Annual Report 2010

ALPINE SELECT

Board of Directors

Daniel J. Sauter, *Chairman*
Hans Müller
Walter Geering

Auditors

KPMG AG
Badenerstrasse 172
8026 Zurich
Switzerland

Company Info Sheet

Listing:	SIX Swiss Exchange
Stock Exchange Symbol:	ALPN
Swiss Security Number:	1.919.955
ISIN Code:	CH0019199550
Reuters:	ALPN.S
Bloomberg:	ALPN SW EQUITY
Type of Shares:	Registered shares
Outstanding Shares:	13'278'447

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

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

ALPINE SELECT

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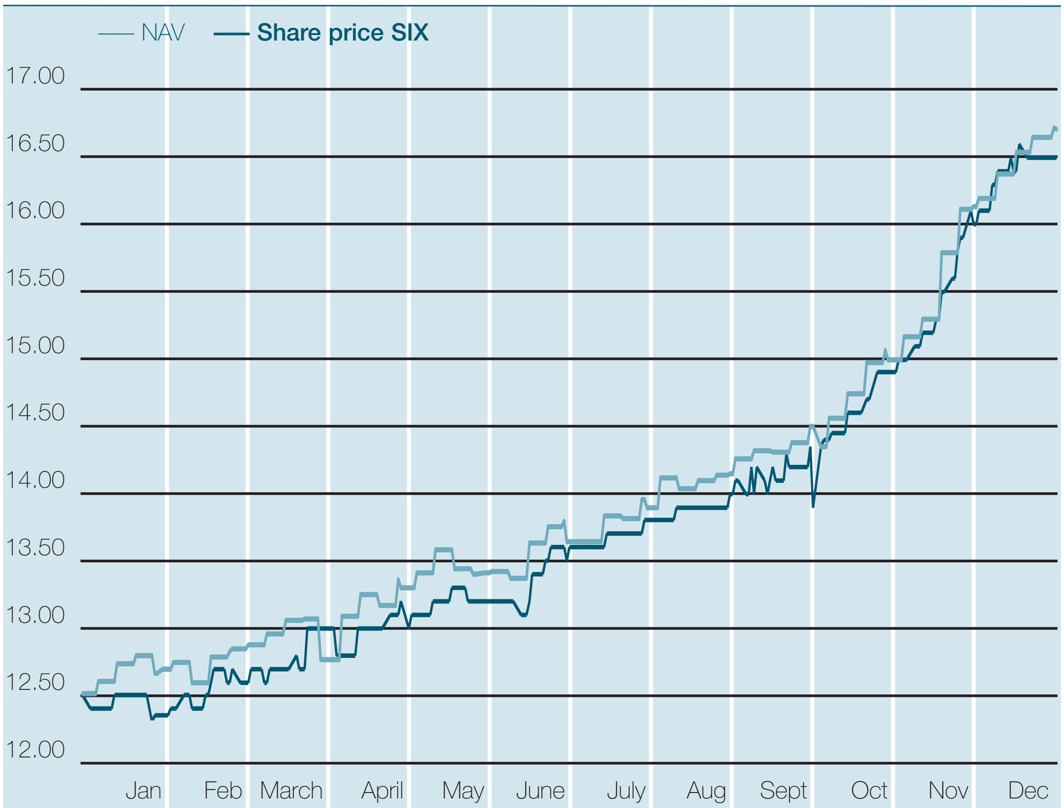
Key figures

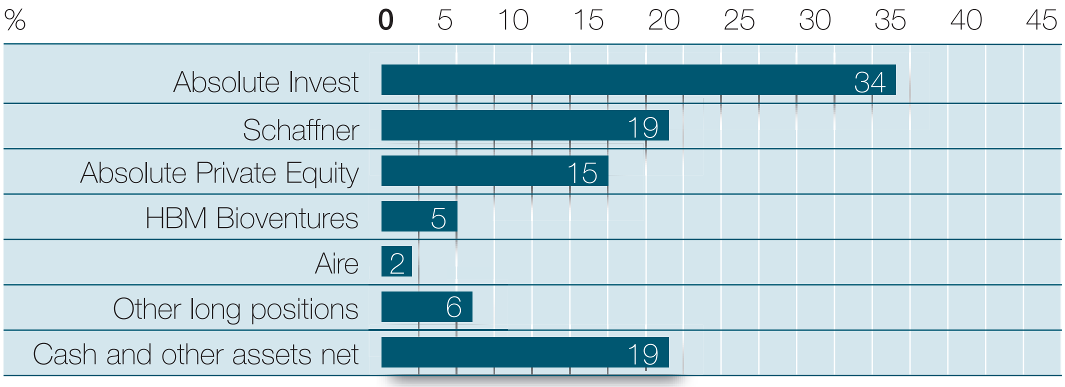
	31 December 2010	31 December 2009
Share price	CHF 16.50	CHF 12.50
NAV	CHF 16.72	CHF 12.53

	High 2010	Low 2010
Share price	CHF 16.60	CHF 12.30
Premium / (Discount) to NAV	2.9%	(2.3%)
NAV	CHF 16.72	CHF 12.53

12 months price-history in CHF for the year 2010
(weekly NAV and daily closing share price)



Positions as a percentage of net asset value (NAV) on 31 December 2010



Monthly NAV-performance in %

	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Annually
2005	-0.1	0	0.1	0.7	0.7	0.6	4.6	1.9	2.0	-1.8	-1.2	3.3	11.1
2006	2.6	3.3	2.7	3.2	-4.4	1.6	0.8	-0.3	2.6	9.2	0.3	0.3	23.6
2007	7.5	-3.5	2.0	1.8	0.7	-0.7	-1.3	-6.0	0	0.6	-0.9	0.9	2.8
2008	-4.6	-0.7	-1.9	1.7	-2.1	-1.9	-2.4	-1.2	-5.7	-14.1	-11.0	-4.3	-39.6
2009	-2.3	-0.5	2.2	2.2	1.8	2.7	3.1	3.6	4.4	-0.2	-2.9	-0.2	14.6
2010	1.4	1.2	-0.6	4.2	0.8	2.8	0.8	1.8	2.5	3.4	7.6	3.6	33.4

Monthly share price-performance in %

	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Annually
2005	0.7	0	1.1	-0.7	1.1	0.3	5.2	0.7	3.9	0	-5.1	-0.3	6.8
2006	3.7	4.5	3.7	1.8	-1.8	1.2	1.2	0	1.7	5.1	1.5	1.7	27.1
2007	8.9	-2.1	-0.5	2.1	0.5	-1.5	-0.5	-5.8	0	0.6	0	0.6	1.7
2008	-5.5	0	-2.3	1.2	-4.7	0	-1.2	-1.3	-6.3	-15.5	-9.6	-2.7	-39.6
2009	-2.7	-0.9	0.9	0.9	3.7	1.8	3.5	2.5	5.0	0.8	-2.3	0	13.6
2010	-1.2	2.8	2.4	1.5	0	3.0	1.5	0	4.0	3.8	7.4	3.1	32.0

Chairman’s statement

Dear Shareholders

It is pleasure to report the best year in the history of Alpine Select AG.

After exceeding our targeted performance already in 2009, the NAV increased in 2010 by 33.4% from CHF 12.53 to CHF 16.72. As in previous years the share price followed the development of the NAV very closely and accordingly increased by 32% from CHF 12.50 to CHF 16.50.

The core holdings contributed to the substantial increase of the Company’s net asset value. Most significantly Schaffner Holding AG which almost doubled its value during 2010 and Absolute Invest AG and Absolute Private Equity AG which represent our largest investments. The value contribution from the two Absolute companies was primarily the result of their consequently implemented strategies namely the continued share buy-back programs which both companies entertain. The product of which was that the discount between the share price and the net asset value narrowed substantially. Despite efforts HBM Bioventures has not as yet been able to reach such success. But it remains their stated goal to reduce the discount to net asset value before making new investments. We believe that this goal will be reached in the course of the current year.

Given this success we have even increased our stakes in Absolute Invest and Absolute Private Equity whilst we reduced our investment in Schaffner Holding AG as the valuation nears our target. Smaller positions were reduced as opportunities arose. Our CLO investments have enjoyed a strong recovery in 2010 and attractive disbursements continued to flow in.

The strong liquidity position was used to capture short term trading opportuinites such as BB Biotech and Orior whilst we disposed of the Bellevue Funds. The convertible bonds of HBM Bioventures and Schaffner Holding were repaid within the reporting period.

The share 2009 buy-back program which was extended by one year at the last shareholders’ meeting was terminated on 4 March 2011. A total of 719’232 shares representing 5.42% of the outstanding share capital were tendered during the entire period. The Board of Directors proposes the annual general meeting the cancellation of these shares. As in previous years the shareholders are requested to approve a new share buy-back program in principle which will come to effect only if market conditions warrant it.

Due to certain changes in the Swiss tax law the Company was able to reclassify certain equity reserves. Against such reserves dividends can be distributed to shareholders free of withholding tax. For the first time the Board of Directors proposes a dividend of CHF 2.00 per registered share.

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

Daniel J. Sauter

Chairman of the Board of Directors

Review of operations

Investment policy and focus

Alpine Select AG (the „Company" or „Alpine") is an investment company with an emphasis on investee companies subject to particular corporate events or circumstances; events could include spin-offs, acquisitions, recapitalizations or reorganizations, circumstances could include valuation anomalies or technical market situations. The investment approach is based on fundamental research and analysis. Whilst the Company will strive to maintain a consistently favourable risk reward profile, it typically invests in shares of a limited number of corporations in which it believes embedded catalysts will provide it with attractive absolute returns.

Portfolio performance

At 31 December 2010, net asset value per share was according to the IFRS valuation CHF 16.72, an increase of 33.4% compared to the net asset value at the beginning of the year (CHF 12.53). Throughout the year the shares traded near or at the net asset value (ranging from a discount of -2.3% to a premium of 2.9%). The share price increased during the year by 32.0% from CHF 12.50 to CHF 16.50.

As at the end of the reported period, long positions comprised of 13 investments or CHF 170.7 million of which the participations in Absolute Invest AG, Absolute Private Equity AG, Schaffner Holding AG, HBM Bioventures AG, AIRE GmbH & Co. and Orior AG represented 93.6% of aggregate positions or CHF 159.8 million. The remaining amount of CHF 10.9 million mainly comprised of investments in Stone Tower CLO, ING Investment Management CLO, Atrium V, Prime New Energy, BB Biotech and a 8.5% Triple ICE Units structured product.

The holdings in Absolute Invest AG and Absolute Private Equity AG have increased whilst the holdings in AIRE GmbH & Co. KGaA, HBM Bioventures AG and Schaffner Holding AG have been reduced. New investments were BB Biotech AG, Orior AG and the structured product 8.5% Triple ICE Units. The holding in Bellevue Funds (LUX) Sicav was sold. Most transactions traded with gains.

Net liquidity (liquid funds net of debt) amounted to CHF 25.1 million at 31 December 2010.

Share-buy-back program

After a successful conclusion of the share-buy-back program launched in 2008, the Company decided in July 2009 to launch a new share-buy-back program of up to 10% of the outstanding shares via a second trading line at the SIX Swiss Exchange. As of 31 December 2010 4.995% of this new program was utilized. The program ended on 4 March 2011 with totally 719'232 shares repurchased.

Corporate governance

1. Group structure and shareholders

1.1. Group business

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

1.2. Company and 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 and listed on the SIX Swiss Exchange.

Sumara AG, a joint stock company with registered offices at Bahnhofstrasse 23, Zug, Switzerland, is the only subsidiary of the Company. Alpine holds all its outstanding shares.

1.3. Significant shareholders

The Company did not receive any notifications of significant shareholders holding at least 3% of Company's outstanding shares in 2010 other than the shareholders already known to the Company (see below).

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

The following shareholders owned reportable amounts of shares:

	2010	2009
Fabrel AG, Seestrasse 50, 6052 Hergiswil:		
- Number of shares (including 140 shares directly held by Hans Müller)	3'500'140	3'634'515
- Percentage	26.36%	27.37%
Beneficial owner of Fabrel AG is Hans Müller, 6052 Hergiswil		
Trinsic AG, Artherstrasse 21, 6300 Zug:		
- Number of shares (including 70'000 shares directly held by Daniel Sauter)	2'299'667	2'362'529
- Percentage	17.32%	17.79%
Beneficial owners of Trinsic AG are Daniel Sauter, 6300 Zug and Michel Vukotic, 8706 Meilen		

To the Company‘s best knowledge, there are no shareholder agreements in place. Out of the currently running share buy-back-program, the Company held at year-end 663‘232 shares, representing 4.995% of the share capital. Further purchases of additional 56’000 shares took place in 2011 bringing the total number of repuchased shares to 719’232. The program ended on 4 March 2011 and the Board of Directors proposes to the Annual Shareholders‘ Meeting on 18 April 2011 to cancel the own shares and reduce the number of outstanding shares accordingly.

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

1.4. Cross-Shareholdings

There are no cross-shareholdings.

2. Capital structure

2.1. Share capital

As of 31 December 2010, the share capital of the Company amounts to CHF 265‘568.94 and is divided into 13‘278‘447 registered shares with a nominal value of CHF 0.02 each. The share capital is fully paid-in. Each registered share carries one voting right.

The shares are listed on the SIX Swiss Exchange and are traded in Swiss Francs (symbol: ALPN; SSN: 1.919.955; ISIN: CH 0019199550). As per 31 December 2010, Alpine‘s market capitalization was CHF 219 million.

2.2. Authorized share capital

There is no authorized share capital.

2.3. Conditional share capital

As of 31 December 2010, the Company‘s Articles of Association foresee the share capital may be increased by an amount not exceeding CHF 132‘784.46 through the issuance of a maximum of 6‘639‘223 registered shares to be fully paid-in with a nominal value of CHF 0.02 each through the exercise of conversion and/or option rights in connection with bonds or similar instruments issued by the Company or by its subsidiary and/or through the exercise of option rights granted to shareholders.

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

The Board of Directors determines the conditions of the option and/or conversion rights.

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

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

If the Annual Shareholders' Meeting on 18 April 2011 votes for the proposed reduction of the share capital, the maximum number of shares that could be issued as conditional share capital will be reduced to 6'279'607 shares or CHF 125'592.14 and Art. 4a of the Articles of Association will be amended accordingly.

2.4. Changes in share capital

On 11 December 2006 the share capital was increased to CHF 317'282.88 by the issuance of 4'532'613 registered shares with a nominal value of CHF 0.02 each.

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

The Board of Directors proposed to the shareholders at the Annual Shareholders' Meeting on 30 April 2009, to reduce the share capital from CHF 317'282.88 to CHF 265'568.94

by means of cancellation of 2‘585‘697 shares with a nominal value of CHF 0.02 each and to adjust Art. 4 of the Articles of Association of the Company accordingly. The decrease was effective in the Commercial Register of the Canton of Zug as per 15 July 2009.

Since then the share capital remained unaltered. All figures in this report as well as historic figures have been adjusted for these capital increases and decreases.

2.5. Treasury shares

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

The Board of Directors proposes to the shareholders at the upcoming Annual Shareholders’ Meeting to terminate the current share buy-back-program and to reduce the share capital from CHF 265‘568.94 to CHF 251‘184.30 by the cancellation of 719‘232 treasury shares with a nominal value of CHF 0.02 each and to change Art. 4 of the Articles of Association of the Company accordingly. A total of 12’559’215 shares will be outstanding there after.

The Board of Directors proposes to the shareholders at the upcoming Annual Shareholders’ Meeting the authorization for a new share buy-back-program for up to 10% of the outstanding share capital, between 19 April 2011 and the next Annual Shareholders’ Meeting in 2012, should the demand for Alpine’s shares deteriorate.

2.6. Shares and participation certificates

The Company‘s share capital as per 31 December 2010 amounts to CHF 265‘568.94 and consists of 13‘278‘447 registered shares with a nominal value of CHF 0.02 each. There are no preferential rights or similar rights. Each share carries one vote and has full dividend rights. There are no voting right restrictions and each shareholder can exercise his voting rights at the shareholders' meetings (see section 2.8 on Nominees). There are no participation certificates.

2.7. Profit sharing certificates

There are no profit sharing certificates outstanding.

2.8. Limitation on share transferability and nominee registration

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

In accordance with Art. 6 para. 3 of the Articles of Association, persons who do not declare in their application to hold the shares for their own account ("Nominees") will be registered in the Company's register with voting rights up to 9% of the share capital as registered in the Register of Commerce. Nominees who are bound by capital, voting power, management or in another manner or who coordinate their actions by agreement, union or in any other manner in order to elude the transfer restrictions are to be considered as one Nominee when applying this provision. Beyond this limitation, Nominees shall be registered as shareholders with voting rights only if the respective Nominee discloses name, address, nationality and shareholdings of the persons for the account of whom he holds 1% or more of the share capital as registered in the Register of Commerce (Art. 6 para. 4 of the Articles of Association).

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

2.9. Convertible bonds and warrants

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

2.10. Share certificates

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

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

3. Board of Directors

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

3.1. Members of the Board of Directors

The members of the Board of Directors are:

Daniel J. Sauter

Born 1957, executive member, Chairman (since 1 January 2004), Swiss, term of office: 2001/2011

From 1976 to 1983, Daniel J. Sauter held various positions in Swiss banks, including Bank Leu AG, Zurich; from 1983 to 1998 he was Senior Partner and CFO of Glencore International AG, Baar and from 1994 to 2001 CEO and Managing Director of Xstrata AG, Zug. Daniel Sauter is a graduate from the Swiss Banking School and holds a “Swiss Bank Diploma”.

Hans Müller

Born 1947, non-executive member, Swiss, term of office: 2006/2011

Hans Müller held various positions in the Swiss machine industry from 1978 to 1996. Since 1997 he is Chairman and Managing Director of Fabrel AG, Hergiswil. Fabrel AG (beneficial owner is Hans Müller) is a significant shareholder of the

Company. Hans Müller has over thirty years of experience in portfolio management and is member of the Board of Directors of various privately held companies. He holds a degree from the University of St. Gallen (lic. oec. HSG).

Walter Geering

Born 1943, executive member, Swiss, term of office: 2007/2011

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

Daniel Sauter and Walter Geering as executive members of the Board of Directors will hereafter be referred to as the Management.

The non-executive board member, Hans Müller, was not previously member of the management and no significant business relationships exist between him and the Company.

3.2. Other activities

Daniel J. Sauter is a board member of Sika AG, Baar; Sulzer AG, Winterthur; Julius Baer Group AG, Zurich; Model Holding AG, Weinfelden, and chairman of Trinsic AG, Zug.

Hans Müller is chairman and managing director of Fabrel AG, Hergiswil.

Walter Geering is member of the Board of Directors of Tiberius Asset Management AG, Zug, as well as of two of its subsidiaries.

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

3.3. Election and term of office

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

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

3.4. Internal organizational structure, delegated authorities and management board

Daniel J. Sauter is the executive Chairman of the Board of Directors. The Board of Directors has not established any committees. The nature of the Company's business dictates that the Board of Directors takes an active role in defining the Company's investment strategy whilst delegating management and control tasks to the Company's Management. A formalized internal control system is in place since November 2007. Accounting functions and some administrative tasks have been outsourced to third parties who supply the Board of Directors with weekly and quarterly reports and adhere to the internal control system. The Board of Directors convenes at least three times a year. During 2010 the Board of Directors convened six times. Meetings normally last half a day.

3.5. Areas of responsibility

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

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

Swiss Code of Obligations) as well as the adoption of capital increases and the amendments to the Articles of Association entailed therewith;

- to verify the professional qualifications of the specially qualified auditors.

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

3.6. Information and control instruments

In order to control and review the Company's activities, the Board of Directors is provided by the Management with weekly reports, monthly management accounting and investment reporting's as well as ad-hoc information concerning major business activities. A formalized internal control system is in place to monitor the major work processes monthly.

4. Management

4.1. Members of Management

The Management of the Company and its subsidiary Sumara AG, Zug, consists of:

Daniel J. Sauter

Daniel J. Sauter acts as the executive Chairman of the Company since January 2004. For further information see section 3.1.

Walter Geering

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

4.2. Other activities and interests

See section 3.2 for Daniel J. Sauter and Walter Geering.

Members of the Management are not currently involved in permanent management consultancy functions for significant Swiss and foreign interest groups. They are not in charge of any official function or political assignment.

4.3. Management contracts

Neither management contracts nor agreements of a similar nature exist.

5. Compensation, shareholdings and loans

5.1. Content and method of determining compensation

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

The annual compensation has no performance-related or other variable component and the compensation for all members of the Board of Directors and the Management is rendered in the form of a fixed cash payment. The amount however differs and depends on whether a member of the Board of Directors is executive or non-executive and the level of employment of the members of the Board of Directors and the Management. There are no management incentive schemes of any nature or which foresee the issuance of shares or share options.

The compensation paid to members of the Board of Directors and the Management as well as the total compensation in 2010 is listed in section 5.7 below.

5.2. Allocation of shares

In 2010 no shares were allocated to members of the Board of Directors, the Management or parties closely linked to such persons.

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

As of 31 December 2010 the Management and parties closely linked to such persons held directly and indirectly an aggregate of 2‘339‘667 shares in the Company of which Daniel Sauter held 2‘299‘667 shares and Walter Geering 40‘000 shares. The non-executive member of the Board of Directors, Hans Müller and parties closely linked to him, held 3‘500‘140 shares. The Management is identical with the executive members of the Board of Directors. All transactions were reported to the SIX Swiss Exchange.

5.4. Options

No options have been issued.

5.5. Additional fees and remuneration

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

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

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

5.7. Compensation

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

Each member of the Board of Directors is entitled to receive a fixed fee of CHF 25‘000 per year as compensation for the exercise of the duties as member of the Board of Directors. This fee is paid out in cash and the payment is made after the Annual Shareholders‘ Meeting.

Members of the Board of Directors who are employed by the Company – Daniel Sauter and Walter Geering as members of the Management – have waived their fee as described above in this section and are instead remunerated on the basis of their employment agreements by a fixed annual salary only. Variations occur due to the differing levels of employment of the members of the Management whilst the respective amounts remain fixed as per the individual employment contracts.

Relating accruals as of 31 December 2010 are considered below.

Neither share nor stock option plans exist.

in CHF	**2010**	**2009**
Daniel Sauter, executive member, Chairman	101’306	180’818
Hans Müller, member [1]	25’000	26’900
Walter Geering, executive member	182’620	257’734
Total	**308’926**	**465’452**

[1] 2010: net of 7.6% value added tax; 2009: including 7.6% value added tax

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

The reduction of the total compensation from CHF 465‘452 in 2009 to CHF 308‘926 in 2010 is the result of a smaller level of employment of the Management in 2010.

Furthermore, no bonus was paid in 2010 as the Board of Directors decided in 2009 to neither pay any bonus nor other variable compensation from 1 January 2010 onwards.

6. Shareholders' participation rights

6.1. Voting right restrictions

There are no voting right restrictions.

6.2. Statutory quorums

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

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

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

6.3. Convening of Shareholders' Meetings

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

- Extraordinary Shareholders' Meetings shall be convened by the Board of Directors within 60 days after shareholders representing at least 10% of the share capital request such meeting in writing, setting forth the items to be discussed and the proposals to be decided upon;

- The Shareholders‘ Meeting shall be convened by mail to the shareholders and usufructuaries at least 20 days prior to the meeting day. The convening letter shall state the day, time and place of the meeting, the agenda, the proposals of the Board of Directors, the proposal of the shareholders who have requested the Shareholders‘ Meeting or that an item to be included on the agenda.

6.4. Items on the agenda

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

6.5. Registration in the shareholders‘ register

The deadline for the inscription of registered shareholders into the share register in view of their participation in the shareholders‘ meeting is established every year by the Board of Directors. It is usually settled about 10 days before the Shareholders‘ Meeting. No exception will be granted.

7. Changes in control and defensive measures

7.1. Mandatory offer

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

7.2. Change of control clause

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

8. Auditors

8.1. Duration of mandate and term of office

On 29 April 2010, the Shareholders‘ Meeting elected KPMG AG, Zurich, as their new auditors for a term of one year. Marc Ziegler is the auditor in charge for Alpine and its subsidiary.

The Company regularly reviews and compares the work of the external auditors regarding the factors quality, know-how, cost-consciousness and timely reports. Out of three offers, KPMG AG, Zurich, was selected and nominated to the Shareholder's Meeting 2010 for election due to their convincing and straight forward presentation and because the Board of Directors is of the opinion the new auditors can meet the expectations regarding cost-effectiveness and timely reports. As the Shareholders' Meeting 2010 voted for the nominated auditors, KPMG AG audited the financial statements of 2010 according Art. 18 of the Articles of Association.

8.2. Audit fees

For the year 2010 audit fees amounted to CHF 76'543 (2009: CHF 115'400) of which CHF 60'000 relate to the newly elected auditor KPMG. The former auditors of Ernst & Young AG Zurich charged a final sum of CHF 16'543.

8.3. Additional fees

In 2010 no other fees were paid to the newly elected auditor KMPG or the former auditor Ernst & Young AG, Zurich, for services rendered other than reported in section 8.2.

8.4. Surveillance and control instruments

The work of external auditors and their independence is assessed and examined by the Chairman of the Board of Directors and the Chief Executive Officer in a planning meeting with the auditors as well as in meetings during the audit and in a post audit meeting. Their quality, know-how, cost-consciousness and timely reports are major factors in the assessment of the auditors work. Their written reports, findings and suggestions are discussed in detail at the meetings of the Board of Directors. Regular meetings between Members of the Board of Directors and the auditors take place. In 2010 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 are regularly informed through the following means:

- The annual report, published in English. In accordance with legal requirements, the report is published at least 20 days before the Annual Shareholders' Meeting. A copy of the report is posted to all shareholders registered in the share register upon their request;

- The semi-annual report, published in English;
- Quarterly reports, published in English;
- Monthly reports, published in English;
- Weekly net asset value reports;
- Ad-hoc releases, as required.

Information is disclosed through:

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

The corporate calendar is published on the company‘s website under:

www.alpine-select.ch/corporatecalendar.html

Consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER			
in TCHF	Notes	**2010**	**2009**
ASSETS			
Current assets			
Cash and cash equivalents		20'782	14'828
Financial assets at fair value through profit or loss - trading	6	4'479	2'267
Other current assets	7	15'833	5'592
Total current assets		**41'094**	**22'687**
Non-current assets			
Financial assets at fair value through profit or loss - trading	6	170'741	139'942
Furniture and equipment		13	20
Total non-current assets		**170'754**	**139'962**
TOTAL ASSETS		**211'848**	**162'649**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Financial liabilities at fair value through profit or loss - trading	6	1	0
Accounts payable and accrued liabilities		175	282
Total current liabilities		**176**	**282**
Non-current liabilities			
Deferred tax liabilities	8	688	0
Total non-current liabilities		**688**	**0**
Shareholders' equity			
Share capital	9	266	266
Additional paid-in capital		115'597	115'597
Treasury shares	9	(8'515)	(3'960)
Retained earnings		103'636	50'464
Total shareholders' equity		**210'984**	**162'367**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**211'848**	**162'649**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER

in TCHF	Notes	2010	2009
OPERATING INCOME			
Gain on financial assets and financial liabilities at fair value through profit or loss, net - trading	10	52’160	20’153
Dividend income		1’579	1’714 [1)]
Interest income from financial assets		1’972	571
Other income		15	300
Foreign exchange gains on cash and cash equivalents, net		226	113
Total operating income		**55’952**	**22’851**
OPERATING EXPENSES			
General and administrative expenses	11	(963)	(1’126)
Commissions and other bank fees		(1’115)	(595)
Interest expense on bank overdrafts		(4)	0
Depreciation on furniture and equipment		(7)	(7)
Total operating expenses		**(2’089)**	**(1’728)**
Net profit before tax		**53’863**	**21’123**
Income tax	8/13	(691)	(4)
Net profit of the year		**53’172**	**21’119**
Other comprehensive income of the year, net of tax		0	0
Total comprehensive income of the year		**53’172**	**21’119**
Profit per share in CHF (basic and diluted)	14	4.18	1.59

[1)] TCHF 1'749 were reclassified to "Gain on financial assets and financial liabilities at fair value through profit or loss, net - trading" to comply with the current year's presentation.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER			
in TCHF	Notes	**2010**	**2009**
Cash flows from operating activities			
Net profit before tax		53'863	21'123
Adjustments for:			
- Gain on financial assets and financial liabilities at fair value through profit or loss, net - trading		(52'160)	(20'153)
- Dividend income		(1'579)	(1'714)[1]
- Interest income		(1'972)	(571)
- Interest expense		4	0
- Depreciation on furniture and equipment		7	7
- Other non-cash expense		48	0
Withholding taxes received		18'448	10'679
(Increase) Decrease in other current assets		(13)	12
(Decrease) Increase in accounts payable and accrued liabilities		(107)	101
Dividends received		1'579	1'493
Interest received		1'486	261
Interest paid		(4)	0
Income taxes paid		0	0
Net cash inflow from operating activities		**19'600**	**11'238**
Cash flows from investing activities			
Purchases of financial assets at fair value through profit or loss - trading		(128'393)	(74'111)
Proceeds from sale of financial assets at fair value through profit or loss - trading		114'188	45'354
Proceeds from short sale of financial liabilities at fair value through profit or loss - trading		117	0
Net cash inflow from currency forwards		5'000	8'262
Net cash outflow from investing activities		**(9'088)**	**(20'495)**
Cash flows from financing activities			
Purchase of treasury shares, incl. transaction costs	9	(4'558)	(9'636)
Net cash outflow from financing activities		**(4'558)**	**(9'636)**
Net increase / (decrease) in cash and cash equivalents		**5'954**	**(18'893)**
Cash and cash equivalents at beginning of year		14'828	33'721
Cash and cash equivalents at end of year		**20'782**	**14'828**
Cash and cash equivalents consist of:			
Current accounts at banks		20'782	14'828
Cash and cash equivalents as defined for the consolidated statement of cash flows		**20'782**	**14'828**

[1] TCHF 1'749 were reclassified to "Gain on financial assets and financial liabilities at fair value through profit or loss, net - trading" to comply with the current year's presentation.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY					
in TCHF	Share capital	Additional paid-in capital	Treasury shares	Retained earnings	Total
Balance at 1 January 2009	**317**	**152'313**	**(31'095)**	**29'345**	**150'880**
Net profit of the year 2009				21'119	21'119
Other comprehensive income of the year 2009					0
Total comprehensive income of the year 2009	0	0	0	21'119	21'119
Purchase of treasury shares under program 1 (Note 9)			(5'672)		(5'672)
Cancellation of treasury shares (Note 9)	(51)	(36'716)	36'767		0
Purchase of treasury shares under program 2 (Note 9)			(3'964)		(3'964)
Income tax on transaction costs included in "Purchase of treasury shares under program 2" (Note 9)			4		4
Balance at 31 December 2009	**266**	**115'597**	**(3'960)**	**50'464**	**162'367**
Net profit of the year 2010				53'172	53'172
Other comprehensive income of the year 2010					0
Total comprehensive income of the year 2010	0	0	0	53'172	53'172
Purchase of treasury shares under program 2 (Note 9)			(4'558)		(4'558)
Income tax on transaction costs included in "Purchase of treasury shares under program 2" (Note 9)			3		3
Balance at 31 December 2010	**266**	**115'597**	**(8'515)**	**103'636**	**210'984**

Notes to the consolidated financial statements

1. Corporate information

Alpine Select AG (the “Company”, “Alpine” and together with its subsidiary Sumara AG, the “Group”) is a limited liability company incorporated on 17 September 1997 under the laws of Switzerland. The Company has its registered office at Bahnhofstrasse 23 in Zug (Switzerland).

The Company’s purpose is to invest in securities of any form of Swiss or foreign corporations taking advantage of particular corporate circumstances. As of 31 December 2010, the Company has three employees all working part-time.

2. Accounting policies

2.1. Basis of presentation of the consolidated financial statements

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

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

2.2. Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following new and amended Standards and Interpretations issued for financial years beginning on or after 1 January 2010.

- IFRS 2: Share-based Payment: Group Cash-settled Share-based Payment Transactions – Amendment (effective 1 January 2010);

- IFRS 3: Business Combinations – Amendment (effective 1 July 2009);

- IFRS 5: Amendments to Non-current Assets Held for Sale and Discontinued Operations (effective 1 July 2009);
- IAS 27: Consolidated and Separate Financial Statements – Amendment (effective 1 July 2009);
- IAS 39: Financial Instruments: Eligible Hedged Items - Amendment (effective 1 July 2009);
- IFRIC 9 / IAS 39: Embedded Derivatives - Amendment (effective 1 July 2009);
- IFRIC 17: Distributions of Non-cash Assets to Owners (effective 1 July 2009);
- IFRIC 18: Transfers of Assets from Customers (effective 1 July 2009);
- Various: Annual improvements to IFRS – Omnibus Change to many Standards (mostly effective 1 January 2010);

The adoption of the new and revised/amended standards and interpretations during the year 2010 did not have any effect on the consolidated financial statements or the performance of the Group.

In 2011, the Group will adopt the following new and revised standards and interpretations:

- IAS 24: Related Party Disclosures - Amendment (effective 1 January 2011);
- IAS 32: Financial Instruments: Presentation: Classification of Rights issued - Amendment (effective 1 February 2010);
- IFRIC 14: IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction - Prepayments of a Minimum Funding Requirement – Amendment (effective 1 January 2011);
- IFRIC 19: Extinguishing Financial Liabilities with Equity Instruments (effective 1 July 2010);

- Various: Annual improvements to IFRS (May 2010) – Omnibus Change to many Standards (mostly effective 1 July 2010 and 1 January 2011);

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

In 2012, the Group will adopt the following revised standards:

- IFRS 7: Financial Instruments: Disclosures: Transfers of Financial Assets - Amendment (effective 1 July 2011);

- IAS 12: Income Taxes: Deferred Tax: Recovery of Underlying Assets - Amendment (effective 1 January 2012);

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

In 2013, the Group will adopt the following new standard:

- IFRS 9: Financial Instruments (effective 1 January 2013);

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

2.3. Foreign currencies

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

The following exchange rates have been applied:

		2010	2009
USD/CHF			
Balance sheet	End of year rate	0.9321	1.0337
EUR/CHF			
Balance sheet	End of year rate	1.2505	1.4832

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

Financial assets at fair value through profit or loss may comprise equity investments, bonds, collective investment schemes, futures, options, warrants, swaps as well as currency forward contracts. Financial liabilities at fair value through profit or loss mainly include futures and options sold short as well as currency forward contracts. For the positions at year-end we refer to the investment table under Note 6.

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

The fair value of investments that are traded in an organized financial market is determined by reference to quoted market prices at the close of business on the statement of financial position date. In estimating the fair value of securities for which no market quotation is available, the Group considers all appropriate and applicable factors relevant to their value, including but not limited to the following: net asset value, results of operations, multiples and discounted cash flow analysis, comparable transactions. The fair values so determined may differ from the values that are actually realized upon the sale of the investments.

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

2.5. 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.

2.6. Furniture and equipment

Furniture and equipment is measured at the acquisition cost less accumulated depreciation and accumulated impairment losses. A straight-line method of depreciation is applied through the estimated useful life of 8 years for furniture and equipment.

2.7. 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.

2.8. Income taxes

Alpine Select AG and Sumara AG have the status of a holding company in the Canton of Zug and as such benefit form 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 7.8% (based on the profit before tax) on income which does not qualify for the participation exemption.

3. Subsidiaries

Since 2005 the Company holds a 100% interest in Sumara AG, Zug. The consolidated financial statements include the financial statements of Alpine Select AG and Sumara AG. The financial statements of Sumara AG are prepared for the same reporting year as the parent company Alpine Select AG, using consistent accounting policies. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

4. 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 Group 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 re-capitalizations.

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

5. 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 of the Group 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 investment portfolio mainly comprises quoted securities. Its investments are denominated in Swiss Francs, US Dollar and Euro. The investments held in foreign currencies may expose the 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 through the use of trading limits. The Group's portfolio is reviewed and managed on a daily basis. Based on the SIX Swiss Exchange requirements for investment Companies the Group calculates and publishes the net asset value weekly.

The following attempts to summarize the nature of the principal risks associated with the instruments and markets in which the 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.

Price risk / concentration risk: Price risk is the risk of potential adverse change to the value of financial instruments because of changes in market conditions such as interest and currency rate movements and volatility in prices. 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.

The Group is exposed to the price risk of its investments, which are listed on European stock exchanges. The Company is listed on the SIX Swiss Exchange as 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 5 years period until 31 December 2010 is 16.71% (standard deviation) and 16.54% (standard deviation) for the 5 years period until 31 December 2009.

If – in the year under review - the IGSP Investment Index would have increased by a yearly standard deviation of 16.71%, the positive impact on the Group's result before tax would have been TCHF 28'536 (2009: TCHF 23'146). An equal but opposite change would have resulted in an equal but opposite impact on the Group's result before tax.

Some of the equity investments in which the Group invests, directly or indirectly, are subject to the risks inherent to their respective industries. In addition, market liquidity is limited for certain of these investments. The Group attempts to minimize such risks.

Credit risk: Financial assets that potentially expose the Group to credit risk mainly consist of "Cash and cash equivalents" and "Other current assets". The extent of the Group's exposure to credit risk in respect of these assets is limited to the carrying value as reported in the Group's consolidated statement of financial position being CHF 20.9 million for the year under review and CHF 15.1 million for the year ended 31 December

2009. The Group mitigates the exposure to credit risk by transacting with reputable and established institutions such as Bank Julius Baer & Co. AG, Zurich in respect of "Cash and cash equivalents".

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 monitors this risk and maintains sufficient cash and cash equivalents to settle its liabilities at the time they become due. Furthermore, ample and readily available credit lines are at the disposal of the Group.

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

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 financial liabilities of the Group are low and usually mature in the next 12 months. Although the Group's financial liabilities are low it is the Group's policy to have 100% of the anticipated payables for the next 12 months available in cash and cash equivalents.

The following table summarizes the maturity profile of the Group's financial liabilities for the year ended 31 December 2010 and 2009 based on contractual and undiscounted payments:

in TCHF	On demand	Less than 3 months	3 to 12 months	Total
31 December 2010				
Financial assets / (liabilities) at fair value through profit or loss				
- Forward exchange contracts, settled gross	0	4'479	0	4'479
- of which: inflow	0	97'232	0	97'232
- of which: outflow	0	(92'753)	0	(92'753)
Accounts payable and accrued liabilities	0	(54)	(121)	(175)
Total	**0**	**4'425**	**(121)**	**4'304**
31 December 2009				
Financial assets / (liabilities) at fair value through profit or loss				
- Forward exchange contracts, settled gross	0	(165)	2'432	2'267
- of which: inflow	0	16'358	83'109	99'467
- of which: outflow	0	(16'523)	(80'677)	(97'200)
Accounts payable and accrued liabilities	0	(165)	(117)	(282)
Total	**0**	**(330)**	**2'315**	**1'985**

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.

Interest rate risk: The majority of the Group's financial assets and liabilities are non-interest-bearing. Interest-bearing are mainly the Group's positions of cash and cash equivalents and bonds. 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 limited.

Any excess cash of the Group usually is invested in fiduciary fixed-term deposits with a maturity of not more than two days. Short-term bank loans the Group may borrow from time to time to fund its activities are at fixed interest rates with the term to maturity of not more than twelve months. At 31 December 2010 and 2009 the Group did neither have investments in fiduciary fixed-term deposits nor short-term bank loans.

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

An increase of 100 basis points in short-term deposit interest rates as at the reporting date would have increased the result before tax by CHF 0.2 million (2009: CHF 0.1 million). A decrease of 100 basis points would have resulted in an opposite and proportional effect.

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 impact the Group's results of operations and/or 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 sets out the Group's total exposure of financial assets and financial liabilities at fair value through profit or loss to foreign currency risk.

in TCHF	Cash and cash equivalents	Currency forwards	Other financial ass./liab.at fair value through profit or loss	Net exposure
31 December 2010				
US Dollar	93	(81'004)	106'013	25'102
Euro	1	(11'749)	4'151	(7'597)
Subtotal foreign currencies	**94**	**(92'753)**	**110'164**	**17'505**
Swiss Franc	20'688	97'232	60'577	178'497
Net financial assets at fair value through profit or loss	**20'782**	**4'479**	**170'741**	**196'002**
31 December 2009				
US Dollar	260	(89'798)	75'839	(13'699)
Euro	5	(7'402)	4'248	(3'149)
Subtotal foreign currencies	**265**	**(97'200)**	**80'087**	**(16'848)**
Swiss Franc	14'563	99'467	59'855	173'885
Net financial assets at fair value through profit or loss	**14'828**	**2'267**	**139'942**	**157'037**

The following table sets out the Group's net exposure to foreign currencies of its financial assets and financial liabilities designated at fair value through profit or loss for the year ended 31 December 2010 and 2009.

	2010		**2009**	
in TCHF	Currency change in %	Gain / (loss)	Currency change in %	Gain / (loss)
CHF to (strengthen) / weaken versus the US Dollar	(5.0)	(1'255)	5.0	(685)
CHF to (strengthen) versus the Euro	(5.0)	380	(5.0)	157
Net loss		**(875)**		**(528)**

If – at 31 December 2010 – had the Swiss Franc continued to strengthen versus the Euro and the US Dollar by 5% by keeping all other variables constant, the effect on the Group's net profit before tax and equity in the year under review would have been TCHF -875. An adverse change of the Swiss Franc for both foreign currencies would have resulted in an equal but opposite effect for 2010.

If – at 31 December 2009 – had the Swiss Franc continued to strengthen versus the Euro by 5% and continued to weaken versus the US Dollar by also 5% by keeping all other variables constant, the effect on the Group's net profit before tax and equity for the year ended 31 December 2009 would have been TCHF -528. An adverse change of the Swiss Franc for both foreign currencies would have resulted in an equal but opposite effect for 2009.

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

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

Risk assessment disclosure required by Swiss Law: The risk assessment process of the Group (Alpine Select AG and Sumara AG) 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 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 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.

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

	Carrying amount		Fair value	
in TCHF	**2010**	**2009**	**2010**	**2009**
Financial assets at fair value through profit or loss				
Financial assets at fair value through profit or loss - trading				
- current	4'479	2'267	4'479	2'267
- non-current	170'741	139'942	170'741	139'942
Loans and receivables				
Cash and cash equivalents	20'782	14'828	20'782	14'828
Other current assets	111	244	111	244
Financial liabilities at fair value through profit or loss				
Trading options sold short	1	0	1	0
Financial liabilities at amortized cost				
Accounts payable and accrued liabilities	175	282	175	282

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

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

in TCHF	**2010**	**2009**
Current assets	41'094	22'687
Non-current assets	170'754	139'962
Total assets	**211'848**	**162'649**
Current liabilities	(176)	(282)
Non-current liabilities	(688)	0
Total liabilities	**(864)**	**(282)**
Net assets	**210'984**	**162'367**

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 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 Group manages its capital structure and makes adjustments to it if the economic conditions change. To maintain or adjust the capital structure the Group may return capital to shareholders or issue new shares. During the year under review the Group purchased treasury shares in the amount of CHF 4.6 million (2009: CHF 9.6 million). Further reference is made to Note 9.

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

6. Financial assets and financial liabilities at fair value through profit or loss - trading

in TCHF	2010	2009
Financial assets at fair value through profit or loss - trading		
Positive fair value of currency forward contracts	4'479	2'267
Financial assets held for trading	170'741	139'942
Total	**175'220**	**142'209**
of which current	4'479	2'267
of which non-current	170'741	139'942
Financial liabilities at fair value through profit or loss - trading		
Trading options sold short	1	0
Total	**1**	**0**
of which current	1	0
of which non-current	0	0

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

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

in TCHF	Level 1	Level 2	Level 3	Total
31 December 2010				
Positive fair value of currency forward contracts	0	4'479	0	4'479
Financial assets held for trading	170'741	0	0	170'741
Trading options sold short	(1)	0	0	(1)
Total	**170'740**	**4'479**	**0**	**175'219**
31 December 2009				
Positive fair value of currency forward contracts	0	2'267	0	2'267
Financial assets held for trading	133'778	6'164	0	139'942
Trading options sold short	0	0	0	0
Total	**133'778**	**8'431**	**0**	**142'209**

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

Investment table as of 31 December 2010	in TCHF			
	Number of shares at	Fair value at	Additions	Reductions
	1 January 2010	1 January 2010		
LONG POSITIONS				
Absolute Invest AG	1'877'214	60'545	83'382	(84'611)
Absolute Private Equity AG	1'576'509	13'282	14'139	(6'277)
AIRE GmbH & Co. KGaA	398'400	4'249		(517)
Atrium V Ltd.	1'500	418		
BB Biotech AG		0	1'802	(742)
Bellevue Funds (LUX) SICAV	123'077	6'164		(6'506)
HBM Bioventures AG	261'136	12'522	8'159	(9'575)
Highland Financial Partners LP	600'000	0		
ING Investment Management CLO	2'000	558		
Invisa Inc.	130'000	2		
Orior AG		0	9'000	(5'837)
Peoples Choice Financial Corporation	70'800	0		
Prime New Energy AG (in liquidation)	210'492	21		
Prokmu Invest AG	57'350	0		
Schaffner Holding AG	172'061	27'530	864	(9'910)
Stone Tower CLO VI LTD	2'000	621		
Vitafort International Corporation	317'543	0		
Var. Obl. Stone Tower CLO VII	2'000'000	413		
2 1/2 % Convertible Bonds HBM Bioventures AG	8'707'000	9'377	6'027	(14'288)
2 1/4 % Convertible Bonds Schaffner Holding AG	4'143'000	4'240	20	(4'163)
8 1/2 % Triple ICE KI Bank Julius Baer		0	5'000	
Total Long Positions		**139'942**	**128'393**	**(142'426)**
of which gains				
of which losses				
of which gains from second line trades				
of which losses from second line trades				

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

	in TCHF							
	Realized gains / (losses) net of FX	Realized FX gains / (losses)	Unrealized gains / (losses) net of FX[1)]	Unrealized FX gains / (losses)[1)]	Fair value at	Number of shares at	Stock price (closing) in local currency at	Dividends received
	For the period 1 January to 31 December 2010				31 December 2010	31 December 2010	31 December 2010	
	5'576	(169)	9'754	(3'964)	70'513	1'990'807	USD 38	
	741	(22)	10'625	(1'763)	30'725	2'257'744	USD 15	
	(1'373)	(295)	4'320	(2'232)	4'152	350'000	EUR 9	
			681	(149)	950	1'500	USD 680	479
	21		31		1'112	18'000	CHF 62	
	1'446		(1'104)		0	0		
	(2'135)		1'511		10'482	246'574	CHF 43	
					0	600'000	USD 0	
			1'132	(199)	1'491	2'000	USD 800	519
			15	(16)	1	130'000	USD 0	
	197		462		3'822	70'000	CHF 55	
					0	70'800	USD 0	
					21	210'492	CHF 0	
					0	57'350	CHF 0	
	1'200		20'385		40'069	134'914	CHF 297	
			865	(199)	1'287	2'000	USD 690	581
					0	317'543	USD 0	
			813	(183)	1'043	2'000'000	USD 56	
	(421)		(695)		0	0		
	(175)		78		0	0		
			73		5'073	5'000'000	CHF 101	
	5'077	**(486)**	**48'946**	**(8'705)**	**170'741**			**1'579**
	4'126	12	50'745	0				
	(3'069)	(498)	(1'799)	(8'705)				
	5'532							
	(1'512)							

Investment table as of 31 December 2010	in TCHF			
	Number of shares at	Fair value at	Additions	Reductions
	1 January 2010	1 January 2010		
TRADING OPTIONS				
FX-OTC-E-Option (Call EUR / Put CHF; Strike: 1.35)				(117)
Total Trading Options		**0**	**0**	**(117)**
of which gains				
of which losses				
of which assets		0		
of which liabilities		0		
CURRENCY FORWARDS				
Currency Forwards CHF/USD; USD/CHF		1'404		
Currency Forwards CHF/EUR; EUR/CHF		863		
Total Currency Forwards		**2'267**	**0**	**0**
of which gains				
of which losses				
of which assets		2'267		
of which liabilities		0		

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

in TCHF							
Realized gains / (losses) net of FX	Realized FX gains / (losses)	Unrealized gains / (losses) net of FX[1)]	Unrealized FX gains / (losses)[1)]	Fair value at	Number of shares at	Stock price (closing) in local currency at	Dividends received
For the period 1 January to 31 December 2010				31 December 2010	31 December 2010	31 December 2010	
		116		(1)	(5'000'000)	CHF 0	
0	**0**	**116**	**0**	**(1)**			**0**
0	0	116	0				
0	0	0	0				
				0			
				(1)			
	3'892		2'129	4'258			
	1'108		83	221			
0	**5'000**	**0**	**2'212**	**4'479**			**0**
0	14'182	0	2'223				
0	(9'182)	0	(11)				
				4'479			
				0			

7. Other current assets

in TCHF	2010	2009
Withholding tax	15'722	5'348
Other	111	244
Total	**15'833**	**5'592**

8. Deferred tax assets and deferred tax liabilities

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

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

in TCHF	Fin. assets at fair value through profit or loss	Capitalized tax losses carried forward	Total
Balance at 1 January 2009	0	0	0
Deferred tax (expense) / income	(371)	371	0
Balance at 31 December 2009	**(371)**	**371**	**0**
Deferred tax (expense) / income	(2'438)	1'750	(688)
Balance at 31 December 2010	**(2'809)**	**2'121**	**(688)**

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 7.8% (based on the result before tax).

As of 31 December 2010 the Group has tax losses carried-forward of approx. CHF 37.9 million (2009: approx. CHF 55.9 million) which will expire in the year 2015. The unrecorded tax losses carried-forward amount to CHF 10.8 million (2009: approx. CHF 51.1 million). Due to the uncertainty of market movements, an exact estimate concerning future profits is not possible. As a result, deferred tax assets amounting to TCHF 2'121 (2009: TCHF 371) corresponding to tax losses carried-forward of CHF 27.2 million (2009: CHF 4.8 million) are capitalized only to the extent that they can be netted with related deferred tax liabilities.

9. Share capital and treasury shares

Share capital: The share capital of the Company as of 31 December 2010 and 2009 is CHF 265'568.94 consisting of 13'278'447 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 held on 30 April 2009 decided to reduce the share capital by CHF 51'713.94 from CHF 317'282.88 to CHF 265'568.94 by cancelling 2'585'697 treasury shares. The decrease of the share capital was recorded in the Commercial Register of the Canton Zug as per 15 July 2009.

Re-purchase program 1: During 1 January 2009 until 31 March 2009, when the re-purchase program 1 was stopped, the Company acquired 533'780 treasury shares for an amount of TCHF 5'672. As per 15 July 2009 all 2'585'697 treasury shares acquired for an amount of TCHF 36'767 under the re-purchase program 1 were cancelled.

Re-purchase program 2: In July 2009 the Company started its re-purchase program 2 under which 316'926 treasury shares were re-purchased until 31 December 2009 at an average price of CHF 12.33 per share. The total purchase costs of TCHF 3'964 include transaction costs of TCHF 57. The income tax effect on transaction costs amounts to TCHF 4 applying the tax rate of 7.8%.

The Annual Shareholder Meeting held on 29 April 2010 entitled the Company's Board of Directors to continue the re-purchase program 2 that was started in July 2009 and to re-purchase a maximum of 1'327'844 treasury shares being 10% of the nominal share capital of the Company.

During the year ended 31 December 2010 the Company acquired another 346'306 treasury shares at an average price of CHF 13.05 per share under the continued re-purchase program 2 for a total amount of TCHF 4'558 including transaction costs of TCHF 37. The income tax effect on transaction costs as per 31 December 2010 amounts to TCHF 3 applying the tax rate of 7.8%.

Since July 2009, when the re-purchase program 2 was started until 31 December 2010 a total of 663'232 treasury shares (4.995% of the outstanding share capital) were acquired for a total amount of TCHF 8'522 including transaction costs of total TCHF 94. The total income tax effect on transaction costs as per 31 December 2010 amounts to TCHF 7 applying the tax rate of 7.8%.

Treasury shares / sale of treasury shares: Own shares of the Company held directly or indirectly by its subsidiaries are designated as treasury shares. Treasury shares are presented in the consolidated statement of financial position as a deduction from equity. The acquisition of treasury shares is presented as a change in equity. Gains or losses on the sale, issuance or cancellation of treasury shares are recognized in equity.

No treasury shares were sold during the year ended 31 December 2010 and 2009. After considering the deduction of 663'232 treasury shares, 12'615'215 shares were outstanding as of 31 December 2010 (31 December 2009: 12'961'521 outstanding shares).

Conditional share capital: The share capital could be increased by an amount not exceeding CHF 132'784.46 through the issue of a maximum of 6'639'223 registered shares to be fully paid-in with a nominal value of CHF 0.02 each through the exercise of conversion or option rights in connection with bonds or similar instruments that may be issued by the Company or by its subsidiary or through the exercise of option rights granted to shareholders.

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

in TCHF	2010	2009
Realized gains – financial assets held for trading	4'126	220
Realized gains – financial assets held for trading (second trading line)	5'532	1'599
Realized losses – financial assets held for trading	(3'069)	(14'216)
Realized losses – financial assets held for trading (second trading line)	(1'512)	(3'348)
Net realized currency losses – financial assets held for trading	(486)	(112)
Net realized – financial assets held for trading	**4'591**	**(15'857)**
Unrealized gains – financial assets held for trading	50'745	39'157
Unrealized losses – financial assets held for trading	(1'799)	(3'448)
Net unrealized currency (losses) / gains – financial assets held for trading	(8'705)	385
Net unrealized – financial assets held for trading	**40'241**	**36'094**
Total financial assets held for trading, net	**44'832**	**20'237**
Unrealized gains – financial liabilities held for trading (Trading options)	116	0
Total financial liabilities held for trading (Trading options)	**116**	**0**
Realized gains – currency forwards	14'182	9'491
Realized losses – currency forwards	(9'182)	(1'229)
Unrealized gains – currency forwards	2'223	0
Unrealized losses – currency forwards	(11)	(8'346)
Total currency forwards, net	**7'212**	**(84)**
Gain on financial assets and financial liabilities at fair value through profit or loss, net - trading	**52'160**	**20'153**

11. General and administrative expenses

in TCHF	2010	2009
Personnel expenses incl. social costs	(340)	(486)
Legal, accounting and auditing fees	(345)	(366)
Office rent	(39)	(51)
Other office expenses	(239)	(223)
Total	**(963)**	**(1'126)**

12. Employee benefits

Besides the statutory social security schemes there are independent pension plans or pension insurance policies 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 and amount to TCHF 7.4 for the year ended 31 December 2010 (2009: TCHF 12.0). The Group has no material defined benefit pension or post-retirement schemes at 31 December 2010 and 2009 and therefore no further disclosures are provided.

13. Income tax

The components of income tax for the year ended 31 December are as follows:

in TCHF	2010	2009
Current tax expense	(3)	(4)
Deferred tax income	(688)	0
Total income tax	**(691)**	**(4)**

The current tax expense of TCHF 3 for the year ended 31 December 2010 (2009: TCHF 4) relates to the income tax on transaction costs for the acquisition of treasury shares. No other current income tax expense or provisions were recognized as per 31 December 2010 and 2009. Deferred tax income and expense is presented on a net basis.

Reconciliation of income tax:

in TCHF	2010	2009
Net profit before tax	53'863	21'123
Expected tax expense at the domestic rates		
applicable to profit in the countries concerned	(4'223)	(1'648)
Weighted average applicable tax rate	7.8%	7.8%
Benefit from previously unrecognized tax losses of a prior period		
- used to reduce current tax expense	1'782	1'273
- used to reduce deferred tax expense	1'750	371
Total income tax expense	**(691)**	**(4)**
Effective tax rate on the net profit before tax	1.3%	0.0%

The applicable tax rate per company is the domestic income tax rate applicable to the profit of the company concerned for the fiscal year 2010.

The applicable weighted average tax rate is based on the applicable tax rate per company and the company mix of the profit before income tax. The applicable weighted average tax rate in the fiscal year 2010 and 2009 is 7.8% (based on the result before tax).

14. Profit per share

	2010	2009
Net profit of the year in TCHF as per the consolidated statement of comprehensive income	53'172	21'119
Weighted average number of outstanding shares	12'729'450	13'286'179
Profit per share in CHF (basic and diluted)	**4.18**	**1.59**

15. Net asset value (NAV) per share

The net asset value per share is calculated using the adjusted number of outstanding shares at the end of the statement of financial position date. The net asset value per share at 31 December 2010 is CHF 16.72 (2009: CHF 12.53).

16. Contingencies; commitments

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

17. Significant shareholders

To the best knowledge of the Company, the following shareholders held a participation exceeding 3% of the share capital of the Company at 31 December 2010 and 2009.

	2010	2009
Fabrel AG, Seestrasse 50, 6052 Hergiswil:		
- Number of shares (including 140 shares directly held by Hans Müller)	3'500'140	3'634'515
- Percentage	26.36%	27.37%
Beneficial owner of Fabrel AG is Hans Müller, 6052 Hergiswil		
Trinsic AG, Artherstrasse 21, 6300 Zug:		
- Number of shares (including 70'000 shares directly held by Daniel Sauter)	2'299'667	2'362'529
- Percentage	17.32%	17.79%
Beneficial owners of Trinsic AG are Daniel Sauter, 6300 Zug and Michel Vukotic, 8706 Meilen		

18. Related party transactions

Apart from the remuneration of the Board of Directors there were no other related party transactions in 2010 and 2009. The remuneration of the Board of Directors in 2010 amounts to TCHF 309 (2009: TCHF 465). As of 31 December 2010 and 2009 two members of the Board of Directors, Daniel Sauter and Hans Müller, owned directly or indirectly more than 3% of the shares of the Company (reference is made to above Note 17).

19. Events after the balance sheet date

The consolidated and the statutory financial statements for the year ended 31 December 2010 were authorized for issue by the Board of Directors on 8 March 2011. The Annual Shareholders' Meeting called for 18 April 2011 will vote on the final approval of the consolidated and statutory financial statements. There were no significant events to report until this date.

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

As statutory auditor, we have audited the accompanying consolidated financial statements of Alpine Select AG, which comprise the statement of financial position, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and notes (pages 26 to 49 of the Annual Report) for the year ended 31 December 2010.

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.

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

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2010 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 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.

Other Matter

The consolidated financial statements of Alpine Select AG for the year ended 31 December 2009 were audited by another auditor who expressed an unmodified opinion on those statements on 19 March 2010.

KPMG AG

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

Zurich, 8 March 2011

Statutory financial statements

BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER			
in CHF	Notes	**2010**	**2009**
ASSETS			
Current assets			
Cash and cash equivalents		18'766'502	13'850'740
Unrealized gains from currency forward contracts, net	3	1'833'052	1'035'887
Other current assets	4	14'422'298	4'989'081
Treasury shares	5	8'427'481	3'906'706
Total current assets		**43'449'333**	**23'782'414**
Non-current assets			
Securities	6	67'221'070	68'867'924
Participation	7	69'055'306	59'000'000
Furniture and equipment		13'411	20'103
Total non-current assets		**136'289'787**	**127'888'027**
TOTAL ASSETS		**179'739'120**	**151'670'441**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		130'000	244'900
Trading options sold short		116'500	0
Total current liabilities		**246'500**	**244'900**
Shareholders' equity			
Share capital	1	265'569	265'569
Legal reserves	8		
- General reserves		13'752'702	91'829'938
- Capital contribution reserves (Reserven aus Kapitaleinlagen)		109'356'970	0
- Additional paid-in capital		0	35'800'508
- Reserves for treasury shares	5	8'427'481	3'906'706
Retained earnings		19'622'820	13'297'525
Net profit of the year		28'067'078	6'325'295
Total shareholders' equity		**179'492'620**	**151'425'541**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**179'739'120**	**151'670'441**

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER			
in CHF	Notes	**2010**	**2009**
OPERATING INCOME			
Gain on securities, net		15'270'258	7'380'547
Gain / (loss) on derivative financial instruments, net		2'967'905	(849'214)
Dividend income		0	631'476[1)]
Income from reversed impairment charge on participation	7	10'055'306	0
Interest income		1'545'747	400'193
Other income		14'488	300'003
Foreign exchange losses, net		(29'917)	(32'529)
Total operating income		**29'823'787**	**7'830'476**
OPERATING EXPENSES			
General and administrative expenses		(895'097)	(1'112'531)
Commissions and other bank fees		(847'465)	(379'322)
Depreciation furniture and equipment		(6'692)	(6'692)
Interest expenses		(3'312)	(275)
Total operating expenses		**(1'752'566)**	**(1'498'820)**
Net profit before tax		**28'071'221**	**6'331'656**
Taxes		(4'143)	(6'361)
Net profit of the year		**28'067'078**	**6'325'295**

[1)] CHF 1'430'717 were classified to "Gain on securities, net" to comply with the current year's presentation.

Notes to the statutory financial statements

1. Share capital

The fully paid-in share capital of Alpine Select AG (the “Company”) amounts to CHF 265'568.94 (2009: CHF 265’568.94) and is divided into 13'278'447 (2009: 13’278’447) registered shares with a nominal value of CHF 0.02 each. No preferential or similar rights exist. Each share has one vote and full dividend right. There are no voting right restrictions. The Company does not have participation certificates.

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

2. Conditional share capital

The share capital could be increased by an amount not exceeding CHF 132’784.46 through the issue of a maximum of 6’639’223 registered shares to be fully paid-in with a nominal value of CHF 0.02 each through the exercise of conversion or option rights in connection with bonds or similar instruments that may be issued by the Company or by its subsidiary or through the exercise of option rights granted to shareholders.

3. Currency forward contracts

Open currency forward contracts are valued at market prices.

4. Other current assets

in CHF	2010	2009
Withholding tax	14’312’409	4’745’450
Other	109’889	243’631
Total	**14’422’298**	**4’989’081**

5. Treasury shares

During the year 2010 the Company acquired 346’306 treasury shares (2009: 850’706 of which 316’926 relate to the re-purchase program 2) at an average price of CHF 13.05 per share (2009: CHF 11.26).

As per 31 December 2010, a total of 663’232 treasury shares with a nominal value of CHF 0.02 each, corresponding to 4.995% of the share capital, were purchased under the re-purchase program 2 via the second trading line at the SIX Swiss Exchange. The re-purchase program 2 is continued in 2011.

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

	Price per share[1]	Number of shares	in CHF
Balance at 31 December 2009		**316'926**	**3'906'706**
Acquisition of treasury shares (re-purchase program 2)	13.05	346'306	4'520'775
Balance at 31 December 2010		**663'232**	**8'427'481**

[1] The price per share reflects the average purchase price in 2010

6. Securities

Securities are recorded at the lower of cost or market.

7. Participation

Unchanged to prior year, the Company owns 100% of Sumara AG, Zug an investment company with a share capital of CHF 1'306'230. The participation is stated at cost. The provision for impairment of CHF 10'055'306 that was booked in 2008 on that participation was reversed in the year 2010.

8. Legal reserves / Capital contribution reserves (Reserven aus Kapitaleinlagen)

As a result of the capital contribution principle, a new regulation in Swiss tax law coming into force as per 1 January 2011, the Company has – to the best of its knowledge – identified its "Capital contribution reserves" and re-allocated the components accordingly for the year ended 31 December 2010. This re-allocation is shown in the following table.

in TCHF	General reserves	Capital contribution reserves	Additional paid-in capital	Reserves for treasury shares	Total legal reserves
As per 31 December 2009	**91'830**	**0**	**35'801**	**3'906**	**131'537**
Allocation "Additional paid-in capital" to "Capital contribution reserves" (Reserven aus Kapitaleinlagen)		35'801	(35'801)		0
Allocation "General reserves" to "Capital contribution reserves" (Reserven aus Kapitaleinlagen)	(73'556)	73'556			0
Allocation of "Reserves for treasury shares" in 2010	(4'521)			4'521	0
As per 31 December 2010	**13'753**	**109'357**	**0**	**8'427**	**131'537**

A formal approval of the amount of Capital contribution reserves by the Federal Tax Authorities (Eidgenössische Steuerverwaltung) in the sense of article 20 of the Federal Tax Law (DBG) is still outstanding. Because of assumptions used to assess the amount of Capital contribution reserves the approved amount could differ from the amount disclosed above.

9. Significant shareholders

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

	2010	2009
Fabrel AG, Seestrasse 50, 6052 Hergiswil:		
- Number of shares (including 140 shares directly held by Hans Müller)	3'500'140	3'634'515
- Percentage	26.36%	27.37%
Beneficial owner of Fabrel AG is Hans Müller, 6052 Hergiswil		
Trinsic AG, Artherstrasse 21, 6300 Zug:		
- Number of shares (including 70'000 shares directly held by Daniel Sauter)	2'299'667	2'362'529
- Percentage	17.32%	17.79%
Beneficial owners of Trinsic AG are Daniel Sauter, 6300 Zug and Michel Vukotic, 8706 Meilen		

As per 31 December 2010 Walter Geering, executive member of the Board of Directors held 40'000 shares (0.3%).

10. Compensation

Each member of the Board of Directors is entitled to receive CHF 25'000 compensation per year. The compensation is paid out in cash and the payment is made after the Annual General Meeting.

Members of the Board of Directors who are employed by the Company have waived their board fees and are instead remunerated by a fixed annual salary only. Variations occur due to the workload whilst the amounts remain fixed as per the individual contracts. The Board of Directors has decided that from 1 January 2010 onwards neither bonus nor other variable compensation will be granted anymore.

Neither share nor stock option plans exist.

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

in CHF		2010	2009
Daniel Sauter, executive member, Chairman		101'306	180'818
Hans Müller, member	[1]	25'000	26'900
Walter Geering, executive member		182'620	257'734
Total		**308'926**	**465'452**

[1] 2010: net of value added tax; 2009: including 7.6% value added tax

There were no other payments in 2010 and no other accruals as of 31 December 2010. No loans were granted to or received from members of the Board of Directors.

11. Fire insurance value

The fire insurance value for Furniture and equipment amounts to CHF 80'000 as per 31 December 2010 (2009: CHF 80'000).

12. Risk management

The risk assessment process of the Group (Alpine Select AG and Sumara AG) 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 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 statement or accounting processes. Residual risks are monitored and periodically, at least on a yearly basis, reported to and discussed by the Board of Directors.

Proposed appropriation of available earnings as of 31 December (Proposal of the Board of Directors)

in CHF		2010	2009
Retained earnings at the beginning of the year		19'622'820	13'297'525
Net profit of the year		28'067'078	6'325'295
Dissolution of capital contribution reserves (Reserven aus Kapitaleinlagen)	*)	25'118'430	0
Available for distribution		**72'808'328**	**19'622'820**
Proposal of the Board of Directors for appropriation of retained earnings			
Dividend	*)	25'118'430	0
To be carried forward		47'689'898	19'622'820
		72'808'328	**19'622'820**
Total dividend distribution		25'118'430	0
- of which from Capital contribution reserves		25'118'430	0
- of which from other reserves		0	0

*) The dividend sum covers all outstanding registered shares. However, the shares held by the Company at the time of declaration of the dividend are not entitled to a dividend. For this reason, the reported dividend sum (as well as the Dissolution of capital contribution reserves) may be correspondingly lower.

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

As statutory auditor, we have audited the accompanying financial statements of Alpine Select AG, which comprise the balance sheet, income statement and notes (pages 52 to 57 of the Annual Report) for the year ended on 31 December 2010.

Board of Directors' responsibility

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

Auditor's responsibility

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

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

Opinion

In our opinion, the financial statements for the year ended on 31 December 2010 comply with Swiss law and the company's articles of incorporation.

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

Report on other legal requirements

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

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

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

Other Matter

The financial statements for the year ended 31 December 2009 were audited by another auditor who expressed an unmodified opinion on those statements on 19 March 2010.

KPMG AG

Marc Ziegler
Licensed Audit Expert
Auditor in Charge

Alex Fähndrich
Licensed Audit Expert

Zurich, 8 March 2011

This annual report is for the information of the shareholders of Alpine Select AG and does not constitute an offering. This document does not purport to be a complete description of the securities, markets or developments referred to in the material.

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ALPINE SELECT

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