Annual Report 2007

Alpine Select

Board of Directors

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

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:	15'864'144

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

ALPINE SELECT

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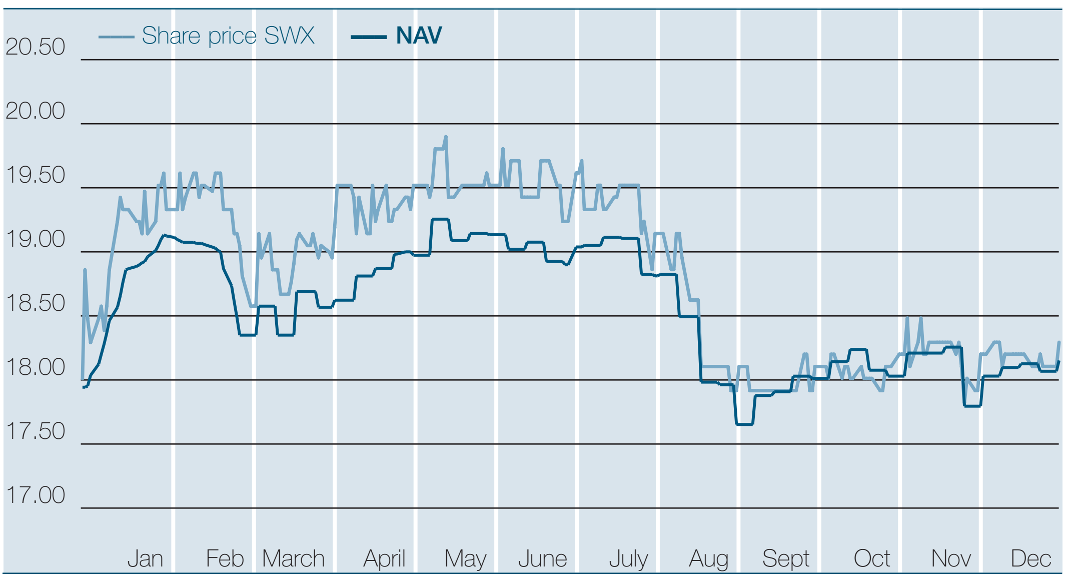
Key figures

	31 December 2007	31 December 2006
Share price	CHF 18.20	CHF 17.90
NAV	CHF 18.09	CHF 17.60

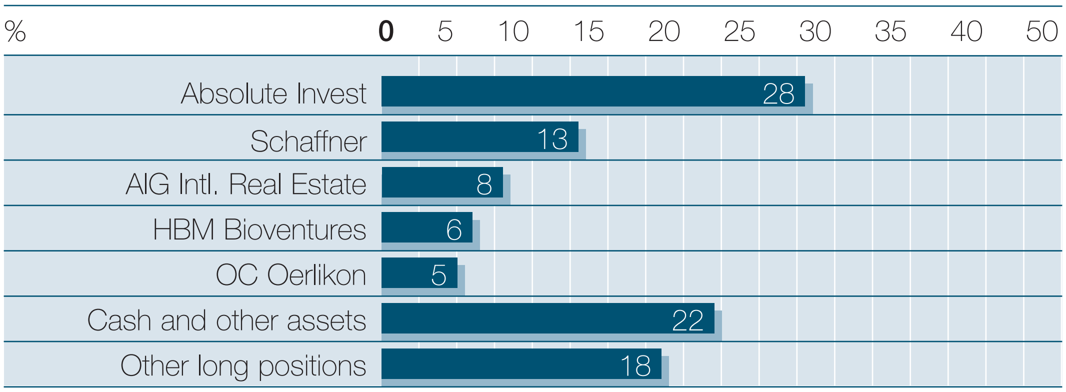
	High 2007	Low 2007
Share price	CHF 19.90	CHF 17.70
Premium / (Discount) to NAV	6.1%	– 1.3%
NAV	CHF 19.22	CHF 17.25

Data for 2006 is adjusted for the 5:2 share capital increase.

12 Months price history for the year 2007 in CHF
(weekly NAV and daily closing share price)



Positions as a percentage of net book value on 31 December 2007



Monthly NAV-performance in %

	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Annually
2003*						0.1	-1.4	5.5	1.4	-2.8	5.1	-1.7	5.9*
2004	5.8	1.7	3.1	2.2	-2.6	1.1	0.9	-1.3	3.7	0.1	0.5	0.9	16.9
2005	-0.1	0	0.1	0.7	0.7	0.6	4.6	1.9	2.0	-1.8	-1.2	3.3	11.1
2006	2.6	3.3	2.7	3.2	-4.4	1.6	0.8	-0.3	2.6	9.2	0.3	0.3	23.6
2007	7.5	-3.5	2.0	1.8	0.7	-0.7	-1.3	-6.0	0	0.6	-0.9	1.0	2.8

*seven months only

Monthly Share price-performance in %

	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Annually
2003*						2.4	0.9	2.0	1.6	1.7	-0.4	1.0	5.9*
2004	6.2	3.2	5.4	2.2	1.4	-0.7	0	1.4	-1.4	-0.7	-1.8	2.6	18.9
2005	0.7	0	1.1	-0.7	0.7	0.3	5.2	3.9	2.0	0	-5.1	-0.3	6.8
2006	3.7	4.5	3.7	1.8	-4.4	1.2	1.2	1.7	2.6	5.1	1.5	1.7	27.1
2007	8.9	-2.1	0.5	2.1	0.7	-1.5	-0.5	0	0	0.8	0	0.6	1.7

*seven months only

Chairman's statement

Dear Shareholders

While the first six months of the year have shown a positive development of the net asset value (NAV) of Alpine markets in the second half of the year have been less favorable. For the full year the NAV has increased by 2.8% from CHF 17.60 to CHF 18.09 and the share price has risen by 1.7% from CHF 17.90 to CHF 18.20. This performance is below our set target, however, still positive and above comparative benchmarks.

While equity markets have had a good start into the year the signs of overheating already detected in the middle of the year became more tangible in the second half and the Swiss market declined steadily – only interrupted by a short autumn rebound – towards the year end.

Our timing was good on positions such as Gurit Holding, Inficon, Bank Linth, Sarasin Torneo Multistrategy Fund and Swisslog all of which were disposed of at a profit. After a number of disappointing corporate developments which Valora Holding AG communicated in a less than professional fashion, we lost total confidence in their management and sold the entire position during the fall of the year. Having proactively managed this investment allowed Alpine to still exit this position at a respectable profit. With mounting instability in the financial system as a result of the rapidly spreading subprime debt crisis coupled with fears of a resulting recession in the U.S., many quoted investment vehicles started to develop discounts to its net asset value again. We believe that in the time to come this may pose new opportunities in line with our investment strategy. Hence we have built up our cash resources to be in a position to react swiftly.

Though main markets have continued to decline steeply post our year end closing on the back of disastrous news-flow from mainly the financial industry, we believe that our core holdings are of good quality and will allow the Company to generate its targeted performance. Despite the decline of the NAV in the first few months of the year 2008, the Company's share price follows this value very closely. A feature we continue to give priority.

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

Daniel J. Sauter

Chairman of the Board of Directors

Review of operations

Investment policy and focus

Alpine Select AG (the "Company") 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 2007, net asset value per share was according to the IFRS valuation CHF 18.09, an increase of 2.8% compared to the net asset value at the beginning of the year (CHF 17.60). Throughout the year the shares traded near or at the net asset value (ranging from a discount of -1.3% to a premium of 6.1%). The share price increased during the year by 1.7% from CHF 17.90 to CHF 18.20.

As at the end of the reported period, long positions comprised of 19 investments or CHF 222.8 million of which the participations in Absolute Invest AG, Schaffner Holding AG, AIG International Real Estate, HBM Bioventures AG and OC Oerlikon Corp. AG represented 60% of aggregate positions or CHF 170.6 million. The remaining amount of CHF 52.2 million mainly comprised of investments in Highland Financial Trust, Castle Private Equity, Feintool International Holding AG, Cicor Technologies AG, Stone Tower, Pargesa Holding AG, New Venturetec AG and Absolute Private Equity.

Apart from the disposal of smaller positions, the Company also disposed of its holdings in Gurit Holding AG, Inficon Holding AG, Sarasin Torneo Multistrategy Fund and Valora Holding AG and reduced its positions in Absolute Invest AG, Absolute Europe Ltd and Ivanhoe Energy Inc. For the majority of these divestments a profit was realized.

No short positions were open at 31 December 2007.

Net liquidity (liquid funds net of debt) amounted to CHF 44.5 million at 31 December 2007.

Corporate governance

1. Group structure and shareholders

1.1 Group business

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

1.2 Company and group structure

Alpine, with registered offices at Bahnhofstrasse 23, Zug, Switzerland, is a joint stock company incorporated on 17 September 1997 under the laws of Switzerland and listed on the SWX Swiss Exchange.

During the last quarter of 2005 and pursuant to an agreement dated 12 December 2005, Alpine acquired Sumara AG (formerly Aramus AG). Sumara AG was a private Swiss investment company and is now a wholly owned subsidiary of Alpine with broadly diversified investments in shares of various companies.

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

Sumara AG itself owned a 100% interest in Sumara Portfolio Ltd, Cayman Islands. The Board of Directors of Sumara Portfolio Ltd decided to pay a dividend to Sumara AG on 24 January 2006. The settlement of the dividend was performed by transferring cash, trading securities and liabilities of Sumara Portfolio Ltd to Sumara AG. Sumara Portfolio Ltd was liquidated on 2 October 2006.

Sumara AG is the only subsidiary of the Company.

1.3 Significant shareholders

The Company has received no notification in respect of a reportable treshold during 2007. Management transactions were regularly reported to the SWX Swiss Exchange.

as at 31 December	2007	2006
Fabrel AG		
Seestrasse 50, 6052 Hergiswil:		
- Number of shares	3'500'000	3'500'000
- Percentage	22.06%	22.06%
Beneficial owner is		
Hans Müller, 6052 Hergiswil		
Trinsic AG		
Artherstrasse 21, 6300 Zug:		
- Number of shares	2'207'267	1'946'236
- Percentage	13.91%	12.27%
Beneficial owners are		
Daniel Sauter, 6300 Zug and		
Michel Vukotic, 8706 Meilen		

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

1.4 Cross-Shareholdings

There are no cross-shareholdings.

2. Capital structure

2.1 Share capital

As of 31 December 2007, the share capital of Alpine amounts to CHF 317'282.88 and is divided into 15'864'144 registered shares with a nominal value of CHF 0.02 per share. The share capital is fully paid-in. Each registered share carries one voting right.

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 per 31 December 2007, Alpine's market capitalization was CHF 289 million.

2.2 Authorized share capital

The Board of Directors is authorized to increase the share capital at any time until 25 Mai 2009 by an amount not exceeding CHF 158'641.44 through the issue of up to 7'932'072 registered shares to be fully paid-in with a nominal value of CHF 0.02 each. Increases by underwriting and by partial amounts are allowed. The date of issue of the new shares, their issue price, the kind of the contribution, the conditions to exercise the subscription rights and the date of the dividend entitlement are determined by the Board of Directors. The newly issued registered shares are subject to the transfer restrictions pursuant to Art. 6 of the Articles of Association.

The Board of Directors may exclude the subscription rights of shareholders and assign them to third parties in case the new registered shares are used in connection with a merger with a company, an acquisition of enterprises, parts of an enterprise or participations in investment companies by share exchange or in order to finance the acquisition of enterprises, parts of enterprises or participations in investment companies.

Registered shares for which subscription rights have been granted but that have not been executed shall be sold at market conditions.

2.3 Conditional share capital

The share capital may be increased by an amount not exceeding CHF 113'315.00 through the issue of a maximum of 5'665'750 registered shares to be fully paid-in with a nominal value of CHF 0.02 each through the exercise of conversion or option rights in connection with bonds or similar instruments issued by the Company or by its subsidiary or through the exercise of option rights granted to shareholders.

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

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

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

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

2.4 Changes in share capital

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

All figures in this report as well as historic figures have been adjusted for these capital increases.

2.5 Shares and participation certificates

The Company's share capital consists of 15'864'144 registered shares with a nominal value of CHF 0.02 each. There are no preferential rights or similar rights. Each share carries one vote and has full dividend rights. There are no voting right restrictions and each shareholder can exercise his voting rights at the shareholders' meetings (see section 2.7 on nominees). There are no participation certificates.

2.6 Profit sharing certificates

There are no profit sharing certificates outstanding.

2.7 Limitation on share transferability and nominee registration

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

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% of the share capital as registered in the Register of Commerce. Nominees who are bound by capital, voting power, management or in another manner or who coordinate their actions by agreement, union or in any other manner in order to elude the transfer restrictions are to be considered as one Nominee when applying this provision. Beyond this limitation, Nominees shall be registered as shareholders with voting rights only if the respective Nominee discloses name, address, nationality and shareholdings of the persons for the account of whom he holds 1% or more of the share capital as registered in the Register of Commerce (Art. 6 para. 4 of the Articles of Association).

With the reservation of Art. 653c para. 3 CO, these restrictions apply to the acquisition of registered shares by exercising subscription, option as well as conversion rights (Art. 6 para. 7 of the Articles of Association).

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

2.8 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

The members of the Board of Directors are:

Daniel J. Sauter

Born 1957, executive Chairman (since 1 January 2004), Swiss, term of office: 2001/2008

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

Hans Müller

Born 1947, non-executive Director, Swiss, term of office: 2006/2008

Held various positions in the Swiss machine industry from 1978 to 1996. Since 1997 Chairman and Managing Director of Fabrel AG, Hergiswil. Hans Müller has over twenty-eight years of experience in portfolio management and is member of the Board of Directors of various privately held companies. He holds a University degree of St. Gallen (lic. oec. HSG).

Walter Geering

Born 1943, executive Director, Swiss, term of office: 2007/2008

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

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

3.2 Other activities

Daniel J. Sauter is a board member of Sika AG, Baar; Charles Vögele Holding AG, Pfäffikon; Sulzer AG, Winterthur; Julius Baer Holding AG, Zürich; Model Holding AG, Weinfelden and Chairman of Trinsic AG, Zug.

Hans Müller is Chairman and Managing Director of Fabrel AG, Hergiswil.

Walter Geering is a board member of Tiberius Asset Management AG, Zug.

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 of or hold any official function or political assignment.

3.3 Election and term of office

The members of the Board of Directors are elected by the annual shareholders' meeting. Each member is elected individually for a period of one year and can be reelected. The Board of Directors constitutes itself. It appoints its chairman and a secretary who needs not to be a member of the Board of Directors.

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.

3.4 Internal organizational structure, delegated authorities and management board

Daniel J. Sauter is the executive Chairman of the Board of Directors.

The Board of Directors has not established any committees.

The nature of the Company's business dictates that the Board of Directors takes an active role in defining the Company's investment strategy whilst delegating management and control tasks to the Company's executives. A formalized internal control system is in place since November 2007. Accounting functions and some administrative tasks have been outsourced to third parties who supply the Board of Directors with weekly and quarterly reports and adhere to the internal control system.

The Board of Directors convenes at least four times a year. During 2007 the Board of Directors convened 5 times. Meetings normally last half a day.

3.5 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 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 and the Organizational Rules are published on the Company's Web Site (www.alpine-select.ch/company/profile).

3.6 Information and control instruments

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

4. Management

4.1 Members of management

The management of the Company consists of:

Daniel J. Sauter

Daniel J. Sauter acts as the executive Chairman of the Company on a part-time basis since January 2004. For further information see section 3.1.

Walter Geering

Walter Geering is the Chief Executive Officer of the Company.

4.2 Other activities and interests

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

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 and the Management are entitled to an annual compensation as determined by the Board of Directors once a year and to be reimbursed for any out of pocket expenses they incur on behalf of the Company.

The annual compensation has no performance-related component and the compensation is rendered in the form of a fixed cash payment. There are no management incentive schemes which foresee the issuance of shares or share options.

5.2 Allocation of shares

In 2007 no shares were allocated to members of the Board of Directors, officers of the Company or parties closely linked to such persons.

5.3 Share ownership of directors and officers

At 31 December 2007 executive members of the Board of Directors and parties closely linked to such persons held directly and indirectly an aggregate of 2’317’267 shares, non-executive members of the Board of Directors and parties closely linked to such persons held 3’500’140 shares. The officers are identical with the executive members of the board. All transactions were reported to the SWX Swiss Exchange.

5.4 Options

No options have been issued.

5.5 Additional fees and remuneration

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

5.6 Loans to directors and officers

No loans have been granted to directors and officers or parties closely linked to such persons.

5.7 Compensation

The Board of Directors and the executives were compensated as follows:

in CHF		2007	2006
Board of Directors			
Daniel Sauter, chairman		177'746	305'176
Hans Müller, member		26'900	26'900
Walter Geering, member	1)	104'969	0
		309'615	332'076
Officers			
Walter Geering	1)	109'195	56'645
		109'195	56'645
Former Board of Directors			
Hermann Strehler	2)	102'440	434'802
		102'440	434'802
Total compensation net of social costs		**521'250**	**823'523**

1) Walter Geering joined the Company in September 2006; on 25 May 2007 he was elected to the Board of Directors

2) Hermann Strehler resigned from the Board of Directors as per 25 May 2007. 2006 includes 12'000 shares of Alpine Select AG

Compensation is shown in the year earned and not in the year paid.

In 2007 the compensation is disclosed net of social costs. The prior year figures were adjusted to conform with the current year's presentation.

6. Shareholders' participation rights

6.1 Voting right restrictions

There are no voting right restrictions.

6.2 Statutory quorums

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

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

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

6.3 Convening of shareholders' meetings

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

- Extraordinary shareholders' meetings shall be convened by the Board of Directors within 60 days after shareholders representing at least 10% of the share capital request such meeting in writing, setting forth the items to be discussed and the proposals to be decided upon;
- The shareholders' meeting shall be convened by mail to the shareholders and usufructuaries at least 20 days prior to the meeting day. The convening letter shall state the day, time and place of the meeting, the agenda, the proposals of the Board of Directors and the proposal of the shareholders who have requested the shareholders' meeting or that an item to be included on the agenda.

6.4 Items on the agenda

Shareholders representing at least 10% of the share capital may request that items be included in the agenda of a 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, at least 45 days prior to the respective shareholders' meeting.

6.5 Registration in the shareholders' register

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

7. Changes in control and defensive measures

7.1 Mandatory offer

There is no statutory obligation for opting out or opting up.

7.2 Change of control clauses

There exist no agreements or statutory requirements which could affect or influence a change in control of the Company. In particular, no special agreement exists that provides any benefit to the members of the Board of Directors or the 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 25 May 2007 the shareholders' meeting elected Ernst & Young AG, Zurich (Ernst & Young) for a term of one year as Company and group auditors. Ernst & Young has been the Company's auditors since its incorporation in 1997. Since 2007, Walter Keck is auditor in charge for the Alpine Group.

8.2 Audit fees

For the year 2007 audit fees amounted to CHF 110'000 (2006: CHF 110'000).

8.3 Additional fees

For the year 2007 no other fees were paid to Ernst & Young for services rendered other than reported in section 8.2 (2006: other fees of CHF 82'422).

8.4 Surveillance and control instruments

The work of external auditors and their independence is assessed and examined by the Chairman of the Board of Directors and the Chief Executive Officer in a planning meeting with the auditors as well as in meetings during the audit and in a post audit meeting.

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

Information is disclosed through:

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

Consolidated financial statements

CONSOLIDATED BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER			
in TCHF	Notes	**2007**	**2006**[1]
ASSETS			
Current assets			
Cash and cash equivalents		49'686	53'944
Financial assets at fair value through profit or loss	3	0	928
Other current assets	4	19'683	2'267
Total current assets		**69'369**	**57'139**
Non-current assets			
Financial assets at fair value through profit or loss	3	222'777	249'448
Furniture and equipment		33	40
Total non-current assets		**222'810**	**249'488**
TOTAL ASSETS		**292'179**	**306'627**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Due to banks	5	0	19'437
Financial liabilities at fair value through profit or loss	3	1'757	2'562
Accounts payable and accrued liabilities		318	1'780
Income tax payables		781	470
Deferred tax liabilities	10	2'380	3'094
Total current liabilities		**5'236**	**27'343**
Shareholders' equity			
Share capital	6	317	317
Additional paid-in capital		152'313	152'313
Currency translation differences		0	(136)
Treasury shares		0	(209)
Retained earnings		134'313	126'999
Total shareholders' equity		**286'943**	**279'284**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**292'179**	**306'627**

[1] Certain comparatives have been reclassified to conform with the current year's presentation

CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER			
in TCHF	Notes	**2007**	**2006**[1)]
OPERATING INCOME			
(Loss) / gain on financial assets and financial liabilities at fair value through profit or loss, net	7	(4'318)	48'258
Dividend and other income from trading securities		14'646	4'263
Interest income from cash and cash equivalents		774	397
Interest income from lent securities		62	7
Other income		0	280
Result on foreign exchange on cash and cash equivalents, net		(142)	(3'082)
Total operating income		**11'022**	**50'123**
OPERATING EXPENSES			
General and administrative expenses	8	(1'144)	(1'843)
Commissions and other bank fees		(2'084)	(2'687)
Interest expense on short-term bank debts		(151)	(680)
Interest expense on borrowed securities		(31)	(51)
Depreciation on furniture and equipment		(7)	(7)
Total operating expenses		**(3'417)**	**(5'268)**
Net profit before tax		**7'605**	**44'855**
Income tax expense	10	(82)	(3'564)
Net profit after tax		**7'523**	**41'291**
Earnings per share (CHF)	11	0.47	3.53
Earnings per share, diluted (CHF)	11	0.47	3.53

[1)] Certain comparatives have been reclassified to conform with the current year's presentation

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER		
in TCHF	**2007**	**2006[1]**
Cash flows from operating activities		
Profit before tax	7'605	44'855
Adjustments for:		
- Loss / (gain) on financial assets and financial liabilities at fair value through profit or loss, net	4'318	(48'258)
- Dividend and other income from trading securities	(14'646)	(4'263)
- Interest income	(836)	(404)
- Interest expense	182	731
- Depreciation on furniture and equipment	7	7
- Other non-cash income	(66)	(287)
Withholding taxes received	2'329	10'208
Change in other current assets	(47)	198
Change in accounts payable and accrued liabilities	(1'135)	(1'184)
Dividends received	5'424	1'112
Interest received	821	414
Interest paid	(319)	(594)
Income taxes paid	(485)	0
Net cash inflow from operating activities	**3'152**	**2'535**
Cash flows from investing activities		
Purchases of financial assets at fair value through profit or loss	(253'246)	(324'550)
Proceeds from short sale of financial assets at fair value through profit or loss	4'289	32'298
Proceeds from sale of financial assets at fair value through profit or loss	262'056	299'149
Settlement of financial liabilities at fair value through profit or loss	(4'433)	(72'897)
Net cash inflow from currency forwards and financial futures	3'224	4'823
Net cash inflow (outflow) from investing activities	**11'890**	**(61'177)**
Cash flows from financing activities		
Repayment fixed term bank loans	(19'300)	(11'144)
Capital increase	0	67'989
Purchase of treasury shares, net	0	(150)
Net cash (outflow) inflow from financing activities	**(19'300)**	**56'695**
Net decrease in cash and cash equivalents	(4'258)	(1'947)
Cash and cash equivalents at beginning of year	53'944	55'891
Cash and cash equivalents at end of year	49'686	53'944
Cash and cash equivalents consist of:		
Cash at banks	1'286	34'644
Short-term deposits	48'400	19'300
Cash and cash equivalents as defined for the cash flow statement	**49'686**	**53'944**

[1] Certain comparatives have been reclassified to conform with the current year's presentation

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY in TCHF	Share capital	Additional paid-in capital	Treasury stock	Currency translation differences	Retained earnings	Total
Balance at 1 January 2006	**227**	**85'414**	**0**	**223**	**85'440**	**171'304**
Currency translation differences recognized directly in equity				(359)		(359)
Net profit for the year 2006					41'291	41'291
Total recognized income and expense	0	0	0	(359)	41'291	40'932
Capital increase	90	66'899				66'989
Net premium on treasury share activity					59	59
Treasury shares			(209)			(209)
Share-based payment					209	209
Balance at 31 December 2006	**317**	**152'313**	**(209)**	**(136)**	**126'999**	**279'284**
Currency translation differences released in 2007				136	(136)	0
Net profit for the year 2007 before release of currency translation differences					7'659	7'659
Total recognized income and expense	0	0	0	136	7'523	7'659
Settlement of treasury shares (Note 6)			209		(209)	0
Balance at 31 December 2007	**317**	**152'313**	**0**	**0**	**134'313**	**286'943**

Notes to the consolidated financial statements

1. Organization and business activity

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

In December 2005, the Company acquired the private Swiss investment company Aramus AG with its wholly owned subsidiary Aramus Portfolio Ltd. The names of Aramus AG and Aramus Portfolio Ltd were changed respectively into Sumara AG and Sumara Portfolio Ltd in December 2005. In 2006, Sumara Portfolio Ltd was liquidated.

The Company's purpose is to invest in securities of any form of Swiss or foreign corporations taking advantage of particular corporate circumstances. As of 31 December 2007, the Company had three employees of which one worked part-time.

The Board of Directors decides on all investments.

2. Accounting policies

2.1. Basis of presentation of the consolidated financial statements

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

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

The consolidated and the statutary financial statements have been authorized for issue by the Board of Directors on 31 March 2008. The annual shareholders' meeting called for 28 April 2008 will vote on the final approval of the consolidated and statutary financial statements.

2.2. Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows.

The IASB and the IFRIC have issued the following new and amended standards and interpretations that are effective for financial years beginning on or after 1 January 2007 that were all adopted by the Group. None of them actually has a significant impact on the consolidated financial statements since most of these new standards, amendments and interpretations are in fact not applicable to the Group. However the following two standards that are effective for financial years beginning on or after 1 January 2007 impact the disclosures in the notes to the consolidated financial statements but not the amounts recognized in the consolidated financial statements.

- IFRS 7 (Financial instruments: disclosures) that requires disclosures that enable users to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments;
- IAS 1 (Presentation of Financial Statements) which requires the Group to make new disclosures about the Group's objectives, policies and processes for managing capital.

The adoption of the following new and amended IFRS and IFRIC interpretations during the year 2007 did not have any effect on the consolidated financial statements of the Group:

- IFRIC 7: Applying the Restatement Approach under IAS 29 – Financial Reporting in Hyperinflationary Economics (effective 1 March 2006);
- IFRIC 8: Scope of IFRS 2 (effective 1 May 2006);
- IFRIC 9: Reassessment of Embedded Derivatives (effective 1 June 2006);
- IFRIC 10: Interim Financial Reporting and Impairment (effective 1 November 2006);

In 2008, the Group will adopt the following new interpretations:

- IFRIC 11: IFRS 2 - Group and Treasury Share Transactions (effective 1 March 2007);
- IFRIC 12: Service Consession Arrangements (effective 1 January 2008);
- IFRIC 14: The Limit on a Defined Benefit Asset: Minimum Funding Requirements and their Interaction (effective 1 January 2008);

The effect of applying the above interpretations will have no impact on the consolidated financial statements.

In 2009, the Group will adopt the following new and revised standards:

- IAS 1: Presentation of Financial Statements – Revised (effective 1 January 2009);
- IAS 23: Borrowing Costs – Revised (effective 1 January 2009);
- IFRS 2: Share-based Payment – Vesting Conditions and Cancellations (effective 1 January 2009);
- IFRS 8: Operating Segments (effective 1 January 2009);
- IFRIC 13: Customer Loyalty Programmes (effective 1 July 2008);

The effect of applying the above new and revised standards will have no impact on the consolidated financial statements.

In 2010, the Group will adopt the following revised standards:

- IAS 27: Consolidated and Separate Financial Statements – Revised (effective 1 July 2009);
- IFRS 3: Business Combinations - Revised (effective 1 July 2009);

The effect of applying the above revised standards will have no impact on the consolidated financial statements.

2.3. Comparatives

Prior year figures have been adjusted where applicable to disclose them on the same basis as current period figures. One adjustment relates to the classification of the "Financial assets at fair value through profit or loss" which were previously classified within current assets on the balance sheet. However, after the acquisition of Sumara AG (previously Aramus AG) in December 2005 and after having streamlined the acquired portfolios it became obvious that Alpine is in principle – but not only - holding its investments for a longer period. Due to a more long-term perspective those "Financial assets at fair value through profit or loss" relating to "Trading securities" have been reclassified to non-current assets on the balance sheet to more accurately reflect the nature of these assets. This change in classification has resulted in the reclassification of "Trading securities" from current assets to non-current assets of CHF 222.8 million as per 31 December 2007 (2006: CHF 249.5 million). The "Financial assets at fair value through profit or loss" now classified in current assets relate to short-term derivative financial instruments such as options, currency forwards and other derivatives.

Stock dividends received are classified in 2007 under "Dividend and other income from trading securities". This change of classification in the income statement has resulted in a reclassification of received stock dividends in prior year of CHF 2.8 million from

"(Loss) / gain on financial assets and financial liabilities at fair value through profit or loss, net" to "Dividend and other income from trading securities".

The "Cash flows from operating activities" for the year ended 31 December 2007 are adjusted by the total amount of "(Loss) / gain on financial assets and financial liabilities at fair value through profit or loss, net" whereas in prior year the adjustment only included the unrealized gains/(losses). The realized gains/(losses) for the year ended 31 December 2006 previously classified in "Cash flows from operating activities" have been reclassified to "Cash flows from investing activities" to more accurately reflect the cash flows from investing activities. This reclassification in the Cash flow statement for the year ended 31 December 2006 resulted in a reduction of "Net cash inflow from operating activities" and in an increase of "Net cash inflow / (outflow) from investing activities" of CHF 28.5 million.

The prior year figures have been adapted to conform with the current year's presentation.

2.4 Subsidiaries

Effective 12 December 2005 the Company acquired a 100% interest in Sumara AG. A subsidiary of Sumara AG, Sumara Portfolio Ltd, Cayman Islands was liquidated on 2 October 2006.

2.5 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 resulting from foreign currency positions within cash and cash equivalents is disclosed separately in the income statement. Other exchange rate differences are included in "(Loss) / gain on financial assets and financial liabilities at fair value through profit or loss" (see also Note 7).

The following exchange rates have been applied:

		2007	2006
USD/CHF			
Balance sheet	Year end exchange rate	1.1321	1.2207
EUR/CHF			
Balance sheet	Year end exchange rate	1.6552	1.6097

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

Financial assets at fair value through profit or loss comprise equity investments, futures, options, warrants, swaps as well as unrealized gains from currency forward contracts. Financial liabilities at fair value through profit or loss mainly include equity investments, futures and options sold short as well as unrealized losses from currency forward contracts.

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

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

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

2.7 Cash and cash equivalents

Cash and cash equivalents include cash at banks and short term deposits with a maturity of up to three months.

2.8 Furniture and equipment

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

2.9 Dividend and other income from trading securities

Dividend income and other income from trading securities is recognized in the income statement on the date the Company's right to receive payments is established. The income is recorded net of withholding tax when applicable. Other income from trading securities mainly includes stock dividends.

2.10 Taxes

Alpine Select AG and Sumara AG 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 7.8% (based on the profit before tax) on income which does not qualify for the participation exemption.

2.11 Financial risk management

The Group maintains various positions of derivative and non derivative financial instruments in accordance with the Group's investment policy. The investment policy of the Group allows investing in securities, quoted or non-quoted, of Swiss and foreign corporations, taking advantage of significant transactional events such as spin-offs, acquisitions, mergers, carve-outs and recapitalizations. The Group will actively pursue investment opportunities in which it believes its involvement will become a success factor for the investee and the Group.

The Group's investment portfolio mainly comprises quoted securities. Its investments are denominated in Swiss Francs, US Dollar and Euro. The investments held in foreign currencies may expose the Group in a certain degree to a currency exposure risk. To manage the foreign currency risk the Group uses foreign currency forward contracts.

The Group's investment policy and activities involve exposure to various market and price risks and degrees thereof. The Group manages and limits these risks by diversification among markets, instruments and investments as well as through the use of trading limits. The Group's portfolio is reviewed and managed on a daily basis. Based on the SWX Swiss Exchange requirements for Investment Companies the Group calculates and publishes the net asset value weekly. The following attempts to summarize the nature of the principal risks associated with the instruments and markets in which the Group invests; however it does not represent a comprehensive review of all risks associated with the Group's activities.

The Board of Directors regularly reviews and agrees policies for managing these risks which are summarized below.

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

The Group is exposed to the price risk of its investments which are listed on European stock exchanges. The Company is listed on the SWX Swiss Exchange in the segment for Investment Companies. For the calculation of a meaningful sensitivity analysis for the Group's portfolio in respect of the price risk the Group has therefore chosen the IGSP Investment Index of the SWX Swiss Exchange being an index that is composed by and calculated based on its members. The volatility of the IGSP Investment Index for the 5 years period until 28 December 2007 is 9.56% (standard deviation) and 9.60% (standard deviation) for the 4 years period until 29 December 2006.

If – in the year under review - the IGSP Investment Index would have increased by a yearly standard deviation of 9.56% the positive impact on the Group's result before tax would have been TCHF 21'297 (2006: TCHF 23'927). An equal but opposite change would have resulted in an equal but opposite impact on the Group's result before tax.

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

Credit risk: Financial assets that potentially expose the Group to credit risk mainly consist of "Cash and cash equivalents" and "Other current assets". The extent of the Group's exposure to credit risk in respect of these assets is limited to the carrying value as reported in the Group's consolidated balance sheet being CHF 69.4 million for the year under review and CHF 56.2 million for 2006. The Group mitigates the exposure to credit risk by transacting with reputable and established institutions such as Bank Julius Baer & Co. AG, Zurich in respect of the balance sheet position "cash and cash equivalents". The "Other current assets" mainly consist of withholding taxes with the Swiss federal Tax authorities as counterparty. Related credit risks are therefore considered to be immaterial.

Liquidity risk: The liquidity risk is defined as the risk that the Group could not be able to settle or meet its obligations on time or at a reasonable price. The Group monitors this risk and maintains sufficient cash and cash equivalents to settle its liabilities at the time they become due. Furthermore, ample and readily available credit lines are at the disposal of the Group.

The liquidity risk is considered to be low since the major part of the financial assets includes investments in listed equity investments which are traded in an acitve public market and which therefore are considered to be liquid.

The Group's liquidity risk is managed on a daily basis by the Group's management. The Group's overall liquidity risk is monitored on a weekly basis by the Board of Directors. The financial liabilities of the Group are low and usually mature in the next 12 months. Although the Group's financial liabilities are low it is the Group's policy to have 100% of the anticipated payables for the next 12 months available in cash and cash equivalents.

The following table summarizes the maturity profile of the Group's financial liabilities for the year ended 31 December 2007 and 2006 based on contractual and undiscounted payments:

in TCHF	On demand	Less than 3 months	3 to 12 months	Total
31 December 2007				
Due to banks	0	0	0	0
Financial liabilities at fair value through profit or loss				
- Trading options	0	0	0	0
- Forward exchange contracts, settled gross	0	(1'757)	0	(1'757)
- of which: inflow	*0*	*102'722*	*0*	*102'722*
- of which: outflow	*0*	*(104'479)*	*0*	*(104'479)*
Accounts payable and accrued liabilities	0	(93)	(225)	(318)
Income tax payables	0	0	(781)	(781)
Total	**0**	**(1'850)**	**(1'006)**	**(2'856)**
31 December 2006				
Due to banks	0	(19'437)	0	(19'437)
Financial liabilities at fair value through profit or loss				
- Trading options	(1'131)	0	0	(1'131)
- Forward exchange contracts, settled gross	0	(1'431)	0	(1'431)
- of which: inflow	*0*	*92'679*	*0*	*92'679*
- of which: outflow	*0*	*(94'110)*	*0*	*(94'110)*
Accounts payable and accrued liabilities	0	(1'512)	(268)	(1'780)
Income tax payables	0	0	(470)	(470)
Total	**(1'131)**	**(22'380)**	**(738)**	**(24'249)**

The amounts to be paid approximate the amounts stated above due to the short-term nature of the liabilities and due to limited differences in underlying foreign exchange rates.

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

Any excess cash and cash equivalents of the Group are invested in short-term commercial paper (such as fiduciary fixed-term deposits with a maturity of not more than 2 days). Short-term bank loans the Group may borrow from time to time to fund its activities are at fixed interest rates with the term to maturity of not more than twelve months.

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

An increase of 100 basis points in short-term deposit interest rates as at the reporting date would have increased the result before tax by TCHF 497 (2006: increase of TCHF 345). A decrease of 100 basis points would have resulted in an equal but opposite effect.

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

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

The following table sets out the Group's total exposure to foreign currency risk as well as the net exposure to foreign currencies of its financial assets and financial liabilities designated at fair value through profit or loss for the year ended 31 December 2007 and 2006.

in TCHF	Cash and cash equivalents	Currency forwards	Other financial ass./liab.at fair value through profit or loss	Net exposure
31 December 2007				
US Dollar	5	(95'386)	101'318	5 '937
Euro	5	(9'093)	22'263	13'175
Pound Sterling	1	0	0	1
Subtotal foreign currencies	**11**	**(104'479)**	**123'581**	**19'113**
Swiss Francs	49'675	102'722	99'196	251'593
Net financial assets (liabilities) at fair value through profit or loss	**49'686**	**(1'757)**	**222'777**	**270'706**
31 December 2006				
US Dollar	38	(78'836)	77'546	(1'252)
Euro	7'499	(15'274)	33'040	25'265
Pound Sterling	1	0	0	1
Subtotal foreign currencies	**7'538**	**(94'110)**	**110'586**	**24'014**
Swiss Francs	46'406	92'679	138'659	277'744
Net financial assets (liabilities) at fair value through profit or loss	**53'944**	**(1'431)**	**249'245**	**301'758**

If – at 31 December 2007 and 2006 – had the Swiss Francs continued to weaken by 5% in relation to the Euro and strengthened versus the US Dollar by also 5% by keeping all other variables constant, the effect on the net profit before tax and the Group's equity in the year under review would have been TCHF 362 (2006: TCHF 1'326). This effect on profit or loss of TCHF 362 (2006: TCHF 1'326) is the result of the currency sensitivities CHF/EUR of TCHF 659 (2006: TCHF 1'263) and CHF/USD of TCHF –297 (2006: TCHF 63).

An adverse change of the Swiss Francs for both foreign currencies would have resulted in an equal but opposite effect for 2007 and 2006.

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

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

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

	Carrying amount		Fair value	
in TCHF	**2007**	**2006**	**2007**	**2006**
Financial assets at fair value through profit or loss				
Cash and cash equivalents	49'686	53'944	49'686	53'944
Financial assets at fair value through profit or loss				
- current	0	928	0	928
- non-current	222'777	249'448	222'777	249'448
Loans and receivables				
Other current assets	19'683	2'267	19'683	2'267
Financial liabilities at fair value through profit or loss				
Financial liabilities at fair value through profit or loss	1'757	2'562	1'757	2'562
Financial liabilities at amortized cost				
Due to banks	0	19'437	0	19'437
Accounts payable and accrued liabilities	318	1'780	318	1'780

Market values have been used to determine the fair value of listed financial assets and financial liabilities designated at fair value through profit or loss. Due to the short-term nature of the bank loans the carrying amount equals the fair value. The carrying amounts of other current assets and accounts payable and accrued liabilities approximate the fair value due to the short-term nature of these positions.

2.12 Capital management

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

in TCHF	**2007**	**2006**
Current assets	69'369	57'139
Non-current assets	222'810	249'488
Total assets	**292'179**	**306'627**
Liabilities	(5'236)	(27'343)
Net assets	**286'943**	**279'284**

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group's objective is to invest in a diversified portfolio of listed equity investments, corporate debt, commercial paper, derivatives and short sales in order to provide the shareholders with "above average returns" through both, capital growth and income.

The Group manages its capital structure and makes adjustments to it if the economic conditions change. To maintain or adjust the capital structure the Group may return capital to shareholders or issue new shares. No such changes were made in the year 2007.

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

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

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

in TCHF	2007	2006
Financial assets at fair value through profit or loss		
Trading options	0	928
Trading securities	222'777	249'448
Total	**222'777**	**250'376**
of which current	0	928
of which non-current	222'777	249'448
Financial liabilities at fair value through profit or loss		
Trading options	0	1'131
Unrealized losses resulting from currency forward contracts	1'757	1'431
Total	**1'757**	**2'562**
of which current	1'757	2'562
of which non-current	0	0

Further details are shown in the investment table on page 36-41

Investment table as of 31 December 2007	in CHF			
	Number of shares at	Fair value at	Additions	Reductions
	1 January 2007	1 January 2007		
LONG POSITIONS:				
Absolute Europe Ltd	180'345	12'250'335		(12'432'140)
Absolute Invest AG	186'308	64'246'841	39'397'637	(36'800'718)
Absolute Private Equity AG			25'919'954	(23'102'500)
AIG International Real Estate GmbH & Co KGaA	322'895	20'789'917		(23'369)
Atrium V Ltd	1'500	1'831'020		
Bank Linth	2'000	1'082'000		(1'081'025)
Blackstone GRP Partnership			90'837	(106'806)
Castle Private Equity			8'558'064	(366'911)
Cicor Technologies	50'000	5'200'000	4'164'000	
Feintool Intl Holding AG	6'624	2'907'936	12'426'169	(6'400'605)
Gurit Holding AG	29'152	31'017'728	7'370'805	(43'590'049)
HBM Bioventures AG	60'195	5'357'355	9'967'518	
Highland Financial Partners LP	600'000	10'986'120		
Inficon Holding AG	15'000	2'880'000		(2'775'000)
ING Investment Management CLO			2'425'696	
Invisa Inc.	130'000			
Ivanhoe Energy Inc [1)]	124'237		2'778	(145'288)
Mach Hitech AG			248'088	(228'481)
New Venturetec AG			6'492'653	
OC Oerlikon Corp. AG			22'275'330	(2'408'275)
Pargesa Holding AG	5'601	777'418	9'237'839	(5'258'462)
Peoples Choice Financial Corporation	70'800	475'332		
Prime New Energy AG	207'492	1'659'936	42'000	
Prokmu Invest AG	57'350			
Sarasin Torneo Multistrategy Fund	89'673	9'242'616		(9'403'373)
Schaffner Holding AG	38'934	8'954'820	27'905'375	(4'658'206)
Stone Tower CLO VI LTD			2'381'596	
Swisslog Holding AG	3'076'650	4'738'041	1'488'983	(6'878'291)
Valora Holding AG	194'325	65'050'292	37'677'951	(88'219'997)
Vitafort International Corporation	317'543			
Var. Obl. Stone Tower CLO VII			2'106'900	
2 1/4% Convertible Bonds Schaffner Holding AG			1'392'000	
Total Long Positions:		**249'447'707**	**221'572'171**	**(243'879'496)**
of which gains				
of which losses				
of which "Other income from trading securities"				

Notes to the consolidated financial statements

in CHF							
Realized gains / (losses) net of FX	Realized FX gains / (losses)	Unrealized gains / (losses) net of FX[2]	Unrealized FX gains / (losses)[2]	Fair value at	Number of shares at	Stock price (closing) in local currency at	Dividends received
For the period 1 January to 31 December 2007				31 December 2007	31 December 2007	31 December 2007	
1'950'945	329'313	(1'824'520)	(273'933)	0	0		
7'821'798	(5'977)	8'531'803	(3'416'420)	79'774'964	193'316	USD 365	
396'898		115'390	(40'926)	3'288'817	25'482	USD 114	
7'109	728	1'069'899	419'038	22'263'322	322'545	EUR 42	
		(214'933)	(130'149)	1'485'938	1'500	USD 875	320'015
57'417		(58'393)		0	0		
15'970				0	0		
(16'871)		111'719		8'286'000	60'000	CHF 138	
		(2'857'000)		6'507'000	90'000	CHF 72	
(144'901)		(750'349)		8'038'250	20'350	CHF 395	297'410
12'567'690		(7'366'174)		0	0		130'000
		624'677		15'949'550	167'890	CHF 95	
			(796'833)	10'189'287	600'000	USD 15	982'586
112'500		(217'500)		0	0		90'000
			(206'696)	2'219'000	2'000	USD 980	
		15'896	(13'688)	2'208	130'000	USD 0	
142'510		112'108		112'108	61'983	USD 2	
(19'607)				0	0		
		(2'736'637)		3'756'016	190'178	CHF 20	
(265'259)		(3'764'011)		15'837'785	33'466	CHF 473	
(650'139)		(307'355)		3'799'301	30'034	CHF 127	174'252
		(389'931)	(85'401)	0	70'800	USD 0	
		(1'596'690)		105'246	210'492	CHF 1	2'946'888
				0	57'350	CHF 0	
851'837		(691'080)		0	0		
200'771		3'196'490		35'599'250	135'875	CHF 262	
		(124'536)	(162'596)	2'094'465	2'000	USD 925	72'507
1'780'162		(1'128'895)		0	0		
(2'937'344)		(11'570'902)		0	0		1'456'776
		76	(40)	36	317'543	USD 0	
		113'214	(69'043)	2'151'072	2'000'000	USD 95	
		(74'700)		1'317'300	1'200'000	CHF 110	
21'871'487	**324'064**	**(21'782'333)**	**(4'776'687)**	**222'776'915**			**6'470'434**
33'326'124	330'041	13'891'273	419'038				
(11'454'637)	(5'977)	(35'673'606)	(5'195'725)				
8'175'171							

Investment table as of 31 December 2007	in CHF			
	Number of shares at	Fair value at	Additions	Reductions
	1 January 2007	1 January 2007		
SHORT POSITIONS:				
Basilea Pharmaceutica AG			(1'141'363)	1'229'439
Comverge Inc.			(35'170)	30'583
Osiris Therapeutics Inc.			(607'475)	411'914
Total SA			(2'505'092)	2'760'893
Total Short Positions:		**0**	**(4'289'100)**	**4'432'829**
of which gains				
of which losses				
TRADING OPTIONS:				
Call OC Oerlikon Corp. AG			323'970	
Call Osiris Therapeutics 20			(3'654)	
OTC A-Call Valora Holding AG				(1'225'000)
OTC E-Call Gurit Holding AG			60'000	(510'000)
OTC E-Call OC Oerlikon Corp. AG				(1'700'000)
OTC E-Call Valora Holding AG				(860'000)
OTC E-Call Valora Holding AG				(224'000)
OTC E-Put Gurit Holding AG	(10'000)	(1'500)		
OTC E-Put Inficon Holding AG	(15'000)	(284'100)		
OTC E-Put Inficon Holding AG	(15'000)	(81'450)		
OTC E-Put OC Oerlikon Corp. AG				(1'700'000)
OTC E-Put Saurer AG	(150'000)	(1'500)		
OTC E-Put Valora Holding AG	(50'000)	(581'000)		
OTC E-Put Valora Holding AG				(780'000)
Put SMI Index CHF 8300.--/16.03.07/1 Put/10 IDX	1'250	927'500		(2'087'500)
Put SMI Index CHF 8300.--/19.03.07/1 Put/10 IDX			2'087'500	(118'250)
Put SMI Index CHF 8500.--/18.06.07/1 Put/10 IDX			460'000	
Put SMI Index CHF 8750.--/18.06.07/1 Put/10 IDX			1'004'901	
Put SMI Index CHF 8950.--/18.06.07/1 Put/10 IDX			500'000	
Swisslog Holding AG / SLOGO	(1'809'627)	(180'963)	237'594	
WTS OC Oerlikon Corp. AG			26'766'383	(27'495'000)
WTS Swisslog Holding AG			237'594	(237'594)
Total Trading Options:		**(203'013)**	**31'674'286**	**(36'937'344)**
of which gains				
of which losses				
of which assets		927'500		
of which liabilities		(1'130'513)		

in CHF							
Realized gains / (losses) net of FX	Realized FX gains / (losses)	Unrealized gains / (losses) net of FX[2]	Unrealized FX gains / (losses)[2]	Fair value at	Number of shares at	Stock price (closing) in local currency at	Dividends received
For the period 1 January to 31 December 2007				31 December 2007	31 December 2007	31 December 2007	
(88'076)				0			
4'587				0			
188'765	6'795			0			
(186'666)	(69'135)			0			
(81'389)	**(62'340)**	**0**	**0**	**0**			**0**
193'353	6'795						
(274'742)	(69'135)						
(323'970)				0			
3'654				0			
1'225'000				0			
450'000				0			
1'700'000				0			
860'000				0			
224'000				0			
310'000		(308'500)		0			
165'000		119'100		0			
210'000		(128'550)		0			
1'700'000				0			
960'000		(958'500)		0			
815'000		(234'000)		0			
780'000				0			
		1'160'000		0			
(1'969'250)				0			
(460'000)				0			
(1'004'901)				0			
(500'000)				0			
(74'727)		18'096		0			
728'618				0			
				0			
5'798'424	**0**	**(332'354)**	**0**	**0**			**0**
10'131'272		1'297'196					
(4'332'848)		(1'629'550)					
				0			
				0			

Investment table as of 31 December 2007	in CHF			
	Number of shares at	Fair value at	Additions	Reductions
	1 January 2007	1 January 2007		
FORWARDS AND FINANCIAL FUTURES:				
Amsterdam Exchange Index				
Compagnie des Agents de change				
Deutscher Aktienindex				
DJ Euro Stoxx 50 Index				
FTSE Eurotop 100 Index				
Spanish Stock Index				
Swiss Market Index				
Forward sales EUR/CHF		(244'981)		
Forward sales USD/CHF		(1'185'791)		
Forward purchase EUR/CHF				
Total Forwards and Financial Futures:		**(1'430'772)**	**0**	**0**
of which gains				
of which losses				
of which assets		0		
of which liabilities		(1'430'772)		

[1] of which 61'983 shares are held under an escrow Agreement by and among Ivanhoe Energy Inc., Ivanhoe Merger Sub Inc. and Ensyn Group Inc. dated 11 December 2004.

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

			in CHF				
Realized gains / (losses) net of FX	Realized FX gains / (losses)	Unrealized gains / (losses) net of FX[2)]	Unrealized FX gains / (losses)[2)]	Fair value at	Number of shares at	Stock price (closing) in local currency at	Dividends received
For the period 1 January to 31 December 2007				31 December 2007	31 December 2007	31 December 2007	
327'571				0			
(1'038'521)				0			
684'524				0			
(899'271)				0			
(21'162)				0			
(620'690)				0			
(83'370)				0			
	(754'120)		172'546	(72'435)			
	5'608'761		(498'855)	(1'684'646)			
	20'400			0			
(1'650'917)	**4'875'041**	**0**	**(326'309)**	**(1'757'081)**			**0**
4'786'645	11'013'778		23'772				
(6'437'562)	(6'138'737)		(350'081)				
				0			
				(1'757'081)			

4. Other current assets

in TCHF	2007	2006
Withholding tax	19'627	2'244
Accrued income and prepaid expenses	56	23
Total	**19'683**	**2'267**

5. Amount due to banks

On 15 February 2003 the Company has entered into a general banking and securities lending agreement with Bank Julius Baer & Co. AG, Zurich. Under this agreement, advances made or securities lent to the Company are secured by a pledge on assets of the Company held by Bank Julius Baer & Co. AG, Zurich. Substantially all assets of the Company are held in custody by Bank Julius Baer & Co. AG, Zurich.

Financial assets of TCHF 0 (2006: TCHF 1'165) are pledged as collateral for liabilities at 31 December 2007.

The short-term CHF-bank loan of CHF 19.4 million at 31 December 2006 was repaid on 16 February 2007. The interest rate was 2.3%.

6. Share capital and treasury shares

As of 31 December 2007 the share capital of the Company is CHF 317'282.88 (2006: CHF 317'282.88) consisting of 15'864'144 registered shares with a nominal value of CHF 0.02 each. All of the registered shares are fully paid-in. Each share has one vote and all shares are equally entitled to dividends.

As of 11 December 2006 the Company increased its share capital from CHF 226'630.62 to CHF 317'282.88 by issuing 4'532'613 new registered shares with a nominal value of CHF 0.02 each. The Company's Board of Directors is authorized to increase the current share capital of CHF 317'282.88 at any time until 25 May 2009 up to an aggregate amount of CHF 475'924.32 by issuing up to 7'932'072 registered shares to be fully paid-in with a nominal value of CHF 0.02 each.

The share capital could be further increased by an amount not exceeding CHF 113'315.00 through the issue of a maximum of 5'665'750 registered shares to be fully paid-in with a nominal value of CHF 0.02 each through the exercise of conversion or option rights in connection with bonds or similar instruments that may be issued by the Company or by its subsidiary or through the exercise of option rights granted to shareholders.

In December 2006 the Company allocated 12'000 treasury shares of Alpine Select AG to an executive member of the Board of Directors. The transfer of these treasury shares to that member of the Board of Directors was settled in January 2007. As of 31 December 2007 the Company did not own any treasury shares (31 December 2006: 12'000).

7. (Loss) / gain on financial assets and financial liabilities at fair value through profit or loss, net

in TCHF	2007	2006
Realized gains – trading securities	25'151	35'162
Realized losses – trading securities	(11'455)	(1'280)
Net realized currency gains/(losses) – trading securities	324	407
Net realized – trading securities	**14'020**	**34'289**
Unrealized gains – trading securities	13'891	32'049
Unrealized losses – trading securities	(35'673)	(8'211)
Net unrealized currency gains/(losses) – trading securities	(4'776)	(4'290)
Net unrealized – trading securities	**(26'558)**	**19'548**
Total trading securities, net	**(12'538)**	**53'837**
Realized gains – trading liabilities	193	778
Realized losses – trading liabilities	(275)	(3'988)
Net realized currency gains/(losses) – trading liabilities	(62)	139
Net realized – trading liabilities	**(144)**	**(3'071)**
Unrealized gains – trading liabilities	0	1'873
Unrealized losses – trading liabilities	0	(341)
Net unrealized currency gains/(losses) – trading liabilities	0	4
Net unrealized – trading liabilities	**0**	**1'536**
Total trading liabilities, net	**(144)**	**(1'535)**
Realized gains – trading options	10'131	1'971
Realized losses – trading options	(4'333)	(11'894)
Net realized currency gains/(losses) – trading options	0	0
Net realized – trading options	**5'798**	**(9'923)**
Unrealized gains – trading options	1'297	1'654
Unrealized losses – trading options	(1'629)	(1'297)
Net unrealized currency gains/(losses) – trading options	0	0
Net unrealized – trading options	**(332)**	**357**
Total trading options, net	**5'466**	**(9'566)**
Realized gains/(losses) – forwards and financial futures	3'224	4'823
Unrealized gains/(losses) – forwards and financial futures	(326)	699
Total forwards and financial futures, net	**2'898**	**5'522**
(Loss) / gain on financial assets and financial liabilities at fair value through profit or loss, net	**(4'318)**	**48'258**

8. General and administrative expenses

in TCHF	2007	2006
Personnel expense	529	886
Legal, accounting and auditing fees	144	703
Office rent	74	69
Other office expense	397	185
Total	**1'144**	**1'843**

9. Employee benefits

Besides the statutory social security schemes there are independent pension plans or pension insurance policies covering substantially all employees. The Group's contributions to defined contribution plans are charged to the income statement in the period to which the contributions relate. The Group has no defined benefit pension or post-retirement schemes at 31 December 2007. The amount of contributions charged to the income statement for 2007 is TCHF 11.4 (2006: TCHF 26.8).

10. Tax

Income tax expense:

in TCHF	2007	2006
Current tax expense	796	470
Deferred tax (income) / expense	(714)	3'094
Total income tax expense	**82**	**3'564**

Deferred tax:

Deferred tax liabilities result from valuation differences of financial assets and financial liabilities designated at fair value through profit or loss. Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. No unrecorded tax losses carried forward exist at 31 December 2007 and 2006.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against other current tax liabilities and when the deferred income taxes relate to the same fiscal authority. Provisions for deferred taxes are calculated in accordance with the liability method using a tax rate of 7.8% (based on the result before tax).

The deferred tax liabilities pertain to the following balance sheet positions:

in TCHF	Fin. assets at fair value through profit or loss	Fin. liabilities at fair value through profit or loss	Total
Year 2007			
Balance at 1 January 2007	(2'967)	(127)	(3'094)
Deferred tax income	587	127	714
Balance at 31 December 2007	**(2'380)**	**0**	**(2'380)**
Year 2006			
Balance at 1 January 2006	0	0	0
Deferred tax expense	(2'967)	(127)	(3'094)
Balance at 31 December 2006	**(2'967)**	**(127)**	**(3'094)**

As the accumulated losses from previous years were fully compensated in 2006 the Group recognized deferred tax liabilities on the realizable temporary differences at 31 December 2006 and 2007.

Reconciliation of tax expense:

in TCHF	2007	2006
Net profit before income taxes	7'605	44'855
Expected taxes at the domestic rates applicable to profit / (loss) in the countries concerned	(593)	(1'959)
Weighted average applicable tax rate	7.80%	4.37%
Tax effect on non-deductible expenses	(11)	0
Tax effect on income not subject to tax	522	0
Tax relief on losses carried forward previously not yet recognized	0	1'489
Recognition of deferred tax expense		
- on timing differences before 2006	0	(1'445)
- on timing differences in 2006	0	(1'649)
Total tax expense	**(82)**	**(3'564)**
Effective tax rate on the net profit before income taxes	1.1%	7.9%

The applicable tax rate per company is the domestic income tax rate applicable to the profits of the company concerned for the fiscal year 2007.

The weighted average applicable tax rate is based on the applicable tax rate per company and the company mix of the profit or loss before taxes. The weighted average applicable tax rate in fiscal year 2007 is 7.8% (based on the result before tax).

Compared to last year the applicable tax rate has increased due to the fact that the year 2006 includes a tax relief on losses carried forward previously not yet recognized.

11. Net earnings per share

	2007	2006
Net profit after tax in CHF	7'523'393	41'291'256
Weighted average number of outstanding shares, adjusted	15'864'144	11'708'249
Net earnings per share in CHF (basic)	0.47	3.53
Net earnings per share in CHF (diluted)	0.47	3.53

12. Contingencies; commitments

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

13. Significant shareholders

To the best knowledge of the Company, the following shareholders held a participation exceeding 5% of the share capital of the Company at 31 December 2007 and 2006.

	2007	2006
Fabrel AG		
Seestrasse 50, 6052 Hergiswil:		
- Number of shares	3'500'000	3'500'000
- Percentage	22.06%	22.06%
Beneficial owner is		
Hans Müller, 6052 Hergiswil		
Trinsic AG		
Artherstrasse 21, 6300 Zug:		
- Number of shares	2'207'267	1'946'236
- Percentage	13.91%	12.27%
Beneficial owners are		
Daniel Sauter, 6300 Zug and		
Michel Vukotic, 8706 Meilen		

14. Related party transactions

Apart from the remuneration of the Board of Directors there were no other related party transactions in 2007 and 2006. The remuneration of the Board of Directors in the year under review amounts to TCHF 412 (2006: TCHF 767). The amount in 2006 includes a share based payment of TCHF 209 resulting from an allocation of 12'000 treasury shares of Alpine Select AG to an executive member of the Board of Directors. The transfer of these shares to that member of the Board of Directors was settled in January 2007. As of 31 December 2007 the Group did not own any treasury shares (2006: 12'000 treasury shares).

As of 31 December 2007 and 2006 two members of the Board of Directors, Daniel Sauter and Hans Müller, owned directly or indirectly more than 5% of the shares of the Company (further reference is made to Note 13).

15. Events after the balance sheet date

There are no events after the balance sheet date to report.

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

Zurich, 31 March 2008

As group auditors, we have audited the consolidated financial statements (balance sheet, income statement, statement of cash flows, statement of changes in equity and notes/pages 20 to 47) of Alpine Select AG, Zug for the year ended 31 December 2007.

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 comply with the accounting provisions of the Additional Rules for Listing of Investment Companies of SWX Swiss Exchange as well as with Swiss law.

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

Ernst & Young Ltd

Walter Keck	Roland Huwiler
Swiss Certified Accountant (Auditor in charge)	Swiss Certified Accountant

Statutory financial statements

BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER			
in CHF	Notes	**2007**	**2006**[1]
ASSETS			
Current assets			
Cash and cash equivalents		30'059'741	51'930'874
Trading options	4	0	927'500
Other current assets	5	19'451'910	1'816'237
Own shares	7	0	209'426
Total current assets		**49'511'651**	**54'884'037**
Non-current assets			
Trading securities	4	123'918'049	137'093'793
Participation	6	69'055'306	69'055'306
Furniture and equipment		33'487	40'179
Total non-current assets		**193'006'842**	**206'189'278**
TOTAL ASSETS		**242'518'493**	**261'073'315**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Due to banks		0	19'436'975
Trading options, short	4	0	2'579'101
Unrealized losses from currency forward contracts, net	9	1'053'003	888'021
Accrued income tax		0	470'000
Accounts payable and other accrued liabilities		240'500	1'839'577
Total current liabilities		**1'293'503**	**25'213'674**
Shareholders' equity			
Share capital		317'283	317'283
Legal reserves		91'829'938	91'829'938
Additional paid-in capital		67'898'542	67'689'116
Reserve for own shares		0	209'426
Retained earnings		75'813'878	56'575'569
Net profit of the year		5'365'349	19'238'309
Total shareholders' equity		**241'224'990**	**235'859'641**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**242'518'493**	**261'073'315**

1) Certain comparatives have been reclassified to conform with the current year's presentation

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER		
in CHF	2007	2006[1]
OPERATING INCOME		
(Loss) / gain on trading securities, net	(12'222'916)	30'815'542
Gain / (loss) on derivative financial instruments, net	6'704'759	(8'346'321)
Dividend and other income from trading securities	12'883'625	3'585'986
Interest income	421'223	119'148
Other income	0	258'818
Realised gains on own shares	0	59'027
Foreign exchange gains / (losses), net	106'165	(1'586'877)
Total operating income	**7'892'856**	**24'905'323**
OPERATING EXPENSES		
General and administrative expenses	(1'043'285)	(2'664'516)
Commission and other bank fees	(1'342'132)	(1'796'577)
Depreciation	(6'692)	(6'694)
Interest expense	(110'383)	(688'132)
Total operating expense	**(2'502'492)**	**(5'155'919)**
Net profit before tax	**5'390'364**	**19'749'404**
Taxes	(25'015)	(511'095)
Net profit after tax	**5'365'349**	**19'238'309**

1) Certain comparatives have been reclassified to conform with the current year's presentation

Notes to the statutory financial statements

1. Share capital

As of 11 December 2006 Alpine Select AG (the "Company") increased its share capital from CHF 226'630.62 to CHF 317'282.88 by issuing 4'532'613 new registered shares with a nominal value of CHF 0.02 each. The fully paid-in share capital is divided into 15'864'144 registered shares with a nominal value of CHF 0.02 per share. No preferential or similar rights exist. Each share carries one vote and has full dividend right. There are no voting right restrictions. The Company does not have participation certificates.

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

2. Authorized share capital

The Board of Directors of the Company is authorized to increase the current share capital of CHF 317'282.88 at any time until 25 May 2009 up to an aggregate amount of CHF 475'924.32 by issuing up to 7'932'072 registered shares to be fully paid-in with a nominal value of CHF 0.02 each.

3. Conditional share capital

The share capital could be further increased by an amount not exceeding CHF 113'315.00 through the issue of a maximum of 5'665'750 registered shares to be fully paid-in with a nominal value of CHF 0.02 each through the exercise of conversion or option rights in connection with bonds or similar instruments that may be issued by the Company or by its subsidiary or through the exercise of option rights granted to shareholders.

4. Trading securities and trading options

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

5. Other current assets

in CHF	2007	2006
Withholding tax	19'395'891	1'807'013
Other	56'019	9'224
Total	**19'451'910**	**1'816'237**

6. Participation

As of 31 December 2007 and unchanged to prior year, the Company owns 100% of Sumara AG, Zug, an investment company with a share capital of CHF 1'306'230.

7. Own shares

The changes in own shares were as follows:

	Rate*	Quantity	CHF
Balance at 31 December 2006	17.45	12'000	209'426
Settlement of a share based payment	17.45	(12'000)	(209'426)
Balance at 31 December 2007		**0**	**0**

* The rate refers to the purchase price

8. Significant shareholders

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

	2007	**2006**
Fabrel AG		
Seestrasse 50, 6052 Hergiswil:		
- Number of shares	3'500'000	3'500'000
- Percentage	22.06%	22.06%
Beneficial owner is		
Hans Müller, 6052 Hergiswil		
Trinsic AG		
Artherstrasse 21, 6300 Zug:		
- Number of shares	2'207'267	1'946'236
- Percentage	13.91%	12.27%
Beneficial owners are		
Daniel Sauter, 6300 Zug and		
Michel Vukotic, 8706 Meilen		

9. Currency forward contracts

The currency forwards contracts are valued at market prices.

10. Compensation

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

Members of the Board of Directors who are employed by the Company have waived their compensation payments and are instead remunerated by a fixed monthly salary. Compensation may include variable payments. Such payments are decided upon by the Board of Directors after the annual shareholders' meeting and relating accruals are considered below.

in CHF	2007
Board of Directors	
Daniel Sauter, chairman	177'746
Hans Müller, member [1]	26'900
Walter Geering, member [2]	104'969
Total	**309'615**
Officers	
Walter Geering [2]	109'195
Total	**109'195**
Former Board of Directors	
Hermann Strehler [3]	102'440
Total	**102'440**

[1] Including 7.6% value added tax

[2] Walter Geering joined the Company in September 2006. He was elected to the Board of Directors on 25 May 2007

[3] Hermann Strehler resigned from the Board of Directors as per 25 May 2007; he continued to work for the Company until November 2007 on a part-time basis

There were no other payments in 2007 and no other accruals as of 31 December 2007. No loans were granted to or received from members of the Board of Directors and officers.

Neither share nor stock option plans exist.

11. Fire insurance value

in CHF	2007	2006
Furniture and equipment	80'000	80'000

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

in CHF	2007	2006
Retained earnings at the beginning of the year	75'813'878	56'575'569
Net profit for the year	5'365'349	19'238'309
Available for distribution	81'179'227	75'813'878
Proposal of the Board of Directors for appropriation of retained earnings		
Dividend	0	0
To be carried forward	81'179'227	75'813'878

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

Zurich, 31 March 2008

As statutory auditors, we have audited the accounting records and the financial statements (balance sheet, income statement and notes/pages 50 to 54) of Alpine Select AG for the year ended 31 December 2007.

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

Walter Keck
Swiss Certified Accountant
(Auditor in charge)

Roland Huwiler
Swiss Certified Accountant

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