

Annual Report 2005



ALPINE SELECT

Board of Directors

Daniel J. Sauter, *Chairman*
Dr. Hermann Strehler

Company Auditors

Ernst & Young AG
Badenerstrasse 47
8022 Zurich
Switzerland

Company Info Sheet

Listing:	SWX 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:	11'331'531

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



ALPINE SELECT

Alpine Select AG Bahnhofstrasse 23 CH-6300 Zug
Tel. +41 41 720 44 11 Fax +41 41 720 44 12
info@alpine-select.ch www.alpine-select.ch

Table of contents

Chairman's statement	2-3
Key figures	4-5
Review of operations	6-7
Corporate governance	8-21
Financial statements according to IFRS	22-25
Notes to the financial statements according to IFRS	26-50
Report of the auditors	51
Statutory financial statements	52-53
Notes to the statutory financial statements	54-55
Report of the statutory auditors	56

Chairman's statement

Dear Shareholders,

I am pleased to report that in 2005 the Company again exceeded its set return target with a net asset value increase of 11.1% or from CHF 13.61 to CHF 15.12. Throughout the year the share price traded at or around the net asset value and at year-end stood at CHF 14.95, up 10.4% when compared to the previous year's closing price of CHF 13.55. These figures have been adjusted for the 4 : 1 capital increase.

During the year Alpine's focus remained on Swiss investment companies which shares traded at a discount to their respective net asset value. The Company also took advantage of event driven opportunities and engaged its assets in certain value propositions. The Company's emphasis remains on minimizing volatility by diversifying its investments. During the year the investments in BB Biotech and BB Medtech have been liquidated or reduced significantly as a result of the respective discounts narrowing considerably. During the period our engagement in the Absolute companies has almost doubled. Both positions have contributed significantly to the reported performance. As already announced, our interest in EIC Electricity SA has been disposed of at its net asset value plus a premium, permitting us to close this chapter - which commenced with a hostile take-over bid for the company in 2004 - at a remarkable profit. During the year the considerable cash resources were employed by acquiring an 11% stake in AIG International Real Estate, a company invested in a broad international portfolio of high quality real estate. At that time this company traded at a significant discount to its net asset value. With positions in Schaffner Holding AG, Tomos SA and Valora Holding AG the Company has invested in companies which it believes are subject to circumstances which as yet prevented a fair valuation. With the respective issues being addressed and corrected we believe, however, that such circumstances will be overcome and the market will re-rate these companies. A number of smaller positions were acquired and also disposed of within the reporting period.

With our conditional purchase offer extended to Aramus AG being accepted by all shareholders, Alpine successfully completed this acquisition in the last quarter of the year for an aggregate consideration of CHF 69.1 million. Aramus AG (subsequently renamed to Sumara AG) was a privately held investment company with an emphasis on the financial sector and net assets of CHF 74 million. This acquisition coincided with Alpine's intention to broaden its constituency by issuing 2.3 million new shares. The net proceeds of the rights issue were CHF 29.5 million.

Chairman's statement

This year's performance fulfills the Company's stated targets while maintaining a low risk profile. We are determined to continue implementing this successful strategy. The diversified portfolio held at year end positions the Company ideally to achieve its target return rate also in the coming year. As a result of the divestment of his funds from Alpine Dr. Gary T. Hirst has stepped down as a director of the Company with effect of 19 September 2005. On behalf of the Board of Directors I wish to express our sincere thanks for the considerable contribution he has made to the development of the Company.

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

A handwritten signature in black ink, appearing to read 'D. Sauter', with a stylized, flowing script.

Daniel J. Sauter

Chairman of the Board of Directors

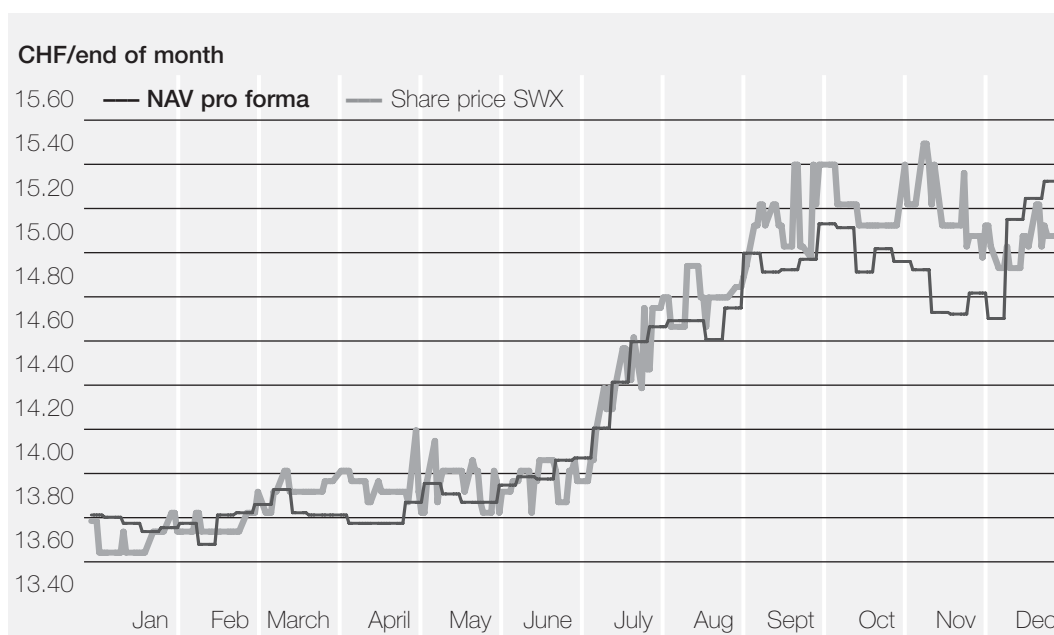
Key figures

Performance table

	31 December 2005	31 December 2004
Share price	CHF 14.95	CHF 13.55
NAV	CHF 15.12	CHF 13.61
	High 2005	Low 2005
Share price	CHF 15.39	CHF 13.45
NAV	CHF 15.21	CHF 13.49

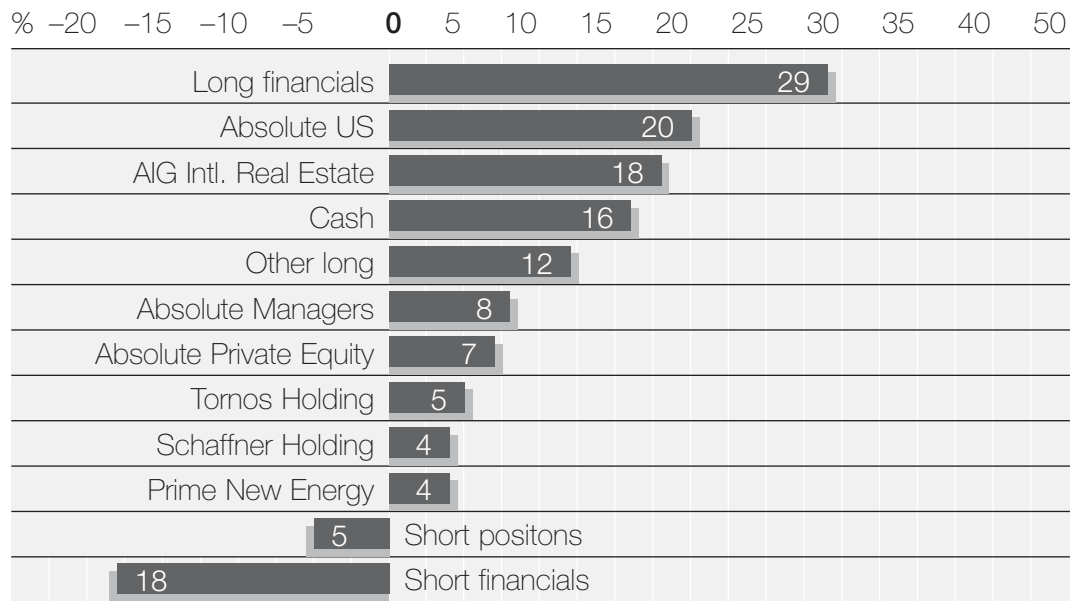
Data prior to 21 November 2005 are adjusted for the 4:1 share capital increase and data prior to 2 September 2004 adjusted for 1 to 5 stock split.

12 Months price history 2005 (NAV and closing share price)



Key figures

Positions as a percentage of net book value at 31 December 2005



Review of operations

Investment policy and focus

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

Portfolio performance

At 31 December 2005, net asset value per share was CHF 15.12 an increase of 11,1% compared to the net asset value at the beginning of the year (CHF 13.61). Throughout the year the share traded near or at the net asset value (ranging from a discount of 1,4% to a premium of 3.8%) except when the information provided by the Company allowed market participants to anticipate future changes of the net asset value.

As of the end of the reported period, long positions comprised of 16 investments or CHF 183.9 million of which the participations in Absolute US Ltd., AIG International Real Estate GmbH & Co. KGaA, Absolute Managers AG, Absolute Private Equity AG, and the acquired diversified portfolio of Sumara AG represented over 77,2% of aggregate positions, or CHF 142 million. The balance of CHF 41.9 million mainly comprised of investments in Tornos Holding SA, Schaffner AG, Prime New Energy AG, Mach Hitech AG, Valora Holding. Investments in EIC Electricity SA, BB Biotech AG, Micro Value AG and Forbo Holding AG were disposed of at a profit during the year. As of the end of the reported period, short selling totalled CHF 39.1 million, whereof Nobel Biocare Holding AG represents with 13,3% or CHF 5.2 million the most important position.

As of the end of 2005 net liquidity (liquid funds net of debt) amounted to CHF 25.3 million.

Disposal of EIC Electricity SA

After the sale of Ensys AG, a German power supplier, EIC Electricity SA retained a minority interests in Termobahia Ltd., a Brazilian power producer. Other assets of EIC comprised primarily of cash and cash equivalents. During the first quarter 2005 the

Review of operations

Company entered into an agreement with Gehold SA, Geneva and sold its participation in EIC for an aggregate consideration of CHF 16.7 million.

Purchase of Sumara AG (formerly Aramus AG)

In November 2005 Alpine made an offer to all shareholders of Aramus AG, Zurich for all outstanding 1'306'230 bearer shares. Aramus AG was a non-public investment company with a particular investment emphasis on the financial industry. The purchase price was CHF 52.48 for each Aramus share representing a 7% discount to the respective net asset value or a total purchase consideration of CHF 69.1 million. All 1'306'230 shares were submitted to Alpine under the offer. The acquisition was temporarily funded by debt. At two subsequent extraordinary shareholders meetings of Aramus AG the name and domicile was changed to Sumara AG and Zug respectively and the board was newly constituted.

Capital increase

Effective 5 December Alpine increased its share capital from CHF 181'304.50 to CHF 226'630.62 through the issuance of 2'266'306 registered shares. The resulting net proceeds of the offering of CHF 29.5 million was used for general corporate purposes and for the reduction of the Company's borrowings.

Corporate governance

1. Group structure and shareholders

1.1 Group business and structure

The goal of Alpine is to achieve attractive absolute returns. This will be achieved amongst others by investing in securities, quoted or otherwise, of Swiss and foreign corporations, taking advantage of significant transactional events such as spin-offs, acquisitions, mergers, carve-outs and recapitalizations.

Alpine, with registered offices at Bahnhofstrasse 23, 6300 Zug, Switzerland, is a joint stock company incorporated on 17 September 1997 under the laws of Switzerland and listed on the SWX Swiss Exchange. In September 2004 Alpine and Terra Trust Investment AG ("Terra") consummated their merger. Also, during 2004 most investments made by Terra were sold. Following the merger, Terra a Swiss investment company listed on the SWX Swiss Exchange, ceased to exist as a legal entity. The two former subsidiaries of Terra were put into liquidation during 2004 with all business transacted directly by the Company. Effective 12 December 2005 the Company acquired Aramus AG ("Aramus"). Aramus is a private Swiss investment company. Aramus Portfolio Ltd. is the sole subsidiary of Aramus and will be liquidated. Effective 12 December 2005, Aramus AG and Aramus Portfolio Ltd. were named to Sumara AG and Sumara Portfolio Ltd. respectively.

As per 31 December 2005, Alpine's market capitalisation was CHF 169.4 million, (2004: CHF 126.9 million).

1.2 Major shareholders and cross-shareholdings

Notifications pertaining to the holdings of a significant shareholder that have been disclosed in the Swiss Official Gazette of Commerce ("SOGC") since 1 January 2005 are listed on page 9.

To the Company's best knowledge, there are no shareholders' agreements in place. There are no cross-shareholdings.

Corporate governance

Publication date	Shareholders	Registered shares (1)	Share-holdings
23.05.2005	Dr. Gary T. Hirst, 100 Colonial Center Parkway, Suite 140, Lake Mary, FL 32746, USA; Global Asset Fund Ltd., c/o Caledonian Fund Services Limited, Caledonian House, P.O. Box 1043, George Town, Cayman Islands; Hirst MetaStrategy Fund Ltd., c/o Caledonian Fund Services Limited, Caledonian House, P.O. Box 1043, George Town, Cayman Islands; Bergman Industrial Holdings Ltd., Harbour House 2nd Floor, Waterfront Drive, P.O. Box 972, Road Town, Tortola BVI.	679'800	7.50%
23.05.2005	Fabrel AG, Seestrasse 50, CH-6052 Hergiswil. Remark: Fabrel AG is controlled by Hans Müller, CH-6052 Hergiswil.	2'500'000	27.58%
01.06.2005	Dr. Gary T. Hirst, 100 Colonial Center Parkway, Suite 140, Lake Mary, FL 32746, USA; Global Asset Fund Ltd., c/o Caledonian Fund Services Limited, Caledonian House, P.O. Box 1043, George Town, Cayman Islands; Hirst MetaStrategy Fund Ltd., c/o Caledonian Fund Services Limited, Caledonian House, P.O. Box 1043, George Town, Cayman Islands; Bergman Industrial Holdings Ltd., Harbour House 2nd Floor, Waterfront Drive, P.O. Box 972, Road Town, Tortola BVI. Remark: Change in the composition of the organized Group (Rineon Holding Company AG as a new member).	699'800	7.72%
06.06.2005	Dr. Gary T. Hirst, 100 Colonial Center Parkway, Suite 140, Lake Mary, FL 32746, USA; Global Asset Fund Ltd., c/o Caledonian Fund Services Limited, Caledonian House, P.O. Box 1043, George Town, Cayman Islands; Hirst MetaStrategy Fund Ltd., c/o Caledonian Fund Services Limited, Caledonian House, P.O. Box 1043, George Town, Cayman Islands; Bergman Industrial Holdings Ltd., Harbour House 2nd Floor, Waterfront Drive, P.O. Box 972, Road Town, Tortola BVI; Rineon Holding Company AG, Baarerstrasse 73, c/o TRIBEG Treuhand AG Zug, CH-6302 Zug.		< 5%
07.12.2005 (disclosed in Listing Prospectus)	Fabrel AG, Seestrasse 50, CH-6052 Hergiswil. Remark: Fabrel AG is controlled by Hans Müller, CH-6052 Hergiswil.	2'500'000	22.06%
07.12.2005 (disclosed in Listing Prospectus)	Trinsic AG, Arherstrasse 21, CH-6300 Zug; Daniel Sauter, CH-6300 Zug; Michel Vukotic, CH-8706 Meilen. Remark: Trinsic AG is controlled by Daniel Sauter and Michel Vukotic.	1'489'324	13.14%

Corporate governance

2. Capital structure

2.1 Share capital

Changes in share capital	Share capital	Additional paid in capital	Treasury stock	Currency translations differences	Retained earnings	Total
CHF 1'000						
Balance at 31 December 2002	157	40'624	0	26'706	24'640	92'127
Capital increase						0
Currency translation differences				(26'706)		(26'706)
Net income for the period					28'858	28'858
Balance at 31 December 2003	157	40'624	0	0	53'498	94'279
Capital increase	24	14'710				14'734
Net premium on treasury share activity		642				642
Net income for the period					17'726	17'726
Balance at 31 December 2004	181	55'976	0	0	71'224	127'381
Capital increase	46	29'417				29'463
Net premium						
on treasury share activity		21				21
Currency translation differences				223		223
Net income for the period					14'216	14'216
Balance at 31 December 2005	227	85'414	0	223	85'440	171'304

The shares are listed on the SWX Swiss Exchange and are traded in Swiss francs (symbol: ALPN; SSN: 1.919.955; ISIN: CH 0019199550).

As of 31 December 2005, the share capital of Alpine was CHF 226'630.62 consisting of 11'331'531 registered shares with a par value of CHF 0.02 each. Each registered share carries one voting right.

Corporate governance

2.2 Authorized and conditional capital

The Board of Directors is authorized to increase at any time until 28 April 2006 the share capital of CHF 226'630.62 up to an aggregate amount of CHF 235'200 by issuing up to 428'469 registered shares to be fully paid-in with a par value of CHF 0.02 each.

Increases by underwriting and by partial amounts are allowed. The issue amount, the date entitling the dividends and the kind of payment are resolved by the Board of Directors. The newly issued registered shares are subject to the transfer restrictions as set out in Art. 6 of the Articles of Association.

The Board of Directors may exclude the pre-emptive rights of shareholders and assign them to third parties in case the shares to be issued are to be used in connection with a merger, an acquisition of part or all of an enterprise or a share offering made with a view to broaden the Company's shareholder base.

Registered shares for which preemptive rights have been granted but not exercised shall be sold to market conditions on the market.

There is no conditional capital.

2.3 Changes in share capital

In August 2004 and to give effect to the merger between Terra and Alpine, the Company's share capital was split in a ratio of 1 to 5. Following the stock split, the share capital of Alpine was CHF 156'800 consisting of 7'840'000 registered shares with a par value of CHF 0.02 each. Also to give effect to the merger the Company's share capital was increased from CHF 156'800 to CHF 181'304.50 by issuing 1'225'225 new registered shares. Alpine increased on 5 December 2005 its share capital from CHF 181'304.50 to CHF 226'630.62 through the issuance of 2'266'306 registered shares with a par value of CHF 0.02 each. Since then the share capital remained unaltered.

2.4 Shares and participation certificates

The Company's share capital consists of 11'331'531 registered shares with a par value of CHF 0.02 each. There are no preferential rights or similar rights. Each share carries one vote and has full dividend rights. There are no voting right restrictions and each shareholder can exercise his voting rights at the shareholders' meetings (see CF. point 2.6 on nominees). There are no participation certificates.

2.5 Profit sharing certificates

There are no profit sharing certificates outstanding.

Corporate governance

2.6 Limitation on share transferability and nominee registration

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

Non-certified registered shares may only be transferred through assignment. For an assignment to be valid, notice to the Company is required (Art. 5 para. 2 of the Articles of Association).

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

The alleviation or withdrawal of restrictions upon the transfer of registered shares requires a resolution of the shareholders' meeting passed by at least two thirds of the represented share votes and the absolute majority of the represented shares par value.

2.7 Convertible bonds and warrants

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

3. Board of Directors

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

3.1 Members of the Board of Directors

Daniel J. Sauter

1957, executive chairman, Swiss

Term of office: elected in 2001 and 2005 for a 3 year term

Financial Expert

Corporate governance

Swiss Banking School, Zurich. 1976 to 1983 various positions in Swiss banks, including Bank Leu AG, Zurich, 1983 to 1998 Senior Partner and CFO of Glencore International AG, Baar; 1994 to 2001 CEO and Managing Director of Xstrata AG, Zug.

Daniel Sauter is also Chairman of the Board of Directors of Company's wholly owned subsidiary Sumara AG, 6300 Zug and Sumara Portfolio Ltd., Cayman Islands.

Dr. Gary T. Hirst

1952, non executive member, British

Term of office: 2003 to 16 September 2005 (date of resignation).

Investment Advisor

Honours Degree in Computer Science and Physics from the University of Miami and Doctorates in Law and Medicine.

Founder and Chairman of Hirst Investment Management Inc, Florida, and a member of the Board of Directors of several non-listed financial and investment companies.

Dr. Hermann Strehler

1941, executive member and secretary of the Board of Directors, Swiss Term of office: elected in 1999, 2002 and 2005 for a 3 year term

Studies in business administration at the University of St.Gallen (HSG), doctorate at the University of Neuchâtel. 1989 to 1998 Vice President of Global Relationship Banking at Citibank (Switzerland) and Senior Relationship Manager for the investment industry in Switzerland.

Dr. Hermann Strehler is also a Member of the Board of Directors of the Company's wholly owned subsidiary Sumara AG, 6300 Zug and Sumara Portfolio Ltd., Cayman Islands.

3.2 Other activities

Daniel J. Sauter is a member of the Board of Directors of Sulzer AG, Winterthur; Sika AG, Baar; Charles Vögele Holding AG, Pfäffikon SZ; and Private Equity Holding AG, Zug, Model Holding AG, Weinfelden, and chairman of Trinsic AG, Zug.

Dr. Gary Hirst is Chairman of Hirst Investment Management Inc, Orlando, Florida, and a director of several investment and financial companies in Barbados, the British Virgin Islands, and the Cayman Islands.

Corporate governance

Dr. Hermann Strehler is a member of the audit commission of the Männedorf Hospital, Männedorf, and the Wäckerling Nursing Home Foundation, Uetikon am See.

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

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

3.3 Cross involvement

Daniel Sauter was chairman of EIC Electricity SA, Geneva (until 8 April 2005) and is chairman of Trinsic AG, Zug. Apart from Daniel Sauter, there are no interdependent members on the Board of Directors of the Company.

3.4 Election and term of office

The members of the Board of Directors are elected by the annual shareholders' meeting. Each member is elected for a period of three years and can be re-elected. The Board of Directors constitutes itself. It appoints its chairman and a secretary who need not be a member of the Board of Directors. Typically, elections are made in such a way that terms of office do not expire simultaneously.

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

3.5 Internal organizational structure, delegated authorities and management board

The Board of Directors has not established any committees.

The nature of the Company's business dictates that the Board of Directors takes an active role in defining the Company's investment strategy whilst delegating management and control tasks to the Company's executives. Accounting functions and some administrative tasks have been outsourced to third parties, who supply the Board of Directors with a weekly report.

The Board of Directors convenes at least four times a year. During 2005 the Board of Directors convened 6 times, of which one time by means of a telephone conference. Meetings normally last half a day.

Corporate governance

3.6 Areas of responsibility

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

- to ultimately direct the Company and to issue the necessary directives and, in particular, to develop Company strategies;
- to discuss and review investment opportunities and to take investment decisions;
- to establish organizational policies, in particular to issue and amend the Organizational Rules;
- to organize the accounting, the financial control and the financial planning;
- to appoint and recall the persons entrusted with the management and representation of the Company and to grant signatory power;
- to ultimately supervise the persons entrusted with the management, in particular with respect to compliance with the law, the Company's Articles of Association, regulations and directives;
- to prepare the business report as well as the shareholders' meeting and to implement the latter's resolutions;
- to inform the judge in the event of over indebtedness;
- to pass resolutions regarding the subsequent payment of capital with respect to non-fully paid-in shares; to pass resolutions regarding increases in share capital, as far as they are within the competence of the Board of Directors (Art. 651 para. 4 CO) as well as the adoption of capital increases and the amendments to the Articles of Association entailed therewith;
- to verify the professional qualifications of the specially qualified auditors.

The Board of Directors delegates the management of the Company entirely to the Company's executives unless otherwise provided by law, the Company's Articles of Association or Organizational Rules.

3.7 Information and control instruments

In order to control and review the Company's activities, the Board of Directors is provided with weekly reports, monthly management accounting and investment reporting as well as ad-hoc information concerning major business activities.

Corporate governance

4. Management

4.1 Members of management

The executive management of the Company consists of:

Daniel J. Sauter acts as the executive chairman of the Company on a part time basis since January 2004. For further information, see point 3.2.

Dr. Hermann Strehler is responsible for conducting the business of the Company. For further information, see point 3.2.

Jean-Pierre Conrad (Swiss), 1960, member of the executive management of the Company since May 2003. Degree in business administration from the University of Geneva. From 1984 to 1990, various positions with financial institutions, including UBS AG in Geneva and Zurich. From 1990 to 1994, various positions with Unilabs AG and affiliates in Geneva. From 1994 to 2001, chief financial officer of Xstrata AG, Zug. In 2005 Jean-Pierre Conrad was responsible for the Company's investments. Jean-Pierre Conrad resigned from the Company effective 31 December 2005.

4.2 Other activities and interests

See point 3.2 for Dr. Hermann Strehler.

Jean-Pierre Conrad is member of the Board of Directors of Financière Mermod SA, Lausanne, EIC Electricity SA, Geneva (until 8 April 2005) and Private Equity Holding AG, Zug.

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

4.3 Management contracts

No management contracts or agreements of a similar nature exist.

5. Compensation, shareholdings and loans

5.1 Content and method of determining compensation

In accordance with the Articles of Association (Art. 17), the members of the Board of Directors are entitled to an annual compensation as determined by the Board of

Corporate governance

Directors and to be reimbursed for any out of pocket expenses they incur on behalf of the Company. The compensation is in the form of a fixed annual cash payment. There are no management incentive schemes which foresee the issuance of shares or share options.

5.2 Compensation for acting members of the governing bodies

The following amounts were paid in 2005:

- CHF 872'489 to executive members of the Board of Directors and officers;
- CHF 37'697 to non-executive members of the Board of Directors.

The highest amount paid out in 2005 to any one member of the Board of Directors was CHF 254'625. This amount was paid to the executive chairman.

5.3 Compensation to former directors and officers

No compensation has been paid to members of the Board of Directors or to officers who gave up their functions during the year preceding the one under review or earlier.

5.4 Allocation of shares

In 2005 no shares were allocated to members of the Board of Directors, to officers of the Company, or to parties closely linked to such persons.

5.5 Share ownership of directors and officers

At 31 December 2005 executive members of the Board of Directors and parties closely linked to such persons held directly and indirectly an aggregate 1'521'282 shares, non-executive members of the Board of Directors and parties closely linked to such persons held no shares and officers of the Company held 99'000 shares.

5.6 Options

No options have been issued.

5.7 Additional fees and remuneration

No additional fees and remuneration have been paid to officers or directors.

Corporate governance

5.8 Loans to directors and officers

No loans to directors, nor to officers, or to parties closely linked to such persons have been granted.

6. Shareholders' participation rights

6.1 Voting right restrictions

There are no voting right restrictions.

6.2 Statutory quorums

The general meeting of shareholders' passes its resolutions and carries out its elections with an absolute majority of the share votes present except to the extent those legal or statutory provisions provide otherwise.

A resolution at a shareholders' meeting passed by at least two thirds of voting rights represented and the absolute majority of the Company's share capital is required for:

- events listed in Art. 704 para. 1 CO;
- amendments or the cancellation of restrictions on share transfers;
- the conversion of registered shares into bearer shares;
- the dissolution and liquidation of the Company;
- The dismissal of the members of the Board of Directors according to Art. 705 Para. 1 CO;
- the amendment of Art. 13 of the Articles of Association with respect to the election and the term of office of members of the Board of Directors;
- the removal from the Articles of Association of statutory requirements for the passing of shareholder's meeting such as those reported in Art. 12.

6.3 Convening of shareholders' meetings

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

- Extraordinary shareholders' meetings shall be convened by the Board of Directors within 60 days after shareholders representing at least 10% of the share

Corporate governance

capital request such meeting in writing, setting forth the items to be discussed and the proposals to be decided upon at such meeting;

- Shareholders representing at least 10% of the share capital may request that items be included in the agenda of a meeting convened by the Board of Directors. Such requests must be filed in writing – setting forth the items to be discussed and the proposals to be decided upon – with the Company at least 45 days prior to the meeting;
- The deadline for the inscription of registered shareholders into the share register in view of their participation in the shareholders' meeting is established every year by the Board of Directors. It is usually settled about 10 days before the shareholders' meeting. No exception can be granted.

7. Changes in control and defensive measures

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

8. Auditors

8.1 Duration of mandate and term of office

On 20 April 2005 the shareholders' meeting elected Ernst & Young for a term of one year as Company auditors. Ernst & Young have been the Company's auditors since its incorporation in 1997. Since 2004, Cataldo Castagna has been lead auditor for the Alpine mandate.

The work of external auditors is assessed and examined by the Board of Directors on an annual basis.

8.2 Auditing fees

For the year 2005 auditing fees amounted to CHF 117'000 (2004: CHF 92'000) and fees paid to Ernst & Young for services rendered other than under the audit mandate amounted to CHF 68'000 (2004: CHF 46'000).

Corporate governance

9. Information policy

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

Shareholders are regularly informed through the following means:

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

Information is disclosed through:

- Reuters: ALPN.S;
- Bloomberg: ALPN SW EQUITY;
- Finanz und Wirtschaft, Zurich;
- Internet: Website, RSS, E-Mail
 - Company website: Comprehensive current and historical reports, news releases and financial information are published and accessible on the Company's web site (www.alpine-select.ch). All reports are available in digital format (PDF) and can be downloaded. In addition the web site provides a detailed overview of the development of the net assets value, the share price, the trading volume and the premium/discount to net asset value for any chosen period. The values can either be displayed in a graph form or downloaded as Microsoft Excel spreadsheet.
 - RSS feed: The RSS feed (<http://www.alpine-select.ch/rss.xml>) is automatically updated with the latest additions to the website.
 - E-Mail: E-Mail delivery of quarterly and monthly reports is available by subscription.

Quarterly and monthly reports are published on the Company's website and additionally distributed to interested parties by post or E-Mail;

Corporate governance

The net asset value of the Company is published each Friday on the Company's website and in each Saturday issue of the newspaper "Finanz und Wirtschaft".

Any other information on the Company may be requested at the following e-mail address and phone number:

info@alpine-select.ch;

+41 41 720 44 11,

www.alpine-select.ch

Financial statements according to IFRS

Consolidated balance sheet at 31 December			
in CHF	Notes	2005	2004
ASSETS			
Current assets			
Cash and cash equivalents		55'891'029	61'176'541
Trading securities	4	183'886'654	125'618'496
Other current assets	3	5'346'653	3'570'984
Total current assets		245'124'336	190'366'021
Non-current assets			
Furniture and equipment, net		46'873	53'571
TOTAL ASSETS		245'171'209	190'419'592
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Bank overdraft	14	30'581'353	0
Trading liabilities	4	39'064'503	62'270'427
Trading options		127'897	0
Accounts payable and accrued liabilities		4'093'787	767'824
Total current liabilities		73'867'540	63'038'251
Shareholders' equity			
Share capital	5	226'631	181'305
Additional paid in capital		85'414'594	55'976'156
Currency translation differences		222'981	0
Retained earnings		85'439'463	71'223'880
Total shareholders' equity		171'303'669	127'381'341
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		245'171'209	190'419'592

Consolidated income statement for the year ended 31 December			
in CHF	Notes	2005	2004
OPERATING INCOME			
Excess acquirer's interests on acquisition		3'356'420	0
Gain on trading securities, liabilities and derivatives, net	4, 6	11'623'504	19'893'014
Other income		251'192	100'000
Interest income (expense), net	7	212'328	(670'328)
Dividend income	4	1'460'522	2'905'980
Foreign exchange gain / (loss)		2'362'729	(382'420)
Total operating income		19'266'695	21'846'246
OPERATING EXPENSES			
General and administrative expenses	8, 9	2'439'972	1'956'064
Commissions and other bank fees		1'908'173	1'788'463
Other costs	10	696'269	374'349
Depreciation		6'698	1'252
Total operating expenses		5'051'112	4'120'128
Net profit before income taxes		14'215'583	17'726'118
Taxes	11	0	0
Net profit after income taxes		14'215'583	17'726'118
Earnings per share	12	1.54	2.15
Earnings per share, diluted		1.54	2.15

Consolidated statement of changes in equity						
	Share capital	Additional paid in capital	Treasury stock	Currency translation difference	Retained earnings	Total
in CHF 1000						
Balance at 1 January 2004	157	40'624	0	0	53'498	94'279
Capital increase	24	14'710				14'734
Net premium on treasury share activity		642				642
Net income for the period					17'726	17'726
Balance at 31 December 2004	181	55'976	0	0	71'224	127'381
Capital increase	46	29'417				29'463
Net premium on treasury share activity		21				21
Currency translation differences				223		223
Net income for the period					14'216	14'216
Balance at 31 December 2005	227	85'414	0	223	85'440	171'304

Consolidated statement of cash flows for the year ended 31 December			
in CHF	Notes	2005	2004
Cash flow from operating activities			
Net profit		14'215'583	17'726'118
Adjustments for:			
Depreciation and amortization		6'698	1'252
Unrealized gain on investments, net		(9'058'816)	27'967
Excess acquirer's interests on acquisition		(3'356'420)	0
Dividend income		(1'460'522)	(2'905'980)
Net interest income		(212'328)	670'328
Operating Profit before Working Capital Changes		134'195	15'519'685
Changes in accrued income, accounts receivable and prepayments		2'773'245	(3'122'333)
Changes in accounts payable and other liabilities		(8'699'794)	272'140
Cash used for / generated from operations		(5'792'354)	12'669'492
Dividends received		1'460'522	2'905'980
Interest received		317'744	74'736
Interest paid		(105'416)	(745'064)
Net cash flow used for / from operating activities		(4'119'504)	14'905'145
Cash flow from investing activities			
Purchases of financial investments		(234'317'236)	(185'805'140)
Proceeds on sales of financial investments		180'862'813	199'580'991
Net cash outflow acquisition of Sumara AG	1	(7'754'916)	0
Purchases of assets		0	-52'630
Proceeds on sales on treasury shares		0	4'910'509
Net cash flow (used for) / from investing activities		(61'209'339)	18'633'730
Cash flow from financing activities			
Bank overdraft		30'581'353	(1'257'418)
Capital increase		29'461'978	0
Net cash flow from / (used for) financing activities		60'043'331	(1'257'418)
Net change in cash and cash equivalents		(5'285'512)	32'281'457
At the beginning of the period		61'176'541	(28'895'084)
At the end of the period		55'891'029	61'176'541
Cash and cash equivalents consist of the following, as at 31 December			
Cash at bank *		55'891'029	61'176'541

* Not including bank overdraft

Notes to the financial statements according to IFRS

1. Organization and business activity

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

In September 2004 and pursuant to the agreement dated 27 April 2004 the Company acquired Terra Trust Investment AG ("Terra"). During 2004 all investments in Terra have been sold. In addition the two former subsidiaries of Terra were liquidated in 2005 with all business transacted directly by the Company.

Effective 12 December 2005, the Company acquired the private Swiss investment company Aramus AG ("Aramus"). The names of Aramus AG and Aramus Portfolio Ltd. were changed to Sumara AG and Sumara Portfolio Ltd. (together the Sumara Group) on 12 December 2005.

The consideration paid for the purchase of the Sumara Group including costs associated with the acquisition amounted to CHF 69.1 million. The fair value of the acquirers identifiable net assets at acquisition date exceeded the cost by CHF 3.4 million which was recognised in the Company's income statement as Gain on acquisition of Sumara AG. Had the Company acquired the Sumara Group on 1 January 2005, the Alpine Group would have reported on a pro forma basis CHF 26.6 million (unaudited) of net income after tax for the year ended 31 December 2005.

The fair value of the identifiable assets and liabilities of the Sumara Group as at the date of acquisition were:

in CHF	12 Dec. 2005 Recognised on acquisition	12 Dec. 2005 Carrying value
Cash and cash equivalents	60'792'324	60'792'324
Securities investments	50'359'175	50'359'175
Receivables for investments sold	4'945'863	4'945'863
Other assets	104'051	104'051
TOTAL ASSETS	116'201'413	116'201'413
Securities sold, not yet purchased	31'783'178	31'783'178
Payables for investments purchased	9'549'273	9'549'273
Other liabilities	68'976	68'976
Accrued expenses	2'388'260	2'388'260
TOTAL LIABILITIES	43'789'687	43'789'687
FAIR VALUE OF NET ASSETS	72'411'726	72'411'726

in CHF		
Fair value of net assets	72'411'726	
Excess over cost of acquisition	(3'356'420)	
	69'055'306	
Cost of acquisition	69'055'306	
	Cash outflow on acquisition:	
Net cash acquired	60'792'324	
Cash paid	68'547'240	
Net cash outflow	(7'754'916)	

Alpine's original purpose was trading in a diversified range of currencies, commodities and financial futures, options, other derivatives, fixed income instruments and securities. In April 2003, the Company's investment policy was changed. The Company's purpose is now to invest in securities of any form of Swiss and foreign corporations taking advantage of particular corporate circumstances. As of 31 December 2005, the Company had four employees of which three were part time.

The Board of Directors is responsible for all investment decisions.

2. Accounting policies

Basis of presentation of the financial statements

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the accounting guidelines recommended by the SWX Swiss Exchange's Additional Rules for Listing of Investment Companies.

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

On 21 April 2006 the Board of Directors authorized the issue of the financial statements for approval by the ordinary shareholders' meeting to be held on 17 May 2006.

Subsidiaries

Effective 12 December 2005 the Company acquired a 100% interest in Sumara AG (see Note 1 above). The newly acquired company has been consolidated as of 12 December 2005. Accordingly, the results of operations of the Sumara Group for the period 12 December to the 31 December 2005 are reflected in the income statement and statement of cash flows for the year ended 31 December 2005.

Foreign currencies

Foreign currency transactions are recorded at the rate of exchange prevailing at the date of the transaction. On the balance sheet date monetary assets and liabilities denominated in foreign currencies are translated into Swiss francs at the exchange rates prevailing at the end of the period. The resulting exchange gains and losses are included in the income statement.

The exchange rate difference, which arises out of the foreign currency positions within cash and cash equivalents, is disclosed separately in the income statement. The following exchange rates have been applied:

USD/CHF		2005	2004
Balance sheet	Year end exchange rate	1.318	1.132
Income statement	Average exchange rate	1.242	1.239

EUR/CHF		2005	2004
Balance sheet	Year end exchange rate	1.555	1.546
Income statement	Average exchange rate	1.548	1.544

Cash and cash equivalents

Cash and cash equivalents comprise cash and term deposits with original maturities of three months or less.

Financial investments

Financial investments, including trading securities, trading liabilities and derivatives, are classified as "Trading securities". Financial investments sold short are classified as "Trading liabilities" in current liabilities. Trading securities and liabilities are initially recorded fair value plus transaction costs directly attributable to the acquisition or issue and are subsequently measured at their market or fair value. Transactions are recognized on the trade date.

Investments in securities that are listed on a stock exchange or traded on any other regulated market are valued at the last available price on such exchange or market.

In estimating the fair value of securities for which no market quotation is available, the Company considers all appropriate and applicable factors relevant to their value, including but not limited to the following: results of operations, multiples and discounted cash flow analysis, comparable transactions. The fair values so determined may differ substantially from the values that are actually realized upon the sale of the investments. These valuations are the responsibility of the Board of Directors.

Investments in other investment companies which are not publicly traded are normally valued at the underlying net asset value (NAV) as advised by the managers or administrators of such investment companies, unless the Company is aware of good reasons why such a valuation would not be the most appropriate indicator of the fair value. All fair valuations may differ significantly from values that would have been used had ready markets existed.

All realized and unrealized gains and losses with respect to investments, including foreign exchange gains and losses, as of the balance sheet date are recognized in the income statement. The cost of investments is determined based on the weighted average cost formula for purposes of calculating gains and losses.

Derivative financial instruments

Derivative financial instruments comprise futures, options, warrants, forward rate agreements and swaps, which are valued on a fair value basis. In the normal course of its business activity the Company may enter into derivative contracts for trading or hedging purposes. Investments in derivative financial instruments are part of the investment policy and are included in "Trading securities", "Trading options" or "Trading liabilities". All realized and unrealized gains and losses with respect to derivative financial instruments are recorded in the income statement including the related foreign exchange differences.

Fair value of other financial instruments

The fair value of other financial instruments approximates their book value due to the relatively short term nature of these financial instruments.

Interest income and expense

Interest income is earned on cash balances, from debt securities, from certain receivables and from various other instruments. Likewise, interest expense is incurred on cre-

dit balances, debt instruments issued and other debts and financial instruments. All interest income and expense has been accrued as of the balance sheet date and is reflected in the income statement.

Dividends

Dividend income is recorded on the ex-dividend date.

Taxes

The Company is taxed as a holding company in the Canton of Zug. Income, including the dividend income and capital gains from its participations, is exempt from taxation at the canton and municipality level. For Swiss federal tax purposes, the Company is subject to income tax at a rate of 8,5 % (based on the profit after tax) on income, which does not qualify under the participation exemption as dividend income or capital gains. In 2004 and 2005, the Company's was liable only for capital tax as it could prevail itself of significant loss carry forwards (see Note 11). Capital taxes are recorded in "general and administrative expenses".

Financial instruments and associated risks

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

Credit risk: Financial assets that potentially expose the Company to credit risk consist primarily of cash, deposits, receivables and loans. The extent of the Company's exposure to credit risk in respect of these financial assets is limited to the carrying value as reported in the Company's balance sheet of such financial assets. The Company mitigates the exposure to credit risk by transacting with reputable and established institutions and by investing in companies and investment companies whose financial condition and performance are judged adequate.

Market risk / concentration risk: Market risk is the risk of potential adverse change to the value of financial instruments and their derivatives because of changes in market conditions such as interest and currency rate movements and volatility in security prices. The Company manages and limits these risks by diversification among markets, instruments and counterparties as well as through the use of trading limits. Although the Company will attempt to mitigate risks associated with market fluctuations and invest-

ment concentrations, it is possible that at any given time significant concentrations of investments may be made in markets and/or individual securities, including other investment companies, which might be both illiquid and volatile. Accordingly, risks exist that the Company might not be in a position to readily dispose of its holding in such markets or investments when it chooses to do so and also that the prices achieved on disposal are substantially different from those reported in the Company's balance sheet.

Interest rate risk: The fair value of certain instruments in which the Company invests is sensitive to changes in interest rates.

Also the Company may borrow from time to time to fund its activities. Changes in interest rates are not expected to significantly impact the Company's results of operations. The Company's interest rate risk positions are monitored on a regular basis by the Company's management.

Currency risk: The Company may enter from time to time into transactions denominated in currencies other than the Swiss franc. Accordingly, the Company is exposed to the risk that the exchange rate of foreign currencies against the Swiss franc will change in a manner which will adversely impact the Company's results of operations and/or net assets. The Company's currency risk positions are monitored on a regular basis by the Company's management.

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

3. Other current assets

As of 31 December 2004 and 2005, this position primarily represented claims for Swiss withholding tax. Other current assets consist of:

in CHF	2005	2004
Swiss withholding tax	5'104'387	3'527'424
Accrued interest and other receivables	242'266	43'560
Total	5'346'653	3'570'984

4. Investment table

Movements in investments are to be found on pages 32

Investment table	Swiss francs			
	Shares at	Fair value at	Shares at	Additions
Investments	1 January 2005	1 January 2005	31 December 2005	
LONG POSITIONS :				
Absolute Managers AG	254'494	16'321'809	217'447	3'518'474
Absolute Private Equity AG	0	0	157'543	11'683'803
Absolute US Ltd	65'520	17'233'011	109'910	49'211'416
ALG International Real Estate GmbH & Co KGaA	0	0	586'106	25'729'998
Altin AG	0	0	5'600	349'756
BB Biotech AG	385'591	26'952'810	0	0
BB Biotech AG	0	0	0	8'469'967
BB Medtech AG	815'202	36'643'329	123'381	3'067'303
Castle Private Equity AG	0	0	0	926'053
Carlo Cavazzi Holding AG	0	0	0	308'260
EIC Electricity SA	961'012	14'174'927	0	1'784'050
Esmertec AG	0	0	0	664'470
Forbo Holding AG	28'900	7'164'310	0	6'714'075
Invisa Inc	130'000	42'869	130'000	
Ivanhoe Energy Inc *	0	0	124'405	
Julius Bär Holding AG	0	0	0	956'800
Jupiter Telecommunication Co	0	0	0	256'615
Mach Hitech AG	0	0	279'200	5'171'245
Micro Value AG	13'573	6'718'635	0	5'121'023
Panalpina Weltransport (Holding) AG	0	0	0	336'000
OZ Holding AG	0	0	9'800	850'160
Prime New Energy AG	0	0	184'678	7'599'009
Progress Now! Invest AG	10'000	305'000	0	
ProKMU Invest AG	57'350	0	57'350	
Saia-Burgess Electronics AG	0	0	0	6'130'305
Scana Holding AG	68	10'540	0	
Schaffner Holding AG	0	0	39'844	7'408'676
SIG Holding AG	0	0	0	2'053'933
Tomos SA	0	0	739'668	9'190'612
Universal Guardian Holdings	32'641	51'220	0	
Valora Holding AG	0	0	21'271	5'289'386

* of which 124'405 shares are held in escrow under the "Agreement and Plan of Merger by and among Ivanhoe Energy Inc., Ivanhoe Merger Sub, Inc. and Ensyn Group, Inc."; dated as of 11 December, 2004

Swiss francs								
Reductions	Realised gains / (losses) net of FX	Realised FX gains / (losses)	Unrealised gains / (losses) net of FX	Unrealised FX gains / (losses)	Dividends/ capital reductions	Fair value at	Stock price (closing) in local currency at	
Twelve month period to 31 December 2005						31 December 2005	31 December 2005	
(11'211'091)	1'208'388	197'889	1'074'407	2'374'016		13'483'892	USD	47.05
			467'228	234'418		12'385'449	USD	59.65
(37'581'700)	1'544'120	97'800	(57'550)	4'217'179		34'664'276	USD	239.30
(527'876)	103'245	(361)	6'191'775	29'368		31'526'149	EUR	34.60
			18'440	832		369'028	USD	50.00
(26'772'847)	(179'963)					0		
(8'456'872)	(13'095)					0		
(40'095'660)	11'071'229		(3'406'722)		641'120	7'279'479	CHF	59.00
(1'160'615)	234'562					0		
(348'164)	39'904					0		
(16'679'736)	670'759					0		
(670'768)	6'298					0		
(14'066'953)	188'568					0		
			(25'703)	6'820		23'986	USD	0.14
(551'076)	680'073		173'804			173'804	USD	1.06
(978'758)	21'958					0		
(259'910)		3'295				0		
			259'195			5'430'440	CHF	19.45
(13'286'873)	1'447'215					0		
(384'300)	48'300					0		
(17'900)	897		29'243			862'400	CHF	88.00
(234'100)	14'366		(84'494)		782'250	7'294'781	CHF	39.50
(340'855)	35'855					0		
						0		
(6'288'682)	158'377					0		
(11'010)	470					0		
			(37'536)			7'371'140	CHF	185.00
(1'989'000)	(64'933)					0		
(3'491'826)	864'484		1'055'310			7'618'580	CHF	10.30
	(51'220)					0		
			129'401			5'418'787	CHF	254.75

Investment table (continued)	Swiss francs			
	Shares at	Fair value at	Shares at	Additions
Investments				
	1 January	1 January	31 December	
	2005	2005	2005	
LONG POSITIONS : (continued)				
Vitafort International Corp'	317'543	36	317'543	
Total Sumara AG*				50'351'513
Total Long Positions :		125'618'496		213'142'902
of which gains				
of which losses				
SHORT POSITIONS :				
Actelion Ltd	(20'000)	(2'336'000)	0	
Amgen Inc	(15'000)	(1'094'207)	0	
Biogen Idec Inc	(32'000)	(2'423'823)	0	
Biosite Inc	(4'000)	(279'916)	0	
Celgene Corp	(76'000)	(2'291'916)	0	
Draegerwerk AG	(54'000)	(3'547'266)	(5'000)	
EFG International	0	0	(75'000)	(5'488'617)
Elan Corp Plc -ADR-	(30'000)	(929'607)	0	
Eyeteck Pharmaceuticals Inc	(57'000)	(2'949'157)	0	(141'187)
Galenica Holding AG	(11'833)	(2'467'180)	0	
Genzyme Corporation	(31'000)	(2'047'034)	0	
Gilead Sciences Inc	(89'000)	(3'541'160)	0	
Icos Corp	(28'000)	(900'428)	0	
Ligand Pharmaceutical Inc	(85'000)	(1'125'080)	0	
Medicines Co	(71'000)	(2'325'211)	0	
Medtronic Inc	(6'000)	(338'888)	0	
Nobel Biocare Holding AG	(129'000)	(26'574'000)	(18'000)	(4'289'998)
Nokia Oyj	0	0	0	(181'465)
Pozen Inc	(25'000)	(206'674)	0	
Sepracor Inc	(44'000)	(2'970'512)	0	
Smith & Nephew PLC	(10'000)	(116'368)	0	
Straumann Holding AG	(1'000)	(236'000)	0	
Synthes Inc	(28'000)	(3'570'000)	0	
Total Sumara AG*				(31'778'341)
Total Short Positions :		(62'270'427)		(41'879'608)
of which gains				
of which losses				

* The detailed Investment Table for the period 12 December 2005 - 31 December 2005, will be shown on pages 38-45

Swiss francs									
Reductions	Realised gains / (losses) net of FX	Realised FX gains / (losses)	Unrealised gains / (losses) net of FX	Unrealised FX gains / (losses)	Dividends/ capital reductions	Fair value at	Stock price (closing) in local currency at		
Twelve month period to 31 December 2005							31 December 2005	31 December 2005	
			1	4		41	USD	0.00	
(340'282)	128'759	0	(289'820)	125'348	37'152	49'984'422			
(185'746'854)	18'158'616	298'623	5'496'979	6'987'985	1'460'522	183'886'654			
	18'467'827	298'984	10'372'442	6'992'165					
	309'211	(361)	(4'875'463)	(4'180)					
2'461'828	(125'828)					0			
1'099'964	(119'392)	113'635				0			
2'174'231	160'415	89'177				0			
259'760	43'842	(23'686)				0			
2'576'416	(382'167)	97'667				0			
3'508'602	214'084	(28'423)	(507'242)	18'933	(27'614)	(341'312)	EUR	43.91	
2'345'518	217'024		301'075			(2'625'000)	CHF	35.00	
715'214	289'651	(75'258)				0			
2'438'024	670'424	(18'104)				0			
2'779'082	(311'902)					0			
2'100'033	(63'023)	10'024				0			
3'531'012	(164'744)	174'892				0			
813'018	(49'949)	137'359				0			
1'076'443	(66'345)	114'982				0			
2'096'096	59'846	169'269				0			
433'044	(475)	(93'681)			(2'686)	0			
32'773'821	(11'079'126)		3'967'303		(230'550)	(5'202'000)	CHF	289.00	
176'902	4'798	(235)				0			
222'855	(61'244)	45'063				0			
3'155'667	(257'638)	72'483				0			
123'457	(4'011)	(3'078)				0			
245'902	(9'902)					0			
3'879'958	(309'958)					0			
			962'165	80'016		(30'896'191)			
70'986'847	(11'345'620)	782'086	4'723'301	(61'083)	(260'850)	(39'064'503)			
	1'660'084	1'024'551	5'290'304	18'933					
	(13'005'704)	(242'465)	(567'003)	(80'016)					

Investment table (continued)	Swiss francs			
	Shares at	Fair value at	Shares at	Additions
Investments				
	1 January 2005	1 January 2005	31 December 2005	
TRADING OPTIONS :				
Put SMI Index 6350.-			0	539'000
Call Euronext NV EUR 40.- / Short			70	(46'887)
Call Unicredito Italiano EUR 5.40 / Short			100	(56'724)
Total Trading Options :				435'389
of which gains				
of which losses				
DERIVATIVE INSTRUMENTS :				
Forward sales USD/CHF		(135'869)		
Forward sales EUR/CHF				
Total Derivative Instruments :		(135'869)		
of which gains				
of which losses				

Swiss francs									
Reductions	Realised gains / (losses) net of FX	Realised FX gains / (losses)	Unrealised gains / (losses) net of FX	Unrealised FX gains / (losses)	Dividends/ capital reductions	Fair value at	Stock price (closing) in local currency at		
						31 December 2005	31 December 2005		
	Twelve month period to 31 December 2005								
	(539'000)					0			
			(3'264)	(15)		(50'166)	EUR	4.61	
			(20'988)	(18)		(77'730)	EUR	0.50	
	(539'000)		(24'252)	(33)	0	(127'896)			
	0		0	0					
	(539'000)		(24'252)	(33)					
		(10'886'855)		(1'994'553)		(2'130'422)			
		27'310				0			
		(10'859'545)		(1'994'553)		(2'130'422)			
		27'310		0					
		(10'886'855)		(1'994'553)					

Investment table as of 31 December, 2005 Sumara AG		Swiss francs		
Investments ¹	Shares at	Fair value at	Shares at	Additions
	12 December	12 December	31 December	
	2005	2005	2005	
LONG POSITIONS :				
AMCORE FINL INC COM	11'200	460'334	11'200	
ATLAS AMERICA INC COMMON	39'559	2'939'874	39'559	
BANCO BILBAO VIZCAYA ARGENTA ORD. (SPANISH EXCH.)	22'300	519'036	22'300	
BANCORP INC COMMON	45'195	1'087'099	45'195	
BANK OF AMERICA CORP COM (BAC US)	57'000	3'438'116	57'000	
BENDIGO BANK LTD NPV	124'657	1'451'933	124'657	
BERKSHIRE HILLS BANCORP INC COM	17'942	768'569	17'942	
BOK FINANCIAL CORPORATION COMMON	6'955	434'868	6'955	
BRISTOL WEST HOLDINGS INC COMMON	35'000	852'454	35'000	
CANADIAN WESTN BK EDMONTON ALB COM	16'700	648'460	16'700	
CAPITAL ONE FINL CORP COM (COF US)	9'830	1'073'181	9'830	
CAPITALIA SPA ORDINARY (ITALIAN EXCH.)	111'856	825'067	111'856	
CITIGROUP INC COM (C US)	37'300	2'380'267	37'300	
CREDIT SUISSE GROUP REGISTERED SHARES	10'746	688'281	10'746	
DOLLAR FINANCIAL CORPORATION COMMON	14'000	218'795	14'000	
DOWNEY FINL CORP COM	5'100	433'713	5'100	
DUNDEE WEALTH MANAGEMENT INC COMMON	28'100	288'304	28'100	
ENTERPRISE FINANCIAL SERVICES COM PAR	1'800	53'493	1'800	
EURONEXT COM (NXT FP)	7'120	422'683	7'120	
FIDELITY BANKSHARES INC NEW COMMON	5'502	225'561	5'502	
FIFTH THIRD BANCORP COM	5'900	312'292	5'900	
FIRST CITIZENS BANCORP OF SOUT SHS	50	45'675	50	
FIRST CTZNS BANCSHARES INC N C CL A	3'500	862'437	3'500	
FIRST REPUBLIC BANK COMMON (US EXCH.)	45'300	2'308'456	45'300	
FOOTHILL INDEPENDENT BANCORP SHS	4'897	154'221	0	0
GOLD BANC CORPORATION COMMON	10'300	245'044	10'300	
GOLDEN WEST FINL CORP DEL COM	15'400	1'311'464	15'400	
GREENE COUNTY BANCSHARES INC ORDINARY	11'500	421'423	11'500	
HSBC HLDGS ORDINARY (LONDON EXCHANGE)	23'200	488'495	23'200	
JULIUS BAER HOLDING AG NAMEN-AKT. /	7'366	679'882	7'366	
KENSINGTON GROUP PLC ORDINARY	19'097	329'151	19'097	
MB FINANCIAL INC COMMON (US EXCHANGE)	9'000	444'320	9'000	
MERRILL LYNCH & CO INC COM (MER US)	9'500	829'373	9'500	
NASDAQ STOCK MARKET INC COMMON	31'700	1'630'409	31'700	
PARAGON GROUP HOLDS PLC SHS (LONDON EXCH.)	50'700	691'704	50'700	

Swiss francs								
Reductions	Realised gains / (losses) net of FX	Realised FX gains / (losses)	Unrealised gains / (losses) net of FX	Unrealised FX gains / (losses)	Dividends/ capital reductions	Fair value at	Stock price (closing) in local currency at	
			19 days period to 31 December 2005			31 December 2005	31 December 2005	
			(12'603)	1'169		448'900	USD	30.41
			190'480	9'442		3'139'796	USD	60.22
			4'396	1'454		524'886	EUR	15.08
			(76'876)	2'416		1'012'639	USD	17.00
			19'391	9'558		3'467'065	USD	46.15
			(43'092)	3'662		1'412'503	AUD	11.72
			21'363	2'261		792'193	USD	33.50
			(19'475)	1'050		416'443	USD	43.43
			22'898	2'502		877'854	USD	19.03
			27'555	1'977		677'992	CAD	35.81
			42'959	3'253		1'119'393	EUR	86.40
			26'225	2'451		853'743	EUR	4.89
			(976)	6'512		2'385'803	USD	48.53
			31'994	2'119		722'394	CHF	67.00
			1'832	612		221'239	USD	11.99
			24'624	1'367		459'704	USD	68.39
			32'113	1'024		321'441	CAD	10.09
			165	148		53'806	USD	22.68
			64'667	1'630		488'980	EUR	44.00
			10'871	696		237'128	USD	32.70
			(19'686)	712		293'318	USD	37.72
			327	128		46'130	USD	700.00
			(59'763)	1'925		804'599	USD	174.42
			(104'320)	5'561		2'209'697	USD	37.01
(154'412)	50'632	0	(49'744)	(697)		0		
			1'617	683		247'344	USD	18.22
			24'382	3'769		1'339'615	USD	66.00
			(7'825)	1'098		414'696	USD	27.36
			1'254	1'348		491'097	GBP	9.33
			6'282	1'908		688'072	CHF	93.10
			70'213	1'414		400'778	GBP	9.25
			(25'436)	1'031		419'915	USD	35.40
			16'284	2'390		848'047	USD	67.73
			(163'838)	3'271		1'469'842	USD	35.18
			52'552	2'278		746'534	GBP	6.49

Investment table (continued)	Swiss francs			
	Shares at	Fair value at	Shares at	Additions
Investments	12 December	12 December	31 December	
	2005	2005	2005	
PEOPLES CHOICE FIN. CORP SHARES REG S	70'800	697'946	70'800	
PEOPLES FINANCIAL CORP SHS (NASDAQ NMS)	6'800	151'945	6'800	
PHOENIX COMPANIES INC COMMON (US EXCH.)	13'600	243'111	13'600	
PROMISE CO JPY50 (8574 JP)	8'650	687'023	8'650	
SAFETY INS GROUP INC COM	15'500	817'169	15'500	
SHINSEI BANK LTD COM (8303 JP)	103'000	759'316	103'000	
SIGNATURE BANK COMMON	49'900	1'888'295	49'900	
ST GEORGE BANK LTD NPV	13'116	360'277	13'116	
STATE STREET CORP COMMON (US EXCHANGE)	13'900	1'054'006	13'900	
SUSSEX BANCORP SHARES	1'727	33'664	1'727	
TAKEFUJI CORP JPY50 (8564 JP)	8'220	730'421	8'220	
TAYLOR CAP GROUP INC COM	14'464	745'060	14'464	
UBS AG-REGISTERED COM (UBSN VX)	13'190	1'599'947	13'190	
UMB FINANCIAL CORPORATION COMMON	10'600	924'849	10'600	
UNICREDITO ITALIAN ITL500	92'145	753'926	92'145	
UNIONBANCAL CORP COM	27'800	2'528'590	25'700	
WEBSTER FINL CORP CONN COM	30'100	1'893'506	30'100	
WESTPAC BKG CORP NPV	69'395	1'511'470	69'395	
WHITE MOUNT. INSURANCE GRP COM (US EXCH.)	3'500	2'798'883	3'500	
WSFS FINANCIAL CORPORATION COMMON	2'500	207'675	2'500	
Total Long Positions :		50'351'513		0
of which gains				
of which losses				
* Due to the small amount no breakdown is shown				

Swiss francs								
Reductions	Realised gains / (losses) net of FX	Realised FX gains / (losses)	Unrealised gains / (losses) net of FX	Unrealised FX gains / (losses)	Dividends/ capital reductions	Fair value at	Stock price (closing) in local currency at	
						31 December 2005	31 December 2005	
			19 days period to 31 December 2005					
			(185'277)	560		513'229	USD	5.50
			(1'335)	406		151'016	USD	16.85
			712	671		244'494	USD	13.64
			69'284	2'387		758'694	JPY	7850.00
			5'273	2'277		824'719	USD	40.37
			23'312	2'250		784'878	JPY	682.00
			(47'010)	4'828		1'846'113	USD	28.07
			14'741	1'094		376'112	AUD	29.66
			(40'922)	2'588		1'015'672	USD	55.44
			565	96		34'325	USD	15.08
			3'228	2'024		735'673	JPY	8010.00
			22'900	2'208		770'168	USD	40.40
			50'895	4'754		1'655'596	CHF	125.10
			(34'258)	2'283		892'874	USD	63.91
			77'620	2'632		834'178	EUR	5.80
(185'870)	78'127	0	(98'542)	(3'483)		2'327'725	USD	68.72
			(37'809)	4'910		1'860'607	USD	46.90
			10'664	4'218		1'526'352	AUD	22.75
			(228'292)	6'000		2'576'591	USD	558.55
			(6'379)	523		201'820	USD	61.25
(340'282)	128'759	0	(289'820)	125'348	45'602*	49'984'422		
	128'759	0	973'638	129'528				
	0	0	(1'263'458)	(4'180)				

Investment table (continued)	Swiss francs			
	Shares at	Fair value at	Shares at	Additions
Investments				
	12 December	12 December	31 December	
	2005	2005	2005	
SHORT POSITIONS :				
BROOKLINE BANCORP INC COM	(58'500)	(1'078'800)	(58'500)	
CENTRAL PACIFIC FINANCIAL CORP COMMON	(15'900)	(764'902)	(15'900)	
CHITTENDEN CORPORATION COMMON	(10'550)	(412'818)	(10'550)	
CITY BK LYNNWOOD WASH COM	(1'700)	(76'978)	(1'700)	
COASTAL FINANCIAL CORPORATION COMMON	(14'190)	(250'487)	(14'190)	
COBIZ INC COM	(9'400)	(234'999)	(9'400)	
COMMUNITY BK SYS INC COM	(41'700)	(1'318'740)	(41'700)	
CVB FINL CORP COM	(19'500)	(516'204)	(19'500)	
EDWARDS AG INC COM	(7'500)	(434'442)	(7'500)	
FIFTH THIRD BANCORP COM	(17'848)	(944'710)	(17'848)	
FIRST BANCORP P R COM	(18'800)	(299'000)	(18'800)	
FNB CORPORATION COMMON	(40'500)	(975'765)	(40'500)	
FREMONT GEN CORP COM	(5'700)	(175'390)	(5'700)	
GREAT SOUTHN BANCORP INC COM	(4'300)	(171'875)	(4'300)	
HARBOR FLA BANCSHARES INC COM	(29'800)	(1'475'109)	(29'800)	
JANUS CAPITAL GROUP INC COM (US EXCH.)	(54'500)	(1'373'239)	(54'500)	
LABRANCHE & CO INC COMMON (US EXCH.)	(79'100)	(1'110'389)	(79'100)	
MACQUARIE BANK NPV	(28'534)	(1'878'318)	(28'534)	
MARKETAXESS HOLDING INC COMMON	(46'100)	(739'851)	(46'100)	
NATIONAL PENN BANCSHARES INC COMMON	(25'700)	(695'532)	(25'700)	
N. Y. COMMUNITY BANCORP COM (NYB US)	(65'100)	(1'424'698)	(65'100)	
OPTIONSPRESS HOLDG INC COM (OXPS US)	(16'700)	(538'006)	(16'700)	
ORIENTAL FINL GROUP INC COM	(26'810)	(468'327)	(26'810)	
PRIVATEBANCORP INC COMMON	(27'700)	(1'343'124)	(27'700)	
PROSPERITY BANCSHARES INC COM	(11'100)	(446'449)	(11'100)	
PROVIDENT BANKSHARES CORP COMMON	(37'200)	(1'742'642)	(37'200)	
REGIONAL BK HOLDRS TR ETF MERRILL LYNCH	(9'100)	(1'689'975)	(9'100)	
S & T BANCORP INC' COMMON	(23'800)	(1'202'508)	(23'800)	
SANDY SPRING BANCORP INC COM	(2'300)	(111'976)	(2'300)	
SCHWAB CHARLES CORP NEW COM	(47'500)	(952'119)	(47'500)	
SKY FINL GROUP INC COM	(18'900)	(737'315)	(18'900)	
ST PAUL COS INC COMMON (US EXCHANGE)	(8'200)	(501'504)	(8'200)	
TCF FINANCIAL CORP COM (TCB US)	(30'200)	(1'090'021)	(30'200)	
TRUSTCO BANK CORPORATION NY COMMON	(60'300)	(1'028'773)	(60'300)	
VALLEY NATL BANCORP COM	(29'918)	(968'556)	(29'918)	

Swiss francs								
Reductions	Realised gains / (losses) net of FX	Realised FX gains / (losses)	Unrealised gains / (losses) net of FX	Unrealised FX gains / (losses)	Dividends/ capital reductions	Fair value at	Stock price (closing) in local currency at	
			19 days period to 31 December 2005			31 December 2005	31 December 2005	
			(10'716)	(3'034)		(1'092'550)	USD	14.17
			14'147	(1'992)		(752'747)	USD	35.92
			27'056	(933)		(386'695)	USD	27.81
			(2'491)	(229)		(79'698)	USD	35.57
			10'583	(609)		(240'513)	USD	12.86
			9'717	(573)		(225'855)	USD	18.23
			82'389	(3'011)		(1'239'362)	USD	22.55
			(4'338)	(1'445)		(521'987)	USD	20.31
			(27'379)	(1'390)		(463'211)	USD	46.86
			59'551	(2'154)		(887'313)	USD	37.72
			(7'626)	(874)		(307'500)	USD	12.41
			51'402	(2'296)		(926'659)	USD	17.36
			1'342	(470)		(174'518)	USD	23.23
			15'754	(356)		(156'477)	USD	27.61
			23'785	(3'867)		(1'455'191)	USD	37.05
			38'508	(3'481)		(1'338'212)	USD	18.63
			58'994	(2'611)		(1'054'006)	USD	10.11
			3'173	(5'121)		(1'880'266)	AUD	68.15
			47'049	(1'683)		(694'485)	USD	11.43
			51'786	(1'527)		(645'273)	USD	19.05
			11'073	(3'821)		(1'417'446)	USD	16.52
			(874)	(1'480)		(540'360)	USD	24.55
			32'624	(1'045)		(436'748)	USD	12.36
			47'842	(3'329)		(1'298'611)	USD	35.57
			27'014	(1'025)		(420'460)	USD	28.74
			91'021	(4'109)		(1'655'730)	USD	33.77
			9'645	(4'559)		(1'684'889)	USD	140.48
			50'449	(2'925)		(1'154'984)	USD	36.82
			6'500	(259)		(105'735)	USD	34.88
			36'048	(2'344)		(918'415)	USD	14.67
			45'997	(1'684)		(693'002)	USD	27.82
			19'956	(1'227)		(482'775)	USD	44.67
			12'645	(2'894)		(1'080'270)	USD	27.14
			44'184	(2'495)		(987'084)	USD	12.42
			20'747	(2'500)		(950'309)	USD	24.10

Investment table (continued)	Swiss francs			Additions
	Shares at	Fair value at	Shares at	
Investments				
	12 December	12 December	31 December	
	2005	2005	2005	
SHORT POSITIONS : (continued)				
VINEYARD NATL BANCORP CO COM (VNBC US)	(2'900)	(111'189)	(2'900)	
W HLDG CO INC COM	(42'228)	(457'912)	(42'228)	
WASHINGTON FED INC COM	(13'100)	(417'896)	(13'100)	
WEST BANCORP SHS	(5'400)	(138'335)	(5'400)	
WESTAMERICA BANCORPORATION COM	(20'600)	(1'479'468)	(20'600)	
Total Short Positions :		(31'778'341)		0
of which gains				
of which losses				

Swiss francs								
Reductions	Realised gains / (losses) net of FX	Realised FX gains / (losses)	Unrealised gains / (losses) net of FX	Unrealised FX gains / (losses)	Dividends/ capital reductions	Fair value at	Stock price (closing) in local currency at	
						31 December 2005	31 December 2005	
			19 days period to 31 December 2005					
			(6'337)	(351)		(117'877)	USD	30.84
			1'105	(1'246)		(458'053)	USD	8.23
			21'940	(985)		(396'941)	USD	22.99
			5'582	(339)		(133'092)	USD	18.70
			42'318	(3'743)		(1'440'892)	USD	53.07
0	0	0	962'165	(80'016)	0	(30'896'191)		
0	0		1'021'926	0				
0	0		(59'761)	(80'016)				

5. Shareholders' equity and movements in treasury stock

To give effect to the acquisition of Terra, in August 2004 the Company's share capital was split in a ratio of 1 to 5. Following the stock split, the share capital of Alpine was CHF 156'800 consisting of 7'840'000 registered shares with a par value of CHF 0.02 each. Simultaneously with the stock split, the Company's share capital was increased from CHF 156'800 to CHF 181'304.50 by issuing 1'225'225 new registered shares. As of 31 December 2004, the Company's share capital consisted of 9'065'225 registered shares with a par value of CHF 0.02.

On 5 December 2005 Alpine increased its share capital from CHF 181'304.50 to CHF 226'630.62 through the issuance of 2'266'306 shares. As of 31 December 2005, the Company's share capital consisted of 11'331'531 registered shares with a par value of CHF 0.02.

The Board of Directors is authorized to increase at any time until 28 April 2006 the current share capital of CHF 226'630.62 up to an aggregate amount of CHF 235'200 by issuing up to 428'469 registered shares to be fully paid-in with a par value of CHF 0.02 each.

As of 31 December 2005 and 2004, the Company did not own any treasury stock.

6. Gains on trading securities and liabilities and derivatives, net

Gains consists of:

in CHF	2005	2004
Realized gain / (loss) – trading securities	18'467'827	20'389'932
Realized gain / (loss) – trading securities	(309'211)	(531'350)
Realized currency gain / (loss) – trading securities	298'623	(147'209)
Net realized – trading securities	18'457'239	19'711'373
Unrealized gain / (loss) – trading securities	10'372'442	12'165'680
Unrealized gain / (loss) – trading securities	(4'875'463)	(960'211)
Net unrealized currency gain / (loss) – trading securities	6'987'985	(2'321'179)
Net unrealized – trading securities	12'484'964	8'884'290
Total, net - trading securities	30'942'203	28'595'663
Realized gain / (loss) – trading liabilities	1'660'084	3'094'825
Realized gain / (loss) – trading liabilities	(13'005'704)	(10'515'180)
Realized currency gain / (loss) – trading liabilities	782'086	2'040'957
Net realized – trading liabilities	(10'563'534)	(5'379'398)

Unrealized gain (loss) – trading liabilities	5'290'304	4'166'172
Unrealized gain / (loss) – trading liabilities	567'003	(9'878'650)
Unrealized currency gain / (loss) – trading liabilities	(61'083)	(435'652)
Net unrealized – trading liabilities	4'662'218	(6'148'130)
Total, net – trading liabilities	(5'901'316)	(11'527'528)
Realized gain / (loss) – trading options	0	0
Realized gain / (loss) – trading options	(539'000)	0
Realized currency gain / (loss) – trading options	0	0
Net realized – trading options	(539'000)	0
Unrealized gain / (loss) – trading options	0	0
Unrealized gain / (loss) – trading options	(24'252)	0
Unrealized currency gain / (loss) – trading options	(33)	0
Net unrealized – trading liabilities	(24'285)	0
Total, net – trading options	(563'285)	0
Realized gain / (loss) – derivatives	(10'859'545)	2'960'748
Unrealized gain / (loss) – derivatives	(1'994'553)	(135'869)
Total, net – derivatives	(12'854'098)	2'824'879
Income from investments, net	11'623'504	19'893'014

7. Interest income – (expenses), net

Interest income – (expense) consists of:

in CHF	2005	2004
interest income	514'723	74'736
Interest expense	(127'455)	(11'083)
Interest on securities lending/borrowing, net	(174'940)	(733'981)
Total	212'328	(670'328)

8 General and administrative expenses

General and administrative expenses consist of:

in CHF	2005	2004
Personnel and office expenses	1'928'615	1'508'561
Legal, accounting and auditing fees	473'660	409'081
Board of Directors remuneration	37'697	38'422
Total	2'439'972	1'956'064

9. Employee benefits

Besides the statutory social security schemes there are independent pension plans or pension insurance policies covering substantially all employees. The Company's con-

tributions to defined contribution plans are charged to the income statement in the period to which the contributions relate. The Company has no defined benefit pension or post-retirement schemes at 31 December 2005. The amount of contributions charged to the income statement for 2005 is CHF 52'253.

10. Other costs

Other costs consist of:

in CHF	2005	2004
Capital increase: charges and fees	558'000	0
Miscellaneous expenses	66'238	0
Costs and charges related to acquisitions and disposals	72'031	374'349
Total	696'269	374'349

11. Taxes

The Company did not have to pay income taxes for the years 2004 and 2005 due to the use of accumulated losses from previous years. As a result of the acquisition of Terra in 2004, approximately CHF 47.4 million of loss carry forwards were acquired by the Company. On 1 January 2005 CHF 22.7 million of these loss carry forwards were still available to the company. In 2005 as a result of the acquisition of Sumara AG additional CHF 4.8 million of loss carry forwards were acquired. The remaining CHF 27.5 million of loss carry forwards have been compensated with the statutory profits 2005 of CHF 9.2 million. The amount of CHF 18.3 million is available until the end of 2007.

Because of the uncertainty of market movement an exact estimate concerning future profits is not possible. As a result deferred tax assets will not be capitalized the extent of the existing and anytime realizable temporal limited differences respectively settled with the deferred taxes on the liabilities side.

12. Per share data

Earnings per share are calculated using the adjusted weighted average number of shares out-standing, while the net asset value is calculated using the adjusted number of shares outstanding at year end.

in CHF	2005	2004
Net income in CHF	14'215'583	17'726'118
Weighted average number of outstanding shares, adjusted	9'222'607	8'242'814
Net earnings per share in CHF, adjusted	1.54	2.15

13. Contingent liabilities and commitments

As of 31 December 2005, no contingent liabilities and/or commitments existed that could have a material effect upon the financial condition of the Company.

14. Credit agreements

The Company has entered into a general banking and securities lending agreement on 15 February 2003 with Bank Julius Baer & Co. Ltd., Zurich. Under this agreement, advances made or securities loaned to the Company are secured by a pledge on assets of the Company deposited with Bank Julius Baer & Co. Ltd., Zurich.

In addition the company has also entered a lombard credit facility.

The bank overdraft amounting to CHF 30'581'353 is mainly composed by the following amounts:

Amount	Currency	in CHF	Maturity	Inerest
3'000'000	CHF	3'000'000	13 January 2006	1.45%
4'000'000	CHF	4'000'000	13 January 2006	1.57%
22'000'000	CHF	22'000'000	13 January 2006	1.46%
1'000'000	EUR	1'554'600	31 March 2006	3.00%

15. Significant shareholders

To the best knowledge of the Company the following shareholders held a participation exceeding 5% of the share capital of the Company on 31 December 2005

Fabrel AG

Seestrasse 50, CH-6052 Hergiswil;

Fabrel AG is controlled by Hans Müller, CH-6052 Hergiswil

Total shares owned (in percent) 2'500'000 (22.06%)

Trinsic AG

Artherstrasse 21, CH-6300 Zug;

Daniel Sauter, CH-6300 Zug;

Michel Vukotic, CH-8706 Meilen

Total shares owned (in percent) 1'465'609 (12.93%)

16. Related party transactions

Apart from the remuneration of the Board of Directors (see point 5.2 of the Corporate Governance Section) there were no other related party transactions in 2005. As of 31 December 2005 a member of the Board of Directors, Daniel Sauter, owned more than 5% of the shares of the Company, directly or indirectly.

17. Subsequent events

In January 2006 the Board of Directors of Sumara Portfolio Ltd., Cayman decided to put the company into liquidation during 2006.

Report of the group auditors to the General Meeting of Alpine Select Ltd., Zug

Zurich, 24 April, 2006

As group auditors, we have audited the consolidated financial statements (balance sheet, income statement, statement of changes in equity, cash flow statement and notes) / pages 22 to 50 of Alpine Select Ltd., Zug for the year ended 31 December, 2005.

These consolidated financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with Swiss Auditing Standards and in accordance with the International Standards on Auditing (ISA), which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and the accounting provisions as contained in the Additional Rules for Listing of Investment Companies of the Swiss Exchange (SWX) and comply with Swiss law.

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

Ernst & Young Ltd

Cataldo Castagna
Swiss Certified Accountant
(in charge of the audit)

Stefan Fuchs
Swiss Certified Accountant

Statutory financial statements

Balance sheet at 31 December		
in CHF	2005	2004
ASSETS		
Current assets		
Cash and cash equivalents	1'222'637	61'176'541
Trading securities	115'717'149	113'452'816
Other current assets	5'138'804	3'570'983
Total current assets	122'078'590	178'200'340
Non-current assets		
Furniture and equipment, net	46'873	53'571
Participation	69'055'306	0
TOTAL ASSETS	191'180'769	178'253'911
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Bank overdraft	30'581'353	0
Trading liabilities	8'505'084	67'534'605
Trading options, short	127'897	0
Derivative financial instruments	2'130'422	135'869
Accounts payable and accrued liabilities	1'203'875	631'955
Total current liabilities	42'548'631	68'302'429
Shareholders' equity		
Share capital	226'631	181'305
Legal reserves	91'829'938	62'413'285
Retained earnings	47'356'892	22'571'052
Net income of the year	9'218'677	24'785'840
Total shareholders' equity	148'632'138	109'951'482
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	191'180'769	178'253'911

Income statement for the year ended 31 December		
in CHF	2005	2004
OPERATING INCOME		
Realised gain / (loss) own shares	21'785	0
Net realized gain / (loss) on marketable securities and securities sold short	22'539'170	(4'633'989)
Net realized gain / (loss) on derivative financial instruments	(12'854'098)	2'824'878
Net realized gain / (loss) on liquidation of Terra Trust Ltd and Terra Venture Ltd	0	29'360'141
Other income	250'606	100'000
Interest expense, net	(98'570)	(669'389)
Dividend income	1'423'370	2'905'980
Net foreign exchange differences on cash and cash equivalents	2'508'194	(450'532)
Total operating income	13'790'457	29'437'089
OPERATING EXPENSES		
General and administrative expenses	(2'105'083)	(2'826'783)
Commissions and other bank fees	(1'901'999)	(1'798'332)
Other costs	(558'000)	(13'144)
Depreciation	(6'698)	(1'252)
Total operating expenses	(4'571'780)	(4'639'511)
Net income before taxes	9'218'677	24'797'578
Taxes	0	(11'738)
Net income after taxes	9'218'677	24'785'840

Notes to the statutory financial statements

1. Acquisitions

In September 2004 and pursuant to a merger dated 27 April 2004, the Company acquired Terra Trust Investment AG. Alpine effectively remaining the surviving entity. Following the merger, the two wholly-owned subsidiaries of Terra Trust Investment AG were put into liquidation and were liquidated in 2005.

During the last quarter in 2005 and pursuant to the agreement dated 12 December 2005, the Company acquired Sumara AG (formerly Aramus AG) ("Sumara", or together with its wholly owned subsidiary Sumara Portfolio Ltd., the "Sumara Group"). Sumara is a private Swiss investment company. Sumara Portfolio Ltd. is the sole subsidiary of Sumara and subsequent to year-end has been put into liquidation.

2. Participation

As of 31 December 2005 Alpine Select AG owns 100% of Sumara AG. Sumara AG has a share capital of CHF 1'306'230.

3. Investments

Trading securities and trading options are recorded at the lower of cost or market. Trading liabilities and trading options short are recorded at the higher of cost or market.

4. Own shares

As of 31 December 2005 and 2004 the Company did not own any of its own shares.

Statement of changes in equity					
	Quantity	Rate*	CHF	CHF	31 Dec 2005
31 December 2003	0				
01 January 2004	0				
31 December 2004	0				
Own shares received in connection with the capital increase in December 2005	12'807	13.00	166'491	166'491	
Sales of own shares					
December 2005	12'807	14.70	188'263	188'263	
31 December 2005	0				0

* The rate refers to the purchase price

5. Significant shareholders

Shareholdings in excess of 5% of the Company's shares are reported on page 49, Note 15.

Proposed appropriation of available earnings

in CHF

Retained earnings at beginning of the year 2005	47'356'892
Net income for the year	9'218'677
Retained earnings at end of year 2005	55'575'569

Proposal of the Board of Directors

Earnings carried forward	55'575'569
--------------------------	------------

Report of the statutory auditors to the General Meeting of Alpine Select Ltd., Zug

Zurich, 24 April, 2006

As statutory auditors, we have audited the accounting records and the financial statements (balance sheet, income statement and notes) / pages 52 to 55 of Alpine Select Ltd. Zug for the year ended December 31, 2005

These financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with Swiss Auditing Standards, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and financial statements and the proposed appropriation of available earnings comply with Swiss law and the company's articles of incorporation.

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

Ernst & Young Ltd

Cataldo Castagna
Swiss Certified Accountant
(in charge of the audit)

Stefan Fuchs
Swiss Certified Accountant

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

While some information used in this document has been obtained from various published and unpublished sources considered to be reliable. Alpine Select AG does not guarantee its accuracy or completeness and accepts no liability for any direct or consequential losses arising from its use.



ALPINE SELECT

Alpine Select AG Bahnhofstrasse 23 CH-6300 Zug
Tel. +41 41 720 44 11 Fax +41 41 720 44 12
info@alpine-select.ch www.alpine-select.ch