ALLIANCE TRUST
INVESTING FOR GENERATIONS

SC001731

Report and Accounts
for the year ended 31 January

2010

Statement of Investment Objective and Policy

Alliance Trust is a self-managed investment company with investment trust status. Our objective is to be a core investment for investors seeking increasing value over the long term. We have no fixed asset allocation benchmark and we invest in a wide range of asset classes throughout the world to achieve our objective. Our focus is to generate a real return for shareholders over the medium to long term by a combination of capital growth and a rising dividend.

We pursue our objective by:

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

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

Where market conditions permit, we will use gearing of not more than 30% of our net assets at any given time. We can use derivative instruments to hedge, enhance and protect positions, including currency exposures.

Photo credits: Mackins Design Studio.

Company Highlights

Net Asset Value per share

22.2% Total Return **377.7p**

Source: Alliance Trust

Share Price

16.8% **313.0p**

Source: FactSet

Dividend

1.9% **8.15p**

Source: Alliance Trust

Company Expenses

4.8% **£16.0m**

Source: Alliance Trust

Performance Relative to Peer Group*	1 Year	2 Years	3 Years	5 Years
Ranking**	34/43	11/37	23/37	20/33

* The peer group consists of the companies in the AIC Global Growth and Global Growth and Income sectors and is listed in full on page 44.

** Source: Funddata

Contents

Chairman's Statement

Lesley Knox

Share price of the Trust rose by

16.8%

Peer Group ranking over two years

11/37

Total dividend for the year rose by

1.9%

In my statement 12 months ago, I reflected on the benefits of the Alliance Trust's long-term investment view for our shareholders. This gave us the confidence to weight the portfolio towards defensive stocks and cash at a time when others, with greater exposure to financial and cyclical stocks, suffered through the worst of the downturn. While some of the stocks which fell so dramatically during that period have benefited from a recovery in the current year we continue to follow our philosophy of investing in those companies which generate long-term shareholder value through financial strength and experienced management teams.

Investment performance

Over the financial year just ended, the Net Asset Value of the Trust rose by 19.2% while the share price rose by 16.8% ending the year at 313p. This placed us below the median of our investment trust peer group during a year of volatile markets. However, on a longer view, over the past two years during which the most dramatic market swings have played out, our performance ranks us above average against our investment trust peer group, both in terms of Net Asset Value and Total Shareholder Return.

We report on the performance of the Trust in terms of Total Shareholder Return compared to our peer group. This allows investors to judge our performance against other investments trusts, but, unlike many of our competitors, we do not have a fixed benchmark. We consider this to be an important distinction because it gives us the scope to invest decisively, taking advantage of the in-depth research of companies undertaken by our portfolio managers in stock selection and the experience of our Economic Research Centre which guide our asset allocation among global markets. It also allows us to protect shareholder value by moving into cash in periods of severe market downturn.

Dividend

We recognise the importance of a progressive dividend to investors and this has continued into its 43rd consecutive year. We have declared an increased fourth interim dividend of 2.075p per share, payable out of strong earnings, making a total dividend for the year of 8.15p per share (2009: 8.0p, excluding the special dividend of 0.5p paid in July 2009). We took the decision to make this payment earlier than our normal practice, a decision which we believe to be in our shareholders' interests.

Globally, a large number of companies cut their dividends in 2009. Looking forward, the economic background remains fragile and company prospects in 2010 remain uncertain. We shall, however, continue to manage the portfolio with an aim of producing both long-term capital growth and a progressive dividend. We have one of the highest yields of the larger trusts which fall within our peer group, and our decision to increase our reserves during the year differentiates us from other investment trusts which have used their reserves to maintain their dividends.

Share buybacks

During the year we bought back our own shares for the first time. When we took the power from shareholders to undertake buybacks in 2006, we were clear that we would use this power where the Board judged it to be in the interests of all shareholders to do so. An opportunity to purchase a significant holding emerged in October. We concluded, following rigorous consideration of the merits of the transaction from an investment perspective, and taking into account both market conditions and our own investment process, that the criteria which we had previously determined were met. We shall use the same criteria to decide whether to make buybacks from time to time in the future. This should not be confused with adoption of a discount control mechanism which we do not support. We believe that our focus should be on improving the long-term performance of the Trust and that this is the priority for our shareholders.

Shareholders

One of the distinctive features of investment trusts is the preponderance of individual, rather than institutional, shareholders. This reflects their suitability as an investment vehicle which offers access to a diversified equity portfolio at relatively low cost. In the case of Alliance Trust, over 26,000 clients of our financial services subsidiary Alliance Trust Savings hold shares in the Company, representing 21% of our share capital, an increase from 20% at the start of the year. Through regular savings plans and reinvestment of dividends these clients stimulate demand for the Company's shares. Many more individual investors hold shares in the Company, either directly or through savings plans administered by other providers.

AIFM Directive

The Alternative Investment Fund Managers (AIFM) directive emerged from the European Union in response to the perceived role of hedge funds in the financial crisis. Some elements of this directive threatened the future of the whole investment trust sector. We have been active in lobbying at both UK and EU levels for investment trusts to be excluded altogether or, as a minimum, for the directive to be amended to take account of the distinctive nature of investment trusts. This work continues, and I am grateful to those shareholders who have heeded our request to make their concerns known directly to their MPs and MEPs. The final directive is not likely to be issued before summer 2010.

Board changes

Since the publication of our last Annual Report there have been two additions to the Board of the Trust. We appointed Robert Burgess to the Board as Chief Executive of Alliance Trust Savings in September 2009, both to reflect the significant contribution he has made to the development of that subsidiary, and to take advantage of his skills and experience in the wider activities of the Trust. More recently, Alan Trotter joined the Board as Finance Director on 1 February 2010, bringing with him extensive experience in the financial services sector. I am delighted to welcome them both.

George Stout

The Board was saddened to learn of the death of George Stout during the year. George Stout was joint Managing Director of Alliance Trust from 1976 to 1987 and led the Company during a period of significant progress.

Annual General Meeting

Our Annual General Meeting will be held in Dundee on Friday 21 May. I always look forward to this opportunity to hear the views and concerns of our shareholders and to provide an update on the progress of the Trust. I hope that as many of you as possible will spare the time to come and meet the Board and management team to whom you entrust your investments.

Chief Executive's Statement

Katherine Garrett-Cox

Net Asset Value Total Return rose by

22.2%

Total Shareholder Return rose by

20.3%

Company expenses fell by

4.8%

The volatility of global stock markets and continuing tough economic conditions have raised many challenges in my first full year as Chief Executive. Our primary focus continues to be investment in global equities and throughout the year we have remained consistent to our long-term investment philosophy. This is the foundation of our business and we have not compromised the integrity of our investment decision-making process. The continuation of our progressive dividend policy, during a period when many companies cut their dividend, and ongoing building of our reserves have been major achievements for the year.

Performance Summary

Over the year the Company's basic Net Asset Value (NAV) per share rose 19.2% and generated a total return of 22.2%. By comparison the share price rose 16.8% and the Total Shareholder Return (TSR) by 20.3%. The discount to net asset value, while less volatile than in 2008, ended the year at 17.1%, compared to 15.4% at the start of the financial year, as discounts for many investment trusts widened in the final months of the period.

Our TSR ranked 34th out of 43 in our peer group of Global Growth and Global Growth and Income Trusts over the year. It is encouraging to note that over two years the TSR was ranked 11th out of our peer group of 37 Trusts. On a NAV basis, the Trust was ranked 32nd over one year and 13th over two years.

Market Recovery

At the start of the year, investor attention was focused on the policy measures of governments aimed at bringing stability to the global financial system, following the crisis of 2008, whilst preventing recession turning into depression. Coordinated responses of low interest rates, quantitative easing and recapitalisation of bank balance sheets were implemented around the globe. In March, we saw a reversal of investor sentiment and a rapid rise in stock markets as belief in the likely success of these policy measures gained momentum.

Many of the companies which performed most strongly at this time were among those most highly geared and economically-sensitive, and which had fallen furthest over the previous 12 months. We did not participate in the narrow-based rally in these stocks, as in many cases we considered their business models to be unattractive. Much of our relative underperformance over the full year is as a result of being underinvested in these types of stocks during their extreme rallies in March and April. This is evidenced by the fact that over those two months alone, our quoted equity portfolio returned 5.9% less than the FTSE All-World Index.

A number of these companies subsequently fell in value during the second half of the year losing much of their first half gains.

Quoted equities

Within our quoted equity portfolio, each of our regional managers is tasked with outperforming a relevant, regional, Sterling denominated equity index. Last year we achieved above benchmark returns in Europe and a return broadly in line with the benchmark index in North America. These returns are noteworthy, following the strong relative performance also recorded in these areas in the weak stock markets of 2008. On pages 12 to 17 we report in more detail on our managers' performance.

We reduced cash balances as a percentage of net assets ahead of the recovery in equity markets, by investing selectively in well-managed companies with strong balance sheets and positive cash flow generation in which we have a high level of conviction. A total of £190 million was invested into global equities in the first half of the year.

We committed a further £100 million to global equity markets in the second half of the year, drawing down on our banking facilities to take net debt to £120m. Our ability to borrow at a time when banks were reluctant to lend to financial companies is testament to the strength of the Company's balance sheet and reputation. We invested funds into the strongest performing areas of Asia and Europe, while keeping overall portfolio turnover levels low. Our confidence in longer-term global economic recovery has increased with some countries having already exited recession. We have adopted a more balanced approach in the portfolio and reduced the defensive growth bias of our holdings. The relative performance of our equity portfolio improved markedly over the second half of the year as the recovery in markets broadened out from its initial narrow base. This has continued since the end of the period.

Income Generation

Company dividends and level of yield are key components in defining our investment universe and strategy. In an extremely challenging environment for income generation, we have placed great emphasis on the sustainability of dividends in our investment selection process, both as an indicator of underlying strength and in order to support our commitment to a progressive dividend policy.

Our UK portfolio has a high income requirement: it produces over 50% of the income of the quoted equity portfolio. This had an adverse impact on its capital performance over the year, but the income returns from our UK portfolio have been key in maintaining the Company's progressive dividend policy in a very challenging year. We are aware of the importance attached by our shareholders to dividend income and we have increased our dividend by 1.9% while over half of the companies listed on the FTSE 350 Index have reduced, suspended or maintained dividends.

Other asset classes

We also invest a small proportion of our total assets in other asset classes, the long-term returns of which complement those of our quoted equity portfolio. In private equity, the quoted portfolio experienced a strong year. We sold into the rally in share prices, choosing instead to increase diversification in our private equity fund investments. We have previously outlined our intention to reduce our direct exposure in UK property. We benefited from a recovery in market valuations towards the end of the year and took the opportunity to sell two properties, both at prices significantly above last year's valuations, one of which completed shortly after the year end. Income from the property portfolio increased to £4.5 million from £4.2 million last year. Substantially lower US gas prices and a weakening of the US dollar against Sterling over the year resulted in a fall in revenues from our US mineral interests to their 2008 levels of £1.6 million, against a peak of £2.2 million in 2009.

Business Review

Key Performance Indicators

Test 1

TSR performance against a peer group, the test to be met for above median performance. Although we failed the test this year, over a 2 year period we ranked 11th out of 37 in our peer group.

Test 2

NAV performance to beat the FTSE All-World Index in Sterling. The NAV rose by 19.2% in the year to January 2010, and the Index rose by 24.9%.

Test 3

Dividend growth to exceed the increase in RPI. In the year to 31 Jan 2010, the basic dividend was increased by 1.9%, which was below the 12 month RPI of 3.7%. While earnings were available to meet this test the Board took a decision to bolster reserves to support the ongoing commitment to a progressive dividend.

Last year we set the following priorities for the Company after the conclusion of the business review which followed my appointment as Chief Executive. These will continue to be our priorities for the coming year.

Key Priorities

To focus on investment in equities

Quoted equities were our preferred asset class throughout the year. We made steady increases to our holdings of global equities over the year with equities representing 95% of net assets at the year end compared to 77% at the start of the year. We reduced net cash balances as a proportion of net assets from an opening position of 11.6% to net debt of 4.7% as we redeployed capital into our global equity portfolios. Our total exposure to other asset classes was largely unchanged, although we actively reduced our commercial property holdings towards the year end.

To continue to improve investment performance

Our investment performance lagged over the first half of the year, largely due to not participating fully in the rally in highly cyclical companies in March and April. Performance improved over the second half of the year as the market recovery broadened out. For the year, our equity portfolio returned 26% which compares to a return of 28.4% in the FTSE All-World Index, with a positive relative return of 1.9% in the last six months of the period.

To manage our cost base in line with market conditions

We have pro-actively managed our cost base throughout the year against a difficult economic backdrop. Some tough short-term decisions have been made, where deemed necessary for longer term gains. As a result, overall employee numbers reduced by 14% over the year. We have, however, increased expenditure in areas which we believe will enhance our long-term investment performance such as the recruitment of our Fixed Income team.

In total, our expenses reduced by 4.8% from £16.8 million last year to £16.0 million and our TER reduced in percentage terms to 0.69% (0.70%).

To develop our subsidiary businesses

Alliance Trust Savings, our subsidiary business which offers pension administration, share dealing services and a fund supermarket, completed an extensive business review over the course of the year. A highly experienced management team is now in place with a stronger focus on customer service and value. The enhanced procedures and processes implemented during the year provide a solid foundation for the growth of the business.

Alliance Trust Asset Management launched its first three funds during the year. These funds offer third party investors, many of whom are Alliance Trust Savings clients, direct exposure to individual areas of expertise within the Company's investment team. They follow the same long-term investment philosophy

The diagram above illustrates how the Company and its subsidiaries work together for the benefit of our shareholders.

as employed in managing the Company's assets. Further fund launches are expected this year.

We expect our financial services subsidiaries to deliver long-term value to our shareholders.

To invest in the development of our people

The year just ended was a challenging one for our people. With fewer than 300 employees, each and every one of them has been expected to play their part in the progress of the Company, whether managing the investments of the Trust, meeting the needs of the clients of our subsidiary businesses, or behind the scenes supporting the business in areas such as information technology, human resources, communications, facilities and the control functions. I am proud of them for rising to this challenge.

Business communication and efficiency have improved following the relocation to our new company headquarters in Dundee. We continue to invest in the future through our management trainee programme and have found that the calibre of the candidates is very high. A number of employee development initiatives have been introduced during the year. These include the establishment of a mentoring framework, an annual employee opinion survey and our employee recognition policy. This policy includes the "Alliance Trust Employee Excellence" awards which recognise outstanding contributions over the year.

Other Developments

In our interim report, we commented on our appointment of a new team of four highly experienced Fixed Income managers. The addition of fixed income expertise to our investment team will enhance the income generating potential of our portfolio and help to reduce our reliance on equity investments, particularly in the UK, for income. This will not diminish our focus on global equities. We will have greater flexibility in asset allocation as a result of a reduced yield requirement from the constituents of our equity portfolio. Our stock selection process will also be enhanced by the team's experience in corporate credit analysis.

During the course of the year we had cause to call on our Business Continuity Plan when a fire in our former head office at Meadow House caused damage to computer equipment located there. Our Plan operated successfully and we were able to conduct business with minimal disruption: an endorsement of a significant element of the risk management procedures of the Company. Since then we have taken steps to accelerate the migration of the remaining parts of our systems to our new offices.

We are broadly supportive of the aims of the recently published Financial Services Authority's Retail Distribution Review as changes to adviser charging will help to create a state of equality for investment trusts against other financial products. This should encourage more financial advisers to promote the attributes of investment trusts to their customers and, over the longer term, help to grow the number of investment trust shareholders.

Outlook

The International Monetary Fund is forecasting global economic growth of around 4% for 2010, although the background is still challenging. One of the main drivers of this will be in Asia where, for example, China could experience growth of over 10%. Another key indicator, which we are monitoring closely, is the unemployment rate in the United States as the consumer remains the greatest influence on the US economy.

The uncertain timing and pace of the withdrawal of quantitative easing are concerns for the strength of the recovery of the UK economy. Public spending cuts, tax increases and high unemployment provide a difficult backdrop in the lead up to the general election.

We retain a largely positive outlook for equity markets in 2010. The most important driver this year, we believe, will be earnings growth, as we continue the recovery from recession. From a regional perspective, we expect Asia Pacific and Emerging Markets to maintain their long-term growth and we will continue to invest in global companies which are benefiting from the positive demographics and strong financial resources of Asia. We are concerned about the impact of the fiscal deficits on the prospects for European and UK equities. Since the year end we have taken advantage of the recent strength in markets to reduce our exposure to the UK.

Currently we have a balanced portfolio, combining industrial and energy related companies which we expect to benefit from economic recovery with a number of high-quality defensive growth companies with above average yields.

We continue to refine and to enhance our investment decision-making so that we are positioned to take advantage of the current environment while remaining true to our long-term investment philosophy.

Investment Review

Asset Allocation

We increased our exposure to several of our favoured global equity markets over the period by investing a total of £290 million in a risk-controlled manner. Our strategy was to take advantage of longer-term opportunities in companies we identified as being undervalued through our fundamental research and assessment of current stock valuations. Our largest additional allocation was £120 million to companies in Asia, based on our view that Asia's future growth will not be hindered by the debt burdens faced by other economies. £80 million was allocated to income generating holdings in the UK. We added £30 million to US equities as we considered valuations to be attractive and £40 million to European equities, in view of their favourable valuations and dividend outlook. We also took the opportunity to initiate several investments in non-Asian emerging markets by investing a total of £20 million into Brazil, Mexico, Turkey and Russia.

At the year end, UK listed companies accounted for 40% of our quoted equity portfolio. Much of our UK exposure is through multinational companies which generate a large proportion of their revenues overseas, often in the faster growing economies of Asia. The chart on the next page shows that on a "Revenue Profile" basis, only 9% of the revenues of the companies we hold in the portfolio are generated in the UK. Contrastingly, whilst only 18% of our portfolio is directly invested in Asian and other emerging markets, 37% of company revenues are derived from these higher growth areas. We believe that, by investing in this way, we gain a more balanced exposure to the higher growth opportunities available in emerging markets.

At our final Asset Allocation Committee meeting of the year, we concluded that, while we may see short-term volatility in markets, the outlook over the medium term is positive and therefore the current risk profile, level of gearing and equity allocation remain appropriate.

Performance of Major Equity Indices (Sterling)
31 Jan 05 = 100

Source: FactSet

Source: Alliance Trust

Source: Alliance Trust

* The regional weightings differ from those shown on pages 12 to 17 because in this analysis the global portfolio is allocated on the basis of where the holdings are listed.

Investment Activity

Our investment process focuses on the identification of high quality companies which are expected to deliver superior long-term capital and income growth. At the beginning of the year, our portfolio emphasised defensive growth companies as we sought to maintain a low risk profile in the uncertain economic and market environment. In March, the risk appetite of investors changed suddenly, and share prices of some of the companies which formerly had been regarded as among those most likely to fail, rose strongly. Whereas our performance benefited last year from not holding the weakest of the UK banking stocks, our returns lagged over the following months through not participating in the dramatic share price rally in these same stocks.

Throughout the market volatility of the year, we have remained consistent to our investment approach, seeking to hold only those companies which we believe are strong and will provide sustainable long-term returns rather than short-term gains. Our portfolio reviews on the following pages provide examples of these stocks. We have enhanced our risk framework and are paying due attention to good corporate governance practice in our portfolio holdings. We have gradually altered the bias of our regional portfolios towards a more balanced approach through the addition of some cyclical stocks. In terms of sector exposure, as the year progressed we have increased our holdings in more economically sensitive sectors, such as Technology, Industrials, Oil & Gas and Financials. We have reduced our holdings in more defensive areas such as Utilities and Telecommunications. This has been an ongoing theme over the period as our conviction in longer-term global economic recovery has grown.

Income

The global recession has resulted in the yield of the FTSE All-World Index falling by 40% over the course of the financial year, from 4.15% to 2.49%. Total dividend payments have been reduced by over 20% over the same period. In the UK, we have seen a swathe of dividend cuts by companies most exposed to the economic recession. Indeed, a recent report suggests that total corporate dividend payments suffered a reduction of £10 billion, or 15%, in 2009, compared to the previous year.

Against this backdrop, we have placed great emphasis on the sustainability of dividends in our investment selection process. Many of the defensive growth holdings we have retained in our portfolio have been able to increase their dividend payouts.

Investment Team

Teamwork and communication are foundations of our investment function. The centralisation of our investment team in Scotland was completed during the year and the move to our new headquarters in Dundee has greatly improved the flow of information and ideas. Our Edinburgh office enables our investment managers to attend a greater number of company and analyst meetings.

Our investment team benefits from the macro-economic input of our Economics Research Centre, an in-house team of economists. They provide proprietary analysis of global and regional economic trends, which has been a positive influence on our asset allocation decision making during the extreme conditions of the last two years.

We believe that the stability of our investment team and average length of service give us a competitive advantage. Each of our regional teams is headed by an individual with over 20 years' investment experience. They have managed portfolios across political, economic and market cycles.

We have continued to enhance our investment capabilities by recruiting specific expertise. Notably, we have appointed a team of Fixed Income specialists, who will help us to maintain our progressive dividend policy. Their experience and expertise in corporate credit analysis will also strengthen our equity investment selection process.

Investment Portfolio Information

Top 20 holdings as at 31 January 2010

Stock	Sector	Value £m	% of quoted equities
HSBC	Banks	78.0	3.3
BP	Oil & Gas Producers	74.1	3.1
Royal Dutch Shell	Oil & Gas Producers	55.2	2.3
Rio Tinto	Mining	51.4	2.2
BHP Billiton	Mining	50.9	2.1
British American Tobacco	Tobacco	41.0	1.7
InterOil	Oil & Gas Producers	39.6	1.7
Prudential	Life Insurance	36.4	1.5
New York Community Bancorp	Banks	35.0	1.5
Scottish & Southern Energy	Electricity	34.1	1.4
Vodafone	Mobile Telecommunications	32.8	1.4
Philip Morris	Tobacco	32.5	1.4
GlaxoSmithKline	Pharmaceuticals & Biotechnology	31.5	1.3
Diageo	Beverages	31.0	1.3
Suncor Energy	Oil & Gas Producers	30.7	1.3
Diamond Offshore Drilling	Oil Equipment, Services & Distribution	30.1	1.3
Republic Services	Support Services	28.1	1.2
Tesco	Food & Drug Retailers	27.2	1.1
Reckitt Benckiser	Household Goods & Home Construction	25.9	1.1
Amdocs	Software & Computer Services	25.8	1.1

A full list of companies in which we invest can be found on our website www.alliancetrust.co.uk

Classification of Investments

	UK %	North America %	Europe %	Pan-Asia %	Global %	Emerging Markets %	Total 2010 %	Total 2009*
Oil & Gas	7.3	3.3	0.6	0.4	1.4	0.1	**13.1**	11.7
Basic Materials	4.5	0.6	0.8	1.7	1.0	0.1	**8.7**	5.1
Industrials	5.1	3.9	1.6	3.7	1.9	0.1	**16.3**	11.3
Consumer Goods	3.6	1.1	2.1	1.6	1.3	0.1	**9.8**	9.3
Health Care	1.3	2.6	1.8	0.1	0.8	-	**6.6**	7.4
Consumer Services	3.8	2.0	-	0.1	0.9	0.1	**6.9**	6.5
Telecommunications	1.3	0.6	0.3	-	0.2	-	**2.4**	5.7
Utilities	1.2	0.2	0.3	-	0.2	-	**1.9**	4.5
Financials	8.1	2.5	3.3	2.9	2.7	0.2	**19.7**	10.9
Technology	-	3.7	0.8	3.0	1.7	0.1	**9.3**	4.9
Equity Portfolio	36.2	20.5	11.6	13.5	12.1	0.8	**94.7**	77.3
Other Assets	0.7	0.5	0.1	-	-	0.8	**2.1**	3.8
Private Equity	2.9	-	0.3	-	-	-	**3.2**	2.6
Subsidiaries	0.6	-	-	-	-	-	**0.6**	1.7
Property	2.4	-	-	-	-	-	**2.4**	3.2
Fixed Income	1.6	-	-	-	-	-	**1.6**	0.8
Total Investments	44.4	21.0	12.0	13.5	12.1	1.6	**104.6**	89.4
Net Cash/(Debt)	(5.5)	0.6	-	0.2	-	-	**(4.7)**	11.6
Other Net (Liabilities)/Assets	0.1	-	-	-	-	-	**0.1**	(1.0)
Net Assets	39.0	21.6	12.0	13.7	12.1	1.6	**100.0**	100.0
Net Assets 2009	51.4	20.4	9.8	7.5	10.1	0.8	**100.0**	

* restated to allocate collective investment holdings by sector

UK

Portfolio performance (12 months to Jan 2010)

UK Portfolio	Benchmark Index*	Relative Performance
+27.4%	+33.2%	(4.4%)

% of Quoted Equities: Jan'10 **38%** | Jan'09 **40%**

The UK economic background early in the year was dominated by the adoption of quantitative easing, seeking to rescue a financial system that was close to collapse. As it became evident that these policies were achieving their shorter-term aims, equity markets rallied sharply. Many of the UK companies which performed most strongly through the March/April recovery were among those whose share prices had experienced the greatest falls over the previous twelve months. We considered many of them still to have a challenging long-term outlook and little dividend payout prospects. We did not hold these types of companies, as they do not meet our long-term, quality investing criteria. As a result our returns lagged the market's rapid recovery in the spring.

In the course of the year, we rationalised the number of our UK holdings by combining the former UK Large Cap and UK Mid Cap portfolios to create a single UK portfolio. We reduced the defensive bias in the portfolio to focus on companies with international businesses which, in particular, are benefiting from Asian growth. We have also increased our oil and mineral holdings and our exposure to broader economic growth, while retaining a minimal exposure to UK discretionary consumer spending

We added to our low weighting in banks by purchasing a large holding in **HSBC**. HSBC has a strong capital position, is exiting most of its North American activities and is well-positioned to benefit from Asian growth.

Commodity-related companies have provided good returns over the year. We began the year with large holdings in the oil majors, **BP** and **Shell**, having conviction in their commitment to maintain dividend policy and in the strength of their underlying businesses. This was rewarded with good capital and income returns over the year. As our confidence in the broader market increased we also added to smaller oil companies such as **Tullow** and **BG Group**, and to oil service companies such as **Petrofac** and **Wood Group**.

We increased our mining holdings over the year through the purchase of new holdings in **Rio Tinto** and **Xstrata** as additions to our existing holding in **BHP Billiton.** Holdings of engineering companies serving mineral and oil markets were also purchased: we increased our investments in **Weir Group** and **Rotork** and added a new holding in **IMI**.

The portfolio's current key themes are centred around well positioned multinational companies where growth is not solely reliant on the UK economy. Asian growth, oil and minerals and quality, well-financed companies are our main focus. We have holdings in several high quality multi national businesses based in, and managed from, the UK- companies such as **Tesco, Reckitt Benckiser, British American Tobacco**, and **Diageo**.

The domestic UK economy is facing a number of challenges this year. Our stock selection process aims to identify companies with diverse market exposure, both geographically and industrially, whose prospects are driven more by global than domestic forces.

* FTSE All Share Index

Top ten investments†

Name	Sector	Value at 31/1/10 £m	% of Portfolio
HSBC	Banks	78.0	8.6
BP	Oil & Gas Producers	74.1	8.1
Royal Dutch Shell	Oil & Gas Producers	55.2	6.1
Rio Tinto	Mining	45.9	5.0
BHP Billiton	Mining	42.0	4.6
British American Tobacco	Tobacco	41.0	4.5
Vodafone	Mobile Telecommunications	32.8	3.6
GlaxoSmithKline	Pharmaceuticals & Biotechnology	31.5	3.5
Scottish & Southern Energy	Electricity	29.2	3.2
Tesco	Food & Drug Retailers	27.2	3.0

† Investments are held either directly by the Company or through the Company's investment in the Alliance Trust UK Equity Income Fund.

North America

Portfolio performance (12 months to Jan 2010)

North American Portfolio	Benchmark Index*	Relative Performance
+22.9%	+23.0%	(0.0%)

% of Quoted Equities: Jan'10 **22%** | Jan'09 **26%**

Extraordinary policy measures implemented in early 2009 prevented the severe US economic recession turning into depression and breathed life back into stock markets.

During an investment research trip to the US in March, the overwhelming feeling was of how 'cheap' stocks then appeared to be; and so it has proved. A combination of aggressive cost cutting, greatly reduced capital spending and strong cash flow generation from inventory reductions has helped to maintain US corporate profitability at surprisingly healthy levels. Investor appetite for risk has returned and, encouraged by ample liquidity, stock markets have risen strongly.

Investing during these extreme conditions has proved a challenging task. We started the year with a highly defensive portfolio, largely consisting of companies we believed to be of high quality, with strong businesses, brands, balance sheets and management. As the market began to recover, led by sectors and companies often among the worst performing over the previous twelve months, our portfolio performance lagged. More recently, the attractions of higher quality companies and more defensive sectors have been sought by investors and our relative performance has improved.

A holding that has performed particularly well throughout the year is **InterOil**. Highly successful test drilling results in Papua New Guinea revealed what may prove to be significant gas resources. This, along with agreement with the Papua New Guinea government to develop a liquefied natural gas facility, has helped InterOil become our largest holding at year end. We are looking for further positive developments at the company this year.

Canada remains a significant investment area for us. Canada is regarded as one of the soundest economies of the G8 group. The housing market has picked up sharply and employment is rising again. In general, our Canadian holdings performed well over the year. An important development was the merger of **Petro-Canada** with **Suncor** to create the premier oil sands company in North America.

We sold **Ultra Petroleum** as there has been a large increase in potential gas supply with the development of shale gas. In its place, we purchased a holding in **Enterprise Product Partners**, a gas gathering pipeline and processing company. Overall we remain overweight in energy as we think global demand will continue to grow and supply growth is still constrained.

We also introduced a new investment in **Polycom**, a leader in video conferencing, and increased our investment in **FLIR**, a thermal image camera company.

We expect the coming year to be rather volatile as investors worry about regulatory reform and the removal of quantitative easing. In the main, we remain heartened by the number of quality companies with attractive prospects on reasonable valuations that are to be found in North America, exemplified by our additions during the year to long-term investments, **Republic Services**, **New York Community Bank** and **Amdocs**.

* FTSE All Cap North America Index

Top ten investments†

Name	Sector	Value at 31/1/10 £m	% of Portfolio
InterOil	Oil & Gas Producers	35.7	6.9
New York Community Bancorp	Banks	28.2	5.4
Philip Morris	Tobacco	26.4	5.1
Suncor Energy	Oil & Gas Producers	24.9	4.8
Abbott Laboratories	Pharmaceuticals & Biotechnology	23.1	4.5
Diamond Offshore Drilling	Oil Equipment, Services & Distribution	22.7	4.4
American Tower	Technology Hardware & Equipment	21.4	4.1
Republic Services	Support Services	20.4	3.9
Amdocs	Software & Computer Services	19.1	3.7
Canadian Pacific Railway	Industrial Transportation	19.0	3.7

† Investments are held either directly by the Company or through the Company's investment in the Alliance Trust North American Equity Fund.

Europe

Portfolio performance (12 months to Jan 2010)

European Portfolio	Benchmark Index*	Relative Performance
+32.9%	+30.9%	+1.6%

% of Quoted Equities: Jan'10 **12%** | Jan'09 **12%**

European markets confounded many expectations with strong rises over the year. This positive outcome masks a roller coaster ride during the year, which left many investors wrong-footed. Our relative outperformance of the benchmark index is pleasing in such volatile markets.

As we entered 2009, general expectations were that European growth would hold up better than in the US and UK and that European economies would be relatively immune from the travails of the global credit problems. These expectations were quickly proved to be wrong. For example, the powerhouse of Europe, Germany, collapsed into recession on the back of plummeting exports.

Markets were rescued in March by the announcement of credible bank rescue plans in the UK and US and the rapid recovery in Asian economies arising from the huge Chinese fiscal spending plan. Other stimulus measures such as car subsidy schemes also proved effective. As the year progressed, company earnings reports were often better than analysts' expectations, driven by aggressive cost cutting. This helped to sustain the market rally.

Among the best performing companies were those whose share prices had suffered most in the downturn. These included highly-indebted companies, industrial cyclicals and financials. The speed with which these risky assets were re-priced was breathtaking.

In this volatile environment, we remained true to our long-term philosophy of holding companies which we believe have a strong business model, attractive valuations and solid balance sheets. A good example of this is our holding in the Swiss watch manufacturer, **Swatch**. In the early part of the year, when companies with consumer and emerging market exposure were sold down aggressively, we reappraised our holding in Swatch and concluded that the shares were trading on an attractive valuation, that the company had a high level of cash on the balance sheet and held a good long-term competitive position in its industry. We used the share price weakness to add to our existing holding and have been rewarded as the share price has risen strongly during the year.

We sold our holding in National Bank of Greece in the first quarter of the year, as we had serious concerns about the longer term stability of the Greek economy and used the proceeds to purchase a holding in **Deutsche Bank**.

We increased our weighting in financials by adding to existing holdings and by buying the insurance group **Zurich** and the investment bank **Credit Suisse**. We reduced our telecommunications exposure with the sale of **Deutsche Telekom** and increased our healthcare holdings by adding the French pharmaceutical company **Sanofi**, as well as the French eyewear company **Essilor**.

Valuations in European markets remain attractive but, as the issue of sovereign debt in Europe returns to centre stage, another volatile year is in prospect.

* FTSE All-World Developed Europe Ex UK Index

Top ten investments†

Name	Sector	Value at 31/1/10 £m	% of Portfolio
Nestlé	Food Producers	16.3	5.7
Total	Oil & Gas Producers	14.9	5.2
Deutsche Post	Industrial Transportation	14.6	5.1
Swatch Group	Personal Goods	14.6	5.1
Anheuser-Busch InBev	Beverages	13.3	4.7
Holcim	Construction & Materials	13.0	4.6
BNP Paribas	Banks	12.5	4.4
Siemens	General Industrials	12.5	4.4
Banco Santander	Banks	12.2	4.3
Zurich Financial Services	Nonlife Insurance	11.2	3.9

† Investments are held either directly by the Company or through the Company's investment in the Alliance Trust European Equity Fund.

Pan Asia

Portfolio performance (12 months to Jan 2010)

Pan Asia Portfolio	Benchmark Index*	Relative Performance
+33.5%	+42.9%	(6.6%)

% of Quoted Equities: Jan'10 **14%** | Jan'09 **9%**

In the second quarter of the year, we restructured the portfolio by combining our Japanese and Asia Pacific holdings to create a unified Pan Asia portfolio. While the portfolio underperformed during the period, since the portfolio was combined the team has generated a return of 21.0% against a benchmark return of 22.1%. This allows a concentration of ideas and resources within the Asian team, focusing on the region as a whole. The Asian region is highly interdependent and our investment approach, which covers sectors and stocks across the whole region, provides a more balanced portfolio and enables a dynamic allocation across the region.

The Asia Pacific holdings lagged the strong markets experienced early in the year due to a high weighting in defensive, high cash flow generating stocks, in areas such as telecommunications, utilities and tobacco. With the introduction of Japan to the Pan Asian portfolio, these overall weightings were reduced and the exposure to higher quality, economically sensitive stocks increased. We also increased the weighting in higher growth emerging markets.

The recovery in economic growth in Asia, and particularly in China, has, over recent months, shown clear signs of broadening away from one driven by government stimulus to include more sustainable areas such as domestic consumption and exports. This has led to a strong rebound in corporate profits which has supported the rally in equity markets through 2009.

The one economy, and market, which has lagged this recovery has been Japan, largely due to weak domestic demand, the reappearance of deflation concerns and an appreciation of the Yen. Aggressive cost cutting and a pick up in external demand is now leading to a strong recovery in profits for many Japanese companies in the manufacturing and exporting sectors. As a result of this recovery, corporate profits in Japan in 2010 are expected to grow faster than for the Asia Pacific region as a whole. In addition, valuations in Japan are now at very low levels and hence on a medium-term view, Japan is looking relatively attractive. We have, therefore, moved to reduce significantly our large underweight position in Japan. The additions to Japanese holdings have been in the industrial and technology sectors where earnings growth is highest. We have added to existing positions in **Keyence** (industrial), **Rohm** and **Tokyo Electron** (technology).

We still retain overweight positions in China, India and Indonesia through the addition of **CNOOC** and **Dongfang Electric** (China), **ICICI Bank** and **Hero Hondo** (India) and **Bank Rakyat** and **Semen Gresik** (Indonesia).

* From 1/2/09 to 30/4/09 weighted composite of FTSE All Cap Japan Index and FTSE All Cap Asia Pacific excl Japan. From 1/5/09 to 31/1/10 the FTSE All-World Asia Pacific Index.

Top ten investments†

Name	Sector	Value at 31/1/10 £m	% of Portfolio
Toyota Motor	Automobiles & Parts	14.8	4.4
Samsung Electronics	Technology Hardware & Equipment	14.6	4.3
BHP Billiton	Mining	14.0	4.1
Hon Hai Precision Industry	Electronic & Electrical Equipment	12.9	3.8
Infosys Technologies	Software & Computer Services	12.0	3.5
Mitsui	Support Services	11.5	3.4
Westpac Banking	Banks	11.4	3.4
Nidec	Electronic & Electrical Equipment	11.3	3.3
CNOOC	Oil & Gas Producers	10.5	3.1
China Life Insurance (China)	Life Insurance	10.2	3.0

† Investments listed are held either directly by the Company or through the Company's investments in the Premier Alliance Trust Asian Pacific Equity Fund and the Premier Alliance Trust Japan Equity Fund.

Global

Portfolio performance (12 months to Jan 2010)

Global Portfolio	Benchmark Index*	Relative Performance
+18.0%	+28.4%	(8.1%)

% of Quoted Equities: Jan'10 **13%** | Jan'09 **13%**

We established a Global Equity portfolio in late 2008 to emphasise our high conviction, favoured long-term investments. Most of the holdings are selected from the regional portfolios of the Trust. The portfolio focuses primarily on non-UK listed companies to increase the Trust's regional diversification.

Twelve months ago, fear ruled global stock markets. We began the year managing a portfolio of higher-yielding companies with dependable cash flows which had performed well during the credit crisis. As global markets began to recover in March and April, the markets' performance was dominated by extreme rebounds in riskier assets particularly in financials, resource companies and emerging markets, areas in which we were underweight. As with our regional portfolios, much of the relative underperformance of the portfolio's capital returns occurred at that time.

Operating transparency has improved across the globe, and it is now possible to value companies based on normalised, through-the-cycle earnings. Those earnings are likely to be lower than during the previous cycle, as Western economies have been seriously damaged by the past decade's excesses. Earnings visibility has improved and our research is identifying many companies which we consider good value, despite significant rebounds in the past year. This is particularly true of financials, where banks such as **Credit Suisse** are very attractive on normalised earnings, which we expect to be achieved in 2011 or 2012.

We have increased technology and industrial holdings. **Cisco, Polycom** and **Canon** reflect our expectation that, in developed markets, corporate demand will rebound this year after a devastating decline straddling parts of 2008 and 2009. We continue to focus on well-managed companies with strong cash flows, attractive returns on capital and competitive market positions.

Energy and resources sectors are truly global in nature. No matter where an oil or mining company is based, prices are driven by global demand and supply. With a choice of quality names across all regions, among our favoured investments are **Tullow** (UK), **CNOOC** (China) and **BHP** (UK listed). We also continue to invest in global growth companies such as the Swiss company **Syngenta**.

In emerging markets, we believe that the case for long-term, structural growth in domestic consumption in Brazil is as attractive as that in Asia. Our global portfolio is able to invest in this theme both directly, through companies such as **Pão de Açúcar**, one of Brazil's largest operators of hypermarkets, and indirectly through global operators such as the Spanish companies **Telefónica** and **Santander**.

* FTSE All-World Index

Top ten investments

Name	Sector	Value at 31/1/10 £m	% of Portfolio
Cisco Systems	Technology Hardware & Equipment	9.4	3.1
Prudential	Life Insurance	9.4	3.1
Johnson & Johnson	Pharmaceuticals & Biotechnology	9.2	3.0
BHP Billiton	Mining	8.9	2.9
Syngenta	Chemicals	8.2	2.7
Accenture	Support Services	7.9	2.6
Western Union	Support Services	7.9	2.6
Republic Services	Support Services	7.7	2.5
Intel	Technology Hardware & Equipment	7.7	2.5
Diamond Offshore Drilling	Oil Equipment, Services & Distribution	7.4	2.4

Emerging Markets

% of Net Assets: Jan'10 1% | Jan'09 **nil**

A small Emerging Markets portfolio was initiated in December which enables us to consolidate our exposure in existing holdings across the emerging Asian countries of India, Indonesia, China and Taiwan, while expanding into developing countries, such as Brazil, Mexico, Turkey and Russia. In these areas, we have invested in a range of sectors such as Russian oil (**Rosneft**), Brazilian iron ore (**Vale**), Brazilian motorways (**CCR**) and telecommunications (**Vivo** in Brazil and **MTS** in Russia).

Top ten investments

Name	Sector	Value at 31/1/10 £m	% of Portfolio	Country of Listing
Hon Hai Precision Industry	Electronic & Electrical Equipment	1.0	5.3	Taiwan
CNOOC	Oil & Gas Producers	1.0	5.0	Hong Kong
China Life Insurance (China)	Life Insurance	0.9	5.0	China
Industrial & Commercial Bank of China	Banks	0.9	4.9	China
Türkiye Garanti Bankası	Banks	0.9	4.6	Turkey
Taiwan Semiconductor Manufacturing	Technology Hardware & Equipment	0.8	4.4	Taiwan
ICICI Bank	Banks	0.8	4.2	India
Rosneft	Oil & Gas Producers	0.8	4.2	Russia
Companhia Vale do Rio Doce	Industrial Metals & Mining	0.8	4.1	Brazil
Fibria Celulose	Forestry & Paper	0.7	3.7	Brazil

Private Equity

Portfolio performance (12 months to Jan 2010)

Private Equity Portfolio

+17.3%

% of Net Assets: Jan'10 **3%** | Jan'09 **3%**

Our Private Equity business, Alliance Trust Equity Partners, had a good year with strong performance in the quoted private equity portfolio and a continued build up of its focused fund commitment program during the year. The performance was driven by a narrowing of discounts to NAV in our holdings as private equity valuations stabilised. We have utilised the strong performance in the quoted private equity portfolio to fund partially the drawdowns from the private equity funds to which we have made long-term commitments.

The quoted private equity portfolio was valued at £19.0 million at the year end, compared to £16.1 million twelve months ago, after £10.3 million of net realisations. The total committed to private equity funds and co-investments as at 31 January 2010 was £227.7 million, of which only £62.4 million had been invested. Net drawdowns on private equity funds in 2009 were £24.5 million, while £1.1 million was added to direct investments. The undrawn element will allow our fund managers to take advantage of the upturn in market conditions over the medium term. These residual undrawn commitments will be drawn down over the next five to ten years, during which time realisations should occur, leaving the net exposure to private equity assets below the headline commitment level.

Alliance Trust Equity Partners has built its reputation as a research led, proactive and thorough Private Equity fund investor across Europe with a focus on fund managers which:

- operate in lower to mid market funds in Western Europe
- have a strong track record and a stable team
- provide a consistent approach with a growth and operational bias

During the year, we added two new commitments to funds - a mid-market Pan European Fund and a lower to mid-market Germanic region fund. These commitments add to the diversification at a geographic, sector, stage and company level of the portfolio we are building.

We have built strong relationships with our selected fund managers, as evidenced by our positions on their funds' advisory boards, with a view to future potential co-investments with these managers.

As the fund managers make investments over time the portfolio will continue to become more representative of the current investment strategy.

Top ten investments*

Name	Ending Market Value £m	% of Portfolio
Fleming Family Private Equity Vehicle	8.1	10.1
Eurazeo	7.1	8.8
Standard Life European Private Equity Trust	6.7	8.3
The Alcuin 2007 Fund	6.1	7.6
Climate Change Capital Private Equity	5.9	7.3
Electra Private Equity	5.3	6.5
Impax New Energy Investors	5.1	6.3
August Equity Partners II A	5.1	6.3
Silverfleet Capital Partners	4.9	6.1
The Alcuin 2008 Fund	4.4	5.4

* Investments are held directly by the Company or through limited partnerships set up for the purpose of holding these investments.

Fixed Income and Other Assets

Fixed Income and Other Assets

Fixed Income and Other Assets

+2.9%

% of Net Assets: Jan'10 **4%** | Jan'09 **5%**

The Fixed Income portfolio consists of preference shares and bonds issued by companies in the UK banking and insurance sectors. The strong rebound in the share prices of UK financial companies in the year was reflected in the capital value of our preference share portfolio, which rose to £17.5 million from £13.7 million a year ago. Interest income from our preference share holdings totalled £1.5 million, producing an income return of over 8.9% at year end values.

Income from our US mineral rights fell from £2.2 million last year to £1.6 million. US average gas prices fell by 56% over the year while Sterling strengthened against the US dollar. Gas prices have now recovered from their lows of 2009: a sustained recovery is dependent upon demand and a function of economic growth in the US.

We also invest a small proportion of our assets in collective funds in areas which we believe will enhance the overall returns of the portfolio but in which we do not have direct expertise. Within these holdings, Impax Environmental Markets PLC, which invests in technology-based systems, products and services in environmental markets, performed well, as did Ashmore Global Opportunities Limited, which benefited from the recovery in global emerging markets.

Property

Property Portfolio

+6.2%

% of Net Assets: Jan'10 **2%** | Jan'09 **3%**

Our direct property portfolio provided gross rental income of £4.1 million, a return of 6.3% net of costs. The direct property portfolio was valued at £51.6 million at the year end, having disposed of 125 George Street, Edinburgh in January for £9.6m. Shortly after the year end, we also sold our property at 11/12 Hanover Street, London for £13.7m, which reflects a net initial yield of 4.2%. We will continue to manage the remaining properties in the portfolio to maximise income returns, until such time as they are considered appropriate for disposal.

Investments

Name	Value as at 31/1/10 £m
11/12 Hanover Street, London	13.7
Edinburgh House, 4 North St Andrew Street, Edinburgh	11.9
Kings Court, 12 King Street, Leeds	9.9
Climate Change Property Fund	6.5
Monteith House, 11 George Square, Glasgow	6.1
6-10 Frederick Street, Edinburgh	6.0
107 George Street, Edinburgh*	4.0

* Partly occupied by Alliance Trust PLC

Financial Services Subsidiaries

Alliance Trust Asset Management

Alliance Trust Asset Management has been established as a natural extension to the Company's business by offering third party investors the opportunity to access directly individual areas of expertise within our investment team. Our fund managers follow the same long-term investment philosophy in managing third party assets which they already employ in managing the Company's assets.

Our initial aim is to offer a focused range of investment funds which will meet our clients' needs. We established our first open-ended funds, Alliance Trust North American Equity Fund and Alliance Trust UK Equity Income Fund, in February 2009. Our North American Equity Fund has been awarded an "A" rating by Old Broad Street Research, one of the UK's leading fund rating agencies. In December, we also established the Alliance Trust European Equity Fund.

The focus of our distribution activity over the period has been to promote the establishment of this new business area to major fund buyers in the UK. We have also received good support from clients of Alliance Trust Savings. Third party assets under management totalled £11.6 million at the year end.

We anticipate adding further equity funds this year, based on the strengths upon which we can draw within the Company's investment team. By the end of 2010, we anticipate having established our core range of equity funds. Following the recruitment of our team of Fixed Income professionals, we will also actively pursue opportunities in fixed income markets.

The strength of our long-term investment philosophy and targeted, consistent, above-average performance are expected over time to lead to substantial growth in assets under management. This will enhance the Company's ability to attract key investment talent and will benefit shareholders by spreading operating costs over a larger pool of assets.

Alliance Trust Savings

Over the course of the year, an extensive review of Alliance Trust Savings' business was undertaken, led by its Chief Executive Officer, Robert Burgess. As a result a number of new appointments of highly experienced market practitioners have been made to strengthen the senior management team. Administration procedures and processes in both pension administration and share dealing services have been enhanced, with a firm focus on delivering quality service, value to customers and scalability.

Alliance Trust Savings is one of the leading providers of Self Invested Personal Pensions ("SIPP") in the UK, offering both an Investment Dealing SIPP and a Full SIPP. In November, we were awarded the title of "Low Cost SIPP Provider of the Year" by 'FT/Investor Chronicle'. We were also awarded "Best Stocks & Shares ISA Provider" by 'What Investment?' magazine, for the third consecutive year.

Our share dealing services offer a wide investment choice and fully transparent flat rate charges. Unlike many other fund platforms, we do not keep commissions from fund management groups but rebate all commissions received direct to our customers. We believe that with our business model we are now ideally positioned for the fundamental changes to adviser remuneration, which are expected to be implemented at the end of 2012, as a result of the FSA's Retail Distribution Review.

Alliance Trust Savings generated total income for the year of £9.9m compared to £16.4m last year. The reduction in income was driven primarily by the unprecedented reduction in UK Base Rate to 0.5% at the start of the year. Operating costs for the year were tightly controlled and remained relatively flat at £17.7m (£17.9m), despite one-off costs relating to redundancy, the move to Marketgait and the investment in people and automated processes. Customer numbers have remained stable at 57,000, while the business focused on improving its operational effectiveness.

Customers of Alliance Trust Savings play an important role in increasing demand for the Company's shares and also for Alliance Trust Asset Management Funds. Customers now hold in excess of 21% of the share capital of Alliance Trust and we continue to offer significant benefits for customers who are shareholders through the discounted dealing schemes.

The focus now for Alliance Trust Savings is to build on the achievements of 2009 to deliver long-term value to shareholders.

Financial Performance

Revenue earnings per share

9.14p

Capital gain per share

60.45p

Total Expense Ratio

0.69%

Company Total Return

The Company generates returns through revenue earnings and capital growth. For the year ended 31 January 2010 the revenue earnings per share were 9.14p (10.37p) and the capital gain per share was 60.45p (loss 87.42p) representing a total gain per share of 69.59p (loss 77.05p).

Company Revenue Performance

Revenue earned from the Company's assets declined by 14.8% to £81.2m (£95.3m). The Company's decision to reduce cash balances in the year and invest that cash in the markets together with reductions in the base rate of interest meant a decline in bank interest earned to £0.7m (£6m). Income from securities declined to £73.9m (£78.0m) due to cuts in dividend receipts and reduced special dividends.

Reductions in gas prices during the year reduced mineral rights income to £1.6m (£2.2m) and rental income on the Company's property portfolio rose slightly to £4.5m (£4.2m).

Company Capital Performance

Last year saw a recovery in the financial markets and our net asset value per share rose by 19.2%. Gains on our investment portfolio totalled £410.2m (Loss £583.9m).

Company Expenses

Overall the Company decreased expenditure by 4.8% during the year to £16.0m (£16.8m). The Company increased its expenditure on its investment function during the period in line with our focus on strengthening our team. In other areas of the business the Company acted decisively to reduce its cost base. The Total Expense Ratio (TER) for the period was 0.69% (0.70%).

Dividend

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

Having paid three interim dividends of 2.025p for last year, the Directors have declared a fourth interim dividend of 2.075p per share payable on 1 April 2010. The total dividend for the year, of 8.15p, is an increase of 1.9% on the 8.0p (excluding the special dividend of 0.5p paid in July 2009) paid for the previous year.

In the absence of any unforeseen developments, we expect to be able to recommend quarterly interim dividends of 2.0625p, payable on or around 2 August 2010, 1 November 2010, 31 January 2011 and a fourth interim dividend of at least 2.0625p, payable on or around 3 May 2011.

Consolidated results

For the year ended 31 January 2010 the consolidated gain per share was 69.76p (loss 78.06p) comprising revenue earnings per share of 7.57p (9.00p) and a capital gain per share of 62.19p (loss 87.06p).

Consolidated administrative expenses charged against revenue profits were £36.8m (£40.1m). Consolidated administrative expenses charged against capital profits were £1.3m (£2.0m).

Subsidiaries

Alliance Trust Savings generated total income for the year of £9.9m compared to £16.4m last year. Its operating costs for the year were £17.7m (£17.9m) which included one off costs of £0.8m (£0.9m) relating to redundancy costs. Alliance Trust Savings' profitability has been impacted significantly in the year by falling interest rates which reduced its earnings from placing customer deposits in the money markets. Alliance Trust Asset Management, the UK asset management business, incurred expenditure of £3.4m in the year (£3.6m).

Cash Flows, Liquidity Position and Borrowing Facilities

The Company started the year with net cash of 11.6%, having reduced our cash position toward the end of 2008 as our confidence grew in the recovery of global equity markets. We have continued to commit cash into equity markets and at 31 January 2010 we had net debt of 4.7%. The Company has committed funding lines of £200m in place at the year end and good covenant cover. The vast majority of the Company's assets are listed equities which are readily realisable.

Company record

	CAPITAL AND REVENUE			ATTRIBUTABLE TO ORDINARY SHARES			
	Total Assets less Current Liabilities £m	Total Capital Appreciation (Depreciation) £m	Total Revenue £m	Revenue Earnings p per share*	Capital Appreciation (Depreciation) p per share*	Dividend p per share*	Net Asset Value £ per share*
2001	1,976	87	40.3	6.73	17.23	6.65	3.91
2002	1,674	(305)	45.0	7.48	(60.47)	6.85	3.31
2003	1,206	(469)	43.6	7.16	(93.08)	6.95	2.39
2004	1,476	268	46.1	7.54	53.15	7.05	2.92
2005**	1,635	147	47.5	7.50	29.12	7.18	3.24
2006	2,037	395	54.5	8.70	78.47	7.35	4.04
2007	2,832	148	68.1	8.66	23.47	7.58	4.22
2008	2,699	(139)	82.6	9.17	(20.99)	7.90	4.02
2009	2,125	(584)	95.3	10.37	(87.42)	8.50***	3.17
2010	2,518	410	81.2	9.14	60.45	8.15	3.78

* Restated to reflect 10:1 subdivision

** Prior to 2005, shown in accordance with UK GAAP; from and including 2005, shown in accordance with IFRS

*** Includes special dividend of 0.5p, paid July 2009

Risk Factors

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

The Board has overall responsibility for setting the level of risk which it is prepared to accept. The level of risk appetite acceptable to each business is agreed at Board level and regularly reviewed.

The risk framework is overseen by the Risk Committee, which meets quarterly, is chaired by the Finance Director and is made up of representatives from Alliance Trust and each of its regulated subsidiaries. The Risk Committee has oversight of the risk and controls self-assessment exercise and the operation of the risk framework as a whole. Each business unit maintains and reviews its risk register and the controls in place to mitigate, reduce or prevent loss arising from their key risks. A common risk categorisation is in place for all business units.

The key risks, and mitigating actions are discussed below:

Risk	Mitigation
Strategic – a strategy that does not maximise value and /or fails to achieve the initiatives in the agreed strategic plan due to changing or flawed assumptions.	The Board allocates time at each board meeting to consider the implementation of its strategy, both for investment and the subsidiary businesses. Separately, the different Boards within the Group measure their performance against agreed business objectives.
Market – unfavourable market moves or volatility. The risk typically arises from equity, property and bond exposures, and the impact of interest rates and currency values.	The Asset Allocation Committee meets regularly, attended by senior investment managers and our economist, to consider and take action to realign investments.
Credit – the failure of a party with which we have contracted to meet its obligations both on and off the balance sheet.	Management measure exposure to counterparties on a daily basis. Counterparty exposures are set by the Authorisation Committee and take into account credit as well as investment exposure.
Liquidity – the risk that the Company/subsidiary does not have sufficient financial resources to meet its commitments when they fall due, or can secure them only at excessive cost. For Alliance Trust Savings and Alliance Trust Asset Management this is also a regulatory requirement.	Cash is managed on a daily basis. The bulk of the Trust's investments are quoted equities which may be realised at short notice if required.
Capital – the risk that Alliance Trust or one of its regulated subsidiaries has insufficient capital to meet its regulatory capital requirements; that the group has insufficient capital to provide a stable resource to absorb any losses up to the confidence level defined within the group; that the group loses reputational status as a result of having capital that is regarded as inappropriate either in quantity, type or distribution; or that the capital structure is inefficient.	The Company, and all regulated subsidiary companies, comply with the requirements of the Internal Capital Adequacy Assessment Process ('ICAAP') under Basel II which means that the Company considers the risks to which it is, or could be, exposed in order to ensure that there is sufficient capital adequacy on an ongoing basis.
Financial and Prudential reporting – the risk of adopting inappropriate accounting policies; ineffective controls over financial and regulatory reporting.	The Board receives its internal accounts at each meeting. The Audit Committee reviews the internal controls of the Company and its subsidiaries. During the year it met on six occasions. At the interim stage the accounts are reviewed by the external Auditor and at the year end are subject to external audit.
Reputational – the risk that the value of the Company is diminished due to adverse publicity regarding the way in which it does business.	The Company has a risk framework in place to reduce the likelihood of such a loss event taking place. In addition, the Company has in place arrangements to enable it to respond to and minimise the impact of any adverse incident.

Risk	Mitigation
Operational Risk Is the risk of a reduction in earnings and/or value, through financial or reputational loss, from inadequate or failed internal processes and systems, or from people or external events. In order to more accurately manage operational risks, Alliance Trust places them into the following sub categories:	
Legal & regulatory disclosure – loss arising from failure to comply with the laws, regulations and codes applicable.	The Company has separate legal, compliance and internal audit functions to keep the business apprised of regulatory developments.
Customer Treatment - loss arising from inappropriate or poor customer treatment.	All employees are required to undertake training and are tested to ensure that they have a good understanding of the requirement to treat customers fairly. Our regulated subsidiary, Alliance Trust Savings, monitors this as a Key Performance Indicator.
Process and Resources - loss resulting from inadequate or failed internal processes and systems, people related events and deficiencies in the performance of external suppliers and service providers.	Staff members have individual objectives and their performance is assessed against these. Investment managers operate within parameters set by the Asset Allocation Committee and Equity Strategy Review Committee which in turn operate within limits set by the Board. Management Information from performance and risk measurement systems are reviewed by management committees and the Boards.
Theft and other criminal acts - loss associated with financial crime or the failure to put into place effective systems and controls to comply with regulatory and legal responsibilities to detect and prevent financial crime. This can also include regulatory sanctions and costs.	We take care to segregate duties between front and back office functions. We do not handle cash and have anti-money laundering requirements in place and enforced.
People Risk - loss arising from inappropriate behaviour, industrial action or health and safety issues. This includes the failure to retain and motivate staff and to recruit appropriately skilled staff to fulfil the business objectives.	Policies are in place to ensure effective remuneration and that an appropriate working environment is maintained throughout the Group. Employee Key Performance Indicators such as absence and turnover are monitored regularly by management.
Management of change - loss arising from projects and business change failing to be introduced on time and within budget, and failure to realise the intended benefits.	Major projects are considered and monitored by a Project Control Group or other senior committee.
Management of third party suppliers - loss arising from the service failure from a third party arising due to inadequate contractual arrangements; failure to manage the third party, or a failed or discontinued service.	Significant contracts are reviewed by our internal legal team to ensure that the Company's interests are protected so far as can be commercially negotiated.
Business continuity - loss arising from the interruption or disruption to critical processes and could include building unavailability; lack of IT services; environmental hazards; unavailability of human resource or an inadequate response to disruption from flawed or insufficient planning.	The Company has tested business continuity management processes and plans in place.

Further information on financial instruments and risk as required by IFRS7 can be found on pages 77 to 83.

Corporate Responsibility

Following the review of Alliance Trust's performance with regard to corporate responsibility issues which was undertaken in 2008, various initiatives were undertaken during the current year to strengthen the Company's links with its stakeholders. These are discussed under the following headings:

Marketplace – the businesses in which we operate, both as an investment company and through our subsidiary companies.

As an investment company we are committed to a long-term investment strategy, maintaining effective relationships with those companies to which we commit our shareholders capital. We do this through regular engagement with the management of these companies and considered use of our voting rights. In most cases we vote in line with the recommendations of management; however we do abstain or vote against recommendations when we consider that they are not in the interests of shareholders. For the year ending 31 January 2010 we voted as follows:

In favour of management recommendations	161
Against management recommendations	16
Abstentions	0

Votes against management were predominantly in the US where we voted for shareholder resolutions to split the role of Chairman and Chief Executive, to have an advisory vote on executive remuneration and for majority voting of directors. Additionally, we voted against a proposed Board appointment, buying back employee options above fair value and a resolution allowing the board to adjourn the AGM if they lacked sufficient votes on other resolutions. In Europe, we voted against proposals to issue new capital without pre-emption rights, a proposal to issue shares in lieu of cash for a dividend payment and a nomination committee that would be dominated by a minority shareholder class.

We have enhanced our investment process by initiating a review of the profile of investee companies with regard to Environmental, Social and Governance (ESG) issues, using available information to assess the level of ESG risk. We believe that doing so will enable us to identify and take account of companies' attitude to corporate responsibility issues in our investment decisions. Companies which pay little or no regard to these issues are more susceptible to reputational risks with resulting damage to shareholder value.

With regard to our own shareholders, we continue to meet with both individual and institutional shareholders regularly throughout the year. There is a close link between our shareholders and our subsidiary business Alliance Trust Savings. For this reason we adopt a pricing model based on the level of activity, rather than the amount invested, to ensure that the costs of the business are shared fairly among its customers.

We have adopted policies on gifts and hospitality and other potential conflicts of interest to ensure that decisions are made on their merits rather than for personal interests.

Workplace – providing an environment in which each of our employees has an equal chance to develop their full potential.

We maintain a comprehensive suite of policies intended to protect employees from unlawful discrimination, offer a working environment where they have a right to be treated with consideration and respect, and support high standards of conduct and performance. We also offer employees the opportunity to enter into flexible working arrangements. These policies ensure that we meet our health and safety requirements and treat disabled employees in accordance with our statutory obligations.

We also operate a grievance procedure and a whistleblowing policy allowing employees to raise sensitive issues independently of line management. Employees are made aware of these arrangements when they join the Company and periodically thereafter. They are kept informed of the progress of the Company through regular team meetings and company-wide briefings.

Last year we undertook an employee opinion survey for the first time. Two-thirds of our employees participated in the survey, which was undertaken by an independent research organisation to maintain confidentiality. In response to the results of the survey a range of initiatives have been undertaken, including:

- A welcome programme for new employees which is intended not only to give formal induction relevant to their role but also to introduce them to key members of the management team
- Increased focus on training and development
- Greater focus on recognition, including "Employee Excellence" awards to acknowledge outstanding individual contributions.

Community – ensuring that our reputation is maintained and enhanced within the communities from which our investors, customers and employees are drawn.

We operate a charitable foundation which is intended to encourage employees to raise funds to support local voluntary organisations. The Company matches payments made by the foundation, using unclaimed dividends returned to the Company as a result of the shareholder concerned becoming untraceable. The choice of which charities to support is made by the employees themselves, through the foundation. However the foundation is supported by the Scottish Community Foundation, which offers guidance and support both in identification and screening of requests for assistance and in the administration of the foundation.

During the year employees raised £2,308. This, together with amounts raised by employees in previous periods, was matched by a contribution to the foundation by the Company of £6,636.

The foundation approved one donation, of £3,432, to Boomerang, a Dundee-based project to encourage development of Information Technology skills by members of the local community.

During 2009 we introduced a volunteering policy, allowing employees to take up to two days additional leave to act as unpaid volunteers for local organisations. In order to promote this policy we have entered into a partnership with the Brae Dundee Riding Ability Centre, part of the National Riding for the Disabled Association. Teams of employees have visited the Brae to help with a range of activities and to find out more about the work of the Centre. We look forward to continuing to work with the Brae during the coming year.

Environment – acting responsibly in our consumption of natural resources and energy.

While our own environmental impact is limited, any reduction in the costs of energy and consumables is beneficial to the Company. This year we have benefited from the move into our new offices at West Marketgait, Dundee. This building was designed with environmental considerations in mind to maximise energy efficiency and recycling opportunities. The building management system allows us to monitor and control temperatures and motion-sensitive lighting has been installed throughout the building to ensure efficient use of electricity. Rainwater is collected and stored to reduce water usage. Cardboard and paper is recycled. When computer equipment reaches the end of its useful life it is either refurbished or recycled taking into account the European Waste Electrical and Electronic Equipment (WEEE) guidelines. Office furniture which became surplus following the move to Marketgait was donated to Transform Community Development for re-use in the local area. The Company also uses paper from sustainable sources wherever practicable and cost effective.

In relation to our investment property portfolio, we have appointed an external company as managing agent and have reviewed that company's own environmental policy to satisfy ourselves that it is consistent with our own values.

We encourage shareholders and clients to use electronic communications. To date, 3% of shareholders have opted to receive our annual report electronically. 54% of clients of Alliance Trust Savings have signed up to use our online share dealing service and 32% of its clients receive their statements and valuations electronically.

Carbon footprint reporting

Last year for the first time we reported on carbon dioxide (CO_2) emissions based on the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and we do so again this year, using the same inventory of:

Scope 1: gas, fuel oil, refrigerant loss
Scope 2: non-renewable electricity purchased
Scope 3: business travel by personal car, air and rail

This year there was a reduction of 41% in our CO_2 emissions which amounted to 339 tonnes, representing 1.17 tonnes per full time employee (674 tonnes, representing 2.11 tonnes per full time employee for the year ended 31 January 2009). This significant reduction is mainly attributable to a reduction in air travel following the closure of our Hong Kong office and greater use of our video-conferencing facility, and reduced energy consumption following the move to new more energy-efficient premises during the year. A breakdown is shown below.

Alliance Trust Corporate Carbon Footprint 2009/10 (Tonnes CO_2)

Directors

1

2

3

4

5

Chairman

1. Lesley Knox MA ◆

Joined the Board 2001; appointed Chairman 2004

Chairman of the Nomination Committee

Lesley Knox (56) graduated with an MA in Law from Cambridge, qualified as a lawyer and worked in the UK and US. Subsequently, she worked as a corporate finance adviser, first with Kleinwort Benson, where in 1996 she became a group director. She was also Head of Institutional Asset Management at Kleinwort Benson Investment Management which provided investment services to clients worldwide.

She is the Senior Non-Executive Director of Hays PLC.

Non-Executive Directors

2. Christopher Masters CBE FRSE BSc PhD AKC ■●◆
Senior Independent Director

Joined the Board 2002

Chairman of the Remuneration Committee

Christopher Masters (62) took his doctorate in Chemistry at Leeds University and worked for Shell in both the UK and the Netherlands. He joined Christian Salvesen as business development manager in 1979, becoming Director of Planning for its US operation and Chief Executive from 1989 to 1997. He was then appointed Executive Chairman of Aggreko PLC, a post he held until January 2002. He is Chairman of the Festival City Theatres Trust.

Other directorships include The Crown Agents, John Wood Group PLC and Creative Scotland 2009 Ltd.

3. Hugh Bolland BA (Hons) ■●◆

Joined the Board 2007

Hugh Bolland (63) graduated with a BA (Hons) in Economics and Statistics from Exeter University. In 1968, he became an economist with the Bank of New South Wales in Australia. In 1970, he joined Schroder Investment Management in London. In 1982, he was appointed Investment Director and then Managing Director of Schroders in Hong Kong and later Chief Executive of Schroders Australia. After returning to the UK he became Chairman of Schroder Unit Trusts, Chief Executive and latterly Vice Chairman of Schroder Investment Management. He retired from Schroders in 2000.

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

4. John Hylands BSc ■●◆

Joined the Board 2008

Chairman of the Audit Committee

John Hylands (58) graduated with a BSc in Mathematics from Glasgow University. He joined Standard Life in 1979 and qualified as an actuary in 1982. His career at Standard Life spanned 28 years and included various actuarial, finance and management positions including serving as Finance Director from 2001 to 2005.

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

5. Clare Sheikh MA ●◆

Joined the Board 2005

Clare Sheikh (46) graduated with an MA in English from Cambridge. In 1987, she joined Boston Consulting Group as a management consultant, working in London and Madrid. She gained considerable experience in financial services and was Consumer Marketing Director for the Prudential before joining Avis Europe as Group Marketing Director. After a brief spell at Transacsys PLC she joined Centrica PLC, becoming Managing Director of AA Financial Services before joining the commercial television network ITV as Marketing Director in 2005. She left ITV in January 2007 and is now Group Strategy, Marketing and Customer Director of Royal and Sun Alliance Insurance Group.

She is a Non-Executive director of Codan Forsikring, a major Danish insurance company.

Executive Directors

6. Katherine Garrett-Cox BA (Hons) ASIP ◆
Chief Executive

Joined the Company as Chief Investment Officer in 2007; Appointed Chief Executive 2008.

Katherine Garrett-Cox (42) graduated with a BA (Hons) in History from Durham University and is an Associate of the Society of Investment Professionals. Her early career was spent in US fund management, starting with Fidelity Investments and later with Hill Samuel Asset Management as Investment Director, Head of American Equities.

In 2000 she joined Aberdeen Asset Management becoming an Executive Director in 2001 and Chief Executive of their operating subsidiary Aberdeen Asset Management Limited, whilst serving as Chief Investment Officer.

In 2004 she became Chief Investment Officer for Morley Fund Management (now Aviva Investors) and a Board Director of a number of their subsidiary companies with specific responsibility for fund management teams in London, Dublin, Boston and Warsaw.

Katherine Garrett-Cox is a trustee of The Baring Foundation and was nominated a Young Global Leader of the World Economic Forum in October 2005.

7. Robert Burgess BSc (Hons) ACIB
Director and Chief Executive, Alliance Trust Savings

Joined the Board 2009

Robert Burgess (44) is a graduate of Manchester Business School and is an Associate of the Chartered Institute of Bankers.

He has extensive retail financial services experience. Previously he managed the retail and business banking sectors of Lloyds TSB Scotland as an Executive Director and was subsequently Regional Director for its retail banking business in London and the South East.

Between these roles, he was Strategic Future Business Programme Director for Lloyds TSB's subsidiary, Scottish Widows. More recently, he was Executive Director, Sales and Distribution, for Thomas Cook UK and also spent time at the Bank of England.

8. Alan Trotter BAcc (Hons) LLB CA CTA
Finance Director

Joined the Board 2010

Alan Trotter (41) graduated with a BAcc (Hons) in Accountancy from Glasgow University and with a LLB from the University of London. In 1990 he joined Ernst & Young, qualifying as a chartered accountant in 1993 and a chartered tax adviser in 1995. He gained considerable experience in financial services with them in both the UK and Hong Kong.

In 1996 he joined Standard Life as Finance Manager responsible for Group statutory and regulatory reporting before moving to the newly established Standard Life Bank as Senior Finance Manager.

He joined the Finance department of The Royal Bank of Scotland in 2001 specialising in group corporate finance. He left to join Legal and General in 2007 as Group Corporate Development Director with responsibility for the UK Central Finance function and delivery of the Group's cost challenge.

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

6

7

Corporate Governance

The Board confirms that the principles of the Combined Code on Corporate Governance, issued in June 2008, have been complied with for the full year; this report describes how we have applied these in practice. The Board has also considered the principles of the AIC Code of Corporate Governance ("AIC Code"). The AIC Code addresses all of the principles set out in Section 1 of the Combined Code, as well as setting out additional principles on issues that are of specific relevance to investment companies such as Alliance Trust. The Company has complied with the principles of the AIC Code.

The Company is an investment company and seeks annual approval from HM Revenue and Customs to maintain its status as an investment trust. The last such approval was granted in respect of the financial year ending 31 January 2009.

The Board

The Board sets the Company's objectives, approves its business plans, and provides a framework of prudent controls to enable risk within the business to be managed. It provides leadership to management and reviews the performance of the business.

The Board at the year end comprised the Chairman, four Non-Executive Directors and two Executive Directors. In the course of the year the Board composition changed with the resignation of David Deards on 30 April 2009 and the appointment on 21 September 2009 of Robert Burgess, Chief Executive of Alliance Trust Savings. On 1 February 2010 Alan Trotter joined the Company as Finance Director. A summary of the experience of the Directors can be found on pages 30 and 31.

Board Composition

All Directors are responsible for the decisions taken by the Board. The majority of the members of the Board are independent Non-Executive Directors who take no part in the day to day management of the business. They do, however, play an important part in constructively challenging management, helping to develop strategy and monitoring its delivery using the experience they have gained in other businesses.

In addition to the Directors, various members of senior management attend board meetings and present to the Directors on activities in their area, or in respect of particular concerns or interests of the Directors. Presentations by investment managers are a regular feature of board meetings.

The Board reserves certain decisions to itself and delegates others to committees or the Executive Directors and management as explained in more detail on pages 33 to 35.

The areas the Board has reserved to itself include:

- approval of investment strategy and policy
- decisions on new subsidiary businesses, joint ventures and other arrangements

- approval of treasury policies, banking counterparties and counterparty exposure limits
- approval of Group borrowing limits and the maximum amounts and nature of new bank borrowing facilities
- major contracts
- approval of the asset classes in which any Group company may invest
- approval of the derivative instruments which any Group company may use
- approval of material changes to gearing and the percentage mix of asset allocation by class and geography
- major changes in employment and remuneration structures
- political and charitable donations
- any material litigation

Through the matters reserved to the Board, the powers of individual Directors are restricted to the extent necessary to ensure good governance.

Each year, the Board agrees an annual Board Meeting programme to ensure that all aspects of the performance of the Company and its management are reviewed. The following appear as regular Board items:

- Investment Report
- Asset Allocation
- Economic Outlook
- Portfolio Performance
- Trading volume, discount and share buybacks
- Financial Performance
- Investor Relations

The Chairman

The Chairman is Lesley Knox and her role is clearly established and set out in writing to ensure that her responsibilities are differentiated from those of the Chief Executive.

Senior Independent Director

This position is held by Christopher Masters. The Senior Independent Director is available for shareholders in the event that it is inappropriate to raise matters with the Chief Executive or Chairman and to lead the review of the Chairman's performance with the other Non-Executive Directors.

Non-Executive Directors

The Company is committed to maintaining a strong representation of independent non-executives on the Board and this is demonstrated by the construction of the Board. All of the Non-Executive Directors are considered to be independent, none of them having any previous relationship with the Company other than as shareholders.

The Chairman and a Non-Executive Director also sit on the Board of Alliance Trust Savings and Alliance Trust Asset Management.

In addition to attendance at Board and Committee meetings the Non-Executive Directors are available to management throughout the year.

They also met as a group on two occasions during the year. These meetings offer the Non-Executive Directors the opportunity to discuss management succession and other business or concerns that they have in the absence of Executive Directors. In the course of the year the Non-Executive Directors also met without the Chairman present in order to review her performance

Chief Executive

Katherine Garrett-Cox served as Chief Executive throughout the year. She also serves on other subsidiary Boards as either an executive or non-executive director.

Executive Directors

Robert Burgess, Chief Executive of Alliance Trust Savings, was appointed to the Board on 21 September 2009 to bring his experience to the wider group. After the year end, on 1 February 2010, Alan Trotter was appointed as Finance Director to fill the vacancy which had arisen during the year.

The Executive Directors also serve on the Boards of subsidiary companies in the Group in either an executive or non-executive capacity.

Company Secretary

The Company Secretary, Donald McPherson, is responsible for advising the board on matters of corporate governance and legal compliance. He is also responsible for Compliance and Risk and the HR function. The Directors have access at all times to the Company Secretary for information and assistance as required.

Board Committees

The Board have set up various committees to assist decision making and internal governance. The three principal Board committees are:

Audit Committee

Nomination Committee

Remuneration Committee

Copies of the Terms of Reference of the Committees will be available at the Annual General Meeting and are available on the Company website www.alliancetrust.co.uk.

Board and Committee Attendance

The Board held eight scheduled meetings during the year. Details of attendance are set out below.

Audit Committee

The members are:

John Hylands (Chairman)

Hugh Bolland

Christopher Masters

The Board is satisfied that John Hylands has recent and relevant financial experience. The work of the Committee during the year is explained in the Accountability and Audit section of the report on page 38.

Remuneration Committee

The members are:

Christopher Masters (Chairman)

Hugh Bolland

John Hylands

Clare Sheikh

The role of this Committee is to determine the remuneration of the Executive Directors and Chairman and to monitor and recommend the level and structure of remuneration for other senior management. The work of the Committee during the year is explained in the Remuneration section of the report on page 40.

The following diagram shows the main Board Committees with an overview of their function to demonstrate the risk and governance structure operating within the Company.

	BOARD		AUDIT		REMUNERATION		NOMINATION	
Director	Actual	Possible	Actual	Possible	Actual	Possible	Actual	Possible
Lesley Knox	8	8	-	-	-	-	3	3
Hugh Bolland	8	8	6	6	7	7	3	3
Robert Burgess	1	1	-	-	-	-	-	-
David Deards	3	3	-	-	-	-	-	-
Katherine Garrett-Cox	8	8	-	-	-	-	3	3
John Hylands	8	8	6	6	7	7	3	3
Christopher Masters	8	8	6	6	7	7	3	3
Clare Sheikh	6	8	-	-	5	7	1	3

Nomination Committee

The members are:

Lesley Knox (Chairman)
Hugh Bolland
John Hylands
Christopher Masters
Clare Sheikh
Katherine Garrett-Cox

The Committee is responsible for ensuring that there is planned succession, so far as possible, at Board level and for ensuring the proper composition of the Board is maintained.

In the course of this year the Committee had to consider the replacement of one Executive Director and whether to appoint another Executive Director to the Board. In the case of Robert Burgess it was decided that, in addition to his responsibility for leading the development of Alliance Trust Savings, his skills and experience would enable him to make a broader contribution to the deliberations of the Board. Upon David Deards' departure the Committee decided to undertake an external search for a replacement Finance Director and, while that was being undertaken, to make an interim appointment to carry out the functional responsibilities. Following an extensive search and detailed consideration of a number of candidates the Board appointed Alan Trotter to the role of Finance Director.

Other Committees

Various other committees have been established which include Executive Directors and other senior managers. The following are the major executive committees. All have terms of reference and are attended by the Company Secretary or his nominee to ensure good governance is followed and decisions properly recorded:

Asset Allocation Committee

The purpose of this committee is to take decisions on the amount of the Company's capital that should be invested in each asset class. There is a separate committee comprising the Chief Investment Officer and the portfolio managers who then decide on how the capital allocated to equities is divided between the different regional equity portfolios. The Committee has responsibility for:

Allocation of the capital of the Company between the following asset classes:

- Equities and convertibles
- Fixed income securities
- Variable rate securities
- Cash
- Private equity
- Investment trusts
- Collective investment funds
- Property
- To approve the allocation of seed capital to funds established by subsidiaries of the Company
- Cash, gearing and currency management
- The use of derivative instruments to support any of the above
- To allocate the capital of the Company to ensure adherence to the dividend policy set by the Board

The Committee, which meets on a monthly basis or more often, if required, comprises the Chief Investment Officer, the Finance Director, the Director of Investment Strategy and the Chief Operating Officer, Investment.

Executive Committee

This Committee, comprising the Chief Executive and senior management, is the main executive committee providing leadership, oversight and communication across the Group. It focuses on strategy and planning, provides oversight of the Operating Committee and retains key decision making authorities.

Operating Committee

This Committee, comprising the Chief Executive and the senior operational managers, provides a focus on financial and operational performance against the business plan and risk management and is a channel for communication amongst senior management.

Risk Committee

This committee comprises the Finance Director and the senior managers who oversee and review the control, monitoring and reporting framework and related procedures for risk management. It is responsible for ensuring that there is an effective risk management framework for the Group and, as such, plays an important monitoring role across all aspects of the organisation ensuring that the risks inherent within the business are under proper control.

Authorisation Committee

This Committee, comprising the Executive Directors and other senior managers, considers and approves changes to signing authorities, approval of banking arrangements, appointment of brokers and approval of other administrative arrangements. It provides oversight and control ensuring that senior management is aware of, and must approve, the individuals within the business who are authorised to act on behalf of the Company.

Board and Committee evaluation

The Board is committed to undertaking annual reviews of its own performance, and also the performance of its committees and individual Directors. This can be facilitated either internally or, as was the case this year, with external assistance. This year the Board decided that the evaluation should be facilitated externally and appointed Dr Tracy Long of Boardroom Review to undertake the exercise. The Board last undertook external facilitation in 2007.

The evaluation was undertaken by a series of confidential interviews with directors, discussions with the Company Secretary and a review of Board and related papers during the period between November 2009 and January 2010.

Areas of strength identified were in relation to the Board's focus on risks and controls and performance management, culture and Board dynamics, and engagement with shareholders. The evaluation identified the changing role of the Board, including the interaction with the Boards of the principal subsidiaries, and succession planning as key issues for consideration by the Board over the coming year.

The Senior Independent Director led the evaluation of the Chairman's performance, which was the subject of discussion at a meeting of the Non-Executive Directors, following completion by them of a questionnaire which was devised to assess Lesley Knox's performance against a series of key attributes for a chairman. The evaluation confirmed that the Chairman was effective in her role.

Appointment as a Director

Robert Burgess was appointed on 21 September 2009 and Alan Trotter on 1 February 2010. Their appointments fall to be confirmed at the Annual General Meeting. All Directors are subject to re-election every three years and Katherine Garrett-Cox falls to be re-elected at this meeting. The individual performance of each Director and their ongoing suitability for election or re-election was considered and endorsed by the Nomination Committee having regard to their individual performances. All are recommended for election or re-election at the forthcoming Annual General Meeting.

Directors' and Officers' Indemnification

The Company provides insurance (maximum payable £22 million in aggregate) for legal action brought against its Directors as a consequence of their position. In addition separate deeds of indemnity have been agreed with each Director indemnifying them as permitted by company law. The indemnity and insurance does not extend to cover claims brought by the Company itself which are upheld by the Courts, nor to criminal fines or penalties.

Director Development

Updates on corporate governance, risk and business issues impacting on the Company are provided to the Board on an ongoing basis.

Conflicts of Interest

The Directors have previously provided details of all interests which potentially could cause a conflict of interest to arise. The unconflicted Directors in each case noted the declarations by the Directors of their other interests and confirmed that at that time none of the interests disclosed were reasonably likely to give rise to a conflict. An annual review of all interests was undertaken as part of the year end process and this was considered by the Board in February 2010. Procedures are in place to allow Directors to request authority should it be required outwith the normal Board meeting schedule.

Access to advice

All Directors have access to independent professional advice if necessary.

Director Shareholdings

All Directors are required to hold 3,000 shares in the Company and all Directors hold at least that number with the exception of Alan Trotter who will acquire the requisite holding after the end of the close period. Full details of Directors' shareholdings can be found on page 43.

Major Shareholders

The table below shows the shareholders which have notified us that they hold more than 3% of our issued share capital, or have notified us that they hold more than 3% of the voting rights of ordinary shares of the Company in issue with voting rights.

Ordinary shares as notified at 1 April 2010		
Alliance Trust Savings Nominees Limited	141,891,607	21.5%
DC Thomson & Company Limited and John Leng & Company Limited	37,000,000	5.5%
Legal and General Group PLC	27,155,896	4.0%

Payment of Creditors

The Group's policy and practice is to pay creditors in accordance with the terms agreed. At 31 January 2010 the Company had no trade creditors. The Company's subsidiary undertaking, Alliance Trust Services Limited, which purchases most of the goods and services for the Group and recharges them to the appropriate entity, had trade creditors outstanding at 31 January 2010 representing seven days of purchases.

Relationship with Shareholders

All Directors attend the AGM where they have the opportunity to meet shareholders. Meetings also take place throughout the year with major and institutional shareholders, such meetings normally being attended by the Chairman or Chief Executive.

In addition to these meetings, fora are held during the year where individual shareholders are invited to meet Directors and senior managers. In 2009, approximately 900 shareholders and guests attended these meetings. Invitations to attend are sent also to individuals who hold their shares in the Company through Alliance Trust Savings.

For more details of forthcoming events, please see page 89.

Correspondence received from shareholders by the Chairman and the Chief Executive is routinely circulated to other Directors.

Share Capital and Waiver of Dividends

The Company's issued share capital as at 31 January 2010 comprised 667,059,760 Ordinary 2.5p shares of which 1,789,960 have been acquired by the Trustee of the Employee Benefit Trust ('the Trustee') with funds provided by the Company in connection with its employee share plans. The Trustee has elected to waive all dividends payable in respect of those shares. Each Ordinary share of the Company is entitled to one vote, but the Trustee cannot vote in respect of the shares held by it on behalf of the Company.

On 14 October 2009 the Company acquired and cancelled 4,850,000 Ordinary 2.5p shares for a total consideration of £15.38 million. This accounted for approximately 0.72% of the then issued share capital.

Subsequent to the year end on 10 March 2010 the Company acquired and cancelled 6,000,000 Ordinary 2.5p shares for a total consideration of £19.66 million. This accounted for approximately 0.90% of the then issued share capital. The Company's issued share capital after this transaction was 661,059,760 ordinary 2.5p shares.

There are no preference shares or shares held in treasury.

Agreements in Respect of Voting Rights

The Company has reached an agreement with Alliance Trust Savings whereby its customers' shareholdings in the Company will be voted at the AGM in their entirety in the proportions of those customers who give instructions to vote, or abstain, on all resolutions put to the AGM.

Share Buy Back Authority

At the last AGM the shareholders renewed the authority (originally approved at the EGM held on 10 May 2006), for the repurchase of up to 14.99% of the issued shares. This authority falls to be renewed at the next AGM. The Company made use of this provision during the course of the year as detailed above.

Annual General Meeting

In addition to formal business, the Chief Executive will present on business developments and there will be an opportunity for questions to be put to the other Directors. This year, there will be proposals to confirm the notice period for convening general meetings other than Annual General Meetings and to renew the share buy back authority. All Directors plan to attend and other senior managers will also be present. Details of the business of the meeting will be sent to all shareholders.

Accountability and Audit

Directors' responsibility

The Directors are responsible for preparing the Annual Report and the group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare group and parent company financial statements for each financial year. Under that law they are required to prepare the group financial statements in accordance with IFRSs, as adopted by the EU and applicable law, and have elected to prepare the parent company financial statements on the same basis.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Audit Committee

In addition to reviewing and recommending to the Board the Financial Statements of the Company, the Audit Committee's main role is to review changes in the business which require consequent changes to the financial controls to the system of internal control review and report to the Board on the integrity and effectiveness of:

(i) the accounting and financial controls of the Company and all its subsidiaries, although Alliance Trust Savings also has its own Audit Committee to complement the activities of the main Audit Committee;

(ii) the system of risk management and internal controls of the Company and all its subsidiaries.

The Finance Director, Head of Internal Audit and Head of Compliance will normally attend. The Chairman and the Chief Executive may attend by invitation and the external auditors attend when financial statements they have audited or reviewed are to be approved, or when requested.

The Committee also reviews and reports to the Board on compliance with the requirements of relevant legislation or regulation, and the relationship of any group company with any appropriate regulatory body supervising or regulating its business.

In the course of the year the Committee considered, reviewed, approved or recommended to the Board the approval of the Interim and Annual Financial Statements of the Company, internal and external audit plans, the going concern basis of the business, the performance and independence of the Auditor, the status of the Company's disaster recovery plan and the ICAAP requirements. The Committee recommends the draft accounts to the Board for approval.

Risk Management

The Board, supported by the Audit Committee's review, is responsible for the risk management frameworks operated by the business units. The Company has a robust approach to identifying key risks to the business, which forms part of the risk framework. The aim is to effectively manage, rather than eliminate any risk of failure to achieve, its business objectives. All major risks and the risk appetite of the Company have been considered and agreed. Management is responsible for managing and, where possible and appropriate, preventing, reducing and mitigating risks on an ongoing basis. There is a quarterly risk and control self assessment by risk and control owners, the results of which are reviewed by the Risk Committee and reported to the Audit Committee.

Internal Control

The Board confirms that, in the course of the year, a review of the effectiveness of the Group's systems of controls was carried out. The systems of controls were considered to be effective.

The Company maintains a separate internal audit function. Risk management oversight rests with the Compliance function. There is a rolling programme of internal audits based on assessment of risk, with the ability to introduce unplanned audits as circumstances dictate.

Disclosure of Information to the Auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditor is unaware; and each Director has taken all steps they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Auditor Independence

The Audit Committee has determined that, due to its in-depth knowledge of the organisation, there may be occasions when the external auditor is best placed to undertake work on behalf of the Company in addition to the annual audit. Therefore, a policy has been adopted that allows the external auditor to undertake such work only when there is no threat to their independence and the assignment has been approved by the Audit Committee.

The external auditor is appointed by the Board and their performance is reviewed and monitored by the Audit Committee. The Company last undertook a tender exercise in 2004 and the terms of the auditor's appointment and their remuneration is subject to annual review. KPMG Audit Plc has expressed willingness to continue in office as auditor and a resolution proposing their re-appointment will be submitted at the AGM.

Going Concern Statement

The Company's business activities together with the factors likely to affect its future development, performance and position are set out in the Business Review on pages 6 to 29. The financial position of the Company, its liquidity position and its borrowing facilities are set out in the Financial Performance Review on pages 22 and 23. In addition the Corporate Governance report, the Financial Statements and the Notes to the Financial Statements give details of the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Company has considerable financial resources and a spread of investments across different geographic areas and industries. The vast majority of our investments are listed on stock exchanges and are readily realiseable. Having reviewed the Company's forecasts and other relevant evidence, the Directors have a reasonable expectation that the Company will continue in operational existence for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

Report of Directors and Responsibility Statement

The Report of the Directors, comprising the statements and reports on pages 6 to 29 together with the Governance section on pages 32 to 39 of this Annual Report and Accounts has been approved by the Board.

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the Directors' report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties it faces.

Lesley Knox

Lesley Knox
Chairman

16 April 2010

Katherine Garrett-Cox
Chief Executive

16 April 2010

Directors' Remuneration

As an investment company, our priority is to attract and retain investment professionals together with other professionals with the appropriate levels of skill and experience to manage the business. The salaries that we pay and the total compensation package are balanced to retain and attract such individuals, and are structured to ensure that this represents good value to the shareholders by aligning these rewards to the long term success of the Company.

Our Executive Directors' compensation packages are detailed on pages 41 to 45. Variable pay comprises a significant element of potential earnings.

Other senior managers and all of our investment managers also have compensation packages comprising a basic salary – set at a level which is competitive in the market – and a variable pay element. The variable pay element incorporates both annual and long-term performance measures. Our investment managers are eligible for annual bonuses of up to 150% of salary based on achievement of annual performance targets, both for their own portfolio and the wider equity portfolio. In addition, they are eligible for long-term incentives based on the three-year performance of their own portfolio and achievement by the Company of its corporate targets. Other senior managers' annual bonuses are based on performance against business and individual objectives during the year, with the long-term element based on corporate performance measures.

The Remuneration Committee aims to adopt an approach that supports the Trust's traditional low risk investment philosophy underpinned by the belief that consistent year on year median to upper quartile performance will, over time, translate into long-term upper quartile performance.

In setting the levels of remuneration for the Executive Directors the Remuneration Committee takes account of the levels of remuneration of other employees, particularly at senior level, within the Company. The Executive Directors' remuneration is, however, not set through any formulaic approach or multiple of any other employees engaged within the business.

The Committee has set out the following policies for the reward of its Executive Directors:

- Base salaries will be set at no more than the market median for jobs of a similar size and complexity.
- Variable pay will form a significant proportion of the total package.
- Total remuneration (base salary plus annual and long-term incentives) will reflect Company performance, with the goal of upper quartile remuneration for upper quartile performance.
- Benefits will be no more than median.
- Differential pension benefits will be taken into consideration in setting the total remuneration package

The Company's primary objective is to generate capital growth over the medium to long term accompanied by a rising dividend for shareholders. The performance criteria by which Executive Directors are judged were set with this in mind. The corporate performance targets for the year ended 31 January 2010 were:

- TSR performance against a peer group, the test to be met for above median performance;
- NAV performance against a target of the FTSE All-World Index
- Achievement of a dividend increase in excess of RPI and also progressive in absolute terms.

In the year in question, although none of these objectives were achieved, it should be noted that the Board took a conscious decision to bolster the Company's commitment to a progressive dividend policy by increasing the revenue reserves rather than simply declaring a dividend which would have allowed the third corporate target to be met.

For the current financial year the targets will remain substantially the same. However, the target relating to dividends has been amended, to reflect the fact that the Board has decided to maintain a progressive dividend policy. In changing the dividend target, the Committee has taken into account the implications for long-term capital growth of managing the portfolio to generate the income required to maintain a progressive dividend in real terms. Consequently, the corporate targets adopted for the year to 31 January 2011 are as set out below:

- TSR performance against a peer group with the test met for above median performance.
- NAV performance against a target of the FTSE All-World Index.
- Dividend payable for the year to 31 January 2011 meets or exceeds the commitment set by the Board for the year of 8.25p per share.

The Board has delegated authority for remuneration policy to the Remuneration Committee whose responsibility is to:

a determine, on behalf of the Board, specific remuneration packages for each of the Executive Directors of the Company, including their pension rights and any compensation payments;

b determine, on behalf of the Board, the remuneration of the Chairman;

c monitor the level and structure of remuneration for senior management having regard to pay and conditions generally in the Group.

The membership of the Committee is set out on page 34 of the Corporate Governance section. The Committee has received independent advice on remuneration from the Hay Group until August 2009, from Towers Perrin from that date and, following the merger with Watson Wyatt in January 2010, from Towers Watson. The Hay Group, Towers Perrin and Towers Watson have no connection with the Company other than by virtue of their appointment by the Remuneration Committee.

The Committee has during the year:

- Approved the corporate target for the year for the purposes of the Annual Bonus Plan
- Approved performance objectives for the Executive Directors
- Assessed the performance of the Executive Directors and their remuneration packages
- Reviewed the performance condition for the Long Term Incentive Plan
- Granted awards under the Long Term Incentive Plan
- Considered the content of the Remuneration section of the Report and Accounts
- Considered the performance of the Committee

Basic Salary

All of the Executive Directors' salaries are at, or below, the market median. Although the Committee has expressed the intention to move the Executive Directors to the market median over time, this will be dependent upon the performance of the Company and the experience of the individual in his or her post.

Annual Salary

Name	Salary at 1/2/09 (or date of appointment) (£)	Salary at 1/2/10 (£)
Katherine Garrett-Cox	405,000	405,000
Robert Burgess	230,000	250,000
Alan Trotter	-	210,000

Variable Pay

This represents a significant proportion of the Executive Directors' total reward and the amount earned is reflective of the performance of the individual and the Company. There are two components to variable pay; firstly the Annual Bonus and, secondly, awards made under the Company's Long Term Incentive Plan (LTIP) which was approved by shareholders in 2007.

In 2009, the shareholders approved a change to the corporate targets of the LTIP from a target based on achieving returns against RPI to a measure based on relative performance against a peer group (see page 44). This latter target reflects the Company's current strategy of focusing on equities as our core area of expertise while retaining only a modest exposure to other asset classes. Awards only vest under the new target should the Company achieve a ranking of median or above against its peer group. (See Long Term Incentive Plans on the next page for further details).

Annual Bonus

For the year ending 31 March 2010 each Executive Director was eligible for an annual bonus of up to 100% of their basic salary dependent upon performance. The Remuneration Committee has decided that for the year to 31 January 2011, Katherine Garrett-Cox will be eligible for a maximum bonus of 150% of salary. However, the maximum matching award that she may receive, under the Company's Long Term Incentive Plan ('LTIP'), will be reduced to the number of shares that could be purchased with the gross value of the annual bonus at the time of the award to ensure that, overall, there is no increase in her maximum potential remuneration.

At least 50% of any annual bonus award must be deferred into shares within the LTIP. The Director can choose to receive the rest of any bonus in cash or have it deferred into the LTIP.

In the year ending 31 January 2010, the annual bonuses were dependent on achievement of a combination of corporate, business and individual targets.

The business and individual targets for Katherine Garrett-Cox reflected both her role as Chief Investment Officer and Chief Executive. The targets related to investment performance and contribution from asset allocation as well as her focus on cost efficiencies and the development of the subsidiary businesses.

Robert Burgess joined the Group at the beginning of the financial year as managing director of Alliance Trust Savings. As part of his remuneration package when he first joined the Company and before he became a director it was agreed that in his first year only he would receive a guaranteed bonus of 50% of his salary. In addition he was eligible to receive a discretionary bonus based on the achievement of a series of objectives relating to Alliance Trust Savings, the business for which he is responsible.

The following bonuses in respect of the year ending 31 January 2010 were awarded and were payable after the year end.

Name	Bonus £	% of maximum
Katherine Garrett-Cox	202,500	50
Robert Burgess	230,000	100

Long Term Incentive Plans

The Company operates a discretionary plan which was approved by shareholders in 2007. David Deards also held awards made under earlier incentive plans which were approved by the shareholders of the Company in 2005, although no further awards will now be made under these plans.

In all of these plans participants are given the opportunity to acquire shares at nil cost after three years, subject to the Company achieving certain targets. The current target, as approved by the shareholders in 2009, is to achieve performance above the median of our peer group as listed on page 44. This benchmark was chosen as the Board believed that comparative performance against our peer group is the most effective way of linking shareholders' interests with management incentive.

There are two categories of award which can be made:

Matching Awards: These entitle the participant to receive shares at nil cost with the number of shares in the award being calculated with reference to the amount of annual bonus which the member uses to purchase shares in the Company and which are deposited in the plan. At least 50% of the annual bonus must be used in this way. The maximum that can be received is twice the number of shares that could be purchased with the gross value of the annual bonus at the time of the award.

In respect of matching awards made in 2007 and 2008 the target that must be met to achieve the minimum level of vesting is TSR equivalent to inflation plus 3% each year, compounded over three years, with the maximum level of vesting only being achieved for TSR of 10% over inflation compounded over three years. In 2009 this target was replaced with one based on TSR compared to that of a peer group of other investment trusts with the minimum level of vesting at median and full vesting at upper quartile.

In respect of matching awards made under the Senior Management Equity Incentive Plan, which governed awards made prior to 2007, the target was to achieve at least median performance over three years measured against a comparator group of other investment trusts.

Details of the comparator groups used for these awards are set out on page 44.

Performance Awards: These are based on the same long-term performance measure as the matching awards. However, in this case, there is no requirement for the participant to purchase any shares. The maximum number of shares which can be awarded in a performance award is calculated on twice the annual salary of the participant at the date of the award.

Details of the awards made can be found on page 45.

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

In connection with the appointment of Alan Trotter, and at the recommendation of the Remuneration Committee, the Company made an award of £50,000 upon his appointment. This payment was to reflect awards granted to him by his former employer which he forfeited upon accepting his appointment with the Company. This payment, which equates to approximately £30,000 after tax and NI, was conditional upon it being applied to the purchase of shares in the Company to which a share award would be granted under the same terms, and under the same performance conditions as, matching awards made under the LTIP.

All Employee Share Ownership Plan

Executive Directors and employees may participate in the Company's All Employee Share Ownership Plan (AESOP). All participants are treated in the same way and each may:

1 Elect to purchase shares in the Company from pre-tax income up to a maximum of £1,500 per tax year.

2 Receive Dividend Shares purchased from dividends paid in respect of shares held by the participant in the Scheme

3 Receive up to £3,000 worth of shares in each year subject to certain performance targets being met.

This year all participants will receive up to 50% of the maximum award of shares, valued at £1,500.

Directors' Pension Benefits

No current Executive Director is a member of the Company's Defined Benefits plan.

Katherine Garrett-Cox, Robert Burgess and Alan Trotter receive contributions to a defined contribution arrangement of 10% of their base salary and a matching contribution of up to 7% of salary when they also contribute 7%. This is accompanied by life insurance cover of four times salary.

Summary Table of Pension Benefits

Name	2009 (£)*	2010 (£)*
Katherine Garrett-Cox	53,873	68,850
Robert Burgess	-	33,097
Alan Trotter	-	-

* Company Contribution to SIPP plan

Other elements of Directors' contracts

The current features of the Executive Directors' contracts in addition to salary and other payments and benefits which are detailed elsewhere in this section are:-

The contracts of all of the Executive Directors are determinable on one year's notice by the Company and on six months' notice by the Director.

Katherine Garrett-Cox's and Alan Trotter's contracts contain express mitigation provisions should their contracts be terminated. Robert Burgess's contract contains express mitigation provisions if termination occurs after 21 September 2011 and for any period beyond six months if termination occurs prior to that date. This provision was agreed to reflect that Robert Burgess's previous contract of employment before joining the Board contained no express mitigation provisions.

The mitigation provisions are structured to entitle the executive only to payments on a monthly basis, against which any income received during the notice period of the Executive Director is offset.

The Executive Directors have a default normal retirement age of 65 but, with the Company's agreement, may work beyond that age.

The contracts of the Executive Directors do not include any provision whereby the termination of their employment renders them entitled to a payment under the discretionary bonus plans in which they may participate.

Directors' Shareholdings

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

As Alan Trotter joined the Board on 1 February 2010, after the Company had gone into a close period he has been unable to acquire any shares in the Company. As detailed on page 42 Alan Trotter will be acquiring approximately £30,000 of shares in the Company after the final results have been announced.

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

Directors' Shareholdings*

Name	As at 1/2/09[1]	As at 31/1/10[2]	Acquired between 31/1/10 and 1/4/10
Lesley Knox	144,750	151,970	1,009
Hugh Bolland	10,000	10,000	-
Robert Burgess	-	13,596	2,953
David Deards	70,394	71,496	-
Katherine Garrett-Cox	173,132	236,920	5,618
John Hylands	61,879	63,596	377
Christopher Masters	10,823	11,133	92
Clare Sheikh	3,749	3,749	-
Alan Trotter	-	-	-

* Unaudited [1] or date of appointment if later
[2] or date of leaving if earlier

Non-Executive Directors

Non-Executive Directors receive only fees and do not receive salary, bonuses, pension or share options. Each Non-Executive Director's appointment is governed by written terms which are available for inspection at the Company's registered office and are also available at the Annual General Meeting. Non-Executive Directors are appointed initially for a term of three years.

The Remuneration Committee determines the Chairman's fees. The Board (excluding the Non-Executive Directors, who take no part in the process) determines the Non-Executive Directors' fees. There has been no change in the fees paid to the Non-Executive Directors since the review that took place in February 2007. The current annual fee for a Non-Executive Director is £29,000 per annum, with additional fees payable for service on committees or subsidiary boards.

The fee of £90,000 payable to the Chairman includes service on all committees and subsidiary boards including chairing the Board of Alliance Trust Savings.

The Company and the Remuneration Committee take advice from independent consultants who advise on fees and issues of comparability between the Company and other similarly sized companies and companies operating in the same sector, to ensure that the Non-Executive Directors and Chairman are remunerated at a level which reflects the time commitment and responsibilities of the role.

The fees paid to the Non-Executive Directors and the dates of their appointment and last election or re-election can be found in the table on the following page.

Name	Date of Appointment	Date of last Election Re-election	Actual 2009 (£)	Actual 2010 (£)
Lesley Knox	15/6/01	22/5/08	75,000	90,000
Hugh Bolland[1]	1/7/07	22/5/08	37,097	39,000
John Hylands[2]	22/2/08	22/5/08	40,245	44,000
Christopher Masters[3]	15/11/02	22/5/09	39,000	39,000
Clare Sheikh[4]	14/9/05	22/5/09	31,500	31,500
Total			222,842	243,500

1 Includes £2,500 for membership of Audit Committee, £2,500 for membership of Remuneration Committee and £5,000 for Non-Executive Chairmanship of Alliance Trust Asset Management Ltd.

2 Includes £5,000 for chairing Audit Committee, £2,500 for membership of Remuneration Committee, £5,000 for chairing Audit Committee of Alliance Trust Savings Ltd and £2,500 for Non-Executive Directorship of Alliance Trust Savings Ltd.

3 Includes £5,000 for chairing Remuneration Committee, £2,500 for membership of Audit Committee and £2,500 as Senior Independent Director.

4 Includes £2,500 for membership of Remuneration Committee.

The increase over last year reflects that a number of the roles held by the current directors were assumed part way through the year and only a pro rata amount of the fees for additional responsibility were paid.

Other Directorships

The Company has a policy of permitting its Executive Directors to hold external directorships in other companies where this does not conflict with their duties to the Company. Katherine Garrett-Cox is a trustee of The Baring Foundation and receives no remuneration for this appointment. Robert Burgess and Alan Trotter have no such directorships.

Company performance graph

As required by law we include a graph, opposite, showing the performance of the Company against a broad equity market index over a five year period. We do not have a benchmark index but the comparator used is the FTSE All-World Index (£).

Total Return of Alliance Trust share price and the FTSE All-World Index (£) – 31 Jan 2005 = 100

Source: FactSet

Comparator Group

Advance UK (until March 2010)	Invesco Perpetual Select
Alliance Trust	JP Morgan Elect Managed Growth
Anglo & Overseas	JPMorgan Overseas (from March 2008)
Bankers	Jupiter Primadona Growth
British Assets	Law Debenture
British Empire Securities & General	Lindsell Train
Brunner	London & St.Lawrence
Caledonia Investments	Majedie
Cayenne	Martin Currie Portfolio
Eclectic (until October 2009)	Mid Wynd International (from March 2008)
Edinburgh Worldwide (from March 2008)	Midas Income & Growth
Electric & General	Monks
EP Global Opportunities	Murray International
Establishment	New Star
Foreign & Colonial	Personal Assets
F&C Global Smaller Companies (from April 2008)	RIT Capital Partners
F&C Managed Portfolio Growth (from April 2008)	Ruffer
F&C Managed Portfolio Income (from April 2008)	Scottish American
Gartmore Global	Scottish Investment
Iimia	Scottish Mortgage
Independent	SVM Global Fund
	Witan
	World Trust Fund

Summary Table of Executive Directors' Salary and Benefits

Name	Date of Contract	Salary 2009-10 (£)	Car Allowance (£)	Annual Bonus (£)[1]	Taxable Benefits (£)	Other Payments (£)	Total 2010 (£)	Total 2009 (£)
Katherine Garrett-Cox	20/4/07	405,000	15,000	202,500	6,882	-	629,382	570,129
Robert Burgess	2/2/10	194,689[2]	11,825	230,000	466	427[3]	437,407	-
David Deards	22/11/02	50,000	3,750	-	280	231,359[4]	285,389	283,841

1 This is the bonus payable in respect of year ending 31 January 2010 and was paid after the year end.

2 This reflects a salary of £175,000 per annum until 31 July 2009 and £230,000 per annum thereafter.

3 Health Screening

4 This figure is the payment made in respect of the termination of David Deards' contract and includes accrued holiday pay of £37,500, payment in respect of contractual notice, which was subject to mitigation, of £192,359 (£18,120 of which was paid after the year end) and compensation for the non award of shares under the AESOP for the year ending 31 January 2009 of £1,500.

The following tables provide details of awards made to current and former directors under Long Term Incentive Plans in the year ended 31 January 2010. They also provide details of awards made in previous years and their status at the year end.

Katherine Garrett-Cox

Scheme and year of award	At 31/01/09	Awards Granted in year	Awards Lapsed in year	At 31/01/10	Market price of share on date of award	Gain on Awards Vested	Vesting Date
LTIP 10 June 2009 (Matching Award)	-	94,406	-	94,406	£2.8300	-	25 June 2012
LTIP 25 June 2009 (Performance Award)	-	295,620	-	295,620	£2.7400	-	25 June 2012
LTIP 5 May 2008 (Matching Award)	25,545	-	-	25,545	£3.5100	-	5 May 2011
LTIP 5 May 2008 (Performance Award)	152,706	-	-	152,706	£3.5100	-	5 May 2011
LTIP 4 June 2007 (Performance Award)	132,038	-	132,038 (will lapse on 4/6/10)	132,038	£3.8625	-	4 June 2010
Agreement 4 June 2007 (Share Award)	434,338	-	434,338 (will lapse on 4/6/10)	434,338	£3.8625	-	4 June 2010

Robert Burgess

Scheme and year of award	At 31/01/09	Awards Granted in year	Awards Lapsed in year	At 31/01/10	Market price of share on date of award	Gain on Awards Vested	Vesting Date
LTIP 25 June 2009 (Performance Award)	-	127,737	-	127,737	£2.7400	-	25 June 2012

David Deards

Scheme and year of award	At 31/01/09	Awards Granted in year	Awards Lapsed in year	At 31/01/10	Market price of share on date of award	Gain on Awards Vested	Vesting Date
LTIP 5 May 2008 (Matching Award)	31,898	-	-	31,898	£3.5100	-	5 May 2011
LTIP 5 May 2008 (Performance Award)	113,690	-	-	113,690	£3.5100	-	5 May 2011
LTIP 4 June 2007 (Matching Award)	15,962	-	15,962 (will lapse on 4/6/10)	15,962	£3.8625	-	4 June 2010
LTIP 4 June 2007 (Performance Award)	98,381	-	93,381 (will lapse on 4/6/10)	98,381	£3.8625	-	4 June 2010
SMEIP (Alliance Trust) 21 April 2006	11,960	-	1,914	-	£3.7050	£29,008*	21 July 2009

* This represents the gain on the 10,046 shares which vested in the year.

Audit Statement

The tables on pages 41 to 45 together with the related footnotes have been audited by the Company's Auditor whose report is on pages 46 and 47.

The Directors' remuneration report has been approved by the Board and signed on its behalf by

Christopher Masters,
Chairman of the Remuneration Committee
16 April 2010

Independent Auditors' Report

To the members of Alliance Trust PLC

We have audited the financial statements of Alliance Trust PLC for the year ended 31 January 2010 which comprise the Group and Parent Company Income Statements, the Group and Parent Company Statement of Changes in Equity, the Group and Parent Company Balance Sheets, the Group and Parent Company Cash Flow Statements, the Group and Parent Company Statements of Comprehensive Income and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors Responsibilities set out on page 39, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKP.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 January 2010 and of the group's and parent company's profit for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the EU; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 39, in relation to going concern; and
- the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

Simon Pashby

Simon Pashby (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc,
Statutory Auditor

Chartered Accountants
Saltire Court, Castle Terrace, Edinburgh, EH1 2EG

16 April 2010

Financial Statements

Consolidated income statement for the year ended 31 January 2010

		2010			2009		
£000	**Notes**	**Revenue**	**Capital**	**Total**	**Revenue**	**Capital**	**Total**
Revenue							
Income	3	93,652	-	93,652	117,283	-	117,283
Profit/(loss) on fair value designated investments		-	420,327	420,327	-	(551,495)	(551,495)
Profit/(loss) on investment property		-	4,691	4,691	-	(23,832)	(23,832)
Total revenue		93,652	425,018	518,670	117,283	(575,327)	(458,044)
Administrative expenses	4	(36,819)	(1,256)	(38,075)	(40,069)	(1,981)	(42,050)
Finance costs	5	(666)	(1,267)	(1,933)	(4,322)	(3,053)	(7,375)
Impairment losses	11,12	-	-	-	(1,759)	(9,074)	(10,833)
Loss on revaluation of office premises	9	-	(951)	(951)	-	(6,786)	(6,786)
Foreign exchange (losses)/gains		178	(4,505)	(4,327)	(271)	8,221	7,950
Profit/(loss) before tax		56,345	417,039	473,384	70,862	(588,000)	(517,138)
Tax	6	(5,567)	355	(5,212)	(10,552)	3,627	(6,925)
Profit/(loss) for the period		50,778	417,394	468,172	60,310	(584,373)	(524,063)
Attributable to:							
– Minority interest		186	1,583	1,769	1	(866)	(865)
– Equity holders of the parent		50,592	415,811	466,403	60,309	(583,507)	(523,198)
		50,778	417,394	468,172	60,310	(584,373)	(524,063)
Earnings/(loss) per share from continuing operations attributable to equity holders of the parent	8						
Basic (p per share)		7.57	62.19	69.76	9.00	(87.06)	(78.06)
Diluted (p per share)		7.55	62.02	69.57	8.98	(87.06)	(78.08)

Consolidated statement of comprehensive income

	2010			2009		
£000	**Revenue**	**Capital**	**Total**	**Revenue**	**Capital**	**Total**
Profit/(loss) for the period	50,778	417,394	468,172	60,310	(584,373)	(524,063)
Defined benefit plan net actuarial loss	-	(3,244)	(3,244)	-	(3,282)	(3,282)
Retirement benefit obligations deferred tax	-	14	14	-	891	891
Loss on revaluation of office premises	-	-	-	-	(425)	(425)
Exchange differences on translation of foreign subsidiary	-	-	-	-	984	984
Total recognised income and expense for the period	50,778	414,164	464,942	60,310	(586,205)	(525,895)
Attributable to:						
Minority interest	186	1,583	1,769	1	(866)	(865)
Equity holders of the parent	50,592	412,581	463,173	60,309	(585,339)	(525,030)
	50,778	414,164	464,942	60,310	(586,205)	(525,895)

Company income statement for the year ended 31 January 2010

£000	Notes	2010 Revenue	2010 Capital	2010 Total	2009 Revenue	2009 Capital	2009 Total
Revenue							
Income	3	81,213	-	81,213	95,299	-	95,299
Profit/(loss) on fair value designated investments		-	405,539	405,539	-	(560,066)	(560,066)
Profit/(loss) on investment property		-	4,691	4,691	-	(23,832)	(23,832)
Total revenue		81,213	410,230	491,443	95,299	(583,898)	(488,599)
Administrative expenses	4	(14,878)	(1,117)	(15,995)	(15,168)	(1,632)	(16,800)
Finance costs	5	(636)	(1,267)	(1,903)	(1,543)	(3,053)	(4,596)
Loss on revaluation of office premises	9	-	(951)	(951)	-	(6,786)	(6,786)
Foreign exchange (losses)/gains		-	(3,028)	(3,028)	-	8,221	8,221
Profit/(loss) before tax		65,699	403,867	469,566	78,588	(587,148)	(508,560)
Tax	6	(4,574)	355	(4,219)	(9,094)	1,255	(7,839)
Profit/(loss) for the period		61,125	404,222	465,347	69,494	(585,893)	(516,399)
Attributable to:							
Equity shareholders		61,125	404,222	465,347	69,494	(585,893)	(516,399)
Earnings/(loss) per share from continuing operations attributable to equity shareholders	8						
Basic (p per share)		9.14	60.45	69.59	10.37	(87.42)	(77.05)
Diluted (p per share)		9.12	60.29	69.41	10.34	(87.42)	(77.08)

Company statement of comprehensive income

£000	2010 Revenue	2010 Capital	2010 Total	2009 Revenue	2009 Capital	2009 Total
Profit/(loss) for the period	61,125	404,222	465,347	69,494	(585,893)	(516,399)
Defined benefit plan net actuarial loss	-	(3,244)	(3,244)	-	(3,282)	(3,282)
Retirement benefit obligations deferred tax	-	14	14	-	891	891
Loss on revaluation of office premises	-	-	-	-	(425)	(425)
Total recognised income and expense for the period	61,125	400,992	462,117	69,494	(588,709)	(519,215)
Attributable to:						
Equity shareholders	61,125	400,992	462,117	69,494	(588,709)	(519,215)

Statements of changes in equity for the year ended 31 January 2010

	Group		Company	
£000	**2010**	**2009**	**2010**	**2009**
Called up share capital				
At 1 February 2009	16,798	16,798	16,798	16,798
Own shares purchased and cancelled in the year	(121)	-	(121)	-
At 31 January 2010	16,677	16,798	16,677	16,798
Capital Reserves				
At 1 February 2009	1,378,674	1,966,300	1,372,536	1,962,892
Profit/(Loss) for the year	415,811	(583,507)	404,222	(585,893)
Pension scheme financing	(3,230)	(2,391)	(3,230)	(2,391)
Own shares purchased*	(15,405)	(2,587)	(15,405)	(2,587)
SMEIP/LTIP reserve movement	900	859	899	515
At 31 January 2010	1,776,750	1,378,674	1,759,022	1,372,536
Revaluation Reserve				
At 1 February 2009	183	608	183	608
Revaluation of office premises	-	(425)	-	(425)
At 31 January 2010	183	183	183	183
Merger Reserve				
At 1 February 2009 and 31 January 2010	645,335	645,335	645,335	645,335
Capital redemption reserve				
At 1 February 2009	2,200	2,200	2,200	2,200
Own shares purchased and cancelled in the year	121	-	121	-
At 31 January 2010	2,321	2,200	2,321	2,200
Revenue reserve				
At 1 February 2009	78,806	73,550	85,539	71,107
Profit for the year	50,592	60,309	61,125	69,494
Dividends	(57,363)	(54,961)	(57,363)	(54,961)
Unclaimed dividends	4	25	4	25
SMEIP/LTIP reserve movement	(22)	(117)	(6)	(126)
At 31 January 2010	72,017	78,806	89,299	85,539
Translation reserve				
At 1 February 2009	984	-	-	-
Translation of foreign subsidiary	-	984	-	-
Write back on wind up of foreign subsidiary	(984)	-	-	-
At 31 January 2010	-	984	-	-
Minority interest				
At 1 February 2009	6,734	7,376	-	-
Profit/(Loss) for the year	1,769	(865)	-	-
PATIF/ATIF** net subscriptions	3,181	223	-	-
At 31 January 2010	11,684	6,734	-	-
At 1 February 2009	2,129,714	2,712,167	2,122,591	2,698,940
At 31 January 2010	2,524,967	2,129,714	2,512,837	2,122,591

* Own shares purchased in the year end 2009 relates to funds provided by the Company to the Trustee of the Employment Benefit Trust (EBT). In the year end 2010 this relates to the purchase and cancellation of own shares.

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

Balance sheets as at 31 January 2010

		Group		Company	
£000	**Notes**	**2010**	**2009**	**2010**	**2009**
Non-current assets					
Investments held at fair value	9	2,595,849	1,820,763	2,577,599	1,841,092
Investment property	9	51,625	56,335	51,625	56,335
Property, plant and equipment:	9				
Office premises		6,500	6,375	6,500	6,375
Other fixed assets		3	8	3	6
Intangible assets	11,12	3,646	5,251	735	1,123
Deferred tax assets	13	141	-	-	-
		2,657,764	1,888,732	2,636,462	1,904,931
Current assets					
Other receivables	14	17,025	17,531	10,516	8,615
Withholding tax debtor		1,099	840	1,099	840
Corporation tax debtor		62	227	62	-
Cash and cash equivalents		269,475	507,033	55,718	297,046
		287,661	525,631	67,395	306,501
Total assets		2,945,425	2,414,363	2,703,857	2,211,432
Current liabilities					
Other payables	15	(252,860)	(231,108)	(24,486)	(36,342)
Tax payable		(2,677)	(1,595)	(1,613)	(527)
Bank overdrafts and loans	16	(160,000)	(50,000)	(160,000)	(50,000)
		(415,537)	(282,703)	(186,099)	(86,869)
Total assets less current liabilities		2,529,888	2,131,660	2,517,758	2,124,563
Non-current liabilities					
Deferred tax liabilities	13	-	(381)	-	(407)
Pension scheme deficit	26	(4,921)	(1,565)	(4,921)	(1,565)
Net assets		2,524,967	2,129,714	2,512,837	2,122,591
Equity					
Share capital	17	16,677	16,798	16,677	16,798
Capital reserves	18	1,776,750	1,378,674	1,759,022	1,372,536
Translation reserve	18	-	984	-	-
Merger reserve	18	645,335	645,335	645,335	645,335
Revaluation reserve	18	183	183	183	183
Capital redemption reserve	18	2,321	2,200	2,321	2,200
Revenue reserves	18	72,017	78,806	89,299	85,539
Equity attributable to equity holders of the parent		2,513,283	2,122,980	2,512,837	2,122,591
Minority interest		11,684	6,734	-	-
Total equity		2,524,967	2,129,714	2,512,837	2,122,591
Net Asset Value per ordinary share attributable to equity holders of the parent	19				
Basic (£)		£3.78	£3.17	£3.78	£3.17
Diluted (£)		£3.77	£3.16	£3.77	£3.16

The financial statements were approved by the Board of Directors and authorised for issue on 16 April 2010.
They were signed on its behalf by:

Lesley Knox
Lesley Knox
Chairman

Katherine Garrett-Cox
Chief Executive

Cash flow for the year ended 31 January 2010

	Group		Company	
£000	**2010**	**2009**	**2010**	**2009**
Cash flows from operating activities				
Profit/(loss) before tax	473,384	(517,138)	469,566	(508,560)
Adjustments for:				
(Gains)/losses on investments	(425,018)	575,327	(410,230)	583,898
Foreign exchange losses/(gains)	4,327	(7,950)	3,028	(8,221)
Scrip dividends	(357)	(590)	(357)	(590)
Depreciation	5	71	3	9
Amortisation of intangibles	1,605	1,734	388	392
Impairment losses	-	10,833	-	-
Loss on revaluation of office premises	951	6,786	951	6,786
Share based payment expense	878	742	893	389
Interest	1,933	7,375	1,903	4,596
Operating cash flows before movements in working capital	57,708	77,190	66,145	78,699
Increase in amounts due to depositors	29,475	5,963	-	-
(Increase)/Decrease in receivables	(4,790)	9,948	(3,681)	523
Increase/(Decrease) in payables	7,397	(15,510)	(582)	2,744
Net cash flow from operating activities before income taxes	89,790	77,591	61,882	81,966
Taxes paid	(4,623)	(4,784)	(3,737)	(7,888)
Net cash inflow from operating activities	85,167	72,807	58,145	74,078
Cash flows from investing activities				
Proceeds on disposal of fair value through profit and loss investments	925,131	1,644,311	923,385	1,641,725
Purchases of fair value through profit and loss investments	(1,280,596)	(1,272,384)	(1,254,099)	(1,288,772)
Purchase of plant and equipment	-	(43)	-	(10)
Purchase of intangible assets	-	(1,055)	-	(41)
Purchases in respect of new head office	(1,076)	(9,702)	(1,076)	(9,702)
Net cash (outflow)/inflow from investing activities	(356,541)	361,127	(331,790)	343,200
Cash flows from financing activities				
Dividends paid - Equity	(57,292)	(41,559)	(57,292)	(41,559)
Unclaimed dividends repaid	4	25	4	25
Purchase of own shares	(15,405)	(2,587)	(15,405)	(2,587)
New bank loans raised	110,000	-	110,000	-
Repayment of borrowing	-	(109,000)	-	(109,000)
Minority interest investment in PATIF/ATIF	3,181	223	-	-
Interest payable	(2,345)	(9,606)	(1,962)	(5,660)
Net cash inflow/(outflow) from financing activities	38,143	(162,504)	35,345	(158,781)
Net (decrease)/increase in cash and cash equivalents	(233,231)	271,430	(238,300)	258,497
Cash and cash equivalents at beginning of period	507,033	227,653	297,046	30,328
Effect of foreign exchange rate changes	(4,327)	7,950	(3,028)	8,221
Cash and cash equivalents at end of period	269,475	507,033	55,718	297,046

Notes

1. General Information

Alliance Trust PLC was incorporated in the United Kingdom under the Companies Acts 1862-1886. The address of the registered office is given on page 88. The nature of the Group's operations and its principal activities are a global investment trust.

Critical accounting estimates and judgements

The preparation of the financial statements necessarily requires the exercise of judgement both in application of accounting policies which are set out below and in the selection of assumptions used in the calculation of estimates. These estimates and judgements are reviewed on an ongoing basis and are continually evaluated based on historical experience and other factors. However, actual results may differ from these estimates. The most significantly affected components of the financial statements and associated critical judgements are as follows:

Valuation of unlisted investments

Investments which are not listed or which are not frequently traded are stated at Directors' best estimate of fair value. In arriving at their estimate, the Directors make use of recognised valuation techniques and may take account of recent arm's length transactions in the same or similar instruments. Where no reliable fair value can be estimated, investments may be carried at cost less any provision for impairment. With respect specifically to investments in private equity, whether through funds or partnerships, the Directors rely on unaudited valuations of the underlying listed investments as supplied by the managers of those funds or partnerships. The Directors regularly review the principles applied by the managers to those valuations to ensure they are in compliance with the above policies.

Defined benefit scheme

The estimation of the expected cash flows used in the calculation of defined benefit schemes' liabilities includes a number of assumptions around mortality and inflation rates applicable to defined benefits. More detail is given in note 26 of the financial statements. The Directors take actuarial advice when selecting these assumptions and when selecting the discount rate used to calculate the defined benefit scheme liabilities.

2. Summary of Significant Accounting Policies

Basis of accounting

Both the parent Company financial statements and the Group financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards (IFRSs), as adopted by the European Union ("Adopted IFRSs").

The financial statements have been prepared on the historical cost basis, except that investments and investment properties are stated at fair value. The principal accounting policies adopted are set out below. Where presentational guidance set out in the Statement of Recommended Practice ('SORP') for investment trusts issued by the Association of Investment Companies ('AIC') in January 2003 as revised in January 2009 is consistent with the requirements of IFRS, then the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP. The Group and the Company have prepared the financial statements under the revised provisions save for the matters noted below. The Company allocates direct costs, including expenses incidental to the purchase and sale of investments and incentive awards deemed to be performance related pursuant to the SORP against capital profits. However, the Company does not comply with the recommendation of the SORP that either a proportion of all indirect expenditure or no indirect expenditure is allocated against capital profits. The Company allocates indirect expenditure against revenue profits save that two thirds of the costs of bank indebtedness, an indirect cost, are allocated against capital profits. The allocation of the costs of bank indebtedness reflects the long term return expected from the Company's investment portfolio.

Adopted IFRSs

The following are applicable for accounting periods beginning on or after 1st February 2009 and have been applied to the current year Company and Group financial statements.

- IFRS 8- "Operating segments" has had an impact on the Group consolidated financial statements in the enhanced disclosure of financial information on operating segments.
- Amendments to IFRS 7- "Financial instruments" have had an impact on the Company and the Group consolidated financial statements in the disclosure of the valuation of financial instruments.
- The provisions of IAS 1 "Presentation of financial statements" regarding presentation of a "Company and Group Statement of Comprehensive Income and Statement of Changes in Equity".

The following were also applicable to the current financial year but have no impact on the Company or Group Financial Statements:

- Amendments to IAS 36 "Impairment of assets"
- Amendments to IAS 39 "Financial instruments- recognition and measurement"
- Amendments to IFRS 2 "Share based payments" relating to vesting conditions and cancellations.
- Amendments to IAS 38 "Intangible assets" relating to costs included in valuation.
- Amendments to IAS 40 "Investment property" relating to property under construction.
- Amendments to IAS 23 "Borrowing costs" relating to the capitalisation of borrowing costs associated with the development of intangible assets, property, plant or equipment.
- Amendments to IAS 32 "Financial statements - presentation" to improve the accounting for and disclosure of puttable financial instruments.

- Amendments to IAS 16 "Property, plant and equipment" relating to the routine sale of assets held for rental.
- Amendments to IAS 19 "Employee benefits" relating to negative past service costs and curtailments.
- IAS 20 "Government grants"
- Amendments to IAS 27 "Consolidated and separate financial statements relating to the cost of a subsidiary on first time adoption of IFRS and the measurement of investments held for sale under IFRS5 in separate financial statements.
- IAS 28 "Investments in associates"
- IAS 29 "Financial reporting in hyperinflationary economies"
- IAS 31 "Interests in joint ventures"

IFRS not yet applied

The following standards and interpretations which have been adopted by the European Union but are not effective for the year ended 31 January 2010 and have not been applied in preparing the financial statements, are relevant to the financial statements of the Group and the Company:

- IAS 7 "Statement of cash flows" which is applicable for accounting periods beginning on or after 1st January 2010.
- IAS 17 "Leases" which is applicable for accounting periods beginning on or after 1st January 2010.

The IASB published a revised IFRS 3 'Business Combinations' and related revisions to IAS 27 'Consolidated and Separate Financial Statements' following the completion in January 2008 of its project on the acquisition and disposal of subsidiaries. The standards provide new guidance on accounting for changes in interests in subsidiaries. The cost of an acquisition will comprise only consideration paid to vendors for equity; other costs will be expensed immediately. Groups will only account for goodwill on acquisition of a subsidiary; subsequent changes in interest will be recognised in equity and only on a loss of control will there be a profit or loss on disposal to be recognised in income. The changes are effective for accounting periods beginning on or after 1 July 2009. These changes will affect the Group's accounting for future acquisitions and disposals of subsidiaries.

No impact is expected from any standards or interpretations which have been endorsed by the European Union and are available for early adoption, but which have not been adopted.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 January each year. Control is achieved where the Company has the power to govern the financial and operating policies of an invested entity so as to obtain benefits from its activities. Where the Company has an investment in over 50% of the issued share capital of an Open Ended Investment Company ('OEIC'), the Company will treat the OEIC as a subsidiary. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Presentation of income statement

In order better to reflect the activities of an investment trust company and in accordance with guidance issued by the AIC, supplementary information which analyses the income statement between items of a revenue and capital nature has been presented alongside the income statement. In accordance with the Company's status as a UK investment company under section 833 of the Companies Act 2006, net capital returns may not be distributed by way of dividend.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the subsidiary, associate or jointly controlled entity at the date of the acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill arising on acquisitions before the date of transition to IFRSs has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date. Goodwill written off to reserves under UK GAAP prior to 1998 has not been reinstated and is not included in determining any subsequent profit or loss on disposal.

Revenue recognition

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established, normally the ex-dividend date.

Where the Group has elected to receive its dividends in the form of additional shares rather than cash, the amount of cash dividend foregone is recognised as income. Any excess in the value of shares received over the amount of cash dividend foregone is recognised as a capital gain in the income statement.

Rental income from investment property and income from mineral rights is recognised on a time apportioned basis.

Interest income is accrued on a time apportioned basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Special dividends receivable are treated as repayment of capital or as income depending on the facts of each particular case.

Underwriting commission is recognised as earned.

Savings and pension plan transaction charges and set-up fees are accounted for on the date on which the underlying transaction occurs. Annual charges are applied over the period to which they relate.

Expenses connected with rental income and mineral rights are included as administrative expenses.

Foreign currencies

Transactions in currencies other than Sterling are recorded at the rates of exchange applicable to the dates of the transactions. At each balance sheet date, monetary items and non-monetary assets and liabilities that are fair valued and are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising on retranslation are included as capital net profit or loss for the period where investments are classified as fair value through profit or loss.

Foreign exchange differences which arose on the translation of one subsidiary, AT Asset Management (Asia Pacific) Limited, into Sterling have previously been recognised directly in the Translation Reserve, which is a separate component of equity, and reported in the Statement of comprehensive income. The subsidiary was liquidated in the period and the exchange differences have been recognised as a capital gain in the consolidated income statement.

Expenses

All expenses are accounted for on an accruals basis. In respect of the analysis between revenue and capital items presented within the income statement, all expenses have been presented as revenue items except as follows:

- Expenses which are incidental to the acquisition of an investment are included within the cost of that investment.
- Expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of the investment.
- The Directors have determined to allocate annual bonus and Incentive Plan costs which relate to the achievement of investment manager performance objectives and total shareholder return performance objectives against capital profits and those that relate to the achievement of other corporate targets or job performance objectives against revenue profits.
- The Directors have determined to allocate two thirds of the cost of bank indebtedness incurred to finance investment against capital profits with the balance being allocated against revenue profits.

Operating leases

Charges for operating leases are debited to the income statement on an accruals basis. Note 27 "Operating lease commitments" discloses the commitments to pay charge for leases expiring within 1, 2-5 and over 5 years.

Share based payments

The Group operates two share based payment schemes, the All Employee Share Ownership Plan (AESOP), and the Long Term Incentive Plan (LTIP). The cost of the AESOP is recognised as a revenue cost in the year. The grant date fair value of options granted to employees under the LTIP is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The amount recognised as an expense may be adjusted to reflect the actual number of share options that vest. For share based compensation schemes settled by the Company a recharge equal to the cost during the period is made to subsidiary companies.

Pension costs

Employer contributions to pension arrangements for staff are charged against revenue.

Contributions in respect of the defined benefit scheme are calculated by reference to actuarial valuations carried out for the Trustees at intervals of not more than three years, and represent a charge to cover the accruing liabilities on a continuing basis.

Actuarial gains and losses are recognised in full through equity in the period in which they occur.

Taxation

The Company carries on its business as an investment trust and conducts its affairs so as to qualify as such under the provisions of Section 842 of the Income and Corporation Taxes Act 1988.

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

In line with the recommendations of the SORP, the allocation method used to calculate tax relief on expenses presented against capital returns in the supplementary information in the income statement is the 'marginal basis'. Under this basis, if taxable income is capable of being offset entirely by expenses presented in the revenue return column of the income statement, then no tax relief is transferred to the capital return column.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other asset and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and where they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Neither the Company or the Group recognise deferred tax assets or liabilities on capital profits or losses on the basis that the investment trust status of the Company means no tax is due on such profits or losses.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. The Group shall offset financial assets and financial liabilities if the Group has a legally enforceable right to set off the recognised amounts and interests and intends to settle on a net basis.

IFRS 7 'Financial Instruments: Disclosure' has been adopted. The purpose of the standard is to introduce disclosure requirements on the significance of financial instruments to an entity's financial position and performance, the risks arising from these instruments, and how the entity manages those risks.

Investments

Investments are recognised and derecognised on the trade date where a purchase or sale is made under a contract whose terms require delivery within the timeframe established by the market concerned, and are initially measured at cost, including transaction costs.

Investments are principally designated as fair value through profit and loss upon initial recognition (not including transaction costs). Listed investments are measured at subsequent reporting dates at fair value, which is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted. Listed investments include Collective Investment Schemes authorised in the UK. These are valued at closing prices.

Investments in property are initially recognised at cost and then valued at fair value based on an independent professional valuation at the reporting dates, with changes in fair value recognised through the income statement. Disposals of investment property are recognised when contracts for sale have been exchanged and the sale has been completed.

In respect of unquoted instruments, or where the market for a financial instrument is not active, fair value is established by using valuation techniques, which may include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. Where there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, that technique is utilised. Where no reliable fair value can be estimated for such unquoted equity instruments, they are carried at cost, subject to any provision for impairment.

Investments in subsidiaries are valued at net asset value as the Directors consider this to approximate to the fair value of those entities.

Valuation of mineral rights is based upon the gross income received from the asset in the previous twelve months multiplied by appropriate factors for gas and oil.

Foreign exchange gains and losses for fair-value designated investments are included within the changes in its fair value.

The additional disclosures required under IFRS 7 with regard to valuation techniques have been applied in the current year.

Cash and cash equivalents

Cash and cash equivalents comprise cash and demand deposits with banks including certain bank accounts held in foreign currencies which are readily convertible to sterling and are subject to insignificant risk of change in value.

Other receivables

Other receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Office premises

Office premises are valued by chartered surveyors on the basis of market value in accordance with the RICS Appraisal and Valuation Standards. No depreciation has been charged on these assets as, in the opinion of the Board, any provision for depreciation would be immaterial in relation to the expenses for the year and the assets of the Company.

Intangible assets

The external costs associated with the development and procurement of significant technology systems are capitalised when it is probable that the expected future economic benefit of that system will flow to the entity. They are stated at cost less accumulated amortisation. On the completion of each project amortisation is charged so as to write off the value of these assets over periods up to five years.

Motor vehicles and other fixed assets

Motor vehicles and certain other fixed assets are held at cost less accumulated depreciation, which is charged to write off the value of the asset over three years.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for through the income statement on an accruals basis using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Other payables

Other payables are not interest bearing and are stated at their nominal value.

Buy backs and cancellation of shares

The costs of aquiring own shares for cancellation together with any associated trading costs are written back to distributable reserves. Share capital is reduced by the nominal value of the shares bought back with an equivilant entry made to the capital redemption reserve.

Realised and unrealised capital reserves

A description of each of the reserves follows:

Capital reserve

The following are dealt with through this reserve:

- Gains and losses on realisation of investments
- Changes in fair value of investments
- Realised exchange differences of a capital nature
- Purchases of shares by the Trustee of the Employee Benefit Trust
- Amounts recognised in relation to share based payments which are capital in nature
- Amounts by which other assets and liabilities valued at fair value differ from their book value
- Buy back and cancellation of own shares.

Translation reserve

This reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Revaluation reserve

This reserve is used to record changes in the valuation of the Company's office premises. A downward revaluation in office premises is charged to the income statement to the extent that there is no earlier upward revaluation in this reserve for those premises.

Merger reserve

This reserve was created as part of the arrangements for the acquisition of the assets of Second Alliance Trust PLC.

Capital Redemption reserve

This reserve was created on the cancellation and repayment of the Company's preference share capital. Further amounts in the current year reflect the nominal value of the buy back and cancellation of a portion of the share capital of the Company.

Revenue reserves

Net revenue profits and losses of the Company and its subsidiaries and the fair value costs of share based payments which are revenue in nature are dealt with in this reserve.

3 Revenue

An analysis of the Group's/Company's revenue is as follows:

	Group		Company	
£000	**2010**	**2009**	**2010**	**2009**
Income from investments*				
Listed dividends – UK	42,167	50,878	37,526	49,784
Unlisted dividends – UK	98	24	98	24
Listed dividends – Subsidiaries	-	-	2,546	518
Listed dividends – Overseas	32,607	28,273	32,607	26,832
Unlisted dividends – Overseas	32	37	32	37
Interest on fixed income securities	700	413	700	203
Scrip dividends	357	590	357	590
	75,961	80,215	73,866	77,988
Other income				
Property income	4,495	4,197	4,495	4,197
Mineral rights income	1,572	2,170	1,572	2,170
Deposit interest	2,488	16,189	748	5,992
Other interest	64	4,363	64	4,363
Savings and pension plan charges	8,254	8,773	-	-
Other income	818	1,376	468	589
	17,691	37,068	7,347	17,311
Total income	93,652	117,283	81,213	95,299
Investment income comprises				
Listed UK	42,167	50,878	40,072	50,302
Listed Overseas	32,607	28,273	32,607	26,832
Unlisted	130	61	130	61
Other	1,057	1,003	1,057	793
	75,961	80,215	73,866	77,988

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

4 Profit from operations is stated after charging the following administrative expenses:

		Group			Group	
£000	**2010 Revenue**	**2010 Capital**	**2010 Total**	**2009 Revenue**	**2009 Capital**	**2009 Total**
Staff costs	15,268	1,256	16,524	16,438	1,981	18,419
Social security costs	1,826	-	1,826	1,838	-	1,838
Pension costs - defined benefit scheme	992	-	992	920	-	920
Pension costs - defined contribution scheme	1,155	-	1,155	1,113	-	1,113
	19,241	1,256	20,497	20,309	1,981	22,290
Auditors remuneration						
Fee payable to the auditor for the audit of the Company's annual accounts	59	-	59	50	-	50
Fee payable to the auditor and its associates for other services:						
The audit of the Company's subsidiaries pursuant to legislation	100	-	100	74	-	74
Total audit fees	159	-	159	124	-	124
Other services pursuant to legislation	18	-	18	26	-	26
Fees in respect of the Alliance Trust Companies pension scheme audit	3	-	3	2	-	2
Other services - review of processes and procedures in respect of Alliance Trust Savings Limited	330	-	330	85	-	85
Total auditors remuneration	510	-	510	237	-	237
Operating lease charges						
Land and buildings	368	-	368	485	-	485
Other	22	-	22	-	-	-
Other administrative costs	16,678	-	16,678	19,038	-	19,038
Total administrative expenses	36,819	1,256	38,075	40,069	1,981	42,050

		Company			Company	
£000	**2010 Revenue**	**2010 Capital**	**2010 Total**	**2009 Revenue**	**2009 Capital**	**2009 Total**
Staff costs	6,114	1,117	7,231	5,429	1,632	7,061
Social security costs	819	-	819	809	-	809
Pension costs - defined benefit scheme	448	-	448	437	-	437
Pension costs - defined contribution scheme	424	-	424	352	-	352
	7,805	1,117	8,922	7,027	1,632	8,659
Auditors remuneration						
Fee payable to the auditor for the audit of the Company's annual accounts	59	-	59	50	-	50
Total audit fees	59	-	59	50	-	50
Fee payable to the auditor and its associates for other services:						
Other services	7	-	7	6	-	6
Fees in respect of the Alliance Trust Companies pension scheme audit	1	-	1	1	-	1
Total auditors remuneration	67	-	67	57	-	57
Operating lease charges						
Land and buildings	35	-	35	-	-	-
Other	11	-	11	-	-	-
Other administrative costs	6,960	-	6,960	8,084	-	8,084
Total administration costs	14,878	1,117	15,995	15,168	1,632	16,800

Total Directors' remuneration was £1,595,678 (£1,506,129). Further details are given on pages 40 to 45. In the period the Group employed an average of 268 (292) full-time and 20 (21) part-time staff, excluding Directors.

Total expense ratio (TER) is calculated based on the average of opening and closing net assets. On this basis the management and administration expenses of the Company amounted to £15,995,000 (£16,800,000) representing 0.69% (0.70%) of the average opening and closing net assets of £2,317,714,000 (£2,410,766,000).

The cost of insured benefits for staff including executive Directors is included in staff costs.

5 Finance Costs

		Group			Group	
£000	**2010 Revenue**	**2010 Capital**	**2010 Total**	**2009 Revenue**	**2009 Capital**	**2009 Total**
Payable to depositors	30	-	30	2,772	-	2,772
Bank loans and overdrafts	636	1,267	1,903	1,550	3,053	4,603
Total finance costs	666	1,267	1,933	4,322	3,053	7,375

		Company			Company	
£000	**2010 Revenue**	**2010 Capital**	**2010 Total**	**2009 Revenue**	**2009 Capital**	**2009 Total**
Bank loans and overdrafts	636	1,267	1,903	1,543	3,053	4,596
Total finance costs	636	1,267	1,903	1,543	3,053	4,596

6 Taxation

		Group			Group	
£000	**2010 Revenue**	**2010 Capital**	**2010 Total**	**2009 Revenue**	**2009 Capital**	**2009 Total**
UK corporation tax at 28% (28%)	2,681	(355)	2,326	6,601	(1,190)	5,411
Prior year adjustment	1,344	-	1,344	1,143	(71)	1,072
Overseas taxation	4,262	-	4,262	3,832	-	3,832
	8,287	(355)	7,932	11,576	(1,261)	10,315
Relief for overseas taxation	(2,327)	-	(2,327)	(3,116)	-	(3,116)
	5,960	(355)	5,605	8,460	(1,261)	7,199
Deferred taxation	(393)	-	(393)	2,092	(2,366)	(274)
	5,567	(355)	5,212	10,552	(3,627)	6,925

Corporation tax is calculated at 28% (28%) of the estimated assessable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The charge for the year can be reconciled to the profit per the income statement as follows:

£000	2010 Revenue	2010 Capital	2010 Total	2010 %	2009 Revenue	2009 Capital	2009 Total	2009 %
	Group				Group			
Profit/(loss) before tax	56,345	417,624	473,969		70,862	(588,000)	(517,138)	
Tax at the UK corporation tax rate of 28% (28%)	15,777	116,935	132,712	28%	19,841	(164,639)	(144,798)	28%
Non taxable dividend income	(15,108)	-	(15,108)	(3%)	(14,318)	-	(14,318)	3%
Realised losses on investments	-	(1,313)	(1,313)	0%	(4)	36,783	36,779	(9%)
(Increase)/Decrease in appreciation on assets held	-	(117,426)	(117,426)	(25%)	-	126,209	126,209	(23%)
Prior year adjustment	1,344	-	1,344	0%	2,673	(71)	2,602	(1%)
Foreign exchange gains	(50)	1,261	1,211	0%	76	(2,284)	(2,208)	0%
Effect of changes in tax rates	1,546	-	1,546	0%	786	(10)	776	(0%)
Deferred tax assets not recognised	2,033	-	2,033	0%	1,486	-	1,486	(0%)
Adjustments arising on the difference between taxation and accounting treatment of income and expenses	25	188	213	0%	12	385	397	0%
Tax expenses and effective tax rate for the year	5,567	(355)	5,212	1%	10,552	(3,627)	6,925	(1%)

£000	2010 Revenue	2010 Capital	2010 Total	2009 Revenue	2009 Capital	2009 Total
	Company			Company		
UK corporation tax at 28% (28%)	3,623	(355)	3,268	7,572	(1,184)	6,388
Prior year adjustment	(591)	-	(591)	(324)	(71)	(395)
Overseas taxation	4,262	-	4,262	3,832	-	3,832
	7,294	(355)	6,939	11,080	(1,255)	9,825
Relief for overseas taxation	(2,327)	-	(2,327)	(3,116)	-	(3,116)
	4,967	(355)	4,612	7,964	(1,255)	6,709
Deferred taxation	(393)	-	(393)	1,130	-	1,130
	4,574	(355)	4,219	9,094	(1,255)	7,839

Corporation tax is calculated at 28% (28%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. The charge for the year can be reconciled to the profit per the income statement as follows:

£000	2010 Revenue	2010 Capital	2010 Total	2010 %	2009 Revenue	2009 Capital	2009 Total	2009 %
	Company				Company			
Profit/(loss) before tax	65,699	403,867	469,566		78,588	(587,148)	(508,560)	
UK corporation tax payable at 28% (28%)	18,396	113,083	131,479	28%	22,005	(164,396)	(142,391)	28%
Non taxable dividend income	(14,787)	-	(14,787)	(3%)	(14,012)	-	(14,012)	3%
Realised losses on investments	-	(1,313)	(1,313)	0%	-	34,333	34,333	(8%)
(Increase)/Decrease in appreciation on assets held	-	(113,285)	(113,285)	(24%)	-	131,058	131,058	(24%)
Prior year adjustment	(591)	-	(591)	0%	337	(71)	266	(0%)
Foreign exchange gains	-	847	847	0%	-	(2,302)	(2,302)	0%
Effect of changes in tax rates	1,546	-	1,546	0%	789	(10)	779	(0%)
Adjustments arising on the difference between taxation and accounting treatment of income and expenses	10	313	323	0%	(25)	133	108	(0%)
Tax expenses and effective tax rate for the year	4,574	(355)	4,219	1%	9,094	(1,255)	7,839	(2%)

7 Dividends

£000	2010	2009
Fourth interim dividend for the year ended 31 January 2008 of 2.20p per share	-	14,758
First interim dividend for the year ended 31 January 2009 of 2.00p per share	-	13,401
Second interim dividend for the year ended 31 January 2009 of 2.00p per share	-	13,401
Third interim dividend for the year ended 31 January 2009 of 2.00p per share	-	13,401
Fourth interim dividend for the year ended 31 January 2009 of 2.00p per share	**13,401**	-
Special dividend for the year ended 31 January 2009 of 0.50p per share	**3,350**	-
First interim dividend for the year ended 31 January 2010 of 2.025p per share	**13,570**	-
Second interim dividend for the year ended 31 January 2010 of 2.025p per share	**13,570**	-
Third interim dividend for the year ended 31 January 2010 of 2.025p per share	**13,472**	-
	57,363	54,961

We also set out below the total dividend payable in respect of the financial year, which is the basis on which the requirements of Section 842 of the Income and Corporation Taxes Act 1988 are considered.

First interim dividend for the year ended 31 January 2009 of 2.00p per share	-	13,401
Second interim dividend for the year ended 31 January 2009 of 2.00p per share	-	13,401
Third interim dividend for the year ended 31 January 2009 of 2.00p per share	-	13,401
Fourth interim dividend for the year ended 31 January 2009 of 2.00p per share	-	13,401
Special dividend for the year ended 31 January 2009 of 0.50p per share	-	3,350
First interim dividend for the year ended 31 January 2010 of 2.025p per share	**13,570**	-
Second interim dividend for the year ended 31 January 2010 of 2.025p per share	**13,570**	-
Third interim dividend for the year ended 31 January 2010 of 2.025p per share	**13,472**	-
Fourth interim dividend for the year ended 31 January 2010 of 2.075p per share	**13,805**	-
	54,417	56,954

8 Earnings per share

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

	Group			Group		
	2010 Revenue	**2010 Capital**	**2010 Total**	**2009 Revenue**	**2009 Capital**	**2009 Total**
Ordinary shares						
Earnings for the purposes of basic earnings per share being net profit attributable to equity holders of the parent (£000)	50,592	415,811	466,403	60,309	(583,507)	(523,198)
Number of shares						
Weighted average number of ordinary shares for the purposes of basic earnings per share			668,649,882			670,227,004
Weighted average number of ordinary shares for the purposes of diluted earnings per share			670,448,116			671,909,760

	Company			Company		
	2010 Revenue	**2010 Capital**	**2010 Total**	**2009 Revenue**	**2009 Capital**	**2009 Total**
Ordinary shares						
Earnings for the purposes of basic earnings per share being net profit attributable to equity shareholders (£000)	61,125	404,222	465,347	69,494	(585,893)	(516,399)
Number of shares						
Weighted average number of ordinary shares for the purposes of basic earnings per share			668,649,882			670,227,004
Weighted average number of ordinary shares for the purposes of diluted earnings per share			670,448,116			671,909,760

The diluted figure is the weighted average of the entire number of shares in issue.

To arrive at the basic figure the number of shares has been reduced by 1,789,960 (1,842,670) ordinary shares held by the Trustee of The Employee Benefit Trust ("EBT"). During the year the Trustee increased its holding by 19,776 (755,465) shares with funds provided by the Company. 72,486 (21,419) shares were transfered from the EBT to participants in the Senior Management Equity Incentive Plan (SMEIP) in satisfaction of matching awards.

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/(loss) per share figures on the income statements reflect this.

9 Non-current Assets

£000	Group 2010	Group 2009	Company 2010	Company 2009
Investments designated at fair value through Profit and Loss				
Investments listed on a recognised investment exchange	**2,508,501**	1,732,150	**2,308,767**	1,660,572
Unlisted investments	**87,348**	88,613	**59,250**	87,629
Investment in collective investment schemes (subsidiary companies, note 10)	**-**	-	**149,336**	57,689
Related and subsidiary companies (note 10)	**-**	-	**60,246**	35,202
	2,595,849	1,820,763	**2,577,599**	1,841,092
Investment property[†]	**51,625**	56,335	**51,625**	56,335
	2,647,474	1,877,098	**2,629,224**	1,897,427

[†] The Company holds the investment property through a subsidiary Limited Partnership, Alliance Trust Real Estate Partners LP

2009 £000	Group Listed Investments	Investment Property	Unlisted Investments	Total
Opening book cost as at 1 February 2008	2,344,087	90,866	25,308	2,460,261
Opening unrealised appreciation/(depreciation)	347,187	(10,766)	12,815	349,236
Opening valuation	2,691,274	80,100	38,123	2,809,497
Movements in the period				
Purchases at cost*	1,210,129	67	55,365	1,265,561
Sales – proceeds*	(1,622,701)	-	(916)	(1,623,617)
– realised (losses)/gains on sales	(123,774)	-	524	(123,250)
Gains on translation of investment in foreign subsidiaries	-	-	984	984
Decrease in appreciation on assets held	(422,778)	(23,832)	(5,467)	(452,077)
Closing valuation	1,732,150	56,335	88,613	1,877,098
Closing book cost	1,807,741	90,933	80,281	1,978,955
Gains on translation of investment in foreign subsidiaries	-	-	984	984
Closing (depreciation)/appreciation on assets held	(75,591)	(34,598)	7,348	(102,841)
Closing valuation as at 31 January 2009	1,732,150	56,335	88,613	1,877,098

2010 £000	Group Listed Investments	Investment Property	Unlisted Investments	Total
Opening book cost as at 1 February 2009	1,807,741	90,933	80,281	1,978,955
Gains on translation of investment in foreign subsidiaries	-	-	984	984
Opening unrealised appreciation/(depreciation)	(75,591)	(34,598)	7,348	(102,841)
Opening valuation	1,732,150	56,335	88,613	1,877,098
Movements in the period				
Purchases at cost*	1,209,224	179	56,415	1,265,818
Sales – proceeds*	(866,280)	(9,580)	(43,975)	(919,835)
– realised (losses)/gains on sales	(16,136)	(1,056)	1,134	(16,058)
Gains on translation of investment in foreign subsidiaries written back	-	-	(984)	(984)
Increase/(Decrease) in appreciation on assets held	449,543	5,747	(13,855)	441,435
Closing valuation	2,508,501	51,625	87,348	2,647,474
Closing book cost	2,134,549	80,476	93,855	2,308,880
Closing (depreciation)/appreciation on assets held	373,952	(28,851)	(6,507)	338,594
Closing valuation as at 31 January 2010	2,508,501	51,625	87,348	2,647,474

2009

£000	Listed Investments	Investment Property	Company Related and Subsidiary companies	Unlisted Investments	Total
Opening book cost as at 1 February 2008	2,314,620	90,866	44,746	25,308	2,475,540
Opening unrealised appreciation/(depreciation)	348,782	(10,766)	(4,459)	12,815	346,372
Opening valuation	2,663,402	80,100	40,287	38,123	2,821,912
Movements in the period					
Purchases at cost*	1,209,042	67	12,311	55,365	1,276,785
Sales – proceeds*	(1,616,456)	-	-	(916)	(1,617,372)
– realised (losses)/gains on sales	(123,143)	-	-	524	(122,619)
Decrease in appreciation on assets held	(414,584)	(23,832)	(17,396)	(5,467)	(461,279)
Closing valuation	1,718,261	56,335	35,202	87,629	1,897,427
Closing book cost	1,784,063	90,933	57,057	80,281	2,012,334
Closing (depreciation)/appreciation on assets held	(65,802)	(34,598)	(21,855)	7,348	(114,907)
Closing valuation as at 31 January 2009	1,718,261	56,335	35,202	87,629	1,897,427

2010

£000	Listed Investments	Investment Property	Company Related and Subsidiary companies	Unlisted Investments	Total
Opening book cost as at 1 February 2009	1,784,063	90,933	57,057	80,281	2,012,334
Opening unrealised appreciation/(depreciation)	(65,802)	(34,598)	(21,855)	7,348	(114,907)
Opening valuation	1,718,261	56,335	35,202	87,629	1,897,427
Movements in the period					
Purchases at cost*	1,179,278	179	38,469	24,887	1,242,813
Sales – proceeds*	(864,448)	(9,580)	(3,602)	(43,975)	(921,605)
– realised (losses)/gains on sales	(15,612)	(1,056)	(1,937)	1,131	(17,474)
Increase/(Decrease) in appreciation on assets held	440,624	5,747	(7,886)	(10,422)	428,063
Closing valuation	2,458,103	51,625	60,246	59,250	2,629,224
Closing book cost	2,083,281	80,476	89,987	62,324	2,316,068
Closing (depreciation)/appreciation on assets held	374,822	(28,851)	(29,741)	(3,074)	313,156
Closing valuation as at 31 January 2010	2,458,103	51,625	60,246	59,250	2,629,224

* Expenses incidental to the purchase or sale of investments are included within the purchase cost or deducted from the sale proceeds. These expenses amount to £3,908,000 for purchases (£4,675,000) and £1,838,000 for sales (£3,262,000).

A geographical analysis of the investment portfolio by broad industrial or commercial sector together with a list of the 20 largest investments in the portfolio is given on pages 10-11. Both are unaudited.

The investment properties were valued as at 31 December 2009 by DTZ Tie Leung on the basis of market value. The valuation was in accordance with RICS Appraisal and Valuation Standards. DTZ Tie Leung have confirmed that in their opinion the valuation at 31 January 2010 is unchanged from this figure. The historic cost of the investment properties is £80,476,000 (£90,933,000).

The Company exchanged contracts on the sale of two of its investment properties and completed the sale of one of those properties in the period.

£000	Group		Company	
	Office premises freehold / Heritable property	**New office premises under construction**	**Office premises freehold / Heritable property**	**New office premises under construction**
Valuation at 31 January 2008	900	2,984	900	2,984
Expenditure on land & building works	-	9,702	-	9,702
Revaluation	(425)	(6,786)	(425)	(6,786)
Valuation at 31 January 2009	475	5,900	475	5,900
Expenditure on land & building works	-	1,076	-	1,076
Revaluation	-	(951)	-	(951)
Valuation at 31 January 2010	475	6,025	475	6,025
Transfer to office premises freehold	6,025	(6,025)	6,025	(6,025)
	6,500	-	6,500	-

The new office premises at 8 West Marketgait, Dundee were completed and occupied during the financial year.

J & E Shepherd, Chartered Surveyors, valued the office premises at 64 Reform Street, Dundee at 31 January 2009 at £475,000 on the basis of market value. The valuation was in accordance with RICS Appraisal and Valuation Standards. The historic cost of the office premises is £292,000. The Directors consider the valuation at 31 January 2009 to still be appropriate as at 31 January 2010.

At 31 January 2010 DTZ Tie Leung valued the new office premises at 8 West Marketgait, Dundee at £6.025m on the basis of market value. The valuation was in accordance with RICS Appraisal and Valuation Standards. The historic cost of the building as at 31 January 2010 was £13.8m.

£000	Group	Company
Other Fixed Assets		
Opening book cost at 1 February 2008	108	26
Additions	43	10
Disposals	(52)	(11)
Book cost at 31 January 2009	99	25
Additions	-	-
Disposals	(19)	-
Book cost at 31 January 2010	80	25
Opening depreciation at 1 February 2008	(72)	(21)
Depreciation charge	(71)	(9)
Disposals	52	11
Depreciation at 31 January 2009	(91)	(19)
Depreciation charge	(5)	(3)
Disposals	19	-
Depreciation at 31 January 2010	(77)	(22)
Net book value at 31 January 2009	8	6
Net book value at 31 January 2010	3	3

10 Subsidiaries

The results of the following subsidiary companies and partnerships are consolidated in the Group accounts.

Name	Shares held	Country of incorporation	Principal Activity
Alliance Trust Savings Limited ('ATS')	Ordinary	Scotland	Deposit taking, provision and administration of investment and pension products
Alliance Trust (Finance) Limited ('ATF')	Ordinary	Scotland	Asset holding
Alliance Trust Pensions Limited ('ATP')	Ordinary	England	Pension trustee
AT2006 Limited ('AT2006')	Ordinary	Scotland	Intermediate holding company
Second Alliance Trust Limited ('SATL')	Ordinary	Scotland	Inactive
Second Alliance Leasing Limited ('SAL')	Ordinary	Scotland	Leasing
Alliance Trust Real Estate Partners (GP) Limited ('ATREP')	Ordinary	Scotland	Real estate general partner
Alliance Trust Real Estate Partners LP	-	Scotland	Limited Partnership
Alliance Trust Asset Management Limited ('ATAM')	Ordinary	Scotland	Investment management
Alliance Trust Services Limited ('ATSL')	Ordinary	Scotland	Service company
Alliance Trust Equity Partners (Holdings) Limited ('ATEP')	Ordinary	Scotland	Intermediate holding company
Alliance Trust Equity Partners Limited ('ATEPL')	Ordinary	Scotland	Investment management
Albany Venture Managers GP Limited ('AVMGP')	Ordinary	Scotland	Private equity general partner
Albany Ventures GP I Limited ('AVGP1')	Ordinary	Scotland	Private equity general partner
Alliance Trust (PE Manco) Limited ('AT PE Manco')	Ordinary	Scotland	Investment Company
ATEP 2007 GP Limited ('ATEP 2007GP')	Ordinary	Scotland	Private equity general partner
ATEP 2008 GP Limited ('ATEP 2008GP')	Ordinary	Scotland	Private equity general partner
ATEP 2009 GP Limited ('ATEP 2009GP')	Ordinary	Scotland	Private equity general partner
ATEP 2010 GP Limited ('ATEP 2010GP')	Ordinary	Scotland	Private equity general partner
Allsec Nominees Limited	Guarantee	Scotland	Nominee
Alliance Trust Savings Nominees Limited	Guarantee	Scotland	Nominee

The investments in subsidiary companies are valued in the Company's accounts at £60,246,000 (£35,202,000) being the net asset value of the Company's equity interest taking into account securities at fair value.

During the year ATS Trust Corporation Limited and AT Asset Management (Asia Pacific) Limited were wound up.

At 31 January 2010 the Company owned 100% of ATS, ATF, AT2006, SAL, ATREP, ATSL, ATAM, ATEP and AT PE Manco.

ATS owns 100% of ATP, AT2006 owns 100% of SATL, ATEP owns 100% of ATEPL, AVMGP, AVGP1, ATEP 2007GP, ATEP 2008GP, ATEP 2009GP and ATEP 2010GP.

The Company has seeded Premier Alliance Trust Investment Funds Limited ('PATIF'), a UK domiciled Open Ended Investment Company (OEIC).

As at 31 January 2010 the Company held the following proportions of each class of share in PATIF. The value of the shares held by the Company is also given below:

	2010 Proportion %	2010 Value £000	2009 Proportion %	2009 Value £000
Premier Portfolio Asia Pacific A	98.5	5,304	99.6	3,689
Premier Portfolio Asia Pacific I	93.8	34,405	93.5	23,745
Premier Portfolio Japan A	99.8	3,996	99.9	4,123
Premier Portfolio Japan I	97.5	25,407	83.7	26,132
		69,112		57,689

The company has also seeded Alliance Trust Investment Funds Limited (ATIF) Funds Limited, a UK domiciled OEIC.

At 31 January 2010 the Company held the following proportion of each class of share in the ATIF. The value of the shares held by the Company is also given below:

	2010 Proportion %	2010 Value £000	2009 Proportion %	2009 Value £000
UK Equity Income B	100.0	35,562	-	-
North American Equity B	98.1	35,119	-	-
European Equity Income B	100.0	9,543	-	-
		80,224	-	-

Both funds are managed by ATAM.

11 Goodwill

£000	Group
Cost	
At 1 February 2008	9,371
At 31 January 2009	9,371
At 31 January 2010	9,371
Accumulated Impairment Losses	
At 1 February 2008	-
Impairment losses for the year	(9,074)
At 31 January 2009	(9,074)
At 31 January 2010	(9,074)
Carrying Amount	
At 1 February 2008	9,371
At 31 January 2009	297
At 31 January 2010	297

The Group has entered into two business combinations on which goodwill has been recognised, the acquisition of a Full SIPP business and the acquisition of a private equity asset management business.

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill has been allocated as follows:

£000	2010	2009
Private equity asset management business	297	297
	297	297

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimate discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to each CGU.

The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years and extrapolates cash flows for the following five years based on an estimated growth rate of 5% (5%). This rate does not exceed the average long-term growth rate for the relevant markets.

The rate used to discount the forecast cash flows is 15% post tax (15%).

In the market conditions that prevailed in the year ended 2009 the management budgeted for a lower increase in the revenue anicipated for the Full SIPP cash generating unit (CGU). Consequently the projected future cash flows were not sufficient to justify carrying forward any goodwill value and this was therefore fully amortised in that year.

12 Other intangible assets

£000	Group Technology systems	Group Customer contracts	Group Total	Company Technology systems
Opening book cost at 1 February 2008	7,087	2,110	9,197	1,916
Additions	1,055	-	1,055	41
Book cost at 31 January 2009	8,142	2,110	10,252	1,957
Book cost at 31 January 2010	8,142	2,110	10,252	1,957
Opening amortisation as at 1 February 2008	(1,559)	(246)	(1,805)	(442)
Impairment losses for the year	-	(1,759)	(1,759)	-
Amortisation	(1,629)	(105)	(1,734)	(392)
Amortisation as at 31 January 2009	(3,188)	(2,110)	(5,298)	(834)
Amortisation	(1,605)	-	(1,605)	(388)
Amortisation as at 31 January 2010	(4,793)	(2,110)	(6,903)	(1,222)
Carrying amount as at 31 January 2009	4,954	-	4,954	1,123
Carrying amount as at 31 January 2010	3,349	-	3,349	735

Amortisation is included within administrative expenses in the income statement.

13 Deferred Tax

The following are the major deferred tax liabilities and assets recognised by the Group and Company and movements thereon during the current and prior reporting period:

Group

£000	Customer Contracts	Goodwill	Retirement benefit obligations	Share based payments	Accelerated Tax Depreciation	Tax losses	Other	Total
At 1 February 2008 – (liability)/asset	(522)	(1,844)	(453)	352	475	446	-	(1,546)
Income statement – DT credit	522	1,844	-	-	-	-	151	2,517
Income statement – DT (charge)	-	-	-	(352)	(1,232)	(440)	(219)	(2,243)
Equity – DT credit	-	-	891	-	-	-	-	891
At 31 January 2009 – asset/(liability)	-	-	438	-	(757)	6	(68)	(381)
Income statement – DT credit	-	-	-	-	255	-	259	514
Income statement – DT (charge)	-	-	-	-	-	(6)	-	(6)
Equity – DT credit	-	-	14	-	-	-	-	14
At 31 January 2010 – asset/(liability)	-	-	452	-	(502)	-	191	141

At the balance sheet date, the Group had unused tax losses of £20.5m (£11.3m) available for offset against future profits.
There are unrecognised deferred tax assets of £3.0m (£1.9m) in relation to share based payments, £5.7m (£3.0m) in respect of unused tax losses, £0.9m (nil) in relation to fixed asset timing differences, £0.4m (nil) in relation to foreign tax on mineral rights income and £0.9m (nil) in relation to retirement benefit obligations.

Company

£000	Accelerated tax depreciation	Retirement benefit obligations	Share based payments	Other	Total
At 1 February 2008 – asset/(liability)	45	(453)	240	-	(168)
Income statement – DT credit	-	-	-	147	147
Equity – DT (charge)	(819)	-	(240)	(218)	(1,277)
Equity DT credit	-	891	-	-	891
At 31 January 2009 – (liability)/asset	(774)	438	-	(71)	(407)
Income statement – DT credit	255	-	-	138	393
Equity – DT credit	-	14	-	-	14
At 31 January 2010 – (liability)/asset	(519)	452	-	67	-

At the balance sheet date, the Company had no unused tax losses (£nil) available for offset against future profits.

There are unrecognised deferred tax assets of £0.4m (nil) in relation to foreign tax on mineral rights income and £0.9m (nil) in relation to retirement benefit obligations.

14 Other Receivables

	Group		Company	
£000	**2010**	**2009**	**2010**	**2009**
Other receivables				
Dividends receivable	1,518	2,594	1,518	2,594
Other income receivable	1,095	1,649	804	-
Amounts receivable in respect of sales of investments awaiting settlement	3,050	8,346	2,904	4,684
Amount due from subsidiary companies	-	-	2,668	675
Other debtors	11,362	4,942	2,622	662
	17,025	17,531	10,516	8,615

The Directors consider that the carrying amount of other receivables approximates to their fair value.

15 Other Payables

	Group		Company	
£000	**2010**	**2009**	**2010**	**2009**
Amounts due to depositors	212,427	182,952	-	-
Amount payable in respect of purchases of investments awaiting settlement	6,434	21,212	4,760	16,046
Amount due to subsidiary companies	-	-	2,247	2,441
Dividend payable	13,472	13,401	13,472	13,401
Other creditors	20,527	13,543	4,007	4,454
	252,860	231,108	24,486	36,342

The Directors consider that the carrying amount of other payables approximates to their fair value.

16 Bank Overdrafts and Loans

	Group		Company	
£000	**2010**	**2009**	**2010**	**2009**
Bank loans repayable within one year	**160,000**	50,000	**160,000**	50,000
	160,000	50,000	**160,000**	50,000
Analysis of borrowings by currency:				
Bank loans – Sterling	**160,000**	50,000	**160,000**	50,000
The weighted average % interest rates payable:				
Bank loans	**1.22%**	1.87%	**1.22%**	1.87%
The Directors estimate the fair value of the borrowings:				
Bank loans	**160,000**	50,000	**160,000**	50,000

17 Share Capital

	Group		Company	
£000	**2010**	**2009**	**2010**	**2009**
Authorised:				
– 720,000,000 ordinary shares of 2.5p each	**18,000**	18,000	**18,000**	18,000
Allotted, called up and fully paid:				
– 667,059,760 ordinary shares of 2.5p each	**16,677**	16,798	**16,677**	16,798

The Company has one class of ordinary share which carries no right to fixed income.

The Employee Benefit Trust holds 1,789,960 (1,842,670) ordinary shares, acquired by its Trustee with funds provided by the Company. During the year the Trustee increased its holding by 19,776 (755,465) shares with funds provided by the Company. 72,486 (21,419) shares were transferred from the Employee Benefit Trust to participants in the Senior Management Equity Incentive Plan in satisfaction of matching awards.

Share Buy Back

During the period the Company bought back and cancelled 4,850,000 ordinary shares with a nominal value of £121,250 at a cost of £15.4m. The cost of acquiring the shares together with associated transaction costs has been written off against capital reserves. Share capital has also been reduced by the nominal value of the shares bought back with an equivalent entry made to the capital redemption reserve.

Share capital reconciliation	Group		Company	
£000	**2010**	**2009**	**2010**	**2009**
Ordinary shares of 2.5p each				
Opening share capital	**16,798**	16,798	**16,798**	16,798
Share buy back	**(121)**	-	**(121)**	-
Closing share capital	**16,677**	16,798	**16,677**	16,798

Capital Management Policies and Procedures

The capital of the Company is managed in accordance with its investment policy in pursuit of its investment objective, both of which are detailed on the inside cover. This is undertaken by the Asset Allocation Commitee within parameters set by the Board.

The Company does not have any externally imposed capital requirements.

The Group and its financial services subsidiaries comply with the capital requirements of their relevant regulators, including the Capital Requirements Directive.

18 Reserves

Group

£000	Share Capital	Capital Reserves	Revaluation Reserve	Merger Reserve	Capital Redemption Reserve	Revenue Reserves	Translation Reserve	Minority Interest	Total
Net Assets at 31 January 2008	16,798	1,966,300	608	645,335	2,200	73,550	-	7,376	2,712,167
Dividends	-	-	-	-	-	(54,961)	-	-	(54,961)
Unclaimed dividends	-	-	-	-	-	25	-	-	25
Net (loss)/profit for year	-	(583,507)	-	-	-	60,309	-	(865)	(524,063)
Own shares purchased	-	(2,587)	-	-	-	-	-	-	(2,587)
Revaluation of office premises	-	-	(425)	-	-	-	-	-	(425)
Translation of foreign subsidiary	-	-	-	-	-	-	984	-	984
Pension Scheme Financing	-	(2,391)	-	-	-	-	-	-	(2,391)
SMEIP/LTIP reserve movement	-	859	-	-	-	(117)	-	-	742
PATIF net subscriptions	-	-	-	-	-	-	-	223	223
Net Assets at 31 Jan 2009	16,798	1,378,674	183	645,335	2,200	78,806	984	6,734	2,129,714
Dividends	-	-	-	-	-	(57,363)	-	-	(57,363)
Unclaimed dividends	-	-	-	-	-	4	-	-	4
Net profit for year	-	415,811	-	-	-	50,592	-	1,769	468,172
Own shares purchased	(121)	(15,405)	-	-	121	-	-	-	(15,405)
Pension Scheme Financing	-	(3,230)	-	-	-	-	-	-	(3,230)
SMEIP/LTIP reserve movement	-	900	-	-	-	(22)	-	-	878
Wind up of foreign subsidiary	-	-	-	-	-	-	(984)	-	(984)
PATIF and ATIF net subscriptions	-	-	-	-	-	-	-	3,181	3,181
Net assets at 31 Jan 2010	16,677	1,776,750	183	645,335	2,321	72,017	-	11,684	2,524,967

Company

£000	Share Capital	Capital Reserves	Revaluation Reserve	Merger Reserve	Capital Redemption Reserve	Revenue Reserves	Total
Net Assets at 31 January 2008	16,798	1,962,892	608	645,335	2,200	71,107	2,698,940
Dividends	-	-	-	-	-	(54,961)	(54,961)
Unclaimed dividends	-	-	-	-	-	25	25
Net (loss)/profit for year	-	(585,893)	-	-	-	69,494	(516,399)
Own shares purchased	-	(2,587)	-	-	-	-	(2,587)
Pension Scheme Financing	-	(2,391)	-	-	-	-	(2,391)
Revaluation of office premises	-	-	(425)	-	-	-	(425)
SMEIP/LTIP reserve movement	-	515	-	-	-	(126)	389
Net Assets at 31 January 2009	16,798	1,372,536	183	645,335	2,200	85,539	2,122,591
Dividends	-	-	-	-	-	(57,363)	(57,363)
Unclaimed dividends	-	-	-	-	-	4	4
Net profit for year	-	404,222	-	-	-	61,125	465,347
Own shares purchased	(121)	(15,405)	-	-	121	-	(15,405)
Pension Scheme Financing	-	(3,230)	-	-	-	-	(3,230)
SMEIP/LTIP reserve movement	-	899	-	-	-	(6)	893
Net assets at 31 January 2010	16,677	1,759,022	183	645,335	2,321	89,299	2,512,837

The reserves distributable by way of a dividend are £89.3m (£85.5m) which is represented by the revenue reserves.
Share buy backs are funded through realised capital reserves.

19 Net Asset Value per Ordinary Share

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

	Group		Company	
£000	**2010**	**2009**	**2010**	**2009**
Equity shareholder funds	**2,513,283**	2,122,980	**2,512,837**	2,122,591
Number of shares at period end - Basic	**665,269,800**	670,067,090	**665,269,800**	670,067,090
Number of shares at period end - Diluted	**667,059,760**	671,909,760	**667,059,760**	671,909,760

The diluted figure is the entire number of shares in issue.

To arrive at the basic figure the number of shares has been reduced by 1,789,960 (1,842,670) shares held by the Trustee of the Employee Benefit Trust.

During the year the Trustee increased its holding by 19,776 (755,465) shares with funds provided by the Company. 72,486 (21,419) shares were transferred from the Employee Benefit Trust to participants in the Senior Management Equity Incentive Plan in satisfaction of matching awards.

20 Segmental Reporting

Alliance Trust PLC has identified 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.

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

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

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

Alliance Trust PLC evaluates performance based on the operating profit before tax. Intersegment sales and transfers are accounted for on an arms length basis.

All operating segments operate within the United Kingdom.

Revenue and Expenditure	**Year ending 31 January 2010**		
£000	**Company**	**ATS**	**Total**
Revenue			
External customers	-	8,223	8,223
Investment income	81,213	1,738	82,951
Investment gains	410,230	-	410,230
Segment revenue	491,443	9,961	501,404
Expenditure			
Depreciation and amortisation	391	1,210	1,601
Total depreciation and amortisation	391	1,210	1,601
Segment profit / (loss) before tax	**469,566**	**(7,749)**	**461,817**

Revenue and Expenditure	Year ending 31 January 2009		
£000	**Company**	**ATS**	**Total**
Revenue			
External customers	-	9,089	9,089
Investment income	95,299	10,068	105,367
Investment losses	(583,898)	-	(583,898)
Segment revenue	(488,599)	19,157	(469,442)
Expenditure			
Depreciation and amortisation	401	1,236	1,637
Total depreciation and amortisation	401	1,236	1,637
Segment loss before tax	(508,560)	(5,308)	(513,868)

Reconciliation of reportable segment revenues, expenditure and profit/(loss) before tax to consolidated accounts

Revenue £000	Year ending 31 January 2010	Year ending 31 January 2009
Total revenues for reportable segments	501,404	(469,442)
ATS interest payable	28	2,772
Other revenues	27,929	(17,335)
Elimination of intersegment revenues	(4,125)	(2,563)
Elimination of movement in investment in subsidiaries	(6,566)	28,524
Consolidated revenue	518,670	(458,044)

Expenditure £000	Year ending 31 January 2010	Year ending 31 January 2009
Total depreciation and amortisation for reportable segments	1,601	1,637
Other depreciation and amortisation	9	168
Consolidated depreciation and amortisation	**1,610**	**1,805**

Profit/(loss) before tax £000	Year ending 31 January 2010	Year ending 31 January 2009
Total profit/(loss) for reportable segments	461,817	(513,868)
Elimination of movement in investment in subsidiaries	11,567	(3,270)
Consolidated profit/(loss) before tax	473,384	(517,138)

Assets and liabilities	Year ending 31 January 2010		
£000	**Company**	**ATS**	**Total**
Reportable segment assets	2,703,857	237,870	2,941,727
Reportable segment liabilities	(191,020)	(225,880)	(416,900)
Total net assets	2,512,837	11,990	2,524,827

Assets and liabilities	Year ending 31 January 2009		
£000	**Company**	**ATS**	**Total**
Reportable segment assets	2,211,432	205,810	2,417,242
Reportable segment liabilities	(88,841)	(192,109)	(280,950)
Total net assets	2,122,591	13,701	2,136,292

Reconciliation of reportable segment assets to consolidated amounts

Assets £000	Year ending 31 January 2010	Year ending 31 January 2009
Reportable segment assets	2,941,727	2,417,242
Elimination of subsidiaries	3,698	(2,879)
Consolidated assets	2,945,425	2,414,363

Reconciliation of reportable segment liabilities to consolidated amounts

Liabilities £000	Year ending 31 January 2010	Year ending 31 January 2009
Reportable segment liabilities	(416,900)	(280,950)
Elimination of subsidiaries	(3,864)	(3,699)
Consolidated liabilities	**(420,458)**	**(284,649)**

21 Related Party Transactions

Transactions between the Company and its subsidiaries, which are related parties, are eliminated on consolidation.

Entities within the Group may purchase goods or services for other entities within the Group and recharge these costs directly to the appropriate entity that the costs relate to.

There are no other related parties other than the members of the group.

During the period the following amounts were reimbursed/(repaid).

Alliance Trust Services £000	Year ending 31 January 2010	Year ending 31 January 2009
Paid by Alliance Trust (the Company)	12,725	14,125
Paid to Alliance Trust	(11,622)	(13,806)
	1,103	319
Paid by Alliance Trust Savings Limited	16,841	16,499
Paid to Alliance Trust Savings Limited	(524)	(1,021)
	16,317	15,478
Paid by Alliance Trust Asset Management	3,310	4,805
Paid to Alliance Trust Asset Management	(378)	(1,725)
	2,932	3,080
Paid by Alliance Trust Equity Partners (Holdings) Limited	1,580	1,387
Paid to Alliance Trust Equity Partners (Holdings) Limited	(139)	(74)
	1,441	1,313

Transactions with key management personnel

Details of the Executive and Non Executive Directors are disclosed in the Governance section of the report on pages 30 and 31. Their remuneration and other compensation including pension cost is summarised below.

For the purpose of IAS 24 'Related Party Disclosures', key management personnel comprise the members of the Executive Committee (the Chief Executive and senior management) plus the non executive Directors of the Company.

	Group		Company	
£000	**2010**	**2009**	**2010**	**2009**
Total emoluments	2,719	1,968	1,635	1,475
Termination benefits in respect of former key management personnel	455	119	226	-
Post retirement benefits	204	207	112	140
Equity compensation benefits	809	443	623	337
	4,187	2,737	2,596	1,952

22 Analysis of change in net funds

Group

£000	2008	Cash flow	Exchange gains	2009	Cash flow	Exchange losses	2010
Cash and cash equivalents	227,653	271,430	7,950	507,033	(233,231)	(4,327)	269,475
Bank loans and overdraft	(159,000)	109,000	-	(50,000)	(110,000)	-	(160,000)
	68,653	380,430	7,950	457,033	(343,231)	(4,327)	109,475

Company

£000	2008	Cash flow	Exchange gains	2009	Cash flow	Exchange losses	2010
Cash and cash equivalents	30,328	258,497	8,221	297,046	(238,300)	(3,028)	55,718
Bank loans and overdraft	(159,000)	109,000	-	(50,000)	(110,000)	-	(160,000)
	(128,672)	367,497	8,221	247,046	(348,300)	(3,028)	(104,282)

23 Financial commitments

Financial commitments as at 31 January 2010, which have not been accrued, for the Group and the Company totalled £174,918,000 (£219,315,000).

Of this amount £174,918,000 (£157,815,000) was in respect of uncalled subscriptions in investments structured as limited partnerships of which £165,318,000 relates to investments in our private equity portfolio. The remaining balance relates to a commitment to invest £9.6m in Limited Liability Partnerships. This is the maximum amount that the Company may be required to invest. These LP 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.

A maturity analysis of the expiry dates of these LP commitments is presented below:

	Group		Company	
£000	2010	2009	2010	2009
< 1 year	10,000	-	10,000	-
1-5 years	10,762	4,717	10,762	4,717
5-10 years	154,156	153,098	154,156	153,098
	174,918	157,815	174,918	157,815

The Company has provided letters of comfort in connection with banking facilities made available to certain of its subsidiaries.

24 Financial instruments and Risk

The Directors' Report details the Company's approach to investment risk management on pages 24 and 25 and the accounting policies on pages 53 to 57 explain the basis on which currencies and investments are valued for accounting purposes.

The Directors are of the opinion that the fair value of financial assets and liabilities of the Group are not materially different to their carrying values.

Capital Risk Management

The Group manages its capital to ensure that entities in the Group and the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the use of debt and equity balances. The Group and Company's overall strategy remains unchanged from 2009.

The capital structure of the Group and the Company consists of debt, which includes the borrowings disclosed in note 24.6, cash and cash equivalents and equity attributable to equity holders of the parent and the Company comprising issued capital, reserves and retained earnings as disclosed in Note 18 to the financial statements.

The Board reviews the capital structure of the Company and the Group on an at least semi-annual basis. The Group and the Company have decided that net gearing should at no time exceed 30% of the net assets of either the Group or the Company.

	Group		Company	
£000	**2010**	**2009**	**2010**	**2009**
Debt	(160,000)	(50,000)	(160,000)	(50,000)
Cash and cash equivalents	269,475	507,033	55,718	297,046
Net cash/(debt)	109,475	457,033	(104,282)	247,046
Net cash/(debt) as % of net assets	4.3%	21.4%	(4.1%)	11.6%

Risk management policies and procedures

As an investment trust the Company invests in equities, investment property, private equity, financial instruments and its subsidiary businesses for the long term in order to achieve the investment objectives set out on the inside cover. In pursuing these objectives the Company is exposed to a variety of risks that could result in a reduction in the Company's net assets or a reduction in the profits available for payment as dividends.

The principal financial instruments at risk comprise those in the Company's investment portfolio and this note addresses these risks below. The Group has certain additional risks, and these are detailed in the appropriate sections below.

These risks and the Directors' approach to managing them are set out below under the following headings: market risk (comprising currency risk, interest rate risk, and other price risk), liquidity risk, and credit risk.

The Group has a risk management framework in place which is described in detail on pages 24 and 25. The objectives, policies and processes for managing the risks, and the methods used to measure the risks have not changed from the previous accounting period, save for any changes caused by the use of derivative financial instruments in the year. Further information in relation to their use is given in note 24.4.

24.1 Market Risk

Market risk embodies the potential for both losses and gains and includes currency risk (see note 24.2), interest rate risk (see note 24.3) and price risk (see note 24.4). Market risk is managed on a regular basis by the Asset Allocation Committee. The purpose of this Executive Committee is to manage the capital of the Company within parameters set by the Directors on investment and asset allocation strategies and risk.

The Company's strategy on investment risk is outlined in our statement of investment objectives and policy on the inside cover (unaudited).

Details of the investment portfolio at the balance sheet date are disclosed on pages 10 and 11.

24.2 Currency Risk

Some of the Group's assets, liabilities and transactions are denominated in currencies other than its functional currency of Sterling. Consequently the Group is exposed to the risk that movements in exchange rates may affect the Sterling value of those items.

The Group's currency holdings and gains/losses thereon are reviewed regularly by the Directors, and the currency risk is managed on a regular basis by the AAC within parameters set by the Directors on investment and asset allocation strategies and risk.

The currency exposure for overseas investments is based on the quotation currency of each holding, while the currency exposure for net monetary assets is based on the currency that each asset or liability is denominated in. At the reporting date the Group had the following exposures:

Currency Exposure (Group)

£000	Overseas Investments 2010	Net monetary assets 2010	Total currency exposure 2010	Overseas Investments 2009	Net monetary assets 2009	Total currency exposure 2009
US dollar	548,402	9,647	558,049	466,906	231	467,137
Euro	245,261	494	245,755	180,792	3,867	184,659
Yen	118,856	-	118,856	15,229	-	15,229
Other non-sterling	436,690	10,694	447,384	270,409	8,150	278,559
	1,349,209	20,835	1,370,044	933,336	12,248	945,584

Currency Exposure (Company)

£000	Overseas Investments 2010	Net monetary assets 2010	Total currency exposure 2010	Overseas Investments 2009	Net monetary assets 2009	Total currency exposure 2009
US dollar	548,402	9,647	558,049	466,906	231	467,137
Euro	245,261	494	245,755	180,792	3,867	184,659
Yen	118,856	-	118,856	15,229	-	15,229
Other non-sterling	436,690	10,694	447,384	270,409	4,172	274,581
	1,349,209	20,835	1,370,044	933,336	8,270	941,606

Sensitivity analysis

If the pound had strengthened by 5% relative to all currencies on the reporting date, with all other variables held constant, the income statement and the net assets attributable to equity holders of the parent would have decreased by the amounts shown below. The analysis is performed on the same basis for 2009. The revenue return impact is an estimated figure for 12 months based on the cash balances at the reporting date.

	Group		Company	
£000	**2010**	**2009**	**2010**	**2009**
Income Statement				
Revenue return	(1,408)	(1,326)	(1,408)	(1,326)
Capital return	(67,460)	(46,667)	(67,460)	(46,667)
Net Assets	(68,868)	(47,993)	(68,868)	(47,993)

A 5% weakening of Sterling against the above currencies would have resulted in an equal and opposite effect on the above amounts, on the basis that all other variables remain constant.

24.3 Interest Rate Risk

The Group is exposed to interest rate risk in a number of ways. A movement in interest rates may affect the fair value of investments in fixed interest rate securities, income receivable on cash deposits and interest payable on variable rate borrowings.

The Company finances part of its activities through borrowings at levels which are approved and monitored by the Board. The possible effects on fair value and cash flows as a result of an interest rate change are taken into account when making investment or borrowing decisions.

The Company has a financial services subsidiary, Alliance Trust Savings Ltd, which holds client deposits and pays interest on these. This subsidiary has detailed risk management policies, with treasury and cash management undertaken within a framework of banking policies. These banking policies cover credit risk, counterparty exposure, capital adequacy and liquidity. The Alliance Trust Savings Management Committee reviews interest rate risk on a regular basis.

The following table details the Group's and Company's exposure to interest rate risks:

	Group		Company	
£000	**2010**	**2009**	**2010**	**2009**
Exposure to floating interest rates				
Cash at Bank	269,475	382,123	55,718	172,136
Bank loans	(160,000)	(50,000)	(160,000)	(50,000)
	109,475	332,123	(104,282)	122,136

Sensitivity analysis

If interest rates had decreased by 0.25% (prior year 1% due to different economic conditions) on the reporting date, with all other variables held constant, the income statement and the net assets attributable to equity holders of the parent would have decreased by the amounts shown below. The revenue return impact is an estimated figure for 12 months based on the cash balances at the reporting date.

	Group		Company	
£000	**2010**	**2009**	**2010**	**2009**
Income Statement				
Revenue return	(525)	(3,398)	1	(1,536)
Capital return	267	333	267	333
Net Assets	(258)	(3,065)	268	(1,203)

If interest rates had increased by 0.25% (Prior year 1% due to different economic conditions) on the reporting date with all other variables held constant, the income statement and net assets attributable to equity holders of the parent would have increased by the amounts shown below.

	Group		Company	
£000	**2010**	**2009**	**2010**	**2009**
Income Statement				
Revenue return	9	1,825	6	1,555
Capital return	(267)	(333)	(267)	(333)
Net Assets	(258)	1,492	(261)	1,222

The Group had the following exposures to fixed interest rate investments at fair value at the reporting date.

	Group		Company	
£000	**2010**	**2009**	**2010**	**2009**
Exposure to fixed interest rates				
Investments at fair value				
Preference shares	30,614	23,234	17,474	13,680
Gilts	29,648	3,998	-	-
Bonds	6,841	4,336	6,841	4,336
Treasury bills	-	124,910	-	124,910
	67,103	156,478	24,315	142,926

Preference shares and bonds are all in UK companies and along with gilts are included in the other price risk section below as that is considered to be more relevant for these instruments.

24.4 Other price risk

Other price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from currency risk or interest rate risk), whether caused by factors specific to an individual investment or its issuer, or by factors affecting all instruments traded in that market.

As the majority of the Group's financial assets are carried at fair value with fair value changes recognised in the income statement, all changes in market conditions will directly affect gains and losses on investments and net assets

The Directors manage price risk by having a suitable investment objective for the Company. The Board reviews this objective and investment performance regularly. The risk is managed on a regular basis by the AAC within parameters set by the Directors on investment and asset allocation strategies and risk.

Concentration of exposure to other price risks

An analysis of the Company's investment portfolio is shown on page 11. This shows that the majority of equity investments by value is in UK companies, with significant amounts also in Europe and North America. It also shows the concentration of investments in various sectors.

The following table details the Group's exposure to market price risk on its quoted and unquoted equity investments:

	Group		Company	
£000	**2010**	**2009**	**2010**	**2009**
Fixed Asset Investments at Fair Value through Profit & Loss				
Listed	2,508,501	1,732,150	2,308,767	1,660,572
Unlisted	87,348	88,613	59,250	87,629
Investments in collective investment scheme	-	-	149,336	57,689
Related and Subsidiary Companies	-	-	60,246	35,202
Property	51,625	56,335	51,625	56,335
	2,647,474	1,877,098	2,629,224	1,897,427

The Company holds the investment property through a subsidiary Limited Partnership, Alliance Trust Real Estate Partners LP

Sensitivity analysis

93.5% (90.6%) of the Company's investment portfolio is listed on stock exchanges. If share prices had decreased by 10% at the reporting date with all other variables remaining constant, the income statement and the net assets attributable to equity holders of the parent would have increased by the amounts shown below. The analysis for last year assumed a share price decrease of 10%.

	Group		Company	
£000	**2010**	**2009**	**2010**	**2009**
Income Statement				
Revenue return	-	-	-	-
Capital return	(250,850)	(173,215)	(245,810)	(171,826)
Net Assets	(250,850)	(173,215)	(245,810)	(171,826)

A 10% increase (10% increase) in share prices would have resulted in a proportionate equal and opposite effect on the above amounts, on the basis that all other variables remain constant.

24.5 Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Group.

This risk is managed as follows:

- Investment transactions are carried out with a number of well established, approved brokers.
- Investment transactions are done on a cash against receipt or cash against delivery basis

The Company and ATS also minimise credit risk through banking polices which restrict banking deposits to highly rated financial institutions (Moodys Aa3 or above). The policies also set maximum exposure to individual banks.

None of the Group's financial assets are secured by collateral or other credit enhancements. The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date.

At the reporting date, the Group's financial assets exposed to credit risk were as follows:

	Group		Company	
£000	**2010**	**2009**	**2010**	**2009**
Credit Rating				
Aaa	**21,001**	151,375	**21,000**	133,375
Aa1	**-**	83,500	**-**	20,000
Aa2	**10,035**	105,128	**-**	57,333
Aa3	**238,439**	162,230	**34,718**	86,319
A2	**-**	4,800	**-**	19
	269,475	507,033	**55,718**	297,046
Average maturity	**4 days**	5 days	**1 day**	5 days

The Company's UK listed equities are held in CREST, and its overseas listed equities are held by Bank of New York Mellon as custodian. Bankruptcy or insolvency of the custodian may cause the Group's rights with respect to securities held by the custodian to be delayed or limited.

Other than outlined above there were no significant concentrations of credit risk to counterparties at the reporting date.

No individual investment exceeded 3% (3%) of net assets attributable to equity holders of the parent.

24.6 Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities.

This is not a significant risk for the Company as the majority of its assets are investments in quoted equities that are readily realisable. It also has the ability to borrow, which give it access to additional funding when required. At the balance sheet date it had the following facilities:

£000	**2010**	**Expires**	**2009**	**Expires**
Committed multi currency facility - RBS	**100,000**	**31/12/2010**	100,000	31/12/2010
Amount drawn	**61,000**	**-**	-	
Committed multi currency facility - RBS	**100,000**	**31/08/2012**	100,000	31/08/2012
Amount drawn	**99,000**	**-**	-	
Committed multi currency facility - RBS Finance (Ireland)	**-**	**-**	50,000	28/09/2009
Amount drawn	**-**	**-**	50,000	
Committed multi currency facility - Lloyds Banking Group	**-**	**-**	50,000	28/11/2009
Amount drawn	**-**	**-**	-	
Total facilities	**200,000**	-	300,000	
Total drawn	**160,000**	-	50,000	

All the facilities are unsecured and have covenants on the maximum level of gearing and minimum net asset value of the Company.

At the reporting date the Group's financial services subsidiary, Alliance Trust Savings Ltd, held client deposits of £213.0m (£183.0m). These deposits are placed with various financial institutions as per note 24.5 above.

24.7 Gearing Risk

This is the risk that the movement in the fair value of the assets of the Company is amplified by any gearing that the Company may have. The exposure to this risk and the sensitivity analysis is detailed below.

	Group		Company	
£000	**2010**	**2009**	**2010**	**2009**
Investments after gearing	2,647,474	1,877,098	2,629,224	1,897,427
Gearing	(160,000)	(50,000)	(160,000)	(50,000)
Investments before gearing	2,487,474	1,827,098	2,469,224	1,847,427

Sensitivity analysis

If net assets before gearing had decreased by 10% as at the reporting date, with all other variables held constant, the income statement and the net assets attributable to equity holders of the parent would have further decreased by the amounts shown below. The analysis for last year assumed a net assets before gearing decrease of 10%.

	Group		Company	
£000	**2010**	**2009**	**2010**	**2009**
Income Statement				
Revenue return	-	-	-	-
Capital return	(16,000)	(5,000)	(16,000)	(5,000)
Net Assets	(16,000)	(5,000)	(16,000)	(5,000)

A 10% increase (10% increase) in net assets before gearing would have resulted in an equal and opposite effect on the above amounts, on the basis that all other variables remain constant.

24.8 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.

The tables below analyse 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 and liabilities.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices).

Level 3 Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Group Valuation hierarchy fair value through profit and loss

	As at 31 January 2010				As at 31 January 2009			
£000	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Listed investments	2,508,501	-	-	2,508,501	1,732,150	-	-	1,732,150
Private equity	-	-	75,011	75,011	-	-	67,798	67,798
	2,508,501	-	75,011	2,583,512	1,732,150	-	67,798	1,799,948

Company Valuation hierarchy fair value through profit and loss

	As at 31 January 2010				As at 31 January 2009			
£000	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Listed investments	2,458,103	-	-	2,458,103	1,718,261	-	-	1,718,261
Private equity	-	-	46,912	46,912	-	-	67,798	67,798
	2,458,103	-	46,912	2,505,015	1,718,261	-	67,798	1,786,059

Private equity included under level 3 is valued in accordance with the updated International Private Equity and Venture Capital Valuation Guidelines issued in September 2009.

Unlisted invetsments are stated at the General Partners valuation. 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 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

The Directors consider any valuations of level 3 investments based on reasonably alternative assumptions to be immaterial to the results of the Company and the Group.

25 Share Based Payments

The Group operates two share based payment schemes.

All-Employee Share Ownership Plan ('AESOP')

AESOP performance targets are set annually and dependent upon their achievement all employees may receive up to £3,000 of shares; this amount is pro rated for part time employees. Individuals receive these shares free of all restrictions after a period of 5 years. For the year to 31 January 2010 awards of £1,500 (£1,500) per person will be made. The maximum cost of all awards for the year to 31 January 2010 will be £343,000 (£311,000) of which the Company will pay £98,000 (£109,000).

Long Term Incentive Plan ('LTIP')

The LTIP was approved by the Company's shareholders at its Annual General Meeting on 24 May 2007 and replaces the Senior Management Equity Incentive Plan ('SMEIP'). Like the SMEIP, it is a discretionary plan for executive Directors and senior managers. The LTIP comprises two elements: first it provides for the grant of matching awards based on the proportion of annual bonus applied by participants in the purchase of shares in the Company and held by the Employee Benefit Trust; and secondly it provides for the grant of performance awards. Both awards, granted over shares in the Company, vest either in full or in part at the end of the three year performance period subject to meeting pre-defined targets.

In the year to 31 January 2010 participating employees applied a proportion of their annual cash bonuses for the year ended 31 January 2009 to purchase 288,730 (197,247) Company shares at a price of £2.84 (£3.42) per share. Matching awards of up to 527,449 (376,672) shares, and performance awards of up to 650,544 (958,560) were granted.

Matching awards and performance awards made during the year were valued at £901,000 (£444,000) and £1,110,000 (£1,048,000) respectively. The fair value of the awards granted during the period was calculated using a binomial methodology. The assumptions used were a share price of £2.83 (£3.51), share price volatility of 33.7% (12.8%) based on 3 year volatility to 9 June 2009, dividend yield of 2.8% (2.2%), risk free interest rate of 3.77% (4.25%), and forfeiture of nil (nil). In respect of awards made under the schemes for 2007 and 2008 the target to achieve the minimum level of vesting was to achieve a TSR (Total Shareholder Return) equivalent to inflation (RPI) plus 3% each year compounded over 3 years. In repect of the 2009 scheme the target as approved by shareholders was to achieve performance above the median of our peer group.

The cumulative charge to the income statement during the year for the cost of the SMEIP and LTIP awards referred to above was £893,000 (£389,000) for the Company and £878,000 (£742,000) for the Group. Per IFRS 2 the costs of matching awards for each plan are expensed over the three year performance period.

Movements in options

Movements in options granted under the SMEIP and LTIP are as follows:

	Group 2010		Group 2009	
£000	**Number of options**	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
Outstanding at 1 February	2,495,337	£0.00	1,904,506	£0.00
Granted during year	1,177,993	£0.00	1,335,231	£0.00
Vested during year	(72,486)	£0.00	(21,419)	£0.00
Forfeited during year	(401,529)	£0.00	(631,701)	£0.00
Expired during year	(35,855)	£0.00	(91,280)	£0.00
Outstanding at 31 January	3,163,460	£0.00	2,495,337	£0.00
Exercisable at 31 January	-	£0.00	-	£0.00

The weighted average share price at the exercise date for the shares vesting in the financial year was £2.79 per share. The weighted average remaining contractual life of the options outstanding at 31 January 2010 was 567 days.

26 Pension Scheme

The Group sponsors two pension arrangements.

The Alliance Trust Companies' Pension fund (the 'Scheme') is a funded defined benefit pension scheme which is now closed to new entrants. Members continue to accrue benefits under the Scheme.

Employees who joined the Group pursuant to an offer made after 1 March 2005 are not entitled to join the scheme but are entitled to receive contributions into their own Self Invested Personal Pension provided by Alliance Trust Savings Limited.

The disclosures which follow relate to the Scheme and reflect the December 2004 amendment to IAS 19.

Participating Employers

Alliance Trust Services Limited is the sole Participating Employer and its pension obligations are guaranteed by the Company.

Valuation and Contributions

The last full actuarial valuation of the Scheme was carried out by a qualified independent actuary as at 1 April 2006 although for the purpose of these calculations the results of the 1 April 2006 valuation have been updated on an approximate basis to 31 January 2010. Valuations are on the projected unit credit method.

Discussions with the Trustees of the Scheme to finalise the full actuarial valuation as at 1 April 2009 are at an advanced stage.

The contributions made by the Participating Employer over the financial year have been £880,000 (£1,020,000). The level of contribution was reviewed following the triennial valuation of the Scheme as at 1 April 2006 and agreed as 27.6% of pensionable salaries.

Reconciliation of opening and closing balances of the present value of the defined benefit obligation

£000	Year ending 31 January 2010	Year ending 31 January 2009
Defined benefit obligation at start of year	20,891	19,069
Current service cost	821	976
Interest cost	1,295	1,144
Actuarial losses/(gains)	5,263	(61)
Benefits paid	(425)	(237)
Defined benefit obligation at end of year	27,845	20,891

The Group has no unfunded pension obligations.

Reconciliation of opening and closing balances of the fair value of plan assets

£000	Year ending 31 January 2010	Year ending 31 January 2009
Fair value of assets at start of year	19,326	20,686
Expected return on assets	1,124	1,200
Actuarial gains/(losses)	2,019	(3,343)
Contributions by employer	880	1,020
Benefits paid	(425)	(237)
Fair value of assets at end of year	22,924	19,326

Total expense recognised in income statement

£000	Year ending 31 January 2010	Year ending 31 January 2009
Current service cost	821	976
Interest on pension scheme liabilities	1,295	1,144
Expected return on pension scheme assets	(1,124)	(1,200)
Total expense	992	920

Gains/(losses) recognised in statement of comprehensive income

£000	Year ending 31 January 2010	Year ending 31 January 2009
Difference between expected and actual return on scheme assets:		
Amount	2,019	(3,343)
Percentage of scheme assets	9%	(17%)
Experience gains and losses arising on the scheme liabilities:		
Amount	255	(494)
Percentage of present value of scheme liabilities	1%	(2%)
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities:		
Amount	(5,518)	555
Percentage of present value of scheme liabilities	(20%)	3%
Total amount recognised in statement of comprehensive income:		
Amount	(3,244)	(3,282)
Percentage of present value of scheme liabilities	(12%)	(16%)

Assets

£000	Year ending 31 January 2010	Year ending 31 January 2009	Year ending 31 January 2008
Equities	11,309	9,009	9,197
Bonds	11,091	10,268	10,563
Other	524	49	926
	22,924	19,326	20,686

The assets are held independently of the assets of the Group in funds managed by Standard Life Investments.

None of the fair values of the assets shown above include any of the Group's own financial instruments or any property occupied by, or other assets used by, the Group.

Expected long term rates of return

The expected long term return on cash is equal to bank base rates at the balance sheet date. The expected return on bonds is determined by reference to UK long dated gilt and bond yields at the balance sheet date. The expected rate of return on equities and property have been determined by setting an appropriate risk premium above gilt/bond yields having regard to market conditions at the balance sheet date.The expected long term rates of return are as follows:

%	31 January 2010	31 January 2009	31 January 2008
Equities	**7.20**	7.20	7.20
Bonds	**4.50**	4.50	4.40
Other	**0.50**	1.50	6.00
Overall for scheme	**5.74**	5.75	5.72

Actual return on plan assets

The actual return on the plan assets over the year ending 31 January 2010 was a gain of 16% (loss of 11%).

Assumptions

%	31 January 2010	31 January 2009	31 January 2008
Inflation	**3.70**	3.40	3.35
Salary increases	**4.70**	4.40	4.35
Rate of discount	**5.70**	6.20	6.00
Allowance for pension in payment increases of RPI or 5% p.a. if less	**3.70**	3.40	3.35
Allowance for revaluation of deferred pensions of RPI or 5% p.a. if less	**3.70**	3.40	3.35

The Mortality assumptions adopted at 31 January 2010 imply the following life expectancies from age 65.

	Years
Male currently age 45	24.7
Female currently age 45	28.1
Male currently age 65	22.8
Female currently age 65	26.0

Sensitivities

An estimate of the sensitivities regarding the principle assumptions used to measure the Scheme's liabilities are set out below.

Assumption	Change in assumption Increase	Estimated impact on scheme liabilities Increase/(Decrease)	Change in assumption Decrease	Estimated impact on scheme liabilities Increase/(Decrease)
Salary increases	0.1%	£119,000	0.1%	(£116,000)
Pension in payment increases	0.1%	£417,000	0.1%	(£408,000)
Revaluation of deferred pension increases	0.1%	£161,000	0.1%	(£158,000)
Discount rate	0.1%	(£662,000)	0.1%	£683,000
Life expectancy	1 year	£669,000	1 year	(£677,000)

Present values of defined benefit obligations, fair value of assets and deficit

£000	Year ending 31 January 2010	Year ending 31 January 2009	Year ending 31 January 2008
Present value defined benefit obligation	27,845	20,891	19,069
Fair value of plan assets	22,924	19,326	20,686
(Deficit)/Surplus in scheme	(4,921)	(1,565)	1,617

The cumulative amount of actuarial gains and losses recognised in the statement of comprehensive income of the Company since adoption of IAS19 is a loss of £4,522,000.

All actuarial gains and losses are recognised immediately.

Best estimate of contributions to be paid to plan for the year ending 31 January 2011

The best estimate of contributions to be paid to the Scheme for the year ending 31 January 2011 is £688,000 (£860,000), being 27.6% (27.6%) of total pensionable salaries of Scheme members who remained in active employment at 31 January 2010.

Amounts for the current and previous four years

£000	2010	2009	2008	2007	2006
Fair value of assets	22,924	19,326	20,686	20,872	19,099
Defined benefit obligation	27,845	20,891	19,069	20,691	19,437
(Deficit)/Surplus in scheme	(4,921)	(1,565)	1,617	181	(338)
Experience adjustment on plan liabilities	255	(494)	56	(357)	(125)
Experience adjustment on plan assets	2,019	(3,343)	(299)	(183)	2,028
Effects of changes in the demographic and financial assumptions underlying the present value of the plan liabilities	(5,518)	555	1,647	1,106	(1,869)

27 Operating lease commitments

As at 31 January 2010 the Group and Company had total future minimum lease payments under non cancellable operating leases as follows:

£000	31 January 2010		31 January 2009	
Group	**Land and buildings**	**Other**	**Land and buildings**	**Other**
Lease commitments due				
Within 1 year	-	-	251	-
Within 2-5 years	-	198	-	-
After 5 years	422	-	-	-

£000	31 January 2010		31 January 2009	
Company	**Land and buildings**	**Other**	**Land and buildings**	**Other**
Lease commitments due				
After 5 years	422	-	-	-

Information for shareholders

Incorporation

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

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

General Enquiries

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

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

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

Investor Relations

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

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

Registrars

Our registrars are:

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

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

Data Protection

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

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

Electronic Communications

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

Taxation

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

Income Tax

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

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

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

Capital Gains Tax

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

Risks

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

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

Important dates

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

Annual General Meeting

The 122nd Annual General Meeting of the Company will be held at 11.00am on Friday 21 May 2010 at the Apex City Quay Hotel, Dundee. The Notice of Meeting, detailing the business of the meeting, is sent to all shareholders.

Financial Calendar

Proposed dividend payment dates for the financial year to 31 January 2011 are on or around:

2 August 2010
1 November 2010
31 January 2011
3 May 2011

Investor Forums

We are pleased to announce that we will be holding 3 investor presentations during 2010 around the UK.

26 May Queen Elizabeth II Conference Centre, London

8 June Rougemont Hotel, Exeter

23 November Hilton Hotel, Glasgow

Details of these and future events can be found at www.alliancetrust.co.uk/events. Registration for the Glasgow Investor Forum will commence in October 2010.

Contact

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