

23 July 2015

Alliance Trust PLC

Investing with conviction in a challenging period

Results for 6 months to 30 June 2015

| Financial Highlights | As at 30 June 2015 | Total Return |
|-----------------------|--------------------|--------------|
| Company NAV per share | 545.9p | 1.4% |
| Share Price | 484.8p | 2.7% |
| Discount | 11.2% | |

Karin Forseke, Chair of Alliance Trust PLC commented that:

“The first half of 2015 was a particularly challenging period for Alliance Trust. In the run up to our AGM a significant proportion of our shareholder base indicated that they sought change. The Board has listened to these concerns and is actively engaged in addressing them. The Board anticipates announcing, in the Autumn, the changes that it intends to make.

Anthony Brooke and Rory Macnamara have joined the Board. Our ongoing search for a further non-executive director is also progressing well and we are now approaching the final stages of that process.”

Summary

- Alliance Trust delivered a NAV Total Return of 1.4% and Total Shareholder Return of 2.7%. The portfolio returns during the period were disappointing. They were adversely affected in the second quarter of the year by weakness in some of our income holdings.
- Our equity team has delivered outperformance relative to its benchmark since it took over responsibility for the portfolio in September 2014.
- We have continued the process of reducing the number of holdings in the equity portfolio. There were 68 positions at the end of the period, compared to 88 twelve months ago. This is an historically low number for the Trust and reflects the confidence that we have in our investment process.
- Towards the end of June, we drew down a further £82m of borrowings in order to increase our exposure to equities to 100%. With a current weighted average cost of borrowing of 2.0%, we expect that this will enhance returns from the equity portfolio in the future.
- The strong performance of Alliance Trust Investments’ specialist fund range has resulted in higher revenues and reduced losses. At the time of writing, all of our benchmarked funds are ranked above median in their peer groups in the current year. In the first half of the year the funds reported net inflows of £59m.
- Alliance Trust Savings’ assets under administration rose by 12% to £7.2bn driven almost entirely by new business inflows. The business made an operating loss from continuing activities of £0.2m due to planned seasonal marketing spend. The purchase of Stocktrade will increase the assets under administration by around 60% to over £11bn and is a significant step towards our ambition of becoming one of the top five platforms in the UK by 2020.

Commenting on the results for the first six months of 2015, Katherine Garrett-Cox, Chief Executive of Alliance Trust PLC, said:

“We are reporting today on the six month period to 30 June, during which time we have underperformed a number of our peers. However, much of the underperformance occurred in June when the sharp rise in bond yields affected the return. While the results for this specific period were disappointing, it should be noted that since the equity team took over responsibility for the portfolio in September 2014, the equity portfolio has outperformed its MSCI All Country World Index benchmark. At the time of writing, the NAV return is now in line with the peer group sector average, enabling us to build a long-term track record that we expect will narrow the discount over time.

Our objective is to maximise shareholder value by delivering a combination of long-term capital growth and a consistently rising dividend. We aim to achieve this through a portfolio which provides low risk exposure to global equities. Over the period, we have reduced the number of holdings in the portfolio to below 70. This is an historically low number and illustrates our confidence in our investment process. This concentration means that we are putting higher levels of conviction behind every holding and we are confident that this will deliver superior returns in the long term, albeit recognising that there can sometimes be periods of stock specific underperformance.

Looking ahead, it is clear that the uncertain outlook for both Greece and China has the capacity to affect equity markets for some time to come. We are confident that the team’s focus on investing in well-managed businesses for the long term will help insulate the portfolio from market volatility while continuing to generate returns for our shareholders.”

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Alliance Trust PLC Interim Report 2015

Results for 6 months to 30 June 2015

| | 30 June 2015 | 31 December 2014 | 30 June 2014 |
|---------------------------------|--------------|------------------|--------------|
| Net Asset Value (NAV) per share | 545.9p | 546.8p | 512.0p |
| Share price | 484.8p | 478.9p | 445.6p |

Purpose

Shareholder Return

| Indicators as at 30 June 2015 | 6 months | 1 year | 3 years | 5 years |
|--------------------------------|----------|--------|---------|---------|
| Total Shareholder Return (TSR) | 2.7% | 11.6% | 48.2% | 80.6% |
| Peer group rankings * | 25/36 | 14/36 | 22/34 | 15/32 |

| Indicators as at | | 30 June 2015 | 31 December 2014 | 30 June 2014 |
|------------------|--|--------------|------------------|--------------|
| Discount to NAV | | 11.2% | 12.4% | 13.0% |

* Peer group is the Global Investment Trust sector

Performance

Investment Return

| Indicators as at 30 June 2015 | 6 months | 1 year | 3 years | 5 years |
|------------------------------------|----------|--------|---------|---------|
| Net Asset Value (NAV) Total Return | 1.4% | 8.8% | 37.3% | 61.7% |
| Peer group rankings | 29/36 | 21/36 | 22/34 | 20/32 |

Company Expenses

| Indicators | 6 months to 30 June 2015 | Year to 31 December 2014 | 6 months to 30 June 2014 |
|------------------|--------------------------|--------------------------|--------------------------|
| Company Expenses | £11.1m* | £20.8m | £10.3m |

* Including AGM requisition costs of £2.5m

Investment in Subsidiaries

Alliance Trust Investments

| Indicators as at | 30 June 2015 | 31 December 2014 | 30 June 2014 |
|---|--------------|------------------|--------------|
| 3 rd party assets under management | £2.0bn | £1.9bn | £1.8bn |
| Funds above median over 3 years | 78% | 80% | 67% |
| Fair value | £24.3m | £24.3m | £12.8m |

| Indicators | 6 months to 30 June 2015 | Year to 31 December 2014 | 6 months to 30 June 2014 |
|-------------------------------|--------------------------|--------------------------|--------------------------|
| 3 rd party inflows | £59.3m | £88.0m | £81.4m |
| Total loss before tax | (£1.1m) | (£3.2m) | (£1.6m) |

Alliance Trust Savings

| Indicators as at | 30 June 2015 | 31 December 2014 | 30 June 2014 |
|-----------------------------|--------------|------------------|--------------|
| Assets under administration | £7.2bn | £6.4bn | £5.9bn |
| Customer accounts | 73,586 | 71,762 | 73,494 |
| Fair value | £31.6m | £31.6m | £26.7m |

| Indicators | 6 months to 30 June 2015 | Year to 31 December 2014 | 6 months to 30 June 2014 |
|--|-----------------------------|-----------------------------|-----------------------------|
| Number of trades ('000) | 263 | 494 | 240 |
| Operating (loss)/profit from continuing activities | (£0.2m)* | £0.2m** | (£0.4m)** |
| Total loss before tax | (£1.1m) | (£3.7m) | (£2.7m) |

* excluding the costs of the acquisition of Stocktrade.

** excluding non-recurring RDR marketing expenditure, costs associated with outsourcing and impairment related to the decision to retain banking licence

Overview

The first half of 2015 was a particularly challenging period for Alliance Trust. In the run up to our AGM a significant proportion of our shareholder base indicated that they sought change. The Board has listened to these concerns and is actively engaged in addressing them. The Board anticipates announcing, in the Autumn, the changes that it intends to make.

Six month performance

- Alliance Trust delivered a NAV Total Return of 1.4% and Total Shareholder Return of 2.7%.
- The portfolio returns during the period were disappointing. They were adversely affected in the second quarter of the year by weakness in some of our income holdings.
- Our equity team has delivered outperformance relative to its benchmark since it took over responsibility for the portfolio in September 2014.

Portfolio

- We have continued the process of reducing the number of holdings in the equity portfolio. There were 68 positions at the end of the period, compared to 88 twelve months ago. This is an historically low number for the Trust and reflects the confidence that we have in our investment process.
- Towards the end of June we drew down a further £82m of borrowings in order to increase our exposure to equities to 100%. With a current weighted average cost of borrowing of 2.0%, we expect that this will enhance returns from the equity portfolio in the future.

Alliance Trust Investments

- The strong performance of our specialist fund range has resulted in higher revenues and reduced losses. At the time of writing, all of our benchmarked funds are ranked above median in their peer groups in the current year.
- In the first half of the year the funds reported net inflows of £59m.

Alliance Trust Savings

- Assets under administration rose by 12% to £7.2bn driven almost entirely by new business inflows. The business made an operating loss from continuing activities of £0.2m due to planned seasonal marketing spend.
- The purchase of Stocktrade will increase the assets under administration by around 60% to over £11bn and is a significant step towards our ambition of becoming one of the top five platforms in the UK by 2020.

Equity portfolio review

We are conscious of the need to maximise shareholder value by delivering a combination of capital growth and a consistently rising dividend. The portfolio is unconstrained and invests in every MSCI sector. We have identified companies that display the combination of income, quality and growth required to drive long-term performance of the Trust's equity portfolio. We assess the performance of the equity portfolio team relative to the performance of the MSCI All Country World Index (MSCI ACWI). The equity portfolio generated a total return of almost 1.6%, which was below the 2.1% of the MSCI ACWI. While the portfolio had been performing in line with the index until the end of May, it underperformed in June, largely because of the sharp increase in bond yields.

The Information Technology sector is one in which we see many opportunities, both in developed and emerging markets. Within the sector, we started positions in three key stocks; Tencent, SS&C Technologies and Seagate. Tencent is the leading technology platform in China, and as China builds the world's largest 4G mobile network, it also benefits from the shift in consumption to mobile phones. SS&C Technologies, listed in the US, is an emerging leader in integrated end-to-end financial services software for portfolio management. It is a high growth, high margin leader, with best-in-class products and high barriers to entry when their systems are installed. Seagate is another US listed company and is one of two dominant players in the Hard Disk Drive (HDD) industry and they control close to half the global market.

We have also made some changes in the Energy sector. We have started a position in Statoil and increased our position in Total. One of the key focuses of our process is to look at how well energy companies are managing their environmental and geo-political risks, to ensure the long term sustainability and quality of the dividend is supported, with Statoil and Total clear leaders in this regard. Our thesis on the oil sector is that a lower oil price is now the "new normal". Much of the supply which had gone offline following the large fall in price at the end of 2014 can be quickly switched back online above \$85 per barrel, ensuring this remains a ceiling for the oil price in the foreseeable future. Statoil is a company that has been restructuring its resource base, even before the oil price dropped, and has also been focusing on reducing costs, ensuring they can support their dividend in this changed environment. We also initiated a position in ENN Energy, as we see the substitution from coal to gas as an energy source as an important structural theme in China. We sold ENI as we believe it is focused on production growth, rather than value creation and efficiency.

Within the consumer sectors we started a position in TJX Companies. It is the global leader in the shift to discount fashion retailing, with its leading TJ Maxx and TK Maxx brands. We also switched our Consumer Staples position from Diageo into Ambev, in Brazil. Ambev is a very well run, high margin business, which benefits from the ability of the parent company (Anheuser Busch InBev) to introduce brands and capitalise on their dominant distribution network in Brazil. Brazil remains an attractive market for beer and, despite recent economic weakness, the long-term attractiveness of the market remains intact.

Performance for the equity portfolio was driven by positive returns in the Health Care, Financials, and Consumer sectors. Poor returns in the Energy and Materials sectors impacted negatively across markets. These were smaller weights in the portfolio, but a negative impact on performance was still observed. In addition to the equity portfolio returns positive returns, were achieved from other investments.

Having reduced the number of stocks in the period, we do not envisage stock numbers falling much further, and believe we are close to our optimal number of holdings. The portfolio remains well-balanced and high quality.

Market review

This has been a difficult period for investors. Key contributing factors include weaker economic growth from the US, resulting in interest rate uncertainty, an unexpected result in the UK General Election, causing increased volatility, and the re-emergence of worries in Europe around a deteriorating economic and political position in Greece. However, despite all this, and recent market moves, we have not changed our assessment that equities remain relatively good long-term value, particularly when compared to other asset classes.

Dividends

The dividend for 2015, before any special dividend, is expected to be 10.13p, an increase of 3% on the prior year. The Company paid an interim dividend of 2.5325p on 30 June 2015. A second interim dividend of 2.5325p will be paid on 30 September 2015 to shareholders on the register on 28 August 2015. In the absence of any unforeseen developments we expect to be able to recommend further quarterly interim dividends of 2.5325p payable on or around 31 December 2015 and on or around 4 April 2016 with any special dividend payable on or around 30 June 2016.

Buybacks

During the period the Company bought back 1,025,000 shares at a total cost of £5.1m.

Investment outlook

Uncertainty looks set to continue for some time. The problems with Europe have not been resolved, only delayed, and we expect them to re-emerge later in the year. In addition, the UK election result, which gave an overall majority to the Conservative party, has added another source of concern to financial markets with the prospect of a referendum on Britain's membership of the EU in 2017.

From a macro-economic perspective the debate as to the timing of the first rise in interest rates looks set to continue. Our assumption is that it will not happen until Q4 this year at the earliest and possibly not till 2016, and we expect the US to be the first major economy to make a move. The UK economy, despite seeing growth, is unlikely to move ahead of the US. Any increase in rates will be gradual and limited and, whilst there are still some deflationary concerns, will be some way off. The situation in Greece is changing almost daily and while we have no direct exposure we do monitor developments because of the potential contagion effect on other Eurozone economies.

We have concerns over the Chinese economy because of the imbalances in credit, savings and real estate which have built up during the period of remarkable economic expansion and call into question the ability of the government to control the economy.

This rather downbeat backdrop and divergence of returns re-emphasises our belief that trying to second-guess the political and economic environment is not the key driver to stock selection. Our bottom-up analysis, which integrates our environmental, social and governance factors, allows us to value companies on their own merits and, on that basis, we continue to see opportunities in well-managed companies with strong fundamentals and sustainable long-term business models. Our philosophy and process identifies these high quality companies and enables us to make decisions as to their value and possible inclusion in the Trust's unconstrained and diversified equity portfolio.

Many of the companies in which we invest have international exposure, providing protection from regional cyclical or country-specific political uncertainty. We will continue to focus on analysing companies and their ability to generate superior returns over the long term for our shareholders.

| Equity Portfolio Attribution (%) | Alliance Trust | | | MSCI All Country World Index | | Sector Allocation Effect | Stock Selection Effect | Total Relative Effect |
|----------------------------------|----------------|---------------|------------------------------|------------------------------|---------------|--------------------------|------------------------|-----------------------|
| | Average Weight | Sector Return | Contribution to total Return | Average Weight | Sector Return | | | |
| Consumer Discretionary | 7.68 | 12.39 | 0.95 | 12.36 | 5.84 | -0.17 | 0.49 | 0.32 |
| Consumer Staples | 8.33 | 3.47 | 0.29 | 9.77 | 1.09 | 0.01 | 0.19 | 0.21 |
| Energy | 5.22 | -7.40 | -0.39 | 7.66 | -3.89 | 0.14 | -0.18 | -0.04 |
| Financials | 25.29 | 2.15 | 0.54 | 21.49 | 1.76 | -0.01 | 0.10 | 0.08 |
| Health Care | 17.34 | 6.67 | 1.16 | 12.06 | 9.16 | 0.37 | -0.42 | -0.06 |
| Industrials | 7.74 | -0.88 | -0.07 | 10.58 | 0.71 | 0.04 | -0.12 | -0.08 |
| Information Technology | 18.45 | -0.96 | -0.18 | 13.76 | 1.06 | -0.05 | -0.36 | -0.41 |
| Materials | 4.80 | -10.38 | -0.50 | 5.33 | 0.20 | 0.01 | -0.50 | -0.49 |
| Telecommunication Services | 1.56 | 5.87 | 0.09 | 3.69 | 4.20 | -0.04 | 0.03 | -0.02 |
| Utilities | 3.59 | -9.17 | -0.33 | 3.19 | -7.78 | -0.04 | -0.05 | -0.09 |
| Total | 100 | 1.57 | 1.57 | 100 | 2.09 | 0.26 | -0.82 | -0.57 |

Source: Alliance Trust and FactSet

| Contribution Analysis (%) | Average Weight | Total Return | Contribution to Total Return |
|---------------------------------|----------------|--------------|------------------------------|
| Equity Portfolio | 96.82 | 1.57 | 1.54 |
| Fixed Income | 5.63 | 0.97 | 0.05 |
| Other Investments | 7.45 | 0.80 | 0.06 |
| Cash & Accruals | 2.16 | - | 0.19 |
| Gearing | -12.06 | 1.09 | -0.13 |
| Expenses | | | -0.35 |
| Buybacks | | | 0.02 |
| NAV Total Return | | | 1.38 |
| Effect of Discount | | | 1.35 |
| Share Price Total Return | | | 2.73 |
| MSCI ACWI Total Return | | | 2.09 |

Source: Alliance Trust and FactSet

Company Portfolio Review

Quoted equity holdings as at 30 June 2015

| Stock | Country of listing | Sector | % of equity portfolio | Value £m |
|-----------------|--------------------|------------------------|-----------------------|----------|
| CVS Health | United States | Consumer Staples | 3.5 | 102.4 |
| Pfizer | United States | Health Care | 3.4 | 99.3 |
| Visa | United States | Information Technology | 3.3 | 96.1 |
| Walt Disney | United States | Consumer Discretionary | 3.3 | 94.7 |
| Prudential | United Kingdom | Financials | 3.0 | 86.9 |
| Accenture | United States | Information Technology | 2.7 | 78.9 |
| Blackstone | United States | Financials | 2.6 | 75.0 |
| WPP | United Kingdom | Consumer Discretionary | 2.3 | 65.7 |
| Express Scripts | United States | Health Care | 2.2 | 64.7 |
| Legal & General | United Kingdom | Financials | 2.1 | 61.1 |
| Wells Fargo | United States | Financials | 2.1 | 60.4 |
| Amgen | United States | Health Care | 2.0 | 58.4 |

| | | | | |
|------------------------------|----------------|----------------------------|-----|------|
| National Grid | United Kingdom | Utilities | 2.0 | 58.2 |
| Intesa Sanpaolo | Italy | Financials | 2.0 | 58.1 |
| HSBC | United Kingdom | Financials | 2.0 | 57.1 |
| Sanofi | France | Health Care | 1.9 | 54.4 |
| Qualcomm | United States | Information Technology | 1.9 | 54.4 |
| American Tower | United States | Financials | 1.9 | 54.3 |
| Swedbank | Sweden | Financials | 1.8 | 51.3 |
| Reckitt Benckiser | United Kingdom | Consumer Staples | 1.6 | 47.8 |
| Danaher | United States | Industrials | 1.6 | 46.8 |
| AmerisourceBergen | United States | Health Care | 1.6 | 46.0 |
| Enterprise Products Partners | United States | Energy | 1.5 | 44.2 |
| Roche | Switzerland | Health Care | 1.5 | 43.6 |
| TJX | United States | Consumer Discretionary | 1.5 | 43.4 |
| Linear Technology | United States | Information Technology | 1.4 | 42.0 |
| SAP | Germany | Information Technology | 1.4 | 41.5 |
| Mitsui Fudosan | Japan | Financials | 1.4 | 40.5 |
| Equinix | United States | Financials | 1.4 | 39.3 |
| Vodafone | United Kingdom | Telecommunication Services | 1.3 | 39.2 |
| Novo Nordisk | Denmark | Health Care | 1.3 | 39.1 |
| Continental | Germany | Consumer Discretionary | 1.3 | 37.7 |
| Seagate Technology | United States | Information Technology | 1.3 | 37.6 |
| Ambev | Brazil | Consumer Staples | 1.3 | 36.6 |
| Statoil | Norway | Energy | 1.2 | 35.4 |
| Daikin Industries | Japan | Industrials | 1.2 | 34.9 |
| GlaxoSmithKline | United Kingdom | Health Care | 1.2 | 34.7 |
| Roper Technologies | United States | Industrials | 1.2 | 34.2 |
| NASDAQ OMX | United States | Financials | 1.2 | 33.5 |
| Deutsche Post | Germany | Industrials | 1.1 | 33.4 |
| ENN Energy | China | Utilities | 1.1 | 32.8 |
| Henkel | Germany | Consumer Staples | 1.1 | 32.5 |
| Tencent | China | Information Technology | 1.1 | 32.4 |
| Total | France | Energy | 1.1 | 32.2 |
| Toronto-Dominion Bank | Canada | Financials | 1.1 | 31.8 |
| SS&C Technologies | United States | Information Technology | 1.1 | 31.6 |
| Cadence Design Systems | United States | Information Technology | 1.1 | 31.4 |
| Unilever | United Kingdom | Consumer Staples | 1.1 | 31.4 |
| Humana | United States | Health Care | 1.1 | 30.9 |
| Johnson Matthey | United Kingdom | Materials | 1.1 | 30.6 |
| VTech | Hong Kong | Information Technology | 1.0 | 30.1 |
| ORIX | Japan | Financials | 1.0 | 29.9 |
| Google | United States | Information Technology | 1.0 | 29.7 |
| BASF | Germany | Materials | 1.0 | 28.6 |
| Computershare | Australia | Information Technology | 1.0 | 28.5 |
| Aberdeen Asset Management | United Kingdom | Financials | 1.0 | 28.4 |
| CSL | Australia | Health Care | 1.0 | 27.9 |
| Praxair | United States | Materials | 1.0 | 27.7 |
| Monsanto | United States | Materials | 0.9 | 26.1 |
| Schneider Electric | France | Industrials | 0.9 | 26.1 |
| Delta Lloyd | Netherlands | Financials | 0.9 | 24.7 |
| Macquarie Infrastructure | United States | Industrials | 0.8 | 23.2 |
| Bangkok Bank | Thailand | Financials | 0.8 | 22.2 |
| Schlumberger | United States | Energy | 0.8 | 22.0 |
| Melrose Industries | United Kingdom | Industrials | 0.7 | 21.5 |
| Norsk Hydro | Norway | Materials | 0.7 | 20.6 |
| Petrofac | United Kingdom | Energy | 0.6 | 18.2 |

| | | | | |
|------------------------------|----------------|------------|-----|----------------|
| Ashmore Global Opportunities | United Kingdom | Financials | 0.1 | 3.9 |
| Total value | | | | 2,919.8 |

Funds as at 30 June 2015

| Alliance Trust Investment Funds | Country of registration | Value £m |
|---|-------------------------|--------------|
| Monthly Income Bond Fund | United Kingdom | 119.9 |
| Sustainable Future Pan-European Equity Fund | Luxembourg | 61.3 |
| Dynamic Bond Fund | United Kingdom | 54.0 |
| Sustainable Future Cautious Managed Fund | United Kingdom | 10.9 |
| Sustainable Future Defensive Managed Fund | United Kingdom | 10.8 |
| Total value | | 256.9 |

Other investments as at 30 June 2015

| Investment | Region | Value £m |
|----------------------------|----------------------------|--------------|
| Private Equity | United Kingdom/Europe/Asia | 125.1 |
| Mineral Rights | North America | 33.1 |
| Alliance Trust Savings | United Kingdom | 31.6 |
| Alliance Trust Investments | United Kingdom | 24.3 |
| Property | United Kingdom | 13.5 |
| Other | United Kingdom | 9.9 |
| Total value | | 237.5 |

Total investments as at 30 June 2015

| Investment | Value £m |
|--------------------|----------------|
| Quoted equities | 2,919.8 |
| Funds | 256.9 |
| Other investments | 237.5 |
| Total value | 3,414.2 |

Source – Alliance Trust

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

The drivers to profitability for this business are the delivery of consistent investment performance and net sales growth.

Our investment team has delivered strong performance. At the time of writing all of the funds with a benchmark are above the median of their peer group. We continue to attract investment and we saw third party assets under management grow by 7% during the period with net inflows of £59m.

We believe that Alliance Trust Investments is well-positioned for the future and is continuing on its path to profitability as we grow the business in line with our strategy. As well as attracting retail investment we are seeing institutional interest in our sustainable investment expertise.

The long-term investment pedigree of our managers and their specialist fund range is demonstrated by seven of the nine funds within our range that have a three year track record being ranked above the median, with four of them in the top quartile.

The increase in third party revenue of 8% together with continuing control of costs saw our loss before tax reduced by 31% to £1.1m.

The fair value of the business is £24.3m, as stated in our 2014 Annual Report and Accounts.

| Third Party Assets Under Management | | Third Party Net Revenue | | |
|-------------------------------------|--------|-------------------------|------------|--------|
| | | | six months | annual |
| June 2015 | £2.0bn | June 2015 | £4.3m | |
| Dec 2014 | £1.9bn | Dec 2014 | £4.0m | £8.4m |
| Dec 2013 | £1.8bn | Dec 2013 | £3.5m | £7.2m |

Alliance Trust Savings

Alliance Trust Savings has for some time been recognised for excellent customer service. Through the recently announced acquisition of Stocktrade it will now also have the scale to move the business towards meaningful profitability. In addition, an enhanced platform will deliver improved functionality to intermediary customers in the third quarter of this year with direct customers being migrated to the new platform during 2016.

We have seen assets under administration rise by £0.8bn to £7.2bn in the period, a rise of 12%. The net number of accounts has also increased by over 1,800 (2.5%) during the period. The business will continue to focus on growing all three channels of direct to customer, intermediary and partnerships.

We report an operating loss for the period, excluding the costs of the acquisition of Stocktrade, of £0.2m. This was due to planned marketing spend during the ISA season. The total loss before tax was £1.1m, including costs associated with the acquisition of Stocktrade.

There has been considerable change in the savings and investment market with the recent pension changes only coming into full effect on 6 April 2015. We are confident that customer numbers will continue to increase, attracted by

- our flat fee structure
- award winning customer service
- investment choice
- improved functionality.

The fair value of the business is £31.6m, as stated in our 2014 Annual Report and Accounts. The half year valuation does not reflect the impact of the injection of £6m to increase the regulatory capital required to match the growth of the business until it is revalued at the year end.

| Assets under Administration | | Revenue | | |
|-----------------------------|--------|-----------|------------|--------|
| | | | six months | annual |
| June 2015 | £7.2bn | June 2015 | £6.7m | |
| Dec 2014 | £6.4bn | Dec 2014 | £6.2m | £12.8m |
| Dec 2013 | £5.4bn | Dec 2013 | £5.4m | £10.9m |

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
- Regulatory and Conduct

These risks, and the way in which they are managed, are described in more detail within the Risk section on pages 27 to 30 of the Company's Annual Report and Accounts for the year ended 31 December 2014, 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 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 2014. There were no transactions with related parties during the six months ended 30 June 2015 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 47 of the Company's Report and Accounts for the year ended 31 December 2014.

As at 30 June 2015 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.

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
22 July 2015

Katherine Garrett-Cox
Chief Executive
22 July 2015

Financial Statements

Consolidated income statement (unaudited) for the period ended 30 June 2015

| £000 | Note | 6 months to 30 June 2015 | | | Restated 6 months to 30 June 2014 | | | Year to 31 Dec 2014 (audited) | | |
|--|------|--------------------------|----------------|---------------|--------------------------------------|----------|----------|----------------------------------|---------|----------|
| | | Revenue | Capital | Total | Revenue | Capital | Total | Revenue | Capital | Total |
| Revenue | | | | | | | | | | |
| Income | 3 | 63,378 | - | 63,378 | 58,035 | - | 58,035 | 110,117 | - | 110,117 |
| Profit/(Loss) on fair value designated investments | | - | 375 | 375 | - | (19,442) | (19,442) | - | 163,584 | 163,584 |
| Profit on investment property | | - | - | - | - | - | - | - | 284 | 284 |
| Total Revenue | | 63,378 | 375 | 63,753 | 58,035 | (19,442) | 38,593 | 110,117 | 163,868 | 273,985 |
| Administrative expenses | | (21,508) | (709) | (22,217) | (18,595) | (874) | (19,469) | (34,056) | (1,154) | (35,210) |
| Finance costs | 4 | (1,964) | (2,465) | (4,429) | (1,638) | (1,814) | (3,452) | (3,575) | (4,163) | (7,738) |
| Gain on revaluation of office premises | | - | - | - | - | - | - | - | 240 | 240 |
| Loss on disposal of other fixed asset | | - | - | - | - | (1) | (1) | - | - | - |
| Foreign exchange losses | | - | (460) | (460) | - | (7,351) | (7,351) | - | (2,752) | (2,752) |
| Profit/(Loss) before tax | | 39,906 | (3,259) | 36,647 | 37,802 | (29,482) | 8,320 | 72,486 | 156,039 | 228,525 |
| Tax | 5 | (3,444) | - | (3,444) | (1,520) | - | (1,520) | (3,666) | - | (3,666) |
| Profit/(Loss) for the period/year | | 36,462 | (3,259) | 33,203 | 36,282 | (29,482) | 6,800 | 68,820 | 156,039 | 224,859 |

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

June 2014 comparative information, including relevant notes, have been restated to reflect the implementation of Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27). Refer to note 2 (Basis of accounting) for full details. The comparative audited information for 31 December 2014 incorporates this change in accounting policy.

Earnings per share attributable to equity holders of the parent

| | | | | | | | | | | |
|-----------------------|---|------|--------|------|------|--------|------|-------|-------|-------|
| Basic (p per share) | 7 | 6.61 | (0.59) | 6.02 | 6.52 | (5.30) | 1.22 | 12.39 | 28.10 | 40.49 |
| Diluted (p per share) | 7 | 6.60 | (0.59) | 6.01 | 6.51 | (5.29) | 1.22 | 12.37 | 28.04 | 40.41 |

Consolidated statement of comprehensive income (unaudited)

| £000 | Note | 6 months to 30 June 2015 | | | Restated 6 months to 30 June 2014 | | | Year to 31 Dec 2014 (audited) | | |
|---|------|--------------------------|--------------|---------------|--------------------------------------|----------|-------|----------------------------------|---------|---------|
| | | Revenue | Capital | Total | Revenue | Capital | Total | Revenue | Capital | Total |
| Profit/(Loss) for the period/year | | 36,462 | (3,259) | 33,203 | 36,282 | (29,482) | 6,800 | 68,820 | 156,039 | 224,859 |
| Items that will not be reclassified subsequently to profit or loss: | | | | | | | | | | |
| Defined benefit plan net actuarial gain/(loss) | 8 | - | 4,492 | 4,492 | - | (51) | (51) | - | (1,506) | (1,506) |
| Retirement benefit obligations deferred tax | | - | - | - | - | - | - | - | 301 | 301 |
| Other comprehensive gain/(loss) | | - | 4,492 | 4,492 | - | (51) | (51) | - | (1,205) | (1,205) |
| Total comprehensive income/(loss) for the period/year | | 36,462 | 1,233 | 37,695 | 36,282 | (29,533) | 6,749 | 68,820 | 154,834 | 223,654 |

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

June 2014 comparative information, including relevant notes, have been restated to reflect the implementation of Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27). Refer to note 2 (Basis of accounting) for full details. The comparative audited information for 31 December 2014 incorporates this change in accounting policy.

Consolidated statement of changes in equity (unaudited) for the period ended 30 June 2015

| £000 | 6 months to 30 June 2015 | Restated 6 months to 30 June 2014 | Year to 31 Dec 2014 (audited) |
|---|-----------------------------|---|-------------------------------------|
| Called up share capital | | | |
| At 1 January | 13,835 | 14,003 | 14,003 |
| Own shares purchased and cancelled in the period/year | (27) | (97) | (168) |
| At 30 June / 31 December | 13,808 | 13,906 | 13,835 |
| Capital reserves | | | |
| At 1 January | 2,233,915 | 2,108,441 | 2,108,441 |
| (Loss)/Profit for the period/year | (3,259) | (29,482) | 156,039 |
| Defined benefit plan actuarial gain/(loss) | 4,492 | (51) | (1,205) |
| Own shares purchased and cancelled in the period/year | (5,110) | (17,485) | (30,208) |
| Share based payments | 1,017 | 471 | 848 |
| At 30 June / 31 December | 2,231,055 | 2,061,894 | 2,233,915 |
| Merger reserve | | | |
| At 1 January, 30 June and 31 December | 645,335 | 645,335 | 645,335 |
| Capital redemption reserve | | | |
| At 1 January | 5,163 | 4,995 | 4,995 |
| Own shares purchased and cancelled in the period/year | 27 | 97 | 168 |
| At 30 June / 31 December | 5,190 | 5,092 | 5,163 |
| Revenue reserve | | | |
| At 1 January | 120,916 | 113,381 | 113,381 |
| Profit for the period/year | 36,462 | 36,282 | 68,820 |
| Dividends | (41,552) | (34,117) | (61,275) |
| Unclaimed dividends returned/(redistributed) | - | 23 | (10) |
| At 30 June / 31 December | 115,826 | 115,569 | 120,916 |
| Total equity | | | |
| At 1 January | 3,019,164 | 2,886,155 | 2,886,155 |
| At 30 June / 31 December | 3,011,214 | 2,841,796 | 3,019,164 |

June 2014 comparative information, including relevant notes, have been restated to reflect the implementation of Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27). Refer to note 2 (Basis of accounting) for full details. The comparative audited information for 31 December 2014 incorporates this change in accounting policy.

Consolidated balance sheet (unaudited) as at 30 June 2015

| £000 | Note | 30 June 2015 | Restated 30 June 2014 | 31 Dec 2014 (audited) |
|--|------|--------------|--------------------------|--------------------------|
| Non-current assets | | | | |
| Investments held at fair value | 10 | 3,408,527 | 3,152,131 | 3,338,832 |
| Investment property held at fair value | | 4,830 | 4,525 | 4,830 |
| Property, plant and equipment: | | | | |
| Office premises | | 4,365 | 4,125 | 4,365 |
| Other fixed assets | | 352 | 308 | 467 |
| Intangible assets | | 1,012 | 928 | 1,032 |
| Pension scheme surplus | 8 | 11,299 | 6,610 | 5,197 |
| Deferred tax asset | | 1,039 | 1,015 | 1,039 |
| | | 3,431,424 | 3,169,642 | 3,355,762 |

| | | | | |
|---|----|------------------|-----------|-----------|
| Current assets | | | | |
| Outstanding settlements and other receivables | | 23,282 | 128,593 | 15,492 |
| Recoverable overseas tax | | 1,244 | 1,267 | 995 |
| Cash and cash equivalents | | 33,505 | 53,729 | 44,102 |
| | | 58,031 | 183,589 | 60,589 |
| Total assets | | 3,489,455 | 3,353,231 | 3,416,351 |
| Current liabilities | | | | |
| Outstanding settlements and other payables | | (10,265) | (125,727) | (11,984) |
| Tax payable | | (3,991) | (3,991) | (3,991) |
| Bank loans | 13 | (362,000) | (380,000) | (280,000) |
| | | (376,256) | (509,718) | (295,975) |
| Total assets less current liabilities | | 3,113,199 | 2,843,513 | 3,120,376 |
| Non-current liabilities | | | | |
| Unsecured fixed rate loan notes | | (100,000) | - | (100,000) |
| Deferred tax liability | | (1,039) | (1,015) | (1,039) |
| Amounts payable under long term Investment Incentive Plan | | (946) | (702) | (173) |
| | | (101,985) | (1,717) | (101,212) |
| Net assets | | 3,011,214 | 2,841,796 | 3,019,164 |
| Equity | | | | |
| Share capital | 14 | 13,808 | 13,906 | 13,835 |
| Capital reserves | | 2,231,055 | 2,061,894 | 2,233,915 |
| Merger reserve | | 645,335 | 645,335 | 645,335 |
| Capital redemption reserve | | 5,190 | 5,092 | 5,163 |
| Revenue reserve | | 115,826 | 115,569 | 120,916 |
| Total equity | | 3,011,214 | 2,841,796 | 3,019,164 |

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

June 2014 comparative information, including relevant notes, have been restated to reflect the implementation of Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27). Refer to note 2 (Basis of accounting) for full details. The comparative audited information for 31 December 2014 incorporates this change in accounting policy.

Net asset value per ordinary share attributable to equity holders of the parent

| | | | | |
|-------------|---|--------------|-------|-------|
| Basic (£) | 9 | £5.46 | £5.12 | £5.47 |
| Diluted (£) | 9 | £5.45 | £5.11 | £5.46 |

Consolidated cash flow (unaudited) for the period ended 30 June 2015

| £000 | 6 months to 30 June 2015 | Restated 6 months to 30 June 2014 | Year to 31 Dec 2014 (audited) |
|---|-------------------------------------|--|--|
| Cash flows from operating activities | | | |
| Profit before tax | 36,647 | 8,320 | 228,525 |
| Adjustments for: | | | |
| (Gains)/Losses on investments | (375) | 19,442 | (163,868) |
| Foreign exchange losses | 460 | 7,351 | 2,752 |
| Scrip dividends | - | - | 256 |
| Depreciation | 118 | 82 | 183 |
| Amortisation of intangibles | 165 | 297 | 333 |
| Gain on revaluation of offices premises | - | - | (240) |
| Loss on disposal of other fixed assets | - | 1 | - |

| | | | |
|---|-----------|-----------|-----------|
| Share based payment expense | 1,017 | 471 | 848 |
| Interest | 4,429 | 3,452 | 7,738 |
| Movement in pension scheme surplus | (1,610) | (1,582) | (1,323) |
| Operating cash flows before movements in working capital | 40,851 | 37,834 | 75,204 |
| (Increase)/Decrease in receivables | (7,796) | (50,355) | 735 |
| Decrease/(Increase) in payables | 3,311 | 1,754 | (1,859) |
| Net cash inflow/(outflow) from operating activities before income taxes | 36,366 | (10,767) | 74,080 |
| Taxes paid | (3,693) | (1,802) | (3,676) |
| Net cash inflow/(outflow) from operating activities | 32,673 | (12,569) | 70,404 |
| Cash flows from investing activities | | | |
| Proceeds on disposal at fair value of investments through profit and loss | 691,897 | 609,682 | 1,013,121 |
| Purchase of fair value through profit and loss investments | (765,105) | (507,175) | (965,415) |
| Purchase of plant and equipment | (3) | (142) | (401) |
| Purchase of other intangible assets | (142) | (408) | (551) |
| Net cash (outflow)/inflow from investing activities | (73,353) | 101,957 | 46,754 |
| Cash flows from financing activities | | | |
| Dividends paid - Equity | (41,552) | (34,117) | (61,275) |
| Unclaimed dividends returned/(redistributed) | - | 23 | (10) |
| Purchase of own shares | (5,110) | (17,485) | (30,208) |
| New bank loans and unsecured fixed rate loan notes raised | 82,000 | - | 100,000 |
| Repayment of borrowing | - | - | (100,000) |
| Interest payable | (4,795) | (3,954) | (6,036) |
| Net cash inflow/(outflow) from financing activities | 30,543 | (55,533) | (97,529) |
| Net (decrease)/increase in cash and cash equivalents | (10,137) | 33,855 | 19,629 |
| Cash and cash equivalents at beginning of period/year | 44,102 | 27,225 | 27,225 |
| Effect of foreign exchange rate changes | (460) | (7,351) | (2,752) |
| Cash and cash equivalents at the end of period/year | 33,505 | 53,729 | 44,102 |

June 2014 comparative information, including relevant notes, have been restated to reflect the implementation of Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27). Refer to note 2 (Basis of accounting) for full details. The comparative audited information for 31 December 2014 incorporates this change in accounting policy.

1 General Information

The information contained in this report for the period ended 30 June 2015 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 2014 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 and Group have sufficient resources to continue in operational existence for the foreseeable future. Accordingly the financial statements have been prepared on a going concern basis.

Segmental reporting

The Group has identified a single operating segment, the investment trust, which aims to maximise shareholders returns. As such no segmental information has been included in these financial statements.

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 anticipated in the forthcoming financial statements for the year ending 31 December 2015.

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

An amendment to IFRS 10 Consolidated Financial Statements was introduced and became effective from 1 January 2014. This amendment included additional accounting requirements for entities regarded as an investment entity and where the definition of an investment entity was met, consolidated financial statements were no longer required in prescribed circumstances. An investment entity is required to measure an investment in a subsidiary at fair value through the income statement, in accordance with IAS 39 Financial Instruments: Recognition and Measurement, if certain specified criteria are met. However, an investment entity is still required to consolidate any subsidiary entity where that subsidiary provides services that relate directly to the investment entity's investment activities and is not itself regarded as an investment entity.

IFRS 10 provides that an investment entity should have the following characteristics:

- it has more than one investment
- it has more than one investor
- it has investors that are not related parties of the entity
- it has ownership interest in the form of equity or similar interests

The Company qualifies as an investment entity under IFRS 10 meeting all the key characteristics defined above and as such is no longer permitted to consolidate its subsidiaries on a line by line basis, but instead recognise them as investments at fair value through the income statement.

Significant judgements and assumptions in respect of Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

In previous years, the Alliance Trust Group comprised the Company, 19 wholly owned subsidiaries and an ICVC company in which the Company held over 50% of the share capital and effectively had control over the fund as it had the power to govern the financial and operating policies of the fund and as such benefit from its activities. IFRS 10 states that if an investment entity has a subsidiary that provides investment-related services or activities, either directly or through a subsidiary, and it is not itself regarded as an investment entity, it shall consolidate that subsidiary.

The results that are therefore presented as the 'Consolidated Group', following adoption of Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) are the results of the Company ('Alliance Trust PLC') and Alliance Trust Services Limited ('ATSL'). ATSL is required to be consolidated as it provides services that directly relate to the investment activities of the Company however it is not itself an investment entity. All other subsidiaries within the Group have been valued at fair value through the income statement as they do not provide services that relate directly to the investment activities of the Company or they are themselves regarded as an investment entity.

The following subsidiaries have therefore not been consolidated into the Group results and have been valued at fair value through the income statement:

| Name | Shares held | Country of incorporation | Principal Activity |
|---|-------------|--------------------------|---|
| Alliance Trust Savings Limited ('ATS') | Ordinary | Scotland | Provision and administration of investment and pension products |
| Alliance Trust Savings (England) Limited | Ordinary | England | Inactive |
| Alliance Trust (Finance) Limited ('ATF') | Ordinary | Scotland | In process of wind up |
| AT2006 Limited | Ordinary | Scotland | Intermediate holding company |
| Second Alliance Trust Limited | Ordinary | Scotland | Inactive |
| Second Alliance Leasing Limited | Ordinary | Scotland | Inactive |
| Alliance Trust Real Estate Partners (GP) Limited | Ordinary | Scotland | Real estate general partner |
| Alliance Trust Real Estate Partners LP | - | Scotland | Limited partnership |
| Alliance Trust Investments Limited ('ATI') | Ordinary | Scotland | Investment management |
| Alliance Trust Investments (England) Limited | Ordinary | England | Inactive |
| Alliance Trust Equity Partners (Holdings) Limited | Ordinary | Scotland | Intermediate holding company |
| Alliance Trust Equity Partners Limited | Ordinary | Scotland | Investment management |
| Albany Venture Managers GP Limited | Ordinary | Scotland | Private equity general partner |

| | | | |
|---|----------|----------|--|
| Alliance Trust (PE Manco) Limited | Ordinary | Scotland | Inactive |
| ATEP 2008 GP Limited | Ordinary | Scotland | Private equity general partner |
| ATEP 2009 GP Limited | Ordinary | Scotland | Private equity general partner |
| Allsec Nominees Limited | Ordinary | Scotland | Nominee |
| Alliance Trust Savings Nominees Limited | Ordinary | Scotland | Nominee |
| Alliance Trust Investment Funds ICVC | Ordinary | Scotland | UK domiciled Open Ended Investment Company |

The following table summarises the key adjustments made to the consolidated Balance Sheet on implementation of the new accounting policies. Restated balances for December 2013, the opening balance sheet, are included within the financial statements of the Group's latest audited financial statements:

| £000 | Balance as at June 14 | Impact of change in accounting policy | Restated balance as at June 14 |
|--|-----------------------|---------------------------------------|--------------------------------|
| Investments at fair value through profit or loss | 3,307,309 | (150,653) | 3,156,656 |
| Total assets | 4,052,247 | (699,016) | 3,353,231 |
| Total liabilities | (1,219,949) | 708,514 | (511,435) |
| Net assets | 2,832,298 | 9,498 | 2,841,796 |
| Revenue reserve | 66,077 | 49,492 | 115,569 |

The effect on the consolidated income statement was as follows.

| £000 | Balance as at June 14 | Impact of change in accounting policy | Restated balance as at June 14 |
|-------------------------|-----------------------|---------------------------------------|--------------------------------|
| Total revenue | 47,387 | (8,794) | 38,593 |
| Administrative expenses | (25,718) | 6,249 | (19,469) |
| Profit for the year | 1,815 | 4,985 | 6,800 |

June 2014 comparative information, including primary statements and relevant notes (notes 3, 4, 7, 9, 10 and 14) have been restated.

The impact of adopting Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) is the deconsolidation of assets, liabilities, income and expenses of the subsidiary entities which were previously consolidated on a line by line basis. Prior to the adoption of the Investment Entities standard, the subsidiaries were consolidated on a line by line basis and appropriate consolidation adjustments were processed including eliminating the investments in the subsidiary as fully owned by the Company. Investments in subsidiaries are now included within the investments held at fair value line of the balance sheet with movements recognised through the income statement.

The same accounting policies, presentations and methods of computation are followed in these financial statements as were applied in the Group's last annual audited financial statements.

3 Revenue

| £000 | 6 months to 30 June 2015 | Restated 6 months to 30 June 2014 | Year to 31 Dec 2014 |
|------------------------|--------------------------|-----------------------------------|---------------------|
| Deposit interest | 5 | 25 | 32 |
| Dividend income* | 50,076 | 47,183 | 90,408 |
| Mineral rights income | 1,928 | 1,345 | 4,548 |
| Property rental income | 230 | 304 | 710 |
| Recharged costs** | 11,139 | 9,178 | 14,419 |
| Total revenue | 63,378 | 58,035 | 110,117 |

* Designated at fair value through profit and loss on initial recognition

** ATSL acts as a paymaster company and as such staff costs and all indirect costs for the two trading business, ATS and ATI, are included within income and expenses in the Consolidated Income Statement as these are recharged by ATSL. It should be noted that prior to January 2015 only indirect staff costs were charged through ATSL. With effect from January 2015 all indirect costs are charged through the paymaster company and as such the June 2015 consolidated results include both the staff and indirect costs for the two trading businesses where the comparative periods only include staff costs. This resulted in an additional £4.6m of indirect costs being charged through ATSL for the period to 30 June 2015.

4 Finance Costs

| £000 | 6 months to 30 June 2015 | | | Restated 6 months to 30 June 2014 | | | Year to 31 Dec 2014 | | |
|--|--------------------------|---------|-------|--------------------------------------|---------|-------|---------------------|---------|-------|
| | Revenue | Capital | Total | Revenue | Capital | Total | Revenue | Capital | Total |
| Bank loans and unsecured fixed rate loan notes | 1,964 | 2,465 | 4,429 | 1,638 | 1,814 | 3,452 | 3,575 | 4,163 | 7,738 |
| Total finance costs | 1,964 | 2,465 | 4,429 | 1,638 | 1,814 | 3,452 | 3,575 | 4,163 | 7,738 |

Finance costs include interest of £1.7m (£Nil at 30 June 2014 and £1.8m at 31 December 2014) on the £100m 4.28% unsecured fixed rate loan notes which were drawn down in July 2014 for 15 years.

5 Taxation

UK corporation tax for the period to 30 June 2015 is charged at 20.3% (21.5% for the period to 30 June 2014) of the estimated taxable profits for the period. A reduction in the main rate of UK corporation tax to 20.0% was substantively enacted in April 2015. 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 2015 | 6 months to 30 June 2014 | Year to 31 Dec 2014 |
|--|-----------------------------|-----------------------------|------------------------|
| Fourth interim dividend for the year ended 31 December 2013 of 2.3870p per share | - | 13,338* | 13,338* |
| First interim dividend for the year ended 31 December 2014 of 2.4585p per share | - | 13,658 | 13,658 |
| Second interim dividend for the year ended 31 December 2014 of 2.4585p per share | - | - | 13,581 |
| Third interim dividend for the year ended 31 December 2014 of 2.4585p per share | - | - | 13,577 |
| Fourth interim dividend for the year ended 31 December 2014 of 2.4585p per share | 13,555* | - | - |
| First interim dividend for the year ended 31 December 2015 of 2.5325p per share | 13,961 | - | - |
| | 27,516 | 26,996 | 54,154 |
| Special dividend for the year ended 31 December 2013 of 1.282p per share | - | 7,121* | 7,121* |
| Special dividend for the year ended 31 December 2014 of 2.546p per share | 14,036* | - | - |
| | 41,552 | 34,117 | 61,275 |

*Dividends for the years ended 31 December 2013 and 31 December 2014 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:

| £000 | 6 months to 30 June 2015 | | | Restated 6 months to 30 June 2014 | | | Year to 31 Dec 2014 | | |
|--|--------------------------|-------------|--------|--------------------------------------|-------------|-------|---------------------|-------------|---------|
| | 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 | 36,462 | (3,259) | 33,203 | 36,282 | (29,482) | 6,800 | 68,820 | 156,039 | 224,859 |
| Number of shares | | | | | | | | | |
| Weighted average number of ordinary shares for the purposes of basic earnings per share | | 551,532,534 | | | 556,485,739 | | | 555,308,405 | |
| Weighted average number of ordinary shares for the purposes of diluted earnings per share | | 552,517,817 | | | 557,740,776 | | | 556,548,721 | |

The weighted average number of ordinary shares is arrived at by excluding 886,173 (1,194,316 at 30 June 2014 and 1,131,837 at 31 December 2014) ordinary shares acquired by the Trustee of the Employee Benefit Trust with funds provided by the Company.

IAS 33.41 requires that shares should only be treated as dilutive if they decrease earnings per share or increase the loss per share. The earnings per share figures on the income statement reflect this.

8 Pension Schemes

The Group sponsors two pension arrangements.

The Alliance Trust Companies' Pension Fund ('the Scheme') is a funded defined benefit pension scheme which closed to 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 ATS.

Defined Benefit Scheme

The net actuarial gain made in the period and recognised in the Consolidated Statement of Comprehensive Income was £4,492,000 (30 June 2014 net actuarial loss of £51,000 and 31 December 2014 net actuarial loss of £1,506,000) calculated by a qualified independent actuary. This net gain was primarily as a result of using the latest scheme data available at 1 April 2015 updated on an approximate basis to 30 June 2015. The prior reporting period used scheme data as at 1 April 2012 updated on an approximate basis to 31 December 2014.

Certain actuarial assumptions have been used to arrive at the retirement benefit scheme surplus of £11.3m as at 30 June 2015 (30 June 2014 surplus of £6.6m and 31 December 2014 surplus of £5.2m). These are set out below:

| | 30 June 2015 | 30 June 2014 | 31 Dec 2014 |
|---|--------------|--------------|-------------|
| | % per annum | % per annum | % per annum |
| Retail Price Index Inflation | 3.15 | 3.30 | 3.00 |
| Consumer Price Index Inflation | 2.25 | 2.40 | 2.10 |
| Rate of discount | 3.40 | 4.20 | 3.50 |
| Allowance for pension in payment increases of RPI (subject to a maximum increase of 5% p.a) | 3.05 | 3.10 | 2.90 |
| Allowance for revaluation of deferred pensions of CPI (subject to a maximum increase of 5% p.a) | 2.25 | 2.40 | 2.10 |

9 Net Asset Value Per Ordinary Share

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

| | 30 June 2015 | Restated 30 June 2014 | 31 Dec 2014 |
|--|--------------|--------------------------|-------------|
| Equity shareholder funds (£000) | 3,011,214 | 2,841,796 | 3,019,164 |
| Number of shares at period end - Basic | 551,447,973 | 555,014,830 | 552,227,309 |
| Number of shares at period end - Diluted | 552,334,146 | 556,209,146 | 553,359,146 |

The number of ordinary shares has been reduced by 886,173 (1,194,316 at 30 June 2014 and 1,131,837 at 31 December 2014) ordinary shares held by the Trustee of the Employee Benefit Trust in order to arrive at the Basic figures above.

10 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 excludes 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 2015. All fair value measurements disclosed are recurring fair value measurements.

Group valuation hierarchy fair value through profit and loss

| £000 | As at 30 June 2015 | | | Total |
|-----------------------------|--------------------|---------|---------|-----------|
| | Level 1 | Level 2 | Level 3 | |
| Listed investments | 3,176,679 | - | - | 3,176,679 |
| Foreign exchange contracts | - | (5) | - | (5) |
| Unlisted investments | | | | |
| Private Equity | - | - | 132,898 | 132,898 |
| Alliance Trust Savings | - | - | 31,573 | 31,573 |
| Alliance Trust Finance | - | - | 8,871 | 8,871 |
| Alliance Trust Investments | - | - | 24,269 | 24,269 |
| Mineral rights | - | - | 33,087 | 33,087 |
| Other | - | - | 1,155 | 1,155 |
| | 3,176,679 | (5) | 231,853 | 3,408,527 |

| £000 | Restated As at 30 June 2014 | | | Total |
|-----------------------------|--------------------------------|---------|---------|-----------|
| | Level 1 | Level 2 | Level 3 | |
| Listed investments | 2,950,067 | - | - | 2,950,067 |
| Foreign exchange contracts | - | (454) | - | (454) |
| Unlisted investments | | | | |
| Private Equity | - | - | 128,487 | 128,487 |
| Alliance Trust Savings | - | - | 26,685 | 26,685 |
| Alliance Trust Finance | - | - | 16,850 | 16,850 |
| Alliance Trust Investments | - | - | 12,784 | 12,784 |
| Mineral rights | - | - | 16,615 | 16,615 |
| Other | - | - | 1,097 | 1,097 |
| | 2,950,067 | (454) | 202,518 | 3,152,131 |

| £000 | As at 31 Dec 2014 | | | Total |
|-----------------------------|-------------------|---------|---------|-----------|
| | Level 1 | Level 2 | Level 3 | |
| Listed investments | 3,106,301 | - | - | 3,106,301 |
| Unlisted investments | | | | |
| Private Equity | - | - | 137,679 | 137,679 |
| Alliance Trust Savings | - | - | 31,573 | 31,573 |
| Alliance Trust Finance | - | - | 8,865 | 8,865 |
| Alliance Trust Investments | - | - | 24,269 | 24,269 |
| Mineral rights | - | - | 29,891 | 29,891 |
| Other | - | - | 254 | 254 |
| | 3,106,301 | - | 232,531 | 3,338,832 |

There have been no transfers of recurring measurements during the year between Levels 1, 2 and 3.

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.

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 and inputs used 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 | | |
|---|----------|----------|----------|
| | June 15 | June 14 | Dec 14 |
| Balance at 1 January | 232,531 | 197,702 | 197,702 |
| Net (loss)/gain from financial instruments at fair value through profit or loss | (2,390) | 17,552 | 32,821 |
| Purchases at cost | 9,519 | 2,950 | 18,849 |
| Sales proceeds | (10,085) | (16,215) | (16,992) |
| Realised gain on sale | 2,278 | 529 | 151 |
| Balance at 30 June / 31 December | 231,853 | 202,518 | 232,531 |

Investments in subsidiary companies (Level 3) are valued in the Company's accounts at £65.8m (£56.6m at 30 June 2014 and £65.0m at 31 December 2014) 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 ATS at £31.6m (£26.7m at 30 June 2014 and £31.6m at 31 December 2014), ATI at £24.3m (£12.8m at 30 June 2014 and £24.3m at 31 December 2014) and ATF £8.9m (£16.8m at 30 June 2014 and £8.9m at 31 December 2014). 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 currently 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. The multiples applied in valuing our subsidiaries are derived from comparable companies sourced from market data.

- ATS 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.
- ATI This is valued as a trading business. Given ATI has achieved positive net inflows for 3 years and its losses are reducing, since 31 December 2014 it has been valued as a trading business rather than a book of business. Both a discounted cashflow and revenue multiple valuation approach have been adopted.
- ATF This is valued using the value of cash held in this entity.

Mineral rights are carried at fair value and are valued in the Company's accounts at £33.1m (£16.6m at 30 June 2014, £29.9m at 31 December 2014) 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 input variables would impact the valuation disclosed for the relevant Level 3 assets.

| £000 Investment | Fair Value at June 15 | Valuation Method | Unobservable inputs | Input | Input sensitivity +/- | Change in valuation +/- |
|----------------------------|-----------------------|---|--|-------|-----------------------|-------------------------|
| Alliance Trust Savings | 31,573 | Average of discounted cash flow methodology and comparable trading multiples. | DCF Discount rate | 15% | 1% | 1,000/(1,000) |
| | | | Revenue multiple | 2.5 | 1 | (4,500)/4,500 |
| | | | EBITDA multiple | 11.6 | 1 | (900)/900 |
| Alliance Trust Investments | 24,269 | Average of discounted cash flow methodology and comparable trading multiples. | DCF Discount rate | 15% | 1% | 1,400/(1,400) |
| | | | Revenue multiple | 2.6 | 1 | (4,600)/4,600 |
| Mineral rights | 33,087 | Oklahoma Tax Commission multiples and Lierle US Price report (for non producing properties) | Revenue multiple - gas | 7 | 1 | 2,300/(2,300) |
| | | | Revenue multiple - oil | 4 | 1 | 1,900/(1,900) |
| | | | Revenue multiple - products/condensate | 4 | 1 | 1,400/(1,400) |
| | | | Average bonus multiple non producing | 1.2 | 0.5 | 2,000/(2,000) |

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 ATS, an increase in the revenue and EBITDA multiple or a decrease in the discount rate would lead to an increase in the estimated value. For ATI, an increase in the revenue and a decrease in the discount rate would lead to an increase in the estimated value. For Mineral rights, an increase in the revenue multiple and average bonus multiple would lead to an increase in the estimated value.

Private equity investments, both fund-to-fund and direct included under Level 3, are 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 fund's investment manager's fair value at the last reported period, rolled forward for any cashflows. 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, and Industry valuation benchmarks. 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). 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.

The Company's unsecured fixed rate loan notes are initially recognised at a carrying value equivalent to the proceeds received net of issue costs associated with the borrowings. After initial recognition, unsecured fixed rate loan notes are subsequently measured at amortised cost using the effective interest rate method. The effective rate of interest is 4.30%.

No interrelationships between unobservable inputs used in the above valuations of Level 3 investments have been identified.

11 Financial Commitments

As at 30 June 2015 the Group and Company had financial commitments, which have not been accrued, totalling £42m (£43m at 30 June 2014 and £49m at 31 December 2014). Of this amount £42m (£43m at 30 June 2014 and £49m at 31 December 2014) 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.

The Company has provided letters of comfort in connection with banking facilities made available to certain of its subsidiaries. The Company provided letters to ATS and ATI confirming ongoing support for at least 12 months from the date the annual financial statements were signed, to make sufficient funds available if needed to enable them to continue trading, meet commitments and not to seek repayment of any amounts outstanding.

On 25 March 2011 the Company granted a floating charge of up to £30m over its listed investments to the Trustees of the Alliance Trust Companies Pension Fund.

12 Share Based Payments

The Group operates two share based payment schemes. Full details of these schemes (LTIP and AESOP) are disclosed in the December 2014 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 2015 participating employees applied a proportion of their annual cash bonuses for the period ended 31 December 2014 to purchase 98,006 (108,007 at 30 June 2014 and 31 December 2014) Company shares at a price of £5.10 (£4.55 at 30 June 2014 and 31 December 2014) per share. Matching awards of up to 317,880 (296,695 at 30 June 2014 and 31 December 2014) shares, and performance awards of up to 552,263 (705,417 at 30 June 2014 and 31 December 2014) shares were granted.

Matching awards and performance awards made during the period were valued at £558,253 (£498,000 at 30 June 2014 and at 31 December 2014) and £1,021,990 (£1,184,000 at 30 June 2014 and at 31 December 2014) 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 £452,000 (£728,000 at 30 June 2014 and £793,000 at 31 December 2014) for the Group. An extraordinary award was made in December 2014 to purchase 37,796 shares of Alliance Trust PLC at a price of £4.63. This award was valued at £65,000. 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.

13 Bank loans and unsecured fixed rate loan notes

| £000 | As at 30 June 2015 | As at 30 June 2014 | As at 31 Dec 2014 |
|---|-------------------------------|-------------------------------|------------------------------|
| Bank loans repayable within one year | 362,000 | 380,000 | 280,000 |
| Analysis of borrowings by currency: | | | |
| Bank loans - Sterling | 362,000 | 380,000 | 280,000 |
| The weighted average % interest rates payable: | | | |
| Bank loans | 1.39% | 1.61% | 1.49% |
| The Directors' estimate of the fair value of the borrowings: | | | |
| Bank loans | 362,000 | 380,000 | 280,000 |

| | | | |
|---------------------------------|----------------|---|---------|
| Unsecured fixed rate loan notes | 100,000 | - | 100,000 |
|---------------------------------|----------------|---|---------|

The effective interest rates payable:

| | | | |
|---------------------------------|--------------|----|-------|
| Unsecured fixed rate loan notes | 4.30% | -% | 4.30% |
|---------------------------------|--------------|----|-------|

£100m of unsecured fixed loan notes were drawn down in July 2014, over 15 years at 4.28%. The fair value at 30 June 2015 was £107.0m (30 June 2014 £Nil and 31 December 2014 £110.2m).

| | | | |
|---|--------------|-------|-------|
| The total weighted average % interest rates payable: | 2.01% | 1.61% | 2.23% |
|---|--------------|-------|-------|

14 Share Capital

| £000 | As at 30 June 2015 | Restated As at 30 June 2014 | As at 31 Dec 2014 |
|---|-------------------------------|--|------------------------------|
| Allotted, called up and fully paid: 552,334,146 (556,209,146 at 30 June 2014 and 553,359,146 at 31 December 2014) ordinary shares of 2.5p each | 13,808 | 13,906 | 13,835 |

Share Buy Backs

| £000 | As at 30 June 2015 | Restated As at 30 June 2014 | As at 31 Dec 2014 |
|------------------------------|-------------------------------|--|------------------------------|
| Ordinary shares of 2.5p each | | | |
| Opening share capital | 13,835 | 14,003 | 14,003 |
| Share buy backs | (27) | (97) | (168) |
| Closing share capital | 13,808 | 13,906 | 13,835 |

The Interim Report and Accounts will be available on the Company's website www.alliancetrust.co.uk later today.