

# ALPINE SELECT

SEMI-ANNUAL  
REPORT  
2016

## Investors' Information

### Board of Directors

Raymond J. Baer	Chairman
Thomas Amstutz	Member
Walter Berchtold	Member
Dieter Dubs	Member

### Management

Claudia Habermacher	Chief Executive Officer
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### Auditors

KPMG Ltd.  
Badenerstrasse 172  
8026 Zurich / Switzerland

### Alpine Facts

Incorporation date	18 September 1997
Listing	SIX Swiss Exchange
Stock Exchange Symbol	ALPN
Swiss Security Number	1.919.955
ISIN Code	CH0019199550
Reuters	ALPN.S
Bloomberg	ALPN SW EQUITY
Type of Shares	Registered shares
Outstanding Shares	14,167,882
Custodian	Bank Julius Baer
Management Fees	None
Advisory Fees	CHF 0.7m/annually
Performance Fees	None
Distributions	Out of reserves from capital contributions

### Corporate Calendar

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

### Contact

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<http://www.alpine-select.ch/>

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## Key Figures\*

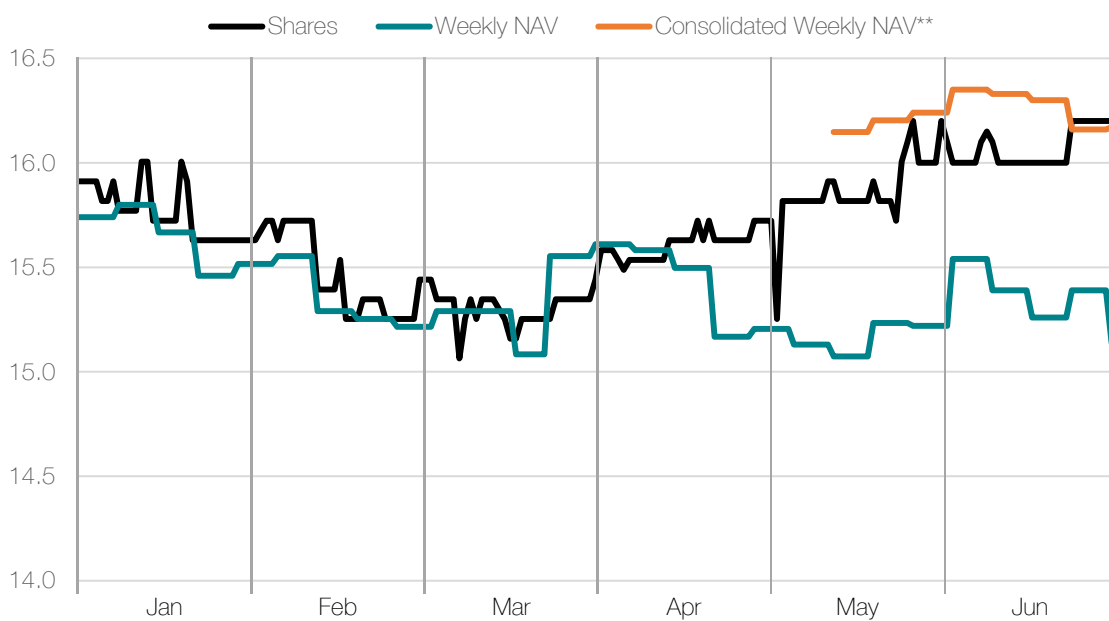
### Performance Table

	30 June 2016	31 Dec 2015
Share price	16.20	15.91
NAV	15.14	15.74
NAV consolidated**	16.17	n/a

	High YTD 2016	Low YTD 2016
Share price	16.20	15.06
Premium / (Discount) to NAV	6.93%	-1.94%
NAV	15.80	15.07

### 6 Months Price-History in CHF for the Period January – June 2016

Daily closing share price and weekly NAV



### Positions as a Percentage of Net Asset Value (NAV) on 30 June 2016

Cash and other assets/(liabilities), net	-9.13%	
Other Hedge Fund Positions		9.01%
Other Long Positions		19.17%
Sparx Japan Value Impact Fund		4.27%
CQS Directional Opp. Feeder Fund Ltd.		4.97%
HBM Healthcare Investments Ltd.		5.60%
Cheyne New Europe Fund L.P.		6.80%
Altin Ltd.		59.31%

### Monthly NAV Performance in % <sup>1)</sup>

	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Annual
<b>2012</b>	1.5	3.1	0.0	1.8	-2.7	2.6	0.3	1.4	1.4	-4.9	-2.8	7.2	<b>8.7</b>
<b>2013</b>	1.8	0.2	0.5	-0.7	3.9	-2.1	1.0	-1.2	3.9	3.5	-0.1	1.0	<b>12.2</b>
<b>2014</b>	2.3	1.4	-1.8	-0.8	5.8	1.2	-1.1	0.6	-2.2	2.9	0.9	1.6	<b>11.1</b>
<b>2015</b>	0.6	3.2	2.8	-0.8	0.2	-0.8	-1.0	-1.8	-1.8	-1.7	1.8	-1.2	<b>-0.6</b>
<b>2016</b>	-1.3	-2.3	2.5	-3.0	1.1	-0.6							<b>-3.5 <sup>2)</sup></b>

1) The monthly NAV performance as disclosed in above performance table is based on the estimated monthly NAV as published by the Company. The NAV effect of the acquisition and consolidation of Absolute Invest Ltd. is considered from April 2014 on. Published NAVs are not adjusted except for the effect of dividend distributions of Alpine Select Ltd. Estimated and effective monthly NAVs may differ. Change to publication of consolidated NAV as of April 2014.

2) Year-to-date

### Monthly Share Price Performance in %

	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Annual
<b>2012</b>	1.0	2.9	4.1	0.6	0.0	0.6	0.9	0.3	-0.6	-0.6	-1.9	1.3	<b>8.8</b>
<b>2013</b>	1.9	-0.3	0.6	0.3	2.0	-1.9	1.6	-1.0	2.9	5.1	0.3	0.0	<b>12.0</b>
<b>2014</b>	4.2	1.2	-0.6	-0.6	5.2	1.2	-0.6	0.3	-1.4	1.8	0.6	1.1	<b>12.8</b>
<b>2015</b>	2.3	1.7	3.8	1.1	-0.5	-1.6	1.1	-3.9	-2.9	0.3	0.6	-0.9	<b>0.7</b>
<b>2016</b>	-1.8	-1.2	0.0	1.8	3.0	0.0							<b>1.8<sup>3)</sup></b>

3) Year-to-date

\* All figures are adjusted for the dividend payment in May 2016 out of reserves from capital contributions.

\*\* NAV consolidated: pro forma NAV with Altin AG (press release, dated 9 May 2016)



Dear Shareholders

Including the pay-out to shareholders of CHF 1.00 per share, the share price increased by 1.82% (from CHF 15.91 to 16.20) during the first six months of the year, while the Net Asset Value («NAV») recorded a performance of -3.81% for the same period (from CHF 15.74 to CHF 15.14). Throughout the first six months of 2016, the shares traded at or near the NAV thereby delivering on an important commitment of ours.

The acquisition of the controlling majority in Altin was without doubt the highlight for Alpine Select («Alpine») during the reporting period. On 8 April 2016, Alpine disclosed that the Company had increased its stake in Altin to over 50%. Following this disclosure, Alpine started to publish a consolidated weekly NAV, in which the Altin position is calculated based on its proportional net assets. In addition, Alpine continues to publish a weekly NAV where the Altin position is calculated based on Altin's share price. The performance of the consolidated NAV is +2.73% YTD.

Alpine further increased its participation in Altin successfully from 1,020,605 shares (equaling to 29.59% of all outstanding Altin shares) at the beginning 2016 to 2,109,800 shares or 61.2% as per 30 June 2016. The Altin position in the portfolio resulted in an unrealized profit of approximately CHF 15 million which helped to offset losses occurred in other parts of the portfolio as well as running costs.

The partially realized losses of around CHF 10 million can largely be attributed to the Japan side of the portfolio (loss of CHF 6 million). In addition, one investment which did not perform as expected, was closed with a loss of CHF 2.8 million. The rest of the portfolio remained largely unchanged. The solid investment in HBM Healthcare – previously by far the largest position in the portfolio – was further reduced (from CHF 17 million to CHF 12 million) and now forms a normal sized position in the Alpine portfolio.

Alpine expects substantial returns of capital during the second half year of 2016, mainly from its participation in Altin. As the result of an extraordinary shareholders' meeting held on 21 June 2016, Altin will pay out a dividend in the amount of CHF 7.03 per registered share and an additional CHF 16.97 per registered share by reducing the nominal value per share from CHF 17 to CHF 0.03. The exact date of the repayment of a combined CHF 24 per registered share is envisaged to be executed simultaneously by the end of September 2016 at the latest and will lead to a cash inflow at Alpine of around CHF 50 million. Furthermore, the repayment will lead to a reduced allocation in hedge funds at Alpine portfolio level, which is in line with the message communicated on 6 July 2016 whereby Alpine plans to reduce its hedge funds exposure and to again increasingly focus on its traditional topics and/or investment strategies.

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



Raymond J. Baer

Chairman of the Board of Directors of Alpine Select Ltd.





**Condensed Consolidated Interim  
Financial Statements**

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## Condensed Consolidated Interim Financial Statements

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in TCHF	Note	<b>30 June 2016</b> (unaudited)	<b>31 Dec 2015</b> (audited)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		1,028	44,509
Financial assets at fair value through profit or loss – trading	4/5/6	167	0
Other current assets	9	2,607	1,779
<b>Total current assets</b>		<b>3,802</b>	<b>46,288</b>
<b>Non-current assets</b>			
Financial assets at fair value through profit or loss – trading	4/5/6	234,096	195,488
<b>Total non-current assets</b>		<b>234,096</b>	<b>195,488</b>
<b>TOTAL ASSETS</b>		<b>237,898</b>	<b>241,776</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Bank overdrafts		19,601	0
Financial liabilities at fair value through profit or loss – trading	4/5/6	2,430	715
Accounts payable and accrued liabilities		496	470
<b>Total current liabilities</b>		<b>22,527</b>	<b>1,185</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	11	856	1,212
<b>Total non-current liabilities</b>		<b>856</b>	<b>1,212</b>
<b>Equity</b>			
Share capital	12.1	286	286
Additional paid-in capital		43,546	57,714
Treasury shares	12.4	(2,443)	0
Translation reserve		1,784	2,328
Retained earnings		171,342	179,013
Equity attributable to owners of Alpine Select Ltd.		214,515	239,341
Non-controlling interests	2.4	0	38
<b>Total equity</b>		<b>214,515</b>	<b>239,379</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>237,898</b>	<b>241,776</b>
Net asset value (NAV) per share in CHF	17	15.14	16.72

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the six-month period ended

in TCHF	Note	<b>30 June 2016</b> (unaudited)	<b>30 June 2015</b> (unaudited)
<b>INCOME</b>			
Gain on financial assets and financial liabilities at fair value through profit or loss, net – trading	13	0	14,849
Dividend income	5/6	232	75
Interest income from financial assets and other income		62	6
Net foreign exchange gains	14	0	117
<b>Total income</b>		<b>294</b>	<b>15,047</b>
<b>EXPENSES</b>			
Loss on financial assets and financial liabilities at fair value through profit or loss, net – trading	13	(6,339)	0
General and administrative expenses		(1,171)	(1,132)
Commissions and other bank fees		(649)	(565)
Interest expenses on financial assets and financial liabilities		(75)	(219)
Net foreign exchange losses	14	(87)	0
<b>Total expenses</b>		<b>(8,321)</b>	<b>(1,916)</b>
<b>Profit / (loss) before tax</b>		<b>(8,027)</b>	<b>13,131</b>
Income tax income / (expense)	15	356	(524)
<b>Profit / (loss) for the period</b>		<b>(7,671)</b>	<b>12,607</b>
<b>Other comprehensive loss:</b>			
<b>Items that are or may be reclassified subsequently to profit or loss:</b>			
Foreign currency translation differences – foreign operations		(547)	(939)
<b>Total other comprehensive loss for the period, net of tax</b>		<b>(547)</b>	<b>(939)</b>
<b>Total comprehensive income / (loss) for the period</b>		<b>(8,218)</b>	<b>11,668</b>
<b>Profit / (loss) for the period attributable to:</b>			
Owners of Alpine Select Ltd.		(7,671)	12,480
Non-controlling interests		0	127
		<b>(7,671)</b>	<b>12,607</b>
<b>Total comprehensive income / (loss) for the period attributable to:</b>			
Owners of Alpine Select Ltd.		(8,215)	11,604
Non-controlling interests		(3)	64
		<b>(8,218)</b>	<b>11,668</b>
Earnings per share in CHF (basic and diluted)	16	(0.54)	0.93

## Condensed Consolidated Interim Financial Statements

### CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended

in TCHF	Note	<b>30 June 2016</b> (unaudited)	<b>30 June 2015</b> (unaudited)
<b>Cash flows from operating activities</b>			
Profit / (loss) before tax		(8,027)	13,131
Adjustments for:			
• Loss / (gain) on financial assets and financial liabilities at fair value through profit or loss, net – trading	13	6,339	(14,849)
• Dividend income	5/6	(232)	(75)
• Interest expenses, net		75	213
• Net foreign exchange losses / (gains)		87	(117)
• Other non-cash expenses		34	265
Decrease / (increase) in other current assets		80	(31)
Increase / (decrease) in accounts payable and accrued liabilities		13	(252)
Withholding taxes received		988	3,241
Dividends received		232	75
Interest received		0	6
Interest paid		(75)	(216)
Income taxes paid		0	(4)
<b>Net cash (used in) / from operating activities</b>		<b>(486)</b>	<b>1,387</b>
<b>Cash flows from investing activities</b>			
Purchases of financial assets at fair value through profit or loss	8.1	(92,508)	(51,380)
Proceeds from:			
• Sale of financial assets at fair value through profit or loss	8.2	44,713	51,716
• Short sale of financial assets at fair value through profit or loss		0	17,350
Net cash inflow / (outflow) from currency forwards		1,964	(2,605)
<b>Net cash (used in) / from investing activities</b>		<b>(45,831)</b>	<b>15,081</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended

in TCHF	Note	<b>30 June 2016</b> (unaudited)	<b>30 June 2015</b> (unaudited)
<b>Cash flows from financing activities</b>			
Increase short-term bank loans	10	5,500	13,883
Repayment of short-term bank loans	10	(5,500)	(15,805)
Distribution to non-controlling interests	2.4	(35)	0
Purchase of treasury shares	12.4	(2,443)	0
Dividend paid to shareholders of Alpine		(14,168)	(13,378)
<b>Net cash used in financial activities</b>		<b>(16,646)</b>	<b>(15,300)</b>
Net foreign exchange difference	8.3	(119)	1,765
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(63,082)</b>	<b>2,933</b>
Cash and cash equivalents as at 1 January		44,509	(2,668)
<b>Cash and cash equivalents as at 30 June</b>		<b>(18,573)</b>	<b>265</b>
Cash and cash equivalents as at 30 June consist of:			
• Current accounts at banks		1,028	781
• Less bank overdrafts		(19,601)	(516)
<b>Cash and cash equivalents as defined for the consolidated statement of cash flows</b>		<b>(18,573)</b>	<b>265</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

in TCHF Note

**Balance at 1 January 2015**

Profit for the six-month period 1 January – 30 June 2015  
 Other comprehensive loss for the six-month period 1 January – 30 June 2015

**Total comprehensive income / (loss) for the six-month period 1 January – 30 June 2015**

Dividend paid to shareholders of Alpine\*

**Total changes in ownership, contributions by and distributions to owners of the Company for the six-month period 1 January – 30 June 2015**

**Balance at 30 June 2015**

Profit / (loss) for the six-month period 1 July – 31 December 2015  
 Other comprehensive income for the six-month period 1 July – 31 December 2015

**Total comprehensive income / (loss) for the six-month period 1 July – 31 December 2015**

Distribution to non-controlling interests  
 Increase of share capital, net of transaction costs  
 Income tax on transaction costs

**Total changes in ownership, contributions by and distributions to owners of the Company for the six-month period 1 July – 31 December 2015**

**Balance at 31 December 2015**

Loss for the six-month period 1 January – 30 June 2016  
 Other comprehensive loss for the six-month period 1 January – 30 June 2016

**Total comprehensive loss for the six-month period 1 January – 30 June 2016**

Dividend paid to shareholders of Alpine*	
Acquisition of treasury shares	12.4
Distribution to non-controlling interests	2.4

**Total changes in ownership, contributions by and distributions to owners of the Company for the six-month period 1 January – 30 June 2016**

**Balance at 30 June 2016**

\*paid out of the reserves from capital contributions.

## Condensed Consolidated Interim Financial Statements

Attributable to owners of Alpine Select Ltd.								
Share capital	Additional paid in capital	Treasury shares	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity	
<b>268</b>	<b>54,829</b>	<b>0</b>	<b>1,698</b>	<b>182,156</b>	<b>238,951</b>	<b>369</b>	<b>239,320</b>	
				12,480	12,480	127	12,607	
			(876)		(876)	(63)	(939)	
<b>0</b>	<b>0</b>	<b>0</b>	<b>(876)</b>	<b>12,480</b>	<b>11,604</b>	<b>64</b>	<b>11,668</b>	
	(13,378)				(13,378)		(13,378)	
<b>0</b>	<b>(13,378)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(13,378)</b>	<b>0</b>	<b>(13,378)</b>	
<b>268</b>	<b>41,451</b>	<b>0</b>	<b>822</b>	<b>194,636</b>	<b>237,177</b>	<b>433</b>	<b>237,610</b>	
				(15,623)	(15,623)	16	(15,607)	
			1,506		1,506	12	1,518	
<b>0</b>	<b>0</b>	<b>0</b>	<b>1,506</b>	<b>(15,623)</b>	<b>(14,117)</b>	<b>28</b>	<b>(14,089)</b>	
					0	(423)	(423)	
18	16,243				16,261		16,261	
	20				20		20	
<b>18</b>	<b>16,263</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16,281</b>	<b>(423)</b>	<b>15,858</b>	
<b>286</b>	<b>57,714</b>	<b>0</b>	<b>2,328</b>	<b>179,013</b>	<b>239,341</b>	<b>38</b>	<b>239,379</b>	
				(7,671)	(7,671)	0	(7,671)	
			(544)		(544)	(3)	(547)	
<b>0</b>	<b>0</b>	<b>0</b>	<b>(544)</b>	<b>(7,671)</b>	<b>(8,215)</b>	<b>(3)</b>	<b>(8,218)</b>	
	(14,168)				(14,168)		(14,168)	
		(2,443)			(2,443)		(2,443)	
					0	(35)	(35)	
<b>0</b>	<b>(14,168)</b>	<b>(2,443)</b>	<b>0</b>	<b>0</b>	<b>(16,611)</b>	<b>(35)</b>	<b>(16,646)</b>	
<b>286</b>	<b>43,546</b>	<b>(2,443)</b>	<b>1,784</b>	<b>171,342</b>	<b>214,515</b>	<b>0</b>	<b>214,515</b>	





## Selected Notes to the Condensed Consolidated Interim Financial Statements

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## Selected Notes to the Condensed Consolidated Interim Financial Statements for the Six-Month Period ended 30 June 2016

### 1. Corporate information

Alpine Select Ltd. (the «Company», «Alpine» and together with its subsidiary Absolute Invest Ltd. the «Group») is a limited liability company incorporated on 17 September 1997 under the laws of Switzerland, having its registered office at Gotthardstrasse 31, Zug (Switzerland).

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

As of 30 June 2016, the Company has one employee.

### 2. Basis of presentation of the condensed consolidated interim financial statements

The accompanying condensed consolidated interim financial statements for the six-month period ended 30 June 2016 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 disclosure required for a complete set of International Financial Reporting Standards («IFRS») financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to gain an understanding of the changes to the Group's financial position and performance since the last annual financial statements as at and for the year ended 31 December 2015.

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

#### 2.1 Accounting policies

The condensed consolidated interim financial statements have been prepared under the historical cost basis except for financial assets and financial liabilities at fair value through profit or loss and all derivative instruments which are recorded at fair value.

#### 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 revised or amended standards issued for financial years beginning on or after 1 January 2016.

- Various: Investment Entities: Applying the Consolidation Exception – Amendments to IFRS 10, IFRS 12 and IAS 28 (effective 1 January 2016);
- Various: Annual Improvements to IFRS (2012-2014 Cycle) – Omnibus Change to many Standards (effective 1 January 2016);
- IAS 1: Disclosure Initiative – Amendments to IAS 1 (effective 1 January 2016).

Apart from the adoption of the amendments under IFRS 10 (Investment Entities: Applying the Consolidation Exception), the adoption of the other amendments did not have any effect on the consolidated financial statements or the performance of the Group.

## **2.3 Accounting estimates and judgment**

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. Therefore, management has carefully considered the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates.

### **2.3.1 Fair value of investment**

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

### **2.3.2 Investment entity exemption**

Management assessed the definition of 'Investment entity' for the parent company Alpine Select Ltd., Zug, its wholly owned subsidiary Absolute Invest Ltd., Zug and its investment in Altin Ltd., Baar of which Alpine Group holds 60%.

IFRS 10 paragraph 31 states: «Except as described in paragraph 32, an investment entity shall not consolidate its subsidiaries or apply IFRS 3 when it obtains control of another entity. Instead, an investment entity shall measure an investment in a subsidiary at fair value through profit or loss in accordance with IFRS 9 / IAS 39».

In December 2014, the IASB issued an amendment to paragraph 32 of IFRS 10, effective as of 1 January 2016. The amended paragraph 32 states the following: «(...) if an investment entity has a subsidiary that is not itself an investment entity and whose main purpose and activities are providing services that relate to the investment entity's investment activities (...), it shall consolidate that subsidiary (...)

Based on the amendment in IFRS 10, Alpine's board of directors made an analysis whether its wholly owned subsidiary Absolute and its investment in Altin meet the definition of an investment entity or not in order to determine whether to (continue to) consolidate Absolute and to consolidate Altin as of 30 June 2016 or not. In assessing whether Absolute and/or Altin meet the definition of an investment entity according to IFRS 10, the board of directors considered whether Absolute and/or Altin have the following typical characteristics of an investment entity:

- a) It has more than one investment
- b) It has more than one investor
- c) It has investors that are not related parties of the entity
- d) It has ownership interests in the form of equity or similar interests

## Selected Notes to the Condensed Consolidated Interim Financial Statements for the Six-Month Period ended 30 June 2016

Paragraph 28 of IFRS 10 notes that «the absence of any of these typical characteristics does not necessarily disqualify an entity from being classified as an investment entity».

**Conclusion regarding Altin Ltd.:** Altin fulfils all of the typical characteristics of an investment entity according to paragraph 28 and is therefore measured at fair value through profit or loss in accordance with IAS 39.

**Conclusion regarding Absolute Invest Ltd.:** Absolute does not have two of the typical characteristics outlined above, namely b) and c). Absolute holds a portfolio of investments on behalf of Alpine and incurs costs that are associated with that activity. Furthermore, Alpine is the sole shareholder and – hence – the sole investor of Absolute. Absolute provides investment management services thereby supporting the core investment activities of its parent Alpine. In practical terms, Absolute is an operating subsidiary acting as an extension of Alpine. Based on the specific facts and circumstances, Alpine's board of directors concludes that Absolute does not meet the definition of an investment entity but is instead providing services and acting as an extension of Alpine and that in this situation, a consolidation of Absolute is appropriate.

When assessing whether Absolute meets the definition of an investment entity according to IFRS 10, Alpine also simulated on a pro forma basis to discontinue the consolidation and instead to implement the fair value measurement of Absolute for the year ended 31 December 2014 (statement of financial position) and for the six-month period to 30 June 2015 (statement of financial position and statement of comprehensive income) and compared the pro forma statements with the respective consolidated financials of these periods.

The following tables provide an overview of this simulation:

### Pro forma statement of financial position as at 31 December 2014

in TCHF	Amounts as presented in the cons. F/S as at 31 Dec 2014	Pro forma re-statement for Absolute, measured at fair value through p/l	Restated pro forma IFRS F/S as at 31 Dec 2014
Current assets	3,999	(1,915)	2,084
Non-current assets	255,558	(227)	255,331
<b>Total assets</b>	<b>259,557</b>	<b>(2,142)</b>	<b>257,415</b>
Total liabilities	20,237	(1,773)	18,464
Equity attributable to owners of Alpine Select Ltd.	238,951	0	238,951
Non-controlling interests	369	(369)	0
<b>Total equity</b>	<b>239,320</b>	<b>(369)</b>	<b>238,951</b>
Net asset value (NAV) per share in CHF	17.86	0	17.86

**Selected Notes to the Condensed Consolidated Interim Financial Statements  
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**Pro forma statement of financial position as at 30 June 2015**

in TCHF	<b>Amounts as presented in the cons. F/S as at 30 June 2015</b>	<b>Pro forma re-statement for Absolute, measured at fair value through p/l</b>	<b>Restated pro forma IFRS F/S as at 30 June 2015</b>
Current assets	15,265	(1,025)	14,240
Non-current assets	259,554	(658)	258,896
<b>Total assets</b>	<b>274,819</b>	<b>(1,683)</b>	<b>273,136</b>
Total liabilities	37,209	(1,250)	35,959
Equity attributable to owners of Alpine Select Ltd.	237,177	0	237,177
Non-controlling interests	433	(433)	0
<b>Total equity</b>	<b>237,610</b>	<b>(433)</b>	<b>237,177</b>
Net asset value (NAV) per share in CHF	17.73	0	17.73

**Pro forma statement of comprehensive income for the six-month period ended 30 June 2015**

in TCHF	<b>Amounts as presented in the cons. F/S as at 30 June 2015</b>	<b>Pro forma re-statement for Absolute, measured at fair value through p/l</b>	<b>Restated pro forma IFRS F/S as at 30 June 2015</b>
Gain on financial assets & financial liabilities at fair value through profit or loss	14,849	905	15,754
Loss on unconsolidated subsidiaries at fair value through profit or loss	0	(13,572)	(13,572)
Dividend income	75	10,925	11,000
Other	123	260	383
<b>Total income</b>	<b>15,047</b>	<b>(1,482)</b>	<b>13,565</b>
Total expenses (including income tax)	(2,440)	479	(1,961)
<b>Profit for the period</b>	<b>12,607</b>	<b>(1,003)</b>	<b>11,604</b>

If Alpine would have come to the conclusion to measure Absolute at fair value through profit or loss, it can be said that – based on above pro forma statements - the effect on the statement of financial position would not have been significant. The equity attributable to owners of Alpine Select Ltd. and the net asset value (NAV) per share would not have changed at all. The pro forma statement of comprehensive income shows a similar picture. The most significant change here would have been that the dividend of Absolute to its parent Alpine (which is eliminated in the consolidation) would show up. The correction to that dividend would be included in the fair value measurement of Absolute which is included in the line loss on unconsolidated subsidiaries at fair value through profit or loss. The other changes are not material.

## Selected Notes to the Condensed Consolidated Interim Financial Statements for the Six-Month Period ended 30 June 2016

### 2.4 Non-controlling interests

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

Non-controlling interests as at 31 December 2015 pertain to 36.52% in Cheyne Discovery Fund I Inc., Cayman Islands («Cheyne») that were not held by the Group. During the six-month period to 30 June 2016, the 63.48% investment in Cheyne was repaid. Hence, the Group's non-controlling interests are zero as at 30 June 2016.

### 2.5 Foreign currency transactions

Foreign currency transactions are recorded at the rate of exchange prevailing at the date of the transaction. On the reporting date, monetary assets and liabilities denominated in foreign currencies are translated into the respective functional currency at the exchange rates prevailing at that date. The resulting exchange gains and losses are included in profit or loss. Non-monetary assets and liabilities in foreign currencies that are stated at fair value are translated to the functional currency at the foreign exchange rate at the date the fair values were determined. The resulting exchange gains and losses are included in profit or loss. The exchange rate differences resulting from foreign currency positions within cash and cash equivalents are disclosed separately in profit or loss. Other exchange rate differences are included in (loss) / gain on financial assets and financial liabilities at fair value through profit or loss, net – trading (see also Note 12).

The following exchange rates were applied:

		30 June 2016	31 Dec 2015	30 June 2015
<b>EUR / CHF</b>				
Balance sheet	End of month rate	1.08230	1.08740	1.04130
Items of profit and loss	Average rate for the period	1.09567	1.06782	1.05664
<b>JPY / CHF</b>				
Balance sheet	End of month rate	0.00950	0.00832	0.00764
Items of profit and loss	Average rate for the period	0.00881	0.00796	0.00787
<b>USD / CHF</b>				
Balance sheet	End of month rate	0.97421	1.00101	0.93457
Items of profit and loss	Average rate for the period	0.98207	0.96276	0.94721

### 2.6 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

## Selected Notes to the Condensed Consolidated Interim Financial Statements for the Six-Month Period ended 30 June 2016

rate of the balance sheet date. 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 into CHF are separately disclosed in the consolidated statement of cash flows as net foreign exchange differences. The exchange rates applied are those disclosed in the table above (Note 2.5).

### **2.7 Financial assets and financial liabilities at fair value through profit or loss**

Financial assets at fair value through profit or loss may comprise equity investments, bonds, collective investment schemes, hedge funds, futures, options, warrants, swaps as well as currency forward contracts. Financial liabilities at fair value through profit or loss mainly include short positions in equity investments, futures and options sold short as well as currency forward contracts with a negative fair value balance at the balance sheet date.

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

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

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

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

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

## Selected Notes to the Condensed Consolidated Interim Financial Statements for the Six-Month Period ended 30 June 2016

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

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

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

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

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

The Group invests if:

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

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

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

### 2.8 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.



## **2.9 Other current assets**

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

## **2.10 Bank overdrafts**

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

## **2.11 Bank loans**

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

## **2.12 Accounts payable and accrued liabilities**

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

## **2.13 Deferred tax assets and deferred tax liabilities**

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

## **2.14 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.

## **2.15 Income taxes**

Alpine and its subsidiary Absolute Invest have the status of a holding company in the Canton of Zug and as such benefit from the participation exemption at federal level on income from dividends, stock dividends and capital gains and from the complete exemption at cantonal and communal level. For federal tax purposes, the companies are subject to income tax at a rate of 7.83% (based on the profit before tax) on income, which does not qualify for the participation exemption. Absolute Invest's subsidiary on the Cayman Islands is not subject to any income taxes.

## **3. Operating segments**

IFRS 8 requires entities to define operating segments and segment performance in the financial statements

## Selected Notes to the Condensed Consolidated Interim Financial Statements for the Six-Month Period ended 30 June 2016

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

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

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

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

in TCHF	30 June 2016	31 Dec 2015
<b>Financial assets at fair value through profit or loss – trading</b>		
Positive fair value of currency forward contracts	167	0
Trading securities	234,096	195,488
<b>Total</b>	<b>234,263</b>	<b>195,488</b>
<b>Financial liabilities at fair value through profit or loss – trading</b>		
Negative fair value of currency forward contracts	2,430	715
<b>Total</b>	<b>2,430</b>	<b>715</b>

#### 4.1 Fair value hierarchy

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

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

**Selected Notes to the Condensed Consolidated Interim Financial Statements  
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The following table analyses financial instruments – carried at fair value – by valuation method:

in TCHF	Level 1	Level 2	Level 3	Total
<b>30 June 2016</b>				
Positive fair value of currency forward contracts	0	167	0	167
Financial assets held for trading – Trading securities	144,946	51,263	37,887	234,096
Negative fair value of currency forward contracts	0	(2,430)	0	(2,430)
<b>Total</b>	<b>144,946</b>	<b>49,000</b>	<b>37,887</b>	<b>231,833</b>
<b>31 December 2015</b>				
Financial assets held for trading – Trading securities	102,533	53,619	39,336	195,488
Negative fair value of currency forward contracts	0	(715)	0	(715)
<b>Total</b>	<b>102,533</b>	<b>52,904</b>	<b>39,336</b>	<b>194,773</b>

The Company has investments in listed and unlisted equities and funds as well as currency forwards. Investments in unlisted investment funds (level 3) designated as financial assets at fair value through profit or loss of CHF 37.9 million as at 30 June 2016 or 16.3% of the total financial assets and financial liabilities at fair value through profit or loss are recognized at the adjusted net asset value per share that is based on the reported net asset value by the managers or administrators of such funds (31 December 2015: CHF 39.3 million or 20.2%).

As at 30 June 2016, CHF 89.2 million or 38.1% of the Group's total long positions are held in unlisted investment funds classified as level 2 and level 3 (31 December 2015: CHF 93.0 million or 47.6%).

Level 2 investments comprise currency forwards, CLO-investments as well as certain investments in Japanese hedge-funds («Japan-investments»). The total fair value of these Japan-investments amounts to CHF 42.1 million as at 30 June 2016 (31 December 2015: CHF 43.7 million). CLO-investments are recognized at the adjusted net asset value set by the market participants whereas currency forwards are recognized based on observable spot exchange rates. Level 2 investments (excluding currency forwards) are recognized at the adjusted net asset value (quotes) reported by the investment manager or the broker of the fund on a monthly, in some cases on a weekly basis. The Group has evidence that these quotes are «binding and executable».

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

Transfers between the levels of the fair value hierarchy are recognized as of the beginning of the reporting period during which the transfer has occurred. During the six-month period to 30 June 2016, no transfers happened between the levels. During the year ended 31 December 2015, the investment in Acceleron Pharma was transferred from level 3 to level 1 following a share split from preferential rights to quoted shares.

## Selected Notes to the Condensed Consolidated Interim Financial Statements for the Six-Month Period ended 30 June 2016

### 4.2 Changes in level 2 and level 3 investments

The changes in investments measured at fair value for which the Group has used level 2 and level 3 inputs to determine fair value for the six-month period ended 30 June 2016 and for the year ended 31 December 2015 respectively are as follows:

in TCHF	Level 2	Level 3
<b>Fair value as of 1 January 2015</b>	<b>60,418</b>	<b>70,876</b>
Purchase of investments	4,289	5,668
Transfer to level 1	0	(240)
Proceeds on disposal of investments	(13,704)	(30,882)
Net gains / (losses) recognized in the consolidated statement of comprehensive income (in the line gain resp. loss on financial assets and financial liabilities at fair value through profit or loss, net – trading)	1,901	(5,331)
Currency translation adjustments	0	(755)
<b>Fair value as of 31 December 2015</b>	<b>52,904</b>	<b>39,336</b>
Purchase of investments	1,003	55
Proceeds on disposal of investments	(753)	(621)
Net losses recognized in the consolidated statement of comprehensive income (in the line gain resp. loss on financial assets and financial liabilities at fair value through profit or loss, net – trading)	(4,154)	(367)
Currency translation adjustments	0	(516)
<b>Fair value as of 30 June 2016</b>	<b>49,000</b>	<b>37,887</b>

The net change in unrealized gains / (losses) for level 3 investments held as at 30 June 2016 resulted in a loss of TCHF 436 for the six-month period ended then. The net change in unrealized gains / (losses) for level 3 investment held as at 31 December 2015 resulted in a loss of TCHF 1,832 for the year ended then. The amounts are included in the consolidated statement of comprehensive income within gain resp. loss on financial assets and financial liabilities at fair value through profit or loss, net – trading.

### 4.3 Valuation technique used to derive level 2 and level 3 fair values

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

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

#### **4.4 Sensitivity analysis level 3 fair values**

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

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**5. Consolidated investment table as at 30 June 2016**

in TCHF	Number of shares at 1 Jan 2016	Fair value at 1 Jan 2016	Additions	Reductions <sup>1)</sup>	Realized gains/ (losses) net of FX
<b>LONG POSITIONS</b>					
Akamatsu Bonsai Fund	25,100	5,881			
Aleutian Fund	29,316	3,370	968		
Altin Ltd.	1,010,605	61,205	67,908	(47)	3
American Capital Ltd.	650,000	8,973		(9,915)	357
Arbiter Partners Offshore Ltd.	3,000	2,641			
Arcus Genseki Fund	50,000	6,491			
Capital Group Japan Equity Fund	253,968	3,627		(3,002)	(998)
Cheyne Discovery Fund I L.P.	1,140	98		(96)	69
Cheyne New Europe Fund L.P.	1,041,213	16,740			
Cheyne Total Return Credit Fund	20,092	2,623	55		
CQS Directional Opportunities Feeder Fund Ltd.	2,300	10,140			
Credit Suisse Group AG	230,770	5,006		(3,345)	(2,780)
GCI Trust / GCI Japan Hybrids	20,813	3,351			
Gold Coin Invest Ltd.	84	189			
Hayate Japan Equity Long-Short Fund	111	3,269			
HBM Healthcare Investments Ltd.	165,300	16,861	9,789	(14,150)	6,922
Highland Financial Partners L.P.	600,000	0			
Julius Baer Balkan Tiger Fund in liquidation	50,000	1,788		(493)	
Laurus Master Fund Ltd.	35,475	121			
Nightwatch Capital Partners (Cayman) Ltd.	3,432	50			
Nippon Growth (UCITS) Fund	10,532	4,803		(4,437)	(886)
Northwest Feilong Fund Ltd.	3,090	4,889			
Northwest Fund Ltd.	1,978	4,609	35		
Northwest Warrant Fund Ltd. <sup>3)</sup>	1,847	2,183			
Kuoni Reisen Holding AG	0	0	10,124	(10,360)	236
Peoples Choice Financial Corporation	70,800	0			
ProKMU invest Ltd. in liquidation	57,350	0			
Romanian Investment Fund	1,719	1,926			
Silverbell Capital Ltd.	2,500,000	185		(32)	
Sparx Japan Value Impact Fund	100,000	9,341			

<sup>1)</sup> Reductions may include capital repayments.

<sup>2)</sup> Unrealized gains / (losses) also include reversed unrealized gains / (losses) from prior year.

<sup>3)</sup> Includes negative equalization.

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	Realized FX gains/ (losses)	Unrealized gains/ (losses) net of FX <sup>2)</sup>	Unrealized FX gains/ (losses) <sup>2)</sup>	Currency translation adjustments	Fair value at 30 June 2016	Number of shares at 30 June 2016	Investment currency	Dividends received	Level at 30 June 2016
		(251)	(106)		5,524	25,100	USD		II
		(342)	(74)		3,922	39,202	USD		II
	1	(241)	(1,596)		127,233	2,109,860	USD		I
	(558)	908	235		0	0	USD		
		(36)	(80)		2,525	3,000	USD		III
		(1,494)	(134)		4,863	50,000	USD		II
		373			0	0	CHF		
		(69)		(2)	0	0	USD		
		(2,121)	411	(435)	14,595	1,041,213	EUR		III
		106	(80)		2,704	20,092	USD		III
		776	(263)		10,653	2,300	USD		III
		1,119			0	0	CHF		
		(53)	(79)		3,219	20,813	USD		II
		43			232	84	CHF		III
		251	382		3,902	111	JPY		II
		(7,405)			12,017	129,064	CHF		I
					0	600,000	USD		III
		(413)	(2)		880	50,000	EUR		III
		128		(4)	245	35,475	USD		III
				(1)	49	3,432	USD		III
	218	261	41		0	0	JPY		
		18	(80)		4,827	3,090	USD		II
		(31)	(120)		4,493	1,983	USD		II
		(790)	(85)		1,308	1,823	USD		II
					0	0	CHF		
					0	70,800	USD		III
					0	57,350	CHF		III
		(115)	(9)		1,802	1,719	EUR		III
		(134)	3		22	2,500,000	EUR	133	III
		(1,360)	1,175		9,156	100,000	JPY		II

**Selected Notes to the Condensed Consolidated Interim Financial Statements  
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**Consolidated investment table as at 30 June 2016 (continued)**

in TCHF	Number of shares at 1 Jan 2016	Fair value at 1 Jan 2016	Additions	Reductions <sup>1)</sup>	Realized gains/ (losses) net of FX
<b>LONG POSITIONS</b>					
Stone Tower CLO VI Ltd.	2,000	730		(132)	
Stone Tower CLO VII Ltd.	2,000,000	700		(60)	
Syngenta Ltd.	0	0	3,629		
Truston Asset Management Co. Ltd.	19,492	500			
UMJ Kotoshiro Feeder Fund	30,113	5,221			
Valens Offshore Fund	8,841	2,335			
Venture XIX CLO, Limited	4,000,000	2,883		(396)	
Vitafort International Corporation	317,543	0			
Voya CLO IV Ltd.	2,000	701		(165)	
Yuki Japan Rebounding Growth Fund	10,413	2,058			
<b>Total Long Positions</b>		<b>195,488</b>	<b>92,508</b>	<b>(46,630)</b>	<b>2,923</b>
of which gains					7,569
of which gains from second line trades					20
of which losses					(4,666)
of which losses from second line trades					0
<b>CURRENCY FORWARDS</b>					
Currency Forwards CHF/JPY; JPY/CHF		0			
Currency Forwards CHF/USD; USD/CHF		(715)			
<b>Total Currency Forwards</b>		<b>(715)</b>	<b>0</b>	<b>0</b>	<b>0</b>
of which gains					
of which losses					
of which assets		0			
of which liabilities		(715)			

<sup>1)</sup> Reductions may include capital repayments.

<sup>2)</sup> Unrealized gains / (losses) also include reversed unrealized gains / (losses) from prior year.



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Realized FX gains/ (losses)	Unrealized gains/ (losses) net of FX <sup>2)</sup>	Unrealized FX gains/ (losses) <sup>2)</sup>	Currency translation adjustments	Fair value at 30 June 2016	Number of shares at 30 June 2016	Investment currency	Dividends received	Level at 30 June 2016
	(33)	(29)		536	2,000	USD		II
	(27)	(39)		574	2,000,000	USD		II
	(262)			3,367	9,000	CHF	99	I
	1	2		503	19,492	KRW		III
	(114)	646		5,753	30,113	JPY		II
	1,416		(74)	3,677	8,841	USD		III
	(52)	(77)		2,358	4,000,000	USD		II
				0	317,543	USD		III
	321	(29)		828	2,000	USD		II
	(22)	293		2,329	10,413	JPY		I
<b>(339)</b>	<b>(9,644)</b>	<b>306</b>	<b>(516)</b>	<b>234,096</b>			<b>232</b>	
219	6,255	3,189						
0	0	0						
(558)	(15,899)	(2,883)						
0	0	0						
(1,935)		167		167				II
3,899		(1,716)		(2,430)				II
<b>1,964</b>	<b>0</b>	<b>(1,549)</b>	<b>0</b>	<b>(2,263)</b>				
14,938		258						
(12,974)		(1,807)						
				167				
				(2,430)				

**Selected Notes to the Condensed Consolidated Interim Financial Statements  
for the Six-Month Period ended 30 June 2016**

**6. Consolidated investment table as at 31 December 2015**

in TCHF	Number of shares at 1 Jan 2015	Fair value at 1 Jan 2015	Additions	Reductions <sup>1)</sup>	Realized gains/ (losses) net of FX
<b>LONG POSITIONS</b>					
Acceleron Pharma Inc.	93,120	240		(683)	450
Akamatsu Bonsai Fund	25,100	5,040			
Aleutian Fund	29,316	3,100			
Altin Ltd.	602,319	32,318	29,523	(6,373)	427
American Capital Ltd.	0	0	10,116		
Arbiter Partners Offshore Ltd.	0	0	2,748		
Arcus Genseki Fund	50,000	5,846			
Capital Group Japan Equity Fund	0	0	4,000		
Cheyne CDO I Fund L.P.	1	23,451		(22,728)	1,160
Cheyne Discovery Fund I L.P.	23,624	888		(1,159)	644
Cheyne New Europe Fund L.P.	1,041,213	17,746			
Cheyne Total Return Credit Fund	0	0	2,905		
CQS Directional Opportunities Feeder Fund Ltd.	3,212	15,282		(4,312)	602
Credit Suisse Group AG	0	0	6,125		
Double Haven Temple Feeder Fund Ltd.	258	64		(44)	(184)
Gategroup Holding Ltd.	0	0	4,251	(4,597)	346
GCI Trust / GCI Japan Hybrids	20,813	3,171			
Ginga Service Sector Fund	2,841	7,163		(6,889)	1,254
Gold Coin Invest Ltd.	84	227			
Hayate Japan Equity Long-Short Fund	111	3,179	44		
HBM Healthcare Investments Ltd.	891,078	87,014	18,747	(93,698)	42,431
Highland Financial Partners L.P.	600,000	0			
iShares MSCI Japan Hedged UCITS ETF	0	0	4,868	(4,834)	(34)
Julius Baer Balkan Tiger Fund in liquidation	50,000	3,326		(1,171)	
Laurus Master Fund Ltd.	35,475	120			
Lucas Energy Total Return Offshore Fund Ltd.	862	504		(129)	(873)
NCP Offshore Feeder Fund Ltd.	1,000	966		(902)	(50)
Nightwatch Capital Partners (Cayman) Ltd.	2,366	55	15		
Nippon Growth Fund Ltd.	5,712	4,701		(5,099)	921
Nippon Growth (UCITS) Fund	0	0	5,105		

<sup>1)</sup> Reductions may include capital repayments.

<sup>2)</sup> Unrealized gains / (losses) also include reversed unrealized gains / (losses) from prior year.

**Selected Notes to the Condensed Consolidated Interim Financial Statements  
for the Six-Month Period ended 30 June 2016**

	Realized FX gains/ (losses)	Unrealized gains/ (losses) net of FX <sup>2)</sup>	Unrealized FX gains/ (losses) <sup>2)</sup>	Currency translation adjustments	Fair value at 31 Dec 2015	Number of shares at 31 Dec 2015	Investment currency	Dividends received	Level at 31 Dec 2015
				(7)	0	0	USD		
		812	29		5,881	25,100	USD		II
		248	22		3,370	29,316	USD		II
	147	4,095	1,068		61,205	1,010,605	USD		I
		(908)	(235)		8,973	650,000	USD		I
		(362)	255		2,641	3,000	USD		III
		608	37		6,491	50,000	USD		II
		(373)			3,627	253,968	CHF		I
		(1,154)		(729)	0	0	USD		
		(253)		(22)	98	1,140	USD		III
		1,041	(2,136)	89	16,740	1,041,213	EUR		III
		(324)	42		2,623	20,092	USD		III
	(20)	(1,352)	(60)		10,140	2,300	USD		III
		(1,119)			5,006	230,770	CHF		I
		167		(3)	0	0	USD		
					0	0	CHF	63	
		157	23		3,351	20,813	USD		II
	8	(1,201)	(335)		0	0	USD		
		(38)			189	84	CHF		III
		39	7		3,269	111	JPY		II
		(37,633)			16,861	165,300	CHF		I
					0	600,000	USD		III
					0	0	CHF		
		14	(381)		1,788	50,000	EUR		III
				1	121	35,475	USD		III
		513		(15)	0	0	USD		
	46	27	(87)		0	0	USD		
		(20)			50	3,432	USD		III
	(479)	(558)	514		0	0	JPY		
		(261)	(41)		4,803	10,532	JPY		I

**Selected Notes to the Condensed Consolidated Interim Financial Statements  
for the Six-Month Period ended 30 June 2016**

**Consolidated investment table as at 31 December 2015 (continued)**

in TCHF	Number of shares at 1 Jan 2015	Fair value at 1 Jan 2015	Additions	Reductions <sup>1)</sup>	Realized gains/ (losses) net of FX
<b>LONG POSITIONS</b>					
Northwest Feilong Fund Ltd. <sup>3)</sup>	3,149	3,864			
Northwest Fund Ltd. <sup>3)</sup>	966	2,304	2,360		
Northwest Warrant Fund Ltd. <sup>3)</sup>	1,904	3,811			
Peoples Choice Financial Corporation	70,800	0			
ProKMU invest Ltd. in liquidation	57,350	0			
Rieter Holding Ltd.	21,500	3,559		(3,250)	(1,104)
Romanian Investment Fund	1,719	2,133			
Silverbell Capital Ltd.	2,500,000	139			
Sparx Japan Value Impact Fund	100,000	9,294			
Stone Tower CLO VI Ltd.	2,000	1,351		(435)	
Stone Tower CLO VII Ltd.	2,000,000	914		(206)	
Tocqueville Gold Offshore Fund	24,488	446		(225)	(286)
Truston Asset Management Co. Ltd.	19,492	483			
UMJ Kotoshiro Feeder Fund	17,830	2,916	1,885		
Valens Offshore Fund	9,143	3,788		(130)	(54)
Venture XIX CLO, Limited	4,000,000	3,657		(625)	
Vitafort International Corporation	317,543	0			
Voya CLO IV Ltd.	2,000	1,212		(450)	
YA Offshore Global Investment	187,152	1,018		(82)	(4,484)
Yuki Japan Rebounding Growth Fund	0	0	1,919		
<b>Total Long Positions</b>		<b>255,290</b>	<b>94,611</b>	<b>(158,021)</b>	<b>41,166</b>
of which gains					47,901
of which gains from second line trades					711
of which losses					(7,446)
of which losses from second line trades					0

<sup>1)</sup> Reductions may include capital repayments.

<sup>2)</sup> Unrealized gains / (losses) also include reversed unrealized gains / (losses) from prior year.

<sup>3)</sup> Includes negative equalization.

**Selected Notes to the Condensed Consolidated Interim Financial Statements  
for the Six-Month Period ended 30 June 2016**

Realized FX gains/ (losses)	Unrealized gains/ (losses) net of FX <sup>2)</sup>	Unrealized FX gains/ (losses) <sup>2)</sup>	Currency translation adjustments	Fair value at 31 Dec 2015	Number of shares at 31 Dec 2015	Investment currency	Dividends received	Level at 31 Dec 2015
	1,003	22		4,889	3,090	USD		II
	(175)	120		4,609	1,978	USD		II
	(1,650)	22		2,183	1,847	USD		II
				0	70,800	USD		III
				0	57,350	CHF		III
	795			0	0	CHF		
	(7)	(200)		1,926	1,719	EUR		III
	50	(4)		185	2,500,000	EUR		III
	13	34		9,341	100,000	JPY		II
	(170)	(16)		730	2,000	USD		II
	(13)	5		700	2,000,000	USD		II
	79		(14)	0	0	USD		
	43	(26)		500	19,492	KRW	12	III
	215	205		5,221	30,113	JPY		II
	(1,239)		(30)	2,335	8,841	USD		III
	(149)			2,883	4,000,000	USD		II
				0	317,543	USD		III
	(48)	(13)		701	2,000	USD		II
	3,580		(32)	0	0	USD		
	(23)	162		2,058	10,413	JPY		I
<b>(298)</b>	<b>(35,531)</b>	<b>(967)</b>	<b>(762)</b>	<b>195,488</b>			<b>75</b>	
54	16,335	2,569						
148	0	0						
(500)	(51,866)	(3,536)						
0	0	0						

**Selected Notes to the Condensed Consolidated Interim Financial Statements  
for the Six-Month Period ended 30 June 2016**

**Consolidated investment table as at 31 December 2015 (continued)**

in TCHF	Number of shares at 1 Jan 2015	Fair value at 1 Jan 2015	Additions	Reductions	Realized gains/ (losses) net of FX
<b>SHORT POSITIONS</b>					
iShares Nasdaq Biotechnology ETF	0	0	22,212	(17,350)	(2,068)
<b>Total Short Positions</b>		<b>0</b>	<b>22,212</b>	<b>(17,350)</b>	<b>(2,068)</b>
of which gains					0
of which losses					(2,068)
<b>TRADING OPTIONS</b>					
Call Nikkei225 Index, Strike JPY 18,000	90	268		(66)	(377)
Put Altin Ltd., Strike USD 64	0	0	2	(163)	161
<b>Total Trading Options</b>		<b>268</b>	<b>2</b>	<b>(229)</b>	<b>(216)</b>
of which gains					161
of which losses					(377)
of which assets		268			
of which liabilities		0			
<b>CURRENCY FORWARDS</b>					
Currency Forwards CHF/EUR; EUR/CHF		0			
Currency Forwards CHF/JPY; JPY/CHF		1,258			
Currency Forwards CHF/USD; USD/CHF		(2,363)			
<b>Total Currency Forwards</b>		<b>(1,105)</b>	<b>0</b>	<b>0</b>	<b>0</b>
of which gains					
of which losses					
of which assets		1,258			
of which liabilities		(2,363)			

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

Selected Notes to the Condensed Consolidated Interim Financial Statements  
for the Six-Month Period ended 30 June 2016

Realized FX gains/ (losses)	Unrealized gains/ (losses) net of FX <sup>1)</sup>	Unrealized FX gains/ (losses) <sup>1)</sup>	Currency translation adjustments	Fair value at 31 Dec 2015	Number of shares at 31 Dec 2015	Investment currency	Dividends received	Level at 31 Dec 2015
(2,794)				0	0	USD		
<b>(2,794)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>				
0	0	0						
(2,794)	0	0						
(30)	216	(11)		0	0	JPY		
				0	0	USD		
<b>(30)</b>	<b>216</b>	<b>(11)</b>	<b>0</b>	<b>0</b>				
0	216	0						
(30)	0	(11)						
				0				
				0				
520				0				
1,564		(1,258)		0				
(943)		1,649		(715)				II
<b>1,141</b>	<b>0</b>	<b>391</b>	<b>0</b>	<b>(715)</b>				
32,923		1,740						
(31,782)		(1,349)						
				0				
				(715)				

## Selected Notes to the Condensed Consolidated Interim Financial Statements for the Six-Month Period ended 30 June 2016

### 7. Summarized investment overview for Alpine's subsidiary Altin Ltd., as at 30 June 2016

The Listing Rules resp. the Directive of Financial Reporting of the SIX Swiss Exchange for investment entities require Alpine to provide the following disclosures for investments held by its subsidiary Altin Ltd.:

in TCHF	Number of shares at 1 Jan 2016	Fair value at 1 Jan 2016
<b>LONG POSITIONS (incl. equalization shares)</b>		
Acadian Global Leveraged Market Neutral Equity UCITS	807,093	7,342
Aristeia International Ltd.	7,491	8,887
Arrow Offshore Ltd.	14,556	4,774
Atlas Enhanced Fund, Ltd.	4,697	7,308
Capstone vol Offshore Ltd.	7,500	7,413
Cerberus Asia Partners L.P.	0	10
Citadel Kensington Global	12,489	16,005
Claren Road Credit Fund, Ltd.	1,774	2,803
Clearline Capital Partners Offshore, Ltd.	6,981	7,763
Coatue Offshore Fund, Ltd.	54,780	10,085
Concordia G-10 Fixed income	0	0
Conquest Macro Fund Ltd.	2,550	1,580
Contrarian Emerging Markets	57,425	9,829
Cumulus Energy Fund	7,267	6,819
DB Platinum Ivory Optimal Fund	40,000	3,962
Drake Global Opportunities Fund	191	223
Finisterre Global Opportunity	80,000	7,864
Firebird Avrora Fund Ltd.	165	200
Fortress Convex Asia Fund Ltd.	5,000	4,925
Fortress Macro Fund Ltd.	0	0
FP Argonaut European Alpha Fund	0	0
Goldfinch Capital Management Offshore, Ltd.	4,597	5,256
H2O Vivace	141	8,387
Hermitage Global	2,149	62
Jana Nirvana Offshore Fund, Ltd.	5,214	11,777
LL Assets Ltd.	4,724	0
LLSOF L.P.	0	4,116
Marathon Special Opportunity Fund Ltd.	92,292	11,589
Millennium International, Ltd.	6,226	11,133
ML Investment Solutions - Castlerigg Equity Event and Arbitrage UCITS Fund	30,570	3,060

<sup>1)</sup> Reductions may include capital repayments.

<sup>2)</sup> Unrealized gains / (losses) also include reversed unrealized gains / (losses) from prior year.



**Selected Notes to the Condensed Consolidated Interim Financial Statements  
for the Six-Month Period ended 30 June 2016**

Additions	Reductions <sup>1)</sup>	Realized gains/ (losses)	Unrealized gains/ (losses) <sup>2)</sup>	Currency translation adjustments	Fair value at 30 June 2016	Number of shares at 30 June 2016	Level at 30 June 2016
			(423)	(193)	6,726	807,093	II
			430	(241)	9,076	7,491	II
			(491)	(124)	4,159	14,556	II
			(285)	(193)	6,830	4,697	II
	(47)		363	(201)	7,528	7,535	II
			1		11	0	III
			(729)	(423)	14,853	12,489	II
	(1,174)	20	(87)	(65)	1,497	1,011	II
			(719)	(202)	6,842	6,981	II
	(2,455)	710	(918)	(249)	7,173	40,884	II
6,089			161	(50)	6,200	5,283	II
246	(444)	51	1,159	(51)	2,541	2,471	II
			(521)	(259)	9,049	57,363	II
		(9)	(880)	(175)	5,755	7,253	II
			(205)	(104)	3,653	40,000	II
			18	(6)	235	191	III
			251	(213)	7,902	80,000	II
			25	(6)	219	165	III
			9	(132)	4,802	5,000	II
116	(120)	4			0	0	
3,529			(194)	(27)	3,308	2,025,095	II
			(29)	(140)	5,087	4,597	II
			(1,954)	(209)	6,224	141	II
			(1)	(2)	59	2,149	III
			(1,013)	(307)	10,457	5,214	II
					0	4,724	III
	(760)	238	(40)	(106)	3,448	0	II
	(2,455)	(328)	234	(291)	8,749	70,295	III
			(119)	(297)	10,717	5,763	II
	(2,865)	(725)	587	(57)	0	0	

**Selected Notes to the Condensed Consolidated Interim Financial Statements  
for the Six-Month Period ended 30 June 2016**

**Summarized investment overview for Alpine's subsidiary Altin Ltd., as at 30 June 2016 (continued)**

in TCHF	Number of shares at 1 Jan 2016	Fair value at 1 Jan 2016
<b>LONG POSITIONS (incl. equalization shares)</b>		
NPJ Global Opportunities Fund Ltd.	35,827	7,308
Passport Long Short Fund, Ltd.	5,000	5,231
Paulson Enhanced Ltd.	76,500	6,039
Providence MBS Offshore Fund Ltd.	4,218	9,734
Quantica Managed Futures Fund Inc.	72,733	6,273
QVT SLV Offshore Ltd.	640	578
QVT Special Investment Offshore	245	302
R3 (C), Ltd.	224	185
SFP Value realization Fund Ltd.	0	0
Stone Milliner Macro Fund Inc.	71,159	8,951
Stratus Feeder Limited	6,415	11,215
Tailprotect Ltd.	6,278	4,742
The Tudor BVI Global Fund Ltd.	212	7,428
Tudor Venture II Ltd.	0	14
Two Sigma Absolute Return Equity Enhanced Cayman Fund, Ltd.	5,884	7,962
Two Sigma Compass Enhanced Cayman Fund Ltd.	3,724	18,634
Venture Capital Accel VIII	0	117
Verrazzano European Focus Fund PLD	77,776	11,846
Visium Balanced Offshore Fund, Ltd.	7,500	7,041
York European Focus Unit Trust	5,479	11,026
Zeal China Fund Limited	49,291	7,919
ZLP Offshore Opportunity Fund	655	0
ZP Offshore Utility Fund, Ltd.	4,545	13,069
<b>Total Long Positions</b>		<b>308,786</b>
of which gains		
of which losses		

<sup>1)</sup> Reductions may include capital repayments.

<sup>2)</sup> Unrealized gains / (losses) also include reversed unrealized gains / (losses) from prior year.

**Selected Notes to the Condensed Consolidated Interim Financial Statements  
for the Six-Month Period ended 30 June 2016**

Additions	Reductions <sup>1)</sup>	Realized FX gains/ (losses)	Unrealized gains/ (losses) <sup>2)</sup>	Currency translation adjustments	Fair value at 30 June 2016	Number of shares at 30 June 2016	Level at 30 June 2016
			(1,078)	(187)	6,043	35,827	II
982			(104)	(147)	5,962	5,315	II
			(2,403)	(142)	3,494	76,500	II
	(958)	(25)	199	(254)	8,696	3,218	II
	(1,473)	26	1,522	(169)	6,179	58,203	II
			17	(16)	579	640	III
	(40)	7	1	(8)	262	212	III
			(5)	(5)	175	224	III
5,892			241	(49)	6,084	27,815	II
			(79)	(239)	8,633	62,534	II
			(55)	(300)	10,860	6,415	II
			(220)	(125)	4,397	6,278	II
	(26)	6	(158)	(198)	7,052	192	III
	(14)	(63)	63		0	0	
			(305)	(211)	7,446	5,884	II
	(2,544)	2,049	1,006	(503)	18,642	3,279	II
18				(3)	132	0	III
	(1,473)	486	(1,465)	(298)	9,096	68,186	II
			(742)	(183)	6,116	7,500	II
			83	(296)	10,813	5,479	II
			185	(213)	7,891	49,291	II
					0	655	III
			1,802	(364)	14,507	4,545	II
<b>16,872</b>	<b>(16,848)</b>	<b>2,447</b>	<b>(6,865)</b>	<b>(8,233)</b>	<b>296,159</b>		
		3,601	8,835				
		(1,154)	(15,700)				

**Selected Notes to the Condensed Consolidated Interim Financial Statements  
for the Six-Month Period ended 30 June 2016**

**8. Cash flows from purchases and disposals of investments**

**8.1 Cash outflow from purchases of financial assets at fair value through profit or loss**

in TCHF	Note	30 June 2016	30 June 2015
Purchase of investments at fair value through profit or loss as per the consolidated investment table (additions total long positions)	5	(92,508)	(51,378)
Purchase of trading options as per the consolidated investment table	5	0	(2)
<b>Effective cash outflow from purchases</b>		<b>(92,508)</b>	<b>(51,380)</b>

**8.2 Cash inflow from sale of financial assets at fair value through profit or loss**

in TCHF	Note	30 June 2016	30 June 2015
Proceeds on disposal of investments at fair value through profit or loss as per the consolidated investment table (reductions total long positions)	5	46,630	53,719
Proceeds on disposal of trading options as per the consolidated investment table (reductions total trading options)	5	0	230
Collected receivables for redeemed investments		0	2
Withholding tax on disposal of investments at fair value through profit or loss		(1,917)	(2,235)
<b>Effective cash inflow from sales</b>		<b>44,713</b>	<b>51,716</b>

**8.3 Net foreign exchange difference**

in TCHF	30 June 2016	30 June 2015
Foreign exchange (losses) / gains from intragroup transactions	(32)	1,607
Foreign exchange (losses) / gains on cash and cash equivalents, net	(87)	158
<b>Net foreign exchange difference</b>	<b>(119)</b>	<b>1,765</b>

**9. Other current assets**

in TCHF	30 June 2016	31 Dec 2015
Withholding tax	2,476	1,547
Other receivables	131	232
<b>Total</b>	<b>2,607</b>	<b>1,779</b>

**Selected Notes to the Condensed Consolidated Interim Financial Statements  
for the Six-Month Period ended 30 June 2016**

## 10. Short-term bank loans

On 11 April 2016 the Group received a short-term bank loan of CHF 5.5 million at an interest rate of 0.76% p.a. from Bank Julius Baer & Co. Ltd., Zurich. The bank loan was repaid in full a few days later, on 19 April 2016.

## 11. Deferred tax assets and deferred tax liabilities

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

in TCHF	Deferred tax liabilities on financial assets at fair value through profit or loss	Deferred tax assets from capitalized tax losses carried forward	Deferred tax (liabilities) / assets, net
<b>Balance at 1 January 2015</b>	<b>(1,291)</b>	<b>489</b>	<b>(802)</b>
Deferred tax expense	(346)	(194)	(540)
<b>Balance at 30 June 2015</b>	<b>(1,637)</b>	<b>295</b>	<b>(1,342)</b>
Deferred tax income / (expense)	425	(295)	130
<b>Balance at 31 December 2015</b>	<b>(1,212)</b>	<b>0</b>	<b>(1,212)</b>
Deferred tax income	330	26	356
<b>Balance at 30 June 2016</b>	<b>(882)</b>	<b>26</b>	<b>(856)</b>

Deferred tax assets and deferred tax liabilities are netted in case there is a legally enforceable right and the deferred income taxes relate to the same fiscal authority. Provisions for deferred taxes are calculated in accordance with the liability method using a tax rate of 7.83% (based on the result before tax).

As of 30 June 2016 the Group has tax losses of approximately CHF 0.3 million, which will expire in the year 2023 and of which CHF 0.3 million were capitalized as deferred tax assets. As of 31 December 2015 the Group has no tax losses carried forward.

## 12. Share capital and treasury shares

### 12.1 Share capital

As of 30 June 2016, the Company's fully paid-in share capital amounts to CHF 286,324.64 (31 December 2015: CHF 286,324.64) and is divided into 14,316,232 fully paid-in registered shares with a nominal value of CHF 0.02 each. No preferential or similar rights exist. Each share has one vote and all shares are equally entitled to dividends. There are no voting right restrictions. There are two share certificates outstanding for 525 shares in total. The Company does not have participation certificates.

## **Selected Notes to the Condensed Consolidated Interim Financial Statements for the Six-Month Period ended 30 June 2016**

### **12.2 Authorized share capital**

The board of directors is authorized to increase the share capital according to article 4a of the articles of association by a maximum of CHF 100,000.00 at any time until 20 May 2017 by issuing a maximum of 5,000,000 registered shares with a nominal value of CHF 0.02 each to be fully paid-in. Increases by way of firm underwriting and partial increases are permitted. The board of directors shall determine the date of issuance of the new shares, their issue price, method of payment, the conditions for existing subscription rights and the date of the dividend entitlement.

### **12.3 Conditional share capital**

According to article 4b of the Company's articles of association, the Company's share capital may be increased by a maximum amount of CHF 121,779.54 by issuing a maximum of 6,088,977 registered shares with a nominal value of CHF 0.02 each to be fully paid-in, through the exercise of option and/or conversion rights to be granted in connection with bonds or similar debt instruments of the Company or its subsidiary, and/or through the exercise of option rights to be granted to the shareholders. No such rights existed at 30 June 2016 and at 31 December 2015, respectively.

### **12.4 Treasury shares**

The annual shareholders' meeting held on 20 May 2015 entitled the Company's board of directors to repurchase own shares up to a maximum of 10% of the share capital, starting 21 May 2015 and until the ordinary shareholders' meeting in 2017. In February 2016 the repurchase program was started and by 30 June 2016 the Company had acquired 148,350 treasury shares (equal to 1.04% of the outstanding share capital) at an average price of CHF 16.43 per share for a total of TCHF 2,443. No treasury shares were held by the Company as at 31 December 2015.

Selected Notes to the Condensed Consolidated Interim Financial Statements  
for the Six-Month Period ended 30 June 2016

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

in TCHF	30 June 2016	30 June 2015
<b>Financial assets held for trading (Long positions)</b>		
Realized gains	7,569	2,504
Realized gains – second trading line	20	711
Realized losses	(4,666)	(1,154)
Net realized currency gains – second trading line	0	148
Net realized currency (losses) / gains	(339)	24
<b>Net realized</b>	<b>2,584</b>	<b>2,233</b>
Unrealized gains	6,255	22,003
Unrealized losses	(15,899)	(5,839)
Net unrealized currency gains / (losses)	306	(9,246)
<b>Net unrealized</b>	<b>(9,338)</b>	<b>6,918</b>
<b>Total long positions, net</b>	<b>(6,754)</b>	<b>9,151</b>
<b>Financial assets held for trading (Trading options)</b>		
Realized gains	0	161
Realized losses	0	(377)
Unrealized gains	0	217
Net realized currency losses	0	(30)
Net unrealized currency losses	0	(11)
<b>Total trading options, net</b>	<b>0</b>	<b>(40)</b>
<b>Financial assets sold short held for trading (Short positions)</b>		
Unrealized losses	0	(3,412)
Net unrealized currency losses	0	(1,652)
<b>Total short positions, net</b>	<b>0</b>	<b>(5,064)</b>
<b>Currency forwards</b>		
Realized gains	14,938	14,712
Realized losses	(12,974)	(17,317)
Unrealized gains	258	14,822
Unrealized losses	(1,807)	(1,415)
<b>Total currency forwards, net</b>	<b>415</b>	<b>10,802</b>
<b>Gain resp. loss on financial assets and financial liabilities at fair value through profit or loss, net – trading</b>	<b>(6,339)</b>	<b>14,849</b>

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

**Selected Notes to the Condensed Consolidated Interim Financial Statements  
for the Six-Month Period ended 30 June 2016**

**14. Net foreign exchange (losses) / gains**

in TCHF	<b>30 June 2016</b>	<b>30 June 2015</b>
Foreign exchange gains / (losses) on		
• cash and cash equivalents	(87)	158
• short-term bank loans	0	(36)
• other current assets	0	(5)
<b>Net foreign exchange (losses) / gains</b>	<b>(87)</b>	<b>117</b>

**15. Income tax (expense) / income**

in TCHF	<b>30 June 2016</b>	<b>30 June 2015</b>
Tax income from prior years	0	16
Deferred tax income / (expense)	356	(540)
<b>Income tax income / (expense)</b>	<b>356</b>	<b>(524)</b>

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

**16. Earnings per share**

	<b>30 June 2016</b>	<b>30 June 2015</b>
Net profit / (loss) in TCHF as per the consolidated statement of comprehensive income for the six-month period ended	(7,671)	12,480
Weighted average number of outstanding shares	14,243,266	13,377,954
<b>Earnings per share in CHF (basic and diluted)</b>	<b>(0.54)</b>	<b>0.93</b>



**Selected Notes to the Condensed Consolidated Interim Financial Statements  
for the Six-Month Period ended 30 June 2016**

**17. Net asset value (NAV) per share**

	<b>30 June 2016</b>	<b>31 Dec 2015</b>
Equity attributable to the shareholders of Alpine Select Ltd. as per the consolidated statement of financial position (in TCHF)	214,515	239,341
Total number of shares outstanding	14,167,882	14,316,232
<b>Net asset value per share (in CHF)</b>	<b>15.14</b>	<b>16.72</b>
Net asset value per share (in CHF) when adjusted with a factor of 0.9415205 for the distribution out of the reserves from capital contributions in May 2016	-	15.74

**18. Contingencies, commitments and pledged assets**

Alpine, Absolute Invest and Absolutissimo entered into standard pledge agreements with Bank Julius Baer & Co. Ltd. («BJB»), Zurich, under which their cash and portfolios at BJB of approximately CHF 234.1 million as at 30 June 2016 (31 December 2015: CHF 221.3 million) are pledged as security for any amounts due to BJB.

## Selected Notes to the Condensed Consolidated Interim Financial Statements for the Six-Month Period ended 30 June 2016

### 19. Significant shareholders

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

	30 June 2016	31 Dec 2015
<b>Trinsic Ltd.</b> Artherstrasse 21, 6300 Zug <ul style="list-style-type: none"> <li>• Number of shares, including 170,000 shares (31 Dec 2015: 170,000 shares) directly held by the beneficial owners of Trinsic Ltd.</li> <li>• Percentage</li> </ul> Beneficial owners of Trinsic Ltd.: Daniel Sauter, Zug; Regina Barbara Young, Zug; Viktoria Louise Sauter, Zug; Florian Sauter, Zug and, partly indirect through Talpas Ltd., 7502 Bever; Michel Vukotic, Meilen; Corinne Vukotic, Meilen; Aline Vukotic, Bever and Fabienne Vukotic, Zurich	2,159,059  15.08%	2,160,415  15.09%
<b>Hans Müller</b> Seestrasse 50, 6052 Hergiswil <ul style="list-style-type: none"> <li>• Number of shares</li> <li>• Percentage</li> </ul>	1,450,000  10.13%	1,450,000  10.13%
<b>Raymond J. Baer</b> Bühlstrasse 51, 8700 Küsnacht <ul style="list-style-type: none"> <li>• Number of shares</li> <li>• Percentage</li> </ul>	897,708  6.27%	897,708  6.27%
<b>Hans-Ulrich Rihs</b> Eichstrasse 49, 8712 Stäfa <ul style="list-style-type: none"> <li>• Number of shares</li> <li>• Percentage</li> </ul>	613,000  4.28%	613,000  4.28%
<b>Hans Hornbacher</b> Route de Perreret 3, 1134 Vufflens-le-Château <ul style="list-style-type: none"> <li>• Number of shares</li> <li>• Percentage</li> </ul>	473,637  3.31%	473,637  3.31%

### 20. Related party transactions

Baer & Karrer Ltd, Zurich («Baer & Karrer») is the legal advisor of Alpine and Absolute Invest. Dr. Dieter Dubs, partner of Baer & Karrer is a member of the Alpine and of the Absolute board of directors. During the six-month period ended 30 June 2016, TCHF 33 (30 June 2015: TCHF 41) were booked in connection with legal services rendered by Baer & Karrer.

Effective 1 January 2014, Alpine entered into an advisory agreement with JAAM Ltd., Zurich («JAAM»). Thomas Amstutz, member of the Board of Directors of Alpine, is a founding partner and member of the Board of Directors of JAAM. Unchanged to prior period, expenses of TCHF 360 were charged in connection with this agreement during the six-month period ended 30 June 2016.

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

**Selected Notes to the Condensed Consolidated Interim Financial Statements  
for the Six-Month Period ended 30 June 2016**

**21. Events after the balance sheet date**

The condensed consolidated interim financial statements for the six-month period ended 30 June 2016 were authorized for issue by the board of directors on 30 August 2016. There were no significant events to report until this date.

# ALPINE SELECT

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