

ALPINE SELECT

SEMI-
ANNUAL
REPORT
2015

Investors' Information

Board of Directors

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

Management

Claudia Habermacher	Chief Executive Officer
---------------------	-------------------------

Auditors

KPMG Ltd.
Badenerstrasse 172
8026 Zurich / Switzerland

Alpine Facts

Incorporation date	18 September 1997
Listing	SIX Swiss Exchange
Stock Exchange Symbol	ALPN
Swiss Security Number	1.919.955
ISIN Code	CH0019199550
Reuters	ALPN.S
Bloomberg	ALPN SW EQUITY
Type of Shares	Registered shares
Outstanding Shares	13,377,954
Custodian	Bank Julius Baer
Management Fees	None
Advisory Fees	CHF 0.7m/annually
Performance Fees	None
Distributions	Out of reserves from capital contributions

Corporate Calendar

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

Contact

Alpine Select Ltd.
Bahnhofstrasse 23
6300 Zug / Switzerland
T +41 41 720 44 11
investorrelations@alpine-select.ch
<http://www.alpine-select.ch/>

Contents

Key figures	4
Chairman's statement and review of operations	6
Condensed consolidated interim financial statements	9
Selected notes to the condensed consolidated interim financial statements	17

Key Figures*

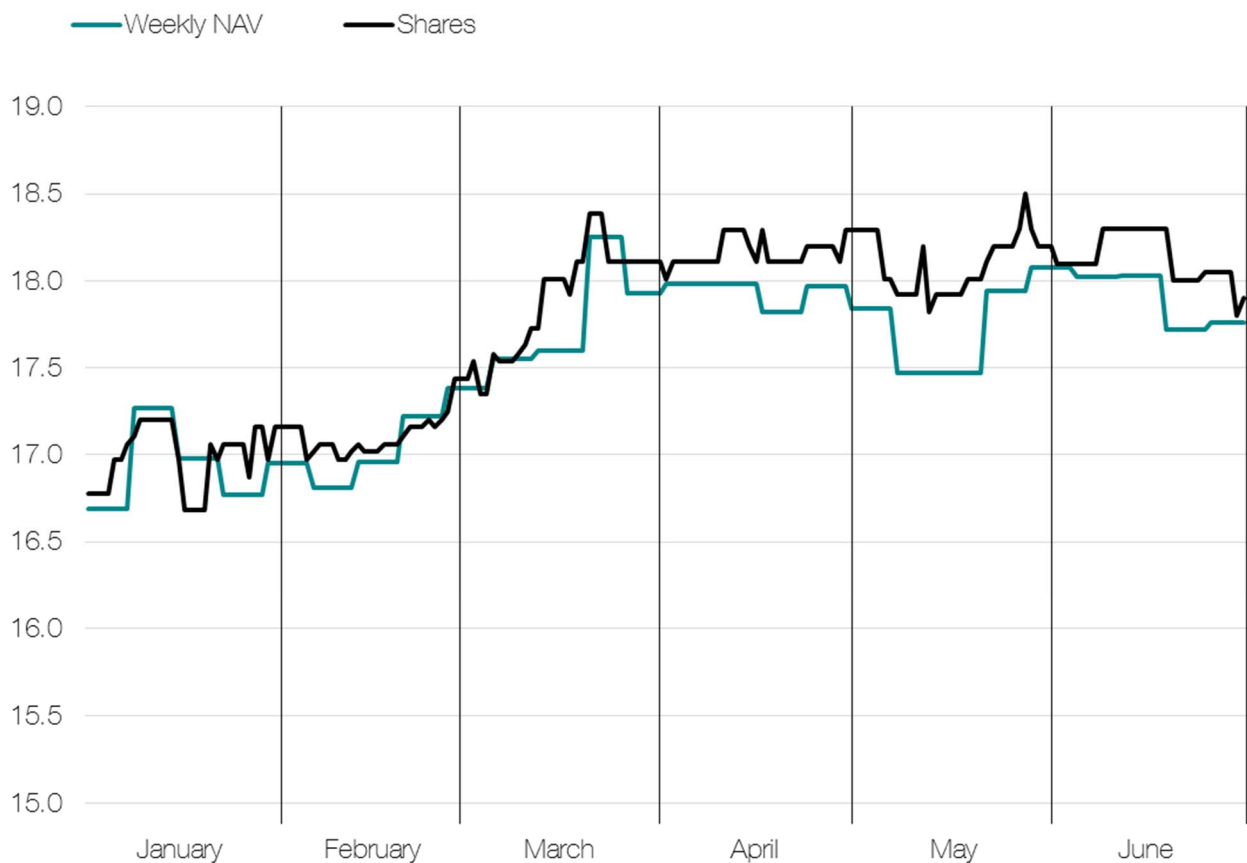
Performance Table

	30 June 2015	31 Dec 2014
Share price	17.90	16.78
NAV	17.73	16.93

	High YTD 2015	Low YTD 2015
Share price	18.50	16.68
Premium / (Discount) to NAV	4.18%	-1.77%
NAV	18.25	16.69

6 Months Price-History in CHF for the Period January – June 2015

Daily closing share price and weekly NAV



Positions as a Percentage of Net Asset Value (NAV) on 30 June 2015

in %

HBM Healthcare Investments Ltd.	40.01%
Altin Ltd.	21.49%
Cheyne New Europe Fund L.P.	6.59%
CQS Directional Opp. Feeder Fund Ltd.	4.54%
iShares Nasdaq Biotechnology ETF	-9.45%
Other Long Positions	28.11%
Other Hedge Fund Positions	8.69%
Cash and other assets/(liabilities), net	0.02%

Monthly NAV Performance in % ¹⁾

	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Annual
2011	3.5	2.0	0.6	3.0	4.2	-1.2	-1.2	-4.5	-2.0	1.7	-1.4	-0.5	3.8
2012	1.5	3.1	0.0	1.8	-2.7	2.6	0.3	1.4	1.4	-4.9	-2.8	7.2	8.7
2013	1.8	0.2	0.5	-0.7	3.9	-2.1	1.0	-1.2	3.9	3.5	-0.1	1.0	12.2
2014	2.3	1.4	-1.8	-0.8 ²⁾	5.8	1.2	-1.1	0.6	-2.2	2.9	0.9	1.6	11.1
2015	0.6	3.2	2.8	-0.8	0.2	-0.8							5.2³⁾

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

²⁾ Change to publication of consolidated NAV only.

³⁾ Year-to-date

Monthly Share Price Performance in %

	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Annual
2011	4.2	3.5	-0.8	3.6	3.7	-0.3	-1.8	-3.9	-0.9	0.0	-1.9	0.3	5.3
2012	1.0	2.9	4.1	0.6	0.0	0.6	0.9	0.3	-0.6	-0.6	-1.9	1.3	8.8
2013	1.9	-0.3	0.6	0.3	2.0	-1.9	1.6	-1.0	2.9	5.1	0.3	0.0	12.0
2014	4.2	1.2	-0.6	-0.6	5.2	1.2	-0.6	0.3	-1.4	1.8	0.6	1.1	12.8
2015	2.3	1.7	3.8	1.1	-0.5	-1.6							6.7¹⁾

¹⁾ Year-to-date

* All figures are adjusted for the dividend payment in May 2015 out of reserves from capital contributions.

Chairman's Statement and Review of Operations

Dear Shareholders

During the first six months of the year, the net asset value of Alpine Select increased by 4.7% (from CHF 16.93 to CHF 17.73) and the share price by 6.7% (from CHF 16.78 to CHF 17.90).

The main driver for positive performance during the reporting period was again our investment in HBM Healthcare, which represents around 40% of our NAV, as per 30 June 2015. The position returned a realized profit of CHF 0.7 million and an unrealized profit of CHF 7.9 million during the reporting period. On a negative note, HBM continues holding on to unfair voting restrictions, incomprehensible to us, especially in times when one-share-one-vote can be considered a legitimate request.

After visits to Japan and meetings with respective managers, the investment committee suggested to the board to increase the Group's allocation to Japan. The board considered and acted on that proposal by newly investing in the Capital Group Japan Equity Fund and increasing the holding in the UMJ International Feeder Fund. Furthermore, we strengthened our position in Altin Ltd. and thus raised our holding to above 25% (following the entry of Altin's cancellation of shares on 31 July 2015 in the commercial register of the Canton Zug). With gratification, we also notice to continue receiving significant distributions not only from our 'old' CLOs in our portfolio but also from Venture XIX, a CLO investment that we first invested in December 2014.

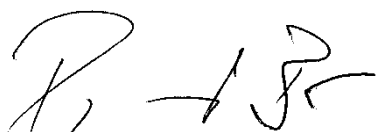
The financial year 2015 started in Switzerland with a bang, when the Swiss National Bank announced on 15 January 2015 its decision to discontinue the minimum exchange rate of CHF 1.20 per euro and to lower interest rates. While its impact on the Swiss economy cannot yet be fully assessed, the SMI has meanwhile recovered and is about to reach a new all-time high. In Europe, Greece's debt crisis, that began in 2010, reached a new peak when Greece' exit from the Eurozone was averted only at the last minute. Due to these, markets experienced enormous volatility and volumes during the first half of 2015, not seen for a long time. Overall, we managed this period very prudently. Since we believe in a further weakening of the Swiss Franc, we hold our USD, EURO and YEN positions largely unhedged. We continue to monitor the market situation closely and continue to review any opportunities that might arise from this.

In order to facilitate further investments and to increase the Company's shareholder base the annual shareholders' meeting resolved an increase of the share capital by excluding the shareholders' subscription rights. We are happy to confirm that we successfully executed the capital increase which was meanwhile entered into the commercial register of the Canton Zug on 14 July 2015. The new shares were placed at a price of CHF 17.60 per registered share by way of an accelerated bookbuilding process. The price represented a slight premium of 3 cents to net asset value (NAV) of 9 July 2015 (CHF 17.57). Alpine Select received gross proceeds of approximately CHF 16.51 million from the capital increase.

All members of the board of directors stood up for re-election and were each confirmed in office by the shareholders at the annual shareholders' meeting by a large majority.

Chairman's Statement and Review of Operations

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

A handwritten signature in black ink, appearing to read 'R. J. Baer', written in a cursive style.

Raymond J. Baer
Chairman of the Board of Directors

**Condensed Consolidated Interim
Financial Statements**

Condensed Consolidated Interim Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in TCHF	Note	30 June 2015 (unaudited)	31 Dec 2014 (audited)
ASSETS			
Current assets			
Cash and cash equivalents		781	986
Financial assets at fair value through profit or loss – trading	5/6/7	13,717	1,258
Other current assets	9	767	1,755
Total current assets		15,265	3,999
Non-current assets			
Financial assets at fair value through profit or loss – trading	5/6/7	259,554	255,558
Total non-current assets		259,554	255,558
TOTAL ASSETS		274,819	259,557
LIABILITIES AND EQUITY			
Current liabilities			
Bank overdrafts		516	3,654
Short-term bank loans	10	11,007	12,890
Financial liabilities at fair value through profit or loss – trading	5/6/7	23,829	2,363
Current tax liability		0	20
Accounts payable and accrued liabilities		515	508
Total current liabilities		35,867	19,435
Non-current liabilities			
Deferred tax liabilities	11	1,342	802
Total non-current liabilities		1,342	802
Equity			
Share capital	12	268	268
Additional paid-in capital		41,451	54,829
Translation reserve		822	1,698
Retained earnings		194,636	182,156
Equity attributable to owners of Alpine Select Ltd.		237,177	238,951
Non-controlling interests	13	433	369
Total equity		237,610	239,320
TOTAL LIABILITIES AND EQUITY		274,819	259,557
Net asset value (NAV) per share in CHF	18	17.73	17.86

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six month period ended

in TCHF	Note	30 June 2015 (unaudited)	30 June 2014 (unaudited)
INCOME			
Gain on financial assets and financial liabilities at fair value through profit or loss, net – trading	14	14,849	15,225
Dividend income	6	75	4,602
Interest income from financial assets		6	250
Other income		0	31
Net foreign exchange gains	15	117	37
Total income		15,047	20,145
EXPENSES			
General and administrative expenses		(1,132)	(1,230)
Commissions and other bank fees		(565)	(609)
Interest expenses on financial assets		(219)	(13)
Total expenses		(1,916)	(1,852)
Profit before tax		13,131	18,293
Income tax (expense) / income	16	(524)	314
Profit for the period		12,607	18,607
Other comprehensive income / (loss)			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences – foreign operations		(939)	(262)
Other comprehensive loss for the period, net of tax		(939)	(262)
Total comprehensive income for the period		11,668	18,345
Profit / (loss) for the period attributable to:			
Owners of Alpine Select Ltd.		12,480	18,824
Non-controlling interests	13	127	(217)
		12,607	18,607
Total comprehensive income / (loss) for the period attributable to:			
Owners of Alpine Select Ltd.		11,604	18,563
Non-controlling interests	13	64	(218)
		11,668	18,345
Earnings per share in CHF (basic and diluted)	17	0.93	1.41

Condensed Consolidated Interim Financial Statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six month period ended

in TCHF	Note	30 June 2015 (unaudited)	30 June 2014 (unaudited)
Cash flows from operating activities			
Profit before tax		13,131	18,293
Adjustments for:			
• Gain on financial assets and financial liabilities at fair value through profit or loss, net – trading	14	(14,849)	(15,225)
• Dividend income	6	(75)	(4,602)
• Interest (income) / expenses, net		213	13
• Net foreign exchange gains	15	(117)	(37)
• Other non-cash (income) / expenses		265	(161)
(Increase) / Decrease in other current assets		(31)	25
Decrease in accounts payable and accrued liabilities		(252)	(329)
Withholding taxes received		3,241	542
Dividends received		75	4,485
Interest received		6	0
Interest paid		(216)	(11)
Income taxes paid		(4)	0
Net cash from operating activities		1,387	2,993
Cash flows from investing activities			
Purchases of financial assets at fair value through profit or loss	8.1	(51,380)	(60,114)
Proceeds from sale of financial assets at fair value through profit or loss	8.2	51,716	57,084
Proceeds from short sale of financial assets at fair value through profit or loss	6	17,350	0
Net cash (outflow) / inflow from currency forwards	6	(2,605)	307
Net cash from / (used in) investing activities		15,081	(2,723)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six month period ended

in TCHF	Note	30 June 2015 (unaudited)	30 June 2014 (unaudited)
Cash flows from financing activities			
Acquisition of non-controlling interests	13	0	(1,110)
Increase short-term bank loans	10	13,883	5,000
Repayment of short-term bank loans	10	(15,805)	0
Distribution to non-controlling interests	13	0	(1,287)
Dividend paid to shareholders of Alpine		(13,378)	(13,378)
Net cash used in financial activities		(15,300)	(10,775)
Effect of exchange rate changes on cash and cash equivalents ¹⁾		1,765	35
Net increase / (decrease) in cash and cash equivalents		2,933	(10,470)
Cash and cash equivalents at 1 January		(2,668)	13,017
Cash and cash equivalents at 30 June		265	2,547
Cash and cash equivalents as at 30 June consist of:			
• Current accounts at banks		781	5,933
• Less: bank overdrafts		(516)	(3,386)
Cash and cash equivalents as defined for the consolidated statement of cash flows		265	2,547

¹⁾ The effect of exchange rate changes on cash and cash equivalents for the six month period ended 30 June 2015 includes exchange rate differences on inter-company-dividends of CHF 1.6 million (30 June 2014: CHF 0.1 million).

Condensed Consolidated Interim Financial Statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in TCHF	Note
Balance at 1 January 2014	
Profit / (loss) for the six months 1 January – 30 June 2014	
Other comprehensive loss for the six months 1 January – 30 June 2014	
Total comprehensive income / (loss) for the six months 1 January – 30 June 2014	
Dividend paid to shareholders of Alpine*	
Distribution to non-controlling interests	13
Acquisition of non-controlling interests	13
Total changes in ownership, contributions by and distributions to owners of the Company for the six months 1 January – 30 June 2014	
Balance at 30 June 2014	
Profit for the six months 1 July – 31 December 2014	
Other comprehensive income for the six months 1 July – 31 December 2014	
Total comprehensive income for the six months 1 July – 31 December 2014	
Balance at 31 December 2014	
Profit for the six months 1 January – 30 June 2015	
Other comprehensive loss for the six months 1 January – 30 June 2015	
Total comprehensive income / (loss) for the six months 1 January – 30 June 2015	
Dividend paid to shareholders of Alpine ¹⁾	
Total changes in ownership, contributions by and distributions to owners of the Company for the six months 1 January – 30 June 2015	
Balance at 30 June 2015	

¹⁾ paid out of the reserves from capital contributions.

Condensed Consolidated Interim Financial Statements

Attributable to owners of Alpine Select Ltd.					Total	Non-controlling interests	Total equity
Share capital	Additional paid in capital	Translation reserve	Retained earnings				
268	68,207	(3,621)	161,910	226,764	2,932	229,696	
		(261)	18,824	18,824 (261)	(217) (1)	18,607 (262)	
0	0 (13,378)	(261)	18,824	18,563 (13,378) 0 27	(218) (1,287) (1,137)	18,345 (13,378) (1,287) (1,110)	
0	(13,378)	0	27	(13,351)	(2,424)	(15,775)	
268	54,829	(3,882)	180,761	231,976	290	232,266	
		5,580	1,395	1,395 5,580	1 78	1,396 5,658	
0	0	5,580	1,395	6,975	79	7,054	
268	54,829	1,698	182,156	238,951	369	239,320	
		(876)	12,480	12,480 (876)	127 (63)	12,607 (939)	
0	0 (13,378)	(876)	12,480	11,604 (13,378)	64	11,668 (13,378)	
0	(13,378)	0	0	(13,378)	0	(13,378)	
268	41,451	822	194,636	237,177	433	237,610	

Selected Notes to the Condensed Consolidated Interim Financial Statements

1.	Corporate information	18		14. Gain on financial assets and financial liabilities at fair value through profit or loss, net – trading	43
2.	Basis of presentation of the condensed consolidated interim financial statements	18		15. Net foreign exchange gains	44
3.	Summary of significant accounting policies	19		16. Income tax (expense) / income	44
4.	Operating segments	23		17. Earnings per share	44
5.	Financial assets and financial liabilities at fair value through profit or loss – trading	24		18. Net asset value (NAV) per share	45
6.	Consolidated investment table as at 30 June 2015	28		19. Contingencies, commitments, pledged assets	45
7.	Consolidated investment table as at 31 December 2014	34		20. Significant shareholders	46
8.	Cash flows from purchases and disposals of investments	40		21. Related party transactions	46
9.	Other current assets	40		22. Events after the balance sheet date	47
10.	Short-term bank loans	40			
11.	Deferred tax assets and deferred tax liabilities	41			
12.	Share capital	41			
13.	Non-controlling interests	42			

Selected Notes to the Condensed Consolidated Interim Financial Statements for the six Month Period ended 30 June 2015

1. Corporate information

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

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

As of 30 June 2015, the Company has one employee.

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

The accompanying condensed consolidated interim financial statements for the six month period ended 30 June 2015 were prepared in accordance with IAS 34 Interim Financial Reporting, Swiss law and the special provisions for investment companies according to the Listing Rules and the Directive of Financial Reporting of the SIX Swiss Exchange. They do not include all the information and disclosure required for a complete set of International Financial Reporting Standards («IFRS») financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to gain an understanding of the changes to the Group's financial position and performance since the last annual financial statements as at and for the year ended 31 December 2014.

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

2.1. Companies included in the consolidation

The condensed consolidated financial statements comprise the financial statements of the parent company (Alpine Select Ltd., Zug), its subsidiary Absolute Invest Ltd., Zug and the financial statements of Absolute Invest Ltd.'s wholly owned subsidiaries Absolutissimo Limited and Carry Ltd. (both domiciled on the Cayman Islands) as well as the financial statements of Cheyne Discovery Fund I Inc., Cayman Islands, a company in which Absolutissimo holds 63.48% as at 30 June 2015 (31 December 2014: 63.48%).

2.2. Non-controlling interests

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

Unchanged to the year ended 31 December 2014, non-controlling interests as at 30 June 2015 comprises 36.52% in Cheyne Discovery Fund I Inc. not held by the Group.

2.3. Accounting estimates and judgment

The preparation of these interim financial statements in accordance with IFRS requires management to

Selected Notes to the Condensed Consolidated Interim Financial Statements for the six Month Period ended 30 June 2015

make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses as well as the disclosure of contingent liabilities. Therefore, management has carefully considered the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates.

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

Alpine holds – directly and indirectly – multiple investments and ownership interests in the form of redeemable shares. Following the requirements of IFRS 10 Alpine generally applies the investment entity exemption. Investments exceeding 20% of the share capital are not consolidated but classified as financial assets at fair value through profit or loss.

Alpine consolidates Absolute Invest and decided not to apply the investment entity exemption to Absolute Invest as Absolute Invest provides services that relate to the investment activities. Therefore Alpine based its decision on the majority of shareholding. Due to the amendment to IFRS 10 issued in December 2014, the consolidation of Absolute Invest needs to be revised as of 1 January 2016.

3. Summary of significant accounting policies

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

3.1. Changes in accounting policies

The accounting policies adopted are consistent with those applied and described by the Company in its annual report 2014 (pages 48 to 52) except for the adoption of the following new, revised and amended standards and interpretations issued for financial years beginning on or after 1 January 2015.

- Various: Annual Improvements to IFRS (2010 – 2012 Cycle) – Omnibus Change to many Standards (effective 1 July 2014);
- Various: Annual Improvements to IFRS (2011 – 2013 Cycle) – Omnibus Change to many Standards (effective 1 July 2014).

The adoption of the amended standards and interpretations during the first six months of the year 2015 did not have any effect on the condensed consolidated interim financial statements or the performance of the Group.

Selected Notes to the Condensed Consolidated Interim Financial Statements for the six Month Period ended 30 June 2015

3.2. Foreign currency transactions

Foreign currency transactions are recorded at the rate of exchange prevailing at the date of the transaction. On the reporting date, monetary assets and liabilities denominated in foreign currencies are translated into the respective functional currency at the exchange rates prevailing at that date. The resulting exchange gains and losses are included in profit or loss. Non-monetary assets and liabilities in foreign currencies that are stated at fair value are translated to the functional currency at the foreign exchange rate at the date the fair values were determined. The resulting exchange gains and losses are included in profit or loss. The exchange rate differences resulting from foreign currency positions within cash and cash equivalents are disclosed separately in profit or loss. Other exchange rate differences are included in gain on financial assets and financial liabilities at fair value through profit or loss, net – trading (see also Note 14).

The following exchange rates were applied:

		30 June 2015	31 Dec 2014	30 June 2014
USD / CHF				
Balance sheet	End of month rate	0.93457	0.99362	0.88690
Items of profit and loss	Average rate for the period	0.94721	0.91528	0.89024
EUR / CHF				
Balance sheet	End of month rate	1.04130	1.20235	1.21421
Items of profit and loss	Average rate for the period	1.05664	1.21459	1.22082
JPY / CHF				
Balance sheet	End of month rate	0.00764	0.00829	0.00875
Items of profit and loss	Average rate for the period	0.00787	0.00866	0.00870

3.3. Foreign operations

The financial statements of those Group companies having USD as their functional currency are translated into the presentation currency CHF (Swiss Francs). All assets and liabilities are translated at the exchange rate of the balance sheet date. Income, expenses and cash flows are translated using the average exchange rate of the reporting period, which approximates the exchange rate at the date of the transaction. The exchange differences on translating balance sheets and income statements are debited or credited as a translation adjustment on foreign operations in the consolidated statement of comprehensive income. Exchange differences on translating cash and cash equivalents and related cash flows are separately disclosed in the consolidated statement of cash flows as effect of exchange rate changes on cash and cash equivalents. The exchange rates applied are those disclosed in the table above (Note 3.2).

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

Financial assets at fair value through profit or loss may comprise equity investments, bonds, collective investment schemes, hedge funds, futures, options, warrants, swaps as well as currency forward contracts. Financial liabilities at fair value through profit or loss mainly include equity investments, futures and

Selected Notes to the Condensed Consolidated Interim Financial Statements for the six Month Period ended 30 June 2015

options sold short as well as currency forward contracts with a negative fair value at the balance sheet date.

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

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

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

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

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

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

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

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

The NAV would also be adjusted if the Company becomes aware of significant market changes or events

Selected Notes to the Condensed Consolidated Interim Financial Statements for the six Month Period ended 30 June 2015

that have a significantly impact on the value of the underlying investments and that are not yet included in the NAV as reported by the fund manager. In addition, the Company has the following control procedures in place to ensure that the NAV of the underlying fund investments is calculated in a manner consistent with IFRS 13:

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

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

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

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

3.5. Cash and cash equivalents

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

3.6. Other current assets

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

3.7. Bank overdrafts

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

3.8. Bank loans

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

3.9. Accounts payable and accrued liabilities

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

3.10. Deferred tax assets and deferred tax liabilities

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

3.11. Dividend income

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

3.12. Income taxes

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

4. Operating segments

IFRS 8 requires entities to define operating segments and segment performance in the financial statements based on information used by the «Chief operating decision-maker». The board of directors is considered to be the «Chief operating decision-maker». An operating segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other operating segments. The Company invests in securities, quoted or non-quoted, of Swiss and foreign corporations, taking advantage of significant transactional events such as spin-offs, acquisitions, mergers, carve-outs and recapitalizations.

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

Selected Notes to the Condensed Consolidated Interim Financial Statements for the six Month Period ended 30 June 2015

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

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

in TCHF	30 June 2015	31 Dec 2014
Financial assets at fair value through profit or loss – trading		
Positive fair value of currency forward contracts	13,717	1,258
Trading options	0	268
Trading securities	259,554	255,290
Total	273,271	256,816
• current	13,717	1,258
• non-current	259,554	255,558
Financial liabilities at fair value through profit or loss – trading		
Trading securities sold short	22,414	0
Negative fair value of currency forward contracts	1,415	2,363
Total	23,829	2,363
• current	23,829	2,363
• non-current	0	0

Further details are disclosed in the consolidated investment table for the six month period ended 30 June 2015 (Note 6) and in the consolidated investment table for the year ended 31 December 2014 (Note 7).

5.1. Fair value hierarchy

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

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

**Selected Notes to the Condensed Consolidated Interim Financial Statements
for the six Month Period ended 30 June 2015**

The following table analyses financial instruments – carried at fair value – by valuation method:

in TCHF	Level 1	Level 2	Level 3	Total
31 December 2014				
Positive fair value of currency forward contracts	0	1,258	0	1,258
Financial assets held for trading				
• Trading options	268	0	0	268
• Trading securities	122,891	61,523	70,876	255,290
Negative fair value of currency forwards contracts	0	(2,363)	0	(2,363)
Total	123,159	60,418	70,876	254,453
30 June 2015				
Positive fair value of currency forward contracts	0	13,717	0	13,717
Financial assets / (liabilities) held for trading				
• Trading securities	155,635	63,336	40,583	259,554
• Trading securities sold short	(22,414)	0	0	(22,414)
Negative fair value of currency forwards contracts	0	(1,415)	0	(1,415)
Total	133,221	75,638	40,583	249,442

The Company has investments in listed and unlisted equities and funds as well as currency forwards and trading options. Investments in unlisted investment funds (level 3) designated as financial assets at fair value through profit or loss of CHF 40.6 million as at 30 June 2015 or 16.3% of the total financial assets and financial liabilities at fair value through profit or loss are recognized at the adjusted net asset value per share that is based on the reported net asset value by the managers or administrators of such funds (as at 31 December 2014: CHF 70.9 million or 27.9%).

As at 30 June 2015, CHF 103.9 million or 40.0% of the Group's total long positions are held in unlisted investment funds classified as level 2 and level 3 (as at 31 December 2014: CHF 132.4 million or 51.9%). Thereof, CHF 40.6 million relate to level 3 investments (as at 31 December 2014: CHF 70.9 million).

Level 2 investments comprise currency forwards, CLO-investments as well as investment funds and equities in Japanese hedge-funds («Japan-investments»). The total fair value of these level 2 investments amounts to CHF 75.6 million as at 30 June 2015 (31 December 2014: CHF 60.4 million) of which CHF 52.7 million relate to Japan-investments (31 December 2014: CHF 50.5 million). The currency forwards and CLO-investments are classified as financial assets at fair value through profit or loss and are recognized at the adjusted net asset value set by the market participants and based on observable spot exchange rates respectively. The investment funds and equities are classified as financial assets at fair value through profit or loss and are recognized at the adjusted net asset value (quotes) reported by the investment manager or the broker of the fund on a monthly basis, in some cases even on a weekly basis. The Group has evidence that these quotes are «binding and executable».

As such level 3 and level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Selected Notes to the Condensed Consolidated Interim Financial Statements for the six Month Period ended 30 June 2015

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

5.2. Changes in level 2 and level 3 investments

The changes in investments measured at fair value for which the Group has used level 2 and level 3 inputs to determine fair value for the six month period ended 30 June 2015 and for the year ended 31 December 2014 respectively are as follows:

in TCHF	Level 2	Level 3
Fair value as of 1 January 2014	48,921	75,986
Purchase of investments	16,206	963
Stock dividends	0	121
Transfer from level 1 to level 3	0	8,088
Proceeds on disposal of investments	(9,768)	(10,381)
Net gains / (losses) recognized in the consolidated statement of comprehensive income (in the line gain on financial assets and financial liabilities at fair value through profit or loss, net – trading)	5,059	(9,313)
Currency translation adjustments	0	5,412
Fair value as of 31 December 2014	60,418	70,876
Purchase of investments	1,885	4,705
Transfer from level 3 to level 1	0	(240)
Proceeds on disposal of investments	(616)	(28,746)
Net gains / (losses) recognized in the consolidated statement of comprehensive income (in the line gain on financial assets and financial liabilities at fair value through profit or loss, net – trading)	13,951	(3,486)
Currency translation adjustments	0	(2,526)
Fair value as of 30 June 2015	75,638	40,583

The net change in unrealized gains / (losses) for level 3 investments held as at 30 June 2015 resulted in a loss of TCHF 5,204 for the six month period ended 30 June 2015. The net change in unrealized gains / (losses) for level 3 investments held during the year to 31 December 2014 resulted in a loss of TCHF 9,956. The amounts are included in the consolidated statement of comprehensive income within gain on financial assets and financial liabilities at fair value through profit or loss, net – trading.

5.3. Valuation technique used to derive level 2 and level 3 fair values

The level 2 foreign currency forwards are measured based on observable spot exchange rates. The level 2 investments further include investments in CLOs. There are market makers that are expected to be willing to set prices and on the other side market participants that are willing to buy such products at the offered

Selected Notes to the Condensed Consolidated Interim Financial Statements for the six Month Period ended 30 June 2015

prices. Thus, the Group considers the market for CLOs as at least indirectly observable (comparable transactions in the same instrument) and classifies the CLOs within level 2.

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

5.4. Sensitivity analysis level 3 fair values

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

Selected Notes to the Condensed Consolidated Interim Financial Statements for the six Month Period ended 30 June 2015

6. Consolidated investment table as at 30 June 2015

in TCHF	Number of shares at 1 Jan 2015	Fair value at 1 Jan 2015	Additions	Reductions	Realized gains/ (losses) net of FX
LONG POSITIONS					
Acceleron Pharma Inc. ²⁾	93,120	240			
Akamatsu Bonsai Fund	25,100	5,040			
Aleutian Fund	29,316	3,100			
Altin Ltd.	602,319	32,318	22,226	(6,369)	426
Arbiter Partners Offshore Ltd.	0	0	2,748		
Arcus Genseki Fund	50,000	5,846			
Capital Group Japan Equity Fund	0	0	4,000		
Cheyne Discovery Fund I L.P.	23,624	888			
Cheyne CDO I Fund L.P.	1	23,451		(22,361)	1,141
Cheyne New Europe Fund L.P.	1,041,213	17,746			
Cheyne Total Return Credit Fund	0	0	1,947		
CQS Directional Opportunities Feeder Fund Ltd.	3,212	15,282		(4,312)	602
Double Haven Temple Feeder Fund Ltd.	258	64			
Gategroup Holding Ltd.	0	0	4,251	(4,598)	347
GCI Trust / GCI Japan Hybrids	20,813	3,171			
Ginga Service Sector Fund	2,841	7,163			
Gold Coin Invest Ltd.	84	227			
Hayate Japan Equity Long-Short Fund	111	3,179			
HBM Healthcare Investments Ltd.	891,078	87,014	9,443	(10,140)	699
Highland Financial Partners L.P.	600,000	0			
iShares MSCI Japan Hedged UCITS ETF	0	0	4,868		
Julius Baer Balkan Tiger Fund in liquidation	50,000	3,326		(1,171)	
Laurus Master Fund Ltd.	35,475	120			
Lucas Energy Total Return Offshore Fund Ltd.	862	504			
NCP Offshore Feeder Fund Ltd.	1,000	966		(902)	(50)
Nightwatch Capital Partners CA	2,366	55	10		
Nippon Growth Fund Ltd.	5,712	4,701			
Northwest Feilong Fund Ltd. ³⁾	3,149	3,864			
Northwest Fund Ltd. ³⁾	966	2,304			
Northwest Warrant Fund Ltd.	1,904	3,811			

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

²⁾ Share split.

³⁾ Negative equalization.

**Selected Notes to the Condensed Consolidated Interim Financial Statements
for the six Month Period ended 30 June 2015**

Realized FX gains/ (losses)	Unrealized gains/ (losses) net of FX ¹⁾	Unrealized FX gains/ (losses) ¹⁾	Currency translation adjustments	Fair value at 30 Jun 2015	Number of shares at 30 Jun 2015	Investment currency	Dividends received	Level at 30 Jun 2015
	469		(20)	689	23,280	USD		I
	653	(234)		5,459	25,100	USD		II
	78	(177)		3,001	29,316	USD		II
147	4,573	(2,366)		50,955	886,547	USD		I
	(37)	56		2,767	3,000	USD		III
	1,016	(295)		6,567	50,000	USD		II
	(97)			3,903	253,968	CHF		I
	351		(57)	1,182	23,624	USD		III
	(1,136)		(1,095)	0	0	USD		
	587	(1,654)	(1,040)	15,639	1,041,213	EUR		III
	(65)	(114)		1,768	13,397	USD		III
(21)	(65)	(711)		10,775	2,300	USD		III
	(2)		(4)	58	258	USD		III
				0	0	CHF	63	
	44	(177)		3,038	20,813	USD		II
	47	(354)		6,856	2,841	USD		II
	19			246	84	CHF		III
	32	(209)		3,002	111	JPY		II
	7,885			94,901	891,078	CHF		I
				0	600,000	USD		III
	319			5,187	100,000	CHF		I
	20	(463)		1,712	50,000	EUR		III
			(7)	113	35,475	USD		III
	(111)		(28)	365	862	USD		III
46	27	(87)		0	0	USD		
	(30)		(3)	32	3,092	USD		III
	552	(325)		4,928	5,712	JPY		II
	426	(177)		4,113	3,090	USD		II
	(124)	(121)		2,059	964	USD		II
	475	(186)		4,100	1,904	USD		II

**Selected Notes to the Condensed Consolidated Interim Financial Statements
for the six Month Period ended 30 June 2015**

Consolidated investment table as at 30 June 2015 (continued)

in TCHF	Number of shares at 1 Jan 2015	Fair value at 1 Jan 2015	Additions	Reductions	Realized gains/ (losses) net of FX
LONG POSITIONS					
Peoples Choice Financial Corporation	70,800	0			
ProKMU invest Ltd. in liquidation	57,350	0			
Rieter Holding Ltd.	21,500	3,559		(3,250)	(1,104)
Romanian Investment Fund	1,719	2,133			
Silverbell Capital Ltd.	2,500,000	139			
Sparx Japan Value Impact Fund	100,000	9,294			
Stone Tower CLO VI Ltd.	2,000	1,351		(251)	
Stone Tower CLO VII Ltd.	2,000,000	914		(126)	
Tocqueville Gold Offshore Fund	24,488	446			
Truston Asset Management Co. Ltd.	19,492	483			
UMJ International Feeder Fund Kotoshiro	17,830	2,916	1,885		
Valens Offshore Fund	5,014	3,533			
Valens Unit Trust - Valens Offshore Special Investment	4,129	255			
Venture XIX CLO Ltd.	4,000,000	3,657			
Vitafort International Corporation	317,543	0			
Voya CLO IV Ltd.	2,000	1,212		(239)	
YA Offshore Global Investment	187,152	1,018			
Total Long Positions		255,290	51,378	(53,719)	2,061
of which gains					2,504
of which gains from second line trades					711
of which losses					(1,154)
of which losses from second line trades					0

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

**Selected Notes to the Condensed Consolidated Interim Financial Statements
for the six Month Period ended 30 June 2015**

Realized FX gains/ (losses)	Unrealized gains/ (losses) net of FX ¹⁾	Unrealized FX gains/ (losses) ¹⁾	Currency translation adjustments	Fair value at 30 Jun 2015	Number of shares at 30 Jun 2015	Investment currency	Dividends received	Level at 30 Jun 2015
				0	70,800	USD		III
				0	57,350	CHF		III
	795			0	0	CHF		
	42	(281)		1,894	1,719	EUR		III
	(14)	(5)		120	2,500,000	EUR		III
	348	(650)		8,992	100,000	JPY		II
	180	(102)		1,178	2,000	USD		II
	203	(94)		897	2,000,000	USD		II
	(70)		(26)	350	24,488	USD		III
	45	(31)		497	19,492	KRW	12	III
	85	(171)		4,715	42,830	JPY		II
	(1,331)		(192)	2,010	5,014	USD		III
	(104)		(14)	137	4,129	USD		III
	(28)	(217)		3,412	4,000,000	USD		II
				0	317,543	USD		III
	147	(101)		1,019	2,000	USD		II
	(40)		(60)	918	187,152	USD		III
172	16,164	(9,246)	(2,546)	259,554			75	
46	22,003	80						
148	0	0						
(22)	(5,839)	(9,326)						
0	0	0						

**Selected Notes to the Condensed Consolidated Interim Financial Statements
for the six Month Period ended 30 June 2015**

Consolidated investment table as at 30 June 2015 (continued)

in TCHF	Number of shares at 1 Jan 2015	Fair value at 1 Jan 2015	Additions	Reductions	Realized gains/ (losses) net of FX
SHORT POSITIONS					
iShares Nasdaq Biotechnology ETF	0	0	(17,350)		
Total Short Positions		0	(17,350)	0	0
of which gains					0
of which losses					0
TRADING OPTIONS					
Call Nikkei225 Index, Strike JPY 18,000	90	268		(67)	(377)
Put Altin AG, Strike USD 64.00	0	0	2	(163)	161
Total Trading Options		268	2	(230)	(216)
of which gains					161
of which losses					(377)
of which assets		268			
of which liabilities		0			
CURRENCY FORWARDS					
Currency Forwards CHF/USD; USD/CHF		(2,363)			
Currency Forwards CHF/EUR; EUR/CHF		0			
Currency Forwards CHF/JPY; JPY/CHF		1,258			
Total Currency Forwards		(1,105)	0	0	0
of which gains					
of which losses					
of which assets		1,258			
of which liabilities		(2,363)			

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

**Selected Notes to the Condensed Consolidated Interim Financial Statements
for the six Month Period ended 30 June 2015**

Realized FX gains/ (losses)	Unrealized gains/ (losses) net of FX ¹⁾	Unrealized FX gains/ (losses) ¹⁾	Currency translation adjustments	Fair value at 30 Jun 2015	Number of shares at 30 Jun 2015	Investment currency	Dividends received	Level at 30 Jun 2015
	(3,412)	(1,652)		(22,414)	(65,000)	USD		I
0	(3,412)	(1,652)	0	(22,414)				
0	0	0						
0	(3,412)	(1,652)						
(30)	217	(11)		0	0	JPY		
				0	0	USD		
(30)	217	(11)	0	0				
0	217	0						
(30)	0	(11)						
				0				
				0				
(4,139)		13,572		11,209				II
1,017		45		45				II
517		(210)		1,048				II
(2,605)	0	13,407	0	12,302				
14,712		14,822						
(17,317)		(1,415)						
				13,717				
				(1,415)				

**Selected Notes to the Condensed Consolidated Interim Financial Statements
for the six Month Period ended 30 June 2015**

7. Consolidated investment table as at 31 December 2014

in TCHF	Number of shares at 1 Jan 2014	Fair value at 1 Jan 2014	Additions	Reductions	Realized gains/ (losses) net of FX
LONG POSITIONS					
Acceleron Pharma Inc.	93,120	215			
Akamatsu Bonsai Fund	25,100	3,903			
Aleutian Fund	29,316	2,695			
Altin Ltd.	48,584	2,117	27,280	(542)	28
American Capital Ltd.	750,000	10,434	1,968	(12,659)	2,005
Arcus Genseki Fund	50,000	4,673			
Banca Monte Dei Paschi Di Siena SpA	0	0	1,214	(1,133)	(80)
Bluebay Multi-Strategy Fund Ltd.	1	8		(17)	10
Bluebay Value Recovery Fund Ltd.	1	67		(130)	71
Cheyne Discovery Fund I L.P.	124,272	4,855		(3,625)	1,435
Cheyne CDO I Fund L.P.	1	23,189		(1,303)	
Cheyne New Europe Fund L.P.	1,041,213	19,294			
Contrarian European Fund Ltd.	2,135	196		(195)	57
CQS Directional Opportunities Feeder Fund Ltd.	3,212	13,268			
Double Haven Temple Feeder Fund Ltd.	1,124	404		(309)	(418)
GCI Trust / GCI Japan Hybrids	20,813	2,789			
Ginga Explorer Fund	2,211	2,714		(2,968)	39
Ginga Service Sector Fund ²⁾	2,770	5,892			
Gold Coin Invest Ltd.	84	212			
Hayate Japan Equity Long-Short Fund ²⁾	73	1,664	1,090		
HBM Healthcare Investments Ltd.	890,978	59,028	30,172	(31,555)	1,393
Highland Financial Partners L.P.	600,000	0			
Invisa Inc.	26,000	16		(14)	(123)
Julius Baer Balkan Tiger Fund in liquidation	110,000	8,088		(4,357)	157
J. Wellness Equity Long-Short	30,000	2,717		(2,578)	(134)
Laurus Master Fund Ltd. ³⁾	45,302	1,464			
Lucas Energy Total Return Offshore Fund Ltd.	862	845			
NCP Offshore Feeder Fund Ltd.	0	0	906		
Nightwatch Capital Partners CA	1,980	172	17		
Nippon Growth Fund Ltd.	5,712	4,578			

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

²⁾ Share split.

³⁾ Liquidation of Laurus Offshore Fund and in-specie distribution of the Master Fund to investors.

**Selected Notes to the Condensed Consolidated Interim Financial Statements
for the six Month Period ended 30 June 2015**

Realized FX gains/ (losses)	Unrealized gains/ (losses) net of FX ¹⁾	Unrealized FX gains/ (losses) ¹⁾	Currency translation adjustments	Fair value at 31 Dec 2014	Number of shares at 31 Dec 2014	Investment currency	Dividends received	Level at 31 Dec 2014
			25	240	93,120	USD		III
	725	412		5,040	25,100	USD		II
	92	313		3,100	29,316	USD		II
11	902	2,522		32,318	602,319	USD		I
(29)	(2,192)	473		0	0	USD		
	651	522		5,846	50,000	USD		II
(1)				0	0	EUR		
	(1)			0	0	USD		
	(10)		2	0	0	USD		
	(1,988)		211	888	23,624	USD		III
	(960)		2,525	23,451	1	USD	869	III
	(1,048)	(2,461)	1,961	17,746	1,041,213	EUR		III
	(64)		6	0	0	USD		
	608	1,549	(143)	15,282	3,212	USD		III
	370		17	64	258	USD		III
	69	313		3,171	20,813	USD		II
220	(46)	41		0	0	USD		
	645	626		7,163	2,841	USD		II
	15			227	84	CHF		III
	525	(100)		3,179	111	JPY		II
	27,976			87,014	891,078	CHF	2,822	I
				0	600,000	USD		III
(58)	122	57		0	0	USD		
(111)	(447)	(4)		3,326	50,000	EUR		III
(12)	(49)	56		0	0	USD	28	
	(1,396)		52	120	35,475	USD		III
	(405)		64	504	862	USD		III
	(27)	87		966	1,000	USD		III
	(143)		9	55	2,366	USD	9	III
	210	(87)		4,701	5,712	JPY		II

**Selected Notes to the Condensed Consolidated Interim Financial Statements
for the six Month Period ended 30 June 2015**

Consolidated investment table as at 31 December 2014 (continued)

in TCHF	Number of shares at 1 Jan 2014	Fair value at 1 Jan 2014	Additions	Reductions	Realized gains/ (losses) net of FX
LONG POSITIONS					
Northwest Feilong Fund Ltd.	0	0	2,725		
Northwest Fund Ltd.	966	1,770			
Northwest Warrant Fund Ltd.	4,081	6,758		(3,544)	324
Peoples Choice Financial Corporation	70,800	0			
ProKMU invest Ltd. in liquidation	57,350	0			
Raiffeisen Bank International	0	0	1,466	(1,311)	(153)
Rieter Holding Ltd.	0	0	4,858	(524)	20
Romanian Investment Fund	1,719	2,203			
Schaffner Holding Ltd.	34,992	9,211		(9,426)	1,430
Silverbell Capital Ltd.	2,500,000	61			
Sparx Japan Value Impact Fund	0	0	8,825		
Stone Tower CLO VI Ltd.	2,000	1,708		(283)	
Stone Tower CLO VII Ltd.	2,000,000	1,209		(137)	
Tocqueville Gold Offshore Fund	75,000	1,407		(445)	(557)
Truston Asset Management Co. Ltd.	16,875	345	49		
UMJ International Feeder Fund Kotoshiro ²⁾	30,000	2,511			
UnipolSai SpA ³⁾	20,000	4,400		(5,225)	2,162
Valens Offshore Fund	5,014	2,937			
Valens Unit Trust - Valens Offshore Special Investm.	4,129	960			
Venture XIX CLO Ltd.	0	0	3,566		
Vitafort International Corporation	317,543	0			
Voya CLO IV Ltd. ⁴⁾	2,000	1,334		(258)	
YA Offshore Global Investment	181,420	3,884	112		
Total Long Positions		216,195	84,248	(82,538)	7,665
of which gains					7,924
of which gains from second line trades					1,360
of which losses					(1,619)
of which losses from second line trades					0

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

²⁾ Share split.

³⁾ Renamed from Fondiaria SAI SpA in January 2014.

⁴⁾ Renamed from ING Investment Management CLO IV Ltd.

**Selected Notes to the Condensed Consolidated Interim Financial Statements
for the six Month Period ended 30 June 2015**

Realized FX gains/ (losses)	Unrealized gains/ (losses) net of FX ¹⁾	Unrealized FX gains/ (losses) ¹⁾	Currency translation adjustments	Fair value at 31 Dec 2014	Number of shares at 31 Dec 2014	Investment currency	Dividends received	Level at 31 Dec 2014
	883	256		3,864	3,149	USD		II
	320	214		2,304	966	USD		II
(236)	(72)	581		3,811	1,904	USD		II
				0	70,800	USD		III
				0	57,350	CHF		III
(2)				0	0	EUR		
	(795)			3,559	21,500	CHF	16	I
	(30)	(40)		2,133	1,719	EUR		III
	(1,215)			0	0	CHF	130	
	78			139	2,500,000	EUR		III
	1,006	(537)		9,294	100,000	JPY		II
	(256)	182		1,351	2,000	USD	342	II
	(340)	182		914	2,000,000	USD		II
	(35)		76	446	24,488	USD		III
	63	26		483	19,492	KRW	11	III
	457	(52)		2,916	17,830	JPY		II
(23)	(1,338)	24		0	0	EUR		
	232		364	3,533	5,014	USD		III
	(754)		49	255	4,129	USD		III
		91		3,657	4,000,000	USD		II
				0	317,543	USD		III
	(49)	185		1,212	2,000	USD	291	II
	(3,172)		194	1,018	187,152	USD	112	III
(241)	19,118	5,431	5,412	255,290			4,630	
473	37,032	8,716						
0	0	0						
(714)	(17,914)	(3,285)						
0	0	0						

**Selected Notes to the Condensed Consolidated Interim Financial Statements
for the six Month Period ended 30 June 2015**

Consolidated investment table as at 31 December 2014 (continued)

in TCHF	Number of shares at 1 Jan 2014	Fair value at 1 Jan 2014	Additions	Reductions	Realized gains/ (losses) net of FX
TRADING OPTIONS					
Call Nikkei225 Index, Strike JPY 18,000	0	0	474		
Put Fiat, Strike EUR 6.60	0	0	8	(71)	62
Put HBM Healthcare Investments Ltd., Strike CHF 100	0	0	89	(1,111)	1,022
Put ISHRS Nasdaq Biotech USD 220	0	0	854	(972)	110
Put UBS Ltd., Strike CHF 16	0	0	205	(239)	34
Total Trading Options		0	1,630	(2,393)	1,228
of which gains					1,304
of which losses					(76)
of which assets		0			
of which liabilities		0			
CURRENCY FORWARDS					
Currency Forwards CHF/USD; USD/CHF		1,195			
Currency Forwards CHF/JPY; JPY/CHF		811			
Total Currency Forwards		2,006	0	0	0
of which gains					
of which losses					
of which assets		2,006			
of which liabilities		0			

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

Selected Notes to the Condensed Consolidated Interim Financial Statements
for the six Month Period ended 30 June 2015

	Realized FX gains/ (losses)	Unrealized gains/ (losses) net of FX ¹⁾	Unrealized FX gains/ (losses) ¹⁾	Currency translation adjustments	Fair value at 31 Dec 2014	Number of shares at 31 Dec 2014	Investment currency	Dividends received	Level at 31 Dec 2014
		(217)	11		268	90	JPY		I
1					0	0	EUR		
					0	0	CHF		
8					0	0	USD		
					0	0	CHF		
	9	(217)	11	0	268				
	9	0	11						
	0	(217)	0						
					268				
					0				
	(12,200)		(3,558)		(2,363)				II
	244		447		1,258				II
	(11,956)	0	(3,111)	0	(1,105)				
	5,958		447						
	(17,914)		(3,558)						
					1,258				
					(2,363)				

Selected Notes to the Condensed Consolidated Interim Financial Statements for the six Month Period ended 30 June 2015

8. Cash flows from purchases and disposals of investments

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

in TCHF	Note	30 June 2015	30 June 2014
Purchase of investments at fair value through profit or loss as per the consolidated investment table (additions total long positions)	6	(51,378)	(59,075)
Less: stock-dividends included in additions total long positions		0	117
Purchase of trading options as per the consolidated investment table	6	(2)	(1,156)
Effective cash outflow from purchases		(51,380)	(60,114)

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

in TCHF	Note	30 June 2015	30 June 2014
Disposal of investments at fair value through profit or loss as per the consolidated investment table (reductions total long positions)	6	53,719	58,160
Proceeds on disposal of trading options as per the consolidated investment table (reductions total trading options)	6	230	2,393
Collected receivables for redeemed investments		2	73
Withholding tax on disposal of investments at fair value through profit or loss		(2,235)	(3,542)
Effective cash inflow from sales		51,716	57,084

9. Other current assets

in TCHF	30 June 2015	31 Dec 2014
Withholding tax	559	1,565
Receivables for investments sold	0	2
Other receivables	208	188
Total	767	1,755

10. Short-term bank loans

In June 2014, the Group received a short-term loan of CHF 5.0 million at an interest rate of 0.76% p.a. from Bank Julius Baer & Co. Ltd., Zurich. The loan was renewed monthly and increased to CHF 10.7 million as at 31 December 2014. End of December 2014 the Group raised a USD short-term bank loan of CHF 2.2 million at an interest rate of 1.07% p.a. from Bank Julius Baer & Co. Ltd., Zurich. The CHF loan and the USD loan were fully repaid on 15 January 2015. During the six month period to 30 June 2015, the Group

**Selected Notes to the Condensed Consolidated Interim Financial Statements
for the six Month Period ended 30 June 2015**

raised a CHF short-term loan of CHF 11.0 million at an interest rate of 0.76% p.a. and a USD short-term loan of CHF 2.9 million (USD 3.0 million) at an interest rate of 1.09% p.a. from Bank Julius Baer & Co. Ltd., Zurich. The USD short-term loan was repaid in April 2015.

11. Deferred tax assets and deferred tax liabilities

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

in TCHF	Deferred tax liabilities on financial assets at fair value through profit or loss	Deferred tax assets from capitalized tax losses carried forward	Deferred tax (liabilities) / assets, net
Balance at 1 January 2014	(1,183)	0	(1,183)
Deferred tax income	618	0	618
Balance at 30 June 2014	(565)	0	(565)
Deferred tax (expense) / income	(726)	489	(237)
Balance at 31 December 2014	(1,291)	489	(802)
Deferred tax expense	(346)	(194)	(540)
Balance at 30 June 2015	(1,637)	295	(1,342)

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

As of 30 June 2015 the Group has tax losses carried-forward of approximately CHF 3.8 million which are capitalized as deferred tax assets. During the six month period to 30 June 2015, previously unrecognized tax losses carried-forward of approximately CHF 1 million were used. As of 31 December 2014 the Group had tax losses carried-forward of CHF 7.3 million of which CHF 6.3 million were capitalized as deferred tax assets. The tax losses carried-forward will expire in the year 2021.

12. Share capital

Unchanged to the year ended 31 December 2014, the Company's fully paid-in share capital amounts to CHF 267,559.08 as of 30 June 2015, divided into 13,377,954 fully paid-in registered shares with a nominal value of CHF 0.02 each. No preferential or similar rights exist. Each share has one vote and all shares are equally entitled to dividends. There are no voting right restrictions. The Company does not have participation certificates.

**Selected Notes to the Condensed Consolidated Interim Financial Statements
for the six Month Period ended 30 June 2015**

13. Non-controlling interests

Non-controlling interests as at 30 June 2015 comprise of 36.52% in Cheyne Discovery Fund I Inc., Cayman Islands that are not held by the Group (31 December 2014: 36.52%).

The following table summarizes the movements of non-controlling interests:

in TCHF	Absolute Invest	Cheyne Discovery Fund I Inc.	Total
Balance at 1 January 2014	1,158	1,774	2,932
Share of profit / (loss) for the six month period ended 30 June 2014	(20)	(197)	(217)
Acquisition of non-controlling interests in Absolute Invest after 5 June 2013	(1,137)	0	(1,137)
Distribution to non-controlling interests	0	(1,287)	(1,287)
Currency translation adjustments	(1)	0	(1)
Balance at 30 June 2014	0	290	290
Share of profit / (loss) for the six month period ended 31 December 2014	0	1	1
Currency translation adjustments	0	78	78
Balance at 31 December 2014	0	369	369
Share of profit / (loss) for the six month period ended 30 June 2015	0	127	127
Currency translation adjustments	0	(63)	(63)
Balance at 30 June 2015	0	433	433

**Selected Notes to the Condensed Consolidated Interim Financial Statements
for the six Month Period ended 30 June 2015**

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

The following table provides the results on financial assets and financial liabilities at fair value through profit or loss for the six month period ended:

in TCHF	30 June 2015	30 June 2014
Financial assets held for trading (Long positions)		
Realized gains	2,504	6,895
Realized gains – second trading line	711	1,122
Realized losses	(1,154)	(1,346)
Net realized currency gains – second trading line	148	0
Net realized currency gains / (losses)	24	(628)
Net realized	2,233	6,043
Unrealized gains	22,003	21,309
Unrealized losses	(5,839)	(13,827)
Net unrealized currency (losses) / gains	(9,246)	567
Net unrealized	6,918	8,049
Total long positions, net	9,151	14,092
Financial assets held for trading (Trading options)		
Realized gains	161	1,304
Realized losses	(377)	(76)
Unrealized gains	217	0
Net realized currency (losses) / gains	(30)	9
Net unrealized currency losses	(11)	0
Total trading options, net	(40)	1,237
Financial assets sold short held for trading (Short positions)		
Unrealized losses	(3,412)	0
Net unrealized currency losses	(1,652)	0
Total short positions, net	(5,064)	0
Currency forwards		
Realized gains	14,712	3,036
Realized losses	(17,317)	(2,729)
Unrealized gains	14,822	510
Unrealized losses	(1,415)	(921)
Total currency forwards, net	10,802	(104)
Gain on financial assets and financial liabilities at fair value through profit or loss, net – trading	14,849	15,225

**Selected Notes to the Condensed Consolidated Interim Financial Statements
for the six Month Period ended 30 June 2015**

15. Net foreign exchange gains

in TCHF	30 June 2015	30 June 2014
Foreign exchange gains / (losses) on		
• cash and cash equivalents	158	37
• short-term bank loans	(36)	0
• other current assets	(5)	0
Net foreign exchange gains	117	37

16. Income tax (expense) / income

in TCHF	30 June 2015	30 June 2014
Current tax income / (expense)	16	(304)
Deferred tax (expense) / income	(540)	618
Income tax (expense) / income	(524)	314

17. Earnings per share

	30 June 2015	30 June 2014
Net profit in TCHF as per the consolidated statement of comprehensive income for the six month period ended	12,480	18,824
Weighted average number of outstanding shares	13,377,954	13,377,954
Earnings per share in CHF (basic and diluted)	0.93	1.41

**Selected Notes to the Condensed Consolidated Interim Financial Statements
for the six Month Period ended 30 June 2015**

18. Net asset value (NAV) per share

The net asset value per share is calculated using the adjusted number of outstanding shares as at the reporting date.

	30 June 2015	31 Dec 2014
Equity attributable to the shareholders of Alpine Select Ltd. as per the consolidated statement of financial position (in TCHF)	237,177	238,951
Total number of shares outstanding	13,377,954	13,377,954
Net asset value per share (in CHF)	17.73	17.86
Net asset value per share (in CHF) when adjusted with 0.947916 for the distribution out of the reserves from capital contributions in May 2015	-	16.93

19. Contingencies, commitments and pledged assets

In June 2014, Alpine and Absolute Invest entered into standard pledge agreements with Bank Julius Baer & Co. Ltd. («BJB»), Zurich under which their portfolios at BJB are pledged as security for any amounts due to BJB. As at 30 June 2015, the pledged portfolios were at approximately CHF 237.4 million and CHF 11.5 million were due to BJB (31 December 2014: pledged portfolios of CHF 206.5 million and CHF 16.5 million due to BJB).

Selected Notes to the Condensed Consolidated Interim Financial Statements for the six Month Period ended 30 June 2015

20. Significant shareholders

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

	30 June 2015	31 Dec 2014
Trinsic Ltd. Artherstrasse 21, 6300 Zug <ul style="list-style-type: none"> • Number of shares, including 170,000 shares (31 December 2014: 170,000 shares) directly held by the beneficial owners of Trinsic Ltd. • Percentage Beneficial owners of Trinsic Ltd.: Daniel Sauter, Zug; Regina Barbara Young, Zug; Viktoria Louise Sauter, Zug; Florian Sauter, Zug and, partly indirect through Talpas Ltd., 7502 Bever: Michel Vukotic, Meilen; Corinne Vukotic, Meilen; Aline Vukotic, Meilen and Fabienne Vukotic, Zurich	2,125,357 15.89%	2,154,300 16.10%
Hans Müller Seestrasse 50, 6052 Hergiswil <ul style="list-style-type: none"> • Number of shares • Percentage 	1,351,140 10.10%	n/a
Fabrel Ltd. / Hans Müller Seestrasse 50, 6052 Hergiswil <ul style="list-style-type: none"> • Number of shares including 376,140 shares directly held by Hans Müller • Percentage Beneficial owner of Fabrel Ltd. is Hans Müller, Hergiswil	n/a	1,351,140 10.10%
Raymond J. Baer Goldhaldenstrasse 23, 8702 Zollikon <ul style="list-style-type: none"> • Number of shares • Percentage 	783,708 5.86%	783,708 5.86%
Hans-Ulrich Rihs Eichstrasse 49, 8712 Stäfa <ul style="list-style-type: none"> • Number of shares • Percentage 	570,000 4.26%	570,000 4.26%
Hans Hornbacher Route de Perreret 3, 1134 Vufflens-le-Château <ul style="list-style-type: none"> • Number of shares • Percentage 	445,637 3.33%	445,637 3.33%

21. Related party transactions

Baer & Karrer Ltd., Zurich is the legal advisor of Alpine. Dr. Dieter Dubs, partner of Baer & Karrer Ltd., Zurich is a member of Alpine's Board of Directors. During the six month period ended 30 June 2015, Alpine booked expenses of TCHF 41 (30 June 2014: TCHF 114) in connection with legal services rendered by Baer & Karrer Ltd.

Effective 1 January 2014, Alpine entered into an advisory agreement with JAAM Ltd., Zurich. Thomas Amstutz, member of the Board of Directors of Alpine, is partner and member of the Board of Directors of JAAM

Selected Notes to the Condensed Consolidated Interim Financial Statements for the six Month Period ended 30 June 2015

Ltd. Unchanged to prior period, Alpine booked expenses of TCHF 360 in connection with that agreement during the six month period ended 30 June 2015.

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

22. Events after the balance sheet date

The annual shareholders' meeting held on 20 May 2015 agreed to the proposal by the board of directors to increase the capital by maximum of CHF 50,000 through issue of a maximum of 2,500,000 new registered shares. The capital increase was successfully executed and the Company issued 938,278 new registered shares with a nominal value of CHF 0.02 per share and thus increased the nominal share capital by CHF 18,765.56. The increase of the share capital was entered in the commercial register of the Canton of Zug on 14 July 2015. The new shares were placed at a price of CHF 17.60 per registered share by way of an accelerated bookbuilding process. Alpine received gross proceeds of approximately CHF 16.51 million from the capital increase. The Company's share capital amounts new to CHF 286,324.64 and is divided into 14,316,232 fully paid-in registered shares with a nominal value of CHF 0.02 each.

These condensed consolidated financial statements for the six month period ended 30 June 2015 were authorized for issue by the board of directors on 27 August 2015. There were no significant events to report until this date.

ALPINE SELECT

Alpine Select Ltd. · Bahnhofstrasse 23 · CH-6300 Zug · T +41 41 720 44 11
investorrelations@alpine-select.ch · www.alpine-select.ch