

Annual Report 2008



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:	SIX Swiss Exchange
Stock Exchange Symbol:	ALPN
Swiss Security Number:	1.919.955
ISIN Code:	CH0019199550
Reuters:	ALPN.S
Bloomberg:	ALPN SW EQUITY
Type of Shares:	Registered shares
Outstanding Shares:	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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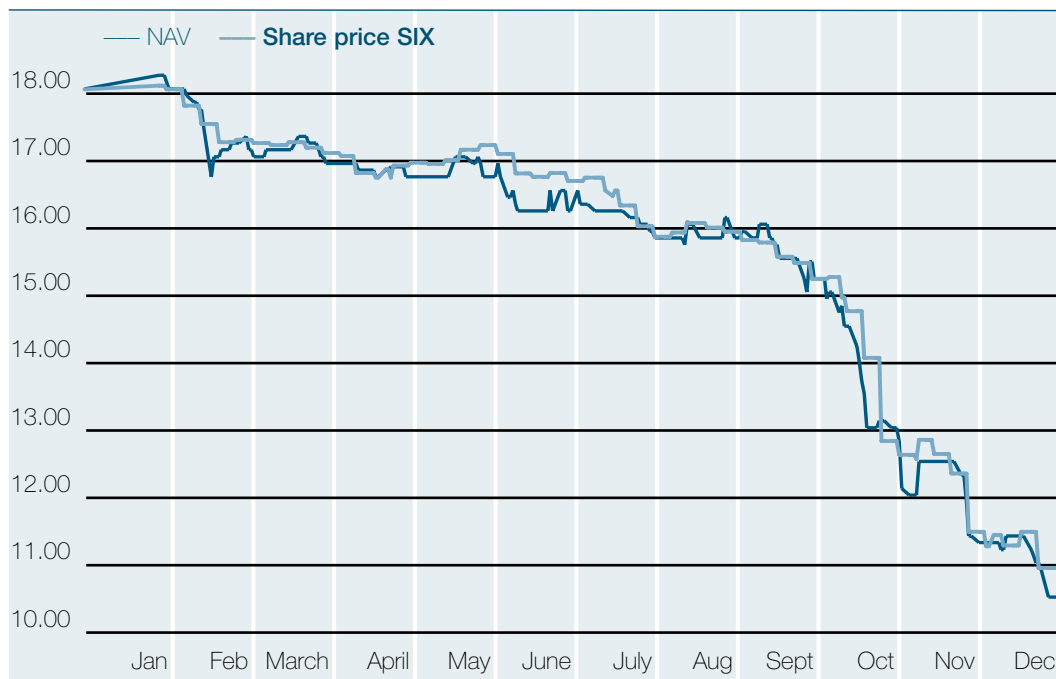
Key figures

	31 December 2008	31 December 2007
Share price	CHF 11.00	CHF 18.20
NAV	CHF 10.92	CHF 18.09

	High 2008	Low 2008
Share price	CHF 18.20	CHF 10.50
Premium / (Discount) to NAV	1.7%	-7.9%
NAV	CHF 17.99	CHF 10.93

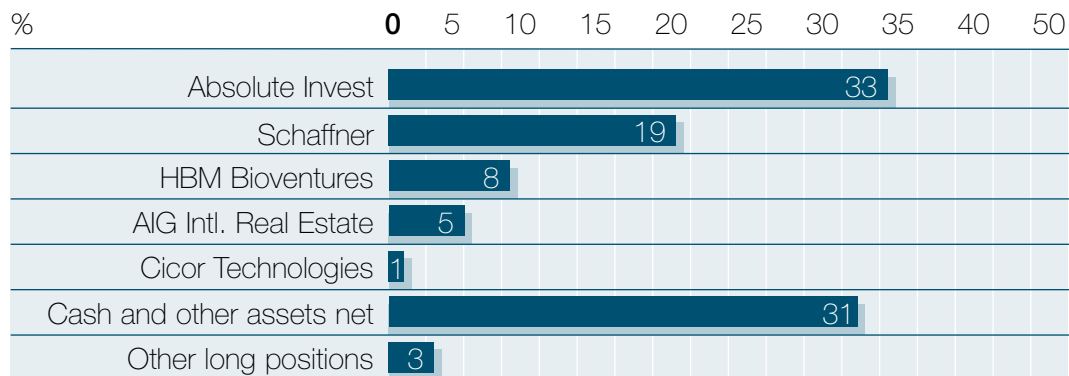
12 Months price history for the year 2008 in CHF

(weekly NAV and daily closing share price)



Key figures

Positions as a percentage of net book value on 31 December 2008



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	8.4	-4.4	2.0	1.8	0.7	-0.5	-1.3	-5.7	1.9	0.3	-0.9	0.9	2.8
2008	-4.6	-0.7	-1.9	1.7	-2.1	-1.9	-2.4	-1.2	-5.7	-14.1	-11.0	-4.3	-39.6

*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	1.1	0.3	5.2	0.7	3.9	0	-5.1	-0.3	6.8
2006	3.7	4.5	3.7	1.8	-1.8	1.2	1.2	0	1.7	5.1	1.5	1.7	27.1
2007	8.9	-2.1	-0.5	2.1	0.5	-1.5	-0.5	-5.8	0	0.6	0	0.6	1.7
2008	-5.5	0	-2.3	1.2	-4.7	0	-1.2	-1.3	-6.3	-15.5	-9.6	-2.7	-39.6

*seven months only

Chairman's statement

Dear Shareholders

While the first six months showed a relatively moderate decline in net asset value (NAV), the second half was strongly influenced by the dramatic and rapid decline of value across all asset classes. For the full year the NAV decreased from CHF 18.09 to CHF 10.92 or 39.6% and the share price decreased from CHF 18.20 to CHF 11.00 also 39.6%.

The sub-prime debt crisis originating in the USA spread around the world and brought to light the exorbitantly inflated financial bubble. With its still today unforeseeable consequences to the financial system and on the world economy, banks and financial institutions started to tumble. In anticipation of severe economic impact, stock markets fell sharply and the need for liquidity overruled any valuation principles.

We started the year with a fair amount of liquidity ready for special opportunities should they arise. Our holdings in OC Oerlikon, Feintool International Holding, Pargesa Holding and Castle Private Equity were divested during the year at a loss and our holdings in Schaffner Holding and HBM Bioventures were increased. The widening of the spread between reported net asset value and quoted share price of AIG International Real Estate, Absolute Invest and HBM Bioventures immediately affected our own NAV negatively. Discounts on investment companies prevailed already a few years ago and we have successfully capitalized on them. Today we are again in an identical situation where the significant oversupply in these stocks forces these companies to create the demand by launching buy-back-programs. The resulting condensation effect will benefit those investors who see their position through this turbulent time. We are particularly pleased that the management of such companies react proactively.

We too have absorbed surplus liquidity in our stock by launching a share-buy-back program in May 2008. As at year end we have bought back a total of 2'051'917 shares representing 12.93% of the outstanding capital of the Company. The commitment towards our constituency, to avoid the development of a significant discount, has been fulfilled throughout the year. This program was closed as per 31 March 2009 with a total of 16.30% of the outstanding shares being bought back. It is our intention to obtain from our shareholders an agreement in principle to launch a further buy-back-program post the shareholders meeting should market conditions warrant it.

The meltdown in stock markets continued post year end but has had only marginal effects on our NAV. We believe that our holdings are of good quality and that the patience, a calm hand and our significant liquidity will allow us to weather this storm.

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

A handwritten signature in black ink, appearing to read "D. Sauter". The signature is fluid and cursive, with a prominent initial "D" and a long, sweeping underline.

Daniel J. Sauter

Chairman of the Board of Directors

Review of operations

Investment policy and focus

Alpine Select AG (the „Company“ or „Alpine“) is an investment company with an emphasis on investee companies subject to particular corporate events or circumstances; events could include spin-offs, acquisitions, recapitalizations or reorganizations, circumstances could include valuation anomalies or technical market situations. The investment approach is based on fundamental research and analysis. Whilst the Company will strive to maintain a consistently 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 2008, net asset value per share was according to the IFRS valuation CHF 10.92, a decrease of 39.6% compared to the net asset value at the beginning of the year (CHF 18.09). Throughout the year the shares traded near or at the net asset value (ranging from a discount of -7.9% to a premium of 1.7%). The share price decreased during the year also by 39.6% from CHF 18.20 to CHF 11.00.

As at the end of the reported period, long positions comprised of 13 investments or CHF 104.7 million of which the participations in Absolute Invest AG, Schaffner Holding AG, HBM Bioventures AG, AIG International Real Estate GmbH and Cicor Technologies AG represented 97% of aggregate positions or CHF 101.4 million. The remaining amount of CHF 3.3 million mainly comprised of investments in New Venturetec AG, Stone Tower CLO, ING Investment Management CLO, Atrium V and Prime New Energy.

Apart from the disposal of smaller positions, the Company also disposed of its holdings in OC Oerlikon, Castle Private Equity, Feintool International Holding AG and Pargesa Holding AG. For the majority of these divestments a loss was realized.

No short positions were open at 31 December 2008.

Net liquidity (liquid funds net of debt) amounted to CHF 44.2 million at 31 December 2008.

Corporate governance

1. Group structure and shareholders

1.1 Group business

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

1.2 Company and group structure

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

Sumara AG is the only subsidiary of the Company.

1.3 Significant shareholders

The Company received two notifications of Trinsic AG on 23 May 2008 and 29 May 2008, exceeding the 15% threshold on 23 May 2008 and falling below the 15% threshold shortly thereafter on 28 May 2008. The Company did not receive any other notifications in 2008.

Management transactions were regularly reported to the SIX Swiss Exchange.

as at 31 December	2008	2007
Fabrel AG		
Seestrasse 50, 6052 Hergiswil:		
- Number of shares (including 140 shares directly held by Hans Müller)	3'634'515	3'500'000
- Percentage	22.91%	22.06%
Beneficial owner is Hans Müller, 6052 Hergiswil		
Trinsic AG		
Artherstrasse 21, 6300 Zug:		
- Number of shares (including 70'000 shares directly held by Daniel Sauter)	2'330'955	2'207'267
- Percentage	14.69%	13.91%
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.

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For information required under Art. 663c para 3, Swiss Code of Obligations please see section 5.3 (Share ownership of directors and officers).

1.4 Cross-Shareholdings

There are no cross-shareholdings.

2. Capital structure

2.1 Share capital

As of 31 December 2008, the share capital of the Company 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 SIX Swiss Exchange and are traded in Swiss Francs (symbol: ALPN; SSN: 1.919.955; ISIN: CH 0019199550). As per 31 December 2008, Alpine's market capitalization was CHF 175 million.

2.2 Authorized share capital

The Board of Directors is authorized to increase the share capital at any time until 25 May 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

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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 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 Treasury shares

The last annual shareholder's meeting held 28 April 2008 entitled the Board of Directors to purchase treasury shares at a maximum of 20% of the share capital. In 2008 the Company acquired 2'051'917 treasury shares with a nominal value of CHF 0.02 each, corresponding to 12.93% of the share capital, via the second trading line at the SIX Swiss Exchange. Further purchases took place in 2009. As announced on 17 February 2009 the share re-purchase program was terminated as per 31 March 2009. The exact figure was notified in a press release after the close of markets on 31 March 2009.

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The Board of Directors proposes to the shareholders at the forthcoming annual shareholder's meeting on 30 April 2009 to reduce the share capital from CHF 317'282.88 to the notified figure published in the forthcoming press release by means of cancellation of a maximum of 3'172'828 shares with a nominal value of CHF 0.02 each and to adjust Art. 4 of the Articles of Association of the Company accordingly.

2.6 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 2.8 on nominees). There are no participation certificates.

2.7 Profit sharing certificates

There are no profit sharing certificates outstanding.

2.8 Limitation on share transferability and nominee registration

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

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).

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

2.9 Convertible bonds and warrants

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

3. Board of Directors

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

3.1 Members of the Board of Directors

The members of the Board of Directors are:

Daniel J. Sauter

Born 1957, executive Chairman (since 1 January 2004), Swiss, term of office: 2001/2009

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: 2006/2009

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

Walter Geering

Born 1943, executive Director, Swiss, term of office: 2007/2009

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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 as well as a board member of one of its subsidiaries.

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

3.3 Election and term of office

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

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

3.4 Internal organizational structure, delegated authorities and management board

Daniel J. Sauter is the executive Chairman of the Board of Directors. The Board of Directors has not established any committees. The nature of the Company's business dictates that the Board of Directors takes an active role in defining the Company's investment strategy whilst delegating management and control tasks to the Company's executives. A formalized internal control system is in place since November 2007.

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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 2008 the Board of Directors convened eight 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 not fully paid-in shares; to pass resolutions regarding increases in share capital as far as they are within the competence of the Board of Directors (Art. 651 para. 4 Swiss Code of Obligations) as well as the adoption of capital increases and the amendments to the Articles of Association entailed therewith;
- to verify the professional qualifications of the specially qualified auditors.

The Board of Directors delegates the management of the Company entirely to the Company's 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/profile.html).

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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 and its subsidiary Sumara AG, Zug 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. For further information see section 3.1.

4.2 Other activities and interests

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

Members of the management 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

Neither management contracts nor agreements of a similar nature exist.

5. Compensation, shareholdings and loans

5.1 Content and method of determining compensation

In accordance with Art. 17 of the Articles of Association, the members of the Board of Directors and the Management are entitled to an annual compensation as determined by the Board of Directors once a year and to be reimbursed for any out of pocket expenses they incur on behalf of the Company.

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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 2008 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 2008 executive members of the Board of Directors and parties closely linked to such persons held directly and indirectly an aggregate of 2'373'955 shares of which Daniel Sauter held 2'330'955 shares and Walter Geering 43'000 shares. The non-executive member of the Board of Directors, Hans Müller and parties closely linked to him held 3'634'515 shares. The officers are identical with the executive members of the board. All transactions were reported to the SIX Swiss Exchange.

5.4 Options

No options have been issued.

5.5 Additional fees and remuneration

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

5.6 Loans to members of the Board of Directors and officers

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

5.7 Compensation

Each member of the Board of Directors is entitled to receive CHF 25'000 compensation per year. The compensation is paid out in cash and the payment is made after the Annual General Meeting. Members of the Board of Directors who are employed by the Company have waived their 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 General Meeting. Variable

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payments for 2008 have been waived by the Members of the Board of Directors. Therefore no relating accruals are considered below as of 31 December 2008.

in CHF	2008	2007
Board of Directors		
Daniel Sauter, chairman	179'139	177'746
Hans Müller, member ¹⁾	26'900	26'900
Walter Geering, member ²⁾	180'807	104'969
Total	386'846	309'615
Officer		
Walter Geering ²⁾	0	109'195
Total	0	109'195
Former Board of Directors		
Hermann Strehler ³⁾	0	102'440
Total	0	102'440

Neither share nor stock option plans exist.

There were no other payments in 2008 and no other accruals as of 31 December 2008.

1) Including 7.6% value added tax

2) Walter Geering joined the Company in September 2006. He was elected as a member of the Board of Directors in May 2007.

3) Hermann Strehler resigned as member of the Board of Directors in May 2007; he continued to work as an officer for the Company until November 2007 on a part-time basis.

6. Shareholders' participation rights

6.1 Voting right restrictions

There are no voting right restrictions.

6.2 Statutory quorums

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

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

- the cases listed in Art. 704 para. 1 Swiss Code of Obligations;
- the alleviation or withdrawal of restrictions upon the transfer of registered shares;

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- the conversion of registered shares into bearer shares;
- the dissolution of the Company followed by the liquidation;
- the recall of the members of the Board of Directors according to Art. 705 para. 1 Swiss Code of Obligations;
- the amendment of Art. 13 of the Articles of Association concerning election and term of office of the members of the Board of Directors;
- the removal from the Articles of Association of increased requirements for resolutions of the shareholder's meeting, especially those of Art. 12 of the Articles of Association.

6.3 Convening of shareholders' meetings

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

- Extraordinary shareholders' meetings shall be convened by the Board of Directors within 60 days after shareholders representing at least 10% of the share capital request such meeting in writing, setting forth the items to be discussed and the proposals to be decided upon;
- The shareholders' meeting shall be convened by mail to the shareholders and usufructuaries at least 20 days prior to the meeting day. The convening letter shall state the day, time and place of the meeting, the agenda, the proposals of the Board of Directors 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 shareholders' meeting. Such requests must be filed in writing setting forth the items to be discussed and the proposals to be decided upon, at least 45 days prior to the respective shareholders' meeting.

6.5 Registration in the shareholders' register

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

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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 28 April 2008 the shareholders' meeting elected Ernst & Young AG, Zurich („Ernst & Young“) for a term of one year as auditors. Ernst & Young has been the Company's auditors since its incorporation in 1997. Since 2007, Walter Keck is auditor in charge for Alpine and its subsidiary.

8.2 Audit fees

For the years 2008 audit fees amounted to CHF 116'100 (2007: CHF 110'000).

8.3 Additional fees

For the years 2008 (as well as for 2007) no other fees were paid to Ernst & Young for services rendered other than reported in section 8.2.

8.4 Surveillance and control instruments

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

9. Information policy

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

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

Information is disclosed through:

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

Consolidated financial statements

CONSOLIDATED BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER			
in TCHF	Notes	2008	2007
ASSETS			
Current assets			
Cash and cash equivalents		33'721	49'686
Financial assets at fair value through profit or loss	3	10'613	0
Other current assets	4	1'972	19'683
Total current assets		46'306	69'369
Non-current assets			
Financial assets at fair value through profit or loss	3	104'728	222'777
Furniture and equipment		27	33
Total non-current assets		104'755	222'810
TOTAL ASSETS		151'061	292'179
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Financial liabilities at fair value through profit or loss	3	0	1'757
Accounts payable and accrued liabilities		181	318
Income tax payables		0	781
Deferred tax liabilities	5	0	2'380
Total current liabilities		181	5'236
Shareholders' equity			
Share capital	6	317	317
Additional paid-in capital		152'313	152'313
Treasury shares	6	(31'095)	0
Retained earnings		29'345	134'313
Total shareholders' equity		150'880	286'943
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		151'061	292'179

Consolidated financial statements

CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER			
in TCHF	Notes	2008	2007¹⁾
OPERATING INCOME			
Loss on financial assets and financial liabilities at fair value through profit or loss, net	7	(108'192)	(4'318)
Dividend and other income from securities, net		1'709	14'646
Interest income from cash and cash equivalents		989	774
Interest income from bonds		223	0
Other income		204	62
Foreign exchange losses on cash and cash equivalents, net		(84)	(142)
Total operating (loss) / income		(105'151)	11'022
OPERATING EXPENSES			
General and administrative expenses	8	(1'299)	(1'144)
Commissions and other bank fees		(864)	(2'115)
Interest expense on short-term bank debts		(1)	(151)
Depreciation on furniture and equipment		(7)	(7)
Total operating expenses		(2'171)	(3'417)
Net (loss) / profit before tax		(107'322)	7'605
Income tax	10	2'354	(82)
Net (loss) / profit of the year		(104'968)	7'523
(Loss) / profit per share in CHF (basic and diluted)	11	(6.95)	0.47

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

Consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER			
in TCHF	Notes	2008	2007¹⁾
Cash flows from operating activities			
Net (loss) / profit of the year		(107'322)	7'605
Adjustments for:			
- Loss on financial assets and financial liabilities at fair value through profit or loss, net		108'192	4'318
- Dividend and other income from securities, net		(1'709)	(14'646)
- Interest income		(1'212)	(774)
- Interest expense		1	151
- Depreciation on furniture and equipment		7	7
- Other non-cash income		(11)	(66)
Withholding taxes received		25'233	2'329
Change in other current assets		38	(47)
Change in accounts payable and accrued liabilities		(127)	(1'135)
Dividends received		1'737	5'424
Interest received		1'182	759
Interest paid		(1)	(288)
Income taxes paid		(797)	(485)
Net cash inflow from operating activities		25'211	3'152
Cash flows from investing activities			
Purchases of financial assets at fair value through profit or loss		(62'792)	(253'246)
Proceeds from short sale of financial assets at fair value through profit or loss		0	4'289
Proceeds from sale of financial assets at fair value through profit or loss		59'928	262'056
Settlement of financial liabilities at fair value through profit or loss		0	(4'433)
Net cash (outflow) / inflow from currency forwards and financial futures		(7'207)	3'224
Net cash (outflow) / inflow from investing activities		(10'071)	11'890
Cash flows from financing activities			
Repayment fixed term bank loans		0	(19'300)
Purchase of treasury shares	6	(31'105)	0
Net cash outflow from financing activities		(31'105)	(19'300)
Net decrease in cash and cash equivalents		(15'965)	(4'258)
Cash and cash equivalents at beginning of year		49'686	53'944
Cash and cash equivalents at end of year		33'721	49'686
Cash and cash equivalents consist of:			
Cash at banks		33'721	1'286
Short-term deposits		0	48'400
Cash and cash equivalents as defined for the Cash flow statement		33'721	49'686

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

Consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY						
	Share capital	Additional paid-in capital	Treasury shares	Currency translation differences	Retained earnings	Total
in TCHF						
Balance at 1 January 2007	317	152'313	(209)	(136)	126'999	279'284
Currency translation differences released in 2007				136	(136)	0
Net profit of 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
Net loss of the year 2008					(104'968)	(104'968)
Total recognized income and expense	0	0	0	0	(104'968)	(104'968)
Acquisition of treasury shares (Note 6)			(31'105)			(31'105)
Income tax on transaction costs included in „Acquisition of treasury shares“ (Note 6)			10			10
Balance at 31 December 2008	317	152'313	(31'095)	0	29'345	150'880

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.

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 2008, 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 SIX 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 fair 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 statutory financial statements have been authorized for issue by the Board of Directors on 3 March 2009. The annual shareholders' meeting called for 30 April 2009 will vote on the final approval of the consolidated and statutory financial statements.

Notes to the consolidated 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 2008 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.

The adoption of the following new and amended IFRS and IFRIC interpretations during the year 2008 did not have any effect on the consolidated financial statements of the Group:

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

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

- IFRS 1 and IAS 27: Amendments - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective 1 January 2009);
- IFRS 2: Amendment – Vesting Conditions and Cancellations (effective 1 January 2009);
- IFRS 8: Operating Segments (effective 1 January 2009);
- IAS 1: Presentation of Financial Statements – Revised (effective 1 January 2009);
- IAS 23: Borrowing Costs – Revised (effective 1 January 2009);
- IAS 32 and IAS 1: Amendment – Puttable Financial Instruments and Obligations arising on Liquidation (effective 1 January 2009);
- IFRIC 13: Customer Loyalty Programmes (effective 1 July 2008);
- IFRIC 15: Agreements for the Construction of Real Estate (effective 1 January 2009);
- IFRIC 16: Hedges of a Net Investment in a Foreign Operation (effective 1 October 2008);

Notes to the consolidated financial statements

- Annual improvements – Omnibus Change to many Standards (effective 1 January 2009);
- Improving Disclosures about Financial Instruments (Amendments to IFRS 7) (effective 1 January 2009);
- Reclassification of Financial Assets – Amendments to IAS 39: Financial Instruments: Recognition and Measurement and IFRS 7: Financial Instruments: Disclosures (effective 1 July 2008);

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

In 2010, the Group will adopt the following new and revised standards and interpretations:

- IFRS 3: Amended - Business Combinations – Revised (effective 1 July 2009);
- IAS 27: Amended - Consolidated and Separate Financial Statements – Revised (effective 1 July 2009);
- IAS 39: Amendment - Eligible Hedged Items (effective 1 July 2009);
- IFRIC 17: Distributions of Non-cash Assets to Owners (effective 1 July 2009);
- IFRIC 18: Transfers of Assets from Customers (effective 1 July 2009);

The Company has not yet determined the potential effects of these new or revised standards and interpretations 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. „Interest income from lent securities” and „Interest expense on borrowed securities” are classified in 2008 under „Other income” and „Commissions and other bank fees” respectively. This change of classification in the income statement has resulted in a reclassification of TCHF 62 from „Interest income from lent securities” to „Other income” and in a reclassification of TCHF -31 from „Interest expense on borrowed securities” to „Commissions and other bank fees” in prior year. For the year ended 31 December 2007 „Other income” therefore increased by TCHF 62 to TCHF 62 and „Commissions and other bank fees” increased by TCHF -31 to TCHF -2'115. As a result of that reclassification in prior year, the corresponding lines in the „Cash flows from operating activities” of 2007 were also reclassified: the adjustment for „Interest income” decreased from TCHF -836 to TCHF -774 and the adjustment for „Interest expense” decreased from TCHF 182 to TCHF 151. „Interest received” decreased from TCHF 821 to TCHF 759 and „Interest paid” from TCHF -319 to TCHF -288.

Notes to the consolidated financial statements

2.4. Subsidiaries

Effective 12 December 2005 the Company acquired a 100% interest in Sumara AG.

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 on financial assets and financial liabilities at fair value through profit or loss, net“ (see also Note 7).

The following exchange rates have been applied:

		2008	2007
USD/CHF			
Balance sheet	End of year rate	1.0644	1.1321
EUR/CHF			
Balance sheet	End of year rate	1.4796	1.6552

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.

Notes to the consolidated financial statements

All realized and unrealized gains and losses including foreign exchange gains and losses on financial assets and financial liabilities at fair value through profit or loss 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 securities

Dividend and other income from securities is recognized in the income statement on the date the Company's right to receive payments is established and recorded net of withholding tax when applicable. Other income from 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. Segmental analysis of results

The Group operates in one primary business segment as an investment company. It does not provide segment reporting following geographic criteria. The Group does not manage by geographical split and since it operates in a market that is not bound by geographical constraints, the members of the Board of Directors believe that a split of assets by geographical area would not be meaningful.

Notes to the consolidated financial statements

2.12. Financial risk management

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

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

The Group's investment policy and activities involve exposure to various market and price risks and degrees thereof. The Group manages and limits these risks by diversification among markets, instruments and investments as well as through the use of trading limits. The Group's portfolio is reviewed and managed on a daily basis. Based on the SIX Swiss Exchange requirements for investment Companies the Group calculates and publishes the net asset value weekly.

The following attempts to summarize the nature of the principal risks associated with the instruments and markets in which the Group invests; however it does not represent a comprehensive review of all risks associated with the Group's activities.

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

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

Notes to the consolidated financial statements

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 SIX Swiss Exchange being an index that is composed by and calculated based on its members. The volatility of the IGSP Investment Index for the 5 years period until 26 December 2008 is 15.21% (standard deviation) and 9.56% (standard deviation) for the 5 years period until 28 December 2007.

If – in the year under review - the IGSP Investment Index would have increased by a yearly standard deviation of 15.21%, the positive impact on the Group's result before tax would have been TCHF 15'929 (2007: TCHF 21'297). An equal but opposite change would have resulted in an equal but opposite impact on the Group's result before tax.

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

Credit risk: Financial assets that potentially expose the Group to credit risk mainly consist of „Cash and cash equivalents” and „Other current assets”. The extent of the Group's exposure to credit risk in respect of these assets is limited to the carrying value as reported in the Group's consolidated balance sheet being CHF 35.7 million for the year under review and CHF 69.4 million for the year 2007. 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 active 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.

Notes to the consolidated financial statements

The following table summarizes the maturity profile of the Group's financial liabilities for the year ended 31 December 2008 and 2007 based on contractual and undiscounted payments:

in TCHF	On demand	Less than 3 months	3 to 12 months	Total
31 December 2008				
Financial liabilities at fair value through profit or loss				
- Forward exchange contracts, settled gross	0	10'613	0	10'613
- of which: inflow	0	101'089	0	101'089
- of which: outflow	0	(90'476)	0	(90'476)
Accounts payable and accrued liabilities	0	(49)	(132)	(181)
Income tax payables	0	0	0	0
Total	0	10'564	(132)	10'432
31 December 2007				
Financial liabilities at fair value through profit or loss				
- 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)

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. Interest-bearing financial assets and financial liabilities mature in the short-term. Therefore, the Group's exposure to fair value interest rate risk due to fluctuations in the prevailing market interest rates is limited.

Any excess cash of the Group usually is invested in fiduciary fixed-term deposits with a maturity of not more than 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. At 31 December 2008 the Group did neither have investments in fiduciary fixed-term deposits nor short-term bank loans.

Notes to the consolidated financial statements

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 300 basis points in short-term deposit interest rates as at the reporting date would have increased the result before tax by CHF 1.0 million (2007: CHF 1.5 million). A decrease of 100 basis points would have resulted in an opposite and proportional effect.

Currency risk: The Group may enter from time to time into transactions denominated in currencies other than the Swiss 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 2008 and 2007.

in TCHF	Cash and cash equivalents	Currency forwards	Other financial ass./liab. at fair value through profit or loss	Net exposure
31 December 2008				
US Dollar	263	(76'465)	51'891	(24'311)
Euro	2	(14'011)	7'807	(6'202)
Pound Sterling	1	0	0	1
Subtotal foreign currencies	266	(90'476)	59'698	(30'512)
Swiss Francs	33'455	101'089	45'030	179'574
Net financial assets (liabilities) at fair value through profit or loss	33'721	10'613	104'728	149'062
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

Notes to the consolidated financial statements

If – at 31 December 2008 – the Swiss Francs versus the Euro and the US Dollar had continued to weaken by 5% by keeping all other variables constant, the effect on the Group's net profit before tax and equity in the year under review would have been TCHF 905. This effect on profit or loss of TCHF 905 is the result of the currency sensitivities CHF/EUR of TCHF –310 and CHF/USD of TCHF 1'216.

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

An adverse change of the Swiss Francs for both foreign currencies would have resulted in an equal but opposite effect for 2008 and 2007.

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:

in TCHF	Carrying amount		Fair value	
	2008	2007	2008	2007
Financial assets at fair value through profit or loss				
Cash and cash equivalents	33'721	49'686	33'721	49'686
Financial assets at fair value through profit or loss				
- current	10'613	0	10'613	0
- non-current	104'728	222'777	104'728	222'777
Loans and receivables				
Other current assets	1'972	19'683	1'972	19'683
Financial liabilities at fair value through profit or loss				
Financial liabilities at fair value through profit or loss	0	1'757	0	1'757
Financial liabilities at amortized cost				
Accounts payable and accrued liabilities	181	318	181	318

Notes to the consolidated financial statements

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

2.13. Capital management

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

in TCHF	2008	2007
Current assets	46'306	69'369
Non-current assets	104'755	222'810
Total assets	151'061	292'179
Liabilities	(181)	(5'236)
Net assets	150'880	286'943

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

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

The Group manages its capital structure and makes adjustments to it if the economic conditions change. To maintain or adjust the capital structure the Group may return capital to shareholders or issue new shares. During the year under review the Group purchased treasury shares in the amount of CHF 31.1 million (see also Note 6).

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	2008	2007
Financial assets at fair value through profit or loss		
Unrealized gains resulting from currency forward contracts	10'613	0
Trading securities	104'728	222'777
Total	115'341	222'777
of which current	10'613	0
of which non-current	104'728	222'777

Notes to the consolidated financial statements

in TCHF	2008	2007
Financial liabilities at fair value through profit or loss		
Unrealized losses resulting from currency forward contracts	0	1'757
Total	0	1'757
of which current	0	1'757
of which non-current	0	0

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

Notes to the consolidated financial statements

Investment table as of 31 December 2008		in TCHF		
	Number of shares at	Fair value at	Additions	Reductions
	1 January 2008	1 January 2008		
LONG POSITIONS:				
Absolute Invest AG ²⁾	193'316	79'775	21'849	(19'533)
Absolute Private Equity AG	25'482	3'289		(3'134)
ALG International Real Estate GmbH & Co KGaA	322'545	22'264	3'923	
Atrium V Ltd.	1'500	1'486		
Castle Private Equity	60'000	8'286		(3'453)
Cicor Technologies	90'000	6'507		
Feintool Intl Holding AG	20'350	8'038		(6'651)
HBM Bioventures AG	167'890	15'950	1'463	(912)
Highland Financial Partners LP	600'000	10'189		
ING Investment Management CLO	2'000	2'219		
Invisa Inc.	130'000	2		
Ivanhoe Energy Inc	61'983	112		(189)
New Venturetec AG	190'178	3'756		
OC Oerlikon Corp. AG	33'466	15'838	10'831	(22'232)
Pargesa Holding AG	30'034	3'799	467	(3'862)
Peoples Choice Financial Corporation	70'800	0		
Prime New Energy AG	210'492	105		
Prokmu Invest AG	57'350	0		
Schaffner Holding AG	135'875	35'599	9'448	(1'844)
Stone Tower CLO VI LTD	2'000	2'095		
Vitafort International Corporation	317'543	0		
Von Roll Holding AG			2'520	(2'559)
Var. Obl. Stone Tower CLO VII	2'000'000	2'151		
2 1/2% Convertible Bonds HBM Bioventures AG			4'849	
2 1/4% Convertible Bonds Schaffner Holding AG	1'200'000	1'317	2'137	
Total Long Positions:		222'777	57'487	(64'369)
of which gains				
of which losses				
of which „Other gain from trading securities“:				
of which „Other loss from trading securities“:				

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

²⁾ Share-split based on a ratio of 1:10.

Notes to the consolidated financial statements

in TCHF								
Realized gains / (losses) net of FX	Realized FX gains / (losses)	Unrealized gains / (losses) net of FX ⁽¹⁾	Unrealized FX gains / (losses) ⁽¹⁾	Fair value at 31 December 2008	Number of shares at 31 December 2008	Stock price (closing) in local currency at 31 December 2008		Dividends received
For the period 1 January to 31 December 2008								
690		(29'629)	(2'799)	50'353	2'039'090	USD	23	
(78)	(3)	(115)	41	0	0			
		(16'451)	(1'927)	7'809	393'803	EUR	13	
		(1'083)	(100)	303	1'500	USD	190	462
(4'721)		(112)		0	0			
		(4'257)		2'250	90'000	CHF	25	
(2'129)		742		0	0			145
(769)		(8'503)		7'229	176'311	USD	41	
		(11'557)	1'368	0	600'000	USD	0	
		(1'682)	(133)	404	2'000	USD	190	474
		9	(10)	1	130'000	USD	0	
189		(112)		0	0			
		(2'043)		1'713	190'178	CHF	9	
(8'201)		3'764		0	0			
(685)		281		0	0			63
		(179)	179	0	70'800	USD	0	
				105	210'492	CHF	1	
				0	57'350	CHF	0	
59		(17'601)		25'661	176'973	CHF	145	
		(1'536)	(133)	426	2'000	USD	200	565
				0	317'543	USD	0	
39				0	0			
		(1'625)	(122)	404	2'000'000	USD	19	101
		(112)		4'737	5'000'000	CHF	95	
		(121)		3'333	3'363'000	CHF	99	
(15'606)	(3)	(91'922)	(3'636)	104'728				1'810
294		4'796	1'587					
(15'799)	(3)	(96'718)	(5'223)					
1'272								
(1'373)								

Notes to the consolidated financial statements

Investment table as of 31 December 2008	in TCHF			
	Number of shares at	Fair value at	Additions	Reductions
	1 January 2008	1 January 2008		
LONG POSITIONS:				
Call OC Oerlikon Corp. AG CHF 400				(156)
Call OC Oerlikon Corp. AG CHF 440				(185)
Put OC Oerlikon Corp. AG CHF 360 / 23.06.2008			379	(560)
Put OC Oerlikon Corp. AG CHF 360 / 22.09.2008			1'572	(563)
Put OC Oerlikon Corp. AG CHF 380 / 23.06.2008			2'461	(1'052)
Put OC Oerlikon Corp. AG CHF 380 / 22.09.2008			893	(500)
Total Trading Options:		0	5'305	(3'016)
of which gains				
of which losses				
of which assets				
of which liabilities				
CURRENCY FORWARDS:				
Forward sales EUR/CHF		(72)		
Forward sales USD/CHF		(1'685)		
Total Currency Forwards:		(1'757)	0	0
of which gains				
of which losses				
of which assets		0		
of which liabilities		(1'757)		

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

²⁾ Share-split based on a ratio of 1:10.

Notes to the consolidated financial statements

in TCHF							
Realized gains / (losses) net of FX	Realized FX gains / (losses)	Unrealized gains / (losses) net of FX ⁽¹⁾	Unrealized FX gains / (losses) ⁽¹⁾	Fair value at 31 December 2008	Number of shares at 31 December 2008	Stock price (closing) in local currency at 31 December 2008	Dividends received
For the period 1 January to 31 December 2008							
156				0	0		
185				0	0		
181				0	0		
(1'009)				0	0		
(1'409)				0	0		
(393)				0	0		
(2'289)	0	0	0	0			0
565							
(2'854)							
	664		771	698			
	(7'871)		11'599	9'915			
0	(7'207)	0	12'370	10'613			0
	13'879		10'589				
	(21'086)		1'781				
				10'613			
				0			

Notes to the consolidated financial statements

4. Other current assets

in TCHF	2008	2007
Withholding tax	1'954	19'627
Accrued income and prepaid expenses	18	56
Total	1'972	19'683

5. Deferred tax liabilities

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. During the year under review the Group generated tax losses of approx. CHF 77.0 million. Because of the uncertainty of market movements, an exact estimate concerning future profits is not possible. As a result, deferred tax assets are not capitalized. No unrecorded tax losses carried-forward existed at 31 December 2007.

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 2008			
Balance at 1 January 2008	(2'380)	0	(2'380)
Deferred tax income	2'380	0	2'380
Balance at 31 December 2008	0	0	0
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)

No realizable temporary differences on financial assets and financial liabilities at fair value through profit or loss exist as per 31 December 2008 and as a consequence no deferred tax liabilities are recognized.

Notes to the consolidated financial statements

6. Share capital and treasury shares

As of 31 December 2008 and 2007, the share capital of the Company is CHF 317'282.88 consisting of 15'864'144 fully paid-in registered shares with a nominal value of CHF 0.02 each. Each share has one vote and all shares are equally entitled to dividends.

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.

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

Based on a decision by the Annual General Shareholders' Meeting held at 28 April 2008, the Board of Director is entitled to purchase treasury shares at a maximum of 20% of the share capital. In 2008 the Company acquired 2'051'917 treasury shares at an average price of CHF 15.10 per share. The total acquisition costs of treasury shares of TCHF 31'105 include transaction costs of TCHF 128. The corresponding income tax effect applying the tax rate of 7.8% amounts to TCHF 10.

No treasury shares were sold during 2008. The Company held no treasury shares at 31 December 2007. After considering the deduction of 2'051'917 treasury shares, 13'812'227 shares were outstanding as of 31 December 2008 (2007: 15'864'144 shares).

The settlement of treasury shares in 2007 relates to an allocation of 12'000 treasury shares of Alpine Select AG in December 2006 to a former executive member of the Board of Directors.

Notes to the consolidated financial statements

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

in TCHF	2008	2007
Realized gains – securities	294	25'151
Realized losses – securities	(15'799)	(11'455)
Net realized currency (losses) / gains – securities	(3)	324
Net realized – trading securities	(15'508)	14'020
Unrealized gains – securities	4'796	13'891
Unrealized losses – securities	(96'718)	(35'673)
Net unrealized currency losses – securities	(3'636)	(4'776)
Net unrealized – securities	(95'558)	(26'558)
Total securities, net	(111'066)	(12'538)
Realized gains – liabilities	0	193
Realized losses – liabilities	0	(275)
Net realized currency losses – liabilities	0	(62)
Total liabilities, net	0	(144)
Realized gains – options	565	10'131
Realized losses – options	(2'854)	(4'333)
Net realized – options	(2'289)	5'798
Unrealized gains – options	0	1'297
Unrealized losses – options	0	(1'629)
Net unrealized – options	0	(332)
Total options, net	2'289)	5'466
Realized (losses) / gains – forwards and financial futures	(7'207)	3'224
Unrealized gains / (losses) – forwards and financial futures	12'370	(326)
Total forwards and financial futures, net	5'163	2'898
Loss on financial assets and financial liabilities at fair value through profit or loss, net	(108'192)	(4'318)

8. General and administrative expenses

in TCHF	2008	2007
Personnel expense	425	529
Legal, accounting and auditing fees	424	144
Office rent	63	74
Other office expense	387	397
Total	1'299	1'144

Notes to the consolidated financial statements

9. Employee benefits

Besides the statutory social security schemes there are independent pension plans or pension insurance policies covering one employee of the Group. The Group's contributions to defined contribution plans are charged to the income statement in the period to which the contributions relate. The Group has no material defined benefit pension or post-retirement schemes at 31 December 2008. The amount of contributions charged to the income statement for 2008 is TCHF 12.6 (2007: TCHF 11.4).

10. Income tax

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

in TCHF	2008	2007
Current tax expense	(26)	(796)
Deferred tax income	2'380	714
Total income tax	2'354	(82)

Reconciliation of income tax:

in TCHF	2008	2007
Net (loss) / profit before income taxes	(107'322)	7'605
Expected tax income / (expense) at the domestic rates applicable to (loss) / profit in the countries concerned	8'371	(593)
Weighted average applicable tax rate	7.8%	7.8%
Tax effect on non-deductible expenses	0	(11)
Tax effect on income not subject to tax	0	522
Tax effect on transactions costs for treasury shares	10	0
Tax effect of tax losses for which no deferred income tax asset was recognized	(6'011)	0
Adjustments related to prior years	(16)	0
Total tax income / (expense)	2'354	(82)
Effective tax rate on the net (loss) / profit before income tax	2.2%	1.1%

The applicable tax rate per company is the domestic income tax rate applicable to the (loss) / profit of the company concerned for the fiscal year 2008.

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 income tax. The weighted average applicable tax rate in fiscal year 2008 and 2007 is 7.8% (based on the result before tax).

Notes to the consolidated financial statements

11. (Loss) / profit per share

	2008	2007
Net (loss) / profit of the year in TCHF as per the consolidated statement of income	(104'968)	7'523
Weighted average number of outstanding shares	15'106'038	15'864'144
(Loss) / profit per share in CHF (basic and diluted)	(6.95)	0.47

12. Net asset value (NAV) per share

The net asset value per share is calculated using the adjusted number of outstanding shares at the end of the balance sheet date. The net asset value per share at 31 December 2008 is CHF 10.92 (2007: CHF 18.09).

13. Contingencies; commitments

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

14. Significant shareholders

To the best knowledge of the Company, the following shareholders held a participation exceeding 3% of the share capital of the Company at 31 December 2008 and 2007.

	2008	2007
Fabrel AG		
Seestrasse 50, 6052 Hergiswil:		
- Number of shares (including 140 shares directly held by Hans Müller)	3'634'515	3'500'000
- Percentage	22.91%	22.06%
Beneficial owner is Hans Müller, 6052 Hergiswil		
Trinsic AG		
Artherstrasse 21, 6300 Zug:		
- Number of shares (including 70'000 shares directly held by Daniel Sauter)	2'330'955	2'207'267
- Percentage	14.69%	13.91%
Beneficial owners are Daniel Sauter, 6300 Zug and Michel Vukotic, 8706 Meilen		

Notes to the consolidated financial statements

15. Related party transactions

Apart from the remuneration of the Board of Directors there were no other related party transactions in 2008 and 2007. The remuneration of the Board of Directors in the year under review amounts to TCHF 387 (2007 TCHF 412). As of 31 December 2008 and 2007 two members of the Board of Directors, Daniel Sauter and Hans Müller, owned directly or indirectly more than 3% of the shares of the Company (reference is made to Note 14).

16. Events after the balance sheet date

Suffering from the financial market crisis, investments in financial assets at fair value through profit or loss are still under market pressure. During the period 1 January 2009 to 16 March 2009 the IGSP Investment Index of the SIX Swiss Exchange decreased by 9.34%. In the same period the share price of the Company (symbol: ALPN) decreased by 6.36%.

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

Report of the statutory auditor to the General Meeting of Alpine Select AG, Zug (Consolidated financial statements)

Zurich, 20 March 2009

As statutory auditor, we have audited the consolidated financial statements of Alpine Select AG, which comprise the balance sheet, income statement, statement of cash flows, statement of changes in equity and notes (pages 20 to 45 of the annual report) for the year ended 31 December 2008.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and with the accounting provisions of the Additional Rules for Listing of Investment Companies of the SIX Swiss Exchange as well as the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

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

Report of the statutory auditor to the General Meeting of Alpine Select AG, Zug (Consolidated financial statements)

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2008 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with IFRS and comply with the accounting provisions of the Additional Rules for Listing of Investment Companies of the SIX Swiss Exchange as well as with Swiss law.

Report on other legal requirements

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

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

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

Ernst & Young Ltd

Walter Keck
Licensed audit expert
(Auditor in charge)

Roland Huwiler
Licensed audit expert

Statutory financial statements

BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER			
in CHF	Notes	2008	2007
ASSETS			
Current assets			
Cash and cash equivalents		15'260'899	30'059'741
Unrealized gains from currency forward contracts, net	8	6'351'943	0
Other current assets	5	1'116'677	19'451'910
Treasury shares	7	22'571'087	0
Total current assets		45'300'606	49'511'651
Non-current assets			
Securities	4	69'151'800	123'918'049
Participation	6	59'000'000	69'055'306
Furniture and equipment		26'795	33'487
Total non-current assets		128'178'595	193'006'842
TOTAL ASSETS		173'479'201	242'518'493
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Unrealized losses from currency forward contracts, net	8	0	1'053'003
Accounts payable and other accrued liabilities		135'913	240'500
Total current liabilities		135'913	1'293'503
Shareholders' equity			
Share capital	1	317'283	317'283
Legal reserves			
- General reserves		91'829'938	91'829'938
- Additional paid-in capital		36'921'374	67'898'54
- Reserves for treasury shares	7	30'977'168	0
Retained earnings		81'179'227	75'813'878
Net (loss) / profit of the year		(67'881'702)	5'365'349
Total shareholders' equity		173'343'288	241'224'990
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		173'479'201	242'518'493

Statutory financial statements

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER		
in CHF	2008	2007¹⁾
OPERATING INCOME		
Loss on securities, net	(49'840'017)	(12'222'916)
Gain on derivative financial instruments, net	1'384'538	6'704'759
Dividend and other income from securities, net	216'205	12'883'625
Interest income	671'225	373'065
Other income	203'075	48'158
Foreign exchange gains / (losses), net	(2'100)	106'165
Total operating (loss) / income	(47'367'074)	7'892'856
OPERATING EXPENSES		
General and administrative expenses	(1'326'288)	(1'043'285)
Commissions and other bank fees	(630'931)	(1'342'472)
Unrealized loss on treasury shares	7 (8'406'081)	0
Impairment charge on participation	6 (10'055'306)	0
Depreciation furniture and equipment	(6'692)	(6'692)
Interest expense	(83'463)	(110'043)
Total operating expense	(20'508'761)	(2'502'492)
Net result before tax	(67'875'835)	5'390'364
Taxes	(5'867)	(25'015)
Net (loss) / profit of the year	(67'881'702)	5'365'349

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

Notes to the statutory financial statements

1. Share capital

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 SIX 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. Securities

Securities are recorded at the lower of cost or market.

5. Other current assets

in CHF	2008	2007
Withholding tax	1'098'936	19'395'891
Other	17'741	56'019
Total	1'116'677	19'451'910

6. Participation

Unchanged to prior year, the Company owns as of 31 December 2008 100% of Sumara AG, Zug an investment company with a share capital of CHF 1'306'230. The participation is stated at cost less a provision for impairment.

Notes to the statutory financial statements

7. Treasury shares

The last annual shareholder's meeting held 28 April 2008 empowered the Board of Directors to purchase treasury shares in the amount up to 20% of the share capital. Between 23 May 2008 and 31 December 2008, a total of 2'051'917 shares with a nominal value of CHF 0.02 each, corresponding to 12.93% of the share capital, were repurchased via the second trading line at the SIX Swiss Exchange. In 2009 the Company continued the repurchase of own shares.

The treasury shares are valued at the lower of cost or market.

The changes in treasury shares were as follows:

	Price per share ¹⁾	Quantity	CHF
Balance at 31 December 2007		0	0
Acquisition of treasury shares	15.10	2'051'917	30'977'168
Unrealized loss on treasury shares			(8'406'081)
Balance at 31 December 2008		2'051'917	22'571'087

¹⁾ The price per share reflects the average purchase price in 2008

8. Currency forward contracts

Open currency forward contracts are valued at market prices.

9. Comparatives

In 2007 „Income from lent securities“ and „Expense on borrowed securities“ was disclosed under „Interest income“ and „Interest expense“ respectively. In 2008 „Income from lent securities“ of CHF 10'999 (2007: CHF 48'158) is disclosed under „Other income“ and „Expense on borrowed securities“ of CHF 0 (2007: CHF -340) under „Commissions and other bank fees“.

Notes to the statutory financial statements

10. Significant shareholders

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

	2008	2007
Fabrel AG		
Seestrasse 50, 6052 Hergiswil:		
- Number of shares (including 140 shares directly held by Hans Müller)	3'634'515	3'500'000
- Percentage	22.91%	22.06%
Beneficial owner is Hans Müller, 6052 Hergiswil		
Trinsic AG		
Artherstrasse 21, 6300 Zug:		
- Number of shares (including 70'000 shares directly held by Daniel Sauter)	2'330'955	2'207'267
- Percentage	14.69%	13.91%
Beneficial owners are Daniel Sauter, 6300 Zug and Michel Vukotic, 8706 Meilen		

11. Compensation

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

Members of the Board of Directors who are employed by the Company have waived their 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 General Meeting. Variable payments for 2008 have been waived by the members of the Board of Directors. Therefore no relating accruals are considered below as of 31 December 2008.

Neither share nor stock option plans exist.

Notes to the statutory financial statements

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

in CHF	2008	2007
Board of Directors		
Daniel Sauter, chairman	179'139	177'746
Hans Müller, member ¹⁾	26'900	26'900
Walter Geering, member ²⁾	180'807	104'969
Total	386'846	309'615
Officer		
Walter Geering ²⁾	0	109'195
Total	0	109'195
Former Board of Directors		
Hermann Strehler ³⁾	0	102'440
Total	0	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 in 25 May 2007.

³⁾ Hermann Strehler resigned of the Board of Directors in May 2007; he continued to work as an officer for the Company until November 2007 on a part-time basis.

12. Fire insurance value

in CHF	2008	2007
Furniture and equipment	80'000	80'000

13. Risk management

The risk assessment process of the Group (Alpine Select AG and Sumara AG) ensures both, the early recognition and analysis of risks as well as the possibility to take corresponding measures. Management evaluates and analyses potential risks of the Group on the probability of coming into effect and the possible impact on the financial statements based on periodic and systematic identification of such risks.

The Board of Directors has decided upon measures that should enable the Group to reduce risks of material misstatements regarding financial statement or accounting processes. Residual risks are monitored and periodically, at least on a yearly basis, reported to and discussed by the Board of Directors.

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

in CHF	2008	2007
Retained earnings at the beginning of the year	81'179'227	75'813'878
Net (loss) profit of the year	(67'881'702)	5'365'349
Available for distribution	13'297'525	81'179'227
Proposal of the Board of Directors for appropriation of retained earnings		
Dividend	0	0
To be carried forward	13'297'525	81'179'227

Report of the statutory auditor to the General Meeting of Alpine Select AG, Zug (Financial statements)

Zurich, 20 March 2009

As statutory auditor, we have audited the financial statements of Alpine Select AG, which comprise the balance sheet, income statement and notes (pages 48 to 53 of the annual report) for the year ended 31 December 2008.

Board of Directors' responsibility

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report of the statutory auditor to the General Meeting of Alpine Select AG, Zug (Financial statements)

Opinion

In our opinion, the financial statements for the year ended 31 December 2008 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Over-sight Act (AOA) and independence (Art. 728 Code of Obligations (CO) and Art. 11 AOA) and that there are no circumstances incompatible with our independence.

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

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

Ernst & Young Ltd

Walter Keck

Licensed audit expert
(Auditor in charge)

Roland Huwiler

Licensed audit expert

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

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ALPINE SELECT

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