a whole. The market risk is managed on a daily basis by the investment manager in accordance with policies and procedures in place. Although the strategy is to diversify the investments by allocating no more than 25% of assets to any single money manager and by investing in at least five investment vehicles per subsidiary, 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 may be both, volatile and illiquid. Most of these investments are also subject to specific restrictions on transferability and disposal. Consequently, the risk exists that the Group might not be able to readily dispose of its holdings in such markets or investments when it chooses to do so and that the price attained on a disposal is below the amount at which such investments are included in the Group's consolidated statement of financial position.

The Company is listed on the SIX Swiss Exchange as an investment company. For the calculation of a meaningful sensitivity analysis for the Group's portfolio in respect of the price risk, the Group 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 five years period until 31 December 2014 is 13.18% (standard deviation) and 12.99% (standard deviation) for the five years period until 31 December 2013.

With a probability of 68% the Group's performance may vary by $\pm 13\%$ (one standard deviation) or \pm CHF 29.7 million. With a probability of 95% the Group's performance may vary by two standard deviations of approximately $\pm 26\%$ resp. \pm CHF 59 million.

6.2. Credit risk

Financial assets that potentially expose the Group to credit risk mainly consist of cash and cash equivalents, CLO- and CDO-investments, currency forwards and other current assets except those relating to withholding and value added tax. The Group's exposure to credit risk is limited to the carrying value of these assets as reported in the consolidated statement of financial position and in the consolidated investment table respectively being CHF 32.9 million as at 31 December 2014.

The CLO-investments in Voya CLO IV Ltd., Stone Tower CLO VI Ltd., Stone Tower CLO VII Ltd., Venture XIX CLO Ltd. as well as the Cheyne CDO I Fund L.P. amount to a total of CHF 30.6 million as at 31 December 2014 and represent approximately 12.0% of the total long positions in the Group's consolidated investment table. The CLO- and CDO-investments offer the Group 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 and CDO's are debt financed, allowing a high leverage to the investors. The assets are diversified to mitigate single credit or industry risk to the Group.

6.3. Liquidity risk

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

credit lines.

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

The following table summarizes the maturity profile of the Group's financial liabilities for the year ended 31 December 2014 and 2013 based on contractual and undiscounted payments:

in TCHF	On demand	Less than 3 months	3 to 12 months	Total
31 December 2014				
Financial assets / (liabilities) at fair value through profit or loss				
• Forward exchange contracts, settled gross	0	(1,105)	0	(1,105)
- of which: inflow	0	146,361	0	146,361
- of which: outflow	0	(147,466)	0	(147,466)
Bank overdrafts	0	(3,654)	0	(3,654)
Short-term bank loans	0	(12,890)	0	(12,890)
Accounts payable and accrued liabilities	0	(218)	(290)	(508)
Net inflow / (outflow)	0	(17,867)	(290)	(18,157)
31 December 2013				
Financial assets / (liabilities) at fair value through profit or loss				
• Forward exchange contracts, settled gross	0	2,006	0	2,006
- of which: inflow	0	136,865	0	136,865
- of which: outflow	0	(134,859)	0	(134,859)
Accounts payable and accrued liabilities	0	(477)	(731)	(1,208)
Net inflow / (outflow)	0	1,529	(731)	798

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.

6.4. Interest rate risk

The majority of the Group's financial assets and liabilities are non-interest-bearing. Interest-bearing are only the positions cash and cash equivalents, bank overdrafts and short-term bank loans. Interest-bearing financial assets and financial liabilities mature in the short-term. Therefore, the Group's exposure to fair value interest rate risk due to fluctuations in the prevailing market interest rates is very limited.

An increase of 20 basis points in short-term interest rates as at 31 December 2014 would have decreased the result before tax by approximately TCHF 30 (2013: increase of approx. TCHF 25). A decrease of 20 basis points would have resulted in an opposite and proportional effect.

6.5. Currency risk

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

Notes to the Consolidated Financial Statements

net assets.

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

The following table summarizes the components of the Group's financial assets and financial liabilities that are exposed to foreign currency risk.

in TCHF	Cash and cash equivalents	Bank overdrafts and short-term bank loans	Currency forwards	Other financial assets and financial liabilities, net	Net exposure
31 December 2014					
• USD	714	(5,840)	(127,163)	120,573	(11,716)
• EUR	1	0	0	23,344	23,345
• JPY	1	0	(20,303)	20,358	56
Total	716	(5,840)	(147,466)	164,275	11,685
31 December 2013					
• USD	7,974	0	(126,398)	104,600	(13,824)
• EUR	662	0	0	34,046	34,708
• JPY	0	0	(8,461)	8,753	292
Total	8,636	0	(134,859)	147,399	21,176

The following table sets out the Group's net exposure to changes in foreign currencies of its financial assets and financial liabilities for the year ended 31 December.

in TCHF	2014		2013	
	Currency change in %	Gain / (loss)	Currency change in %	Gain / (loss)
CHF to (strengthen) versus the USD	(5.0%)	586	(5.0%)	691
CHF to (strengthen) versus the EUR	(5.0%)	(1,167)	(5.0%)	(1,735)
CHF to (strengthen) versus the JYP	(5.0%)	(3)	(5.0%)	(15)
Total		(584)		(1,059)

If – at 31 December 2014 – had the Swiss Franc continued to strengthen versus the US Dollar, Euro and the Japanese Yen by 5% – and had all other variables remained constant – the effect on the Group's net profit before tax and equity in the year under review would have been a loss of TCHF 584 (2013: a loss of TCHF 1,059). An adverse change of the Swiss Franc versus these foreign currencies would have resulted in an equal but opposite effect for 2014 and 2013.

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

6.6. Reliance on investment manager

The Group relies on the investment managers and their ability to evaluate investment opportunities and to further develop the Group's investments. The investment manager exercises a central role in the investment decision process. Accordingly, the returns of the Group also depend to a certain degree on the performance of the investment manager and therefore could be substantially affected by an investment manager's unfavorable performance.

6.7. Other risks

Some of the companies in which the Group invests, directly or indirectly, are subject to the risks inherent to their respective industries, countries and regulations. The net asset value of the Group's assets may be affected by uncertainties such as international political developments, changes in governmental policies, taxation, restrictions on foreign investments, fund repatriation and other developments in the laws and regulations of the countries in which the Group's assets are invested.

In addition, established markets do not exist for certain of these holdings and, therefore, they must be considered illiquid. The Group attempts to minimize such risks by performing extensive investment research.

6.8. Risk assessment disclosure required by Swiss Law

The risk assessment process of the Group 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 Group on the probability of coming into effect and the possible impact on the consolidated financial statements based on periodic and systematic identification of such risks.

The board of directors has decided on measures that should enable the Group 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.

6.9. Fair value information

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

in TCHF	2014		2013	
	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	1,258	1,258	2,006	2,006
• non-current	255,558	255,558	216,195	216,195
Loans and receivables				
Cash and cash equivalents	986	986	13,017	13,017
Other current assets	159	159	319	319
Financial liabilities at fair value through profit or loss				
Financial liabilities at fair value through profit or loss – trading				
• current	2,363	2,363	0	0
• non-current	0	0	0	0
Financial liabilities at amortized cost				
Bank overdrafts	3,654	3,654	0	0
Short-term bank loans	12,890	12,890	0	0
Accounts payable and accrued liabilities	508	508	1,208	1,208

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. For unlisted financial assets and financial liabilities designated at fair value through profit or loss, the adjusted net asset value (NAV) is used to determine the fair value. The carrying amounts of cash and cash equivalents, other current assets, bank overdrafts, short-term bank loans and accounts payable and accrued liabilities approximate their fair values due to the short-term nature of these positions.

6.10. Capital management

The Group's capital is represented by the net assets as set out in the table below.

in TCHF	2014	2013
Current assets	3,999	15,947
Non-current assets	255,558	216,195
Total assets	259,557	232,142
Current liabilities	(19,435)	(1,263)
Non-current liabilities	(802)	(1,183)
Total liabilities	(20,237)	(2,446)
Net assets	239,320	229,696

The primary objective of the Group'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 Group's objective is to invest in a diversified portfolio of listed and unlisted 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 capital structure is managed and adjustments are made to it if the economic conditions change. To maintain or adjust the capital structure, the capital may be returned to shareholders or new shares may be issued.

The Group 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	2014	2013
Financial assets at fair value through profit or loss – trading		
Positive fair value of currency forward contracts	1,258	2,006
Financial assets held for trading – Trading options	268	0
Financial assets held for trading – Trading securities	255,290	216,195
Total	256,816	218,201
• current	1,258	2,006
• non-current	255,558	216,195
Financial liabilities at fair value through profit or loss – trading		
Negative fair value of currency forward contracts	2,363	0
Total	2,363	0
• current	2,363	0
• non-current	0	0

7.1. Fair value hierarchy

The different levels of the fair value hierarchy have been defined as follows:

- Level 1: Fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair values measured using directly or indirectly observable inputs, other than those included in level 1. Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. In cases where funds utilize quotes from a fund manager or a broker to assess valuation, it is checked whether such quotes are «binding and executable» or not. When the Group has evidence that such quotes are «binding and executable», the investment is classified within level 2.
- Level 3: Fair values measured using inputs that are not based on observable market data (due to little – if any – market activity). The inputs into the determination of fair value require significant management judgment and estimates, and the estimated values may differ significantly from the values that would have been recorded if an active market for these financial instruments existed. These differences could be material.

The following table analyses financial instruments – carried at fair value – by valuation method:

in TCHF	Level 1	Level 2	Level 3	Total
31 December 2014				
Positive fair value of currency forward contracts	0	1,258	0	1,258
Financial assets held for trading – Trading options	268	0	0	268
Financial assets held for trading – Trading securities	122,891	61,523	70,876	255,290
Negative fair value of currency forwards contracts	0	(2,363)	0	(2,363)
Total	123,159	60,418	70,876	254,453
31 December 2013				
Positive fair value of currency forward contracts	0	2,006	0	2,006
Financial assets held for trading – Trading securities	93,294	46,915	75,986	216,195
Total	93,294	48,921	75,986	218,201

The Company has investments in listed and unlisted equities and funds as well as currency forwards and trading options. Investments in unlisted investment funds (level 3) designated as financial assets at fair value through profit or loss of CHF 70.9 million as at 31 December 2014 or 27.9% of the total financial assets and financial liabilities at fair value through profit or loss are recognized at the adjusted net asset value per share that is based on the reported net asset value by the managers or administrators of such funds (as at 31 December 2013: CHF 76.0 million or 34.8%).

As per 31 December 2014, approximately 52% of the Group's investments are held in unlisted investment funds (reference is made to the investments classified as level 2 and level 3 in Note 7). The carrying amount of these unlisted investment funds (except currency forwards) amounts to CHF 132.4 million (or 51.0% of total assets) as at 31 December 2014 of which CHF 70.9 million (or 27.3% of total assets) relate to level 3 investments.

Level 2 investments comprise currency forwards, CLO-investments as well as investment funds and equities in Japanese hedge-funds («Japan-investments»). The total fair value of these level 2 investments amounts to CHF 60.4 million as at 31 December 2014 (2013: CHF 48.9 million) of which CHF 51.5 million (2013: CHF 42.7 million) relate to Japan-investments. The currency forwards and CLO-investments are classified as financial assets at fair value through profit or loss and are recognized at the adjusted net asset value set by the market participants and based on observable spot exchange rates respectively. The investment funds and equities are classified as financial assets at fair value through profit or loss and are recognized at the adjusted net asset value (quotes) reported by the investment manager or the broker of the fund on a monthly basis, in some cases even on a weekly basis. The Group has evidence that these quotes are «binding and executable».

As such level 3 and level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Transfers between the levels of the fair value hierarchy are recognized as of the beginning of the reporting period during which the transfer has occurred. During the year ended 31 December 2014, the investment

Notes to the Consolidated Financial Statements

in Julius Baer Balkan Tiger Fund was transferred from level 1 to level 3 because the fund was put into liquidation. There were no transfers between the levels during the year ended 31 December 2013.

7.2. Changes in level 2 and level 3 investments

The changes in investments measured at fair value for which the Group has used level 2 and level 3 inputs to determine fair value for the year ended 31 December 2014 and 2013 are as follows:

in TCHF	Level 2	Level 3
Fair value as of 1 January 2013	14,686	0
Change in Group structure from acquisition of Absolute Invest	17,106	144,473
Purchase of investments	25,479	46
Proceeds on disposal of investments	(5,733)	(66,738)
Net gains / (losses) recognized in the consolidated statement of comprehensive income (in the line gain on financial assets and financial liabilities at fair value through profit or loss, net – trading)	(2,497)	3,839
Currency translation adjustments	(120)	(5,634)
Fair value as of 31 December 2013	48,921	75,986
Purchase of investments	16,206	963
Stock dividends	0	121
Transfer from level 1	0	8,088
Proceeds on disposal of investments	(9,768)	(10,381)
Net gains / (losses) recognized in the consolidated statement of comprehensive income (in the line gain on financial assets and financial liabilities at fair value through profit or loss, net – trading)	5,059	(9,313)
Currency translation adjustments	0	5,412
Fair value as of 31 December 2014	60,418	70,876

The net change in unrealized gains / (losses) for level 3 investments held as at 31 December 2014 resulted in a loss of TCHF 9,956 for the year ended then. The net change in unrealized gains / (losses) for level 3 investments held as at 31 December 2013 was a gain of TCHF 4,507 for the year ended then. The amounts are included in the consolidated statement of comprehensive income within gain on financial assets and financial liabilities at fair value through profit or loss, net – trading.

7.3. Valuation technique used to derive level 2 and level 3 fair values

The level 2 foreign currency forwards are measured based on observable spot exchange rates. The level 2 investments further include investments in CLOs. The market for such CLOs is (again) very liquid, especially in the US. There are market makers that are expected to be willing to set prices and on the other side market participants that are willing to buy such products at the offered prices. Thus, the Group considers the market for CLOs as at least indirectly observable (comparable transactions in the same instrument) and classifies the CLOs within level 2.

The valuation technique of level 2 and level 3 investments has not changed compared to the prior year.

7.4. Sensitivity analysis level 3 fair values

The Group does not utilize valuation models with model inputs to calculate the fair value of its level 3 investments. Rather, the Group utilizes a methodology that uses as a key input NAV («adjusted net asset value method»). Thus, the key «unobservable input» would be the NAV itself. A change in the fair value of the underlying input factors could cause the fair value of level 3 financial instruments to significantly change. Changes in the fair value could result from business, economical or environmental risks. The investments held offer the opportunity of significant capital gains, but involve a high degree of risks that can result in substantial losses, including the risk of a total loss of an investment.

7.5. Investments in which the Group has an ownership of more than 20%

In addition to the information disclosed in the consolidated investment table on the following pages, the below disclosures are made for those investments at fair value through profit or loss in which the Group has an ownership of 20% or more.

	2014			2013		
	Fair value in TCHF	Ownership in %	Place of business	Fair value in TCHF	Ownership in %	Place of business
Cheyne Discovery Fund I L.P.	888	100.00%	Cayman Islands	4,855	100.00%	Cayman Islands
Cheyne New Europe Fund L.P.	17,746	42.27%	Cayman Islands	19,294	42.35%	Cayman Islands
Gold Coin Invest Ltd.	227	28.00%	Switzerland	212	28.00%	Switzerland
Julius Baer Balkan Tiger Fund in liquidation	3,326	<20.00%	Luxembourg	8,088	36.00%	Luxembourg
Northwest Warrant Fund Ltd.	3,811	24.56%	Cayman Islands	6,758	22.84%	Cayman Islands
Silverbell Capital Ltd.	139	50.00%	Cayman Islands	61	50.00%	Cayman Islands
Sparx Japan Value Impact Fund	9,294	88.72%	Cayman Islands	-	-	-

8. Consolidated investment table as at 31 December 2014

in TCHF	Number of shares at 1 Jan 2014	Fair value at 1 Jan 2014	Additions	Reductions	Realized gains/ (losses) net of FX
LONG POSITIONS					
Acceleron Pharma Inc.	93,120	215			
Akamatsu Bonsai Fund	25,100	3,903			
Aleutian Fund	29,316	2,695			
Altin Ltd.	48,584	2,117	27,280	(542)	28
American Capital Ltd.	750,000	10,434	1,968	(12,659)	2,005
Arcus Genseki Fund	50,000	4,673			
Banca Monte Dei Paschi Di Siena SpA	0	0	1,214	(1,133)	(80)
Bluebay Multi-Strategy Fund Ltd.	1	8		(17)	10
Bluebay Value Recovery Fund Ltd.	1	67		(130)	71
Cheyne Discovery Fund I L.P.	124,272	4,855		(3,625)	1,435
Cheyne CDO I Fund L.P.	1	23,189		(1,303)	
Cheyne New Europe Fund L.P.	1,041,213	19,294			
Contrarian European Fund Ltd.	2,135	196		(195)	57
CQS Directional Opportunities Feeder Fund Ltd.	3,212	13,268			
Double Haven Temple Feeder Fund Ltd.	1,124	404		(309)	(418)
GCI Trust / GCI Japan Hybrids	20,813	2,789			
Ginga Explorer Fund	2,211	2,714		(2,968)	39
Ginga Service Sector Fund ²⁾	2,770	5,892			
Gold Coin Invest Ltd.	84	212			
Hayate Japan Equity Long-Short Fund ²⁾	73	1,664	1,090		
HBM Healthcare Investments Ltd.	890,978	59,028	30,172	(31,555)	1,393
Highland Financial Partners L.P.	600,000	0			
Invisa Inc.	26,000	16		(14)	(123)
Julius Baer Balkan Tiger Fund in liquidation	110,000	8,088		(4,357)	157
J. Wellness Equity Long-Short	30,000	2,717		(2,578)	(134)
Laurus Master Fund Ltd. ³⁾	45,302	1,464			
Lucas Energy Total Return Offshore Fund Ltd.	862	845			
NCP Offshore Feeder Fund Ltd.	0	0	906		
Nightwatch Capital Partners CA	1,980	172	17		
Nippon Growth Fund Ltd.	5,712	4,578			

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

²⁾ Share split.

³⁾ Liquidation of Laurus Offshore Fund and in-specie distribution of the Master Fund to investors.

Notes to the Consolidated Financial Statements

	Realized FX gains/ (losses)	Unrealized gains/ (losses) net of FX ¹⁾	Unrealized FX gains/ (losses) ¹⁾	Currency translation adjustments	Fair value at 31 Dec 2014	Number of shares at 31 Dec 2014	Investment currency	Dividends received	Level at 31 Dec 2014
				25	240	93,120	USD		III
		725	412		5,040	25,100	USD		II
		92	313		3,100	29,316	USD		II
	11	902	2,522		32,318	602,319	USD		I
	(29)	(2,192)	473		0	0	USD		
		651	522		5,846	50,000	USD		II
	(1)				0	0	EUR		
		(1)			0	0	USD		
		(10)		2	0	0	USD		
		(1,988)		211	888	23,624	USD		III
		(960)		2,525	23,451	1	USD	869	III
		(1,048)	(2,461)	1,961	17,746	1,041,213	EUR		III
		(64)		6	0	0	USD		
		608	1,549	(143)	15,282	3,212	USD		III
		370		17	64	258	USD		III
		69	313		3,171	20,813	USD		II
	220	(46)	41		0	0	USD		
		645	626		7,163	2,841	USD		II
		15			227	84	CHF		III
		525	(100)		3,179	111	JPY		II
		27,976			87,014	891,078	CHF	2,822	I
					0	600,000	USD		III
	(58)	122	57		0	0	USD		
	(111)	(447)	(4)		3,326	50,000	EUR		III
	(12)	(49)	56		0	0	USD	28	
		(1,396)		52	120	35,475	USD		III
		(405)		64	504	862	USD		III
		(27)	87		966	1,000	USD		III
		(143)		9	55	2,366	USD	9	III
		210	(87)		4,701	5,712	JPY		II

Notes to the Consolidated Financial Statements

Consolidated investment table as at 31 December 2014 (continued)

in TCHF	Number of shares at 1 Jan 2014	Fair value at 1 Jan 2014	Additions	Reductions	Realized gains/ (losses) net of FX
LONG POSITIONS					
Northwest Feilong Fund Ltd.	0	0	2,725		
Northwest Fund Ltd.	966	1,770			
Northwest Warrant Fund Ltd.	4,081	6,758		(3,544)	324
Peoples Choice Financial Corporation	70,800	0			
ProKMU invest Ltd. in liquidation	57,350	0			
Raiffeisen Bank International	0	0	1,466	(1,311)	(153)
Rieter Holding Ltd.	0	0	4,858	(524)	20
Romanian Investment Fund	1,719	2,203			
Schaffner Holding Ltd.	34,992	9,211		(9,426)	1,430
Silverbell Capital Ltd.	2,500,000	61			
Sparx Japan Value Impact Fund	0	0	8,825		
Stone Tower CLO VI Ltd.	2,000	1,708		(283)	
Stone Tower CLO VII Ltd.	2,000,000	1,209		(137)	
Tocqueville Gold Offshore Fund	75,000	1,407		(445)	(557)
Truston Asset Management Co. Ltd.	16,875	345	49		
UMJ International Feeder Fund Kotoshiro ²⁾	30,000	2,511			
UnipolSai SpA ³⁾	20,000	4,400		(5,225)	2,162
Valens Offshore Fund	5,014	2,937			
Valens Unit Trust - Valens Offshore Special Investm.	4,129	960			
Venture XIX CLO Ltd.	0	0	3,566		
Vitafort International Corporation	317,543	0			
Voya CLO IV Ltd. ⁴⁾	2,000	1,334		(258)	
YA Offshore Global Investment	181,420	3,884	112		
Total Long Positions		216,195	84,248	(82,538)	7,665
of which gains					7,924
of which gains from second line trades					1,360
of which losses					(1,619)
of which losses from second line trades					0

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

²⁾ Share split.

³⁾ Renamed from Fondiaria SAI SpA in January 2014.

⁴⁾ Renamed from ING Investment Management CLO IV Ltd.

Notes to the Consolidated Financial Statements

	Realized FX gains/ (losses)	Unrealized gains/ (losses) net of FX ¹⁾	Unrealized FX gains/ (losses) ¹⁾	Currency translation adjustments	Fair value at 31 Dec 2014	Number of shares at 31 Dec 2014	Investment currency	Dividends received	Level at 31 Dec 2014
		883	256		3,864	3,149	USD		II
		320	214		2,304	966	USD		II
	(236)	(72)	581		3,811	1,904	USD		II
					0	70,800	USD		III
					0	57,350	CHF		III
	(2)				0	0	EUR		
		(795)			3,559	21,500	CHF	16	I
		(30)	(40)		2,133	1,719	EUR		III
		(1,215)			0	0	CHF	130	
		78			139	2,500,000	EUR		III
		1,006	(537)		9,294	100,000	JPY		II
		(256)	182		1,351	2,000	USD	342	II
		(340)	182		914	2,000,000	USD		II
		(35)		76	446	24,488	USD		III
		63	26		483	19,492	KRW	11	III
		457	(52)		2,916	17,830	JPY		II
	(23)	(1,338)	24		0	0	EUR		
		232		364	3,533	5,014	USD		III
		(754)		49	255	4,129	USD		III
			91		3,657	4,000,000	USD		II
					0	317,543	USD		III
		(49)	185		1,212	2,000	USD	291	II
		(3,172)		194	1,018	187,152	USD	112	III
	(241)	19,118	5,431	5,412	255,290			4,630	
	473	37,032	8,716						
	0	0	0						
	(714)	(17,914)	(3,285)						
	0	0	0						

Notes to the Consolidated Financial Statements

Consolidated investment table as at 31 December 2014 (continued)

in TCHF

	Number of shares at 1 Jan 2014	Fair value at 1 Jan 2014	Additions	Reductions	Realized gains/ (losses) net of FX
TRADING OPTIONS					
Call Nikkei225 Index, Strike JPY 18,000	0	0		474	
Put Fiat, Strike EUR 6.60	0	0	8	(71)	62
Put HBM Healthcare Investments Ltd., Strike CHF 100	0	0	89	(1,111)	1,022
Put ISHRS Nasdaq Biotech USD 220	0	0	854	(972)	110
Put UBS Ltd., Strike CHF 16	0	0	205	(239)	34
Total Trading Options		0	1,156	(1,919)	1,228
of which gains					1,304
of which losses					(76)
of which assets		0			
of which liabilities		0			
CURRENCY FORWARDS					
Currency Forwards CHF/USD; USD/CHF		1,195			
Currency Forwards CHF/JPY; JPY/CHF		811			
Total Currency Forwards		2,006	0	0	0
of which gains					
of which losses					
of which assets		2,006			
of which liabilities		0			

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

Notes to the Consolidated Financial Statements

	Realized FX gains/ (losses)	Unrealized gains/ (losses) net of FX ¹⁾	Unrealized FX gains/ (losses) ¹⁾	Currency translation adjustments	Fair value at 31 Dec 2014	Number of shares at 31 Dec 2014	Investment currency	Dividends received	Level at 31 Dec 2014
		(217)	11		268	90	JPY		I
	1				0	0	EUR		
					0	0	CHF		
	8				0	0	USD		
					0	0	CHF		
	9	(217)	11	0	268				
	9	0	11						
	0	(217)	0						
					268				
					0				
	(12,200)		(3,558)		(2,363)				II
	244		447		1,258				II
	(11,956)	0	(3,111)	0	(1,105)				
	5,958		447						
	(17,914)		(3,558)						
					1,258				
					(2,363)				

9. Consolidated investment table as at 31 December 2013

in TCHF	Number of shares at 1 Jan 2013	Fair value at 1 Jan 2013	Change in Group structure from acq.	Additions	Reductions	Realized gains/ (losses) net of FX
LONG POSITIONS						
Absolute Invest Ltd. ²⁾	2,395,553	83,216	(75,903)	16,485	(26,997)	
Accelaron Pharma Inc.	0	0	228			
Akamatsu Bonsai Fund	0	0	3,795			
Aleutian Fund	0	0		2,711		
Altin Ltd.	0	0		9,646	(7,761)	149
American Capital Ltd.	500,000	5,502		3,795	(691)	146
Arcus Genseki Fund	0	0	1,919	2,746		
Atrium V Ltd.	1,500	1,620			(1,620)	252
BIA Pacific Macro Fund	0	0	5,374		(5,567)	289
Bluebay Multi-Strategy Fund Ltd.	0	0	17		(10)	1
Bluebay Value Recovery Fund Ltd.	0	0	186		(132)	9
Cheyne Discovery Fund I L.P.	0	0	2,787			
Cheyne CDO I Fund L.P.	0	0	22,479			
Cheyne New Europe Fund L.P.	0	0	20,623			
Contrarian European Fund Ltd.	0	0	208		(64)	
CQS Convertible & Quantitative RED. PTG	0	0	9,829		(9,696)	42
CQS Directional Opportunities Feeder Fund Ltd.	0	0	17,615		(4,633)	19
Double Haven Temple Feeder Fund Ltd.	0	0	1,742		(508)	(247)
Dymon Asia Macro Fund	0	0	8,113		(7,785)	(183)
Finisterre Sovereign Debt Fund	0	0	7,041		(7,109)	194
Fondiarria SAI SpA ³⁾	0	0		3,549	(638)	180
GCI Trust / GCI Japan Hybrids	0	0		2,806		
Ginga Explorer Fund	0	0		2,709		
Ginga Service Sector Fund	0	0	2,879	2,748		
Gold Coin Invest Ltd.	0	0	197			
Hayate Japan Equity Long-Short Fund	0	0		1,796		
HBM Healthcare Investments Ltd.	946,454	43,917	4,130	10,752	(19,833)	3,150
Highland Financial Partners L.P.	600,000	0				
ING Investment Management CLO IV Ltd.	2,000	1,867				
Invisa Inc.	26,000	5				

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

²⁾ For the change in group structure from acquisition, reference is made to Note 2 in the Annual Report 2013.

³⁾ Fondiarria SAI SpA was renamed to UnipolSai SpA in January 2014.

Notes to the Consolidated Financial Statements

	Realized FX gains/ (losses)	Unrealized gains/ (losses) net of FX ¹⁾	Unrealized FX gains/ (losses) ¹⁾	Currency translation adjustments	Fair value at 31 Dec 2013	Number of shares at 31 Dec 2013	Investment currency	Dividends received	Level at 31 Dec 2013
		248	2,951		0	0	USD		
				(13)	215	93,120	USD		III
		386	(278)		3,903	25,100	USD		II
		27	(43)		2,695	29,316	USD		II
	60	47	(24)		2,117	48,584	USD		I
	(1)	2,067	(384)		10,434	750,000	USD		I
		226	(218)		4,673	50,000	USD		II
	(467)	(275)	490		0	0	USD	79	
				(96)	0	0	USD		
		1		(1)	8	1	USD		III
		11		(7)	67	1	USD		III
		2,321		(253)	4,855	124,272	USD		III
		2,083		(1,373)	23,189	1	USD	587	III
		(1,369)	1,216	(1,176)	19,294	1,041,213	EUR		III
		64		(12)	196	2,135	USD		III
				(175)	0	0	USD		
		1,137		(870)	13,268	3,212	USD		III
		(535)		(48)	404	1,124	USD		III
				(145)	0	0	USD		
				(126)	0	0	USD		
	(4)	1,338	(25)		4,400	20,000	EUR		I
		121	(138)		2,789	20,813	USD		II
		46	(41)		2,714	2,211	USD		II
		556	(291)		5,892	2,770	USD		II
		15			212	84	CHF		III
			(132)		1,664	73	JPY		II
		16,912			59,028	890,978	CHF		I
					0	600,000	USD		III
		(482)	(51)		1,334	2,000	USD	706	II
		15	(4)		16	26,000	USD		I

Notes to the Consolidated Financial Statements

Consolidated investment table as at 31 December 2013 (continued)

in TCHF	Number of shares at 1 Jan 2013	Fair value at 1 Jan 2013	Change in Group structure from acq.	Additions	Reductions	Realized gains/ (losses) net of FX
LONG POSITIONS						
Julius Baer Balkan Tiger Fund	0	0	7,795			
J. Wellness Equity Long-Short	0	0		2,724		
Laurus Offshore Fund Ltd.	0	0	1,645		(90)	
Lucas Energy Total Return Offshore Fund Ltd.	0	0	982			
Nightwatch Capital Partners CA	0	0	245	9		
Nippon Growth Fund Ltd.	0	0		4,658		
Northwest Fund Ltd.	0	0	1,970			
Northwest Warrant Fund Ltd.	0	0	6,744		(135)	(365)
Paulson Gold Fund Ltd.	0	0	733		(556)	(165)
Peoples Choice Financial Corporation	70,800	0				
Prime New Energy Ltd. (in liquidation)	210,492	126				(2,059)
ProKMU invest Ltd. in liquidation	57,350	0				
Rain Tree Capital Fund Ltd.	0	0	4,958		(4,801)	(68)
Romanian Investment Fund	0	0	2,135			
Schaffner Holding Ltd.	134,706	31,116		264	(22,368)	(694)
Shape Capital Ltd.	1,187	172		318	(510)	37
Silverbell Capital Ltd.	0	0	38			
Stone Tower CLO VI Ltd.	2,000	2,024				
Stone Tower CLO VII Ltd.	2,000,000	1,664				
TCM Asia Opportunities	0	0	7,864		(7,521)	(203)
Tocqueville Gold Offshore Fund	0	0	1,533			
Truston Asset Management Co. Ltd.	0	0	272	37		
Truston Dynamic Korea Fund	0	0	8,353		(8,151)	(53)
UMJ International Feeder Fund Kotoshiro	0	0		2,581		
Unipol Gruppo Finanziario SpA	0	0		5,022	(6,181)	1,170
Valens Offshore Fund	0	0	3,131		(124)	
Valens Unit Trust - Valens Offshore Special Inv.	0	0	1,303			
Vitafort International Corporation	317,543	0				
Vulpes Long Asian Volatility	0	0	2,688		(2,247)	(393)

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

²⁾ For the change in group structure from acquisition, reference is made to Note 2 in the Annual Report 2013.

³⁾ Fondiaria SAI SpA was renamed to UnipolSai SpA in January 2014.

Notes to the Consolidated Financial Statements

	Realized FX gains/ (losses)	Unrealized gains/ (losses) net of FX ¹⁾	Unrealized FX gains/ (losses) ¹⁾	Currency translation adjustments	Fair value at 31 Dec 2013	Number of shares at 31 Dec 2013	Investment currency	Dividends received	Level at 31 Dec 2013
		299	99	(105)	8,088	110,000	EUR		I
		49	(56)		2,717	30,000	USD		II
				(91)	1,464	45,302	USD		III
		(84)		(53)	845	862	USD		III
		(70)		(12)	172	1,980	USD	9	III
		347	(427)		4,578	5,712	JPY		II
		(56)	(144)		1,770	966	USD		II
		774	(105)	(155)	6,758	4,081	USD		II
				(12)	0	0	USD		
					0	70,800	USD		III
		1,933			0	0	CHF	113	
					0	57,350	CHF		III
				(89)	0	0	USD		
		70	33	(35)	2,203	1,719	EUR		III
		893			9,211	34,992	CHF	470	I
		(17)			0	0	CHF		
		23			61	2,500,000	EUR		III
		(265)	(51)		1,708	2,000	USD	400	II
		(409)	(46)		1,209	2,000,000	USD		II
				(140)	0	0	USD		
		(40)		(86)	1,407	75,000	USD		III
		42	(6)		345	16,875	KRW	9	III
				(149)	0	0	USD		
		(27)	(43)		2,511	30,000	JPY		II
	(11)				0	0	EUR		
		109		(179)	2,937	5,014	USD		III
		(279)		(64)	960	4,129	USD		III
					0	317,543	USD		III
				(48)	0	0	USD		

Notes to the Consolidated Financial Statements

Consolidated investment table as at 31 December 2013 (continued)

in TCHF	Number of shares at 1 Jan 2013	Fair value at 1 Jan 2013	Change in Group structure from acq.	Additions	Reductions	Realized gains/ (losses) net of FX
LONG POSITIONS						
YA Offshore Global Investment	0	0	4,359			
Total Long Positions		171,229	90,007	75,356	(145,728)	1,208
of which gains						4,733
of which gains from second line trades						1,688
of which losses						(5,213)
of which losses from second line trades						0
TRADING OPTIONS						
FX-OTC-E-Option (Call USD / Put CHF; Strike: 0.975)	0	0		(133)		133
FX-OTC-E-Option (Call USD / Put CHF; Strike: 0.95)	0	0		(115)		115
Put Altin Ltd., Strike USD 57.50	0	0		2	(2)	
Put ISHRS Nasdaq Biotech USD 200	0	0		398	(341)	(56)
Long/Short Leverage Certificate IK 1	25,000	3,590			(3,942)	883
Total Trading Options		3,590	0	152	(4,285)	1,075
of which gains						1,199
of which losses						(124)
of which assets		3,590				
of which liabilities		0				

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

Notes to the Consolidated Financial Statements

Realized FX gains/ (losses)	Unrealized gains/ (losses) net of FX ¹⁾	Unrealized FX gains/ (losses) ¹⁾	Currency translation adjustments	Fair value at 31 Dec 2013	Number of shares at 31 Dec 2013	Investment currency	Dividends received	Level at 31 Dec 2013
	(234)		(241)	3,884	181,420	USD		III
(423)	28,018	2,282	(5,754)	216,195			2,373	
60	32,267	4,879						
0	0	0						
(483)	(4,249)	(2,597)						
0	0	0						
				0	0	CHF		
				0	0	CHF		
				0	0	USD		
(1)				0	0	USD		
40	(558)	(13)		0	0	EUR		
39	(558)	(13)	0	0				
40	0	0						
(1)	(558)	(13)						
				0				
				0				

Consolidated investment table as at 31 December 2013 (continued)

in TCHF

	Number of shares at 1 Jan 2013	Fair value at 1 Jan 2013	Change in Group structure from acq.	Additions	Reductions	Realized gains/ (losses) net of FX
CURRENCY FORWARDS						
Currency Forwards CHF/USD; USD/CHF		3,942				
Currency Forwards CHF/JPY; JPY/CHF		0				
Currency Forwards CHF/EUR; EUR/CHF		(21)				
Currency Forwards USD/EUR; EUR/USD		0	(202)			
Total Currency Forwards		3,921	(202)	0	0	0
of which gains						
of which losses						
of which assets		3,942	0			
of which liabilities		(21)	(202)			

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

Notes to the Consolidated Financial Statements

Realized FX gains/ (losses)	Unrealized gains/ (losses) net of FX ¹⁾	Unrealized FX gains/ (losses) ¹⁾	Currency translation adjustments	Fair value at 31 Dec 2013	Number of shares at 31 Dec 2013	Investment currency	Dividends received	Level at 31 Dec 2013
6,060		(2,726)		1,195				II
		811		811				II
(70)				0				
(2,342)		202		0				
3,648	0	(1,713)	0	2,006				
10,834		1,034						
(7,186)		(2,747)						
				2,006				
				0				

10. Cash flows from purchases and disposals of investments

10.1. Cash outflow from purchases of financial assets at fair value through profit or loss

in TCHF	Note	2014	2013
Purchase of investments at fair value through profit or loss as per the consolidated investment table (additions total long positions)	8/9	(84,248)	(75,356)
Less: stock-dividends included in additions total long positions		121	0
Purchase of trading options as per the consolidated investment table	8/9	(1,156)	(152)
Consideration transferred in cash relating to the acquisition of Absolute Invest	2.1	0	1,293
Effective cash outflow from purchases		(85,283)	(74,215)

10.2. Cash inflow from sale of financial assets at fair value through profit or loss

in TCHF	Note	2014	2013
Proceeds on disposal of investments at fair value through profit or loss as per the consolidated investment table (reductions total long positions)	8/9	82,538	145,728
Proceeds on disposal of trading options as per the consolidated investment table (reductions total trading options)	8/9	1,919	4,285
Collected receivables for redeemed investments		193	0
Withholding tax on disposal of investments at fair value through profit or loss		(4,222)	(1,974)
Effective cash inflow from sales		80,428	148,039

11. Other current assets

in TCHF	2014	2013
Withholding tax	1,565	542
Receivables for investments sold	2	190
Other receivables	188	192
Total	1,755	924

12. Short-term bank loans

In June 2014, the Group received a short-term loan of CHF 5.0 million at an interest rate of 0.76% p.a. from Bank Julius Baer & Co. Ltd., Zurich. The loan was renewed monthly and increased to CHF 10.7 million as at 31 December 2014. End of December 2014 the Group raised a USD short-term bank loan of CHF 2.2 million at an interest rate of 1.07% p.a. from Bank Julius Baer & Co. Ltd., Zurich. Both, the CHF loan and the USD loan were fully repaid on 15 January 2015.

13. Deferred tax assets and deferred tax liabilities

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

in TCHF	Deferred tax liabilities on financial assets at fair value through profit or loss	Deferred tax assets from capitalized tax losses carried forward	Deferred tax (liabilities) / assets, net
Balance at 1 January 2013	(600)	0	(600)
Deferred tax (expense)	(583)	0	(583)
Balance at 31 December 2013	(1,183)	0	(1,183)
Deferred tax (expense) / income	(108)	489	381
Balance at 31 December 2014	(1,291)	489	(802)

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 7.83% (based on the result before tax).

As of 31 December 2014 the Group has tax losses carried-forward of approximately CHF 7.3 million which will expire in the year 2021 and of which approximately CHF 6.3 million were capitalized as deferred tax assets (2013: no tax losses carried-forward).

14. Share capital and treasury shares

14.1. Share capital

Unchanged to the year ended 31 December 2013, the Company's fully paid-in share capital amounts to CHF 267,559.08 as of 31 December 2014, divided into 13,377,954 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.

The Annual Shareholders' Meeting of Alpine Select Ltd. held on 25 April 2013 decided to:

- reduce the share capital of the Company by CHF 7,625.22 by cancelling 381,261 treasury shares; and
- increase the share capital of the Company by a maximum of CHF 24,355.88 through the issue of a maximum of 1,217,794 fully paid-in registered shares with a nominal value of CHF 0.02 each. The executed capital increase resulted in an increase of the share capital of CHF 24,000.00 being 1,200,000 new and fully paid-in registered shares with a nominal value of CHF 0.02 each.

The increase of the share capital of TCHF 17,650 recorded in the consolidated statement of changes in equity for the year ended 31 December 2013 is net of transactions costs of TCHF 350. The income tax effect on these transaction costs amounts to TCHF 27 as per 31 December 2013 applying the tax rate of 7.83%.

The changes in the Company's share capital were recorded in the Commercial Register of the Canton of Zug as of 2 July 2013.

14.2. Authorized share capital

According to article 4a of the Company's articles of association, the board of directors is authorized to increase the share capital by a maximum amount of CHF 121,779.54 at any time until 25 April 2015 by issuing a maximum of 6,088,977 fully paid-in registered shares with a nominal value of CHF 0.02 each. Increases by firm underwriting or partial increases are permitted. The board of directors shall determine the date of issuance of the new shares, their issue price, method of payment, conditions governing the exercise of subscription rights and the date of the dividend entitlement.

14.3. Conditional share capital

The Company's share capital may be increased by a maximum amount of CHF 121,779.54 by issuing a maximum of 6,088,977 registered shares with a nominal value of CHF 0.02 each to be fully paid-in, through the exercise of option and/or conversion rights granted in connection with bonds or similar debt instruments of the Company or its subsidiary, and/or through the exercise of option rights granted to the shareholders.

14.4. Treasury shares

The Annual Shareholders' Meeting held on 25 April 2013 decided to cancel all 381,261 treasury shares that were acquired by the Company between October 2011 and March 2013 for a total amount of TCHF 6,095 (including transaction costs of TCHF 23 and considering the income tax effect of TCHF 2 on these transaction costs) and to reduce the share capital of the Company. The same meeting entitled the Company's board to re-purchase own shares of the Company up to a maximum of 10% of the share capital starting 26 April 2013 until the ordinary Annual Shareholders' Meeting in 2015. No treasury shares were purchased since then. Hence, the Company holds no treasury shares as of 31 December 2014 and no treasury shares were sold during the years ended 31 December 2014 and 2013.

15. Non-controlling interests

As at 31 December 2013, Alpine held 98.95% of the shares of Absolute Invest. During the year to 31 December 2014, Alpine acquired the remaining 1.05% interest in Absolute Invest for TCHF 1,110 in cash. The proportionate net asset value of Absolute Invest for the acquired 1.05% was TCHF 1,137. The Group recognized a decrease in non-controlling interests of TCHF 1,137 and an increase in retained earnings of TCHF 27.

Non-controlling interests as at 31 December 2014 comprise of 36.52% in Cheyne Discovery Fund I Inc., Cayman Islands that are not held by the Group (31 December 2013: 1.05% in Absolute Invest and 36.52% in Cheyne Discovery Fund I Inc., Cayman Islands).

The following table summarizes the movements of non-controlling interests:

in TCHF	Absolute Invest	Cheyne Discovery Fund I Inc.	Total
Balance at 1 January 2013	0	0	0
Non-controlling interests arising on the acquisition of Absolute Invest, incl. non-controlling interests previously held by Absolute Invest	85,441	1,018	86,459
Share of profit / (loss) for the year 2013	(231)	848	617
Acquisition of non-controlling interests in Absolute Invest after 5 June 2013	(61,797)	0	(61,797)
Distribution to non-controlling interests	(19,135)	0	(19,135)
Currency translation adjustments	(3,120)	(92)	(3,212)
Balance at 31 December 2013	1,158	1,774	2,932
Share of profit / (loss) for the year 2014	(20)	(196)	(216)
Acquisition of non-controlling interests in Absolute Invest after 5 June 2013	(1,137)	0	(1,137)
Distribution to non-controlling interests	0	(1,287)	(1,287)
Currency translation adjustments	(1)	78	77
Balance at 31 December 2014	0	369	369

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

in TCHF	2014	2013
Financial assets held for trading (Long positions)		
Realized gains	7,924	4,733
Realized gains – second trading line	1,360	1,688
Realized losses	(1,619)	(5,213)
Net realized currency losses	(241)	(423)
Net realized	7,424	785
Unrealized gains	37,032	32,267
Unrealized losses	(17,914)	(4,249)
Net unrealized currency gains	5,431	2,282
Net unrealized	24,549	30,300
Total financial assets held for trading, net (Long positions)	31,973	31,085
Financial assets / liabilities held for trading (Trading options)		
Realized gains	1,304	1,199
Realized losses	(76)	(124)
Unrealized losses	(217)	(558)
Net realized currency gains	9	39
Net unrealized currency gains / (losses)	11	(13)
Total financial assets / liabilities held for trading, net (Trading options)	1,031	543
Currency forwards		
Realized gains	5,958	10,834
Realized losses	(17,914)	(7,186)
Unrealized gains	447	1,034
Unrealized losses	(3,558)	(2,747)
Total currency forwards, net	(15,067)	1,935
Gain on financial assets and financial liabilities at fair value through profit or loss, net – trading	17,937	33,563

17. General and administrative expenses

in TCHF	2014	2013
Personnel expenses incl. social costs	(562)	(458)
Legal, consulting, accounting and auditing fees	(556)	(1,811)
Advisory fees	(720)	(328)
Management fees	0	(516)
Other office expenses	(421)	(464)
General and administrative expenses	(2,259)	(3,577)

The management fees relate to investment management agreements entered into by Absolutissimo and Carry with AlphaCove Advisors Ltd. that were terminated as at 31 August 2013.

18. Employee benefits

Besides the statutory social security schemes there is an independent pension plan in place covering one employee of the Group. The Group's contributions to such plans are charged to profit or loss in the period to which the contributions relate. The amount charged to profit or loss amounted to TCHF 10 for the year ended 31 December 2014 (2013: TCHF 2).

As the Group has no material defined benefit pension or post-retirement schemes at 31 December 2014 and 2013, no further disclosures are provided.

19. Income tax income / (expense)

in TCHF	2014	2013
Current tax expense	0	(82)
Deferred tax income / (expense)	381	(583)
Income tax income / (expense)	381	(665)

Deferred tax income and expense is presented on a net basis.

Reconciliation of effective tax rate for the year ended 31 December:

in TCHF	2014	2013
Profit before tax	19,622	31,951
Company's domestic income tax rate	7.83%	7.83%
Tax expense using the Company's domestic income tax rate	(1,536)	(2,502)
Effect of income exempt from tax	2,788	1,309
Current year losses for which no deferred tax asset is recognized	(84)	0
Gain on bargain purchase which is a non-taxable income for tax purposes	0	213
Effect of zero tax rate on Cayman Islands	(787)	315
Income tax income / (expense)	381	(665)
Effective tax rate on the profit before tax	-1.9%	2.1%

20. Earnings per share

	2014	2013
Net profit in TCHF as per the consolidated statement of comprehensive income for the year ended 31 December	20,219	30,669
Weighted average number of outstanding shares	13,377,954	12,964,036
Earnings per share in CHF (basic and diluted)	1.51	2.37

21. Net asset value (NAV) per share

The net asset value per share is calculated using the adjusted number of outstanding shares as per 31 December.

	2014	2013
Equity attributable to the shareholders of Alpine Select Ltd. as per the consolidated statement of financial position (in TCHF)	238,951	226,764
Total number of shares outstanding	13,377,954	13,377,954
Net asset value per share (in CHF)	17.86	16.95
Net asset value per share (in CHF) when adjusted with 0.945055 for the distribution out of the reserves from capital contributions in June 2014	-	16.02

22. Contingencies, commitments and pledged assets

In June 2014, Alpine and Absolute Invest entered into standard pledge agreements with Bank Julius Baer & Co. Ltd. («BJB»), Zurich, under which their portfolios at BJB of approximately CHF 206.5 million are pledged as security for any amounts due to BJB. As at 31 December 2014, CHF 16.5 million were due to BJB.

23. 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:

	2014	2013
Trinsic Ltd. Artherstrasse 21, 6300 Zug		
• Number of shares, including 170,000 shares (2013: 170,000 shares) directly held by the beneficial owners of Trinsic Ltd.	2,154,300	2,284,421
• Percentage	16.10%	17.08%
Beneficial owners of Trinsic Ltd.: Daniel Sauter, Zug; Regina Barbara Young, Zug; Viktoria Louise Sauter, Zug; Florian Sauter, Zug and, partly indirect through Talpas Ltd., 7502 Bever: Michel Vukotic, Meilen; Corinne Vukotic, Meilen; Aline Vukotic, Meilen and Fabienne Vukotic, Meilen		
Fabrel Ltd. / Hans Müller Seestrasse 50, 6052 Hergiswil		
• Number of shares including 376,140 shares (2013: 376,140 shares) directly held by Hans Müller	1,351,140	1,351,140
• Percentage	10.10%	10.10%
Beneficial owner of Fabrel Ltd. is Hans Müller, Hergiswil		
Raymond J. Baer Goldhaldenstrasse 23, 8702 Zollikon		
• Number of shares	783,708	519,764
• Percentage	5.86%	3.89%
Hans-Ulrich Rihs Eichstrasse 49, 8712 Stäfa		
• Number of shares	570,000	597,000
• Percentage	4.26%	4.46%
Hans Hornbacher Route de Perreret 3, 1134 Vufflens-le-Château		
• Number of shares	445,637	445,637
• Percentage	3.33%	3.33%
Credit Suisse Group Ltd. Paradeplatz 8, 8070 Zürich		
• Number of shares	-	617,300
• Percentage	-	4.61%

24. Related party transactions

At the Annual Shareholders' Meeting on 25 April 2013, Dr. Dieter Dubs, partner of Baer & Karrer Ltd., Zurich («Baer & Karrer»), was elected to the Company's board of directors. Baer & Karrer is the legal advisor of Alpine. Baer & Karrer is considered a related party.

Thomas Amstutz was the co-owner and a member of the Board of Directors of Absolute Investment Services Ltd., Zurich («AIS») until its merger with JAAM AG, Zurich («JAAM») in April 2014. AIS acted as service provider for Absolute Invest until 31 December 2013 when the service agreement was terminated;

hence, AIS is considered a related party.

Thomas Amstutz is the co-owner and a member of the Board of Directors of JAAM. For the period 1 September until 31 December 2013, Absolute Invest and JAAM entered into a service agreement according to which JAAM provided Absolute Invest and its two subsidiaries Absolutissimo and Carry with consultancy services. Since 1 January 2014 and based on an advisory agreement with Alpine, JAAM provides advisory services to the Group. Hence, JAAM is considered a related party.

Based on a service agreement with Absolute Invest, FinOps AG («FinOps»), Zurich provided services for Absolute Invest's net asset value calculation. The agreement was terminated as at 30 September 2014. Thomas Amstutz is the vice-president of the Board of Directors of FinOps and therefore FinOps is considered a related party.

Transactions with related parties are conducted at arm's length.

The following table gives an overview of significant transactions with related parties and members of the board of directors during the year ended 31 December 2014 and 2013:

in TCHF			2014	2013
Remuneration of the board of directors of Alpine Select				
Raymond J. Baer	chairman and non-executive member	since 25 April 2013	177	121
Thomas Amstutz	non-executive member		43	63
Walter Berchtold	non-executive member	since 26 May 2014	26	-
Dieter Dubs	non-executive member	since 25 April 2013	43	30
Walter Geering	executive member	until 31 March 2014	47	189
Hans Müller	non-executive member	until 25 April 2013	-	38
			336	441
Legal fees to Baer & Karrer			201	331
Service fees to AIS ^{*1}			-	179
Service fees to FinOps *			40	81
Advisory and service fees to JAAM ^{*1}			720	248

^{*1} Year 2013: these payments / expenses reflect the whole year 2013 and can therefore not be reconciled with profit or loss.

25. Events after the balance sheet date

The consolidated financial statements and the statutory financial statements for the year ended 31 December 2014 were authorized for issue by the board of directors on 1 April 2015. There were no significant events to report until this date.

The Annual Shareholders' Meeting to be held on 20 May 2015 will vote on the final approval of the consolidated financial statements, the statutory financial statements and the compensation report.

**Report of the Statutory Auditor on
the Consolidated Financial
Statements**

Report of the Statutory Auditor on the Consolidated Financial Statements to the Annual Shareholders' Meeting of Alpine Select Ltd., Zug



KPMG AG
Audit
Badenerstrasse 172
CH-8004 Zurich

P.O. Box 1872
CH-8026 Zurich

Telephone +41 58 249 31 31
Fax +41 58 249 44 06
Internet www.kpmg.ch

Report of the Statutory Auditor to the General Meeting of Shareholders of

Alpine Select AG, Zug

Report of the Statutory Auditor on the Consolidated Financial Statements

As statutory auditor, we have audited the consolidated financial statements of Alpine Select AG, which comprise the consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes for the year ended December 31, 2014.

Board of Directors' Responsibility

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the consolidated financial statements for the year ended December 31, 2014 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 and with Swiss law.

Report of the Statutory Auditor on the Consolidated Financial Statements to the Annual Shareholders' Meeting of Alpine Select Ltd., Zug

*Alpine Select AG, Zug
Report of the Statutory Auditor
on the Consolidated Financial Statements
to the General Meeting*

Report on Other Legal Requirements

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

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

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

KPMG AG



Marc Ziegler
*Licensed Audit Expert
Auditor in Charge*



Alexander Fähndrich
Licensed Audit Expert

Zurich, April 1, 2015

BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER

in CHF	Note	2014	2013
ASSETS			
Current assets			
Cash and cash equivalents		349,303	4,999,014
Unrealized gains from currency forward contracts, net	2	0	2,005,848
Receivables Absolute Invest Ltd.		403,920	0
Other current assets	3	73,040	603,180
Total current assets		826,263	7,608,042
Non-current assets			
Securities	4	90,700,146	89,203,527
Participation in Absolute Invest Ltd.	5	97,904,965	96,794,623
Total non-current assets		188,605,111	185,998,150
TOTAL ASSETS		189,431,374	193,606,192
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	6	368,885	614,313
Unrealized losses from currency forward contracts, net	2	1,105,219	0
Short-term bank loan	7	10,703,614	0
Short-term loan Absolute Invest Ltd.		5,000,000	0
Current tax liability		28,728	61,896
Total current liabilities		17,206,446	676,209
Equity			
Share capital	8	267,559	267,559
Legal reserves			
• General reserves		6,769,759	6,769,759
• Reserves from capital contributions		56,453,972	70,010,146
• Reserves from capital contributions – not yet approved	9	8,026,706	7,848,486
Retained earnings		108,034,033	105,879,272
Net (loss) / profit of the year		(7,327,101)	2,154,761
Total equity		172,224,928	192,929,983
TOTAL LIABILITIES AND EQUITY		189,431,374	193,606,192

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER

in CHF	2014	2013
INCOME		
Gain on securities, net	5,250,974	0
Gain on derivative financial instruments, net	0	5,189,302
Dividend income	3,479,262	1,767,719
Interest income	250,188	632,650
Other income	10,169	114,384
Total income	8,990,593	7,704,055
EXPENSES		
Loss on securities, net	0	(373,215)
Loss on derivative financial instruments, net	(13,828,097)	0
General and administrative expenses	(1,804,410)	(2,474,558)
Commissions and other bank fees	(633,971)	(848,125)
Foreign exchange losses, net	(145)	(1,783,590)
Interest expenses	(44,766)	(8,306)
Total expenses	(16,311,389)	(5,487,794)
Net (loss) / profit before tax	(7,320,796)	2,216,261
Tax expense	(6,305)	(61,500)
Net (loss) / profit of the year	(7,327,101)	2,154,761

Notes to the Statutory Financial Statements

1. Organization and business activity	98
2. Currency forward contracts	98
3. Other current assets	98
4. Securities	98
5. Participation in Absolute Invest Ltd.	98
6. Accounts payable and accrued liabilities	99
7. Short-term bank loan	99
8. Share capital and treasury shares	99
9. Reserves from capital contributions – not yet approved	100
10. Significant shareholders	101
11. Share ownership	102
12. Pledged assets	102
13. Risk management	102

1. Organization and business activity

Alpine Select Ltd. (the «Company», «Alpine» and together with its subsidiary Absolute Invest Ltd., the «Group») 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.

The shares of the Company are listed on the SIX Swiss Exchange and are traded in Swiss Francs (Stock Exchange symbol: ALPN; Swiss Security number: 1.919.955; ISIN code: CH 0019199550).

2. Currency forward contracts

Open currency forward contracts are valued at market prices.

3. Other current assets

in CHF	2014	2013
Withholding tax	0	520,973
Value added tax	0	43,934
Other	73,040	38,273
Total	73,040	603,180

4. Securities

Securities are recorded at lower of cost or market.

in CHF	2014	2013
Carrying amount of listed securities of Alpine	69,676,655	63,205,065
Carrying amount of unlisted securities of Alpine	21,023,491	25,998,462
Total	90,700,146	89,203,527

5. Participation in Absolute Invest Ltd.

As per 31 December 2013, Alpine owned 5,932,450 shares resp. 98.95% of the outstanding share capital of Absolute Invest Ltd («Absolute Invest»). During the first six months of the year 2014, Alpine acquired the remaining 1.05% interest in Absolute Invest for TCHF1,110 in cash. As at 31 December 2014, Absolute Invest is 100% owned by the Company.

The participation in Absolute Invest is stated at its acquisition costs.

Absolute Invest, domiciled in Zug, Switzerland was incorporated on 12 October 2000. The Company (directly or indirectly through its wholly owned subsidiaries Absolutissimo Limited and Carry Ltd.) invests – among others – in unquoted hedge funds.

6. Accounts payable and accrued liabilities

As per 31 December 2014, an amount of TCHF 6 (2013: TCHF 21) of not yet paid social securities is included here. The amount was paid on 2 February 2015.

7. Short-term bank loan

On 10 June 2014, Alpine received a short-term loan of CHF 5.0 million at an interest rate of 0.76% p.a. from Bank Julius Baer & Co. Ltd., Zurich. The loan is renewed monthly and was increased to CHF 10.7 million as at 31 December 2014. The accrued interest amounts to TCHF 4 as at 31 December 2014. The short-term bank loan was fully repaid on 15 January 2015.

8. Share capital and treasury shares

As of 31 December 2014 and unchanged to prior year, the fully paid-in share capital of Alpine Select amounts to CHF 267,559.08 and is divided into 13,377,954 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. There are two share certificates outstanding for 525 shares in total.

8.1. Authorized share capital

According to article 4a of the Company's articles of association, the board of directors is authorized to increase the share capital by a maximum amount of CHF 121,779.54 at any time until 25 April 2015 by issuing a maximum of 6,088,977 registered shares with a nominal value of CHF 0.02 each to be fully paid-in. Increases by firm underwriting or partial increases are permitted. The board of directors shall determine the date of issuance of the new shares, their issue price, method of payment, the conditions governing the exercise of subscription rights and the date of the dividend entitlement.

8.2. Conditional share capital

According to article 4b of the Company's articles of association, the Company's share capital may be increased by a maximum amount of CHF 121,779.54 by issuing a maximum of 6,088,977 registered shares with a nominal value of CHF 0.02 each to be fully paid-in, through the exercise of option and/or conversion rights granted in connection with bonds or similar debt instruments of the Company or its subsidiary, and/or through the exercise of option rights granted to the shareholders.

8.3. Treasury shares

The annual shareholders' meeting held on 25 April 2013 entitled the Company's board of directors to repurchase own shares of the Company up to a maximum of 10% of the share capital starting 26 April 2013 until the ordinary annual shareholders' meeting in the year 2015. No treasury shares were purchased since then. Hence, the Company holds no treasury shares as of 31 December 2014.

9. Reserves from capital contributions – not yet approved

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 and re-allocated the components accordingly within equity. As at 31 December 2014, the Federal Tax Authorities («FTA», Eidgenössische Steuerverwaltung) refuse to approve an amount of CHF 8,026,706 (2013: CHF 7,848,486) as they consider these amounts as «costs that arose in connection with the capital increases». Contrary to the FTA, the Company is of the opinion that these amounts qualify as reserves from capital contributions. The Company has therefore agreed to the proposal of the FTA that – should distributions be made out of the reserves from capital contributions – such distributions would first be deducted from the amount that was approved by the FTA. Should – on a later stage – distributions be planned out of the amount that was not approved by the FTA 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 FTA.

10. 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:

	2014	2013
Trinsic Ltd. Artherstrasse 21, 6300 Zug		
• Number of shares, including 170,000 shares (2013: 170,000 shares) directly held by the beneficial owners of Trinsic Ltd.	2,154,300	2,284,421
• Percentage	16.10%	17.08%
Beneficial owners of Trinsic Ltd.: Daniel Sauter, Zug; Regina Barbara Young, Zug; Viktoria Louise Sauter, Zug; Florian Sauter, Zug and, partly indirect through Talpas Ltd., 7502 Bever: Michel Vukotic, Meilen; Corinne Vukotic, Meilen; Aline Vukotic, Meilen and Fabienne Vukotic, Meilen		
Fabrel Ltd. / Hans Müller Seestrasse 50, 6052 Hergiswil		
• Number of shares including 376,140 shares (2013: 376,140 shares) directly held by Hans Müller	1,351,140	1,351,140
• Percentage	10.10%	10.10%
Beneficial owner of Fabrel Ltd. is Hans Müller, Hergiswil		
Raymond J. Baer Goldhaldenstrasse 23, 8702 Zollikon		
• Number of shares	783,708	519,764
• Percentage	5.86%	3.89%
Hans-Ulrich Rihs Eichstrasse 49, 8712 Stäfa		
• Number of shares	570,000	597,000
• Percentage	4.26%	4.46%
Hans Hornbacher Route de Perreret 3, 1134 Vufflens-le-Château		
• Number of shares	445,637	445,637
• Percentage	3.33%	3.33%
Credit Suisse Group Ltd. Paradeplatz 8, 8070 Zürich		
• Number of shares	-	617,300
• Percentage	-	4.61%

11. Share ownership

As at 31 December, members of the Board of Directors of Alpine owned shares of the Company as set out in the following table:

		2014	2013
Raymond J. Baer	chairman and non-executive member	783,708	519,764
Thomas Amstutz	non-executive member	276,000	136,000
Walter Berchtold	non-executive member	300,000	-
Dieter Dubs	non-executive member	5,000	3,500
Total		1,364,708	659,264

12. Pledged assets

In June 2014, Alpine entered into a standard pledge agreement with Bank Julius Baer & Co. Ltd. («BJB»), Zurich, under which the Company's portfolio at BJB of approximately CHF 91 million as at 31 December 2014 is pledged as security for any amounts due to BJB. As at 31 December 2014, the amount due to BJB amounted to CHF 10.7 million.

13. 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

**Proposed Appropriation of Available Earnings
as of 31 December (Proposal of the board of directors)**

in CHF	2014	2013
Retained earnings at the beginning of the year	108,034,033	105,879,272
Net (loss) / profit of the year	(7,327,101)	2,154,761
Retained earnings at the end of the year	100,706,932	108,034,033
Dissolution of reserves from capital contributions ¹⁾	13,377,954	13,377,954
Available for distribution	114,084,886	121,411,987
Proposal of the board of directors for appropriation of available earnings		
Dividend ¹⁾	13,377,954	13,377,954
To be carried forward	100,706,932	108,034,033
	114,084,886	121,411,987
Total dividend distribution	13,377,954	13,377,954
• out of reserves from capital contributions	13,377,954	13,377,954
• out of other reserves	0	0

¹⁾ The proposed dividend is calculated based on all outstanding registered shares less those shares held by the Company (treasury shares) – if any – 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 Financial Statements

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



KPMG AG
Audit
Badenerstrasse 172
CH-8004 Zurich

P.O. Box 1872
CH-8026 Zurich

Telephone +41 58 249 31 31
Fax +41 58 249 44 06
Internet www.kpmg.ch

Report of the Statutory Auditor on the Financial Statements to the General Meeting of Shareholders of

Alpine Select AG, Zug

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the financial statements of Alpine Select AG, which comprise the balance sheet, income statement and notes for the year ended December 31, 2014.

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 association. 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 December 31, 2014 comply with Swiss law and the company's articles of association.

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.

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



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

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

KPMG AG

A handwritten signature in black ink, appearing to be 'M. Ziegler'.

Marc Ziegler
*Licensed Audit Expert
Auditor in Charge*

A handwritten signature in black ink, appearing to be 'A. Fähndrich'.

Alexander Fähndrich
Licensed Audit Expert

Zurich, April 1, 2015

ALPINE SELECT

Alpine Select Ltd. · Bahnhofstrasse 23 · CH-6300 Zug · T +41 41 720 44 11
investorrelations@alpine-select.ch · www.alpine-select.ch