Alliance Trust

INTERIM REPORT

for the six months ended 30 June 2014

Investing for Generations

Results for 6 months to 30 June 2014

	at 30 June 2014	Total Return (6 months)	AIC Global Sector Total Return (6 months)
Company NAV per share	512.0p	0.3%	1.6%
Share price	445.6p	0.4%	3.0%

Indicators as at 30 June 2014	6 months	1 Year	3 Years	5 Years
Total Shareholder Return (TSR)	0.4%	6.9%	24.4%	87.1%
Peer group rankings (TSR)	21/35	29/35	17/32	17/32
Net Asset Value (NAV) Total Return	0.3%	5.5%	20.8%	79.0%
Peer group rankings (NAV)	20/35	27/35	19/32	17/32

Indicators for the six months to 30 June	2014	2013
Company expenses	£10.3m	£10.9m
Alliance Trust Savings		
• Operating (loss)/profit from continuing operations	(£0.4m)*	£0.2m**
Alliance Trust Investments		
• Operating loss	(£1.6m)	(£1.7m)

Indicators as at	30 Jun 2014	31 Dec 2013
Discount to Net Asset Value	13.0%	12.9%
Alliance Trust Savings		
• Assets under administration	£5.9bn	£5.4bn
Alliance Trust Investments		
• Assets under management	£2.2bn	£2.2bn

* excluding non-recurring Retail Distribution Review (RDR) marketing expenses and costs associated with outsourcing the marketing function

** excluding the revenue and expenses relating to the Full SIPP business which was sold in 2013 and non-recurring RDR marketing expenditure

Summary of Developments

Over the past six months, Alliance Trust delivered NAV Total Return of 0.3% and Total Shareholder Return of 0.4%. The performance of our growth-oriented equity portfolio was impacted by market rotation in favour of 'value' stocks, as well as some stock-specific underperformance, which has been actively addressed.

The dividend for 2014, before any special dividend, is expected to be 9.834p, an increase of 3%.

In June we announced that we had arranged £100m of long-term, fixed-rate borrowings which is expected to enhance shareholder returns over the investment cycle.

Alliance Trust Investments reduced its operating loss by 5% during the period while increasing assets under management by 2%. We saw net inflows of £81 million from retail and institutional investors including a new corporate pension fund, reflecting our strength in fixed income and sustainable and responsible investment (SRI) management.

Alliance Trust Savings grew assets under administration by 10% to £5.9 billion. During the period, profitability was impacted by a number of factors. These include the investment we have made in the intermediary channel, the phasing of the marketing spend, and a reduction in direct customer numbers as a result of consolidation and attrition following our recent pricing changes. We are confident that we have the right business model for the long term and believe our flat-fee pricing proposition is in the best interests of customers.

Half Year review

Within the portfolio, relative performance has been adversely affected by the strong performance of "value" stocks with low price/earnings and price/book ratios relative to "growth" stocks which are typically priced on higher multiples. As we illustrate in the attribution table on page 5, stock selection has been the major driver of this underperformance, which has affected most sectors. This is typically indicative of a sector rotation, in this case away from growth stocks which we believe will provide better long-term growth prospects, and into more value orientated companies.

Turnover of the portfolio reduced from the previous period. However, we have taken the opportunity to add to our preferred holdings on weakness and have increased our positions in stocks such as Visa and SAP. As a consequence of the reduced levels of activity, most of the key ratios are largely unchanged; the exposure to equities increased from 96.6% to 97.2%. At the same time we have continued to reduce the exposure to fixed income from 7.6% to 6.6%, by reducing our holding in the Alliance Trust Monthly Income Bond Fund.

Our top contributors to relative performance were mainly in Energy, Utilities and Telecommunications, for example Enterprise Products Partners, China Gas, Schlumberger and Telecom New Zealand.

The portfolio's utility stocks returned a creditable 19.0%, led by China Gas. However, in most other sectors, the stock selection effect was negative because the " growth" companies, in which we mainly invest, underperformed the broader market. This included Visa and SAP within Information Technology and Pfizer and Express Scripts within Health Care.

In some sectors, performance was affected by stock-specific issues, for example Barclays and BNP Paribas within Financials and Coach and Mattel within Consumer Discretionary. We reviewed the investment case for these stocks and sold them towards the end of the period.

The total return from fixed income investments was 3.1%. The Trust's holding in the Monthly Income Bond Fund, which accounted for the majority of the investment in fixed income, had a total return of 4.0%, compared to 5.3% for the iBoxx Sterling Corporate Bond 5-15 year index which is the benchmark for that fund. Our holding in the Alliance Trust Dynamic Bond Fund returned 0.9%.

We also invest in a range of other asset classes, which contributed positively to the portfolio return. Strong gains of £13m from the private equity portfolio and a £4m increase in the value of mineral rights together contributed 0.7% to the NAV return.

The level of borrowing has remained constant at £380m, and as a result net gearing is largely unchanged at 11.2%, compared to 11.6% in December 2013. In June 2014 we arranged £100m of borrowings, fixed over 15 years at 4.28%, which will be used to replace existing borrowings. This is the largest, and only unsecured, recent issue in the sector and was competitively priced. Through this transaction, which will raise the weighted cost of borrowing from around 1.8% in December 2013 to 2.26%, the Trust obtained unsecured fixed-rate long-dated Sterling-denominated financing at an attractive pricing level, and this is expected to enhance shareholder returns over the investment cycle in line with the Company's investment objective.

Company expenses were down 5.5%, to £10.3m (£10.9m) due to ongoing efficiency management.

A total of 3,885,000 shares were repurchased at a total cost of £17.5m and a weighted average discount of 13.2%. These buybacks had a positive effect of 0.1% on the NAV. We remain committed to the ongoing flexible use of buybacks, taking into account the Company's discount relative to the peer group.

Dividends

The Company's policy is that we will aim to pay a sustainably rising dividend, paying out all of each year's net revenue earnings under normal circumstances. Where our current year's earnings exceed our previously published guidance we may pay a special dividend from those earnings. We have also decided that, unless there are exceptional circumstances, we will not pay dividends out of our realised capital reserves as we believe that, in the longer term, this is not sustainable.

The Company paid an interim dividend of 2.4585p on 30 June 2014. A second interim dividend of 2.4585p will be paid on 30 September 2014 to shareholders on the register on 29 August 2014. In the absence of any unforeseen developments we expect to be able to recommend further quarterly interim dividends of 2.4585p payable on or around 31 December 2014 and on or around 31 March 2015 with a special dividend payable on or around 30 June 2015. The dividend for 2014, before any special dividend, is expected to be 9.834p, an increase of 3%.

Outlook

At the macro level, central bankers across the world continue to walk a line between stimulating growth and trying to reduce the overall level of debt in their respective economies. This will continue to have a knock-on effect on global liquidity. The continuation of the US economic recovery and expected normalisation of interest rates will play an important role in equity markets – not only in the US, but globally. If raised too fast, increasing interest rates could represent a source of volatility for equities. However, a gradual process of adjustment would be most likely supportive of equity markets. Another key factor to monitor is how the Chinese leadership will handle the credit deleveraging while trying to maintain a sufficiently high level of GDP growth. How successful they are will have far reaching implications affecting numerous countries and Western companies that are significantly exposed to the Chinese economy.

We conclude the global economy is on a path of general recovery; however, this is not yet fully self-sustaining and central banks have a critical part to play. Decisions taken by the US Federal Bank (tapering), the European Central Bank (deflation risk), the Bank of Japan (additional easing and reform) and by several emerging market central banks (dealing with weak currencies and risk of inflation) will be particularly important.

Against such a backdrop, it is clear that there is still value in equities on a relative basis, compared to other asset classes, particularly government bonds. Consequently, we will continue to search for new ideas and initiate holdings in companies with sustainable long-term prospects whilst continuing to take profits from holdings which have reached their potential. The investment we have made in our people and processes means that we are well placed to identify those opportunities and we look forward to the second half of the year with optimism.

Contribution Analysis (%)	Average Weight	Rate of Return	Contribution to Total Return
Equities	97.6	-0.5	-0.4
Fixed Income	7.0	3.1	0.2
Other Investments	6.9	9.4	0.7
Cash & Accruals	1.8	0.0	0.2
Gearing (cost of borrowing)	-13.3	0.8	-0.1
Total	**100.0**	**0.6**	**0.6**
Expenses			-0.4
Share Buy-backs			0.1
NAV Total Return			0.3
Discount Effect			0.1
Share Price Total Return			0.4
MSCI ACWI Total Return			3.2

Source: Alliance Trust and FactSet

	Alliance Trust		MSCI All Country World Index				
Equity Portfolio Atribution (%)	Average Weight	Total Return	Average Weight	Total Return	Sector Allocation Effect	Stock Selection Effect	Total Relative Effect
Consumer Discretionary	11.1	-4.6	11.7	-1.2	0.0	-0.3	-0.3
Consumer Staples	7.7	0.2	9.8	2.5	0.0	-0.2	-0.2
Energy	9.5	9.6	9.7	9.6	0.0	0.0	0.0
Financials	23.3	-3.0	21.5	0.8	0.0	-0.9	-0.9
Health Care	14.1	0.9	10.6	7.7	0.2	-0.9	-0.7
Industrials	11.1	-0.7	10.9	0.2	0.0	-0.1	-0.1
Information Technology	12.1	-2.8	12.6	5.3	0.0	-1.0	-1.0
Materials	4.0	4.4	6.1	2.4	0.0	0.1	0.1
Telecommunication Services	3.6	-3.5	3.9	-0.9	0.0	-0.1	-0.1
Utilities	3.6	19.0	3.2	12.6	0.0	0.2	0.2
Index Futures & Currency Forwards	-0.1	0.0	0.0	-5.5	-0.6	0.0	-0.6
Equities	**100.0**	**-0.5**	**100.0**	**3.2**	**-0.4**	**-3.2**	**-3.6**

Source: Alliance Trust and FactSet

Portfolio Review

All quoted equity holdings as at 30 June 2014

Stock	Country of listing	Theme	Value £m	% of quoted equities
Visa	United States	Innovation	73.6	2.9%
Walt Disney	United States	Innovation	69.8	2.7%
Pfizer	United States	Global realignment	63.9	2.5%
CVS Caremark	United States	Demographics	61.4	2.4%
Qualcomm	United States	Innovation	57.8	2.3%
Accenture	United States	Innovation	56.1	2.2%
Google	United States	Innovation	56.0	2.2%
Enterprise Products Partners	United States	Environment	52.9	2.1%
Prudential	United Kingdom	Demographics	52.7	2.1%
United Technologies	United States	Innovation	50.1	2.0%
National Grid	United Kingdom	Income	44.1	1.7%
Express Scripts	United States	Demographics	42.9	1.7%
Wells Fargo	United States	Global Realignment	42.8	1.7%
Intesa Sanpaolo	Italy	Global Realignment	41.9	1.6%
Reckitt Benckiser	United Kingdom	Demographics	39.7	1.6%
HSBC	United Kingdom	Global Realignment	39.3	1.5%
Legal & General	United Kingdom	Income	39.2	1.5%
SAP	Germany	Innovation	39.2	1.5%
WPP	United Kingdom	Demographics	39.1	1.5%
Amgen	United States	Demographics	38.7	1.5%
Noble Energy	United States	Environment	37.7	1.5%
Danaher	United States	Innovation	36.7	1.4%
Glaxosmithkline	United Kingdom	Innovation	36.7	1.4%
Deutsche Post	Germany	Income	34.6	1.4%
Roche Holding	Switzerland	Innovation	33.6	1.3%
The Toronto-Dominion Bank	Canada	Global Realignment	33.2	1.3%
Twenty-First Century Fox	United States	Innovation	32.5	1.3%
Friends Life	United Kingdom	Demographics	32.5	1.3%
Blackstone	United States	Demographics	32.3	1.3%
Continental	Germany	Environment	31.4	1.2%
Oceaneering International	United States	Environment	31.4	1.2%
Sanofi	France	Innovation	30.7	1.2%
Swedbank	Sweden	Income	30.4	1.2%
Eni	Italy	Income	29.7	1.2%
China Gas	Hong Kong	Environment	29.3	1.1%
Total	France	Income	28.8	1.1%
Toyota Motor	Japan	Environment	28.3	1.1%
Aviva	United Kingdom	Global Realignment	28.2	1.1%
Diageo	United Kingdom	Demographics	27.8	1.1%
Grupo Financiero Banorte	Mexico	Demographics	27.2	1.1%
Fanuc	Japan	Demographics	27.1	1.1%
Novo Nordisk	Denmark	Demographics	26.9	1.1%
Samsung Electronic	South Korea	Innovation	26.7	1.0%
AmerisourceBergen	United States	Demographics	26.6	1.0%
Schneider Electric	France	Environment	26.1	1.0%
Marsh & Mclennan	United States	Income	26.0	1.0%
Praxair	United States	Environment	25.9	1.0%
Schlumberger	United States	Environment	25.6	1.0%
Monsanto	United States	Environment	25.4	1.0%
Aberdeen Asset Management	United Kingdom	Demographics	25.3	1.0%
Cadence Design Systems	United States	Innovation	24.6	1.0%
BASF	Germany	Environment	24.5	1.0%
Glencore	United Kingdom	Environment	24.4	1.0%
Cummins	United States	Environment	23.4	0.9%
Liberty Global	United States	Innovation	22.7	0.9%
Azimut	Italy	Demographics	22.6	0.9%
Volkswagen	Germany	Environment	21.8	0.9%
Seadrill	Norway	Environment	20.7	0.8%
Rogers Communications	Canada	Income	20.6	0.8%
Henkel	Germany	Global Realignment	20.5	0.8%
Unilever	United Kingdom	Demographics	20.4	0.8%
Fomento Economico Mexicano	Mexico	Demographics	20.4	0.8%
Eaton	United States	Environment	19.9	0.8%
Standard Chartered	United Kingdom	Global Realignment	19.6	0.8%
American Tower	United States	Income	19.3	0.8%
Zurich Insurance	Switzerland	Income	19.1	0.8%
Telecom New Zealand	New Zealand	Income	18.6	0.7%
Melrose Industries	United Kingdom	Environment	18.6	0.7%
Humana	United States	Demographics	18.5	0.7%
Intuitive Surgical	United States	Innovation	18.4	0.7%
Petrofac	United Kingdom	Environment	18.1	0.7%

All quoted equity holdings as at 30 June 2014

Stock	Country of listing	Theme	Value £m	% of quoted equities
Bangkok Bank	Thailand	Demographics	17.2	0.7%
Perusahaan Gas Negara	Indonesia	Environment	17.2	0.7%
Vodafone	United Kingdom	Income	16.2	0.6%
Wisconsin Energy	United States	Income	16.2	0.6%
Charoen Pokphand Foods	Thailand	Demographics	15.5	0.6%
Plum Creek Timber	United States	Income	15.0	0.6%
Ascendas Real Estate Investment Trust	Singapore	Income	14.3	0.6%
bpost	Belgium	Income	13.0	0.5%
Rolls Royce	United Kingdom	Environment	12.4	0.5%
Cerner	United States	Innovation	11.5	0.5%
Vtech	Hong Kong	Income	11.3	0.4%
Komercni Banka	Czech Republic	Demographics	10.3	0.4%
Experian	United Kingdom	Demographics	10.1	0.4%
Och-Ziff Capital Management	United States	Income	10.1	0.4%
M1 Limited	Singapore	Income	8.8	0.4%
Ashmore Global Opportunities	United Kingdom	Income	8.4	0.3%
Delta Lloyd	Netherlands	Demographics	7.2	0.3%
			Total value 2,547.2	

Source: Alliance Trust

Funds as at 30 June 2014

Fund	Country of registration		Value £m
Alliance Trust Global Thematic Opportunities Fund	United Kingdom		182.0
Alliance Trust Monthly Income Bond Fund	United Kingdom		132.7
Alliance Trust Dynamic Bond Fund	United Kingdom		53.8
Luxcellence – Alliance Trust Sustainable Future Pan-European Equity Fund	Luxembourg		34.5
			Total value 403.0

Other assets as at 30 June 2014

Investment	Region		Value £m
Private Equity	United Kingdom/Europe		122.5
Subsidiaries	United Kingdom		39.8
Other	United Kingdom		16.8
Property	United Kingdom		11.3
Mineral Rights	North America		16.6
			Total value 207.0

A full portfolio listing, similar to that displayed above, is available on a monthly basis on our website at http://investor.alliancetrust.co.uk/ati/investorrelations/list-of-stock-holdings.htm

Alliance Trust Investments

During the period we have seen assets under management rise by 2% by attracting new investment into our fund range.

Our loss reduced by 5% to £1.6m reflecting an increase in third party revenue of 14% and control of expenditure.

We have seen net inflows of £81m from both retail and institutional investors including a new corporate pension fund. This reflects our strengths in fixed income and sustainable and responsible equity management. We are continuing to see strong inflows into our Monthly Income and Dynamic Bond Funds as well as our Sustainable Future Fund range. Our European SICAV business has grown, primarily through investors in France and the Netherlands.

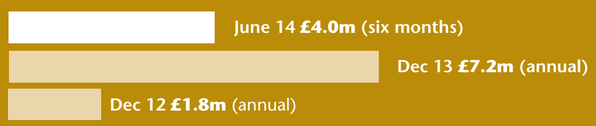
Of the nine funds within our range that have a three year track record, six are ranked above the median of their peer group over that period. In May we announced the launch of two new risk profiled funds to bring our Sustainable Future Fund range to nine. In June, the Sustainable Future Global Growth Fund was highly commended at the Money Observer Awards.

We are progressing with outsourcing our middle and back office functions and delivered the first phase of the project in the period. The second phase is scheduled to complete by the end of the year.

The fair value of the business remains as stated in our Annual Report and Accounts as £12.8m.

Third Party Assets Under Management

Third Party Net Revenue



Alliance Trust Savings

During the period we have seen assets under administration rise by 10% to £5.9bn, and following the end of the period they have reached £6.0bn. Our focus on intermediaries, with an enlarged sales team, has seen assets held by intermediary clients grow by 36% to £1.0bn. The number of intermediary accounts being opened has almost doubled compared to the same period in 2013.

We report an operating loss, excluding non-recurring RDR marketing expenses and costs associated with outsourcing the marketing function, for the period of £0.4m. This compares to an operating profit, excluding the revenue and expenses relating to the Full SIPP business which was sold in 2013 and non-recurring RDR marketing expenditure, of £0.2m in 2013. This is mainly due to the investment we have made in the intermediary channel, the phasing of marketing spend and a reduction in direct customer numbers as a result of consolidation and attrition following our recent pricing changes.

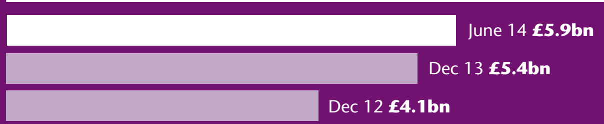
There has been considerable change in the platform market, as the full impact of RDR for platforms came into effect on 1 April 2014. We expect customer numbers to increase attracted by our award winning service, platform experience, investment choice and flat fee structure. Following our pricing changes, we still deliver an excellent value for money proposition, especially for portfolios above £50,000.

We are on track to deliver enhanced functionality in 2015 through our new platform technology provided by GBST.

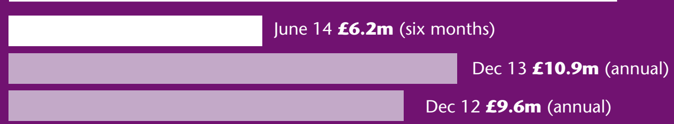
As part of our focus on simplifying the business we have reviewed our regulatory permissions. Following that review we have decided to relinquish our banking licence and move to the client money regime adopted by most of our competitors.

The fair value of the business remains as stated in our Annual Report and Accounts as £26.7m.

Assets under Administration



Revenue



Risks and Uncertainties

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

- Strategic
- Market
- Operational
- Conduct
- Legal, Regulatory and Disclosure

These risks, and the way in which they are managed, are described in more detail within the Risk section on pages 36 to 39 of the Company's Annual Report and Accounts for the year ended 31 December 2013, which is available on the Company's website at www.alliancetrust.co.uk.

The Directors do not consider that the nature of the Company's principal risks and uncertainties has changed materially since the year end.

We continue to monitor developments and the potential impact to our business of issues arising from the vote on Scottish Independence. Having established two English registered legal entities, for the subsidiary companies Alliance Trust Savings and Alliance Trust Investments, work is progressing on our plans to make these entities operational. In the event of a Yes vote, it is our intention to have implemented the legal entity operating model required to ensure that we continue to provide flexibility to our clients and customers, well ahead of the proposed Scottish Government separation timetable.

We do not expect our principal risks to change for the remainder of the financial year.

Related Party Transactions

The nature of related party transactions has not changed significantly from those described in the Company's Report and Accounts for the year ended 31 December 2013. There were no transactions with related parties during the six months ended 30 June 2014 which have a material effect on the results or the financial position of the Company or of the Group.

Going Concern Statement

The factors impacting Going Concern are set out in detail on page 51 of the Company's Report and Accounts for the year ended 31 December 2013.

As at 30 June 2014 there have been no significant changes to these factors. The Directors, who have reviewed budgets, forecasts and sensitivities, consider that the Group has adequate financial resources to enable it to continue in operational existence for the foreseeable future. Accordingly the Directors believe it is appropriate to continue to adopt the going concern basis for preparing the financial statements.

Regulatory change

As of the 22nd July 2014 the Alternative Investment Fund Managers' Directive came into effect. The objective of the Directive is to ensure that previously unregulated collective investment activities will be subject to regulatory oversight. Although the primary target of the regulation is hedge funds it also applies to investment trusts.

Alliance Trust PLC has received approval from the FCA as a manager under the Directive. Regulatory disclosures are provided on the Company's website.

Responsibility Statement

We confirm that to the best of our knowledge:

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

Signed on behalf of the Board

Karin Forseke
Chair

24 July 2014

Katherine Garrett-Cox
Chief Executive

24 July 2014

Financial Statements

Consolidated income statement (unaudited)

For the period ended 30 June 2014

		6 months to 30 June 2014			6 months to 30 June 2013			Year to 31 Dec 2013 (audited)		
£000	**Note**	**Revenue**	**Capital**	**Total**	**Revenue**	**Capital**	**Total**	**Revenue**	**Capital**	**Total**
Revenue										
Income	3	**64,151**	**-**	**64,151**	64,459	-	64,459	116,295	-	116,295
(Loss)/Profit on fair value designated investments		**-**	**(16,764)**	**(16,764)**	-	263,268	263,268	-	420,082	420,082
(Loss)/Profit on investment property held		**-**	**-**	**-**	-	(67)	(67)	-	211	211
Total Revenue		**64,151**	**(16,764)**	**47,387**	64,459	263,201	327,660	116,295	420,293	536,588
Administrative expenses		**(24,478)**	**(1,240)**	**(25,718)**	(21,870)	(1,443)	(23,313)	(45,373)	(1,860)	(47,233)
Finance (costs)/income	4	**(6,005)**	**(5,227)**	**(11,232)**	(6,242)	3,314	(2,928)	(11,456)	(922)	(12,378)
(Loss)/Gain on disposal of other fixed asset		**-**	**(1)**	**(1)**	-	-	-	-	14	14
Foreign exchange (losses)/gains		**-**	**(7,091)**	**(7,091)**	-	3,228	3,228	-	(15,189)	(15,189)
Profit/(Loss) before tax		**33,668**	**(30,323)**	**3,345**	36,347	268,300	304,647	59,466	402,336	461,802
Tax	5	**(1,530)**	**-**	**(1,530)**	(3,162)	-	(3,162)	(4,581)	(1,650)	(6,231)
Profit/(Loss) for the period/year		**32,138**	**(30,323)**	**1,815**	33,185	268,300	301,485	54,885	400,686	455,571

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

Earning per share from continuing operations

attributable to equity holders of the parent

Basic (p per share)	7	**5.78**	**(5.45)**	**0.33**	5.93	47.92	53.85	9.80	71.58	81.38
Diluted (p per share)	7	**5.76**	**(5.44)**	**0.32**	5.91	47.78	53.69	9.78	71.37	81.15

Consolidated statement of comprehensive income (unaudited)

		6 months to 30 June 2014			6 months to 30 June 2013			Year to 31 Dec 2013 (audited)		
£000	**Note**	**Revenue**	**Capital**	**Total**	**Revenue**	**Capital**	**Total**	**Revenue**	**Capital**	**Total**
Profit/(Loss) for the period/year		**32,138**	**(30,323)**	**1,815**	33,185	268,300	301,485	54,885	400,686	455,571
Defined benefit plan net actuarial (loss)/gain	8	**-**	**(51)**	**(51)**	-	2,102	2,102	-	(875)	(875)
Retirement benefit obligations deferred tax		**-**	**-**	**-**	-	-	-	-	96	96
Other comprehensive (loss)/gain		**-**	**(51)**	**(51)**	-	2,102	2,102	-	(779)	(779)
Total comprehensive income/(loss) for the period/year		**32,138**	**(30,374)**	**1,764**	33,185	270,402	303,587	54,885	399,907	454,792

All total comprehensive income/(loss) for the period/year is attributable to equity holders of the parent.

Consolidated statement of changes in equity (unaudited)

For the period ended 30 June 2014

£000	6 months to 30 June 2014	6 months to 30 June 2013	Year to 31 Dec 2013 (audited)
Called up share capital			
At 1 January	**14,003**	14,040	14,040
Own shares purchased and cancelled in the period/year	**(97)**	(1)	(37)
At 30 June / 31 December	**13,906**	14,039	14,003
Capital reserves			
At 1 January	**2,149,019**	1,754,368	1,754,368
(Loss)/Profit for the period/year	**(30,323)**	268,300	400,686
Defined benefit plan actuarial (loss)/gain	**(51)**	2,102	(779)
Own shares purchased and cancelled in the period/year	**(17,485)**	(214)	(6,658)
Share based payments	**728**	713	1,402
At 30 June / 31 December	**2,101,888**	2,025,269	2,149,019
Merger reserve			
At 1 January, 30 June and 31 December	**645,335**	645,335	645,335
Capital redemption reserve			
At 1 January	**4,995**	4,958	4,958
Own shares purchased and cancelled in the period/year	**97**	1	37
At 30 June / 31 December	**5,092**	4,959	4,995
Revenue reserve			
At 1 January	**68,034**	68,202	68,202
Profit for the period/year	**32,138**	33,185	54,885
Dividends	**(34,118)**	(28,356)	(55,068)
Unclaimed dividends	**23**	37	15
At 30 June / 31 December	**66,077**	73,068	68,034
Total equity			
At 1 January	**2,881,386**	2,486,903	2,486,903
At 30 June / 31 December	**2,832,298**	2,762,670	2,881,386

Consolidated balance sheet (unaudited)

As at 30 June 2014

£000	Note	30 June 2014	30 June 2013	31 Dec 2013 (audited)
Non-current assets				
Investments held at fair value	11	**3,302,784**	3,111,746	3,317,105
Investment property held at fair value		**4,525**	9,120	4,525
Property, plant and equipment:				
Office premises		**4,125**	4,125	4,125
Other fixed assets		**607**	483	390
Intangible assets		**10,138**	7,223	9,124
Pension scheme surplus	8	**6,610**	8,020	5,079
Deferred tax asset		**1,015**	989	1,015
		3,329,804	3,141,706	3,341,363
Current assets				
Outstanding settlements and other receivables		**143,877**	197,586	37,340
Recoverable overseas tax		**1,267**	1,151	985
Cash and cash equivalents		**577,299**	519,432	473,055
		722,443	718,169	511,380
Total assets		**4,052,247**	3,859,875	3,852,743
Current liabilities				
Outstanding settlements and other payables		**(837,430)**	(754,846)	(589,260)
Tax payable		**(141)**	(141)	(141)
Bank overdrafts and loans	14	**(380,000)**	(340,000)	(380,000)
		(1,217,571)	(1,094,987)	(969,401)
Total assets less current liabilities		**2,834,676**	2,764,888	2,883,342
Non-current liabilities				
Deferred tax liability		**(1,015)**	(990)	(1,015)
Amounts payable under Investment Incentive Plan		**(1,217)**	(935)	(831)
Finance leases		**(146)**	(293)	(110)
Net assets		**2,832,298**	2,762,670	2,881,386
Equity				
Share capital	15	**13,906**	14,039	14,003
Capital reserves		**2,101,888**	2,025,269	2,149,019
Merger reserve		**645,335**	645,335	645,335
Capital redemption reserve		**5,092**	4,959	4,995
Revenue reserve		**66,077**	73,068	68,034
Total equity		**2,832,298**	2,762,670	2,881,386

All net assets are attributable to the equity holders of the parent.

Net asset value per ordinary share attributable to equity holders of the parent				
Basic (£)	9	**5.10**	4.93	5.16
Diluted (£)	9	**5.09**	4.92	5.14

Consolidated cash flow (unaudited)

For the period ended 30 June 2014

£000	6 months to 30 June 2014	6 months to 30 June 2013	Year to 31 Dec 2013 (audited)
Cash flows from operating activities			
Profit before tax	**3,345**	304,647	461,802
Adjustments for:			
Losses/(Gains) on investments	**16,764**	(263,201)	(420,293)
Foreign exchange losses/(gains)	**7,091**	(3,228)	15,189
Depreciation	**127**	107	200
Amortisation of intangibles	**1,258**	373	1,289
Loss on disposal / revaluation of offices premises	**1**	-	-
Loss on disposal of intangible assets	**-**	-	313
Share based payment expense	**728**	713	1,402
Interest	**11,232**	2,928	12,378
Movement in pension scheme surplus	**(1,582)**	(1,613)	(1,553)
Operating cash flows before movements in working capital	**38,964**	40,726	70,727
Increase in amounts due to depositors	**73,059**	37,557	45,255
Decrease in receivables	**(46,667)**	(18,665)	(10,227)
Increase in payables	**6,178**	17,919	13,060
Net cash inflow from operating activities before income taxes	**71,534**	77,537	118,815
Taxes paid	**(1,812)**	(3,302)	(6,110)
Net cash inflow from operating activities	**69,722**	74,235	112,705
Cash flows from investing activities			
Proceeds on disposal at fair value of investments through profit and loss	**613,475**	494,088	1,082,219
Purchase of fair value through profit and loss investments	**(556,335)**	(593,205)	(1,253,955)
Foreign exchange gains/(losses) on foreign exchange contracts	**-**	2,522	(13,993)
Purchase of plant and equipment	**(344)**	(3)	(3)
Purchase of book of business	**-**	-	(8,164)
Net purchase of other intangible assets	**(2,271)**	(6,188)	(1,154)
Net cash inflow/(outflow) from investing activities	**54,525**	(102,786)	(195,050)
Cash flows from financing activities			
Dividends paid - equity	**(34,118)**	(28,356)	(55,068)
Unclaimed dividends	**23**	37	15
Purchase of own shares	**(17,485)**	(214)	(6,658)
New bank loans raised	**-**	140,000	180,000
Third party investment in subsidiary OEIC			
- Alliance Trust Investment Funds	**46,989**	(904)	8,056
Interest payable	**(8,321)**	(8,202)	(14,665)
Net cash (outflow)/inflow from financing activities	**(12,912)**	102,361	111,680
Net increase in cash and cash equivalents	**111,335**	73,810	29,335
Cash and cash equivalents at beginning of period/year	**473,055**	444,916	444,916
Effect of foreign exchange rate changes	**(7,091)**	706	(1,196)
Cash and cash equivalents at the end of period/year	**577,299**	519,432	473,055

Notes to the financial statements

1 General Information

The information contained in this report for the period ended 30 June 2014 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for the year ended 31 December 2013 has been delivered to the Registrar of Companies. The auditor's report on those financial statements was prepared under s495 and s496 of the Companies Act 2006. The report was not qualified, did not contain an emphasis of matter paragraph and did not contain statements under section 498(2) or (3) of the Companies Act.

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

2 Accounting Policies

Basis of preparation

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

Going concern

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

Changes in accounting policies

The same accounting policies, presentations and methods of computation are followed in these financial statements as are applied in the Group's latest audited financial statements. No material changes in accounting policies are currently anticipated in the forthcoming financial statements for the year ending 31 December 2014.

3 Revenue

£000	6 months to 30 June 2014	6 months to 30 June 2013	Year to 31 Dec 2013
Deposit interest	**967**	1,043	2,024
Dividend income	**51,883**	53,881	94,941
Mineral rights income	**1,345**	973	2,303
Property rental income	**304**	313	646
Savings and pension plan charges	**5,320**	4,679	9,426
Other income	**4,332**	3,570	6,955
Total revenue	**64,151**	64,459	116,295

4 Finance Costs/(Income)

	6 months to 30 June 2014			6 months to 30 June 2013			Year to 31 Dec 2013		
£000	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
Interest payable									
Payable to depositors	**4**	**-**	**4**	6	-	6	9	-	9
Bank loans and overdrafts	**1,638**	**1,814**	**3,452**	1,476	1,476	2,952	3,061	3,137	6,198
Net gains/(losses) attributable to third party investment in subsidiary OEIC	**4,363**	**3,413**	**7,776**	4,760	(4,790)	(30)	8,386	(2,215)	6,171
Total finance costs/(income)	**6,005**	**5,227**	**11,232**	6,242	(3,314)	2,928	11,456	922	12,378

Notes to the financial statements

5 Taxation

UK corporation tax for the period to 30 June 2014 is charged at 21.5% (23.25% for the period to 30 June 2013) of the estimated taxable profits for the period. A reduction in the main rate of UK corporation tax to 21% was substantively enacted in April 2014. Taxation levied by other jurisdictions is calculated at the rates prevailing in those jurisdictions, such taxation mainly comprises withholding taxes levied on the investment returns generated on foreign investments such as overseas dividend income.

6 Dividends

£000	6 months to 30 June 2014	6 months to 30 June 2013	Year to 31 Dec 2013
Fourth interim dividend for the year ended 31 December 2012 of 2.3175p per share	-	12,973	12,974*
First interim dividend for the year ended 31 December 2013 of 2.387p per share	-	13,368	13,367*
Second interim dividend for the year ended 31 December 2013 of 2.387p per share	-	-	13,368
Third interim dividend for the year ended 31 December 2013 of 2.387p per share	-	-	13,344
Fourth interim dividend for the year ended 31 December 2013 of 2.387p per share	**13,338**	-	-
First interim dividend for the year ended 31 December 2014 of 2.4585p per share	**13,658**	-	-
	26,996	26,341	53,053
Special dividend for the year ended 31 December 2012 of 0.36p per share	-	2,015	2,015
Special dividend for the year ended 31 December 2013 of 1.282p per share	**7,122**	-	-
	34,118	28,356	55,068

*31 December 2013 figures have been adjusted to reflect share buy backs and changes in shares held by the Trustee of the Employee Benefit Trust.

7 Earnings Per Share

From continuing operations

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

	6 months to 30 June 2014			6 months to 30 June 2013			Year to 31 Dec 2013		
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
Ordinary shares									
Earnings for the purposes of basic earnings per share being net profit/(loss) attributable to equity holders of the parent (£000)	**32,138**	**(30,323)**	**1,815**	33,185	268,300	301,485	54,885	400,686	455,571
Number of shares									
Weighted average number of ordinary shares for the purposes of basic earnings per share			**556,485,739**			559,901,145			559,789,087
Weighted average number of ordinary shares for the purposes of diluted earnings per share			**557,740,776**			561,553,530			561,389,625

The weighted average number of ordinary shares is arrived at by excluding 1,194,316 (1,580,671 at 30 June 2013 and 1,338,233 at 31 December 2013) ordinary shares acquired by the Trustee of the Employee Benefit Trust with funds provided by the Company.

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

Notes to the financial statements

8 Pension Schemes

The Group sponsors two pension arrangements.

The Alliance Trust Companies' Pension Fund ('the Scheme') is a funded defined benefit pension scheme which closed to future accrual on 2 April 2011.

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

Defined Benefit Scheme

The net actuarial loss made in the period and recognised in the Consolidated Statement of Comprehensive Income was £51,000 (30 June 2013 net actuarial gain of £2,102,000 and 31 December 2013 net actuarial loss of £875,000).

Certain actuarial assumptions have been used to arrive at the retirement benefit scheme surplus of £6.6m as at 30 June 2014 (30 June 2013 surplus of £8.0m and 31 December 2013 surplus of £5.1m). These are set out below:

	30 June 2014	30 June 2013	31 Dec 2013
	% per annum	% per annum	% per annum
Inflation - (RPI)	**3.3**	3.3	3.4
Inflation - (CPI)	**2.4**	2.4	2.5
Rate of discount	**4.2**	4.8	4.4
Allowance for pension in payment increases of RPI (subject to a maximum increase of 5% p.a)	**3.1**	3.2	3.3
Allowance for revaluation of deferred pensions of CPI (subject to a maximum increase of 5% p.a)	**2.4**	2.4	2.5

9 Net Asset Value Per Ordinary Share

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

	30 June 2014	30 June 2013	31 Dec 2013
Equity shareholder funds (£000)	**2,832,298**	2,762,670	2,881,386
Number of shares at period end - Basic	**555,014,830**	559,948,475	558,755,913
Number of shares at period end - Diluted	**556,209,146**	561,529,146	560,094,146

The number of ordinary shares has been reduced by 1,194,316 (1,580,671 at 30 June 2013 and 1,338,233 at 31 December 2013) ordinary shares held by the Trustee of the Employee Benefit Trust in order to arrive at the Basic figures above.

Notes to the financial statements

10 Segmental Reporting

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

The Group's primary operating segments are the Company, Alliance Trust Savings Limited (ATS) and Alliance Trust Investments Limited (ATI).

The Company is a self-managed investment company with investment trust status. ATS provides platform based savings, share dealing and pension administration services. ATI is an investment management company.

ATI earns net revenue on the capital invested by Alliance Trust PLC in the funds it manages, with such fees market referenced to that appropriate for a seed capital investor. Alliance Trust PLC includes such fees in its administration expenses. The costs of the Fixed Income and SRI investment teams are charged 100% to ATI. The costs of the Global Equities team, who also manage the equity portfolio of Alliance Trust PLC, are split between ATI and Alliance Trust PLC according to the average assets under administration during the period.

ATS bears its own direct costs.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies in the Annual Report and Accounts for the period ended 31 December 2013. The Group evaluates performance based on the profit before tax. Intersegment sales and transfers are accounted for on an arm's length basis.

All operating segments operate within the United Kingdom.

			6 months to 30 June 2014			
£000	**Company**	**ATS (continuing operations)**	**ATS (discontinuing operations)**	**ATS Total**	**ATI**	**Total**
Revenue						
Investment losses	**(19,701)**	**-**	**-**	**-**	**-**	**(19,701)**
Net interest income	**22**	**898**	**-**	**898**	**26**	**946**
Non-interest income	**48,832**	**5,312**	**-**	**5,312**	**4,899**	**59,043**
Segment revenue	**29,153**	**6,210**	**-**	**6,210**	**4,925**	**40,288**
Expenditure						
Foreign exchange losses	**7,091**	**-**	**-**	**-**	**-**	**7,091**
Depreciation and amortisation	**379**	**414**	**-**	**414**	**592**	**1,385**
Other expenses	**13,362**	**6,194**	**814**	**7,008**	**5,920**	**26,290**
Total expenses excluding RDR marketing and outsourcing	**20,832**	**6,608**	**814**	**7,422**	**6,512**	**34,766**
Non-recurring RDR marketing expense	**-**	**1,246**	**-**	**1,246**	**-**	**1,246**
Non-recurring outsourcing expense	**-**	**275**	**-**	**275**	**-**	**275**
Total expenses including RDR marketing and outsourcing	**20,832**	**8,129**	**814**	**8,943**	**6,512**	**36,287**
Operating profit/(loss) before tax and excluding RDR marketing and outsourcing expense	**8,321**	**(398)**	**(814)**	**(1,212)**	**(1,587)**	**5,522**
Operating profit/(loss) before tax and including RDR marketing and outsourcing expense	**8,321**	**(1,919)**	**(814)**	**(2,733)**	**(1,587)**	**4,001**
Segment profit/(loss) before tax	**8,321**	**(1,919)**	**(814)**	**(2,733)**	**(1,587)**	**4,001**

We have not disclosed the split between ATS continuing and discontinuing operations on the face of the primary statements as the Directors do not believe this to be material in terms of the Group results.

Notes to the financial statements

10 Segmental Reporting

	6 months to 30 June 2013					
£000	Company	ATS (continuing operations)	ATS (discontinuing operations)	ATS Total	ATI	Total
Revenue						
Investment gains	273,932	-	-	-	-	273,932
Net interest income	67	883	-	883	38	988
Non-interest income	50,041	4,469	209	4,678	4,527	59,246
Segment revenue	324,040	5,352	209	5,561	4,565	334,166
Expenditure						
Foreign exchange gains	(3,228)	-	-	-	-	(3,228)
Depreciation and amortisation	245	213	-	213	273	731
Other expenses	13,628	4,940	510	5,450	5,963	25,041
Total expenses excluding RDR marketing	10,645	5,153	510	5,663	6,236	22,544
Non-recurring RDR marketing expense	-	1,025	-	1,025	-	1,025
Total expenses including RDR marketing	10,645	6,178	510	6,688	6,236	23,569
Operating profit/(loss) before tax and excluding RDR marketing expense	313,395	199	(301)	(102)	(1,671)	311,622
Operating profit/(loss) before tax and including RDR marketing expense	313,395	(826)	(301)	(1,127)	(1,671)	310,597
Gain on sale of Full SIPP business	-	-	5,158	5,158	-	5,158
Segment profit/(loss) before tax	313,395	(826)	4,857	4,031	(1,671)	315,755

	Year to 31 Dec 2013					
£000	Company	ATS (continuing operations)	ATS (discontinuing operations)	ATS Total	ATI	Total
Revenue						
Investment gains	416,062	-	-	-	-	416,062
Net interest income	105	1,754	-	1,754	64	1,923
Non-interest income	89,889	9,176	252	9,428	9,088	108,405
Segment revenue	506,056	10,930	252	11,182	9,152	526,390
Expenditure						
Foreign exchange losses	15,189	-	-	-	-	15,189
Depreciation and amortisation	245	360	-	360	806	1,411
Other expenses	27,450	10,158	1,495	11,653	12,561	51,664
Total expenses excluding RDR marketing	42,884	10,518	1,495	12,013	13,367	68,264
Non-recurring RDR marketing expense	-	2,047	-	2,047	-	2,047
Total expenses including RDR marketing	42,884	12,565	1,495	14,060	13,367	70,311
Operating profit/(loss) before tax and excluding RDR marketing expense	463,172	412	(1,243)	(831)	(4,215)	458,126
Operating profit/(loss) before tax and including RDR marketing expense	463,172	(1,635)	(1,243)	(2,878)	(4,215)	456,079
Gain on sale of Full SIPP business	-	-	6,668	6,668	-	6,668
Segment profit/(loss) before tax	463,172	(1,635)	5,425	3,790	(4,215)	462,747

Notes to the financial statements

10 Segmental Reporting

Reconciliation of reportable segment revenue and profit to consolidated amounts

Revenue £000	6 months to 30 June 2014	6 months to 30 June 2013	Year to 31 Dec 2013
Total revenues for reportable segments	**40,288**	334,166	526,390
Other revenues	**23,475**	8,259	17,021
Elimination of intersegment revenues	**(1,237)**	(1,099)	(3,486)
Elimination of movement in investment in subsidiaries	**(15,139)**	(13,666)	(3,337)
Consolidated revenue	**47,387**	327,660	536,588
Expenditure			
Total depreciation and amortisation	**1,385**	731	1,489
Other expenses	**42,657**	22,282	73,297
Consolidated expenses	**44,042**	23,013	74,786
Profit			
Total profit for reportable segments	**4,001**	315,755	462,747
Elimination of movement in investment in subsidiaries	**(656)**	(11,108)	(945)
Consolidated profit before tax	**3,345**	304,647	461,802

Assets and Liabilities	As at 30 June 2014			
£000	Company	ATS	ATI	Total
Reportable segment assets	**3,349,226**	**488,019**	**26,853**	**3,864,098**
Reportable segment liabilities	**(507,423)**	**(468,034)**	**(12,018)**	**(987,475)**
Total net assets	**2,841,803**	**19,985**	**14,835**	**2,876,623**

Assets and Liabilities	As at 30 June 2013			
£000	Company	ATS	ATI	Total
Reportable segment assets	3,252,360	407,136	29,000	3,688,496
Reportable segment liabilities	(477,178)	(384,338)	(14,015)	(875,531)
Total net assets	2,775,182	22,798	14,985	2,812,965

Assets and Liabilities	As at 31 Dec 2013			
£000	Company	ATS	ATI	Total
Reportable segment assets	3,277,833	414,303	28,740	3,720,876
Reportable segment liabilities	(391,679)	(391,726)	(12,434)	(795,839)
Total net assets	2,886,154	22,577	16,306	2,925,037

Reconciliation of reportable segment assets to consolidated amounts

Assets £000	As at 30 June 2014	As at 30 June 2013	As at 31 Dec 2013
Reportable segment assets	**3,864,098**	3,688,496	3,720,876
Third party assets and other subsidiaries	**188,149**	171,379	131,867
Consolidated assets	**4,052,247**	3,859,875	3,852,743

Reconciliation of reportable segment liabilities to consolidated amounts

Liabilities £000	As at 30 June 2014	As at 30 June 2013	As at 31 Dec 2013
Reportable segment liabilities	**(987,475)**	(875,531)	(795,839)
Third party liabilities and amounts due to third party investors in subsidiary OEIC	**(232,474)**	(221,674)	(175,518)
Consolidated Liabilities (includes current and non current liabilities)	**(1,219,949)**	(1,097,205)	(971,357)

Notes to the financial statements

11 Hierarchical valuation of financial instruments

The Group refines and modifies its valuation techniques as markets develop. While the Group believes its valuation techniques to be appropriate and consistent with other market participants, the use of different methodologies or assumptions could result in different estimates of fair value at the balance sheet date. Financial instruments exclude the Investment Property.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
Level 3	Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

The following table analyses the fair value measurements for the Group's assets and liabilities measured by the level in the fair value hierarchy in which the fair value measurement is categorised at 30 June 2014. All fair value measurements disclosed are recurring fair value measurements.

Group Valuation hierarchy fair value through profit and loss

	As at 30 June 2014			
£000	**Level 1**	**Level 2**	**Level 3**	**Total**
Listed investments	**3,165,563**	**-**	**-**	**3,165,563**
Credit default swaps	**-**	**(1,386)**	**-**	**(1,386)**
Interest rate swaps	**-**	**(80)**	**-**	**(80)**
Foreign exchange contracts	**-**	**(454)**	**-**	**(454)**
Unlisted investments				
Private equity	**-**	**-**	**122,526**	**122,526**
Mineral rights	**-**	**-**	**16,615**	**16,615**
	3,165,563	**(1,920)**	**139,141**	**3,302,784**

	As at 30 June 2013			
£000	**Level 1**	**Level 2**	**Level 3**	**Total**
Listed investments	2,978,894	-	-	2,978,894
Credit default swaps	-	1,053	-	1,053
Interest rate swaps	-	108	-	108
Unlisted investments				
Private equity	-	-	122,216	122,216
Mineral rights	-	-	9,475	9,475
	2,978,894	1,161	131,691	3,111,746

	As at 31 Dec 2013			
£000	**Level 1**	**Level 2**	**Level 3**	**Total**
Listed investments	3,188,951	-	-	3,188,951
Credit default swaps	-	(7,371)	-	(7,371)
Interest rate swaps	-	(164)	-	(164)
Foreign exchange contracts	-	(2,357)	-	(2,357)
Unlisted investments				
Private equity	-	-	124,854	124,854
Mineral rights	-	-	13,192	13,192
	3,188,951	(9,892)	138,046	3,317,105

There have been no transfers during the period/year between Levels 1 and 2.

Notes to the financial statements

11 Hierarchical valuation of financial instruments

Fair Value Assets in Level 1

The quoted market price used for financial investments held by the group is the current bid price. These investments are included within Level 1 and comprise of equities, bonds and exchange traded derivatives.

Fair Value Assets in Level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and with minimal reliance on entity specific estimates.

The following valuation techniques are relevant to the Level 2 instruments detailed above;

The fair value of credit default swaps are calculated as a function of the principal and the accrual. The principal is calculated as the present value of the future cash flows that result from the difference between the coupon of the contract and the current spread at which the contract is trading. The accrual is calculated as the coupon multiplied by the day convention, which is further multiplied by the notional value of the contract.

The fair value of interest rate swaps are calculated as the present value of the estimated future cash flows based on changes in observable yield curves

Fair Value Assets in Level 3

Level 3 valuations are reviewed at least annually by the Valuation Committee who are assigned responsibility by the Board of Alliance Trust PLC. The Valuation Committee considers the appropriateness of the valuation models, inputs, using the various valuation methods in accordance with the Group's valuation policy. The Committee will determine the appropriateness of any valuation of the underlying assets.

The following table shows the reconciliation from the beginning balances to the ending balances for fair value measurement in level 3 of the fair value hierarchy.

£000	**Group**		
	Jun 14	**Jun 13**	**Dec 13**
Balance at 1January	**138,046**	117,362	117,362
Net gain from financial instruments at fair value through profit or loss	**17,984**	1,469	10,724
Purchases at cost	**3,920**	13,226	21,265
Sales proceeds	**(22,815)**	(840)	(8,527)
Realised gain on sale	**2,006**	474	(2,778)
Balance at 30 June / 31 December	**139,141**	131,691	138,046

There have been no transfers during the period/year between Level 2 and 3. No interrelationships between unobservable inputs used in the above valuations of Level 3 investments have been identified.

The following valuation techniques are relevant to the Level 3 instruments detailed above;

Private equity, both fund-to-fund and direct investment, are included under Level 3 and is valued in accordance with the International Private Equity and Venture Capital Valuation Guidelines issued in December 2012. Unlisted investments in private equity are stated at the valuation as determined by the Valuation Committee based on information provided by the General Partner. The General Partner's policy in valuing unlisted investments is to carry them at fair value. The General Partner will generally rely on the funds investment manager's fair value at the last reported period rolled forward for any cash flows. However if the General Partner does not feel the manager is reflecting a fair value they will select a valuation methodology that is most appropriate for the particular investments in that fund and generate a fair value. In those circumstances the General Partner believes the most appropriate methodologies to use to value the underlying investments in the portfolio are:

• Price of a recent investment

• Multiples

• Net assets

• Industry valuation benchmarks

Mineral rights are carried at fair value and are valued in the Group's accounts at £16.6m (£9.5m at 30 June 2013, £13.2m at 31 December 2013) being the Directors' estimate of their fair value, using the guidelines and methodologies on valuation published by the Oklahoma Tax Commission and for non-producing properties, the Lierle US Price Report.

The table below details how an increase or decrease in the respective input variables for mineral rights would impact the valuation disclosed for the relevant Level 3 assets. An entity is not required to create quantitative information to comply with this disclosure requirement if quantitative unobservable inputs are not developed by the entity when measuring fair value (for example, when an entity uses prices from prior transactions or third-party pricing information without adjustment). For Private Equity investments, Alliance Trust PLC receives information from the General Partner on the underlying investments which is subsequently reviewed by the Valuation Committee. Where Alliance Trust PLC does not feel that the valuation is appropriate, an adjustment will be made.

Notes to the financial statements

11 Hierarchical valuation of financial instruments

The table below details how an increase or decrease in the input variables would impact the valuation disclosed for the relevant Level 3 assets.

£000 Description	Fair Value at June 2014	Valuation technique	Unobservable inputs	Input	Input sensitivity +/-	Valuation technique valuation +/-
Mineral rights	**16,615**	Oklahoma Tax Commission multiples and Lierle US Price report (for non producing properties)	Revenue multiple - gas	**7**	1	1,169/(1,169)
			Revenue multiple - oil	**4**	1	1,006/(1,006)
			Revenue multiple - products/condensate	**4**	1	486/(486)
			Av. bonus multiple non producing	**1.2**	0.5	1,029/(1,029)

The change in valuation disclosed in the above table shows the direction an increase or decrease in the respective input variables would have on the valuation result. For Mineral rights, an increase in the revenue multiple and average bonus multiple would lead to an increase in the estimated value.

Investment in subsidiary companies

Investments in subsidiary companies (Level 3) are valued in the Company's accounts only at £155.9m (£150.6m at 30 June 2013 and £150.5m at 31 December 2013) being the Directors' estimate of their fair value, using the guidelines and methodologies on valuation published by the International Private Equity and Venture Capital Association. This includes Alliance Trust Savings Limited at £26.7m (£24.6m at 30 June 2013 and £26.7m at 31 December 2013), Alliance Trust Investments Limited at £12.8m (£10.1m at 30 June 2013 and £12.8m at 31 December 2013) and Alliance Trust Finance Limited £16.8m (£17.8m at 30 June 2013 and £16.8m at 31 December 2013). This represents the Directors' view of the amount for which the subsidiaries could be exchanged between knowledgeable willing parties in an arm's length transaction. This does not assume that the underlying business is saleable at the reporting date or that the Company has any intention to sell the subsidiary business in the future. The Directors have used several valuation methodologies as prescribed in the guidelines to arrive at their best estimate of fair value, including discounted cash flow calculations, revenue and earnings multiples and recent market transactions where available.

The following key assumptions are relevant to the fair valuation of our investment in our subsidiary companies, and are consistent with prior years:

- Alliance Trust Savings - This is valued as a trading business. A discounted cash flow, revenue multiple and an earnings before interest tax depreciation and amortisation multiple approach have been adopted.
- Alliance Trust Investments - This is valued based on third party funds only. Given the stage of development of Alliance Trust Investments it is valued as a book of business rather than a trading business. Both a discounted cashflow and revenue multiple valuation approach have been adopted.
- Alliance Trust Finance - This is predominantly valued using the value of cash held in this entity.

The multiples applied in valuing our subsidiaries are derived from comparable companies sourced from market data.

12 Financial Commitments

As at 30 June 2014 the Group and Company had financial commitments, which have not been accrued, totalling £24m (£52m at 30 June 2013 and £29m at 31 December 2013). Of this amount £24m (£52m at 30 June 2013 and £29m at 31 December 2013) was in respect of uncalled subscriptions in investments structured as limited partnerships all of which relates to investments in our private equity portfolio. This is the maximum amount that the Company may be required to invest. These limited partnership commitments may be called at any time up to an agreed contractual date. The Company may choose not to fulfil individual commitments but may suffer a penalty should it do so, the terms of which vary between investments.

Notes to the financial statements

13 Share Based Payments

The Group operates two share based payment schemes. Full details of these schemes (LTIP and AESOP) are disclosed in the December 2013 annual report and financial statements and the basis of measuring fair value is consistent with that disclosed therein.

Long Term Incentive Plan ('LTIP')

In the period to 30 June 2014 participating employees applied a proportion of their annual cash bonuses for the period ended 31 December 2013 to purchase 108,014 (106,557 at 30 June 2013 and 31 December 2013) Company shares at a weighted average price of £4.55 (£4.34 at 30 June 2013 and 31 December 2013) per share. Matching awards of up to 296,695 (213,264 at 30 June 2013 and 31 December 2013) shares, and performance awards of up to 705,417 (728,314 at 30 June 2013 and 31 December 2013) shares were granted.

Matching awards and performance awards made during the period were valued at £499,000 (£356,000 at 30 June 2013 and at 31 December 2013) and £1,192,000 (£1,216,000 at 30 June 2013 and at 31 December 2013) respectively. The fair value of the awards was calculated using a binomial methodology.

The cumulative charge to the income statement during the period for the cost of all LTIP awards was £728,000 (£713,000 at 30 June 2013 and £1,402,000 at 31 December 2013) for the Group. In accordance with IFRS 2 the costs of matching and performance awards for each plan are expensed over the three year performance period.

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

14 Bank Overdraft and Loans

£000	As at 30 June 2014	As at 30 June 2013	As at 31 Dec 2013
Bank loans repayable within one year	**380,000**	340,000	380,000
Analysis of borrowings by currency:			
Bank loans - Sterling	**380,000**	340,000	380,000
The weighted average % interest rates payable:			
Bank loans	**1.61**%	1.80%	1.81%
The Directors' estimate of the fair value of the borrowings:			
Bank loans	**380,000**	340,000	380,000

On 18 June 2014 Alliance Trust PLC announced a £100m private placement of senior unsecured notes at a fixed coupon rate of 4.28% p.a. for a 15 year period through to July 2029. The notes are scheduled to fund on 31 July 2014 and will be used to repay existing debt.

15 Share Capital

£000	As at 30 June 2014	As at 30 June 2013	As at 31 Dec 2013
Allotted, called up and fully paid:			
556,209,146 (561,529,146 at 30 June 2013 and 560,094,146 at 31 December 2013) ordinary shares of 2.5p each	**13,906**	14,039	14,003

Share Buy Backs

£000	As at 30 June 2014	As at 30 June 2013	As at 31 Dec 2013
Ordinary shares of 2.5p each			
Opening share capital	**14,003**	14,040	14,040
Share buy back	**(97)**	(1)	(37)
Closing share capital	**13,906**	14,039	14,003

Contact

Alliance Trust PLC
8 West Marketgait
Dundee
DD1 1QN

Tel +44 (0)1382 321000
Email investor@alliancetrust.co.uk

www.alliancetrust.co.uk