

# Semi-Annual Report

2013



ALPINE SELECT

#### Board of Directors

Raymond J. Baer, Chairman (as of 25 April 2013)  
Thomas Amstutz (Chairman until 25 April 2013)  
Dieter Dubs (as of 25 April 2013)  
Walter Geering  
Hans Müller (until 25 April 2013)

#### Auditors

KPMG AG  
Badenerstrasse 172  
8026 Zürich  
Switzerland

#### Company Info Sheet

Listing	SIX Swiss Exchange
Stock Exchange Symbol	ALPN
Swiss Security Number	1.919.955
ISIN Code	CH0019199550
Reuters	ALPN.S
Bloomberg	ALPN SW EQUITY
Type of Shares	Registered shares
Outstanding Shares	12,559,215
Link	<a href="http://www.alpine-select.ch/report/">www.alpine-select.ch/report/</a>

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](http://www.alpine-select.ch/corporatecalendar.html)

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## Chairman's Statement\*

Dear Shareholders

During the first six months of the year, the net asset value (NAV) of Alpine Select increased by 3.5% (from CHF 14.79 to CHF 15.32) and the share price by 2.5% (from CHF 14.82 to CHF 15.20).

The main driver for the positive performance during the reporting month was our investment in HBM, which represents 28% of our NAV. In addition, we continue to receive significant distributions from our CLOs in our portfolio. Negative contributor to the half-year performance was our position in Schaffner Holding AG, which equals to 14% of our NAV.

We launched new investments in Fondiaria and Unipol Group. After presenting the expected pleasant Year 2012 figures and announcing an extraordinary dividend, we liquidated the latter positions again at a healthy profit. In addition, we have increased our investment in American Capital. On the other hand, we have reduced our CLO-positions by testing the market and sold our participation in Atrium V above our internal valuation level. The end investment date for the other CLO-positions is in 2014. We intend to hold on to these positions until that date. In addition to Atrium we have also sold our investment in Shape Capital, which represented only 0.9% of our NAV when sold.

The Board decided to strengthen its investment in Absolute Invest AG by purchasing more shares and thus raising the holding to above 50%, which we reported to SIX Swiss Exchange on 8 June 2013. Consequently, we had to consolidate the portfolios of Alpine Select and Absolute Invest AG with this semi-annual report. Absolute Invest AG distributed as per 5 June 2013 a dividend of USD 10.00 per share out of its reserves from capital contributions resulting in a dividend income for Alpine Select AG of CHF 27 million (the dividend income was booked as a reduction of Alpine's investment in Absolute Invest AG).

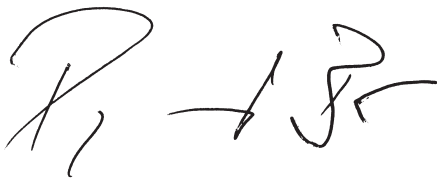
On 14 August 2013, the Board of Directors decided, subject to satisfying tax rulings from the competent authorities, to launch a public offer for all publicly held shares of Absolute Invest AG. Subject to the fulfillment of the conditions, the Absolute Invest AG shareholders shall have the free choice between cash or shares of Alpine Select AG as consideration for tendered Absolute Invest AG shares. The offer price will be based on market conditions at the launch of the public offer, taking into account the historical discount of the Absolute Invest AG shares. As the articles of association of Absolute Invest AG contain an opting-out provision, the minimum price provisions of the Swiss takeover law do not apply. It is planned to consummate the offer in the 4th quarter 2013. The decision of the Board of Directors was published on 14 August 2013.

The share buy-back program (started in September 2011) closed on 14 March 2013. Under the program, the Company repurchased 381,261 shares (or 3.036% of the outstanding share capital) between October 2011 and December 2012. The shares were annihilated and the share capital reduced by CHF 7,625.22 to new CHF 243,559.08 on 2 July 2013. As in the past, the annual shareholders' meeting has instructed the Board of Directors to buy back again up to 10% of own shares at its sole discretion. However, new regulations are limiting such purchases.

In order to facilitate further investments and to allow some core investors to increase their holdings the annual shareholders' meeting also resolved an increase of the share capital. We are happy to confirm that we successfully executed the capital increase on 2 July 2013 with an accelerated book-building procedure.

As announced previously Hans Müller resigned from the Board of Directors as per date of the shareholders' meeting on 25 April 2013. During his seven years membership he greatly contributed to the Company's success for which I thank him on behalf of the entire Board of Directors very much. The shareholders newly appointed Dieter Dubs and myself to the Board. Thomas Amstutz and Walter Geering, who were re-elected at the shareholders' meeting, complete the Board. Following the shareholders' meeting, the Board constituted itself and appointed me unanimously as its new Chairman.

On behalf of the Board of Directors of Alpine Select AG, I thank you for your continued interest and trust.

A handwritten signature in black ink, appearing to read 'R. J. Baer', with a stylized flourish at the end.

Raymond J. Baer

Chairman of the Board of Directors

\* Please note that the figures are adjusted for distribution of reserves from capital contributions of CHF 1.00 per share on 29 April 2013; they are not adjusted for the effect of the consolidation of Absolute Invest AG as per 5 June 2013.

## Key Figures\*

### Performance table

in CHF	30 June 2013	31 Dec 2012
Share price	15.20	14.82
NAV	15.32	14.79
NAV consolidated**	15.99	n/a

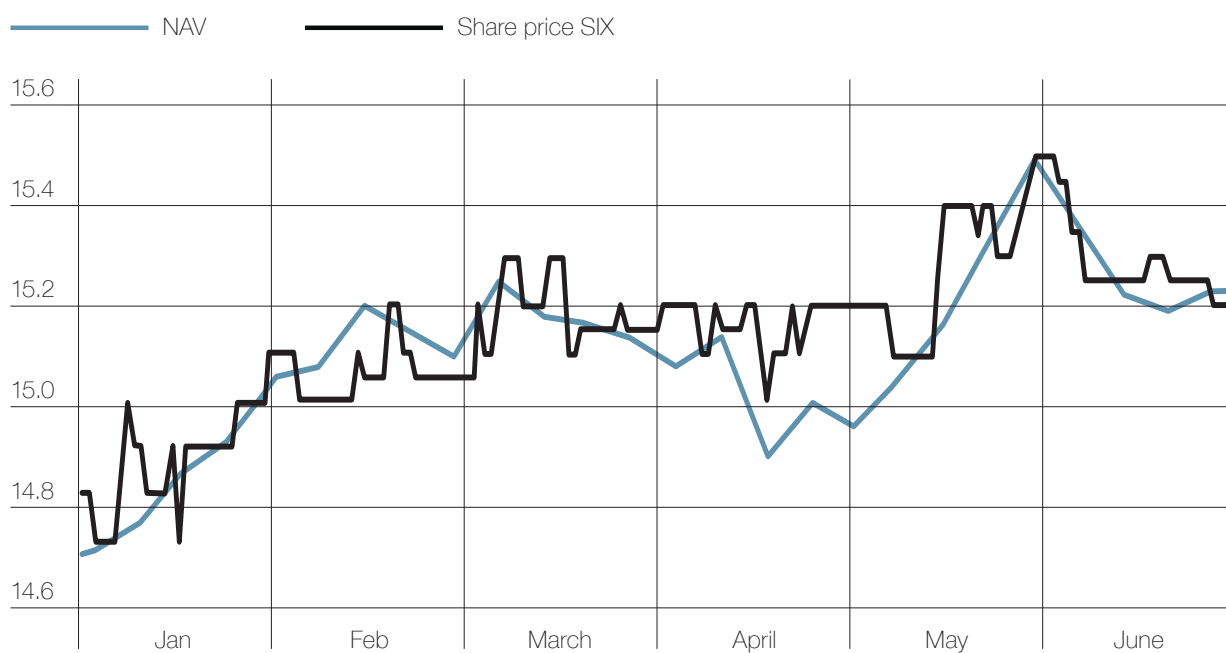
in CHF	High 2013	Low 2013
Share price	15.50	14.73
NAV	15.49	14.69

\* All figures are adjusted for distribution out of reserves from capital contributions on 29 April 2013 but they are not adjusted for the effect of the consolidation of Absolute Invest AG as per 5 June 2013.

\*\* NAV consolidated: pro forma NAV with Absolute Invest AG consolidated as per 5 June 2013.

### 6 months price-history in CHF for the period January-June 2013

(weekly NAV and daily closing share price)



### Positions as a percentage of net asset value (NAV) on 30 June 2013

in %	0	5	10	15	20	25	30	35	40	45	50
Absolute Invest											<b>42</b>
HBM Healthcare											<b>28</b>
Schaffner											<b>14</b>
American Capital											<b>5</b>
Other long positions											<b>3</b>
Cash and other assets net											<b>8</b>

### Monthly NAV-performance in %

	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Annually
2009	-2.3	-0.5	2.2	2.2	1.8	2.7	3.1	3.6	4.4	-0.2	-2.9	0	14.7
2010	1.4	1.2	-0.6	4.2	0.8	2.8	0.8	1.8	2.5	3.4	7.6	3.7	33.4
2011	3.5	2.0	0.6	3.0	4.2	-1.2	-1.2	-4.5	-2.0	1.7	-1.4	-0.5	3.8
2012	1.5	3.1	0	1.8	-2.7	2.6	0.3	1.4	1.4	0.6	-2.8	1.3	8.7
2013	1.8	0.2	0.5	-0.7	3.9	-2.1							3.5 <sup>1)</sup>

<sup>1)</sup>year to date

### Monthly share price-performance in %

	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Annually
2009	-2.7	-0.9	0.9	0.9	3.7	1.8	3.5	2.5	5.0	0.8	-2.3	0	13.6
2010	-1.2	2.8	2.4	1.5	0	3.0	1.5	1.4	2.5	3.8	7.4	3.1	32.0
2011	4.2	3.5	-0.8	3.6	3.7	-0.3	-1.8	-3.9	-0.9	0	-1.9	0.3	5.3
2012	1.0	2.9	4.1	0.6	0	0.6	0.9	0.3	-0.6	-0.6	-1.9	1.3	8.8
2013	1.9	-0.3	0.6	0.3	2.0	-1.9							2.5 <sup>1)</sup>

<sup>1)</sup>year to date

## Condensed interim consolidated financial statements

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in TCHF	Notes	<b>30 June 2013</b> (unaudited)	<b>31 Dec 2012</b> (audited)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		18'720	14'070
Financial assets at fair value through profit or loss - trading	7	1'237	3'942
Other current assets		348	49
<b>Total current assets</b>		<b>20'305</b>	<b>18'061</b>
<b>Non-current assets</b>			
Financial assets at fair value through profit or loss - trading	7	268'874	174'819
<b>Total non-current assets</b>		<b>268'874</b>	<b>174'819</b>
<b>TOTAL ASSETS</b>		<b>289'179</b>	<b>192'880</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Financial liabilities at fair value through profit or loss - trading	7	631	21
Short-term bank loan	8	3'788	-
Accounts payable and accrued liabilities		1'391	248
<b>Total current liabilities</b>		<b>5'810</b>	<b>269</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		1'170	600
<b>Total non-current liabilities</b>		<b>1'170</b>	<b>600</b>
<b>Shareholders' equity</b>			
Share capital	9	251	251
Additional paid-in capital		56'642	68'820
Treasury shares	9	(6'095)	(6'095)
Currency translation adjustments		427	-
Retained earnings		143'461	129'035
<b>Equity attributable to owners of Alpine Select AG</b>		<b>194'686</b>	<b>192'011</b>
Non-controlling interests	2	87'513	-
<b>Total equity</b>		<b>282'199</b>	<b>192'011</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>289'179</b>	<b>192'880</b>



**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the six months ended 30 June

in TCHF	Notes	<b>2013</b> (unaudited)	<b>2012</b> (unaudited)
<b>INCOME</b>			
Gain on financial assets and financial liabilities at fair value through profit or loss, net – trading	10	5'658	11'215
Dividend income	7.5	1'147	1'577
Interest income from financial assets		334	511
Gain on bargain purchase	2.3	8'024	-
<b>Total income</b>		<b>15'163</b>	<b>13'303</b>
<b>EXPENSES</b>			
General and administrative expenses		(1'146)	(670)
Commissions and other bank fees		(388)	(324)
Net foreign exchange losses on cash and cash equivalents		(128)	(121)
Interest expenses		(8)	(2)
Depreciation on furniture and equipment		-	(3)
<b>Total expenses</b>		<b>(1'670)</b>	<b>(1'120)</b>
<b>Profit before tax</b>		<b>13'493</b>	<b>12'183</b>
Tax (expense) / income		(570)	47
<b>Profit for the period</b>		<b>12'923</b>	<b>12'230</b>
<b>Other comprehensive income</b>			
<b>Items that are or may be reclassified subsequently to profit or loss:</b>			
Foreign currency translation differences - foreign operations		427	-
<b>Other comprehensive income for the period, net of tax</b>		<b>427</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>13'350</b>	<b>12'230</b>
<b>Profit / (loss) for the period attributable to:</b>			
Owners of Alpine Select AG		14'031	12'230
Non-controlling interests		(1'108)	-
		<b>12'923</b>	<b>12'230</b>
<b>Total comprehensive income / (loss) for the period attributable to:</b>			
Owners of Alpine Select AG		14'458	12'230
Non-controlling interests		(1'108)	-
		<b>13'350</b>	<b>12'230</b>
Earnings per share in CHF (basic and diluted)	11	1.15	1.00

Prior period numbers have been reclassified to conform with the current period's presentation.

## Condensed interim consolidated financial statements

### CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June

in TCHF	Notes	<b>2013</b> (unaudited)	<b>2012</b> (unaudited)
<b>Cash flows from operating activities</b>			
Profit before tax		13'493	12'183
Adjustments for:			
– Gain on financial assets and financial liabilities at fair value through profit or loss, net – trading		(5'658)	(11'215)
– Dividend income		(1'147)	(1'577)
– Interest income from financial assets		(334)	(511)
– Gain on bargain purchase	2.3	(8'024)	-
– Interest expenses		8	2
– Depreciation on furniture and equipment		-	3
– Net foreign exchange losses on cash and cash equivalents		128	121
Decrease / (increase) in other current assets		57	(9)
Increase in accounts payable and accrued liabilities		238	214
Dividends received		1'147	1'577
Interest received		334	511
Interest paid		(8)	(2)
Income taxes paid		-	-
<b>Net cash inflow from operating activities</b>		<b>234</b>	<b>1'297</b>
<b>Cash flows from investing activities</b>			
Purchases of financial assets at fair value through profit or loss - trading	7.7	(29'326)	(35'739)
Proceeds from sale of financial assets at fair value through profit or loss	7.8	49'154	30'394
Proceeds from short sale of financial liabilities at fair value through profit or loss		133	170
Net cash outflow from currency forwards		(1'385)	(13'055)
Acquisition of subsidiary, net of cash acquired	2.7	2'302	-
<b>Net cash inflow / (outflow) from investing activities</b>		<b>20'878</b>	<b>(18'230)</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June (continued)

in TCHF	Notes	<b>2013</b> (unaudited)	<b>2012</b> (unaudited)
<b>Cash flows from financing activities</b>			
Purchase of treasury shares, incl. transaction costs		-	(4'995)
Acquisition of non-controlling interests	2.6	(3'208)	-
Increase short-term bank loan	8	1'405	-
Repayment of short-term bank loan	8	(2'342)	-
Dividend paid to shareholders		(12'178)	(12'178)
<b>Net cash outflow from financing activities</b>		<b>(16'323)</b>	<b>(17'173)</b>
Effect of exchange rate changes on cash and cash equivalents		(139)	(121)
<b>Net decrease in cash and cash equivalents</b>		<b>4'650</b>	<b>(34'227)</b>
Cash and cash equivalents at the beginning of the period		14'070	46'732
<b>Cash and cash equivalents at the end of the period</b>		<b>18'720</b>	<b>12'505</b>
Cash and cash equivalents consist of:			
Current accounts at banks		18'720	12'505
<b>Cash and cash equivalents as defined for the Consolidated statement of cash flows</b>		<b>18'720</b>	<b>12'505</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

in TCHF

**Balance at 1 January 2012**

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Profit for the six months 1 Jan – 30 June 2012

Other comprehensive income for the six months 1 Jan – 30 June 2012

**Total comprehensive income for the six months 1 Jan – 30 June 2012**

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Dividend paid to shareholders \*

Purchase of treasury shares

**Total contributions by and distributions to owners of the Company for the six months 1 Jan – 30 June 2012**

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**Balance at 30 June 2012**

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Profit for the six months 1 July – 31 Dec 2012

Other comprehensive income for the six months 1 July – 31 Dec 2012

**Total comprehensive income for the six months 1 July – 31 Dec 2012**

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**Balance at 31 December 2012**

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Profit / (loss) for the six months 1 Jan – 30 June 2013

Other comprehensive income for the six months 1 Jan – 30 June 2013

**Total comprehensive income for the six months 1 Jan – 30 June 2013**

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Dividend paid to shareholders \*

Acquisition subsidiaries with non-controlling interests

Acquisition of non-controlling interests

**Total changes in ownership, contributions by and distributions to owners of the Company for the six months 1 Jan – 30 June 2013**

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**Balance at 30 June 2013**

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\*The Annual Shareholders' Meetings decided to pay the dividend out of the reserves from capital contributions.

## Condensed interim consolidated financial statements

		Attributable to owners of Alpine Select AG						
Notes	Share capital	Additional paid-in capital	Treasury shares	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	<b>251</b>	<b>80'998</b>	<b>(1'100)</b>	-	<b>112'602</b>	<b>192'751</b>	-	<b>192'751</b>
	-	-	-	-	12'230	12'230	-	12'230
	-	-	-	-	-	-	-	-
	-	-	-	-	<b>12'230</b>	<b>12'230</b>	-	<b>12'230</b>
	-	(12'178)	-	-	-	(12'178)	-	(12'178)
	-	-	(4'995)	-	-	(4'995)	-	(4'995)
	-	<b>(12'178)</b>	<b>(4'995)</b>	-	-	<b>(17'173)</b>	-	<b>(17'173)</b>
	<b>251</b>	<b>68'820</b>	<b>(6'095)</b>	-	<b>124'832</b>	<b>187'808</b>	-	<b>187'808</b>
	-	-	-	-	4'203	4'203	-	4'203
	-	-	-	-	-	-	-	-
	-	-	-	-	<b>4'203</b>	<b>4'203</b>	-	<b>4'203</b>
	<b>251</b>	<b>68'820</b>	<b>(6'095)</b>	-	<b>129'035</b>	<b>192'011</b>	-	<b>192'011</b>
	-	-	-	-	14'031	14'031	(1'108)	12'923
	-	-	-	427	-	427	-	427
	-	-	-	<b>427</b>	<b>14'031</b>	<b>14'458</b>	<b>(1'108)</b>	<b>13'350</b>
	-	(12'178)	-	-	-	(12'178)	-	(12'178)
2.5	-	-	-	-	-	-	92'224	92'224
2.6	-	-	-	-	395	395	(3'603)	(3'208)
<b>2013</b>	-	<b>(12'178)</b>	-	-	<b>395</b>	<b>(11'783)</b>	<b>88'621</b>	<b>76'838</b>
	<b>251</b>	<b>56'642</b>	<b>(6'095)</b>	<b>427</b>	<b>143'461</b>	<b>194'686</b>	<b>87'513</b>	<b>282'199</b>

## Selected notes to the Condensed interim consolidated financial statements for the six month period ended 30 June 2013

### 1. Corporate information

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

The Company's purpose is to invest in securities of any form of Swiss or foreign corporations taking advantage of particular corporate circumstances. As of 30 June 2013, the Company has two part-time employees.

### 2. Acquisition of Absolute Invest AG, Zug

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

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

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

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

**Selected notes to the Condensed interim consolidated financial statements  
for the six month period ended 30 June 2013**

In the period 6 to 30 June 2013, Absolute Invest AG contributed a loss of approx. CHF 2.2 million to the Group's Gain on financial assets and financial liabilities at fair value through profit or loss and to the result after tax respectively. If the acquisition had occurred on 1 January 2013, management estimates that the consolidated profit for the six month period ended 30 June 2013 would have been approx. CHF 16 million.

### 2.1. Consideration transferred

The total consideration transferred is a payment of TCHF 1'293 on 5 June 2013 when Alpine acquired 48'942 shares of Absolute Invest AG via the first trading line at the SIX Swiss Exchange. By purchasing these shares, Alpine and two members of its Board of Directors (Thomas Amstutz and Raymond Baer) achieved 50.05% of the shares and voting rights in Absolute Invest AG.

### 2.2. Identifiable assets acquired and liabilities assumed

	in TCHF
Cash and cash equivalents	3'595
Other current assets	1'400
Financial assets at fair value through profit or loss (non-current)	176'981
Time loan due to Credit Suisse AG	(4'722)
Financial liabilities at fair value through profit or loss	(202)
Accounts payable and other accrued liabilities	(901)
<b>Fair value of identifiable net assets</b>	<b>176'151</b>

The acquisition accounting will be revised if – within one year from the acquisition – new information is obtained about facts and circumstances that existed at the acquisition date and that would require an adjustment to the above amounts.

### 2.3. Gain on bargain purchase (Badwill)

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

	Notes	in TCHF
Total consideration transferred	2.1	1'293
Fair value of previously held interest in Absolute Invest AG at 5 June 2013	2.4	74'610
Non-controlling interests, based on their proportionate interest in the recognized amounts of the assets and liabilities of Absolute Invest AG	2.5	92'224
Less: fair value of identifiable net assets	2.2	(176'151)
<b>Gain on bargain purchase</b>		<b>(8'024)</b>

## Selected notes to the Condensed interim consolidated financial statements for the six month period ended 30 June 2013

Absolute Invest AG, Zug is an investment company. Its shares are listed at the SIX Swiss Exchange and have in the past been traded at a discount to the net asset value. Alpine used to value its investment in Absolute Invest AG at the listed market price. The same valuation method is applied to the Total consideration transferred (TCHF 1'293) and the Fair value of the previously held interest in Absolute Invest AG (TCHF 74'610). The (historical) discount between Absolute Invest AG's listed market price and its net asset value results in a gain from bargain purchase when acquiring Absolute Invest AG as per 5 June 2013 as set out in above table. The discount at the acquisition date was approx. 9.5%.

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

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

Number of Absolute Invest AG shares previously directly held by Alpine Select AG as per 5 June 2013:	2'824'232 shares
Listed market price per Absolute Invest AG share as per 5 June 2013:	
– in USD	28.0000 USD
– in CHF (at the exchange rate of 0.943489 as per 5 June 2013):	26.4177 CHF
<b>Fair value of previously-held interest in Absolute Invest AG as per 5 June 2013 (in TCHF):</b>	<b>74'610</b>

### 2.5. Non-controlling interests in Absolute Invest AG

As per the acquisition date, the shares of Absolute Invest AG that were not directly held by Alpine Select AG result in a non-controlling interest of 52.08% in Absolute Invest AG. The non-controlling interests as per 5 June 2013 of total TCHF 92'224 (including non-controlling interests previously held by Absolute Invest AG) are valued based on their proportionate interest in the recognized amounts of assets and liabilities of Absolute Invest AG as per 5 June 2013 (see also Note 2.3).

### 2.6. Acquisition of non-controlling interests in Absolute Invest AG

During the period 6 to 30 June 2013, the Company acquired an additional 2.08% interest in Absolute Invest AG for TCHF 3'208 in cash via the first trading line at the SIX Swiss Exchange. The ownership was increased from 47.92% to 50.00%. The proportionate net asset value of Absolute Invest AG for the acquired 2.08% was TCHF 3'603 as per 30 June 2013. The Group recognized a decrease in non-controlling interests of TCHF 3'603 and an increase in retained earnings of TCHF 395.



**Selected notes to the Condensed interim consolidated financial statements  
for the six month period ended 30 June 2013**

**2.7. Acquisition of subsidiary, net of cash acquired**

	Notes	in TCHF
Consideration transferred cash	2.1	(1'293)
Cash and cash equivalents acquired	2.2	3'595
<b>Cash flow from acquisition of subsidiary, net of cash acquired</b>		<b>2'302</b>

**3. Consolidated financial statements**

Prior to 1 January 2012, Alpine Select AG together with its wholly owned subsidiary Sumara AG, Zug (Switzerland) formed a group of companies for which consolidated financial statements were prepared and issued. For the year ended 31 December 2012, stand-alone financial statements were prepared and issued as Sumara AG was merged by absorption into Alpine Select AG effective 1 January 2012. The acquisition of Absolute Invest AG as per 5 June 2013 requires again the preparation of consolidated financial statements.

The Condensed interim consolidated financial statements comprise the financial statements of the parent company (Alpine Select AG) and its subsidiary Absolute Invest AG, which has been consolidated for the first time as at 5 June 2013. Equity attributable to non-controlling interests is presented in the Consolidated statement of financial position within equity, separate from equity attributable to owners of Alpine Select AG.

**4. Basis of presentation of the Condensed interim consolidated financial statements**

The accompanying Condensed interim consolidated financial statements for the six month period ended 30 June 2013 were prepared in accordance with IAS 34 «Interim Financial Reporting», 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. They do not include all the information and disclosures required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to gain an understanding of the changes in the Group's financial position and performance since the last annual financial statements as at and for the year ended 31 December 2012.

The preparation of these interim financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses as well as the disclosure of contingent liabilities. The significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2012.

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

## Selected notes to the Condensed interim consolidated financial statements for the six month period ended 30 June 2013

### 5. Summary of significant accounting policies

#### 5.1. Changes in accounting policies

The accounting policies are the same as those applied and described by the Company in its Annual Report 2012 (pages 24-55) except for the adoption of the following new, revised and amended Standards and Interpretations issued for financial years beginning on or after 1 January 2013.

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

The adoption of the new and amended standards during the first six months of the year 2013 did not have any effect on the Condensed interim consolidated financial statements or the performance of the Group, except for additional disclosures resulting from IAS 1 and IFRS 13. Furthermore the Group has early adopted the Investment Entity Exemption of IFRS 10 as per 1 January 2013.

#### 5.2. Foreign currencies

##### 5.2.1. Foreign currency transactions

Foreign currency transactions are recorded at the rate of exchange prevailing at the date of the transaction. On the reporting date, monetary assets and liabilities denominated in foreign currencies are translated into the respective functional currency at the exchange rates prevailing at that date. The resulting exchange gains and losses are included in profit or loss. Non-monetary assets and liabilities

**Selected notes to the Condensed interim consolidated financial statements  
for the six month period ended 30 June 2013**

in foreign currencies that are stated at fair value are translated to the functional currency at the foreign exchange rate at the date the fair values were determined. The resulting exchange gains and losses are included in profit or loss. The exchange rate differences resulting from foreign currency positions within Cash and cash equivalents are disclosed separately in profit or loss. Other exchange rate differences are included in Gain on financial assets and financial liabilities at fair value through profit or loss, net – trading (see also Note 10).

### 5.2.2. Foreign operations

The financial statements of those Group companies having USD as their functional currency are translated into the presentation currency CHF (Swiss Francs). All assets and liabilities are translated at the exchange rate of the balance sheet date. All equity items other than the profit or loss for the period are translated to the presentation currency at the historical exchange rate. Income, expenses and cash flows are translated using the average exchange rate of the reporting period, which approximates the exchange rate at the date of the transaction. The exchange differences on translating balance sheets and income statements are debited or credited as a translation adjustment on foreign operations in the Consolidated statement of comprehensive income. Exchange differences on translating cash and cash equivalents and related cash flows are separately disclosed in the Consolidated cash flow statement as exchange effect on cash and cash equivalents.

The following exchange rates have been applied:

		<b>30 June 2013</b>	<b>31 Dec 2012</b>	<b>30 June 2012</b>
<b>USD/CHF</b>				
Balance sheet	End of month rate	0.9462	0.9153	0.9465
Items of profit and loss	Average rate for the period	0.9368	0.9376	0.9287
<b>EUR/CHF</b>				
Balance sheet	End of month rate	1.2299	1.2068	1.2012
Items of profit and loss	Average rate for the period	1.2300	1.2052	1.2047

### 5.3. 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 the end of the reporting period we refer to the consolidated investment table under Note 7.5.

## Selected notes to the Condensed interim consolidated financial statements for the six month period ended 30 June 2013

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

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

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not impacted the fair value measurements of the Group. IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 Financial Instruments: Disclosures. Some of these disclosures are specifically required for financial instruments under IAS 34, thereby affecting the Condensed interim consolidated financial statements. The Group provides these disclosures in Note 7.

The fair value of investments that are traded in an active financial market (Level 1) is determined by reference to quoted market prices on principal markets at the close of business on the balance sheet date. Such financial assets at fair value through profit or loss are initially recorded at their fair value (corresponding to their cost) and are subsequently measured at their fair value. Transactions are recognized on the trade date.

The Company considers the following factors that may indicate that a market is not active:

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

Considering the above factors, the Board of Directors – as advised by the investment manager of the underlying funds - concludes that the market for the investments is not an active one.

When a price for an identical asset or liability is not observable (Level 2 and Level 3), fair value is measured using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs.

## Selected notes to the Condensed interim consolidated financial statements for the six month period ended 30 June 2013

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

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

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

The Group only invests if the investment manager of the fund is reputable within the industry and has a reasonable track record, if there is an appropriate transparency in the fund's investments and if the fund provides regularly net asset value statements.

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

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

## **Selected notes to the Condensed interim consolidated financial statements for the six month period ended 30 June 2013**

### **5.4. Dividend income**

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

### **5.5. Treasury shares**

Own shares of the Company 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.

## **6. Subsidiaries**

Effective 5 June 2013, the Company acquired Absolute Invest AG, Zug an investment company listed at the SIX Swiss Exchange. Further reference is made to Note 2 (Acquisition of Absolute Invest AG, Zug). The Company has no other subsidiaries as at 30 June 2013.

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

The Company has investments in quoted and unquoted equities and funds as well as currency forwards and trading options. Investments in unlisted investment funds (Level 3) as financial assets at fair value through profit or loss of CHF 171.4 million as at 30 June 2013 (31 Dec 2012: CHF 0.0 million) or 63.6% of total financial assets and financial liabilities at fair value through profit or loss are recognized at the adjusted net asset value per share that is based on the reported net asset value by the managers or administrators of such funds. The investments in CLO's, currency forwards and trading options (Level 2) that are classified as financial assets at fair value through profit or loss of CHF 5.6 million as at 30 June 2013 (31 Dec 2012: CHF 14.7 million) are recognized at the net asset value set by the market participants and based on observable spot exchange rates respectively.

**Selected notes to the Condensed interim consolidated financial statements  
for the six month period ended 30 June 2013**

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

in TCHF	<b>30 June 2013</b>	<b>31 Dec 2012</b>
<b>Financial assets at fair value through profit or loss – trading</b>		
Positive fair value of currency forward contracts	1'237	3'942
Financial assets held for trading – Trading securities	268'874	171'229
Financial assets held for trading – Trading options	-	3'590
<b>Total</b>	<b>270'111</b>	<b>178'761</b>
of which current	1'237	3'942
of which non-current	268'874	174'819
<b>Financial liabilities at fair value through profit or loss - trading</b>		
Negative fair value of currency forward contracts	553	21
Trading options sold short	78	-
<b>Total</b>	<b>631</b>	<b>21</b>
of which current	631	21
of which non-current	-	-

Further details are shown in the consolidated investment table for the period ended 30 June 2013 and in the investment table for the year ended 31 December 2012 respectively.

### **7.1. Fair value hierarchy**

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

- Level 1: Fair values measured using quoted prices (unadjusted) in active markets for identical financial assets or liabilities.
- Level 2: Fair values measured using directly or indirectly observable inputs, other than those included in Level 1.
- Level 3: Fair values measured using inputs that are not based on observable market data (due to little – if any – market activity). The inputs into the determination of fair value require significant management judgment and estimates and the estimated values may differ significantly from the values that would have been recorded if an active market for these financial instruments existed. These differences could be material.

## Selected notes to the Condensed interim consolidated financial statements for the six month period ended 30 June 2013

The table below analyses financial instruments carried at fair value, by valuation method.

in TCHF	Level 1	Level 2	Level 3	Total
<b>30 June 2013</b>				
Positive fair value of currency forward contracts	-	1'237	-	1'237
Financial assets held for trading - Trading securities	92'460	4'976	171'438	268'874
Financial assets held for trading - Trading options sold short	-	(78)	-	(78)
Negative fair value of currency forward contracts	-	(553)	-	(553)
<b>Total</b>	<b>92'460</b>	<b>5'582</b>	<b>171'438</b>	<b>269'480</b>
<b>31 December 2012</b>				
Positive fair value of currency forward contracts	-	3'942	-	3'942
Financial assets held for trading - Trading securities	164'054	7'175	-	171'229
Financial assets held for trading - Trading options	-	3'590	-	3'590
Negative fair value of currency forward contracts	-	(21)	-	(21)
<b>Total</b>	<b>164'054</b>	<b>14'686</b>	<b>-</b>	<b>178'740</b>

Transfers between the levels of the fair value hierarchy are recognized as of the beginning of the reporting period during which the transfer has occurred. There were no transfers between Level 2 and 3 and no transfers between Level 1 and 2.

The changes in investments measured at fair value for which the Company has used Level 3 inputs to determine fair value for the period ended 30 June 2013 and 31 December 2012 are as follows:

in TCHF	30 June 2013	31 Dec 2012
<b>Fair value of Level 3 investments as of 1 January</b>	-	-
Change in Group structure from acquisition of Absolute Invest AG	172'851	-
Net gains / (losses) on financial assets and financial liabilities at fair value through profit or loss, net – trading	(1'857)	-
Currency translation adjustments	444	-
<b>Fair value of Level 3 investments at end of period</b>	<b>171'438</b>	<b>-</b>
Change in unrealized gains or (losses) for Level 3 assets held at the end of the reporting period and included in Gain on financial assets and financial liabilities at fair value through profit or loss, net – trading	(1'857)	-

### 7.2. Valuation technique used to derive Level 2 and Level 3 fair values

The Level 2 foreign currency forward contracts as well as the trading options are measured based on observable spot exchange rates. The Level 2 investments may further include investments in CLO's. The market for such CLO's is (again) very liquid, especially in the US. There are market makers



## Selected notes to the Condensed interim consolidated financial statements for the six month period ended 30 June 2013

that are willing to set prices and on the other side market participants that are willing to buy such products at the offered prices. Thus, the Company considers the market for CLO's as at least indirectly observable (comparable transactions in the same instrument) and classifies its CLO's under Level 2.

Level 3 investments mainly comprise of investments in unquoted hedge funds. The fair values of these unquoted hedge funds are derived using the adjusted net asset method which is based on the net asset values (including adjustments that are calculated by the respective fund manager). All inputs used to derive at the adjusted net asset value are unobservable. The valuation of Level 2 and Level 3 investments has not changed compared to prior period.

### **7.3. Sensitivity analysis Level 3 fair values**

The Group does not utilize valuation models with model inputs to calculate the fair value for their Level 3 investments. Rather, the Group utilizes a methodology that uses as a key input NAV («adjusted net asset method»). Thus, the key «unobservable input» would be NAV itself. No reasonably possible change in the inputs used in determining the fair value would cause the fair value of Level 3 financial instruments to significantly change.

### **7.4. Equity price risk (sensitivity)**

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

The Group is exposed to the price risk of its investments which are listed in European stock exchanges. 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.

The Company is an investment company listed on the SIX Swiss Exchange. For the calculation of a meaningful sensitivity analysis for the Group's portfolio in respect of the price risk, the Group uses the IGSP Investment Index of the SIX Swiss Exchange. This index is composed by and calculated based on its members. The volatility of the IGSP Investment Index for the 5 years period until 30 June 2013 is 18.092% (standard deviation) and 18.039% (standard deviation) for the 5 years period until 31 December 2012. If – during the six month period ended 30 June 2013 – the IGSP Investment Index would have increased by a standard deviation of 18.092%, the positive impact on the Group's result before tax would have been CHF 48.6 million. An equal but opposite change would have resulted in an equal but opposite impact on the Group's result before tax.

Selected notes to the Condensed interim consolidated financial statements  
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7.5. Consolidated investment table as per 30 June 2013

Investments made by group companies with functional currency CHF (Alpine Select AG, Absolute Invest AG)

in TCHF	Number of shares at 1 January 2013	Fair value at 1 January 2013	Change in Group structure from acquisition	Additions	Reductions
<b>LONG POSITIONS</b>					
Absolute Invest AG <sup>2)</sup>	2'395'553	83'216	(75'903)	16'485	(26'997)
Akamatsu Bonsai Fund Class B	-	-	3'795	-	-
American Capital Ltd.	500'000	5'502	-	3'795	(691)
Atrium V Ltd.	1'500	1'620	-	-	(1'620)
Fondiarria SAI SPA	-	-	-	763	-
Genseki Fund Class D Series 05/13	-	-	1'919	-	-
Ginga Fund Series 17	-	-	2'879	-	-
Gold Coin Invest AG	-	-	197	-	-
HBM Healthcare Inv. AG	946'454	43'917	4'130	3'972	(6'674)
Highland Financial Partners LP	600'000	-	-	-	-
ING Investment Management CLO	2'000	1'867	-	-	-
Invisa Inc.	26'000	5	-	-	-
Northwest Fund Ltd. Series A	-	-	1'970	-	-
Peoples Choice Financial Corporation	70'800	-	-	-	-
Prime New Energy AG (in liquidation)	210'492	126	-	-	-
Prokmu Invest AG	57'350	-	-	-	-
Schaffner Holding AG	134'706	31'116	-	264	(1'494)
Shape Capital Ltd.	1'187	172	-	318	(510)
Silverbell Capital Ltd.	-	-	38	-	-
Stone Tower CLO VI LTD	2'000	2'024	-	-	-
Truston Asset Management Co. Ltd.	-	-	272	-	-
Unipol Gruppo Finanziario SPA	-	-	-	5'022	(6'181)
Vitafort International Corporation	317'543	-	-	-	-
Var. Obl. Stone Tower CLO VII	2'000'000	1'664	-	-	-
<b>Total Long Positions</b>		<b>171'229</b>	<b>(60'703)</b>	<b>30'619</b>	<b>(44'167)</b>
of which gains					
of which gains from second line trades					
of which losses					
of which losses from second line trades					

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

<sup>2)</sup> See also Note 2 for Change in Group structure from acquisition. The reductions reflect the dividend (out of reserves from capital contributions) received from Absolute Invest AG prior to the acquisition date.

Selected notes to the Condensed interim consolidated financial statements  
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Realized gains/(losses) net of FX	Realized FX gains/(losses)	Unrealized gains/(losses) net of FX <sup>1)</sup>	Unrealized FX gains/(losses) <sup>1)</sup>	Fair value at 30 June 2013	Number of shares at 30 June 2013	Stock price (closing) in local currency at 30 June 2013	Dividends received
-	-	248	2'951	-	-	-	-
-	-	31	(40)	3'786	25'100	USD 159	-
146	(1)	100	142	8'993	750'000	USD 13	-
251	(467)	(275)	491	-	-	-	79
-	-	(11)	1	753	5'000	EUR 123	-
-	-	(34)	(27)	1'858	20'000	USD 98	-
-	-	(24)	(40)	2'815	1'420	USD 2'095	-
-	-	(18)	-	179	84	CHF 2'122	-
767	-	9'881	-	55'993	965'370	CHF 58	-
-	-	-	-	-	600'000	USD 0	-
-	-	(244)	61	1'684	2'000	USD 890	377
-	-	(2)	5	8	26'000	USD 0	-
-	-	64	(27)	2'007	966	USD 2'196	-
-	-	-	-	-	70'800	USD 0	-
-	-	-	-	126	210'492	CHF 1	-
-	-	-	-	-	57'350	CHF 0	-
44	-	(3'343)	-	26'587	129'575	CHF 205	470
37	-	(17)	-	-	-	-	-
-	-	-	-	38	2'500'000	CHF 0	-
-	-	(248)	60	1'836	2'000	USD 970	216
-	-	(2)	(4)	266	15'000	KRW 21	5
1'170	(11)	-	-	-	-	-	-
-	-	-	-	-	317'543	USD 0	-
-	-	(264)	56	1'456	2'000'000	USD 77	-
<b>2'415</b>	<b>(479)</b>	<b>5'842</b>	<b>3'629</b>	<b>108'385</b>			<b>1'147</b>
1'849	-	10'804	4'025				
566	-	-	-				
-	(479)	(4'962)	(396)				
-	-	-	-				

Selected notes to the Condensed interim consolidated financial statements  
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**Investments made by group companies with functional currency CHF (Alpine Select AG, Absolute Invest AG); con**

in TCHF	Number of shares at  1 January 2013	Fair value at  1 January 2013	Change in Group structure from acquisition	Additions	Reductions
<b>TRADING OPTIONS</b>					
FX-OTC-E-Option (Call USD / Put CHF; Strike: 0.975)	-	-	-	(133)	-
Long/Short Leverage Certificate IK 1	25'000	3'590	-	-	(3'942)
<b>Total Trading Options</b>		<b>3'590</b>	<b>-</b>	<b>(133)</b>	<b>(3'942)</b>
of which gains					
of which losses					
of which assets		3'590			
of which liabilities		-			
<b>CURRENCY FORWARDS</b>					
Currency Forwards CHF/USD; USD/CHF		3'942	-	-	-
Currency Forwards CHF/EUR; EUR/CHF		(21)	-	-	-
Currency Forwards USD/EUR; EUR/USD		-	(202)	-	-
<b>Total Currency Forwards</b>		<b>3'921</b>	<b>(202)</b>	<b>-</b>	<b>-</b>
of which gains					
of which losses					
of which assets		3'942	-		
of which liabilities		(21)	(202)		

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

Selected notes to the Condensed interim consolidated financial statements  
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Continued

Realized gains/(losses) net of FX	Realized FX gains/(losses)	Unrealized gains/(losses) net of FX <sup>1)</sup>	Unrealized FX gains/(losses) <sup>1)</sup>	Fair value at 30 June 2013	Number of shares at 30 June 2013	Stock price (closing) in local currency at 30 June 2013	Dividends received
-	-	55	-	(78)	(10'000'000)	CHF 0	
883	40	(558)	(13)	-	-	-	
<b>883</b>	<b>40</b>	<b>(503)</b>	<b>(13)</b>	<b>(78)</b>			
883	40	55	-				
-	-	(558)	(13)				
				-			
				(78)			
-	218	-	(4'474)	(553)			
-	(70)	-	-	-			
-	(1'533)	-	1'439	1'237			
-	<b>(1'385)</b>	-	<b>(3'035)</b>	<b>684</b>			
	2'638		1'439				
	(4'023)		(4'474)				
				1'237			
				(553)			

Selected notes to the Condensed interim consolidated financial statements  
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**Investments made by group companies with functional currency USD (Absolutissimo Ltd., Carry Ltd., Ussisimo L**

in TUSD	Number of shares at	Fair value at	Change in Group structure from acquisition	Additions	Reductions
	1 January 2013	1 January 2013			
<b>LONG POSITIONS</b>					
Acceleron Pharma Inc. series C	-	-	242	-	-
BIA Pacific Macro Fund shares	-	-	5'696	-	-
Bluebay Multi-Strategy Fund LT Class R series 01/09	-	-	18	-	-
Bluebay Value Recov. Fund Ltd., Class S	-	-	197	-	-
Cheyne Discovery Fund I L.P.	-	-	2'954	-	-
Cheyne Investment Grade CDO shares	-	-	23'826	-	-
Cheyne New Europe Fund Inc. Class B 1 unr. shares	-	-	33'592	-	-
Contrarian European Fund Ltd. Class B series 2 (USD)	-	-	220	-	-
CQS Convertible & Quantitative RED. PTG. shares B	-	-	10'417	-	-
CQS Directional Opportunities Class B restricted shares	-	-	18'670	-	-
Double Haven Temple Feeder original shares series 1001	-	-	1'846	-	-
Dymon Asia Macro Fund Class A series 1 2/20	-	-	5'818	-	-
Dymon Asia Macro Fund Class A series 292-2	-	-	2'782	-	-
Finisterre Sovereign Debt Fund Class A initial series	-	-	7'463	-	-
Julius Baer Balkan Tiger Fund shares B	-	-	8'262	-	-
Laurus Offshore Fund Ltd. Class A bm 2	-	-	1'743	-	-
Lucas Energy Total Return Offs. Class A series 1 S	-	-	1'041	-	-
Nightwatch Capital Partners CA Class BB series L 1	-	-	259	-	-
Northwest Warrant Fund Ltd. Class A	-	-	7'149	-	-
Paulson Gold Fund Ltd. Class B series initial	-	-	777	-	-
Rain Tree Capital Fund Ltd. Class A unrestricted	-	-	5'255	-	-
Romanian Opportunities Fund shares	-	-	2'263	-	-
TCM Asia Opp. (non-US Class B series 0811 non-restr.)	-	-	8'335	-	-
Tocqueville Gold Offshore Fund Class A series 1 01/11	-	-	1'625	-	-
Truston Dynamic Korea Fund (non-voting shares)	-	-	8'853	-	-
Valens Offshore Fund series B Institutional Units C	-	-	3'318	-	-
Valens Unit Trust - Valens Off. Special Investm. 09/07	-	-	1'381	-	-
Vulpes Long Asian Volatility A shares	-	-	2'849	-	-
YA Offshore Global Investment Class L	-	-	4'620	-	-
<b>Total Long Positions</b>		-	<b>171'471</b>	-	-
of which gains					
of which losses					

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

Selected notes to the Condensed interim consolidated financial statements  
for the six month period ended 30 June 2013

td.)

Realized gains/(losses) net of FX	Realized FX gains/(losses)	Unrealized gains/(losses) net of FX <sup>1)</sup>	Unrealized FX gains/(losses) <sup>1)</sup>	Fair value at 30 June 2013	Number of shares at 30 June 2013	Stock price (closing) in local currency at 30 June 2013	Dividends received
-	-	-	-	242	93'120	USD 3	-
-	-	354	-	6'050	31'035	USD 195	-
-	-	-	-	18	17'181	USD 1	-
-	-	(6)	-	191	196'847	USD 1	-
-	-	-	-	2'954	124'272	USD 24	-
-	-	(589)	-	23'237	13'881	USD 1'674	-
-	-	(8)	28	33'612	1'041'213	EUR 25	-
-	-	-	-	220	3'105	USD 71	-
-	-	(35)	-	10'382	3'442	USD 3'017	-
-	-	(390)	-	18'280	4'380	USD 4'174	-
-	-	(13)	-	1'833	2'010	USD 912	-
-	-	(102)	-	5'716	3'585	USD 1'595	-
-	-	(49)	-	2'733	2'500	USD 1'093	-
-	-	(55)	-	7'408	27'796	USD 267	-
-	-	(163)	7	8'106	110'000	EUR 57	-
-	-	-	-	1'743	45'302	USD 38	-
-	-	-	-	1'041	862	USD 1'207	-
-	-	-	-	259	1'880	USD 138	-
-	-	(541)	-	6'608	4'318	USD 1'530	-
-	-	-	-	777	18'474	USD 42	-
-	-	-	-	5'255	4'975	USD 1'056	-
-	-	-	2	2'265	1'719	EUR 1'013	-
-	-	(80)	-	8'255	60'540	USD 136	-
-	-	-	-	1'625	75'000	USD 22	-
-	-	(204)	-	8'649	65'049	USD 133	-
-	-	(9)	-	3'309	5'225	USD 633	-
-	-	(1)	-	1'380	4'129	USD 334	-
-	-	-	-	2'849	4'627	USD 616	-
-	-	-	-	4'620	181'420	USD 25	-
-	-	<b>(1'891)</b>	<b>37</b>	<b>169'617</b>			<b>-</b>
-	-	354	37				
-	-	(2'245)	-				

Selected notes to the Condensed interim consolidated financial statements  
for the six month period ended 30 June 2013

**Consolidated investment table: summary of all amounts translated into CHF**

in TCHF	Fair value at 1 January 2013	Change in Group structure from acquisition	Additions
<b>LONG POSITIONS</b>			
Long positions (functional currency CHF)	171'229	(60'703)	30'619
Long positions (functional currency USD) translated into CHF	-	161'781	-
<b>Total Long Positions</b>	<b>171'229</b>	<b>101'078</b>	<b>30'619</b>
of which gains			
of which gains from second line trades			
of which losses			
of which losses from second line trades			
<b>TRADING OPTIONS</b>			
Trading options (functional currency CHF)	3'590	-	(133)
<b>Total Trading Options</b>	<b>3'590</b>	<b>-</b>	<b>(133)</b>
of which gains			
of which losses			
of which assets	3'590		
of which liabilities	-		
<b>CURRENCY FORWARDS</b>			
Currency Forwards (functional currency CHF)	3'921	(202)	-
<b>Total Currency Forwards</b>	<b>3'921</b>	<b>(202)</b>	<b>-</b>
of which gains			
of which losses			
of which assets	3'942	-	
of which liabilities	(21)	(202)	

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





Selected notes to the Condensed interim consolidated financial statements  
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7.6. Investment table as per 31 December 2012

Investments of Alpine Select AG

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

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

<sup>2)</sup> Formerly: HBM Bioventures AG.

Selected notes to the Condensed interim consolidated financial statements  
for the six month period ended 30 June 2013

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

Selected notes to the Condensed interim consolidated financial statements  
for the six month period ended 30 June 2013

Investments of Alpine Select AG; continued

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

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

Selected notes to the Condensed interim consolidated financial statements  
for the six month period ended 30 June 2013

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

**Selected notes to the Condensed interim consolidated financial statements  
for the six month period ended 30 June 2013**

**7.7. Cash outflow from purchase of financial assets at fair value through profit or loss – trading for the six month period ended 30 June 2013**

in TCHF	Notes	<b>2013</b>
Purchase of investments at fair value through profit or loss as per the consolidated investment table (Total long positions)	7.5	(30'619)
Consideration transferred cash relating to the acquisition of Absolute Invest AG	2.1	1'293
<b>Effective cash outflow from purchase</b>		<b>(29'326)</b>

**7.8. Cash inflow from disposal of financial assets at fair value through profit or loss – trading for the six month period ended 30 June 2013**

in TCHF	Notes	<b>2013</b>
Proceeds on disposal of investments at fair value through profit or loss as per the consolidated investment table (Total long positions plus Trading options)	7.5	48'109
Change in receivables for investments redeemed (receivables for redeemed investments relate to the acquisition accounting of Absolute Invest AG)		1'045
<b>Effective cash inflow from disposal</b>		<b>49'154</b>

**8. Short-term bank loan**

When acquiring Absolute Invest AG as per 5 June 2013, a short-term bank loan of CHF 4.7 million resp. USD 5.0 million including accrued interest of TCHF 3 resp. TUSD 4 was acquired (see also Note 2.2). The short-term loan in Absolute Invest AG was received from Credit Suisse AG and is denominated in USD at a variable interest rate of 2.2% p.a., calculated and due on a monthly basis. The interest expense (since the acquisition of Absolute Invest AG at 5 June 2013 until 30 June 2013) amounts to approx. TCHF 8 and is included in the Consolidated statement of comprehensive income within Interest expenses.

## 9. Share capital and treasury shares

**Share capital:** Unchanged to the year ended 31 December 2012 the share capital of the Company is CHF 251'184.30 as of 30 June 2013 consisting of 12'559'215 fully paid-in registered shares with a nominal value of CHF 0.02 each. No preferential or similar rights exist. Each share has one vote and all shares are equally entitled to dividends. There are no voting right restrictions. The Company does not have participation certificates.

**Treasury shares:** The Annual Shareholders' Meeting held on 18 April 2011 entitled the Company's Board of Directors to re-purchase a maximum of 1'255'921 treasury shares being 10% of the nominal share capital of the Company. This re-purchase program was started in October 2011. During the period October 2011 until 31 December 2012, the Company acquired 381'261 treasury shares (3.0357% of the outstanding share capital) at an average price of CHF 15.93 per share for a total of TCHF 6'097 including transaction costs of TCHF 23. The income tax effect on transaction costs amounts to TCHF 2 as per 31 December 2012 applying the tax rate of 7.8%.

No treasury shares were acquired or sold during the six month period ended 30 June 2013. As per 30 June 2013 the Company held 381'261 treasury shares (31 December 2012: 381'261 treasury shares). After considering the deduction of 381'261 treasury shares, 12'177'954 shares were outstanding as of 30 June 2013 and 31 December 2012. As per 30 June 2013, the Company holds 381'261 treasury shares and all of them were in the process of being cancelled (see Note 16 Events after the balance sheet date).

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

**Selected notes to the Condensed interim consolidated financial statements  
for the six month period ended 30 June 2013**

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

The following table provides the results on financial assets and financial liabilities for the six month period ended 30 June 2013 and 2012:

in TCHF	<b>2013</b>	<b>2012</b>
Realized gains – financial assets held for trading	1'849	307
Realized gains – financial assets held for trading (second trading line)	566	795
Realized losses – financial assets held for trading	-	(1'909)
Realized losses – financial assets held for trading (second trading line)	-	(18)
Net realized currency losses – financial assets held for trading	(479)	(4'256)
<b>Net realized – financial assets held for trading</b>	<b>1'936</b>	<b>(5'081)</b>
Unrealized gains – financial assets held for trading	11'136	16'498
Unrealized losses – financial assets held for trading	(7'065)	(4'140)
Net unrealized currency gains – financial assets held for trading	3'664	5'032
<b>Net unrealized – financial assets held for trading</b>	<b>7'735</b>	<b>17'390</b>
<b>Total financial assets held for trading, net</b>	<b>9'671</b>	<b>12'309</b>
Realized gains – financial liabilities held for trading (Trading options)	883	-
Unrealized gains – financial liabilities held for trading (Trading options)	55	56
Unrealized losses – financial liabilities held for trading (Trading options)	(558)	-
Net realized currency gains – financial liabilities held for trading (Trading options)	40	-
Net unrealized currency losses – financial liabilities held for trading (Trading options)	(13)	-
<b>Total financial liabilities held for trading, net (Trading options)</b>	<b>407</b>	<b>56</b>
Realized gains – currency forwards	2'638	4'642
Realized losses – currency forwards	(4'023)	(17'697)
Unrealized gains – currency forwards	1'439	12'951
Unrealized losses – currency forwards	(4'474)	(1'046)
<b>Total currency forwards, net</b>	<b>(4'420)</b>	<b>(1'150)</b>
<b>Gain on financial assets and financial liabilities at fair value through profit or loss, net – trading</b>	<b>5'658</b>	<b>11'215</b>



Selected notes to the Condensed interim consolidated financial statements  
for the six month period ended 30 June 2013

**11. Earnings per share**

	2013	2012
Net profit in TCHF as per the consolidated statement of comprehensive income for the six month period ended 30 June	14'031	12'230
Weighted average number of outstanding shares	12'177'954	12'259'550
<b>Earnings per share in CHF (basic and diluted)</b>	<b>1.15</b>	<b>1.00</b>

**12. 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.

	30 June 2013	31 Dec 2012
Equity attributable to the shareholders of Alpine Select AG as per the Consolidated statement of financial position (in TCHF)	194'686	192'011
Total number of shares outstanding	12'177'954	12'177'954
<b>Net asset value per share (in CHF)</b>	<b>15.99</b>	<b>15.77</b>
<b>Net asset value per share adjusted for the distribution out of reserves from capital contributions (in CHF)</b>		<b>14.79</b>

**Selected notes to the Condensed interim consolidated financial statements  
for the six month period ended 30 June 2013**

**13. 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:

	<b>30 June 2013</b>	<b>31 Dec 2012</b>
<b>Trinsic AG</b>		
Artherstrasse 21, 6300 Zug		
– Number of shares (including 100'000 shares held directly by the beneficial owners of Trinsic AG)	2'403'828	2'403'828
– Percentage	19.14%	19.14%
Beneficial owners of Trinsic AG are: Daniel Sauter, 6300 Zug; Regina Sauter, 6300 Zug; Viktoria Sauter, 6300 Zug; Florian Sauter, 6340 Baar and partly indirect through Talpas AG, 7502 Bever; Michel Vukotic, 8706 Meilen; Corinne Vukotic, 8706 Meilen; Aline Vukotic, 8706 Meilen; Fabienne Vukotic, 8706 Meilen		
<b>Fabrel AG</b>		
Seestrasse 50, 6052 Hergiswil		
– Number of shares (including 376'140 shares held directly by Hans Müller)	1'884'069	2'850'140
– Percentage	15.00%	22.69%
Beneficial owner of Fabrel AG is: Hans Müller, 6052 Hergiswil		
<b>Hans Hornbacher</b>		
Route de Perreret 3, 1134 Vufflens-le-Château:		
– Number of shares	415'637	415'637
– Percentage	3.31%	3.31%
<b>Alpine Select AG (treasury shares)</b>		
Bahnhofstrasse 23, 6300 Zug		
– Number of shares	381'261	381'261
– Percentage	3.04%	3.04%

**14. Contingencies; commitments**

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

**15. Related party transactions**

At the Annual Shareholders' Meeting on 25 April 2013, Dr. Dieter Dubs, partner of Baer & Karrer, Zurich, was elected to the Company's Board of Directors. Baer & Karrer is the legal advisor of Alpine.

## Selected notes to the Condensed interim consolidated financial statements for the six month period ended 30 June 2013

During the six month period ended 30 June 2013, the Company paid consulting fees of approx. TCHF 61 to Baer & Karrer (of which TCHF 0 during the period 25 April to 30 June 2013). For Alpine's Board of Directors, board fees of TCHF 125 were accrued as per 30 June 2013.

### **16. Events after the balance sheet date**

The Annual Shareholders' Meeting held on 25 April 2013 decided to reduce the share capital by cancelling all 381'261 treasury shares and resolved an increase of the share capital by a maximum of CHF 24'355.88 through issue of a maximum of 1'217'794 new shares. The capital increase was successfully executed. The Company issued 1'200'000 new registered shares with a nominal value of CHF 0.02 per share increasing the nominal share capital by CHF 24'000.00.

Both, the reduction of the share capital by CHF 7'625.22 resulting from the cancellation of all 381'261 treasury shares as well as the increase of the share capital by CHF 24'000.00 through issue of 1'200'000 new shares were effective in the commercial register of the Canton of Zug on 2 July 2013. The share capital of Alpine Select AG amounts to CHF 267'559.08 as per 2 July 2013, divided into 13'377'954 fully paid-in registered shares with a nominal value of CHF 0.02 each.

On 14 August 2013, Alpine Select AG published the decision of its Board of Directors to launch, subject to satisfying tax rulings from the competent authorities, a public offer for all publicly held shares of Absolute Invest AG. Subject to the fulfillment of the conditions, the Absolute Invest AG shareholders shall have the free choice between cash or shares of Alpine Select AG as consideration for tendered Absolute Invest AG shares. The offer price will be based on market conditions at the launch of the public offer, taking into account the historical discount of the Absolute Invest AG shares. As the articles of association of Absolute Invest AG contain an opting-out provision, the minimum price provisions of the Swiss takeover law do not apply. It is planned to consummate the public offer in the 4th quarter 2013.

The Condensed interim consolidated financial statements for the six month period ended 30 June 2013 were authorized for issue by the Board of Directors on 14 August 2013.

There were no other significant events to report until this date.

This semi-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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