

# Interim Report

for the six months ended 31 July

# 2011



# Highlights

- Total Shareholder Return for period +3.1% against a backdrop of FTSE All-World -0.8%
- Ranked 7/34 of Peer Group for TSR and 16/34 for NAV return over the period<sup>†</sup>
- 5 out of 6 regional equity portfolio managers outperformed their benchmarks
- Net gearing reduced to 7.6% in advance of market falls
- Highest ever closing Share Price (392.7p) in July 2011
- Over 39.9 million shares (6% of share capital) bought back during the period
- 97% of net assets in equities at beginning of period reducing to 95% at period end
- Third party assets under management rose by 48% during the period
- Revenues at Alliance Trust Savings increased by 18% year on year

## Net Asset Value (per share)



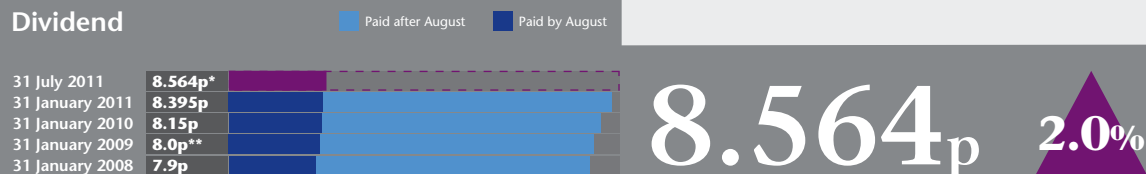
Source: Alliance Trust

## Share Price



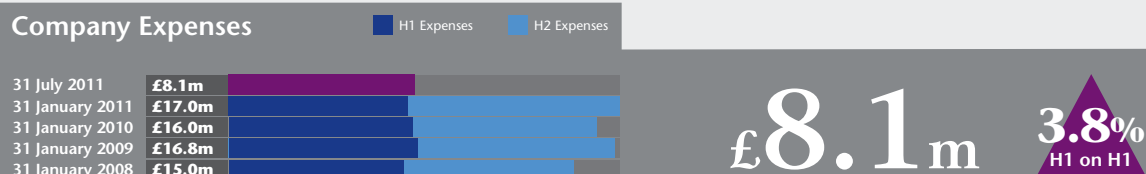
Source: FactSet

## Dividend



Source: Alliance Trust

## Company Expenses



Source: Alliance Trust

<sup>†</sup> Source: Morningstar

\* in the absence of unforeseen developments a dividend of at least this amount will be paid for the period to 31 December 2011.

\*\* 2009 excludes special dividend of 0.5p.

## Performance Summary

This interim report sets out the results of Alliance Trust PLC for the six months ended 31 July 2011.

Over the past six months the total return of the Company's Net Asset Value (NAV) per share was 0.7%. This NAV return was broadly in line with the sector average and we were ranked 16/34 in our peer group.

The Total Shareholder Return (TSR) was 3.1%, which compares favourably to the return of the FTSE All-World Index, which fell by 0.8%, and the FTSE All-Share Index which rose by 1.2%, over the period. The TSR return was ranked 7/34 in our peer group.

The discount ended the period at 15.6%, compared to 17.1% at the start of the year. Since the middle of April the discount has largely traded between 14% and 16%.

Significantly better returns were achieved by five of our six regional equity portfolios - each of our UK, European, Asian, Global and Emerging Markets portfolios outperformed their respective benchmarks. Stock selection was a meaningful contributor to regional performance. In North America, we held the view that cyclical companies were overpriced and positioned our holdings accordingly. Although returns from the portfolio were below those of the benchmark over the period, it has been well positioned to ride the turmoil we have witnessed in equity markets since early July and relative performance since the period end has been strong.

In advance of the falls in the markets in July, we reduced our equity exposure from 99% of net assets at the end of June to 95% because of our concerns about the sustainability of equity market levels and the likely impact of deteriorating global economic factors. We also reduced our gearing by £79 million, taking gearing to its lowest level in over a year.

Our investment strategy aims to allocate resources to undervalued regions within a controlled risk framework. While maintaining our positive view of the longer-term growth prospects for Asian economies, our largest allocation moves in the past six months have been to reduce our risk exposure to the region by 3% early in the period, and by a further 2% in

July. Asian equities accounted for around 16% of our equity portfolio at the period end.

As at 31 July 2011 the Company's net assets were allocated thus:-

Quoted Equities	95%
Fixed Income	5%
Private Equity	4%
Other Assets (including subsidiaries)	3%
Property	1%
Gearing	(8%)

## Key Priorities

In our Annual Report and Accounts we set five key priorities for the year. Progress towards these, after six months, is as follows.

### To focus on investment in equities

Quoted equities represented over 95% of net assets at the end of the period. We have maintained a high weighting in equities throughout the period, which was beneficial to performance. The best returns within our global equity investments, in both absolute and relative terms, came from our UK, Global and European portfolios.

Net debt amounted to £207.4 million (7.6% of net assets versus 10.8% at 31 January 2011).

In other asset classes, we announced in March our intention to close Alliance Trust Equity Partners and to realise our private equity holdings in an orderly fashion. By the end of the period we had reduced the total committed to private equity funds and co-investments from £308.1 million to £221 million, following the disposal of four fund holdings at a premium to their 31 December 2010 NAV.

### To continue to improve investment performance

Investment performance continues to be our top priority. It is encouraging to report that the measures which we have taken to strengthen the capability of our equity investment team are flowing through to investment performance. The ranking of the Trust's NAV return in its peer group improved to 16/34

## Investment Portfolio Statistics

Returns to 31 July 2011 (Sterling)

	% of Net Assets 31 Jul 2011	Returns for 6 months to 31 July 2011			Returns for 12 months to 31 July 2011		
		Portfolio (%)	Index (%)	Relative to Index (%)	Portfolio (%)	Index (%)	Relative to Index (%)
UK	31.6	2.2	1.2	0.9	16.6	14.9	1.4
North America	24.5	(2.2)	(0.9)	(1.3)	10.7	15.4	(4.1)
Asia	15.8	0.7	(0.3)	1.0	15.2	13.3	1.7
Europe	13.7	0.9	(1.7)	2.6	14.6	12.6	1.8
Emerging Markets	5.7	0.6	0.2	0.4	9.4	10.4	(0.9)
Global	3.9	3.1	(0.8)	4.0	15.8	13.3	2.2
Fixed Income*	4.7	3.6	6.2	(2.5)	4.9	8.1	(3.0)

\* Based on the Company's holding in the Alliance Trust Monthly Income Bond Fund.

for the six month period ended 31 July 2011, compared to 20/34 for the comparable period last year. All but one of our regional portfolios outperformed their respective benchmarks with the contribution from stock selection demonstrating the stock-picking skills of our investment managers, supported by a rigorous investment process.

#### To manage our cost base in line with market conditions

We remain conscious of prevailing market conditions and the requirement to apply strict cost controls across the business, which has led to a 1.4% decrease in the level of consolidated expenses for the first half of the year. Company expenses have increased by 3.8% to £8.1million, largely as a result of necessary expenses associated with the closure of our private equity business and with the additional professional fees associated with the AGM requisitions submitted by Laxey Partners in December 2010.

#### To develop our subsidiary businesses

Alliance Trust Asset Management has experienced strong growth with third party assets under management rising from £83 million at 31 January 2011 to £123 million at the end of the period. This growth reflects the extension of our distribution reach to financial intermediaries and fund platforms in addition to our core targets of discretionary fund buyers. Our funds are now listed on a growing number of the major fund platforms in the UK. The Alliance Trust Monthly Income Bond Fund has attracted significant inflows at a time when the Sterling Corporate Bond sector, in which the Fund is classified, has reported net redemptions. The gross annual distribution yield of over 6% and the low volatility of the Fund have appealed to investors seeking income in an environment of continuing low deposit rates.

Alliance Trust Savings has continued to grow its business and to report strong financial progress during the period. Revenues grew by 18%, while costs have remained flat, delivering a further year-on-year reduction in losses of 42%. We also re-priced our ISA product at the half year, the increased revenues from which will start to flow through in the second half of the year and onwards. The business launched its on-line transactional site for advisers and shortly after the period end, has added over 21,000 international equities to its i.nvest investment platform, making it one of the most comprehensive dealing platforms in the UK. New account volumes continued to grow strongly with a 30% increase reported in new accounts opened against the same period last year. This growth continues. Business received from financial advisers has also grown solidly and now represents 10% of volumes.

#### To invest in the development of our people

We continue to strengthen our investment team, taking the decision to establish a London-based Global Equities team which will enhance our capability to invest across regions at the same time as supporting the development of our asset management business. Having the majority of our

investment professionals now based in Edinburgh or London maximises our direct access to companies and enables us to attract and retain high calibre investment professionals.

#### Investment Overview

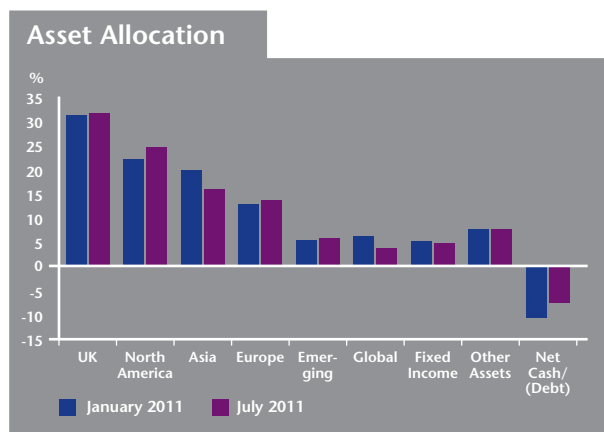
Over the period there have been a number of key events which have influenced equity and bond markets and resulted in the volatile conditions which we anticipated in our 2011 Annual Report. These included:

- Middle Eastern tensions which resulted in a flight to quality in government bonds and developed market equities, as well as a spike in the oil price which added to inflationary pressures on food and energy prices.
- The earthquake and subsequent tsunami in Japan which were human tragedies from which it will take years to recover. The immediate and well co-ordinated response to these disasters has shown how the global community can assist in stabilising such situations.
- The European Sovereign Debt crisis which has been on the agenda throughout the period and looks set to persist for some time yet.
- The debt ceiling problems in the US. Although resolved in the short term, the fundamental structural issues of over-indebtedness in the US remain.

We began the period with historically high weightings in Asian economies and Emerging Markets which offer some of the most attractive longer-term growth opportunities. Following strong performance we reassessed the risk profile of our regional allocation and rebalanced the portfolio by reducing our high weighting in Asia, while adding to our US exposure.

We retained a balanced mix of cyclical and defensive growth companies across the portfolio in the middle of the period, while taking advantage of specific themes and valuation based regional opportunities. Net gearing was reduced to around 10% at this time.

Corporations are generally in good health, with strong balance sheets, but the degree of macro level economic concerns and their possible impact on global economic growth represent significant risks. In advance of these concerns taking hold in



Source: Alliance Trust

late July, we reduced net gearing to 7.6%, which we assessed to be an appropriate level in light of the uncertainties and risks being faced. This reduction was implemented by selling some holdings in our Asian and Global portfolios.

## Investment Portfolio – Equities

### UK

Outperformance	% of Net Assets
1 Feb'11 – 31 Jul'11 <b>0.9%</b>	31 Jul'11 <b>31.6%</b>

Our UK portfolio outperformed on a relative basis, returning 2.2% against the 1.2% return of its benchmark. Both sector allocation and stock selection contributed to our returns.

The UK equity market had a lacklustre six months at index level, though the modest total return from the index masks sharp underlying movements at both stock and sector level.

We made several significant changes to the composition of our portfolio over the period, including raising cash of over £31 million in February. We adopted a slightly more defensive bias through reductions in holdings of cyclical and Asian-exposed companies such as Informa, Xstrata, Rio Tinto and HSBC, and increases in our exposure to companies with reliable levels of demand and higher yields, for example Pearson, National Grid and RSA. This shift was also reflected in the sales of our holdings in Barclays and Smiths Group and the increase in our holding in BAE Systems. A position in BG Group was purchased as we believe that the potential of its Brazilian and other exploration assets is very attractive. Towards the end of the period we initiated a new holding in Lloyds Banking Group: while the UK economic outlook remains challenging we believe that Lloyds is very attractively valued and is being managed to create increased shareholder value over the medium term.

### North America

Outperformance	% of Net Assets
1 Feb'11 – 31 Jul'11 <b>(1.3%)</b>	31 Jul'11 <b>24.5%</b>

Our North American portfolio lagged its benchmark, returning (2.2%) against the index return of (0.9%).

Our portfolio was positioned to favour defensive growth companies whereas economically sensitive companies performed more strongly through most of the period. Relative performance of the portfolio has improved markedly in the volatile markets experienced since the period end, outperforming its benchmark by 0.65% in August.

Corporate profits in North America continued to recover strongly as companies kept a tight control on costs and benefited from an upturn in global growth.

During the period we added to holdings in some smaller companies, which we expect to provide good future growth. An example is BE Aerospace which provides seats and fittings for aircraft cabin interiors and is well placed for the new generation of planes. We also added some large cap stocks where we saw strength of businesses and strong balance sheets combined with particularly attractive valuations. We added to Pfizer which, despite the pending Lipitor patent expiry, has a healthy pipeline of new products. Caterpillar is a

new holding and the premier supplier of mining equipment after its acquisition of Bucyrus and should benefit from significant plans for mine expansion in metals and oil sands. We significantly increased our holding in Visa, in the financial sector, which benefits from growing debit and credit card use in emerging markets. Sales tended to be in stocks which we believed had limited growth prospects, such as Republic Services, which still awaits a recovery in US construction, and Hologic which is exposed to pressures in hospital spending.

### Asia

Outperformance	% of Net Assets
1 Feb'11 – 31 Jul'11 <b>1.0%</b>	31 Jul'11 <b>15.8%</b>

Our Asian portfolio outperformed the benchmark with a rise of 0.7% against a fall of 0.3% in its index. Over

the course of the period, the bias of the Asian portfolio has moved to be increasingly defensive through the reduction of basic materials in favour of telecoms and utilities. This move has served us well.

The key events of the first six months in Japan were the earthquake and subsequent tsunami which devastated areas in the north of the country and led to severe supply chain disruptions, particularly in the auto sector. We continued to move our focus away from the export-led developed markets of North Asia in favour of the more domestically-orientated South East Asian markets of Indonesia, Malaysia and Singapore. Their economies continue to exhibit strong domestic demand, in terms of both consumption and investment.

Examples of additions to South East Asian holdings include Axiata Group (mobile telecoms) in Malaysia, Glow Energy (utilities) in Thailand, and DBS Group (banking) in Singapore. Sales in developed markets to fund these purchases were made via the disposal of Macarthur Coal, which received a takeover approach, and a reduction of BHP Billiton. Within the North Asian auto sector, the Korean company Hyundai Motor and Japanese company Toyota were also sold. This, combined with concerns over demand in the US and Europe, encouraged a shift in emphasis away from autos and exporters in favour of more defensive domestic names. In Japan, the positions in Toyota and Nidec were replaced with NTT DoCoMo and Astellas Pharmaceutical.

### Europe

Outperformance	% of Net Assets
1 Feb'11 – 31 Jul'11 <b>2.6%</b>	31 Jul'11 <b>13.7%</b>

Our European portfolio outperformed due to its relatively defensive positioning in core markets,

rising by 0.9% against a 1.7% fall in the benchmark. We have remained very underweight in the markets of the periphery, but continue to monitor developments closely.

Investors in Europe in the first half of 2011 may have a sense of déjà vu. Headline events are very similar to those of this period last year as the debt crisis in the Eurozone has continued to dominate headlines.

Markets not only faced the continuing turmoil in southern Europe, but also had the added complications of higher oil and commodity prices. This has had a knock-on effect in Europe in, for example, input costs for food and beverage companies. Our holdings in Nestlé, Danone and the chocolate manufacturer Barry Callebaut were adversely affected in the early part of the year, but recovered strongly towards the end of the period as they reported positive earnings growth and commodity pricing pressures started to ease.

### Emerging Markets

Outperformance	% of Net Assets
1 Feb'11 – 31 Jul'11	31 Jul'11
<b>0.4%</b>	<b>5.7%</b>

Our Emerging Markets portfolio performed well on a relative basis, rising by 0.6% against the 0.2% return of

the benchmark.

The diverse nature of Emerging Markets was emphasised by the range of their returns during the period.

In Asia, the ASEAN countries in which we were invested delivered positive returns, driven by the prospects of government infrastructure programmes, and continued growth in consumer expenditure. Our holding in Astra International in Indonesia benefited from these trends. Whilst China dominated the economic headlines, the stock market has continued to disappoint. The Brazilian market has also delivered disappointing returns as interest rates were raised to address inflationary concerns, although these were cut post the period end. We had reduced our position in the Brazilian retailer Hering as a result. The South African economy has continued its recent recovery which has

resulted in more prosperity for the growing middle class. We have purchased a holding in Vodacom, a South African mobile telecom company.

### Global

Outperformance	% of Net Assets
1 Feb'11 – 31 Jul'11	31 Jul'11
<b>4.0%</b>	<b>3.9%</b>

Our Global portfolio outperformed the benchmark, rising by 3.1% against a fall of 0.8%. The strong performance of the portfolio resulted from good stock selection over the period.

The first half of the year was beset by worries over the global growth outlook, particularly in Western economies with the spreading of the European sovereign debt crisis and fears over the sustainability of the US recovery.

The portfolio has been positioned slightly more defensively over the period; examples of transactions include a reduction in the miners BHP Billiton and Rio Tinto and the addition of healthcare stocks Fresenius in Germany and Express Scripts in the US. The portfolio is currently overweight in sectors such as industrials and technology, and favours the long-term structural growth prospects of Asia.

### Top twenty holdings as at 31 July 2011

Rank at 31/7/11	Rank at 31/1/11*	Company	Sector	Value £m	% of quoted equity portfolio
1	1	Royal Dutch Shell	Oil & Gas Producers	61.2	2.4
2	6	GlaxoSmithKline	Pharmaceuticals & Biotechnology	58.4	2.3
3	4	BP	Oil & Gas Producers	52.5	2.0
4	2	BHP Billiton**	Mining	52.5	2.0
5	5	Rio Tinto	Mining	52.0	2.0
6	3	HSBC Holdings	Banks	51.9	2.0
7	10	British American Tobacco	Tobacco	43.7	1.7
8	-	BG Group	Oil & Gas Producers	39.1	1.5
9	-	Pearson	Media	32.1	1.2
10	12	Prudential	Life Insurance	30.3	1.2
11	9	InterOil	Oil & Gas Producers	29.9	1.2
12	16	Clean Harbors	Support Services	29.4	1.1
13	15	AstraZeneca	Pharmaceuticals & Biotechnology	29.1	1.1
14	17	Unilever	Food Producers	28.2	1.1
15	8	Philip Morris International	Tobacco	27.4	1.1
16	14	Canadian Pacific Railway	Industrial Transportation	27.2	1.1
17	-	National Grid	Gas, Water & Multi-utilities	26.9	1.0
18	7	New York Community Bancorp	Banks	26.8	1.0
19	19	Vodafone Group	Telecommunications	26.7	1.0
20	-	American Tower	Telecommunications	25.8	1.0

\* Diageo, CNOOC, Taiwan Semiconductor and Suncor Energy were in the top twenty on 31 Jan 2011.

\*\* We have combined our holdings in BHP Billiton PLC (£41.2m) with our position in BHP Billiton Ltd (£11.3m) to show total exposure.

## Investment Portfolio – Fixed Income

% of Net Assets

31 Jul'11  
4.7%

Our fixed income portfolio made a strong contribution to overall income generation as it has maintained a gross annual distribution yield of over 6%. In

absolute terms, the portfolio returned 3.6% over the period, indicating a small capital gain in addition to the half year's income distribution.

The ongoing European debt concerns through the period coincided with a run of weaker than expected economic data, which drove prices of government bonds higher. UK 10 year gilt yields reached levels not seen for over 50 years. Following strong performance in the first quarter of the year, corporate bond markets also became a victim of the sell-off in equities and spreads widened, in particular on financial company bonds.

We have maintained our core strategy of reducing interest rate exposure as Gilt yields have fallen; such that by the end of July the interest rate sensitivity of the portfolio had reached 3.48 years, significantly below that of the benchmark (6.36 years). This position represents our medium-term view that the easy monetary conditions to be found in the UK will inevitably force bond yields higher once economic growth begins to pick up again. We believe it is prudent to reduce interest rate sensitivity to protect capital against future market falls. Our fixed income portfolio is focused on systemically important financial institutions and bonds with certainty of final maturity.

### Other Investments

Following the announcement in March of our intention to close our Private Equity business we have been implementing an orderly exit strategy focused on maximising value for shareholders. By the period end we had reduced the total committed to private equity funds and co-investments from £308 million to £221 million, following the sale of four fund positions. The sales of these funds were completed at a premium to their Net Asset Values as at 31 December 2010 and returned £18.4 million in cash.

We have further reduced our exposure to direct property, having completed the disposal of two properties since the end of January. These sales realised a total of £18.5 million. Our direct property investments amounted to £10.1 million at the period end.

## Equity Portfolio Attribution

From 1 February 2011 to 31 July 2011

Sector	Portfolio Weight	Portfolio Return	Index Return	Sector Allocation	Stock Selection	Currency Effect	Total Effect
UK	33.2	2.2	1.2	0.6	0.4	0.0	0.9
North America	25.8	(2.2)	(0.9)	0.0	(1.7)	0.4	(1.3)
Asia	16.6	0.7	(0.3)	(1.0)	2.4	(0.4)	1.0
Europe	14.4	0.9	(1.7)	1.3	0.5	0.7	2.6
Emerging Markets	6.0	0.6	0.2	0.0	0.5	(0.2)	0.4
Global	4.0	3.1	(0.8)	(0.9)	4.9	0.0	4.0

## Share Buybacks

At the Annual General Meeting in May, the Board detailed its approach to buying back shares in the Company. The Board believes that investment performance is the key driver of the level of the discount over the longer term. The Board is committed to the ongoing flexible use of share buybacks and continues to believe that a rigid discount control mechanism that fails to take into account factors such as performance, peer group discounts and general market conditions is not appropriate for the Company. During the period, we bought back and cancelled over 39.9 million shares (6% of share capital) at a total cost of £151.3 million.

### Financial Year End

The Company's financial year end will be changing to 31 December in order to aid investment performance comparisons for shareholders. Our next period end will be 31 December 2011. There is no anticipated cost implication as a result of this change.

### Dividend

As a result of the change of year end the current financial period will comprise only 11 months. As a consequence of this change, dividend payments in the current period will be accelerated. A first quarterly payment of 2.141 pence per share was made on 30 June 2011 and a second quarterly payment of the same amount will be made on 30 September 2011. Barring unforeseen circumstances a quarterly payment of 2.141 pence per share will be made on 3 January 2012 and a further quarterly dividend of at least 2.141 pence per share will be made on, or around, 2 April 2012, making a total payment of at least 8.564 pence for the period.

## Outlook

We expect markets to remain volatile over the remainder of the year as macro-economic and political events will inevitably continue to drive market sentiment. A number of key issues remain unresolved, such as US growth and European sovereign debt. We anticipate more stresses in the Eurozone system as we move towards a restructuring of peripheral economies. Inflationary pressures in the Chinese economy, however, now appear to be under greater control and China is expected to maintain its high rates of growth.

Recent meetings we have held with the senior management of several major multi-national companies have been encouraging and suggest some disconnect between macro-economic expectations and structural growth at individual company level. "Investing in companies and not in markets" is a key tenet of our investment approach and we continue to identify excellent longer-term stock specific opportunities across the globe. Many global companies' inventory levels and balance sheets are in better shape than they have been for many years.

We retain our cautiously optimistic stance which supports current gearing levels at our weighted average borrowing cost of 1.8%.

## Risks and Uncertainties

The Company invests in both quoted and unquoted securities, fixed income securities, its subsidiary businesses, other asset classes and financial instruments for the long term in order to achieve its investment objectives. Its principal risks and uncertainties are therefore:

- investment (market)
- liquidity
- credit
- reputational
- credit and counterparty
- strategic and
- operational

These risks, and the way in which they are managed, are described in more detail within the Risk Factors and Risk Management section on pages 22 and 23 of the Company's Annual Report and Accounts for the year ended 31 January 2011, which is available on the Company's website at [www.alliancetrust.co.uk](http://www.alliancetrust.co.uk).

The Directors do not consider that the nature of the Company's principal risks and uncertainties has changed materially since the date of that report and is not expected to change for the remainder of the financial period.

## Related Party Transactions

The nature of related party transactions has not changed significantly from those described in the Company's Annual Report and Accounts to 31 January 2011. There were no transactions with related parties during the six months ended 31 July 2011 which have a material effect on the results or financial position of the Company or the Group.

## Going Concern Statement

The accounts have been prepared on a going concern basis as the Company's and the Group's liquid assets significantly exceed its liabilities and its revenue income exceeds its expenditure.

## Responsibility Statement

We confirm that to the best of our knowledge

- The financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the EU:
- The interim management report includes a fair review of the information required by:
  - (a) DTR 4.2.7R of the “Disclosure and Transparency Rules”, being an indication of important events that have occurred during the first six months of the financial period and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining five months of the period; and
  - (b) DTR 4.2.8R of the “Disclosure and Transparency Rules”, being related party transactions that have taken place in the first six months of the current financial period and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

Signed on behalf of the Board

**Lesley Knox**  
**Chairman**

16 September 2011

**Katherine Garrett-Cox**  
**Chief Executive**

16 September 2011

## Note on audit

The interim financial information for the period ended 31 July 2011 has not been audited or reviewed in accordance with International Standard on Review Engagements 2410 issued by the Auditing Practice Board

# Financial Statements

## Consolidated Income Statement (unaudited)

For the period ended 31 July 2011

£000	Note	6 months to 31 July 2011			6 months to 31 July 2010			Year to 31 January 2011 (audited)		
		Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
<b>Revenue</b>										
Income		65,983	-	65,983	62,652	-	62,652	101,943	-	101,943
(Loss)/Profit on fair value designated investments		-	(30,354)	(30,354)	-	82,129	82,129	-	404,536	404,536
Profit on investment property held		-	115	115	-	5	5	-	589	589
<b>Total Revenue</b>	3	65,983	(30,239)	35,744	62,652	82,134	144,786	101,943	405,125	507,068
Administrative expenses		(17,127)	(1,908)	(19,035)	(17,658)	(1,647)	(19,305)	(38,138)	(2,684)	(40,822)
Finance costs	4	(4,805)	(2,185)	(6,990)	(1,321)	(775)	(2,096)	(5,306)	(4,462)	(9,768)
Impairment losses		-	-	-	-	-	-	-	(297)	(297)
Loss on revaluation of office premises		-	(5)	(5)	-	-	-	-	(47)	(47)
Foreign exchange (losses)/gains		-	(1,632)	(1,632)	(44)	(895)	(939)	30	95	125
<b>Profit/(Loss) before tax</b>		44,051	(35,969)	8,082	43,629	78,817	122,446	58,529	397,730	456,259
Tax	5	(2,722)	-	(2,722)	(3,081)	217	(2,864)	(4,439)	(73)	(4,512)
<b>Profit/(Loss) for the period</b>		41,329	(35,969)	5,360	40,548	79,034	119,582	54,090	397,657	451,747
Attributable to										
Non-controlling interest		-	-	-	469	1,001	1,470	-	-	-
Equity holders of the parent		41,329	(35,969)	5,360	40,079	78,033	118,112	54,090	397,657	451,747
		41,329	(35,969)	5,360	40,548	79,034	119,582	54,090	397,657	451,747
<b>Earnings/(Loss) per share from continuing operations attributable to equity holders of the parent</b>										
Basic (p per share)	7	6.54	(5.69)	0.85	6.07	11.83	17.90	8.20	60.26	68.46
Diluted (p per share)	7	6.52	(5.69)	0.83	6.06	11.79	17.85	8.17	60.10	68.27

## Consolidated Statement of Comprehensive Income (unaudited)

£000	Note	6 months to 31 July 2011			6 months to 31 July 2010			Year to 31 January 2011 (audited)		
		Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
Profit/(Loss) for the period		41,329	(35,969)	5,360	40,548	79,034	119,582	54,090	397,657	451,747
Income and expenses recognised directly in equity:										
Defined benefit plan actuarial (loss)/gain	8	-	(798)	(798)	-	2,752	2,752	-	3,077	3,077
Retirement benefit obligations deferred tax		-	(554)	(554)	-	(16)	(16)	-	(348)	(348)
Loss on revaluation of office premises		-	-	-	-	-	-	-	(183)	(183)
<b>Total recognised income and expense for the period</b>		41,329	(37,321)	4,008	40,548	81,770	122,318	54,090	400,203	454,293
Attributable to:										
Non-controlling interest		-	-	-	469	1,001	1,470	-	-	-
Equity holders of the parent		41,329	(37,321)	4,008	40,079	80,769	120,848	54,090	400,203	454,293
		41,329	(37,321)	4,008	40,548	81,770	122,318	54,090	400,203	454,293

**Consolidated Statement of changes in equity (unaudited)**

for the period ended 31 July 2011

<b>£000</b>	<b>6 months to 31 July 2011</b>	<b>6 months to 31 July 2010</b>	<b>Year to 31 January 2011 (audited)</b>
<b>Called up share capital</b>			
At 1 February 2011	16,527	16,677	16,677
Own shares purchased and cancelled in the period	(999)	(150)	(150)
At 31 July 2011	15,528	16,527	16,527
<b>Capital Reserves</b>			
At 1 February 2011	2,158,630	1,776,750	1,776,750
(Loss)/Profit for the period	(35,969)	78,033	397,657
Pension scheme financing	(1,352)	(84)	2,729
Own shares purchased and cancelled in the period	(151,315)	(19,800)	(19,800)
LTIP reserve movement	821	691	1,294
At 31 July 2011	1,970,815	1,835,590	2,158,630
<b>Revaluation Reserve</b>			
At 1 February 2011	-	183	183
Revaluation of office premises	-	-	(183)
At 31 July 2011	-	183	-
<b>Merger Reserve</b>			
At 1 February 2011 and 31 July 2011	645,335	645,335	645,335
<b>Capital redemption reserve</b>			
At 1 February 2011	2,471	2,321	2,321
Own shares purchased and cancelled in the period	999	150	150
At 31 July 2011	3,470	2,471	2,471
<b>Revenue reserve</b>			
At 1 February 2011	71,541	72,017	72,017
Profit for the period	41,329	40,079	54,090
Dividends	(28,157)	(27,403)	(54,599)
Unclaimed dividends	31	29	33
At 31 July 2011	84,744	84,722	71,541
<b>Non-controlling interest</b>			
At 1 February 2011	-	11,684	11,684
Profit for the period	-	1,470	-
PATIF/ATIF* net subscriptions	-	39,715	(11,684)
At 31 July 2011	-	52,869	-
<b>Total equity shareholder funds</b>			
At 1 February 2011	2,894,504	2,524,967	2,524,967
At 31 July 2011	2,719,892	2,637,697	2,894,504

\* Premier Alliance Trust Investment Fund and Alliance Trust Investment Fund.

**Consolidated Balance Sheet (unaudited)**

As at 31 July 2011

£000	Note	31 July 2011	31 July 2010	31 January 2011 (audited)
<b>Non-current Assets</b>				
Investments held at fair value		2,961,787	2,872,322	3,237,614
Investment property		10,130	28,020	28,515
Property, plant and equipment:				
Office premises		6,025	6,500	6,270
Other fixed assets		20	35	27
Intangible assets		2,095	3,041	2,345
Pension scheme surplus	8	2,899	-	846
Deferred tax asset		149	136	182
		2,983,105	2,910,054	3,275,799
<b>Current assets</b>				
Outstanding settlements/other receivables		63,063	168,838	47,051
Withholding tax debtor		837	1,742	1,413
Corporation tax debtor		79	62	79
Cash and cash equivalents		403,136	257,350	295,355
		467,115	427,992	343,898
<b>Total assets</b>		3,450,220	3,338,046	3,619,697
<b>Current liabilities</b>				
Outstanding settlements/other payables		(467,937)	(415,991)	(383,505)
Tax payable		(1,969)	(2,125)	(2,260)
Bank overdrafts and loans	13	(259,530)	(280,000)	(338,997)
		(729,436)	(698,116)	(724,762)
<b>Total assets less current liabilities</b>		2,720,784	2,639,930	2,894,935
<b>Non-current liabilities</b>				
Deferred tax liabilities		(622)	-	(303)
Other long-term liabilities		(270)	(64)	(128)
Pension scheme deficit	8	-	(2,169)	-
<b>Net assets</b>		2,719,892	2,637,697	2,894,504
<b>Equity</b>				
Share capital	14	15,528	16,527	16,527
Capital reserves		1,970,815	1,835,590	2,158,630
Merger reserve		645,335	645,335	645,335
Revaluation reserve		-	183	-
Capital redemption reserve		3,470	2,471	2,471
Revenue reserves		84,744	84,722	71,541
Equity attributable to equity holders of the parent		2,719,892	2,584,828	2,894,504
<b>Non-controlling interest</b>		-	52,869	-
<b>Total Equity</b>		2,719,892	2,637,697	2,894,504
<b>Net asset value per ordinary share attributable to equity holders of the parent</b>				
Basic (£)	9	4.39	3.92	4.39
Diluted (£)	9	4.38	3.91	4.38

**Consolidated Cash Flow (unaudited)**

For the period ended 31 July 2011

<b>£000</b>	<b>6 months to 31 July 2011</b>	<b>6 months to 31 July 2010</b>	<b>Year to 31 January 2011 (audited)</b>
<b>Cash flows from operating activities</b>			
Profit before tax	8,082	122,446	456,259
Adjustments for:			
Losses/(gains) on investments	30,239	(82,134)	(405,125)
Foreign exchange losses/(gains)	1,632	939	(125)
Scrip dividends	(230)	-	(213)
Depreciation	7	8	16
Amortisation of intangibles	936	773	1,696
Impairment losses	-	-	297
Loss on revaluation of office premises	5	-	47
Share based payment expense	821	751	1,294
Finance costs	6,990	2,096	9,768
Operating cash flows before movements in working capital	48,482	44,879	63,914
Increase in amounts due to depositors	24,871	17,799	25,930
Increase in receivables	(18,195)	(135,022)	(12,616)
(Decrease)/increase in payables	(4,392)	6,249	7,575
Net cash inflow/(outflow) from operating activities before income taxes	50,766	(66,095)	84,803
Taxes paid	(2,085)	(4,070)	(4,998)
Net cash inflow/(outflow) from operating activities	48,681	(70,165)	79,805
<b>Cash flows from investing activities</b>			
Proceeds on disposal of fair value through profit and loss investments	948,592	756,413	1,304,562
Purchase of fair value through profit and loss investments	(660,923)	(807,910)	(1,510,954)
Purchase of property, plant and equipment	-	(39)	(40)
Proceeds on disposal of office premises	240	-	-
Purchase of intangible assets	(686)	(113)	(692)
Net cash inflow/(outflow) from investing activities	287,223	(51,649)	(207,124)
<b>Cash flows from financing activities</b>			
Dividends paid - Equity	(28,190)	(27,277)	(68,071)
Unclaimed dividends repaid	31	29	33
Purchase of own shares	(151,315)	(19,800)	(19,800)
Bank loan raised	-	120,000	178,997
Bank loan repaid	(79,467)	-	-
Non-controlling interest investment in PATIF/ATIF*	39,427	39,715	71,662
Finance costs payable	(6,977)	(2,039)	(9,747)
Net cash (outflow)/inflow from financing activities	(226,491)	110,628	153,074
Net increase/(decrease) in cash and cash equivalents	109,413	(11,186)	25,755
Cash and cash equivalents at beginning of period	295,355	269,475	269,475
Effect of foreign exchange rate changes	(1,632)	(939)	125
Cash and cash equivalents at the end of period	403,136	257,350	295,355

\* Premier Alliance Trust Investment Funds and Alliance Trust Investment Funds

## Notes

### 1 General Information

The information contained in this report for the year ended 31 January 2011 does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. A copy of the statutory accounts for the year ended 31 January 2011 has been delivered to the Registrar of Companies. The auditors' report on those accounts was not qualified, did not contain an emphasis of matter paragraph and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

The interim results are unaudited. They should not be taken as a guide to the full year and do not constitute the statutory accounts.

### 2 Accounting Policies

#### Basis of preparation

The annual financial statements were prepared using accounting policies consistent with International Financial Reporting Standards (IFRS) as adopted for use in the EU. The condensed set of financial statements included in this half yearly financial report have been prepared in accordance with IAS 34 'Interim Financial Reporting', as adopted by the EU.

#### Going concern

The directors have a reasonable expectation that the Company has sufficient resources to continue in operational existence for the foreseeable future. Accordingly the financial statements have been prepared on a going concern basis.

#### Changes in accounting policies

The same accounting policies, presentations and methods of computation are followed in these financial statements as are applied in the Group's latest annual audited financial statements. No material changes in accounting policies are anticipated in the forthcoming financial statements for the period ended 31 December 2011.

### 3 Revenue

£000	6 months to 31 July 2011	6 months to 31 July 2010	Year to 31 January 2011
Deposit interest	1,410	982	2,022
Dividend income	56,585	54,468	85,527
Mineral rights income	754	858	1,400
Property income	1,433	1,800	3,517
Other operating income	5,801	4,544	9,477
	65,983	62,652	101,943

### 4 Finance Costs

£000	6 months to 31 July 2011			6 months to 31 July 2010			Year to 31 January 2011		
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
<b>Interest payable</b>									
Payable to depositors	1	-	1	5	-	5	8	-	8
Net distributions to third party investors	2,908	643	3,551	-	-	-	2,050	2,160	4,210
Bank loans and overdrafts	1,896	1,542	3,438	1,316	775	2,091	3,248	2,302	5,550
Total finance costs	4,805	2,185	6,990	1,321	775	2,096	5,306	4,462	9,768

### 5 Taxation

Corporation tax for the period to 31 July 2011 is charged at 27.33% (28% all other periods) of the estimated assessable profit for the period. The tax charge for this period is higher than that resulting from applying the standard rate of corporation tax in the UK of 26% for financial year 2011, due to a change in the UK tax rate from 1 April 2011. Taxation for other jurisdictions is calculated at the rates prevailing in those jurisdictions, this taxation mainly comprises withholding tax on foreign investments.

## 6 Dividends

<b>£000</b>	<b>6 months to 31 July 2011</b>	<b>6 months to 31 July 2010</b>	<b>Year to 31 January 2011</b>
Fourth interim dividend for the year ended 31 January 2010 of 2.075p per share	-	13,805	13,805
First interim dividend for the year ended 31 January 2011 of 2.0625p per share	-	13,598	13,598
Second interim dividend for the year ended 31 January 2011 of 2.0625p per share	-	-	13,598
Third interim dividend for the year ended 31 January 2011 of 2.0625p per share	-	-	13,598
Fourth interim dividend for the year ended 31 January 2011 of 2.2075p per share	14,475	-	-
First interim dividend for the period ending 31 December 2011 of 2.141p per share	13,682	-	-

## 7 Earnings Per Share

### From continuing operations

The calculation of the basic and diluted earnings per share is based on the following data:

	<b>6 months to 31 July 2011</b>			<b>6 months to 31 July 2010</b>			<b>Year to 31 January 2011</b>		
	<b>Revenue</b>	<b>Capital</b>	<b>Total</b>	<b>Revenue</b>	<b>Capital</b>	<b>Total</b>	<b>Revenue</b>	<b>Capital</b>	<b>Total</b>
<b>Ordinary shares</b>									
Earnings for the purposes of basic earnings per share being net profit/(loss) attributable to equity holders of the parent (£000)	41,329	(35,969)	5,360	40,079	78,033	118,112	54,090	397,657	451,747
<b>Number of shares</b>									
Weighted average number of ordinary shares for the purposes of basic earnings per share			632,063,810			659,897,723			659,897,723
Weighted average number of ordinary shares for the purposes of diluted earnings per share			633,834,020			661,653,167			661,667,979

The weighted average number of ordinary shares is arrived at by excluding 1,770,210 (1,770,203 all other periods) ordinary shares acquired by the Trustee of the Employee Benefit Trust with funds provided by the Company.

IAS 33 requires that shares should only be treated as dilutive if they decrease earnings per share or increase the loss per share. The earnings per share figures on the income statement reflect this.

## 8 Pension Schemes

The Group sponsors two pension arrangements.

The Alliance Trust Companies' Pension Fund ('the Scheme') is a funded defined benefit pension scheme which closed to new entrants in 2005. Following a consultation process between the participating employer, Scheme Members and the Trustees, members ceased to accrue benefits under the Scheme from 2 April 2011.

Employees (other than Executive Directors) are entitled to receive contributions into their own Self Invested Personal Pension ('SIPP') provided by Alliance Trust Savings Limited.

### Defined Benefit Scheme

The net actuarial loss made in the period and recognised in the Consolidated Statement of Comprehensive Income was £798,000 (31 July 2010 net actuarial gain of £2,736,000 and 31 January 2011 net actuarial gain of £2,729,000).

Certain actuarial assumptions have been used to arrive at the retirement benefit scheme surplus of £2.9m as at 31 July 2011 (31 July 2010 deficit of £2.2m and 31 January 2011 surplus of £0.8m). These are set out below:

	<b>31 July 2011</b>	<b>31 July 2010</b>	<b>31 January 2011</b>
	<b>% per annum</b>	<b>% per annum</b>	<b>% per annum</b>
Inflation - (RPI)	3.70	3.50	3.70
Inflation - (CPI)	3.20	3.10	3.20
Salary increases - (RPI+1%)	-	4.50	4.70
Rate of discount	5.50	5.40	5.60
Allowance for pension in payment increases	3.70	3.50	3.70
Allowance for revaluation of deferred pensions	3.20	3.50	3.20

## 9 Net Asset Value Per Ordinary Share

The calculation of the net asset value is based on the following:

	<b>31 July 2011</b>	<b>31 July 2010</b>	<b>31 January 2011</b>
Equity shareholder funds (£000)	2,719,892	2,584,828	2,894,504
Number of shares at period end - Basic	619,336,548	659,289,557	659,289,557
Number of shares at period end - Diluted	621,106,760	661,059,760	661,059,760

The number of ordinary shares has been reduced by 1,770,210 (1,770,203 all periods) ordinary shares held by the Trustee of the Employee Benefit Trust in order to arrive at the Basic figures above.

## 10 Segmental Reporting

Alliance Trust PLC's operating segments are strategic business units that offer different products and services. They are managed separately because of the differences in the products and services provided. They are however all complementary to the core business of investing in various asset classes to generate increasing value over the long term.

Alliance Trust PLC's primary operating segments are the Company and Alliance Trust Savings Limited ('ATS').

The Company is a self-managed investment company with investment trust status. ATS provides pension administration services, share dealing services and a fund supermarket.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies in the Annual Report and Accounts for the year ended 31 January 2011.

Alliance Trust PLC evaluates performance based on operating profit before tax. Intersegment sales and transfers are accounted for on an arms length basis, i.e. market price.

£000	6 months to 31 July 2011		
	Company	ATS	Total
<b>Revenue</b>			
Investment (losses)/gains	(31,955)	763	(31,192)
Net interest income	126	1,390	1,516
Non interest income	55,370	4,659	60,029
<b>Segment revenue</b>	<b>23,541</b>	<b>6,812</b>	<b>30,353</b>
<b>Segment profit/(loss) before tax</b>	<b>10,358</b>	<b>(1,490)</b>	<b>8,868</b>

£000	6 months to 31 July 2010		
	Company	ATS	Total
<b>Revenue</b>			
Investment gains	80,668	-	80,668
Net interest income	137	1,485	1,622
Non interest income	52,052	4,292	56,344
<b>Segment revenue</b>	<b>132,857</b>	<b>5,777</b>	<b>138,634</b>
<b>Segment profit/(loss) before tax</b>	<b>122,602</b>	<b>(2,590)</b>	<b>120,012</b>

£000	Year to 31 January 2011		
	Company	ATS	Total
<b>Revenue</b>			
Investment gains	391,938	1,434	393,372
Net interest income	249	2,744	2,993
Non interest income	86,588	8,585	95,173
<b>Segment revenue</b>	<b>478,775</b>	<b>12,763</b>	<b>491,538</b>
<b>Segment profit/(loss) before tax</b>	<b>457,010</b>	<b>(5,446)</b>	<b>451,564</b>

## 10 Segmental Reporting (continued)

### Reconciliation of reportable segment revenues and profit to consolidated amounts

<b>Revenue £000</b>	<b>6 months to 31 July 2011</b>	<b>6 months to 31 July 2010</b>	<b>Year to 31 January 2011</b>
Total revenues for reportable segments	30,353	138,634	491,538
Other revenues	20,025	13,434	42,383
Elimination of intersegment revenues	(2,168)	(2,328)	(5,354)
Elimination of movement in investment in subsidiaries	(12,466)	(4,954)	(21,499)
<b>Consolidated revenue</b>	<b>35,744</b>	<b>144,786</b>	<b>507,068</b>

<b>Profit £000</b>	<b>6 months to 31 July 2011</b>	<b>6 months to 31 July 2010</b>	<b>Year to 31 January 2011</b>
Total profit for reportable segments	8,868	120,012	451,565
Elimination of movement in investment in subsidiaries	(786)	2,434	4,694
<b>Consolidated profit before tax</b>	<b>8,082</b>	<b>122,446</b>	<b>456,259</b>

<b>Assets and Liabilities</b>		<b>As at 31 July 2011</b>	
<b>£000</b>	<b>Company</b>	<b>ATS</b>	<b>Total</b>
Reportable segment assets	3,036,247	306,548	3,342,795
Reportable segment liabilities	(316,355)	(291,269)	(607,624)
<b>Total net assets</b>	<b>2,719,892</b>	<b>15,279</b>	<b>2,735,171</b>

<b>Assets and Liabilities</b>		<b>As at 31 July 2010</b>	
<b>£000</b>	<b>Company</b>	<b>ATS</b>	<b>Total</b>
Reportable segment assets	3,031,235	261,812	3,293,047
Reportable segment liabilities	(445,472)	(248,049)	(693,521)
<b>Total net assets</b>	<b>2,585,763</b>	<b>13,763</b>	<b>2,599,526</b>

<b>Assets and Liabilities</b>		<b>As at 31 January 2011</b>	
<b>£000</b>	<b>Company</b>	<b>ATS</b>	<b>Total</b>
Reportable segment assets	3,267,680	274,261	3,541,941
Reportable segment liabilities	(373,176)	(263,245)	(636,421)
<b>Total net assets</b>	<b>2,894,504</b>	<b>11,016</b>	<b>2,905,520</b>

### Reconciliation of reportable segment assets to consolidated amounts

<b>Assets £000</b>	<b>As at 31 July 2011</b>	<b>As at 31 July 2010</b>	<b>As at 31 January 2011</b>
Reportable segment assets	3,342,795	3,293,047	3,541,941
Third party liabilities and other subsidiaries	107,425	44,999	77,756
<b>Consolidated assets</b>	<b>3,450,220</b>	<b>3,338,046</b>	<b>3,619,697</b>

### Reconciliation of reportable segment liabilities to consolidated amounts

<b>Liabilities £000</b>	<b>As at 31 July 2011</b>	<b>As at 31 July 2010</b>	<b>As at 31 January 2011</b>
Reportable segment liabilities	(607,624)	(693,521)	(636,421)
Third party liabilities and other subsidiaries	(122,704)	(6,828)	(88,772)
<b>Consolidated liabilities</b>	<b>(730,328)</b>	<b>(700,349)</b>	<b>(725,193)</b>

## 11 Financial Commitments

As at 31 July 2011 the Group and Company had financial commitments, which have not been accrued, totalling £118m (£168m at 31 July 2010 and £195m at 31 January 2011). Of this amount £118m (£168m at 31 July 2010 and £195m at 31 January 2011) was in respect of uncalled subscriptions in investments structured as limited partnerships of which £116m (£168m at 31 July 2010 and £193m at 31 January 2011) relates to investments in our private equity portfolio. This is the maximum amount that the Company may be required to invest. These Limited Partnership commitments may be called at any time up to an agreed contractual date. The Company may choose not to fulfil individual commitments but may suffer a penalty should it do so, the terms of which vary between investments.

## 12 Share Based Payments

The group operates two share based payment schemes. Full details of these schemes (LTIP and AESOP) are disclosed in the 2011 annual report and financial statements and the basis of measuring fair value is consistent with that disclosed therein.

### LTIP

In the period to 31 July 2011 participating employees applied a proportion of their annual cash bonuses for the year ended 31 January 2011 to purchase 136,368 (103,112 at 31 July 2010 and 31 January 2011) Company shares at a weighted average price of £3.76 (£3.48 at 31 July 2010 and 31 January 2011) per share. Matching awards of up to 309,513 (297,750 at 31 July 2010 and 31 January 2011) shares, and performance awards of up to 618,083 (657,194 at 31 July 2010 and 31 January 2011) shares were granted.

Matching awards and performance awards made during the period were valued at £602,204 (£485,499 at 31 July 2010 and at 31 January 2011) and £1,202,573 (£1,107,594 at 31 July 2010 and £1,072,000 at 31 January 2011) respectively. The fair value of the awards was calculated using a binomial methodology.

The cumulative charge to the income statement during the period for the cost of all LTIP awards was £821,000 (£751,000 at 31 July 2010 and £1,294,000 at 31 January 2011) for the Group. Per IFRS 2 the costs of matching and performance awards for each plan are expensed over the three year performance period.

These costs are adjusted if certain vesting conditions are not met, for example if a participant leaves before the end of the three year vesting period.

## 13 Bank Overdrafts and Loans

<b>£000</b>	<b>As at 31 July 2011</b>	<b>As at 31 July 2010</b>	<b>As at 31 January 2011</b>
Bank loans repayable within one year	259,530	280,000	338,997
<b>Analysis of borrowings by currency:</b>			
Bank loans – Sterling	210,000	280,000	290,000
Bank loans - Euro	49,530	-	48,997
<b>The weighted average % interest rates payable:</b>			
Bank loans	1.82%	1.61%	1.85%
<b>The Directors' estimate of the fair value of the borrowings:</b>			
Bank loans	259,530	280,000	338,997

## 14 Share Capital

<b>£000</b>	<b>As at 31 July 2011</b>	<b>As at 31 July 2010</b>	<b>As at 31 January 2011</b>
Authorised*:			
– 720,000,000 ordinary shares of 2.5p each	-	18,000	18,000
Allotted, called up and fully paid:			
– 621,106,760 (661,059,760 at 31 July 2010 and 31 January 2011) ordinary shares of 2.5p each	15,528	16,527	16,527

\* At the Company's AGM on 20 May 2011 new Articles of Association were adopted which removed the requirement, which was abolished by the Companies Act 2006, for the Company to have an authorised share capital limit.

### Share Buy Backs

<b>£000</b>	<b>As at 31 July 2011</b>	<b>As at 31 July 2010</b>	<b>As at 31 January 2011</b>
Ordinary shares of 2.5p each			
Opening share capital	16,527	16,677	16,677
Share buy back	(999)	(150)	(150)
Closing share capital	15,528	16,527	16,527





## Statement of Investment Objective and Policy

**Alliance Trust is a self-managed investment company with investment trust status. Our objective is to be a core investment for investors seeking increasing value over the long term.**

We have no fixed asset allocation benchmark and we invest in a wide range of asset classes throughout the world to achieve our objective. Our focus is to generate a real return for shareholders over the medium to long term by a combination of capital growth and a rising dividend.

We pursue our objective by:

- **Investing in both quoted and unquoted equities across the globe in different sectors and industries;**
- **Investing internationally in fixed income securities;**
- **Investing in other asset classes and financial instruments, either directly or through investment vehicles; and**
- **Investing in subsidiaries and associated businesses which allow us to expand into other related activities.**

We are prepared to invest any proportion of the total corporate capital in any of the above asset classes, subject only to the restrictions imposed on us by the regulatory or fiscal regime within which we operate. However, we would expect equities to comprise at least 50% of our portfolio. Changes to the asset allocation will be dependent upon attractive investment opportunities being available.

Where market conditions permit, we will use gearing of not more than 30% of our net assets at any given time.

We can use derivative instruments to hedge, enhance and protect positions, including currency exposures.



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