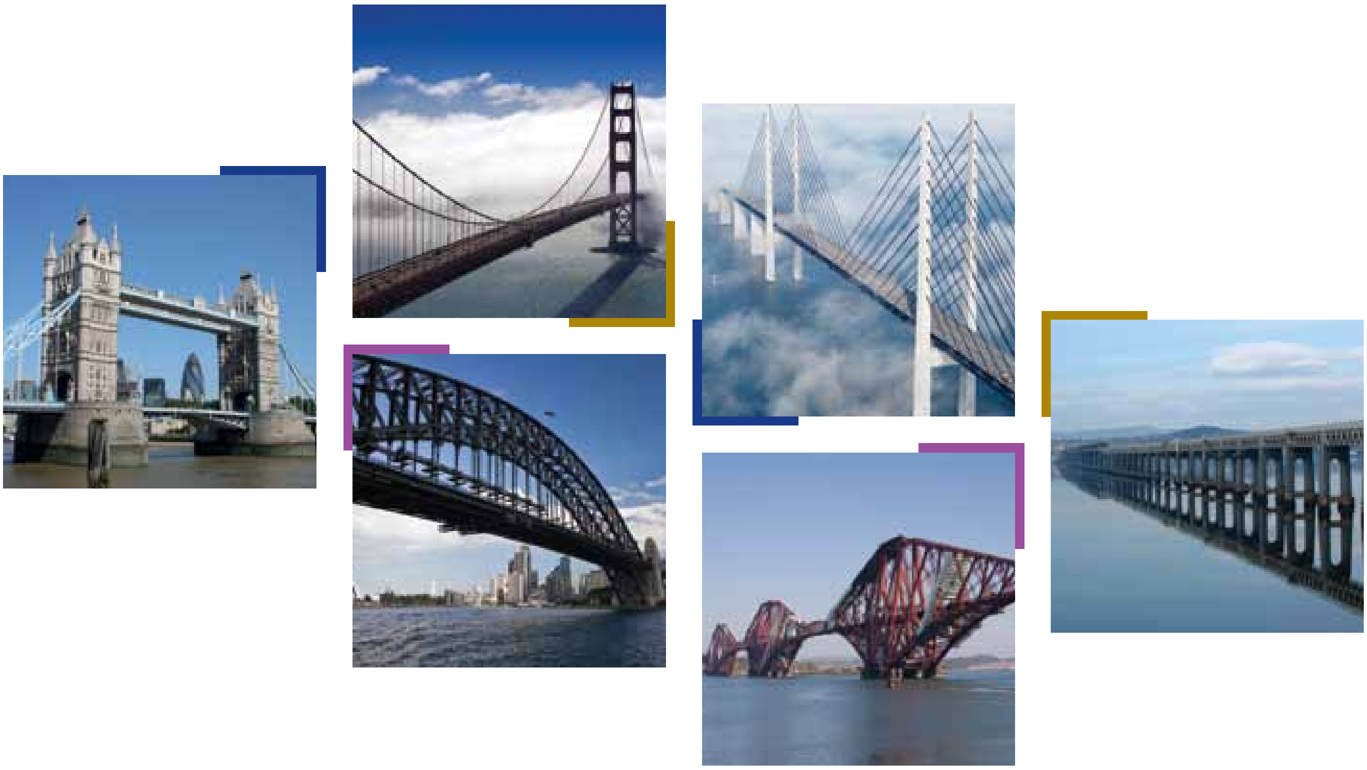
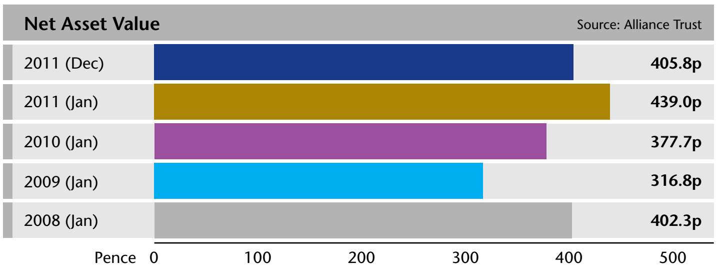
ALLIANCE TRUST
INVESTING FOR GENERATIONS

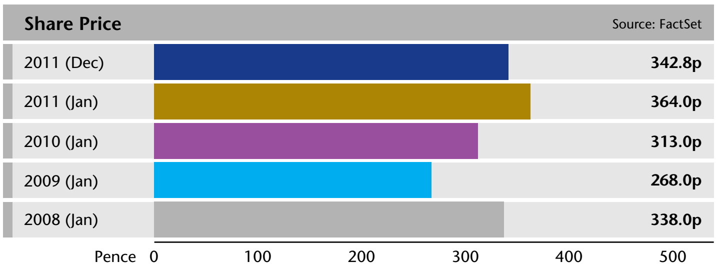


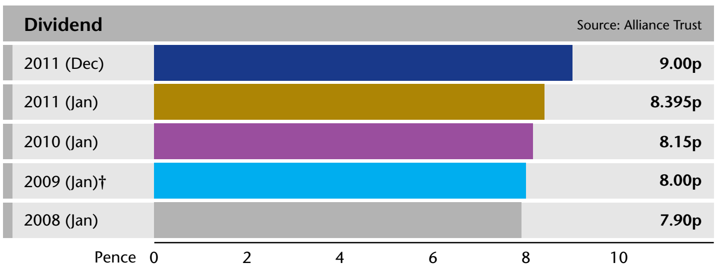
Annual Review
for the period ended 31 December
2011

Contents

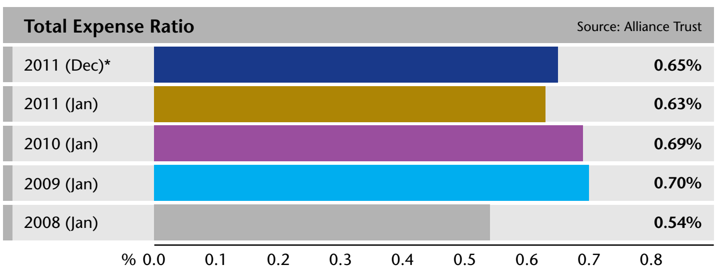
Company highlights







† excludes special dividend of 0.5p



* Annualised

Net Asset Value

405.8p

-5.7% Total Return

- Outperformed Global Growth Sector average
- Ranked 5th, 6th, 10th and 10th out of 32 members of the Global Growth Sector over 1, 3, 6 months and the period

Share Price

342.8p

-3.5% Total Shareholder Return

- Top quartile Total Shareholder Return within the Global Growth Sector
- Ranked 6th out of the 32 members of the Global Growth Sector for the period

Dividend

9.00p

7.2%

- Dividend of 9.00p, an increase of 7.2% on last year
- 45th consecutive dividend increase and highest increase in regular dividends in 20 years
- Paid out of current year earnings

Total Expense Ratio

0.65%

2bps

- Costs remain in the lowest quartile within the Global Growth Sector

Objective and Corporate Structure

Statement of Investment Objective and Policy

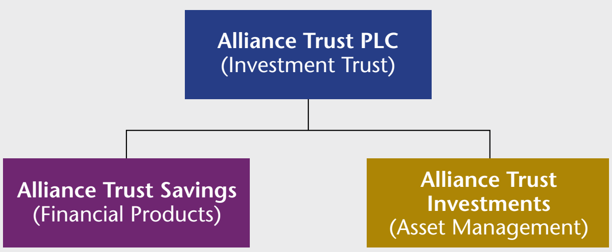
Alliance Trust is a self-managed investment company with investment trust status. Our objective is to be a core investment for investors seeking increasing value over the long term. We have no fixed asset allocation benchmark and we invest in a wide range of asset classes throughout the world to achieve 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.



Who we are

Alliance Trust PLC

We are an investment trust whose purpose is to grow the value of the capital that our shareholders have invested with us. This has been our aim for over 120 years and we maintain a prudent approach to investment with an emphasis on long term returns.

We are the UK's largest generalist investment trust by market value listed on the London Stock Exchange. As at 31 December 2011 we managed net assets of over £2.4bn.

Our focus is on investment in global equities and fixed income, which we believe will provide good long term growth and income. We also hold other investments where we see that value can be achieved over a longer period. These represented only a small proportion of our net assets at the period end.

Alliance Trust Investments

We are a boutique fund management business which launched its first fund in 2009 and which offers a broad selection of open ended funds and investment solutions. As at 31 December 2011 we managed third party assets of over £125m.

Our purpose is to utilise the experience and skills of the managers who invest the Trust's funds to provide a flexible and bespoke service which will aim to attract third party assets. This will provide the Trust with an additional profile and, through the management fee income earned as the level of investments grows, an additional revenue stream.

Alliance Trust Savings

Since 1986 we have been providing a tax efficient way for shareholders to hold shares in Alliance Trust. Today we provide high quality financial products to private investors, financial advisers and discretionary fund managers.

Over the last three years the business has been significantly developed and is now an established, award winning, ISA and pension provider with a comprehensive online sharedealing and investment platform service.

The focus is to have a business which both adds value and increases the visibility of the Trust to potential investors.

What we did in 2011

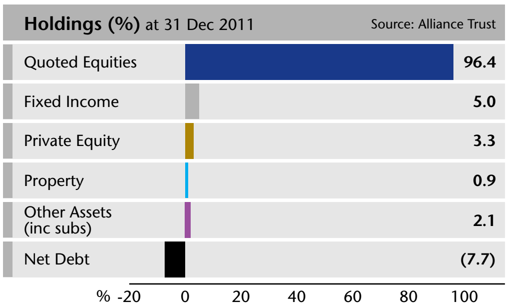
We have restructured our equity exposure to concentrate on four geographical regions: UK, North America, Europe and Asia.

We bought back over 10% of our share capital.

Our net debt ended the period at 7.7% of net assets down from 10.8% at the beginning of the period.

We reduced our private equity and property investments.

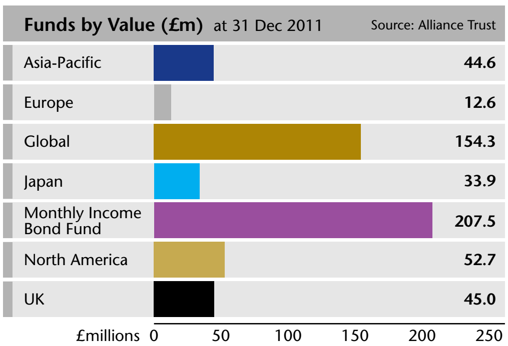
Our Total Shareholder Return was in the top quartile of the Global Growth Sector for the period.



We recruited additional resource to target both Independent Financial Advisers and the institutional investment market.

We saw significant inflows of third party assets into our Monthly Income Bond Fund.

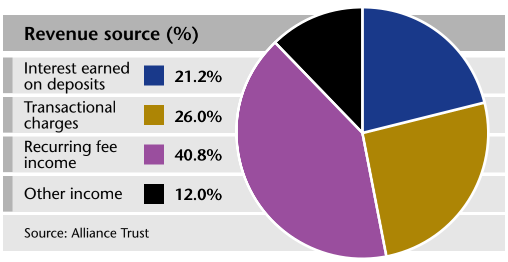
At the end of the period a new Global Thematic Opportunity Fund was launched.



We launched international equities, a junior ISA and also repriced our products.

We restructured our business model to make it less reliant on base rates and widened distribution through the Independent Financial Adviser market.

We saw significant year on year new account growth of around 80%.



What we will do in 2012

We will continue the work that has been taking place over the last few years and which has been aimed at streamlining the portfolio to deliver improved investment performance.

We will seek to deliver strong performance in order to narrow the discount between our Net Asset Value and share price.

We will launch new funds where we have the appropriate level of skills and identify a demand. In addition to the existing funds, all of which are available to individuals as well as institutional investors, we will increase awareness of the skills of our investment team to attract third party fund management mandates.

We will build on the growth and momentum achieved in recent years. We will continue to enhance our customer and adviser propositions and further significantly develop our online capabilities. Our i.nvest platform is well positioned in both the retail and intermediated markets to take full advantage of the changes being introduced through the Retail Distribution Review in 2013.

Chairman's Statement

"2011 was a year in which your Company had to confront the challenges arising from difficult economic and market conditions. At the end of the year, although we foresee continued uncertainty, particularly in the Eurozone, I believe that your Company is well placed to take advantage of the opportunities which may emerge."

Lesley Knox

Investment performance

In my final Chairman's statement I am pleased to report the continuing improvement in investment performance during the year against the Key Performance Indicators which we set out in last year's review. Over the financial period our Total Shareholder Return and Net Asset Value total return ranked 6/32 and 10/32 respectively against our peer group of Global Growth investment trusts compared to 24/33 and 22/33 in the previous year. We continued to grow the dividend and maintained tight control of the Company's costs to reflect the challenging market conditions. Investment performance remains our top priority and this focus will continue under the chairmanship of my successor, Karin Forseke.

Dividend

We recognise that many of our shareholders depend on a steadily rising dividend alongside capital growth. We have maintained our record of annual increases in the dividend for a 45th consecutive year, with an increase in the full year dividend of 7.2% from 8.395p per share to 9.00p per share despite the shortened 11 month financial period following the change of our year end. Importantly, this dividend is covered from earnings and we have not needed to call on our reserves. The establishment of our fixed income team has given us greater flexibility to meet shareholders' expectations while continuing to invest in equities where we see growth opportunities.

Discount and share buybacks

There was much debate about the discount between our share price and our net asset value during the year. A resolution to introduce a rigid discount control mechanism which was requisitioned by a shareholder was defeated by a substantial majority at our 2011 AGM following an unprecedented turnout from our shareholders. The Board was clear throughout in its view that a rigid mechanism, which fails to take into account factors such as performance, peer group discounts and general market conditions, is not appropriate for Alliance Trust.

In our many meetings with shareholders over this period we recognised concerns as to the level of discount and the Board gave careful consideration to the actions which could be taken to narrow the discount. Following the AGM in May 2011 we confirmed our commitment to the ongoing flexible use of buybacks, taking into account the Company's discount relative to the peer group. During the period under review we bought back just over 10% of the Company's share capital. This contributed to a reduction in the volatility of the discount during a period of turbulent market conditions and to a narrowing from

17.1% to 15.5%. Over half of those shares were bought back between May and July 2011, with buybacks continuing throughout the remainder of the period. We would not expect to maintain this level of buyback activity in normal market conditions.

The Board

I write this statement with thanks for the guidance and support I have received from shareholders, other directors and management throughout my 10 years on the Board of your Company, and also with optimism for its future under Karin Forseke, who will become Chairman on 2 April when I stand down from the Board. Karin's extensive experience of financial services and her international perspective make her ideally-suited to the opportunities and challenges which the future will bring.

Since the last AGM we have welcomed Consuelo Brooke to the Board as a non-executive director. Consuelo's experience of over 40 years as a fund manager underlines the Board's recognition that investment performance is at the heart of your Company, and she will be a worthy successor to Hugh Bolland who sadly has decided to retire at this year's AGM. Hugh has played an important role both as a non-executive director of your Company and latterly as the chairman of our asset management business, and I am grateful to him for his contribution.

Timothy Ingram has also decided not to stand for re-election because of anticipated increased commitments elsewhere. I would like to thank him for his wise counsel and insight during his time on the Board, during which he has also served as Chairman of the Remuneration Committee.

Chris Masters, who has been a non-executive director since 2002 and Senior Independent Director since 2007, would also have retired at this year's AGM having served nine years. However he has agreed to stand for re-election and, if re-elected, will remain on the Board for a period of up to 12 months to assist with the transition of the Board. Robert Burgess stood down as Chief Executive of Alliance Trust Savings and left the Board in February 2012. He leaves with our thanks for the work he has done in developing Alliance Trust Savings and our best wishes for the future.

During the year, following publication of Lord Davies' review "Women on Boards", there has been a continuing debate about the importance of diversity on boards of listed companies. Your Board wholeheartedly endorses this; diversity brings different perspectives to bear on the opportunities and challenges facing every company. We have chosen not to adopt a target for gender diversity and our policy throughout the Company is a simple one – at all levels to appoint the best-qualified person for the job. Currently women comprise one-third of the Board and of our Executive Committee, which includes the executive directors and other senior executives. Women comprise around one-quarter of our Senior Leadership Group and more than half of our total workforce are women. We continue to encourage the development of all employees to equip them for both their current and future roles.

Scottish independence

We note the proposal by the Scottish Government to hold a referendum on Scottish independence in 2014. Your Board does not believe it is appropriate to take a political stance on this issue – it will be for the electorate to cast their votes as they see fit having heard the arguments. We will however endeavour to ensure that the implications of an independent Scotland in areas such as economic and fiscal policy and regulation of financial services are clearly spelt out. In particular we will wish to establish that the benefits of investment trust status and the position of our investors and customers, wherever they live, will be preserved in order to ensure that the strength of Scotland's investment sector is preserved regardless of the outcome of the vote.

Annual General Meeting

Our Annual General Meeting will be held in Dundee on Friday 27 April 2012. It has been an honour to serve as Chairman of your Company and I have enjoyed meeting many shareholders over the years. I hope that as many of you as possible will take the opportunity to attend to welcome Karin, who will be chairing her first AGM, and to meet the rest of the Board as well as hearing about your Company's progress and outlook.

Chief Executive's Review

"Our performance over the period underlines our ability to protect the portfolio from the jarring shocks that have become so much of a feature of equity markets over the last four years. We have also managed to generate increased levels of income that enable us to pay, out of current year earnings, a substantially increased dividend."

Katherine Garrett-Cox

1 Feb to 31 Dec 2011	Alliance	Peer Group*	Ranking
Total Shareholder Return	(3.5%)	(8.6%)	6/32
NAV Total Return	(5.7%)	(8.0%)	10/32

* Global Growth Sector

Overview

2011 was a year in which the markets were driven by non-financial news. The year started with a series of natural disasters. The human suffering was instantly visible around the world as images of floods in Queensland, earthquakes in Christchurch and the devastating tsunami in North East Japan, were broadcast across social media networks. The full scale of the disaster to those caught up in these events cannot be fully understood by most people, and the human cost of the Fukushima tsunami is incalculable.

The focus of the world's press then moved to North Africa, where the Arab spring uprising spread east from Tunisia through North Africa and on into the Middle East.

While markets did not react particularly to the uprisings, they did react when the financial crisis in Europe hit the headlines in July, to the point where the markets took fright and, despite regular meetings of European leaders, we still seem to be a long way away from finding a solution that will satisfy investors for the long-term. This time last year our view was that the Euro would survive. There is no exit clause in the Treaties and therefore there is no legal way in which a country can be expelled, nor yet expel itself. Over the last year, there has been a subtle, but perceptible change to that thinking and more people are considering how to mitigate and contain what is likely to be a hugely difficult experience for all.

While the Euro dominated the headlines over the summer, it was not the only region where financial developments affected the markets. In early August, the US market suffered its largest one day fall since November 2008 when the ratings agency, Standard & Poors, downgraded the credit rating of the United States. This was the first in a series of such events, the most recent of which has been the downgrading of France, Austria and seven other European countries. The effect of the latter event is to increase the cost of funding for the European Financial Stability Facility (EFSF), which in turn, increases the cost of bailing out Europe.

The UK was not immune from these events. The austerity package implemented by the Coalition has been relatively well received, with the result that borrowing costs for the UK Government have reduced significantly, unlike the meteoric rise experienced in Southern Europe. The growth of the UK economy has been sluggish at best and there is concern that current plans will act to stifle any signs of recovery. Inflation has, however, stabilised and started to fall.

The overall increase in the levels of indebtedness of the US Government is alarming and will continue to act as a drag on economic growth but quantitative easing and monetary policy have kept funding costs close to all time lows.

Portfolio performance and attribution

For the first time, we are providing performance attribution for the Trust. This will help explain how, why and where the Trust has performed against a specified reference point. We will use this to aid understanding but it is important to recognise that the portfolio differs significantly from that of the reference index in terms of weightings and it is anticipated that this will remain the case going forward. This should therefore not be viewed as a fixed asset allocation benchmark. We will continue to manage the portfolio on the basis of the underlying fundamentals of the companies concerned with the objective of protecting and growing our shareholders' capital irrespective of the regional and sector weightings of the index. Our investment style is focused on the drivers of investment performance in the equity portfolio.

Total Shareholder Return (TSR) outperformed the NAV Total Return (NAV TR) by 2.2%, as a result of the closing of the discount from 17.1 to 15.5% and the NAV TR outperformed the reference point by a further 0.2%. This was primarily down to the successful asset allocation decisions, most notably by maintaining overweight positions in UK equities and fixed income, and underweight in the underperforming European, Asian and Emerging Markets, which added 0.5% to the outperformance, tactical allocation decisions which added a further 0.2% and buy backs which added 1.7%. Overall stock selection was negative 0.3%, although across the quoted equity portion of the Trust was neutral over the period. The cost of running the Trust in performance terms is 0.6% and the impact of gearing reduced the return by a further 0.9% as markets fell.

Income Generation

We are particularly pleased to be able to declare a dividend for the period of 9.0p, up 7.2% on last year and paid out of current year earnings. Over the last six years we have been working to rebuild the revenue reserves to the point where they represent nearly two years' dividend cover, enabling us to distribute a greater proportion of the current year earnings. Going forward, we will strive to pay a growing dividend from current year earnings conscious that, for many of our shareholders, the importance of the dividend that Alliance Trust pays out has increased significantly over the last four years. This is particularly relevant as interest rates have fallen to historically low levels.

A very welcome development over recent years has been the initiation of dividend payments by Asian companies. Together with the contribution from our Fixed Income fund, this has allowed us to adjust our regional asset allocation away from the UK, without foregoing significant levels of income. As we have grown concerned about the short-term outlook for equity markets, so we have moved the portfolio to be more defensively positioned. Despite this shift we have been able to generate a yield of over 3% from our Asian assets, something that would have been inconceivable even five years ago. However, the UK continues to provide consistent dividends as total payout to shareholders rose by nearly 20% to a record £67.8bn in 2011.

	Alliance Trust		FTSE All World Index			
Attribution	**Average Weight (%)**	**Return (%)**	**Average Weight (%)**	**Return (%)**	**Asset Allocation (%)**	**Stock Selection (%)**
UK	32.1	(2.7)	8.2	(2.9)	0.7	0.1
North America	24.9	(1.3)	46.3	0.9	(1.5)	(0.6)
Europe ex UK	13.6	(13.0)	17.4	(16.8)	0.4	0.5
Asia	17.0	(10.9)	21.8	(11.4)	0.3	0.1
Global	4.4	(11.8)	3.0	(6.2)	(0.0)	(0.2)
Emerging Markets	4.2	(10.3)	3.3	(13.2)	(0.1)	0.1
Contribution from Equities	**96.2**	**(5.8)**	**100.0**	**(5.9)**	**(0.2)**	**0.0**
Fixed Income	4.3	(0.1)	0.0	0.0	0.5	(0.3)
Other Assets	7.8	(0.5)	0.0	0.0	(0.0)	(0.0)
Discretionary Assets	**108.3**	**(6.4)**	**100.0**	**(5.9)**	**0.3**	**(0.3)**
Expenses		(0.6)				
Cash	3.3	0.5				
Impact of Gearing	(11.6)	(0.9)				
Effect of Buybacks		1.7				
Total Return	**100.0**	**(5.7)**	**100.0**	**(5.9)**		

Source: Alliance Trust

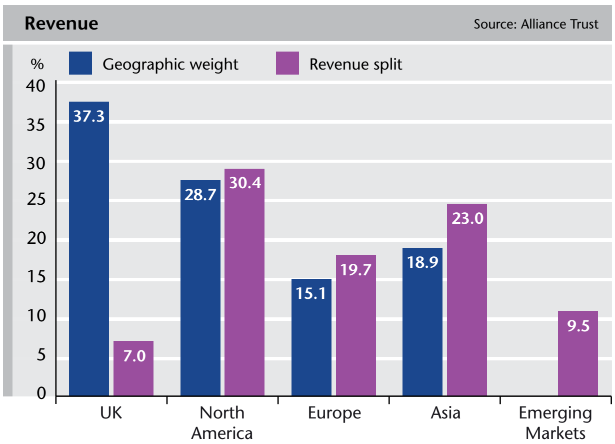
Asset Allocation: measures the effect of strategically overweighting or underweighting asset classes compared to the reference point, the FTSE All World Index.
Stock Selection: measures how the stocks within each asset class have performed compared to the reference point, the FTSE All World Index.
Effect of Buybacks: measures the effect of decreasing the number of shares in issue through share buybacks.
Impact of Gearing: measures the impact of borrowings on the portfolio return.

Chief Executive's Review

Asset Allocation

During the year we have continued the process of focusing the Trust back on its core competencies; investing in equities and fixed income. In March, we announced the decision to exit the private equity market and we have now significantly reduced our exposure to that asset class. We have more than halved our undrawn commitments and will not be taking on any new liabilities. We have also managed to sell our existing holdings at NAV or better, reflecting the quality of the assets held in the portfolio. We have also continued to sell down our property portfolio and by the end of December 2011 retained only two of our properties; we occupy the property in Edinburgh and we also own Monteith House in Glasgow.

We have streamlined our equity portfolios to focus on the four main regions of expertise: the UK, North America, Europe and Asia. Although we remain pessimistic about the UK economy, we continue to have over 30% of the portfolio listed in the UK as we recognise that a listing in the UK is not synonymous with exposure to the UK economy. In fact, our analysis shows that while the UK portfolio represents over 30% of our equity portfolio on the basis of where our investments are listed, only 7% of the income earned by the companies in which we invest is sourced in the UK. As the market peaked in early July, we took advantage of the rally to refocus the portfolio and reduced our emerging market exposure, allowing us to increase our exposure to more developed markets. This was followed by a further reduction in the Asian portfolio and a general shift towards a more defensive slant to the portfolio as Standard & Poors downgraded the credit rating of the US in early August.



We were active in the derivatives market. However this was limited to assisting with market timing for efficient portfolio management. We would typically invest in futures in order to adjust the regional weighting, and then expect that the fund manager would unwind the position into or from his underlying assets.

Managing the currency exposure in the portfolio is an integral part of our investment process. Over the year we took advantage of the flexibility of our multicurrency banking facility to borrow in Euros with the view that the currency would weaken. By reducing our exposure to the weakening Euro we helped protect the value of our underlying equity holdings. In the third quarter of the year the relative strength of Sterling against the US dollar also gave us an opportunity to increase our weighting to the dollar and then unwind our position as the pound subsequently weakened. Both of these strategies added to performance. Currency fluctuations can have a significant impact on the value of our overseas holdings and we continue to monitor such movements and take action to protect against them.

Gearing

We have long been able to command very competitive rates of borrowing, which averaged 2.0% at the end of the year. We have been able to exploit the short-term nature of our borrowing facilities to adjust our level of exposure to equity markets in order to reflect our relative level of confidence in the outlook for the various asset classes. Over the period we have reduced the level of net debt from 10.8% at the start of the year to £184m (7.7% of net assets) as we became increasingly concerned about the implications of the Eurozone crisis over the summer. We maintain an ongoing programme of renewing and replacing borrowing facilities to provide us with the flexibility to enhance equity returns by gearing the portfolio.

Risk

Assessing investment risk is a fundamental part of managing the Trust's assets. We seek to diversify risk across the portfolio by investing in over 200 discrete holdings across different asset classes, regions and sectors. Some of these assets are correlated but by spreading the risk across this number of holdings we aim to reduce the single stock specific risk significantly thereby keeping volatility lower. We utilise an industry standard risk model to analyse the technical aspects of risks and look to achieve a balance between risk and reward when considering portfolio structure. We manage the portfolio risks actively and look to reduce risk in times of uncertainty and increase it when our outlook is more favourable.

Outlook

It seems inevitable that politics will continue to drive market sentiment across the globe until the uncertainties in Europe and the macroeconomic issues subside. There are major issues facing policy-makers in the UK, Europe and the US. Forthcoming presidential elections in France and the US later this year will cause further uncertainty and the French election, in particular, is likely to lead to a change of political direction, whereas we expect little change from the US election in November. Europe will doubtless dominate the news in the short term as politicians struggle to resolve the complex problem of the Euro. At the time of writing, the Greek default issue would seem to be in abeyance however our central case is that the issue has not been permanently resolved and some form of default, leading to the eventual departure of Greece from the Euro, will probably occur in the next couple of years. Closer to home, austerity measures are likely to lead to a prolonged period of weak growth and further pressure on the consumer. Across Western economies we anticipate further quantitative easing will be deployed, should growth stall further.

Against this backdrop, equity markets are likely to remain volatile in the short term, however equities remain good value relative to other assets, particularly government bonds and they remain our favoured asset class. Corporate balance sheets remain robust and valuations for some companies look compelling, particularly for long-term investors such as Alliance Trust. Many companies have weathered this financial storm better than they did in 2008 and are in a much stronger position to capitalise on any recovery. They have reduced their levels of borrowing and what remains is costing them less to service. They have also built up significant cash reserves and are waiting for the opportunity to put it to work in the market when they feel more confident about the economic outlook.

We are not currently forecasting a global recession, although we believe that the issue is finely balanced. Investors are waiting for confirmation that the recent pickup in economic activity is sustainable in order to bring them back into the market and away from UK, US and German government bonds where some recent auctions have priced with negative real yields. We consider that this position is unsustainable and that a correction is overdue and our exposure to this asset class is largely restricted to corporate, not government bonds. Our central case is that the recovery of equity markets will be a long drawn-out affair, but as we invest for the long term, this provides interesting investment opportunities. We see companies trading at valuations that do not reflect their true worth and the opportunity, on a stock-specific basis, to invest at levels we have not seen for some time. The problem therefore is not so much the direction that markets will take, but quite when they will set off.

Key Priorities

Since 2009 we have focused on five key priorities which we believed were necessary to enable us to achieve our objective of delivering long-term value for shareholders.

These were to focus on investment in equities, continue to improve investment performance, manage our cost base in line with market conditions, develop our subsidiary businesses and invest in the development of our people.

Going forward, we will concentrate on delivering against the two overarching priorities below.

To restore investment credibility

Investment credibility comes primarily from the performance of the portfolio relative to our peers. In order to achieve this we need to ensure that we have the people, systems and processes in place.

We have demonstrated our ability to deliver performance in turbulent equity markets and we are focused on making the decision-making process more flexible in order that we can identify systemic changes to the outlook on a more timely basis.

To regenerate our investor base

We are working to increase the level of understanding of the Trust with a view to ensuring that there is sustainable demand for the shares of the Trust, which will in turn help to deliver a narrower discount.

We believe that our core shareholder is and should ultimately remain the private investor. We provide access to equity investments from all over the world, which we understand is more appealing to those investors who do not have the resources to undertake their own regionally diversified asset allocation. The most cost-effective way to achieve this is to focus on those who advise and manage the portfolios of private individuals.

Key Performance Indicators

We report here on the four Key Performance Indicators (KPIs) that we use to monitor the financial performance of our business.

These measures provide the Board with the information it requires to monitor how our performance matches our strategy and objectives as contained in our business plan.

Each of these KPIs form part of the Corporate Targets which are used to determine rewards for our Executive Directors.

Key Performance Indicators

Percentage change in Net Asset Value against the peer group over 6 months, 1, 3 and 5 years on a rolling basis.

This was selected as a measure to show how our investment performance ranks against other investment trusts in the AIC Global Growth sector. We consider performance from the short to the long term.

Percentage change in Total Shareholder Return against the peer group over 6 months, 1, 3 and 5 years on a rolling basis.

This KPI complements the first KPI as the Board is conscious that investment performance of itself does not always reflect the return to our shareholders. Again we consider performance from the short to the long term.

Dividend growth over 1, 3 and 5 years.

We have an established policy of paying a progressive dividend and by incorporating this as one of our KPIs we ensure it is kept at the forefront of the Board's consideration.

Management of the Company's cost base in line with market conditions.

In the current economic conditions it is more important than ever that close attention is paid to the cost of running the business.

Performance

NAV Total Return	6 months	11 months*	3 Years	5 Years
Alliance Trust	(9.0%)	(5.7%)	29.9%	7.3%
Global Growth Sector	(11.3%)	(8.0%)	34.4%	10.1%
Out/(under) Performance	2.3%	2.3%	(4.5%)	(2.8%)

* 11 months for this reporting period only

Total Shareholder Return	6 months	11 months*	3 Years	5 Years
Alliance Trust	(10.1%)	(3.5%)	30.0%	6.8%
Global Growth Sector	(11.7%)	(8.6%)	39.0%	9.1%
Out/(under) Performance	1.6%	5.1%	(9.0%)	(2.3%)

* 11 months for this reporting period only

Dividend Growth	11 months*	3 Years	5 Years
Total over the period	7.2%	12.5%	18.8%
In the period	7.2%	4.0% pa†	3.5% pa†

* 11 months for this reporting period only
† Compound average growth

Costs	Dec 11	Jan 11	Jan 10
Company Expenses	£16.0m	£17.0m	£16.0m
Total Expense Ratio	0.65%*	0.63%	0.69%

* Administrative expenses have been annualised given the financial reporting period is for 11 months, except for incentives which are on an actual basis

What we did during the period

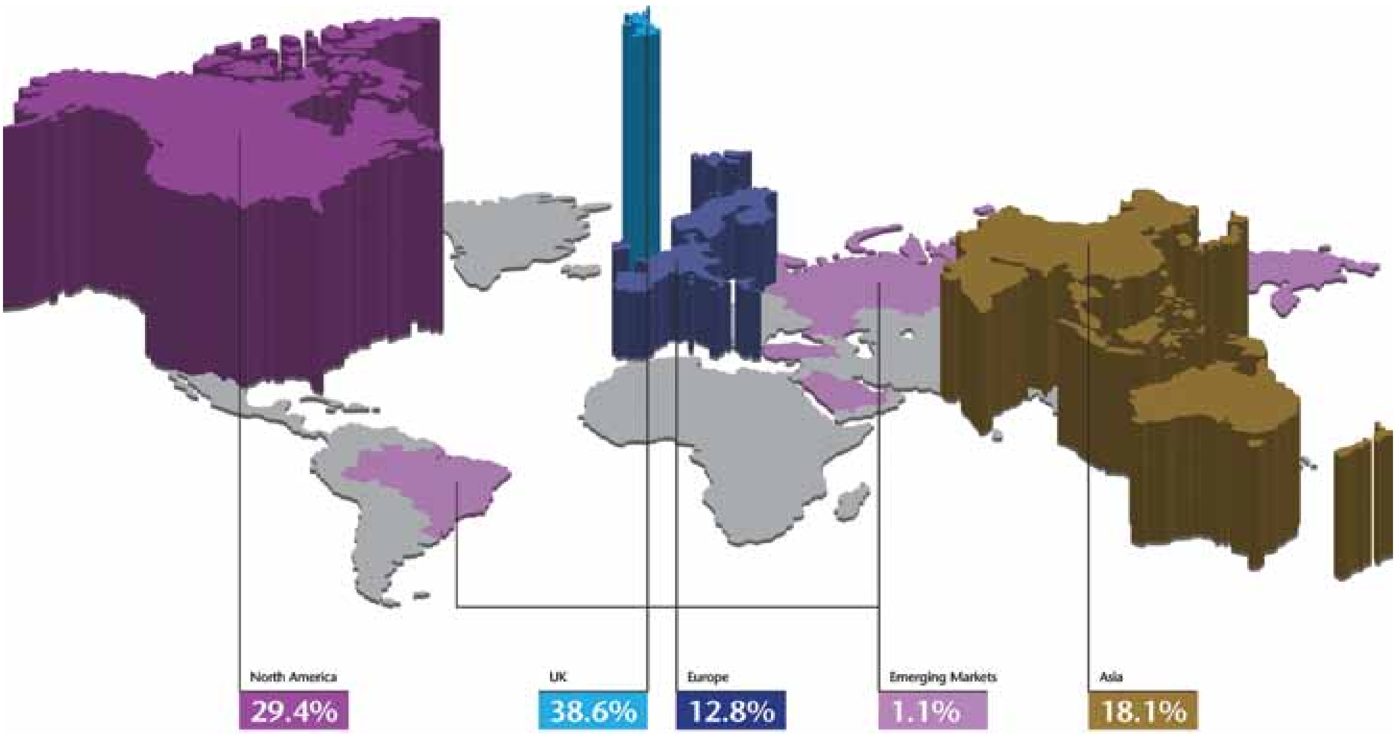
On an NAV basis, Alliance Trust is ranked 5th, 6th, 10th and 10th out of the 32 stocks in the Global Growth sector over 1, 3, 6 months and the period respectively. The comparative rankings at the start of the period were 29th, 28th, 25th and 22nd.

Total Shareholder Return was comfortably ahead of the indices, ranking 6th out of 32 trusts in the Global Growth Sector and ahead of the other large trusts in our sector for the 11 month period.

The final dividend will be 2.577p, payable on 2 April 2012. The total dividend of 9.00p, up 7.2%, will be the 45th annual consecutive dividend increase and will be paid out of the current year earnings of the Trust.

Trust costs have been controlled, even after including the necessary expenses associated with the additional professional fees relating to the shareholder resolutions at our Annual General Meeting in May. Our costs remain in the lowest quartile of the peer group.

Portfolio Review



Classification of Investments

	UK %	North America %	Europe %	Asia %	Emerging Markets %	Total Dec '11 %	Total Jan '11 %
Oil & Gas	7.6	3.2	0.8	1.2	-	**12.8**	13.2
Basic Materials	4.5	1.4	0.8	1.5	-	**8.2**	9.0
Industrials	3.4	5.6	2.4	3.5	-	**14.9**	17.0
Consumer Goods	4.5	2.4	4.0	2.0	-	**12.9**	12.0
Health Care	3.6	4.3	2.4	0.7	-	**11.0**	7.6
Consumer Services	1.3	2.5	0.7	1.0	-	**5.5**	6.8
Telecommunications	1.2	0.1	-	2.5	-	**3.8**	1.2
Utilities	1.6	0.3	-	0.3	-	**2.2**	1.6
Financials	6.5	4.5	2.7	3.3	-	**17.0**	17.9
Technology	-	4.4	1.0	1.9	-	**7.3**	10.7
Core Equity Portfolio	34.2	28.7	14.8	17.9	-	**95.6**	97.0
Other Assets	0.1	0.5	-	-	0.8	**1.4**	1.7
Private Equity	3.1	-	-	-	-	**3.1**	3.9
Subsidiaries	1.2	-	-	-	-	**1.2**	0.6
Property	0.9	-	-	-	-	**0.9**	1.5
Fixed Income	5.0	-	-	-	-	**5.0**	5.1
Total Investments	44.5	29.2	14.8	17.9	0.8	**107.2**	109.8
Net Cash/(Debt)	(6.4)	0.2	(2.0)	0.2	0.3	**(7.7)**	(10.8)
Other Net Assets	0.5	-	-	-	-	**0.5**	1.0
Net Assets Dec 2011	38.6	29.4	12.8	18.1	1.1	**100.0**	100.0
Net Assets Jan 2011	34.6	25.2	12.2	21.7	6.3	**100.0**	

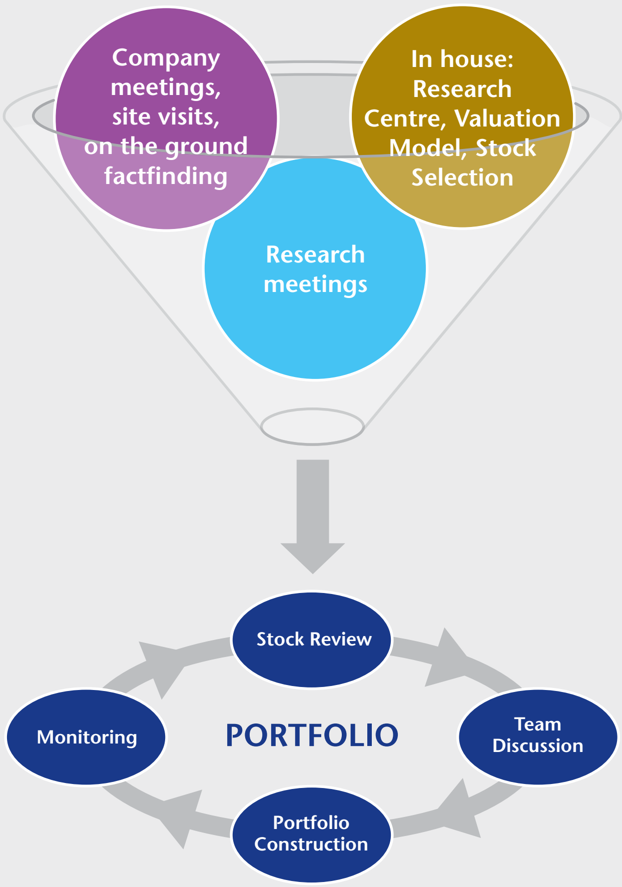
Assets held in our Emerging Markets and Global Portfolios were reallocated during the period to other portfolios.

Top 50 quoted equity holdings as at 31 December 2011

Stock	Country of listing	Sector	Value £m	% of quoted equities
Royal Dutch Shell	UK	Oil & Gas Producers	67.1	2.9%
GlaxoSmithKline	UK	Pharmaceuticals & Biotechnology	58.3	2.5%
BP	UK	Oil & Gas Producers	50.8	2.2%
HSBC Holdings	UK	Banks	44.6	2.0%
Rio Tinto	UK	Mining	42.7	1.8%
British American Tobacco	UK	Tobacco	38.8	1.7%
BHP Billiton	UK/Australia	Mining	38.0	1.6%
BG	UK	Oil & Gas Producers	37.3	1.6%
Pfizer	USA	Pharmaceuticals & Biotechnology	35.5	1.5%
Diageo	UK	Beverages	31.8	1.4%
Prudential	UK	Life Insurance	31.5	1.4%
American Tower	USA	Mobile Telecommunications	31.2	1.4%
Unilever	UK	Food Producers	31.2	1.3%
AstraZeneca	UK	Pharmaceuticals & Biotechnology	29.1	1.3%
Vodafone	UK	Mobile Telecommunications	27.9	1.2%
Clean Harbors	USA	Support Services	27.4	1.2%
Nestlé	Switzerland	Food Producers	26.3	1.1%
Philip Morris International	USA	Tobacco	25.6	1.1%
Standard Chartered	UK	Banks	25.4	1.1%
National Grid	UK	Gas, Water & Multiutilities	23.9	1.0%
New York Community Bancorp	USA	Banks	23.0	1.0%
InterOil	Canada	Oil & Gas Producers	22.9	1.0%
Bank of Nova Scotia	Canada	Banks	22.7	1.0%
Carillion	UK	Support Services	22.5	1.0%
Apple	USA	Technology Hardware & Equipment	21.5	0.9%
Yamana Gold	Canada	Mining	20.4	0.9%
Visa	USA	Financial Services	20.4	0.9%
Legal & General	UK	Life Insurance	20.1	0.9%
Weir Group	UK	Industrial Engineering	20.0	0.9%
SAP	Germany	Software & Computer Services	19.7	0.9%
Ross Stores	USA	General Retailers	19.4	0.8%
Ashmore Global Opportunities	UK	Mutual Fund	19.4	0.8%
Anheuser-Busch InBev	Belgium	Beverages	19.2	0.8%
Total	France	Oil & Gas Producers	18.9	0.8%
Suncor Energy	Canada	Oil & Gas Producers	18.7	0.8%
Amdocs	USA	Software & Computer Services	18.4	0.8%
Pearson	UK	Media	17.9	0.8%
Enterprise Products Partners	USA	Oil & Gas Producers	17.5	0.8%
Sanofi	France	Pharmaceuticals & Biotechnology	17.3	0.8%
Fresenius	Germany	Health Care Equipment & Services	17.2	0.8%
Elementis	UK	Chemicals	16.9	0.7%
United Technologies	USA	Aerospace & Defense	16.8	0.7%
Melrose	UK	Industrial Engineering	16.7	0.7%
Taiwan Semiconductor Manufacturing Co.	Taiwan	Technology Hardware & Equipment	16.4	0.7%
Lions Gate Entertainment	USA	Media	16.2	0.7%
Apache	USA	Oil & Gas Producers	16.1	0.7%
DaVita	USA	Health Care Equipment & Services	15.7	0.7%
Tullow Oil	UK	Oil & Gas Producers	15.4	0.7%
Canadian Pacific Railway	Canada	Industrial Transportation	14.9	0.6%
Medco Health Solutions	USA	Health Care Equipment & Services	14.9	0.6%

These investments may be held directly and/or indirectly through investment in Alliance Trust Investment Funds. A full list of the companies in which we invest can be found on our website www.alliancetrust.co.uk

Portfolio Review



The objective of our investment strategy is to select stocks that can add to shareholder value throughout the economic cycle and in some cases have a particular niche that allows them to capitalise on regional specific themes. For us, stock picking requires detailed analysis of company accounts, meeting with senior management and a full understanding of what gives them the edge over their competitors.

Theme

Asian growth

The combination of increased industrialization, the growth both in the number and wealth of the Asian consumer and the massive public sector infrastructure developments in China and other markets, are creating massive demand for raw materials such as copper and steel. These factors are also creating opportunities for companies from all parts of the economic spectrum to service these new markets. There has been a slight cooling off of the expectations for Asian economies as fear of contagion from the Eurozone issue dampens the outlook, but consensus GDP growth for China for 2012 is 8.4% and for India is 7.3%, which compares with a forecast contraction within Western Europe of 0.3%.

Eurozone crisis

The future for Europe is far from clear. Europe (ex UK) has been among the worst performing markets over the last two years and although events came to a head in July, no solution to what is an intractable problem has been agreed upon by the European politicians. This uncertainty crippled the region's equity markets which, during the period, fell around 17%, whereas Asia was down around 12%, the UK was down around 4% and the US was up over 1% in sterling terms. At the same time, European bond yields rose sharply and the currency has weakened.

Income generation

The dividends we receive from the investment portfolio are distributed to shareholders after the costs of the Trust have been paid. We have grown the dividend paid to shareholders in each of the last 45 years and this year we will increase the dividend by 7.2% to 9.00p, or a total payment for the period of around £54.8m.

Portfolio activity

Over 18% of the portfolio is listed in Asia, but our analysis shows that over 25% of the revenues that the underlying companies we are invested in is derived from Asian markets. We analyse our entire portfolio not only on the basis of where the stock is listed and the sector it is in, but also with reference to where the company in question derives its income. For example, with significant revenues of a number of UK listed companies being derived outside the UK, we exploit the opportunity to access Asian markets without taking the currency risk or suffering withholding tax on income generated which is inevitable when investing directly in the relevant market. The situation is the same in the US and Europe, where we invest in brands with an established presence in the region.

While the market fell sharply, our holdings in the region outperformed because we were invested in companies which were less correlated with market movements. At a sector level the divergence between the performance of the utilities and the financials sectors which both fell almost 40% in sterling terms and the Consumer Goods and Health Care sectors which showed positive returns of over 10% was stark. When looking at stocks that are active in Europe, we have been alert to the likely impact on their earnings of the cost of resolving the Eurozone crisis, which will inevitably fall hardest on those companies with high levels of dependency on the peripheral European markets. However, we still believe that there are investment opportunities in Europe. We remain heavily exposed to international companies in less cyclical industries.

Our managers consider the dividend policy of the companies in which they invest because we believe that a dividend policy is a useful discipline for companies. Over recent years we have reduced our exposure to the high-yielding UK portfolio, but source income elsewhere to match our dividend commitment. Our UK investments generated a yield of 4% in the year. We have been able to diversify income generation which now includes a significant contribution from the fixed income portfolio, yielding over 6%. Five of the six largest holdings in Asia are yielding around 4% or more and the Asian equity portfolio as a whole generated a yield of over 3%.

Case studies

HSBC, listed in the UK, has less than 20% of reported profits coming from Europe. Over 50% comes from Asia and it has a network of 7,500 offices in over 80 countries. It has survived the turmoil in the financial markets because of its strong balance sheet and business model that has benefitted from Asian growth and that of other emerging markets in the Americas, Middle East and Africa. Its share price has benefitted from the rise of consumerism in many of its markets augmented by the bank's strong capital base, prudent lending policy and strict expense discipline which also allows it to reward shareholders through dividends.

HSBC represented 4.8% of our UK portfolio at the end of the period.

Barry Callebaut is the world leader in cocoa and chocolate products and its share price rose almost 27% in the period. It is the only fully integrated manufacturer with a global presence. This enables them to take advantage of the outsourcing trend as large producers such as Cadbury/Kraft look to cut costs in the highly capital intensive cocoa processing and semi-finished product stage.

Barry Callebaut represented 4.5% of our European portfolio at the end of the period.

National Grid rose 13% and performed well operationally over the period. Their focused efforts to improve their underperforming US assets delivering cost savings ahead of target. Rate reviews and relationships with US regulatory bodies appear to be improving too and this culminated in better cash delivery and greater dividend confidence for the future. Based on consensus market forecasts, the expected dividend for 2012 is over 6%.

National Grid represented 2.9% of our UK portfolio at the end of the period.

Portfolio Review

As part of this fundamental analysis we have to assess what is a fair price for a stock that clearly demonstrates these characteristics. In many cases this competitive advantage may already be priced into a share price, leaving little in the way of upside potential. However, in others it may not and these are the stocks we aim to invest in. The current environment, where many domestic economies are struggling, can create great opportunities as share prices are driven in the short-term by economic concerns and not by company fundamentals. However, over the long-term these fundamental company specific drivers will re-assert themselves and provide significant rewards for the patient investor.

The process of monitoring and assessing the potential value of stocks already in the portfolio allows us to shape the Trust to benefit from the key drivers of long-term value. It also allows us to isolate holdings that have reached their full potential or their competitive advantage has changed to the extent that we would sell the holding.

As an investor we are committed to a long-term relationship with the companies in which we invest. We welcomed the introduction of the UK Stewardship Code which promotes dialogue between shareholders and the boards of their investee companies and transparency about how investors oversee those companies. We report on our voting activities on page 22.

We are also signatories to the UN Principles for Responsible Investment which advocates environmental, social and corporate governance considerations when taking investment decisions. We use a non profit making organisation, Ethical Investment Research Services, to assist in the process.

Theme

Demographics and pressure on the consumer

The growing population of the world has an impact on many parts of the economy. It puts greater pressure on land use and as the average income of the developing economy rises, this in turn increases the demand for food and further down the line, consumer discretionary items. We saw increases in the cost of some foodstuffs in India of almost 70% last year.

Divergence of views between economists and investors

Despite the strong recovery in corporate profits, the economic recovery in the US has not fed through to most households. There has been a minimal rise in employment, no rise in house prices and next to no wage growth. This has been the case for some time and is unlikely to ease substantially for some time to come.

Deleveraging

For UK households the deleveraging process to reduce levels of indebtedness began in 2008 and they are now down from their peak. However, many developed countries now have higher levels of Sovereign debt than countries in emerging markets where there has been a quantum shift in saving ratios and balance of payments, over a number of years, resulting in many now having a strong fiscal and monetary position.

Technological advances

One area of robust growth is gas and oil production from shale beds and oil sands across North America. Technological innovation has opened up new production fronts, but tight and tightening environmental standards means there is a lot of clean up and waste prevention work.

Portfolio activity

Despite ongoing government pressure to squeeze healthcare spending, ageing populations in the developed world and rising wealth in emerging nations are driving demand for pharmaceuticals. We added significantly to this sector over the year as low valuations and improving new drug prospects offered much potential. A change to domestic spending patterns was also a theme that we developed over the period.

We hold many world class international companies within the portfolio to take advantage of their exposure to economic growth.

There are other domestic plays where companies have a competitive advantage or niche market which can lead to superior returns to shareholders. By developing investment themes we can focus our exposure in regions and sectors where we see clear and significant benefits. We also look for opportunities from companies that use the environment in their own economies to their advantage by adapting a particular sales strategy to suit the needs of their customers.

At a geographic level much of the Trust's exposure remains in the UK, Europe and the US where the levels of public debt are too high and economic activity remains sluggish. However, the revenues received by the Trust bear little resemblance to this geographic split. For example the UK portfolio accounts for 34% of the Trust's equities but only 7% of the Trust's revenues are generated in the UK by those UK listed investments. This is the result of our deliberate strategy of investing in companies with international exposure to higher growth markets where there are consumers with savings and a willingness to spend and governments who are not constrained by fiscal pressures.

The BP disaster in the Gulf of Mexico resulted in renewed focus on regulation within the oil sector. To benefit from this change we looked for companies with a proven track record in an area that would be positively affected from the changes. Waste disposal and post crisis clean up operations as well as land based waste prevention services are an area that play to this theme.

Case studies

Sanofi, a French company, is engaged in the research, development, manufacture and marketing of healthcare products. Their products are available in over 170 countries with emerging markets accounting for nearly one third of total sales and, more importantly, their highest growth rate for sales in 2011; up 10%. Over the past two years new management have refocussed the business and dramatically reduced cost resulting in some of the valuation potential of the business being realised. Shareholders also benefit from a yield of nearly 5%.

Sanofi represented 4.9% of our European portfolio at the end of the period.

Ross Stores, a US company which sells discounted end of line branded goods, continues to generate profitable sales growth and is attractively valued. This strong domestic market strategy is against a poor US economic backdrop but is designed to benefit from the change in consumer attitudes which looks set to continue for some time.

Ross Stores represented 3.2% of our North American portfolio at the end of the period.

Unilever, a UK listed consumer group, derives less than one third of its revenue from the UK economy. More than 50% of its business is in emerging markets and its products are sold in over 180 countries including a number of higher growth markets where its brands are seen as the product of choice. Of the eleven product areas in which it operates it is the global leader in seven of them. It has launched a global Sustainability Living Plan which aims to help more than a billion people improve their health and well-being.

Unilever represented 4.0% of our UK portfolio at the end of the period.

Clean Harbors, a US company known for their expertise in cleaning up off-shore oil spills, have been rapidly building up their land based waste prevention services. The vigorous activity in North America to extract oil and gas by deep water drilling and using the new 'fracking' technology has resulted in the services provided by them being in high demand. Clean Harbors does much of the clean up and waste handling in this area and performed extremely well against this backdrop.

Clean Harbors represented 4.6% of our North American portfolio at the end of the period.

Alliance Trust Investments

Alliance Trust Investments was launched in 2009 with the aim of developing and fully utilising the skills of the Trust's investment team. It allows third parties the opportunity to invest through a range of open ended funds. During the past year we made solid progress with third party assets under management rising over 50% to £125m at the period end. Our Monthly Income Bond Fund has averaged net inflows of over £1m per week in a corporate bond sector which has seen large net outflows over much of the period.

Key Differentiators

- We are a boutique investment management company with the backing of a strong parent
- We have been able to recruit experienced and well qualified managers attracted by the opportunity to manage both third party funds and the Trust's own assets.

By delivering excellent investment performance our objective is to build long standing relationships and generate profits which will flow through to the Trust.

The continuing inflow into our Monthly Income Bond Fund is testament to the credibility of our fixed income team and its attractiveness to clients seeking income. We have been encouraged by the level of interest experienced in our latest fund, the Global Thematic Opportunities Fund, which launched at the end of the period.

We have identified the following drivers to our future growth:

- Investment Performance – four out of five equity funds have performed in the top half of their sector for the period. While the Monthly Income Bond Fund was in the lowest quartile of its peer group it did deliver its investment objective with an annualised income return of 6%.
- Distribution – through our experienced business development team we now have a strong base from which to build on our relationships with private wealth managers and institutional investors. Our funds are now available on 11 platforms.
- Profile – during the period our marketing activity increased awareness of our investment offerings and our change of name from Alliance Trust Asset Management has refreshed our brand while reinforcing our links with the Trust.
- Choice – we now have seven funds managed by our equity and fixed income teams. We will look to launch additional funds where we see potential growth in the market such as income funds or around a global investment theme.
- We have an innovative approach to fees, structuring our funds into share categories which can either include or exclude additional fees for outperformance.

An Award Winning Business

Alliance Trust Savings is held as an investment on which the Trust seeks to make a commercial return. We made strong progress, reporting a loss of £3.1m against £5.4m the previous year. Overall the number of accounts grew by 8% in the period.

Key differentiators

- We have the backing of a strong parent and are independent of life company product providers
- Already Retail Distribution Review compliant
- We refund to our customers the entire commission (circa £0.7m p.a.) received by us
- We have a flat fee charging structure.

The strong business model now in place positions us well to take advantage of the considerable market opportunities to grow the business and deliver value to shareholders.

Our business model had been built around providing a high quality and low price service. Historically we were reliant on interest rates received on customer deposits for a significant proportion of our income. The continued low base rate environment prompted us to review our business model.

Our business model now has in place the following drivers to future profitability:

- Pricing – we have increased pricing to both our existing and new customers, to a level more in line with the market, whilst suffering little attrition to customer numbers.
- Scaleability – our systems and processes have capacity to add significant new volumes.
- Transaction activity – we benefit from the increasing use by customers of our online dealing facility.
- Market
    - our share of the UK platform and Full SIPP market is around 5% – we expect this market to grow through migration from Defined Benefit pensions to products such as those offered by us.
    - growing desire amongst investors to consolidate assets in one place. Our platform provides that facility.
    - in the shorter term we see the low yield environment providing continuing impetus for investors seeking to replace lost deposit income with higher yielding mutual funds. Our i.nvest platform offers over 1,500 funds.
    - higher personal tax rates in the UK should underpin inflows into our SIPPs and ISAs.
- Regulatory – Retail Distribution Review
    - we expect an increase in our direct customer base from individuals who have chosen not to seek advice.
    - Independent Financial Advisers will be required to have more than one platform.

Risk Factors

The following section sets out our approach to risk management and focuses on the principal risks that we believe could impact on the performance of the business. Effective risk management is a key component of the business's operating model and assists in ensuring that the different parts of the group operate within acceptable risk parameters.

The Board has overall responsibility for setting the level of risk which it is prepared to accept. The risk framework is overseen by the Risk Committee which is chaired by the Finance Director and is made up of representatives from Alliance Trust and each of its regulated subsidiary businesses. The Chairman of the Audit Committee also attends at least one meeting each year, to provide additional oversight and a Non-executive perspective. Each business maintains and reviews its risk register and the controls in place to mitigate, reduce or prevent loss arising from their key risks. A common risk categorisation is in place for all business units.

During the period the Risk Committee met on eight occasions and received external presentations on fraud risk and the proposed new regulatory environment in the UK as well as internal reviews on information technology security, data protection, upcoming regulatory change and the results of global risk surveys. The Committee divides its time between identifying and evaluating emerging risks, challenging business self assessment risk profiles and performing an oversight role for the completion of remediating actions.

We continue to enhance the Risk Framework and in the period improved our risk reporting capabilities with the creation of Key Risk Indicators which are reported at both Management and Board level.

Principal risks

Strategy

Inappropriate objective and strategy in relation to investor demands in a rapidly changing financial services market.

Market

The Trust currently invests primarily in UK and overseas equities and its principal risks are therefore market related and include market risk (currency, interest rate and other price risk).

Some nations in the European Union (EU) have seen their sovereign debt come under pressure amid deteriorating economic and fiscal conditions. This has increased the risk of a government default or a country being forced to exit the Euro area.

Alliance Trust has direct exposure to the EU via (i) its European portfolio (ii) holdings in funds managed by its subsidiary company Alliance Trust Investments, and (iii) investments made by its Private Equity business. Within the above our exposure to Greece, Italy, Ireland, Portugal and Spain is minimal (<1% total Net Assets of the Trust as at 31 December 2011).

Other risks are associated with asset allocation, sector and stock selection which could lead to investment underperformance.

Gearing

The Trust has the ability to borrow money for investment purposes. If the underlying investment falls in value, any borrowings will magnify the extent of this loss. If borrowing facilities are not renewed, the Trust may have to sell investments to repay borrowings.

Accounting, legal and regulatory

In order to qualify as an investment trust the Company must comply with sections 1158-59 of the Corporation Tax Act 2010. Failure to do so would result in the realised capital gains of the Company's portfolio being subject to Corporation Tax.

Major regulatory change could impose unnecessary compliance burdens on the Trust or threaten the viability of its business model.

Operational

Failure of the Trust's accounting or internal control systems or those of other third party suppliers could lead to an inability to provide accurate reporting and monitoring or a misappropriation of assets.

Mitigation	Key developments
The Board regularly reviews the strategy of the Trust and the level and sources of demand. The Board recognises the need for consistently good performance in order to drive investor demand. The subsidiary businesses are a source of value going forward and their need to deliver against business plan is recognised by the Board.	• **Decision to withdraw from Private Equity in favour of quoted equities.** • **Discount has narrowed while the Global Growth sector average has widened during the period.**
The Asset Allocation Committee meets at least monthly to manage the allocation of the capital of the Company between and among the asset classes approved by the Board within the risk parameters, policies and other limits and guidelines set by the Board. Our internal Research Centre provides an analysis of economies, markets and socio-economic issues that may affect markets to inform investment decisions. We closely monitor exposures to Europe within our investment portfolios and consider both direct and indirect exposures.	• **Strengthening of capabilities of equity investment team.** • **Launch of Global Thematic Opportunities Fund.** • **Ranked 6/32 of Peer Group for TSR and 10/32 for NAV return over the period.**
All borrowings require the prior approval of the Board and gearing levels are reviewed by the Board and the Asset Allocation Committee at every meeting. The majority of the Trust's investments are in quoted equities that are readily realisable.	• **A new facility for up to £100m was approved with the same lender to replace an existing facility of the same amount.** • **Borrowing commitments are with different banks and over different durations.**
The Finance Director regularly monitors the compliance criteria under sections 1158-59 of the Corporation Tax Act 2010. The Group's Compliance Department maintains a forward radar of upcoming regulatory changes. Where a significant detrimental effect on the Trust is envisaged, representation is either made individually or via trade bodies. Management of the regulatory forward radar is overseen by the Risk Committee. The Compliance Department perform monitoring activities during the year to ensure compliance with relevant regulations. Any breaches are reported to the Board and where relevant to the appropriate authorities.	• **Pace of regulatory change remains a challenge to the Group. This includes not just legislation emanating from the UK and Europe but also from the US such as the Foreign Account Tax Compliance Act.**
The Trust maintains a Continuity of Business Plan which facilitates the continued operation of the business in the event of a service disruption or major disaster. A report on the effectiveness of internal controls is reviewed by the Board and external reports on the control environments of significant third party service providers are obtained and reviewed.	• **During the year the effectiveness of the Continuity of Business Plan was tested by way of a crisis scenario workshop. The result of the test was positive.**

Corporate Responsibility

In order to meet our corporate objective of generating a real return for shareholders over the medium to long term we need be able to demonstrate that we behave responsibly towards our customers, our employees, the wider community and the environment. This section explains how we achieve this.

We were delighted to win the 2011 HR Network (Scotland) Organisational Development Award. The judges took into account our organisation and structure, leadership and talent programme, culture, values and behaviours and overall employment experience. We were able to demonstrate the engagement of employees at all levels as well as effective collaboration between the different parts of the organisation.

This award underlines our commitment to respecting our people and giving them every opportunity to maximise their potential. It also helps in attracting high quality candidates across all levels of the organisation.

Marketplace – meeting the expectations of our investors and customers

Our priorities are:

- to consider all of the risks, including non-financial and reputational risk, when we take investment decisions
- to offer competitive products in which our customers can invest with a clear understanding of the likely risks and returns.

Both Alliance Trust PLC and Alliance Trust Investments are signatories to the Stewardship Code published by the Financial Reporting Council, which is intended to set out the standards expected of responsible investors. Our stewardship policy statements and full details of our voting activity on a quarter-by-quarter basis are published on our website. During 2011 we also became signatories to the Principles for Responsible Investment, backed by the UN, which provides an internationally-recognised framework for investors to take account of environmental, social and corporate governance issues.

Our investment managers look not just at the financial performance of the companies in which we invest, but also consider their environmental, social and governance (ESG) profile in order to identify any aspects of their business activities which might give rise to unexpected loss of value. We meet regularly with the management of companies and raise any concerns which we have identified.

Our policy is to vote wherever possible – in most cases we support management but will vote against management where we believe proposals are not in shareholders' interests and have been unable to effect change through engagement.

During the year we voted as follows:

In favour of management recommendations	146
Against management recommendations	16
Abstentions	1

Votes against management were mostly in relation to US companies and in favour of having an annual advisory vote on remuneration.

We also aim to maintain effective relationship with our own shareholders, both individual and institutional, meeting with them regularly during the year and publishing regular performance reports on our website.

Both Alliance Trust Investments and Alliance Trust Savings offer products within a regulated framework which promotes fair treatment of customers. Our products are designed and marketed in a way which makes clear to customers the nature of the investment and the risks involved.

All of our employees are subject to policies on gifts and hospitality and conflicts of interests to remove the risk of undue influence or bias. During the year we issued a Code of Business Conduct to give additional guidance on the behaviours we expect from employees.

Workplace – providing an environment in which our employees can realise their full potential

Our priorities are:

- to maintain a safe and discrimination-free working environment
- to offer all employees opportunities to learn and develop new skills for the benefit of the Company and themselves.

We have well-established policies and procedures to remove all forms of unlawful discrimination and encourage our employees to treat each other with respect. These are supported by a confidential whistleblowing facility through which employees can raise concerns independently of their own manager. We also undertook an employee engagement survey during the year which achieved a response rate of 82% of employees, up from 76% in the previous year. In these ways we also meet our health and safety obligations and treat disabled employees in accordance with our statutory obligations.

Employees are encouraged to take an interest in the progress of the Company. As well as team meetings, regular company-wide briefings take place where senior managers comment on the progress of our three businesses. This interest is reinforced by opportunities for employees to acquire shares in the Company, including our All-Employee Share Ownership Plan which offers an annual allocation of shares based on company performance. All employees who joined the Company before August 2010 are shareholders and the average holding is over 5,000 shares.

We continued our graduate recruitment programme and now have a leadership development programme that allows us to identify and offer tailored training and development opportunities to individuals across our business who we believe have the potential to progress and become the leaders of the future.

Community – playing our part to support the wider community

Our priorities are:

- to support the disadvantaged, particularly young people, in our local community
- to promote a sense of responsibility in our own employees.

Again this year we supported local organisations through our staff foundation, matching the amount raised by our employees through their fund-raising activities. We made donations of £2,925 in total to support organisations working with young people in Tayside and Fife.

We also continued to encourage employees to undertake volunteering activities and a total of 15 days were spent by employees at the Brae Dundee Riding Ability Centre during the year.

A significant development during the year was the Alliance Trust Cateran Yomp. This 52 mile team event, based on the Cateran Trail in Perthshire and the Angus Glens and sponsored by the Company, attracted over 200 participants including 53 staff and raised £282,000 through sponsorship and entry fees in aid of ABF the Soldiers' Charity and the Prince's Scottish Youth Business Trust.

Environment – using natural resources and energy responsibly

Our priorities are:

- to minimise energy consumption
- to encourage recycling of waste

Our principal office in Dundee was designed to maximise energy efficiency and recycling opportunities. We use paper from sustainable sources wherever practicable and cost-effective and computer equipment is either refurbished or recycled at the end of its useful life.

We also encourage shareholders to receive communications electronically and make a donation to the Woodland Trust for each shareholder who opts to receive their communications electronically.

Carbon footprint reporting

We report on carbon dioxide (CO_2) emissions based on the Greenhouse Gas Protocol Corporate Reporting and Accounting Standard using:

Scope 1: gas, fuel oil, refrigerant loss

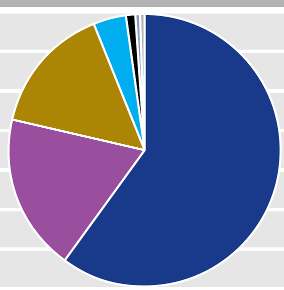
Scope 2: non-renewable electricity purchased

Scope 3: business travel by personal car, air and rail

Our CO_2 emissions during the year amounted to 870 tonnes, a net decrease of 5.5% compared to the previous year. This represents 3.19 tonnes per full-time employee. The reduction is predominantly due to year-on-year reductions in electricity and gas consumption at our Head Office, offset in part by an increase in domestic and other short-haul flights. A breakdown is shown below.

Corporate carbon footprint

Electricity use	60.5%
Air travel	18.6%
Natural Gas/Fuel Oil	15.2%
Personal car business travel	4.1%
Rail travel	1.1%
Air conditioning refrigerant loss	0.5%
Company vehicle use	0.1%



Source: Corporate Citizenship

Summary Financial Performance

Financial year end

As previously communicated, the Company's financial year end has changed to 31 December. Our results to 31 December 2011 are therefore for an 11 month period and the comparitives, which are in brackets, are for the year ended 31 January 2011. References below to annualised percentage increases from the prior year have been included to reflect this in line with best practice. There has been no cost implication as a result of this change.

Consolidated Results

For the period ended 31 December 2011 the consolidated loss per share was 30.75p (gain 68.46p) comprising revenue earning per share of 8.91p (8.20p) and capital loss per share of 39.66p (gain 60.26p).

Consolidated administrative expenses charged against revenue profits were £37.4m (£38.1m). Consolidated administrative expenses charged against capital profits were £2.0m (£2.7m).

Company Total Return

The Company generates returns through revenue earnings and capital growth. For the period ended 31 December 2011 the revenue earnings per share were 9.87p (9.67p) and the capital loss per share was 41.06p (gain 58.93p) representing a total loss per share of 31.19p (gain 68.60p).

Company Revenue Performance

Revenue earned from the Company's assets increased by an annualised 6.9% to £85.1m (£86.8m). Income from investments increased by an annualised 8.8% to £81.4m (£81.6m) due to increased dividend receipts.

Rental income on the Company's property portfolio reduced to £2.2m (£3.5m), following the sale of two properties during the year.

Company Capital Performance

Last year saw a decline in the financial markets and our net asset value per share fell by 7.6% (increase 16.2%). Losses on our investment portfolio totalled £254.8m (gains £391.9m).

Company Expenses

The annualised Total Expense Ratio (TER) for the period was 0.65% (0.63%). The TER excludes the expenses of our subsidiary businesses as these costs do not relate to running the investment trust, consistent with industry practice.

We remain conscious of prevailing market conditions and the requirement to apply strict cost controls across the business. Company costs increased 0.9% on an annualised basis to £16.0m. This was achieved despite necessary additional professional fees relating to the May 2011 AGM requisitions submitted by shareholders and the closure of our private equity business. Closure of our Defined Benefit Scheme to accrual during the year resulted in a one-off gain of £0.8m.

Dividend

The Company has a policy of growing the dividend and, subject to external factors such as changes in the economic environment and taxation, the Directors seek to manage the assets of the Company to generate a growing revenue stream which will allow them to continue to declare increasing dividends year on year.

Having paid three interim dividends of 2.141p for last period, the Directors have declared a fourth interim dividend of 2.577p per share payable on 2 April 2012. The total dividend for the period, of 9.00p, is an increase of 7.2% on the 8.395p paid for the previous year.

In the absence of any unforeseen developments, we expect to be able to recommend quarterly interim dividends of 2.3175p, payable on or around 2 July 2012, 1 October 2012 and 31 December 2012 and a fourth interim dividend of at least 2.3175p, payable on or around 2 April 2013.

Subsidiary Businesses

Both of our subsidiary businesses have made good progress during the year as outlined on pages 18 and 19. Alliance Trust Investments made a loss of £4.8m (£3.4m) in line with our start up plan for the business. Alliance Trust Savings made a loss of £3.1m (£5.4m), benefiting from increased sales and tight control of costs.

Borrowing Facilities

At 31 December 2011 we had net debt of 7.7% (11%). The Company had committed funding lines of £450m (£450m) in place at the period end and good covenant cover.

Summary Directors' Report

Summary Financial Statement

This Summary Financial Statement has been prepared voluntarily by the Directors in accordance with section 426 of the Companies Act 2006. It does not contain sufficient information to allow a full understanding of the results and state of affairs of the Company and of its policies and arrangements concerning Directors' remuneration. For further information, the full annual financial statements, the Auditor's Report on those financial statements and the Directors' Report should be consulted. A copy of the Annual Report, which may be obtained free of charge from the Company Secretary, will be delivered to the Registrar of Companies after the Annual General Meeting. Shareholders wishing to receive the full Annual Report in future years may opt to do so by writing to the Company Secretary. Deloitte LLP have reported on the Company's Annual Accounts and the auditable part of the Directors' Remuneration Report for the period ended 31 December 2011; this report was unqualified and contained no statement under section 496 of the Companies Act 2006.

Review of Business

A summary of the Company's activities can be found on pages 4 to 19, Risk Factors are on pages 20 and 21, our Corporate Responsibility Report is on pages 22 to 23 and a Summary of Financial Performance is on page 24.

Corporate Governance

The Board confirms that throughout the period the Company has complied with the principles of the Combined Code on Corporate Governance issued in June 2008. During the year we considered the terms of the UK Corporate Governance Code issued in June 2010 and the AIC Code of Corporate Governance issued in October 2010.

The full Corporate Governance Report is set out in the Annual Report for the period ended 31 December 2011, which is available on application to our Company Secretary or on our website www.alliancetrust.co.uk.

The Board

The Board sets the long-term objectives of the Company and approves its business plans and strategic direction. It is responsible for ensuring that there is in place a framework of prudent controls to enable risk to be managed effectively. It provides leadership and reviews business performance.

Each Director brings different skills and experiences to the Board and these are outlined on pages 26 and 27. They are however all responsible for the decisions taken by the Board. The Chairman was considered independent upon appointment and none of the Non-Executive Directors has had a previous relationship with the Company other than as shareholder. The Non-Executive Directors take no part in day to day management of the Company and are all considered to be independent.

Re-election of Directors

Consuelo Brooke was appointed on 25 November 2011 and Karin Forseke on 1 March 2012. Their appointment falls to be confirmed by shareholders at the Annual General Meeting. Hugh Bolland, Timothy Ingram and Lesley Knox are standing down from the Board. The Board has decided that in line with the UK Corporate Governance Code all of the Directors will be subject to re-election every year. Therefore the remaining directors will stand for re-election at this meeting.

The individual performance of each Director and their ongoing suitability for election or re-election was considered and endorsed by the Nomination Committee. All are recommended for election or re-election at the forthcoming Annual General Meeting. Each of our Directors has confirmed that they remain committed to their role and have sufficient time available to meet what is expected of them.

Dr Masters has agreed to offer himself for re-election despite having served as an independent non-executive director for nine years, in order to assist with the transition of the Board. He will retire from the Board during the course of the year. The Board is of the view that Dr Masters remains independent in character and judgement – independence cannot be determined by length of time alone, and Dr Masters continues to demonstrate the constructive challenge to management expected from non-executive directors. His experience of senior management roles outside the financial services sector also adds to the diversity of views around the Board table.

Investment Trust Status

The Company is an investment trust and seeks annual approval from HM Revenue and Customs to maintain its status as an investment trust. The last such approval was granted in respect of the financial year ending 31 January 2011.

Directors

● Member of the Audit Committee
■ Member of the Remuneration Committee
▲ Member of the Nomination Committee

Chairman

Non-executive Directors

1 Lesley Knox
Chairman ▲
Joined the Board 2001, Appointed Chairman 2004
Chairman, Nomination Committee

Lesley Knox graduated with an MA in Law from the University of Cambridge, qualified as a lawyer and worked in the UK and US. She was a group director with Kleinwort Benson and also Head of Institutional Asset Management at Kleinwort Benson Investment Management.

She is Chairman of Grosvenor Group Ltd and Dundee Design Ltd. Her other board appointments include Turcan Connell Asset Management, SABMiller plc and Centrica PLC.

Her experience of asset management and corporate finance, together with her ongoing involvement in the boards of both listed and private businesses across a wide range of sectors, enable her to lead a diverse board with varied skills and experience.

2 Karin Forseke
Chairman Designate ▲
Joined the Board 2012

Karin Forseke studied Economics, Sociology and Marketing before moving into financial services in the US and then in London. She served as Chief Operating Officer of London International Financial Futures Exchange, (LIFFE), and then joined D Carnegie & Co AB becoming its Chief Executive Officer.

She has been a Non-Executive Director of the Financial Services Authority (FSA) since December 2004 and is currently its Deputy Chairman and Chairman of its Audit, Remuneration and Non Executive Directors committees. She serves as a Non-Executive Director of Wallenius Lines, a Non-Executive Director of the Royal Opera in Stockholm and is a Board member of the European Council on Foreign Relations (ECFR).

Her wide experience of the financial services sector and more recently from a regulatory perspective complements those of the other Directors. Combined with her broad geographic, economic and political knowledge she is equipped with the required level of skills and understanding to provide constructive challenge across the group and to lead the Board.

3 Christopher Masters
Senior Independent Director ● ■ ▲
Joined the Board 2002

Christopher Masters took his doctorate in Chemistry at the University of Leeds. He worked internationally with Shell and also Christian Salvesen where he was Chief Executive. He was Executive Chairman of Aggreko PLC and is Chairman of the Festival City Theatres Trust and a member of the Court of the University of Edinburgh.

Other directorships include The Crown Agents, John Wood Group PLC and Speedy Hire PLC.

Coming from industry rather than the financial services sector, and having worked in the US and Europe as well in the UK, he can bring a different perspective to Board discussions and offer constructive challenge based on his own experience.

4 Hugh Bolland ● ■ ▲
Joined the Board 2007

Hugh Bolland graduated with a BA (Hons) in Economics and Statistics from the University of Exeter. He has held various roles with Schroders including Investment Director and then Managing Director of Schroders in Hong Kong and later Chief Executive of Schroders Australia. In the UK he has been Chairman of Schroder Unit Trusts, Chief Executive and latterly Vice Chairman of Schroder Investment Management.

He is a Non-Executive Director of JP Morgan Indian Investment Trust PLC, Fidelity Asian Values PLC and Dutch listed Eurocommercial Properties N.V.

Drawing on his many years of hands-on experience of fund

management across the globe, he can speak with authority on this central element of the Company's business.

5 John Hylands ● ■ ▲
Joined the Board 2008
Chairman, Audit Committee

John Hylands graduated with a BSc in Mathematics from the University of Glasgow. In his career with Standard Life he held various actuarial, finance and management positions including serving as Finance Director.

He is a member of the Aviva UK Life With Profits Committee and is a Non-Executive Director of the Board of Ecclesiastical Insurance Group PLC. He also chairs the trustees of the Standard Life and BOC pension schemes.

His qualification as an actuary and subsequent experience in senior roles in the financial services sector enable him to apply a rigorous and analytical approach, in particular in his role as Chairman of the Audit Committee.

6 Timothy Ingram ● ■ ▲
Joined the Board 2010
Chairman, Remuneration Committee

Timothy Ingram graduated with an MA in Economics from the University of Cambridge and an MBA from INSEAD Business School. He has been Finance Director, Chief Executive and later Chairman of First National Finance Corporation, a Managing Director of Abbey National and Chief Executive of Caledonia Investments PLC.

He is Chairman of Collins Stewart PLC, Senior Independent Director of Savills PLC, a Non-Executive Director of Alok Industries Limited and was, until May 2011, Senior Independent Director of Sage PLC.

His experience of leading a self-managed investment trust, coupled with his wider knowledge of the financial services sector, mean that he has a clear understanding of the opportunities and challenges facing the Company and the management team.

7 Consuelo Brooke
● ■ ▲
Joined the Board 2011

Consuelo Brooke graduated with a B.Sc (Hons) in politics, economics and international relations from the University of Southampton. She has worked for S.G. Warburg, Mercury Asset Management and Merrill Lynch Investment Managers. She subsequently established her own firm C Brooke Investment Partners Ltd.

Consuelo Brooke has previously held Non-Executive Directorships at BTG plc and Xansa plc and is currently an Independent Member of the Council of Sussex University of which she was Treasurer from 2002-2011 and a Trustee of Sussex Community Foundation.

With a background in asset management she brings a considerable amount of investment knowledge to the Board. Her previous non-executive directorships provide her with the experience to enable her to contribute to Board discussions.

Executive Directors

8 Katherine Garrett-Cox
Chief Executive ▲
Joined the Company as Chief Investment Officer in 2007. Appointed Chief Executive in 2008

Katherine Garrett-Cox graduated with a BA (Hons) in History from Durham University and is a member of the UK Society of Investment Professionals; CFA Institute.

She has held Chief Investment Officer and Executive Director roles with Aberdeen Asset Management PLC and Morley Fund Management, now Aviva Investors. She is a member of the Supervisory Board of Deutsche Bank AG.

In her role she is responsible for both the investment policy and asset allocation of the company as well as executive oversight for the business. She has more than 22 years' experience in the investment industry, having managed North American, Emerging Market and Global Equities portfolios.

Her hands-on fund management experience, combined with senior leadership roles in major investment houses and a commitment to the development of the next generation of business leaders, give her the necessary skills to lead the Company and to evolve its strategy for future growth.

9 Alan Trotter
Finance Director
Joined the Board 2010

Alan Trotter graduated with a BAcc (Hons) in Accountancy from the University of Glasgow and with an LLB from the University of London.

He qualified as a chartered accountant with Ernst & Young working in both the UK and Hong Kong. He held senior finance roles with Standard Life, Standard Life Bank and Royal Bank of Scotland before moving to Legal and General where he was Group Corporate Development Director with responsibility for the central finance function. He is a member of the University of Edinburgh Audit Committee and of the Financial Reporting Review Panel.

His technical and analytical skills, gained both in professional practice and subsequently in several major financial services businesses, equip him well to lead the finance and control functions and to contribute to the shaping of the future strategy for the business.

Summary Directors' Remuneration

Remuneration Approach

At the start of the period we considered the implications of the FSA Remuneration Code and reported on this last year.

Performance assessment: We have in place throughout the Company an annual performance review based on achievement of personal objectives aligned to the Company's Key Performance Indicators (KPIs).

Guarantees: The use of guaranteed bonuses has always been limited and this will continue to be the case.

Severance: The Company's policy is only to make payments on early termination that reflect the leaver's contractual entitlements and other amounts which a court or tribunal would be likely to award.

Leverage: The Remuneration Committee has reviewed the proportion of variable pay to annual salary of Directors and other senior managers and is satisfied that it is appropriate.

Multi-year framework: The Company currently operates a combination of annual and three year performance conditions together with a requirement for Directors and other senior managers to defer part of any award in the form of shares.

Our investment managers are eligible for annual bonuses based on achievement of annual performance targets relevant to their own portfolio and the wider equity portfolio. At least one half of any annual bonus is deferred for three years. At the end of the three year deferral period a matching award may vest based on individual portfolio performance (including consideration of consistency of fund performance, risk profile of the fund and market conditions) and achievement of the corporate target as set by the Board.

Other senior managers' annual bonuses are based on performance against business and individual objectives during the year, with the long-term element based on corporate and/or business performance measures.

In setting the levels of remuneration for the Executive Directors, the Remuneration Committee takes account of the levels of remuneration of other employees, particularly at senior level, within the Company and of the overall level of pay awards made. The Executive Directors' remuneration is not set through any formulaic approach or multiple of any other employees engaged within the business, but is driven by their experience and market rates for comparable roles.

We have used our KPIs to set the following Corporate Targets for the determination of the amount of any annual bonus and in the case of the Executive Directors between 25% and 70% of their annual bonus is based on achievement of these targets over the period:

- Percentage change in Net Asset Value against the peer group
- Percentage change in Total Shareholder Return against the peer group
- Dividend growth
- Achievement of cost budget

The peer group is the AIC Global Growth Investment Trust sector.

This year we have not reduced the level of incentive awards made to reflect that they were being given for an 11 month period rather than for a full year but the Committee took into account performance against targets over the shorter period. In respect of the Corporate Targets there were no significant differences between the position of the end of the period and that at the end of January 2012.

Basic Salary

The Policy adopted by the Committee is that base salaries of executives should be targeted at market median for jobs of a similar size and complexity. As at 31 December 2011 the salaries of all of the Executive Directors are below or around the market median. No salary increases have been awarded to Executive Directors for 2012.

All Employee Share Ownership Plan

Executive Directors and all employees may participate in the Company's All Employee Share Ownership Plan.

All full time participants who were in the Plan for the full financial period will receive the maximum award of shares, valued at £3,000. Part-time staff and those that joined the Plan part way through the period will receive a pro rated award.

Variable Pay

There are two components to variable pay; firstly the Annual Bonus and, secondly, awards made under the Company's Long Term Incentive Plan (LTIP) which was approved by shareholders in 2007.

Annual Salary

The table below shows the annual salaries of each of our Executive Directors.

Salary at	1/2/09 (£)	1/2/10 (£)	1/2/11 (£)	1/1/12 (£)
Katherine Garrett-Cox	405,000	405,000	425,250	425,250
Robert Burgess	230,000	250,000	262,500	262,500
Alan Trotter	-	210,000	225,000	225,000

Fixed and Variable Remuneration

	Fixed Cash ①	Variable Cash ②	Variable Share Award	Total (£)
Katherine Garrett-Cox				
1 Maximum that could be received	29%	36%	35%	1,769,861
2 Actual received	49%	51%	③	1,034,175
Robert Burgess				
1 Maximum that could be received	54%	46%		566,751
2 Actual received	66%	34%		461,751
Alan Trotter				
1 Maximum that could be received	54%	46%		487,734
2 Actual received	58%	42%		456,909

① Includes Salary, Car Allowance, Taxable Benefits and Other Payments.

② Refers to the Annual Bonus awarded in respect of the period but paid after the period end.

③ If the LTIP target had been met the Director would have received shares in the period from the awards made in 2008 (valued at the Market Price of shares on the date of award (5 May 2008: £3.51)).

Annual Bonuses

Katherine Garrett-Cox is eligible for an annual bonus of up to 150% of salary. Other Executive Directors are eligible for an annual bonus of up to 100% of their salary. All are totally dependent upon performance. At least 50% of any annual bonus award must be deferred into shares within the LTIP described below. The Director can choose to receive the rest of any bonus in cash or have it deferred into the LTIP.

The Corporate targets, detailed on the previous page, comprised 70% of the potential bonus award for Katherine Garrett-Cox, 50% for Alan Trotter and 25% of the potential award for Robert Burgess. The remainder of the potential award was subject to performance against a combination of business and individual objectives determined at the start of the year as set out below.

Director	Corporate objectives	Business objectives	Individual objectives
Katherine Garrett-Cox	70%	20%	10%
Robert Burgess	25%	55%	20%
Alan Trotter	50%	30%	20%

The business and individual targets for Katherine Garrett-Cox reflected both her role as Chief Investment Officer and Chief Executive, and included financial performance of the subsidiary businesses, people development, oversight and investor relations.

The business and individual objectives for Robert Burgess related to the financial performance of Alliance Trust Savings, the strategic development and operational effectiveness of the group and developing the Alliance Trust Savings management team. The objectives for Alan Trotter related to the embedding of risk management and internal controls across the business, leadership in financial matters and business planning.

The following bonuses in respect of the period ending 31 December 2011 were awarded and were payable after the period end.

Director	Bonus	% of maximum
Katherine Garrett-Cox	£527,850	83%
Robert Burgess	£157,500	60%
Alan Trotter	£194,175	86%

Long Term Incentive Plans

The current target, as approved by the shareholders in 2011, is based on a combination of two separate performance measures – one relating to growth in NAV and another to TSR – each of which will determine the extent to which 50 per cent. of an award vests. Under these conditions, the TSR and NAV growth of your Company will be measured over a period of three consecutive financial years (commencing with the financial year in which the award in question is granted) and then compared to the corresponding performance of each company in a comparator group comprised of the AIC global growth investment trusts (the members of the comparator group at the end of the financial period can be found on page 31).

However, notwithstanding the level of the Company's performance against the TSR and NAV growth conditions no part of an award will vest unless the Company has declared a progressive dividend in respect of each of the financial years that make up the performance period.

It is intended that all awards will be satisfied from shares purchased on the open market and no new shares will be issued to satisfy awards.

Summary Directors' Remuneration

Directors' Shareholdings

All Directors are required to acquire 3,000 shares in the Company. Details of the shareholdings of all Directors, together with details of shares acquired in the year, are shown below. The Company has issued no options to subscribe for shares.

Directors' Shareholdings*

Name	As at 1 Feb 11 or date of appointment if later	As at 31 Dec 11	Acquired between 31 Dec 11 & 1 Mar 12
Lesley Knox	156,976	160,109	746
Hugh Bolland	10,000	10,000	-
Consuelo Brooke	-	3,000	-
Robert Burgess	58,724	89,764	2,651
Katherine Garrett-Cox	287,522	343,828	3,776
John Hylands	65,073	66,595	387
Timothy Ingram	38,182	44,524	-
Christopher Masters	11,401	11,657	95
Alan Trotter	8,771	18,181	79

* Unaudited

Karin Forseke was appointed during the close period prior to announcement of the Company's results for the period ending 31 December 2011. She intends to purchase the requisite holding following announcement of the results on 6 March 2012.

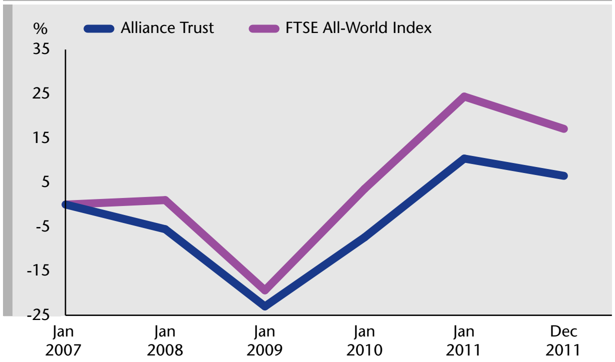
The Remuneration Committee has adopted a policy that Executive Directors should, over time, accumulate a personal holding of shares in the Company equivalent to their annual salary.

Company performance graph

We do not have a benchmark but are required by law to include a graph showing the total shareholder return of the Company against a broad equity market index over a five year period. The comparator which has been selected as a broad measure of our performance is the FTSE All-World Index.

It should be noted that the Company does not seek to track this index.

Company performance Source: FactSet



Performance relative to Peer Group*

Name	11 Months	3 Years	5 Years
TSR Ranking	6/32	29/32	20/31

*The peer group consists of the companies in the AIC Global Growth sector and is listed opposite.

Source: Morningstar and FactSet

Summary Table of Salary and Benefits

Executive Director	Date of Contract	Total Emoluments 1/2/11 to 31/12/11[1] (£)	Total Emoluments 1/2/10 to 31/01/11 (£)	Long Term Incentive awards as at 31/12/11[2]	Long Term Incentive awards as at 31/01/11[2]
Katherine Garrett-Cox	20/04/07	1,034,175	842,645	989,880	876,730
Robert Burgess	02/02/10	461,751	549,572	584,831	380,680
Alan Trotter	01/02/10	456,909	405,833	311,484	158,209
Non-executive Director	**Date of Appointment**				
Lesley Knox	15/06/01	91,667	90,000		
Hugh Bolland[3]	01/07/07	37,583	39,000		
Consuelo Brooke[3]	25/11/11	3,600	-		
John Hylands[3]	22/02/08	42,167	44,000		
Timothy Ingram[3]	24/09/10	33,000	11,994		
Christopher Masters[3]	15/11/02	37,583	39,000		
Clare Sheikh[3]	14/09/05	10,024	31,500		

[1] This includes the bonus payable in respect of the period ending 31 December 2011 and was paid after the year end.

[2] This shows the maximum total number of awards made under long term incentive plans. Awards are for nil priced options. Awards only vest after three years from the date of the award and are subject to performance conditions. No awards vested for the year and 178,251 awards held by Katherine Garrett-Cox lapsed during the year.

[3] This Includes Director fees and additional payments, as appropriate to the individual Director, for Chairmanship or membership of Remuneration and Audit Committees, Chairmanship or membership of subsidiary boards and the role of Senior Independent Director.

Peer Group (AIC Global Growth Sector)

- Bankers
- British Empire Securities
- Brunner
- Caledonia Investments
- Cayenne
- Edinburgh Worldwide
- EP Global Opportunities
- Establishment
- Foreign & Colonial
- F&C Global Smaller Companies
- F&C Managed Portfolio Growth
- Henderson Global
- Independent
- JPM Elect Managed Growth
- JPMorgan Overseas
- Jupiter Primadona Growth
- Law Debenture
- Lindsell Train
- Majedie
- Martin Currie Portfolio
- Mid Wynd International
- Miton Worldwide Growth
- Monks
- New Star
- Personal Assets
- RIT Capital Partners
- Ruffer (from Oct 2011)
- Scottish Investment
- Scottish Mortgage
- SVM Global Fund
- Witan
- World Trust Fund

Independent Auditor's Report

INDEPENDENT AUDITOR'S STATEMENT TO THE MEMBERS OF ALLIANCE TRUST PLC

We have examined the summary financial statement for the 11 month period ended 31 December 2011 which comprises the Summary Consolidated and Company Income Statement, Summary Consolidated and Company Balance Sheet, Summary Directors' Report and the Summary Directors' Remuneration Report.

This report is made solely to the company's members, as a body, in accordance with section 428 of the Companies Act 2006. Our work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, for our audit report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the summarised annual report in accordance with applicable United Kingdom law.

Our responsibility is to report to you our opinion on the consistency of the summary financial statement within the summarised annual report with the full annual financial statements, the Directors' Remuneration Report and the Directors' Report, and its compliance with the relevant requirements of section 428 of the Companies Act 2006 and the regulations made thereunder.

We also read the other information contained in the summarised annual report as described in the contents section, and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summary financial statement.

We conducted our work in accordance with Bulletin 2008/3 issued by the Auditing Practices Board. Our report on the company's full annual financial statements describes the basis of our audit opinion on those financial statements, the Directors' Remuneration Report, and the Directors' Report.

Opinion

In our opinion, the summary financial statement is consistent with the full annual financial statements, the Directors' Report and the Directors' Remuneration Report of Alliance Trust plc for the 11 month period ended 31 December 2011 and complies with the applicable requirements of section 428 of the Companies Act 2006, and the regulations made thereunder.

Deloitte LLP

Chartered Accountants and Statutory Auditors
London, United Kingdom

5 March 2012

Summary Financial Statements

Summary consolidated income statement for the 11 month period ended 31 December 2011

	11 months to December 2011			Year to January 2011		
£000	**Revenue**	**Capital**	**Total**	**Revenue**	**Capital**	**Total**
Revenue						
Income	104,610	-	104,610	101,943	-	101,943
(Loss)/Profit on fair value designated investments	-	(253,611)	(253,611)	-	404,536	404,536
(Loss)/Profit on investment property	-	(240)	(240)	-	589	589
Total revenue	104,610	(253,851)	(149,241)	101,943	405,125	507,068
Administrative expenses	(37,419)	(1,957)	(39,376)	(38,138)	(2,684)	(40,822)
Finance (costs)/income	(8,736)	5,914	(2,822)	(5,306)	(4,462)	(9,768)
Impairment losses	-	-	-	-	(297)	(297)
Loss on disposal of office premises	-	(5)	(5)	-	-	-
Loss on revaluation of office premises	-	-	-	-	(47)	(47)
Foreign exchange gains	-	1,275	1,275	30	95	125
(Loss)/Profit before tax	58,455	(248,624)	(190,169)	58,529	397,730	456,259
Tax	(2,562)	(100)	(2,662)	(4,439)	(73)	(4,512)
(Loss)/Profit for the period	55,893	(248,724)	(192,831)	54,090	397,657	451,747

All (loss)/profit for the period is attributable to equity holders of the parent

Earnings per share from continuing operations attributable to equity holders of the parent						
Basic (p per share)	8.91	(39.66)	(30.75)	8.20	60.26	68.46
Diluted (p per share)	8.89	(39.66)	(30.77)	8.17	60.10	68.27

Summary Company income statement for the 11 month period ended 31 December 2011

	11 months to December 2011			Year to January 2011		
£000	**Revenue**	**Capital**	**Total**	**Revenue**	**Capital**	**Total**
Revenue						
Income	85,117	-	85,117	86,837	-	86,837
(Loss)/Profit on fair value designated investments	-	(254,584)	(254,584)	-	391,349	391,349
(Loss)/Profit on investment property	-	(240)	(240)	-	589	589
Total revenue	85,117	(254,824)	(169,707)	86,837	391,938	478,775
Administrative expenses	(14,824)	(1,159)	(15,983)	(15,110)	(1,924)	(17,034)
Finance costs	(3,026)	(2,950)	(5,976)	(3,244)	(2,302)	(5,546)
Loss on disposal of office premises	-	(5)	(5)	-	-	-
Loss on revaluation of office premises	-	-	-	-	(47)	(47)
Foreign exchange gains	-	1,275	1,275	-	862	862
(Loss)/Profit before tax	67,267	(257,663)	(190,396)	68,483	388,527	457,010
Tax	(5,369)	100	(5,269)	(4,696)	328	(4,368)
(Loss)/Profit for the period	61,898	(257,563)	(195,665)	63,787	388,855	452,642

All (loss)/profit for the period is attributable to equity holders of the parent

Earnings per share from continuing operations attributable to equity shareholders						
Basic (p per share)	9.87	(41.06)	(31.19)	9.67	58.93	68.60
Diluted (p per share)	9.84	(41.06)	(31.22)	9.64	58.77	68.41

Summary balance sheet as at 31 December 2011

	Group		Company	
£000	**Dec 11**	**Jan 11**	**Dec 11**	**Jan 11**
Non-current assets				
Investments held at fair value	**2,625,615**	3,237,614	**2,560,576**	3,172,639
Investment property	**9,775**	28,515	**9,775**	28,515
Property, plant and equipment:				
Office premises	**6,025**	6,270	**6,025**	6,270
Other fixed assets	**15**	27	**15**	27
Intangible assets	**1,598**	2,345	**390**	542
Pension scheme surplus	**3,150**	846	**3,150**	846
Deferred tax asset	**907**	182	**907**	151
	2,647,085	3,275,799	**2,580,838**	3,208,990
Current assets				
Outstanding settlements and other receivables	**190,644**	47,051	**22,171**	29,687
Withholding tax debtor	**789**	1,413	**789**	1,413
Corporation tax debtor	**179**	79	**179**	79
Cash and cash equivalents	**415,435**	295,355	**72,349**	27,511
	607,047	343,898	**95,488**	58,690
Total assets	**3,254,132**	3,619,697	**2,676,326**	3,267,680
Current liabilities				
Outstanding settlements and other payables	**(600,539)**	(383,505)	**(22,661)**	(32,613)
Tax payable	**(141)**	(2,260)	**(3,991)**	(1,198)
Bank overdrafts and loans	**(248,768)**	(338,997)	**(248,768)**	(338,997)
	(849,448)	(724,762)	**(275,420)**	(372,808)
Total assets less current liabilities	**2,404,684**	2,894,935	**2,400,906**	2,894,872
Non-current liabilities				
Deferred tax liability	**(907)**	(303)	**(907)**	(303)
Amounts payable under long term Investment Incentive Plan	**(404)**	(128)	**(205)**	(65)
Net assets	**2,403,373**	2,894,504	**2,399,794**	2,894,504
Equity				
Share capital	**14,833**	16,527	**14,833**	16,527
Capital reserve	**1,665,692**	2,158,630	**1,629,129**	2,131,651
Merger reserve	**645,335**	645,335	**645,335**	645,335
Capital redemption reserve	**4,165**	2,471	**4,165**	2,471
Revenue reserve	**73,348**	71,541	**106,332**	98,520
Total Equity	**2,403,373**	2,894,504	**2,399,794**	2,894,504

All net assets are attributable to equity holders of the parent

Net Asset Value per ordinary share attributable to equity holders of the parent				
Basic (£)	**£4.06**	£4.39	**£4.06**	£4.39
Diluted (£)	**£4.05**	£4.38	**£4.04**	£4.38

The summary financial statements were approved by the Board of Directors and authorised for issue on 5 March 2012.
They were signed on its behalf by:

Lesley Knox
Chairman

Katherine Garrett-Cox
Chief Executive

Information for shareholders

Incorporation

Alliance Trust PLC is incorporated in Scotland with the registered number 1731.

The Company's Register of Members is held at Computershare Investor Services PLC, Lochside House, 7 Lochside Avenue, Edinburgh Park, Edinburgh EH12 9DJ.

General Enquiries

If you have an enquiry about the Company, please contact the Company Secretary at our registered office:

8 West Marketgait,
Dundee DD1 1QN
Tel: 01382 321000
Fax: 01382 321185
Email: investor@alliancetrust.co.uk

For security and compliance monitoring purposes telephone calls may be recorded.

Investor Relations

Our Head of Investor Relations can be contacted at our registered office (detailed above).

Our website www.alliancetrust.co.uk contains information about the Company, including daily share price and net asset value. The Investor Relations section of the website contains the terms of reference of the Audit, Remuneration and Nomination Committees.

Registrars

Our registrars are:

Computershare Investor Services PLC
PO Box 82, The Pavilions,
Bridgwater Road, Bristol BS99 7NH

Change of address notifications and registration enquiries for shareholdings registered in your own name should be sent to the Company's registrars at the above address, which should also be contacted if you would like dividends on shares registered in your own name to be sent to your bank or building society account. You may check your holdings and view other information about Alliance Trust shares registered in your own name at **www.computershare.com.**

Data Protection

The Company is a data controller as defined under the Data Protection Act 1998. Information received from or about shareholders or investors (for example from a stockbroker), whether by telephone or in writing, by fax or by any other electronic or digital means of communication may be processed.

Information held on the Company's Register of Members is, by law, information to which the public may, for a proper purpose, have access and the Company cannot prevent any person inspecting it or having copies of it for such purpose, on payment of the statutory fee.

Electronic Communications

If you hold your shares in your own name, we are able to send you annual reports and notices of meetings electronically instead of in paper format. If you wish to register for this service please log on to **www.alliancetrust.co.uk/ec.htm** which will provide you with a link to our registrars' website.

Taxation

If you are in any doubt about your liability to tax arising from a shareholding in the Company you should seek professional advice.

Income Tax

Dividends paid by the Company carry a tax credit at 10% of the gross dividend. Dividends are paid net of the tax credit.

If you hold your shares in your own name, the tax voucher which you need for your tax records will be sent to the address we have for you on the register maintained by Computershare. The Registrar will send a consolidated tax voucher to members after the final dividend during the tax year is paid.

If your dividends are received by a nominee, such as your stockbroker's nominee, you must contact that person for the tax voucher. If you invest in the Company through Alliance Trust Savings, it will automatically supply you with a consolidated income tax voucher for income received for you in the Investment Dealing Account.

Capital Gains Tax

For investors who purchased shares prior to 31 March 1982, the cost of those shares for capital gains tax purposes is deemed to be the price of the share on that date. The market value of each Alliance Trust PLC ordinary 25p share on that date was £2.85 which, when adjusted for the split on a 10 for 1 basis on 21 June 2006, gives an equivalent value of £0.285 per share. The market value of each Second Alliance Trust PLC ordinary 25p share on 31 March 1982 was £2.35. Holders of Second Alliance Trust PLC shares received 8.7453 ordinary 2.5p shares for each 25p ordinary share they held on 20 June 2006 and are treated as though they acquired these shares at the same time and at the same cost as the Second Alliance Trust shares they previously held. This gives an equivalent value of £0.269 per share.

Risks

If you wish to acquire shares in the Company, you should take professional advice as to whether an investment in our shares is suitable for you. You should be aware that:

- Investment should be made for the long term
- The price of a share will be affected by the supply and demand for it on the London Stock Exchange and may not fully represent the underlying value of the assets of the Company. The price generally stands below the net asset value of the Company ('at a discount') but it may also stand above it ('at a premium'). Your capital return will depend upon the movement of the discount/premium over the period you own the share, as well as the capital performance of the Company's own assets
- The assets owned by the Company may have exposure to currencies other than Sterling. Changes in market movements and in rates of exchange may cause the value of your investment to go up or down
- Past performance is not a guide to the future. What you get back will depend on investment performance. You may not get back the amount you invest.

Important dates

Our events give us the opportunity to meet and hear from our shareholders and clients, and are an ideal occasion to get an update on what is happening at Alliance Trust. You can meet senior representatives from the Company including Katherine Garrett-Cox, our Chief Executive, and other key members of our team, and learn about our products and services. There will be many opportunities during the event to ask questions.

Annual General Meeting

The 124th Annual General Meeting of the Company will be held at 11.00am on Friday 27 April 2012 at the Apex City Quay Hotel, Dundee. The Notice of Meeting, detailing the business of the meeting, is sent to all shareholders.

Investor Forums

We are pleased to announce that we will be holding two investor presentations during 2012.

27 April Apex Hotel, Dundee

27 September Victoria Plaza Hotel, London

Details of these and future events can be found at **www.alliancetrust.co.uk/events.**

Financial Calendar

Proposed dividend payment dates for the financial period to 31 December 2012 are on or around:

2 July 2012
1 October 2012
31 December 2012
2 April 2013

Contact

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Printed by MLG, Edinburgh