

# Semi-Annual Report

2010



ALPINE SELECT

## Board of Directors

Daniel J. Sauter, *Chairman*

Hans Müller

Walter Geering

## Auditors

KPMG AG

Badenerstrasse 172

8026 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:	13'278'447
Link:	<a href="http://www.alpine-select.ch/report/">www.alpine-select.ch/report/</a>

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

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# Chairman's statement

Dear Shareholders

During the first six months of the year the net asset value of Alpine (NAV) has increased by 10.1% from CHF 12.53 to CHF 13.79. In the corresponding period the share price increased by 8.8% from CHF 12.50 to CHF 13.60.

The positive performance, which is contrary to the market development in the first six months of 2010, was the result of a strong performance of Schaffner Holding, Absolute Invest and Absolute Private Equity.

The annual general meeting of 29 April 2010 approved the continuation of the share buyback program until the next general meeting. Under this program up to 10% of the shares of the Company can be acquired. As of 30 June 2010 the Company had purchased 590'732 shares representing 4.45% of its outstanding share capital.

The convertible bonds of Schaffner Holding and HBM Bioventures were repaid in January and April 2010 respectively. The proceeds were used to increase our position in Absolute Invest. At the end of the reporting period the liquidity represented 11.7% of the NAV (31.12.2009: 13.6%).

The first six months have shown that the portfolio of Alpine Select has a solid resistance to recent market volatility. This is the result of the consequent implementation of the Company's strategy. We remain convinced that the valuation gaps of our key investments will further shrink thereby creating value for our shareholders.

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



Daniel J. Sauter  
Chairman of the Board of Directors  
6 August 2010

# Key figures

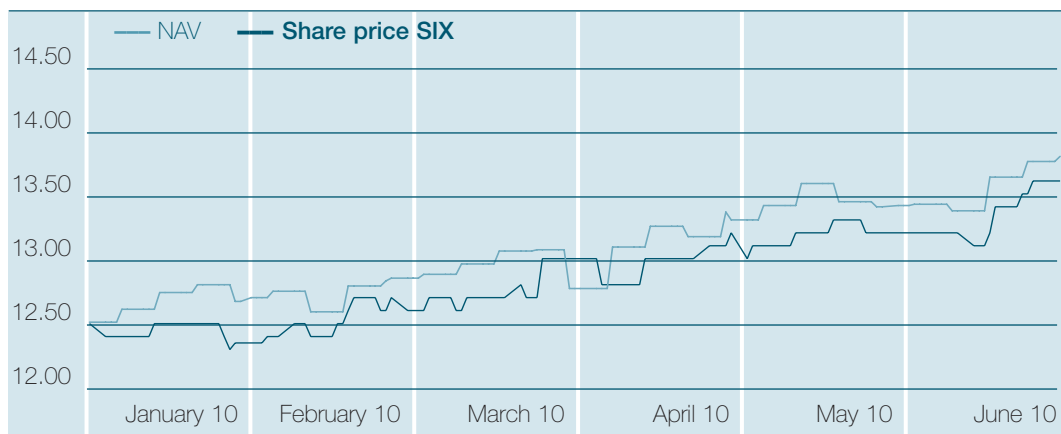
## Performance table

	30 June 2010	31 December 2009
Share price	CHF 13.60	CHF 12.50
NAV	CHF 13.79	CHF 12.53

	High 2010	Low 2010
Share price	CHF 13.60	CHF 12.30
NAV	CHF 13.79	CHF 12.53

## 6 Months price-history in CHF for the period January-June 2010

(weekly NAV and daily closing share price)



## Key figures

### Positions as a percentage of net asset value (NAV) on 30 June 2010

%	0	5	10	15	20	25	30	35	40	50
Absolute Invest	48									
Schaffner	18									
Absolute Private Equity	10									
HBM Bioventures	5									
Orior	3									
Other long positions	4									
Cash and other assets net	12									

### Monthly NAV-performance in %

	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Annually
2005	-0.1	0	0.1	0.7	0.7	0.6	4.6	1.9	2.0	-1.8	-1.2	3.3	11.1
2006	2.6	3.3	2.7	3.2	-4.4	1.6	0.8	-0.3	2.6	9.2	0.3	0.3	23.6
2007	7.5	-3.5	2.0	1.8	0.7	-0.7	-1.3	-6.0	0	0.6	-0.9	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
2009	-2.3	-0.5	2.2	2.2	1.8	2.7	3.1	3.6	4.4	-0.2	-2.9	-0.2	14.6
2010	1.4	1.2	-0.6	4.2	0.8	2.8							10.1*

\*Year to date

### Monthly share price-performance in %

	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Annually
2005	0.7	0	1.1	-0.7	0.7	0.3	5.2	3.9	2.0	0	-5.1	-0.3	6.8
2006	3.7	4.5	3.7	1.8	-4.4	1.2	1.2	1.7	2.6	5.1	1.5	1.7	27.1
2007	8.9	-2.1	0.5	2.1	0.7	-1.5	-0.5	0	0	0.8	0	0.6	1.7
2008	-5.5	0.0	-2.3	1.2	-4.7	0.0	-1.2	-1.3	-6.3	-15.5	-9.6	-2.7	-39.6
2009	-2.7	-0.9	0.9	0.9	3.7	1.8	3.5	2.5	5.0	0.8	-2.3	0.0	13.6
2010	-1.2	2.8	2.4	1.5	0.0	3.0							8.8*

\*Year to date

# Condensed interim consolidated financial statements

<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>				
			<b>30 June 2010 (unaudited)</b>	<b>31 Dec 2009 (audited)</b>
in TCHF	Notes			
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents			11'797	14'828
Financial assets at fair value through profit or loss - trading	4		3'190	2'267
Other current assets	5		6'686	5'592
<b>Total current assets</b>			<b>21'673</b>	<b>22'687</b>
<b>Non-current assets</b>				
Financial assets at fair value through profit or loss - trading	4		154'500	139'942
Furniture and equipment			17	20
<b>Total non-current assets</b>			<b>154'517</b>	<b>139'962</b>
<b>TOTAL ASSETS</b>			<b>176'190</b>	<b>162'649</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>Current liabilities</b>				
Financial liabilities at fair value through profit or loss - trading	4		980	0
Accounts payable and accrued liabilities			283	282
<b>Total current liabilities</b>			<b>1'263</b>	<b>282</b>
<b>Shareholders' equity</b>				
Share capital	7		266	266
Additional paid-in capital			115'597	115'597
Treasury shares	7		(7'520)	(3'960)
Retained earnings			66'584	50'464
<b>Total shareholders' equity</b>			<b>174'927</b>	<b>162'367</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>			<b>176'190</b>	<b>162'649</b>

# Condensed interim consolidated financial statements

<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE</b>			
in TCHF	Notes	<b>2010 (unaudited)</b>	<b>2009 (unaudited)</b>
<b>OPERATING INCOME</b>			
Gain on financial assets and financial liabilities at fair value through profit or loss, net - trading	8	15'153	7'831
Dividend income		894	1'110 <sup>1)</sup>
Interest income from financial assets		1'549	265
Other income		0	300
Foreign exchange (loss) / gain on cash and cash equivalents, net		(197)	95
<b>Total operating income</b>		<b>17'399</b>	<b>9'601</b>
<b>OPERATING EXPENSES</b>			
General and administrative expenses		(653)	(632)
Commissions and other bank fees		(616)	(220)
Interest expenses on bank overdrafts		(4)	0
Depreciation on furniture and equipment		(3)	(3)
<b>Total operating expenses</b>		<b>(1'276)</b>	<b>(855)</b>
<b>Net profit before tax</b>		<b>16'123</b>	<b>8'746</b>
Income tax	6/9	(3)	0
<b>Net profit for the period</b>		<b>16'120</b>	<b>8'746</b>
Other comprehensive income for the period, net of tax		0	0
<b>Total comprehensive income for the period</b>		<b>16'120</b>	<b>8'746</b>
Profit per share in CHF (basic and diluted)	10	1.26	0.65

<sup>1)</sup> TCHF 1'492 were reclassified to "Gain on financial assets and financial liabilities at fair value through profit or loss, net - trading" to comply with the current period's presentation.

# Condensed interim consolidated financial statements

<b>CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE</b>			
in TCHF	Notes	2010 (unaudited)	2009 (unaudited)
<b>Cash flows from operating activities</b>			
Net profit before tax		16'123	8'746
Adjustments for:			
- Gain on financial assets and financial liabilities at fair value through profit or loss, net - trading		(15'153)	(7'831)
- Dividend income		(894)	(1'110) <sup>1)</sup>
- Interest income		(1'549)	(265)
- Interest expenses		4	0
- Depreciation on furniture and equipment		3	3
- Other non-cash expenses		48	0
Withholding taxes received		9'993	1'906
Decrease in other current assets		218	10
Increase in accounts payable and accrued liabilities		1	58
Dividends received		894	889
Interest received		918	193
Interest paid		(4)	0
<b>Net cash inflow from operating activities</b>		<b>10'602</b>	<b>2'599</b>
<b>Cash flows from investing activities</b>			
Purchases of financial assets at fair value through profit or loss - trading		(67'111)	(18'704)
Proceeds from sale of financial assets at fair value through profit or loss - trading		60'821	13'432
Net cash (outflow) / inflow from currency forwards		(3'780)	8'012
<b>Net cash (outflow) / inflow from investing activities</b>		<b>(10'070)</b>	<b>2'740</b>
<b>Cash flows from financing activities</b>			
Purchase of treasury shares, incl. transaction costs	7	(3'563)	(5'672)
<b>Net cash outflow from financing activities</b>		<b>(3'563)</b>	<b>(5'672)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(3'031)</b>	<b>(333)</b>
Cash and cash equivalents at beginning of period		14'828	33'721
<b>Cash and cash equivalents at end of period</b>		<b>11'797</b>	<b>33'388</b>
Cash and cash equivalents consist of:			
Current accounts at banks		11'797	33'388
<b>Cash and cash equivalents as defined for the consolidated statement of Cash flows</b>		<b>11'797</b>	<b>33'388</b>

<sup>1)</sup> TCHF 1'492 were reclassified to "Gain on financial assets and financial liabilities at fair value through profit or loss, net - trading" to comply with the current period's presentation.

# Condensed interim consolidated financial statements

<b>CONSOLIDATED STATEMENT OF CHANGES IN EQUITY</b>					
	Share capital	Additional paid-in capital	Treasury shares	Retained earnings	Total
<b>in TCHF</b>					
<b>Balance at 1 January 2009</b>	<b>317</b>	<b>152'313</b>	<b>(31'095)</b>	<b>29'345</b>	<b>150'880</b>
Net profit for the six months 1.1.-30.6.2009				8'746	8'746
Other comprehensive income for the six months 1.1.-30.6.2009					0
Total comprehensive income for the six months 1.1.-30.6.2009	0	0	0	8'747	8'746
Purchase of treasury shares under program 1 (Note 7)			(5'672)		(5'672)
<b>Balance at 30 June 2009</b>	<b>317</b>	<b>152'313</b>	<b>(36'767)</b>	<b>38'091</b>	<b>153'954</b>
Net profit for the six months 1.7.-31.12.2009				12'373	12'373
Other comprehensive income for the six months 1.7.-31.12.2009					0
Total comprehensive income for the six months 1.7.-31.12.2009	0	0	12'373	12'373	12'373
Cancellation of treasury shares	(51)	(36'716)	36'767		0
Purchase of treasury shares under program 2 (Note 7)			(3'964)		(3'964)
Income tax on transaction costs included in "Purchase of treasury shares under program 2" (Note 7)			4		4
<b>Balance at 31 December 2009</b>	<b>266</b>	<b>115'597</b>	<b>(3'960)</b>	<b>50'464</b>	<b>162'367</b>
Net profit for the six months 1.1.-30.6.2010				16'120	16'120
Other comprehensive income for the six months 1.1.-30.6.2010					0
Total comprehensive income for the six months 1.1.-30.6.2010	0	0	0	16'120	16'120
Purchase of treasury shares under program 2 (Note 7)			(3'563)		(3'563)
Income tax on transaction costs included in "Purchase of treasury shares under program 2" (Note 7)			3		3
<b>Balance at 30 June 2010</b>	<b>266</b>	<b>115'597</b>	<b>(7'520)</b>	<b>66'584</b>	<b>174'927</b>

# Selected notes to the condensed interim consolidated financial statements for the six month period ended 30 June 2010

## **1. Corporate information**

Alpine Select AG (the "Company", "Alpine" and together with its subsidiary Sumara AG, 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 30 June 2010, the Company has three employees all working part time.

## **2. Accounting policies**

### **2.1. Basis of presentation of the interim condensed consolidated financial statements**

The accompanying condensed interim consolidated financial statements for the six month period ended 30 June 2010 were prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting", Swiss law and the special provisions for investment companies regarding interim financial statements according to the Listing Rules and the Directive of Financial Reporting of the SIX Swiss Exchange. The condensed interim consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and therefore should be read in conjunction with the annual consolidated financial statements as at and for the year ended 31 December 2009.

The accounting policies are the same as those applied and described by the Company in its Annual Report as at 31 December 2009 (pages 24-45) except for the adoption of the following new and amended Standards and Interpretations issued for financial years beginning on or after 1 January 2010.

- IFRS 2: Share-based Payment: Group Cash-settled Share-based Payment Transactions – Amendment (effective 1 January 2010);
- IFRS 3: Business Combinations – Amendment (effective 1 July 2009);

## Selected notes to the condensed interim consolidated financial statements for the six month period ended 30 June 2010

- IFRS 5: Amendments to Non-current Assets Held for Sale and Discontinued Operations (effective 1 January 2010);
- IAS 27: Consolidated and Separate Financial Statements – Amendment (effective 1 July 2009);
- IAS 39: Financial Instruments: Eligible Hedged Items - Amendment (effective 1 July 2009);
- IFRIC9 / IAS 39: Embedded Derivatives – Amendment (effective 30 June 2009);
- IFRIC 17: Distributions of Non-cash Assets to Owners (effective 1 July 2009);
- IFRIC 18: Transfer of Assets from Customers (effective 1 July 2009);
- Various: Annual improvements to IFRS – Omnibus Change to many Standards (mostly effective 1 January 2010);

The adoption of the new and revised/amended standards and interpretations during the first six months of the year 2010 did not have any effect on the consolidated financial statements or the performance of the Group.

In 2011, the Group will adopt the following new and revised standards and interpretations:

- IAS 24: Related Party Disclosures - Amendment (effective 1 January 2011);
- IAS 32: Financial Instruments: Presentation: Classification of Rights issued - Amendment (effective 1 February 2010);
- IFRIC 14: IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – Amendment (effective 1 January 2011);

# Selected notes to the condensed interim consolidated financial statements for the six month period ended 30 June 2010

- IFRIC 19: Extinguished Liabilities with Equity Instruments (effective 1 July 2010);
- Various: Annual improvements to IFRS (May 2010) – Omnibus Change to many Standards (mostly effective 1 July 2010 and 1 January 2011);

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

In 2013, the Group will adopt the following new standard:

- IFRS 9: Financial Instruments (effective 1 January 2013);

The Group has not yet determined the potential effects of this new standard on the consolidated financial statements and the performance of the Group.

## 2.2. Foreign currencies

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 Swiss Francs at the exchange rates prevailing at that date. The resulting exchange gains and losses are included in profit or loss. The exchange rate difference resulting from foreign currency positions within cash and cash equivalents is 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 8).

The following exchange rates have been applied:

		30 June 2010	31 Dec 2009	30 June 2009
<b>USD/CHF</b>				
Balance sheet	End of month rate	1.0784	1.0337	1.0876
<b>EUR/CHF</b>				
Balance sheet	End of month rate	1.3209	1.4832	1.5255

# Selected notes to the condensed interim consolidated financial statements for the six month period ended 30 June 2010

## **2.3. 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, futures, options, warrants, swaps as well as currency forward contracts. Financial liabilities at fair value through profit or loss mainly include futures and options sold short as well as currency forward contracts. For the positions at the end of the reporting period we refer to the investment table under Note 4.

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 statement of financial position 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: net asset value, results of operations, multiples and discounted cash flow analysis, comparable transactions. The fair values so determined may differ from the values that are actually realized upon the sale of the investments.

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

## **2.4. Cash and cash equivalents**

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

## **2.5. 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.

# Selected notes to the condensed interim consolidated financial statements for the six month period ended 30 June 2010

## **2.6. Income 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.

## **3. Subsidiaries**

Since 2005 the Company holds a 100% interest in Sumara AG, Zug.

Selected notes to the condensed  
interim consolidated financial statements  
for the six month period ended 30 June 2010

**4. Financial assets and financial liabilities at fair value  
through profit or loss - trading**

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

in TCHF	30 June 2010	31 Dec 2009
<b>Financial assets at fair value through profit or loss</b>		
Positive fair value of currency forward contracts	3'190	2'267
Financial assets held for trading	154'500	139'942
<b>Total</b>	<b>157'690</b>	<b>142'209</b>
of which current	3'190	2'267
of which non-current	154'500	139'942
<b>Financial liabilities at fair value through profit or loss</b>		
Negative fair value of currency forward contracts	980	0
<b>Total</b>	<b>980</b>	<b>0</b>
of which current	980	0
of which non-current	0	0

There were no financial liabilities at fair value through profit or loss as per 31 December 2009.

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

Selected notes to the condensed  
interim consolidated financial statements  
for the six month period ended 30 June 2010

Investment table as of 30 June 2010	in TCHF			
	Number of shares at	Fair value at	Additions	Reductions <sup>1)</sup>
	1 January 2010	1 January 2010		
<b>LONG POSITIONS</b>				
Absolute Invest AG	1'877'214	60'545	45'352	(32'463)
Absolute Private Equity AG	1'576'509	13'282	5'910	(4'256)
AIRE GmbH & Co. KGaA	398'400	4'249		(133)
Atrium V Ltd.	1'500	418		
Bellevue Funds (LUX) SICAV <sup>3)</sup>	123'077	6'164		(6'506)
HBM Bioventures AG	261'136	12'522	418	(3'278)
Highland Financial Partners LP	600'000	0		
ING Investment Management CLO	2'000	558		
Invisa Inc.	130'000	2		
Orior AG		0	9'000	(3'846)
Peoples Choice Financial Corporation	70'800	0		
Prime New Energy AG	210'492	21		
Prokmu Invest AG	57'350	0		
Schaffner Holding AG	172'061	27'530	384	(2'610)
Stone Tower CLO VI LTD	2'000	621		
Vitafort International Corporation	317'543	0		
Var. Obl. Stone Tower CLO VII	2'000'000	413		
2 1/2 % Convertible Bonds HBM Bioventures AG	8'707'000	9'377	6'027	(14'288)
2 1/4 % Convertible Bonds Schaffner Holding AG	4'143'000	4'240	20	(4'163)
<b>Total Long Positions</b>		<b>139'942</b>	<b>67'111</b>	<b>(71'543)</b>
of which gains				
of which losses				
of which gains from second line trades				
of which losses from second line trades				
<b>CURRENCY FORWARDS</b>				
Forward purchase CHF/USD		35		
Forward sales EUR/CHF		863		
Forward sales USD/CHF		1'369		
<b>Total Currency Forwards</b>		<b>2'267</b>	<b>0</b>	<b>0</b>
of which gains				
of which losses				
of which assets		2'267		
of which liabilities		0		

<sup>1)</sup> Reductions may include sales of financial assets via the second trading line and therefore are subject to withholding tax

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

<sup>3)</sup> The fair value is calculated based on a daily NAV-reporting (staggering redemption fees in case of an early disposal until August 2010 are not considered)

Selected notes to the condensed  
interim consolidated financial statements  
for the six month period ended 30 June 2010

								in TCHF			
Realized gains/(losses) net of FX	Realized FX gains/(losses)	Unrealized gains/(losses) net of FX <sup>2)</sup>	Unrealized FX gains/(losses) <sup>2)</sup>	Fair value at 30 June 2010	Number of shares at 30 June 2010	Stock price (closing) in local currency at 30 June 2010			Dividends received		
For the six months from 1 January to 30 June 2010											
2'266	(58)	5'154	3'158	83'954	2'352'059	USD	33				
738	(3)	2'164	398	18'233	1'730'600	USD	10				
(367)	(63)	1'962	(1'775)	3'873	385'933	EUR	8				
		341	66	825	1'500	USD	440		233		
1'446		(1'104)		0	0						
(726)		(807)		8'129	203'193	CHF	40				
				0	600'000	USD	0				
		303	87	948	2'000	USD	440		265		
		(8)	7	1	130'000	USD	0				
135		(154)		5'135	110'200	CHF	47				
				0	70'800	USD	0				
				21	210'492	CHF	0				
				0	57'350	CHF	0				
(383)		6'530		31'451	160'055	CHF	197				
		295	87	1'003	2'000	USD	465		289		
				0	317'543	USD	0				
		434	80	927	2'000'000	USD	43		107		
(421)		(695)		0	0						
(174)		77		0	0						
<b>2'514</b>	<b>(124)</b>	<b>14'492</b>	<b>2'108</b>	<b>154'500</b>					<b>894</b>		
2'152	12	17'299	3'932								
(1'454)	(136)	(2'807)	(1'824)								
2'440											
(624)											
	637		157	(518)							
				295							
	(4'417)		(214)	2'433							
<b>0</b>	<b>(3'780)</b>	<b>0</b>	<b>(57)</b>	<b>2'210</b>					<b>0</b>		
0	2'790	0	923								
0	(6'570)	0	(980)								
				3'190							
				(980)							

# Selected notes to the condensed interim consolidated financial statements for the six month period ended 30 June 2010

## 5. Other current assets

in TCHF	30 June 2010	31 Dec 2009
Withholding tax	6'660	5'348
Other	26	244
<b>Total</b>	<b>6'686</b>	<b>5'592</b>

## 6. Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are disclosed net in the consolidated statement of financial position. Deferred tax liabilities result from valuation differences of financial assets and financial liabilities designated at fair value through profit or loss. Deferred tax assets are recognized for losses carried-forward to an extent for which the realization of the related tax benefit is probable through future taxable profits.

The Group's deferred tax liabilities are netted against deferred tax assets arising from tax losses carried-forward in the same amount. The movements of deferred tax assets and liabilities were as follows:

	Fin. assets at fair value through profit or loss	Capitalized tax losses carried-forward	Total
<b>in TCHF</b>			
Balance at 1 January 2009	0	0	0
Deferred tax income / (expense) 1.1.-30.6.2009	(532)	532	0
<b>Balance at 30 June 2009</b>	<b>(532)</b>	<b>532</b>	<b>0</b>
Deferred tax income / (expense) 1.7.-31.12.2009	161	(161)	0
<b>Balance at 31 December 2009</b>	<b>(371)</b>	<b>371</b>	<b>0</b>
Deferred tax income / (expense) 1.1.-30.6.2010	(438)	438	0
<b>Balance at 30 June 2010</b>	<b>(809)</b>	<b>809</b>	<b>0</b>

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

# Selected notes to the condensed interim consolidated financial statements for the six month period ended 30 June 2010

As of 30 June 2010 the Group has tax losses carried-forward of approx. CHF 50.2 million (31 December 2009: approx. CHF 55.9 million) which will expire in the year 2015. The unrecorded tax losses carried-forward amount to approx. CHF 39.8 million (31 December 2009: approx. CHF 51.1 million). Due to the uncertainty of market movements, an exact estimate concerning future profits is not possible. As a result, deferred tax assets amounting to TCHF 809 (31 December 2009: TCHF 371) corresponding to tax losses carried-forward of CHF 5.6 million (31 December 2009: CHF 4.8 million) are capitalized only to the extent that they can be netted with deferred tax liabilities.

## **7. Share capital and treasury shares**

**Share capital:** The share capital of the Company as of 30 June 2010 and 31 December 2009 is CHF 265'568.94 consisting of 13'278'447 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.

The Annual Shareholders' Meeting held on 30 April 2009 decided to reduce the share capital by CHF 51'713.94 from CHF 317'282.88 to CHF 265'568.94 by cancelling 2'585'697 treasury shares. The decrease of the share capital was recorded in the Commercial Register of the Canton Zug as per 15 July 2009.

**Re-purchase program 1:** During 1 January 2009 until 31 March 2009, when the re-purchase program 1 was stopped, the Company acquired 533'780 treasury shares for an amount of TCHF 5'672. As per 15 July 2009 all 2'585'697 treasury shares acquired for an amount of TCHF 36'767 under the re-purchase program 1 were cancelled.

**Re-purchase program 2:** In July 2009 the Company started its re-purchase program 2 under which 316'926 treasury shares were re-purchased until 31 December 2009 at an average price of CHF 12.33 per share. The total purchase costs of TCHF 3'964 include transaction costs of TCHF 57. The income tax effect on transaction costs amounts to TCHF 4 applying the tax rate of 7.8%.

The Annual Shareholder Meeting held on 29 April 2010 entitled the Company's Board of Directors to continue the re-purchase program 2 that was started in July 2009 and

# Selected notes to the condensed interim consolidated financial statements for the six month period ended 30 June 2010

to re-purchase a maximum of 1'327'844 treasury shares being 10% of the nominal share capital of the Company.

During the six month period ended 30 June 2010 the Company acquired another 273'806 treasury shares at an average price of CHF 12.87 per share under the continued re-purchase program 2 for a total amount of TCHF 3'563 including transaction costs of TCHF 38. The income tax effect on transaction costs as per 30 June 2010 amounts to TCHF 3 applying the tax rate of 7.8%.

Since July 2009, when the re-purchase program 2 was started until 30 June 2010 a total of 590'732 treasury shares (4.45% of the outstanding share capital) were acquired for a total amount of TCHF 7'527 including transaction costs of total TCHF 95. The total income tax effect on transaction costs as per 30 June 2010 amounts to TCHF 7 applying the tax rate of 7.8%.

**Treasury shares / sale of treasury shares:** Own shares of the Company held directly or indirectly by its subsidiaries are designated as treasury shares. Treasury shares are presented in the consolidated statement of financial position 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.

No treasury shares were sold during the six month period ended 30 June 2010 and in 2009. After considering the deduction of 590'732 treasury shares, 12'687'715 shares were outstanding as of 30 June 2010 (31 December 2009: 12'961'521 outstanding shares).

**Conditional share capital:** The share capital could be increased by an amount not exceeding CHF 132'784.46 through the issue of a maximum of 6'639'223 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.

## Selected notes to the condensed interim consolidated financial statements for the six month period ended 30 June 2010

### 8. 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 for the six month period ended 30 June 2010 and 2009:

in TCHF	2010	2009
Realized gains – financial assets held for trading	2'152	0
Realized gains – financial assets held for trading (second trading line)	2'440	0
Realized losses – financial assets held for trading	(1'454)	(7'320)
Realized losses – financial assets held for trading (second trading line)	(624)	(1'492)
Net realized currency losses – financial assets held for trading	(124)	(12)
<b>Net realized – financial assets held for trading</b>	<b>2'390</b>	<b>(8'824)</b>
Unrealized gains – financial assets held for trading	17'299	27'188
Unrealized losses – financial assets held for trading	(2'807)	(9'781)
Net unrealized currency gains – financial assets held for trading	2'108	2'776
<b>Net unrealized – financial assets held for trading</b>	<b>16'600</b>	<b>20'183</b>
<b>Total financial assets held for trading, net</b>	<b>18'990</b>	<b>11'359</b>
Realized (losses) / gains – currency forwards	(3'780)	8'012
Unrealized losses – currency forwards	(57)	(11'540)
<b>Total currency forwards, net</b>	<b>(3'837)</b>	<b>(3'528)</b>
<b>Gain on financial assets and financial liabilities at fair value through profit or loss, net - trading</b>	<b>15'153</b>	<b>7'831</b>

### 9. Income tax

The components of income tax for the six month period ended 30 June 2010 and 2009 are as follows:

in TCHF	2010	2009
Current tax expense	(3)	0
Deferred tax	0	0
<b>Total income tax</b>	<b>(3)</b>	<b>0</b>

The current tax expense of TCHF 3 for the period ended 30 June 2010 relates to the income tax on transaction costs for the acquisition of treasury shares during the six month period ended 30 June 2010. No other current income tax expense or provisions

# Selected notes to the condensed interim consolidated financial statements for the six month period ended 30 June 2010

were recognized for the six month period ended 30 June 2010 and 2009. Deferred tax income and expense is presented on a net basis.

## 10. Profit per share

	2010	2009
Net profit for the six month period ended 30 June in TCHF as per the consolidated statement of comprehensive income	16'120	8'746
Weighted average number of outstanding shares	12'832'978	13'421'489
<b>Profit per share in CHF (basic and diluted)</b>	<b>1.26</b>	<b>0.65</b>

## 11. 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 statement of financial position date. The net asset value per share at 30 June 2010 is CHF 13.79 (31 December 2009: CHF 12.53).

## 12. Contingencies, commitments

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

## 13. Significant shareholders

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

	30 June 2010	31 Dec 2009
<b>Fabrel AG</b>		
Seestrasse 50, 6052 Hergiswil:		
- Number of shares (including 140 shares directly held by Hans Müller)	3'634'515	3'634'515
- Percentage	27.37%	27.37%
Beneficial owner is Hans Müller, 6052 Hergiswil		
<b>Trinsic AG</b>		
Artherstrasse 21, 6300 Zug:		
- Number of shares (incl. 70'000 shares directly held by Daniel Sauter)	2'418'730	2'362'529
- Percentage	18.22%	17.79%
Beneficial owners are Daniel Sauter, 6300 Zug and Michel Vukotic, 8706 Meilen		

Selected notes to the condensed  
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**14. Events after the balance sheet date**

The condensed interim consolidated financial statements for the six month period ended 30 June 2010 were authorized for issue by the Board of Directors on 12 August 2010. There were no significant events to report until this date.



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