

Edinburgh Dragon Trust plc

Annual Report
31 August 2015



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THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you are recommended to seek your own financial advice from your stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) if you are in the United Kingdom or, if not, from another appropriately authorised financial adviser. If you have sold or otherwise transferred all your Ordinary shares in Edinburgh Dragon Trust plc, please forward this document, together with the accompanying documents immediately to the purchaser or transferee, or to the stockbroker, bank or agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Strategic Report – Company Overview and Financial Highlights

The Company

Launched in 1987, the Company is an approved investment trust and its Ordinary shares and Convertible Unsecured Loan Stock ("CULS") listed on the premium segment of the London Stock Exchange. It is a member of the Association of Investment Companies (AIC). The Company is governed by a Board of Directors, all of whom are non-executive and independent. Like many other investment companies, it outsources its investment management and administration to an investment management group, Aberdeen Asset Management ("Aberdeen"). The Company does not have a fixed life but shareholders are given the opportunity to vote on the continuation of the Company at every third Annual General Meeting.

Investment Objective

The Company aims to achieve long-term capital growth through investment in the Far East with the exception of Japan and Australasia. Investments are made mainly in stock markets in the region, principally in large companies. When appropriate, the Company will utilise gearing to maximise long term returns.

Company Benchmark

MSCI All Country Asia (ex Japan) Index (sterling adjusted)

Alternative Investment Fund Manager ("AIFM")

Aberdeen Fund Managers Limited ("AFML" or the "Manager") which is authorised and regulated by the Financial Conduct Authority

The Company's portfolio is managed on a day-to-day basis by Aberdeen Asset Management Asia Ltd ("AAMA" or the "Investment Manager") by way of a delegation agreement in place between AFML and AAMA.

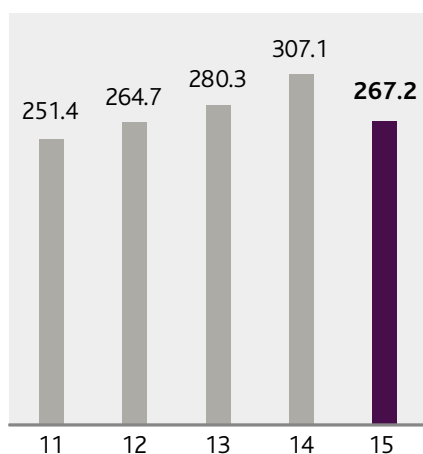
Financial Highlights

	2015	2014
Share price total return ^A	(12.8%)	+7.9%
Net asset value total return ^A	(12.4%)	+10.4%
Earnings per share (revenue)	4.1p	3.4p
Benchmark total return ^A (in sterling terms)	(9.1%)	+13.2%
Dividend per share	3.00p	2.20p

^A Capital return plus dividends reinvested.

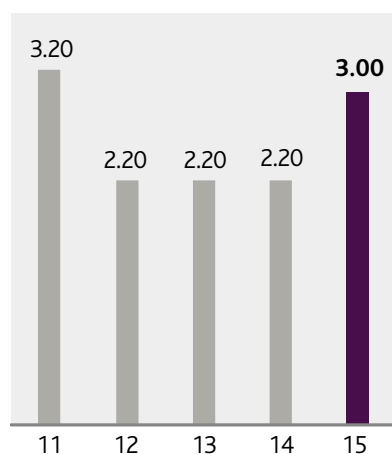
Net asset value per share

At 31 August – pence



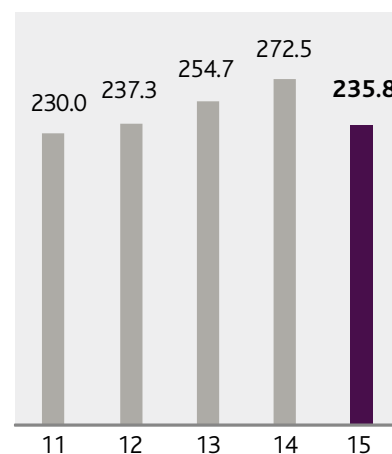
Dividends per share

pence



Mid-market price per share

At 31 August – pence



Strategic Report – Overview of Strategy

Business Model

The business model of the Company is to operate as an investment trust for UK capital gains tax purposes in line with its investment objective. The Directors are of the opinion that the Company has conducted its affairs for the year ended 31 August 2015 so as to enable it to comply with the relevant eligibility conditions for investment trust status as defined by Section 1158 of the Corporation Tax Act 2010.

Investment Policy

The Company's assets are invested in a diversified portfolio of securities in quoted companies spread across a range of industries and economies in the Asia Pacific region, excluding Japan and Australasia. The shares that make up the portfolio are selected from companies that have proven management and whose shares are considered to be attractively priced. The Company invests in a diversified range of sectors and countries. Investments are not limited as to market capitalisation, sector or country weightings within the region.

The Company's policy is to invest no more than 15% of gross assets in other listed investment companies (including listed investment trusts).

The Company complies with Chapter 4 of Part 24 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011 and does not invest more than 15% of its assets in the shares of any one company.

When appropriate the Company will utilise gearing to maximise long-term returns, subject to a maximum gearing level of 20% of net assets imposed by the Board.

The Company does not currently utilise derivatives but keeps this under review.

Achieving the Investment Policy and Objective

The Directors are responsible for determining the investment policy and the investment objective of the Company. Day-to-day management of the Company's assets has been delegated to the Investment Manager who invests in a diversified range of companies throughout the Asia Pacific investment region in accordance with the investment policy. The Investment Manager follows a bottom-up investment process based on a disciplined evaluation of companies through direct contact by its fund managers. Stock selection is the major source of added value. No stock is bought without the Investment Manager having first met management. The Investment Manager evaluates a company's worth in two stages; quality then price. Quality is defined by reference to management, business focus, the balance sheet and corporate governance. Price is calculated by reference to key financial ratios, the market, the peer group and business prospects. Stock selection is key in constructing a diversified portfolio of companies. Top-down investment approach and benchmark weightings are secondary factors. The Investment Manager is authorised to invest up to 15% of the Company's gross assets in any single stock, calculated at the time an investment is made.

A detailed description of the investment process and risk controls employed by the Investment Manager is disclosed on page 53.

A comprehensive analysis of the Company's portfolio by country and by sector is disclosed on pages 14 to 18, including a description of the ten largest investments, the full investment portfolio by value, sector/geographical analysis and currency/market performance. At 31 August 2015, the Company's portfolio consisted of 59 holdings.

Gearing is used to leverage the Company's portfolio in order to enhance returns where and to the extent this is considered appropriate to do so. At 31 August 2015, the Company's net gearing was 9.4%.

Principal Risks and Uncertainties

There are a number of risks which, if realised, could have a material adverse effect on the Company and its financial position, performance and prospects. The Board has identified the principal risks and uncertainties facing the Company in the table opposite and the appropriate mitigating action. The principal risks associated with an investment in the Company's shares are published monthly on the Company's factsheet or they can be found in the pre-investment disclosure document published by the Manager, both of which are on the Company's website. Further details on the internal control environment can be found in the Statement of Corporate Governance.

Description

Concentration Risk

Trading volumes in certain securities of emerging markets can be low. The Investment Manager may accumulate investment positions across all its managed funds that represent a significant multiple of the normal trading volumes of an investment which may result in a lack of liquidity and price volatility. Accordingly, the Company will not necessarily be able to realise, within a short period of time, an illiquid investment and any such realisation that may be achieved may be at considerably lower prices than the Company's valuation of that investment for the purpose of calculating the net asset value ("NAV") per Ordinary share.

Resource Risk

The Company is an investment trust and has no employees. The responsibility for the provision of investment management, marketing and administration services for the Company has been delegated to the AIFM, Aberdeen Fund Managers Limited under the management agreement. The terms of the management agreement cover the necessary duties and conditions expected of the Manager. As a result, the Company is dependent on the performance of the AIFM.

Investment and Market Risk

The Company is exposed to the effect of variations in share prices due to the nature of its business. Investment in Asian equities involves a greater degree of risk than that usually associated with investment in the major securities markets, including the risk of social, political and economic instability including changes in government which may restrict investment opportunities and have an adverse effect on economic reform. Changes in legal, regulatory and accounting policies, currency fluctuations and high interest rates may affect the value of the Company's investments and the income derived therefrom.

Gearing Risk

As at 31 August 2015 the Company had £59.8 million nominal of 3.5% Convertible Unsecured Loan Stock 2018 (CULS) in issue. Gearing has the effect of exacerbating market falls and gains.

Regulatory Risk

The Company operates in a complex regulatory environment and faces a number of regulatory risks. Serious breaches of regulations, such as the tax rules for investment companies, the UKLA Listing Rules and the Companies Act, could lead to a number of detrimental outcomes and reputational damage.

Discount Volatility

The Company's share price can trade at a discount to its underlying net asset value.

Reliance on Third Party Service Providers

The Company has entered into a number of contracts with third party providers including share registrar and depositary services. Failure by any service provider to carry out its contractual obligations could have a detrimental impact on the Company operations.

Mitigating Action/Internal Control

The Board monitors, on a regular basis, Aberdeen's total holdings for each stock within the Company's portfolio and the liquidity of these stocks.

The Board reviews the performance of the Manager on a regular basis and their compliance with the management contract formally on an annual basis. As part of that review, the Board assesses the Manager's succession plans, risk management framework and marketing activities. In addition, the Board visits the Manager's Singapore office, where the day-to-day investment management is undertaken, when they are in the region.

The Board continually monitors the investment policy of the Company, taking account of stockmarket factors, and reviews the Company's performance compared to its benchmark index and peer group. Further details on other risks relating to the Company's investment activities, including market price, liquidity and foreign currency risks, are provided in note 18 to the financial statements.

In order to manage the level of gearing, the Board has set a maximum gearing ratio of 20% of net assets and receives regular updates on the actual gearing levels the Company has reached from the Manager together with the assets and liabilities of the Company and reviews these at each Board meeting.

The Audit Committee monitors compliance with regulations by reviewing internal control reports from the Manager.

The Board monitors the discount level of the Company's shares and has in place a buyback mechanism whereby the Manager is authorised to buy back shares within certain limits.

The performance of third party providers is reviewed on an annual basis.

Strategic Report – Overview of Strategy continued

Performance

Key Performance Indicators

At each Board meeting, the Directors consider a number of performance measures to assess the Company's success in achieving its objectives. The key performance indicators (KPIs) are established industry measures, and are as follows:

KPI	Description
Net asset value and share price (total return)	The Board monitors the NAV and share price performance of the Company over different time periods. Performance figures for one, three and five years are provided in the Results section.
Performance against benchmark	Performance is measured against the Company's benchmark, the MSCI All Country Asia (ex Japan) Index. The Board also considers peer group comparative performance over a range of time periods, taking into consideration the differing investment policies and objectives employed by those companies.
Discount/Premium to net asset value	The discount/premium relative to the NAV represented by the share price is closely monitored by the Board. The objective is to avoid large fluctuations in the discount relative to similar investment companies investing in the region by the use of share buy backs subject to market conditions. A graph showing the share price premium/ (discount) relative to the NAV is also shown on page 13.

Further analysis of the above KPIs is provided in the Chairman's Statement.

Promoting the Company

The Board recognises the importance of promoting the Company and believes an effective way to achieve this is through subscription to, and participation in, the promotional and investor relations programme run by the Aberdeen Group on behalf of a number of investment trusts under its management. The purpose of the programme is both to communicate effectively with existing shareholders and to gain new shareholders with the aim of improving liquidity and enhancing the value and rating of the Company's shares. The Company's financial contribution to the programme is matched by the Aberdeen Group and regular reports are provided to the Board on promotional activities as well as an analysis of the shareholder register.

Board Diversity

The Board's statement on diversity is set out in the Statement of Corporate Governance. At 31 August 2015 there were four male Directors and one female Director.

Environmental, Social and Human Rights Issues

The Company has no employees and therefore no disclosures are required to be made in respect of employees.

The Company has no greenhouse gas emissions to report nor does it have responsibility for any other emissions producing sources. More information on socially responsible investment is set out in the Statement of Corporate Governance.

Allan McKenzie

Chairman

2 November 2015

Strategic Report - Chairman's Statement



Allan McKenzie
Chairman

Performance

During the year to 31 August 2015, Asian equity markets had to face fierce headwinds against a background of tepid global growth. Commodity prices crumbled, particularly those of oil, leaving a swathe of depreciating emerging-market currencies in their wake. Anxiety persisted over the impact of a long-awaited US interest rate rise on developing economies, while Greece continued to provoke market uncertainty. More significantly, China's slowing economy and an unexpected devaluation of the yuan caused great consternation in all markets. These all contributed to foreign capital being withdrawn from Asia.

Against this backdrop, your Company's net asset value fell by 12.4% on a total return basis. It is disappointing to note that this is an underperformance versus the benchmark's 9.1% decline. The share price fell by 12.8% to 235.8p, as the discount widened marginally, from 11.3% at the start of the period to 11.8% at 31 August 2015.

While performance was disappointing it is important to place the underperformance in some context. In response to slowing global growth, policy easing by central banks accelerated resulting in equity markets becoming more liquidity driven and more volatile. While your Manager's focus on quality lends itself to an innately defensive portfolio which tends to outperform in times of market weakness, the scale of such volatility during the year saw large swings in share prices and sector performance, and the Manager's conservative style, with its emphasis on long term investment, has not yet had the positive impact that it usually provides in times of volatility.

Such volatility was exemplified by the sharp run-up and subsequent collapse of Chinese markets, laying bare their casino-like nature. This, along with a slowing mainland economy, had a huge bearing on sentiment both across the rest of Asia, and also upon broader emerging markets. I shall elaborate on this later.

Your Company's under exposure to China was among the biggest detractors from performance, given that the indiscriminate investing environment – built on speculative fervour – does not favour the Manager's stock-picking approach. The market outperformed other regional markets with initial gains exceeding the losses from the late sell-off. Although not in the benchmark, domestic A-shares, in particular, rose by more than 50% in sterling terms over the period. Your Manager has been selective about investing in China because of a dearth of quality companies. In addition, the Manager believes that heavy state intervention not only increases moral hazard but also distorts market pricing; these distortions were very evident during the review period.

While there were a few notable examples of poor stock specific performance, overall, these were not the major cause of underperformance. This does provide some comfort that the investment process remains valid despite these trying times. Standard Chartered was the most notable underperformer, given its emerging-market exposure. As profits came under pressure, it undertook a major restructuring that included senior-level management changes. This was viewed favourably by investors, but the recovery in the share price was insufficient to offset earlier losses. Your Manager remains confident of Standard Chartered's prospects, given its almost unique footprint and expertise in the developing world.

A more detailed analysis of your Company's performance is contained in the Investment Manager's Review on pages 9 to 11.

Background/Overview

In reflecting on the year past, as I have mentioned above, China makes a good starting point. When the year began in late 2014, few could have envisioned the irrational exuberance in the market run-up in mainland China or the harrowing sell-off that followed.

Initially, Chinese markets began rising rapidly, hitting their peak in April and lifting stocks across the rest of the region. Government support for a slowing economy led in turn to the rampant speculation by domestic investors who, sensing Beijing's vested interest in maintaining stability, threw caution to the wind. Almost as rapidly as they had risen, share prices then reversed direction with a vengeance, bereft of fundamental support. As panic selling accelerated, Beijing's desperate efforts to staunch market losses also gathered speed, finally restoring a degree of calm although market sentiment remains very fragile.

Towards the period-end, however, Chinese policymakers unexpectedly devalued the yuan. This destabilised commodity and currency markets already smarting from an OPEC-induced collapse in oil prices that had engulfed the Russian rouble. It also ignited fears of contagion stemming from emerging markets. In Asia, the Malaysian ringgit and Indonesian rupiah felt the brunt of the currency rout. In sterling terms both markets dropped sharply, falling by 31.1% and 23.9% respectively.

Tumbling oil prices were a mixed blessing. Net oil exporter Malaysia was hurt by the prospect of falling government revenues. In contrast, cheaper crude allowed key energy importers, such as India and Indonesia, to remove fuel subsidies, diverting more cash towards pressing infrastructure needs. It was also effectively a tax break for both consumers and companies.

Receding inflation, as a result of lower energy costs, allowed most central banks across Asia to cut interest rates. Both Japan and Europe turned to quantitative easing to stave off deflation. In contrast, the US Federal Reserve signalled that it was moving closer towards policy tightening, underpinning US dollar strength, as their recovery gained traction. For Asian markets, the lingering uncertainty over a US interest rate hike was a recurring concern through the period leading to yet further turbulence in markets.

Asian economies were not left unscathed by China's deepening downturn. Exports, industrial activity and economic growth waned, with Korea and Taiwan suffering the most. Aside from policy easing, countries like Indonesia and Thailand also announced additional stimulus packages.

On the political front, investors become much more circumspect about the progress of new leaders Narendra Modi and Joko Widodo, in India and Indonesia respectively, while the political situation became tenuous in Malaysia because of allegations related to a state-owned investment vehicle.

With all this uncertainty and volatility your Manager's philosophy of investing in quality companies with proven track records and good governance provides an element of security that would have been lacking if they had reacted to the rampant speculation referred to above.

Gearing

The Company has no bank borrowings but, at the year end, had £59.8 million nominal of 3.5% Convertible Unsecured Loan Stock 2018 (CULS) in issue, representing net gearing of 9.4%. The CULS provides the Company with long-term structural gearing at an acceptable cost, which is in line with the Manager's long-term investment philosophy.

Revenue Account and Dividend

I am pleased to report that the Company's revenue return per share increased to 4.1p for the year to 31 August 2015 (2014 – 3.4p). It remains the Board's policy to pay a final dividend marginally in excess of the minimum required to maintain investment trust status, which may, of course, lead to some volatility in the level of dividend paid. The Board, therefore, recommends the payment of a final dividend of 3.0p per Ordinary share (2014 – 2.2p) which, if approved by shareholders at the Annual General Meeting, will be paid on 18 December 2015.

Discounts and Share Buybacks

The Board monitors closely the discount level of the Company's shares and has in place a buyback mechanism whereby the Manager is authorised to buy back shares at certain levels. Over the course of the financial year, the

average discount has widened and has traded at times in excess of 10%. While the Company was not alone in this phenomenon, as discounts across the sector also widened, the Board believed that it was appropriate for the Company to undertake share buybacks where to do so would be in the interests of shareholders. The Board remains committed to this approach.

During the year ended 31 August 2015, 352,000 shares were bought back for cancellation at a cost of £1.0 million. In order to give more flexibility for the future, the Board decided that shares bought back should be held in treasury and a further 1.94 million shares were bought back into treasury at a cost of £5.4 million.

Since the period end, a further 571,500 shares have been bought back into treasury at a cost of £1.3 million.

Shareholder authority will again be sought at the Annual General Meeting to purchase the Company's shares to provide the Company with the flexibility to hold any shares that have been repurchased in treasury before either cancelling those shares or selling them back to the market at a later date. Repurchased shares would only be resold at a price above the NAV at the relevant date. The share buyback authority would only be exercised if to do so would increase the net asset value per Ordinary share for the remaining shareholders and would be in the best interests of shareholders generally.

The Board

Tony Lowrie, who has been a Director of the Company since 2004 and is currently Senior Independent Director, will step down at the AGM after many years of valuable service to the Board. The Board joins me in thanking Tony for his enormous contribution to the Company and we wish him all the very best for the future. Iain McLaren will assume the role of Senior Independent Director in December. The Board is currently undertaking a search for an additional Director.

Continuation Vote

The three-yearly resolution for the continuation of the Company as an investment trust will be proposed at the Annual General Meeting. Edinburgh Dragon is the largest investment trust specialising in the Asian (ex Japan) sector and, as explained in the Outlook below, the Board believes that the long term prospects for Asian markets remain positive despite more recent challenges. It also believes that the Company provides a broad and marketable exposure to Asian companies for those investors seeking long-term investment opportunities in the region.

The Board strongly recommends that shareholders vote in favour of the resolution.

Annual General Meeting

The Annual General Meeting will be held at the Manager's Edinburgh office on Tuesday 15 December 2015 at 12.00 noon, followed by a lunch for shareholders. This will give shareholders the opportunity to meet the Directors and Manager after the formal AGM business has concluded and we welcome all shareholders to attend. The AGM will continue to be alternated between Edinburgh and London.

Outlook

The US decision to hold off from raising interest rates underscores concerns over the fragile economies and volatile markets in developing countries. For some, it strengthens the case against investing in emerging markets, which have lagged their developed peers for the past four years. They point to a potential hard landing in China and risks of further sell-offs in emerging markets. In contrast, recovery appears to be picking up in the UK, US and parts of the Eurozone. US dollar strength is translating into relative weakness in currencies across the emerging market spectrum, suggesting that investing in developed markets therefore makes sense, from a risk and reward perspective. Massive capital outflows from Asia suggest that this view has gained traction.

I would propose a closer look at some of the concerns. China's "bubble trouble" is a sobering reminder that despite extraordinary policy support, when a market has little fundamental basis for going up, it has to fall at some point. Policymakers are learning some painful lessons. On a more positive note, the deliberate transitioning of the economy, from an export- and investment-driven growth model to one powered by domestic demand, will lead to a more sustainable and higher-quality growth in the longer term. This bodes well for China in the longer term, which will also be assisted by efforts towards liberalising capital markets and the yuan.

Asian currencies have weakened, as the strong US dollar has been supported by domestic recovery prospects and expectations of Federal Reserve policy normalisation. It is worth noting that domestic uncertainties played a bigger role for some currencies, such as the Malaysian ringgit. Over the longer term, however, Asian currencies are underpinned by the structural strengths of economies across Asia. Most countries have sizeable current account surpluses and foreign exchange reserves as well as low debt levels. Central banks have grown in credibility and independence.

On a broader level, more than half of the world's population lives in Asia. Its middle class continues to grow quickly, and it has a high propensity to spend. Workers are increasingly more educated and more skilled. The region is likely to reap its favourable demographic dividends for many years to come. At the government level, we see an emerging trend of

forward-looking leaders focusing on structural reforms, including much-needed investments in infrastructure that will benefit consumers and businesses. Progress is likely to unfold at a slow and steady pace. Corporate earnings appear to be stabilising among non-commodity companies, which are doing sensible things, such as cutting costs to protect margins and restructuring to streamline operations.

Asia remains of immense promise despite the current challenging conditions. Reassuringly, your Manager has had the experience and continuity of investing in Asia through many cycles. In times of market volatility, it sees opportunities to add to its holdings when prices have fallen too low and to take some profits from its holdings when prices have risen too fast.

Your Manager continues to remain true to its singular focus: finding well-run companies with solid financials and strong competitive advantage, investing in them at reasonable valuations and holding them for the long term. This conviction in terms of quality forms the bedrock of its investment philosophy, which has served your Company well in the past and should continue to do so in the years ahead, despite current travails.

For Edinburgh Dragon Trust plc
Allan McKenzie
Chairman

2 November 2015

Strategic Report – Investment Manager’s Review

Background/Portfolio review

These are unsettling times for Asian equity markets. Many markets have ended with double-digit losses over the period under review, and currencies have lost substantial value against the US dollar. Regional trade has slowed sharply from a year ago, while household debt is on the rise. With growth across the region in the doldrums and capital leaving for higher yielding assets elsewhere, Asia appears to be out of favour with investors.

For much of the year under review, Asia and the broader emerging markets have been weighed down by two main worries: the prospect of a rise in US interest rates, and the state of China’s economy. Although a wave of global monetary policy easing around the turn of the year provided a brief respite, subsequent turmoil in China’s stockmarkets undermined risk appetite, while mixed US economic data kept the world guessing about the Federal Reserve’s next move. Beijing’s unexpected devaluation of the yuan towards the period-end amplified the concerns, and further roiled global markets. The effects reverberated beyond stockmarkets. Commodities and currencies, which had been languishing all year, fell even lower. Resource exporters, such as Malaysia and Indonesia, were among the worst-hit. Malaysia was further hampered by the domestic political drama, while reform optimism faded in Indonesia. Growth concerns hindered Korea and Singapore. In Thailand, stocks fell as the initial momentum sparked by hopes of renewed political stability that followed the coup waned considerably. The bomb blast in August threatens to hit tourism, the one bright spot in the stuttering economy, and hobble GDP growth.

Against this environment, the Trust’s net asset value (NAV) total return fell by 12.4% in sterling terms over the period, with the share price declining 12.8%, compared to the benchmark index’s total return of -9.1%. The Trust did better over the three year period, with the NAV rising by 3.2%, but that still lagged the benchmark index’s return of 13.3%.

Clearly, the underperformance is disappointing. But we have a very clearly defined investment process of focusing on quality first and foremost, and then trying to find the best value, irrespective of indices. This means that at times our performance will diverge significantly from the benchmark. In momentum-driven markets, we are likely to underperform and that has been particularly true over the review period, with China having had a good run.

Indeed, the mainland’s surge in recent years has hurt performance, given the Trust’s limited exposure there. Chinese stocks had initially been buoyed by the leadership change in 2013 and pledges by the new government then to restructure the economy. Monetary policy also remained supportive to boost the cooling economy. However, we hold

the view that there has been a growing disconnect between economic reality and stock market performance, with the recent rally driven by liquidity, rather than any improvement in the fundamentals. Encouragingly, the last three months of the review period saw our scepticism on the quality and price of the Chinese market justified. Mainland equities have stumbled since peaking in June, following a clampdown on margin financing and perceptions that valuations were stretched. This helped recoup some of the underperformance over the previous months.

Elsewhere in China, not holding internet company Tencent and several Chinese banks that led the rally also detracted. What holds us back from Tencent, apart from valuations and opaque corporate structure, is the company’s transition from a PC-based business to a mobile one, where competition is more intense. For mainland-listed banks, our lack of exposure is due to concerns over the sector’s ability to operate commercially in a heavily-regulated environment; many lenders are also starting to wrestle with weakening asset quality and falling provision coverage for loans. We have indirect exposure to China via insurer AIA Group, which has delivered margin improvement since its listing. China now accounts for 13% of the total value of new business for AIA. We also hold China Resources Enterprise (CRE), another solid performer. We were pleased with the outcome of our engagement with the CRE board. Our opinion was that the initial takeover offer by CRE’s parent substantially undervalued the company’s non-beer assets and businesses. The parent subsequently announced a revised offer for the proposed acquisition of CRE’s non-beer operations. The stock has done very well over the year.

Other than the limited exposure to China weighing on the Trust’s performance, several of our holdings in Hong Kong came under pressure. Standard Chartered (Stanchart) was the notable laggard. The stock has been in a rut in recent years owing to its focus on lacklustre emerging markets, where it derives the bulk of its earnings. Its share price was battered further when the bank reported its first fall in profits in over a decade in 2013 and issued several profit warnings thereafter. It gradually recovered in early 2015 as investors viewed the changes in top management positively, in particular the appointment of Bill Winters as chief executive. However, the rebound was not sufficient to make up for earlier losses. We continue to like Stanchart’s solid emerging-markets franchise and feel that restructuring and cost-cutting efforts should position it well for future growth.

Jardine Strategic was another detractor. The conglomerate’s retail business Dairy Farm de-rated on the back of higher operating costs and slower top-line growth, while Astra International, one of Jardine’s core businesses, continued to face a difficult macroeconomic environment in Indonesia and increased competition in the auto distribution segment.

Returns in sterling terms were further compounded by the weak rupiah. While we are aware of the short-term challenges, Indonesia remains attractive and Astra appears well-placed to tap this potential. With its exposure to diverse sectors such as the local auto market, financial services, infrastructure and commodities (through palm oil and mining services), it is an excellent proxy for domestic growth. The well-managed company has a dominant market share in the auto sector and a sound financial position. As such, we took the opportunity provided by market weakness to establish a position in Astra in the second-half of the review period, as its valuation had come down to an attractive level.

Also costing performance was Hong Kong real estate developer Hang Lung Group, which has a growing portfolio of shopping malls in key cities across China. Weakening luxury spending amid Beijing’s anti-corruption campaign has hurt business on the mainland, which accounts for more than half its rental income. Although immediate prospects look challenging, the mainland’s mid- to high-end consumer market has ample growth potential in the long run. The company has a robust balance sheet and is well positioned to capture any rebound.

In Singapore, the Trust’s heavy exposure to the market hampered performance. Long seen as a bastion of stability for foreign investment in a region grappling with growing instability, growth in the city state seems to have stagnated. Manufacturing, which accounts for a fifth of GDP, has contracted. Other broader factors were at play, too. China’s unexpected devaluation of the yuan sparked concerns over financial institutions with mainland exposure. Consequently, the share prices of UOB and OCBC fell, as investors fretted over deterioration of asset quality on the back of China’s faltering economy amid a broader regional slowdown. From our perspective, Singapore banks’ mainland exposure has been relatively contained by the scaling back of trade financing in China. We expect asset quality risks to be mitigated by the quality of the two lenders. Both are well-run and well-capitalised. They have also lent prudently. Separately, cheaper crude prices and the ensuing reduction in capital expenditure in the energy sector hurt Keppel Corp. While the company has entered a cyclical downturn, it is still a global leader in the rig-building segment and its robust balance sheet will help it weather the downturn.

On a brighter note, India proved to be rewarding, with both the heavy exposure and our holdings contributing positively. Indian equities and the rupee held up better in the recent sell-off than countries that have staked their growth on supplying China with commodities. This resilience was partly due to its improving fundamentals. The economy appears more robust than it was a year ago; the worldwide slump in oil prices has helped narrow the current account deficit and inflation receded substantially, which provided scope for the

central bank to cut interest rates. The country benefits from falling commodity prices because it is a large importer of oil and other resources. At the stock level, Indian holdings also held up well: IT services provider Infosys surprised with a better-than-expected revenue growth on deal wins; and mortgage lender HDFC continued to enjoy healthy loan and margin growth while maintaining decent asset quality.

Further boosting return was the limited exposure to Korea. Share prices there have corrected amid concerns over the Chinese market, its largest trading partner. In addition, the outbreak of MERS has had a negative impact on domestic consumer and business sentiment. To help the economy cope with the fallout of the outbreak, its government rolled out expansionary monetary and fiscal policies, but the won remained on the back foot against the US dollar.

Portfolio activity

Over the course of the year, we introduced several new holdings to the portfolio. Two of those bought in the first half – China Resources Enterprises and MTR Corp – have been highlighted in the half yearly report. Other more recent additions included those in India, such as Piramal Enterprises, with interests in consumer finance and pharmaceutical services. The Piramal family and its patriarch Ajay are savvy acquirers and builders of businesses in India. We also initiated a position in Singapore-listed Yoma Strategic, which has its principal business in Myanmar. The company is predominantly in real estate, but also has exposure to other sectors within the fast-developing domestic market. Both Yoma and Piramal trade at notable discounts to their net asset values. The other addition was Astra International, which was already mentioned earlier.

Elsewhere, we continued to build on positions with good long-term prospects, as valuations fell to attractive levels after the share price correction. Notably, they included Oriental Holdings, Batu Kawan, China Conch Venture, BAT, CIMB Group, and ITC. We also took profits from several holdings after strong share price rises, including HDFC, AIA, China Mobile, Samsung Electronics, Venture Corp, Ayala Land and Ultratech.

Outlook

Asia still presents compelling opportunities for investors despite the downturn. True, with all the volatility in the stock and commodity prices, risks persist. But each market has its own structural growth story, which could help override some of the cyclical volatility. The region is also in a better shape today than in previous crises. Many countries have accumulated healthy foreign exchange reserves; their financial systems more robust than before, and currencies are no longer pegged to the dollar but float relatively freely. Meanwhile, cost cuts are progressing, and companies outside

the commodity sector are enjoying margin expansion; a potential pick-up in top-line earnings may not be too far off.

While these fundamentals should help support stockmarkets, headwinds prevail. Chief among these are how emerging markets will cope with an eventual US rate hike, and whether China is heading for an even sharper slowdown. Exports are falling, the level of debt is increasing and manufacturing is flagging. Chinese authorities' mishandling of the recent stockmarket turmoil has dented confidence in their ability to manage a broader economic downturn. Despite all these difficulties China's growth rate is still well ahead of most developed economies. Although our holdings will not be immune from the market noise, they have weathered similar challenges before. Many are market leaders, backed by solid foundations of strong balance sheets and proven business models, which should continue to underpin their resilience in the year ahead.

Aberdeen Asset Management Asia Limited*

2 November 2015

* on behalf of Aberdeen Fund Managers Limited

Both companies are subsidiaries of Aberdeen Asset Management PLC.

Strategic Report - Results

	31 August 2015	31 August 2014	% change
Performance			
Equity shareholders' funds (£'000)	518,635	603,077	-14.0
Net asset value per share (including net revenue) (p)	267.22	307.10	-13.0
Share price (p)	235.75	272.50	-13.5
Market capitalisation (£'000)	457,554	535,127	-14.5
MSCI AC Asia (ex Japan) Index (in sterling terms; capital return basis)	577.97	677.25	-14.7
Revenue return per share (p)	4.13	3.43	
Total return per share (p)	-37.68	29.04	
Gearing			
Net gearing (%) ^A	9.4	7.3	
Discount			
Level of discount at which the shares traded (%)	11.8	11.3	
Operating costs			
Ongoing charges ratio ^B	1.15	1.23	

^A Calculated in accordance with AIC guidance "Gearing Disclosures post RDR".

^B Ongoing charges ratio is calculated in accordance with guidance issued by the AIC as the total of the investment management fee and ongoing administrative expenses divided by the average undiluted net asset value in the year.

Year's Highs/Lows

	High	Low
Share price (p)	307.3	214.0
Net asset value (p)	345.7	247.0
Discount (%)	-6.6	-13.4

Performance (total return)^A

	1 year return %	3 year return %	5 year return %
Share price	-12.8	+1.9	+12.8
Net asset value	-12.4	+3.3	+16.2
MSCI AC Asia (ex Japan) Index (in sterling terms)	-9.1	+13.3	+17.1

^ACapital return plus dividends reinvested.

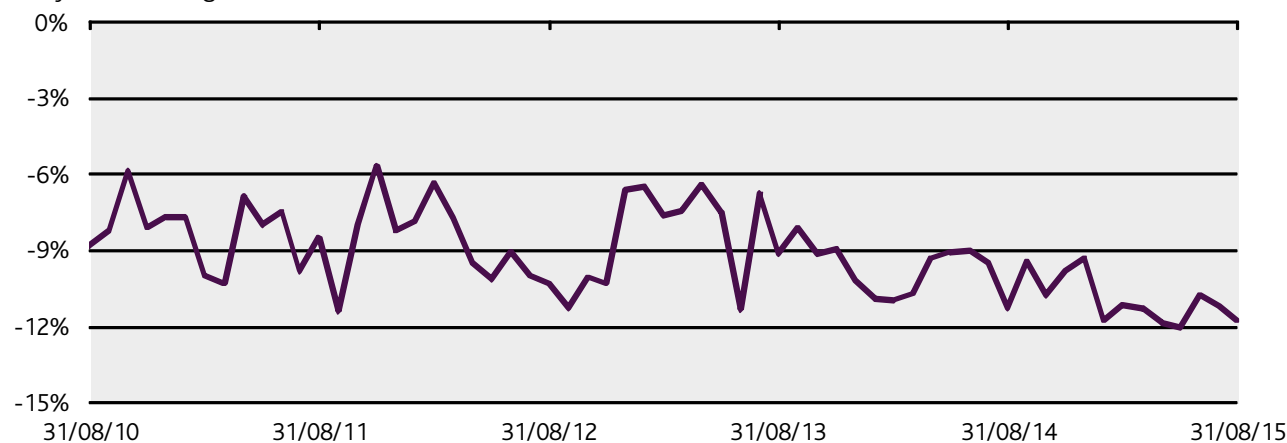
Dividends

	Rate	xd date	Record date	Payment date
Proposed final 2015	3.00p	19 November 2015	20 November 2015	18 December 2015
Final 2014	2.20p	20 November 2014	21 November 2014	19 December 2014

Strategic Report - Performance

Share Price Discount to NAV

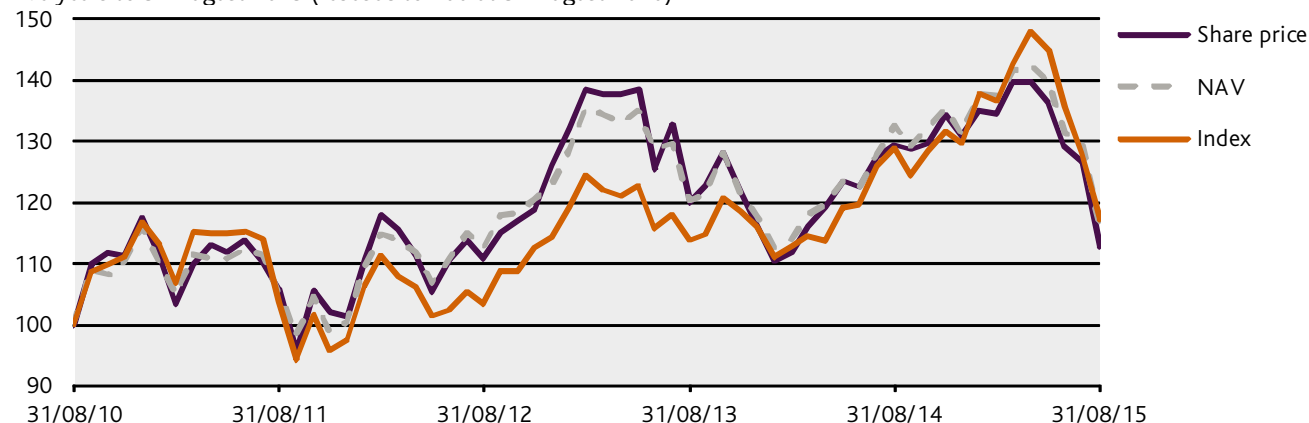
Five years to 31 August 2015



Source: Morningstar

Total Return of NAV and Share Price vs MSCI All Country Asia (ex Japan) Index

Five years to 31 August 2015 (rebased to 100 at 31 August 2010)



Source: Aberdeen Asset Management & Lipper

Ten Year Financial Record

Year ended 31 August	Equity shareholders' interest £'000	Net asset value per Ordinary share p	Revenue return per Ordinary share p	Ordinary share price p	Share price discount %	Expenses as a % of average shareholders' funds
2006	301,553	127.06	1.41	117.75	7.3	1.3
2007	384,521	162.18	1.84	144.25	10.8	1.3
2008	377,787	163.58	2.35	146.00	10.5	1.3
2009	414,074	179.29	2.31	167.40	6.6	1.4
2010	471,324	240.09	2.62	219.00	8.8	1.3
2011 ^A	493,555	251.37	4.31	230.00	8.5	1.2
2012 ^A	519,765	264.70	3.30	237.30	10.4	1.3
2013 ^A	550,346	280.26	3.42	254.70	9.1	1.2
2014 ^A	603,077	307.10	3.43	272.50	11.3	1.2
2015 ^A	518,635	267.22	4.13	235.75	11.8	1.2

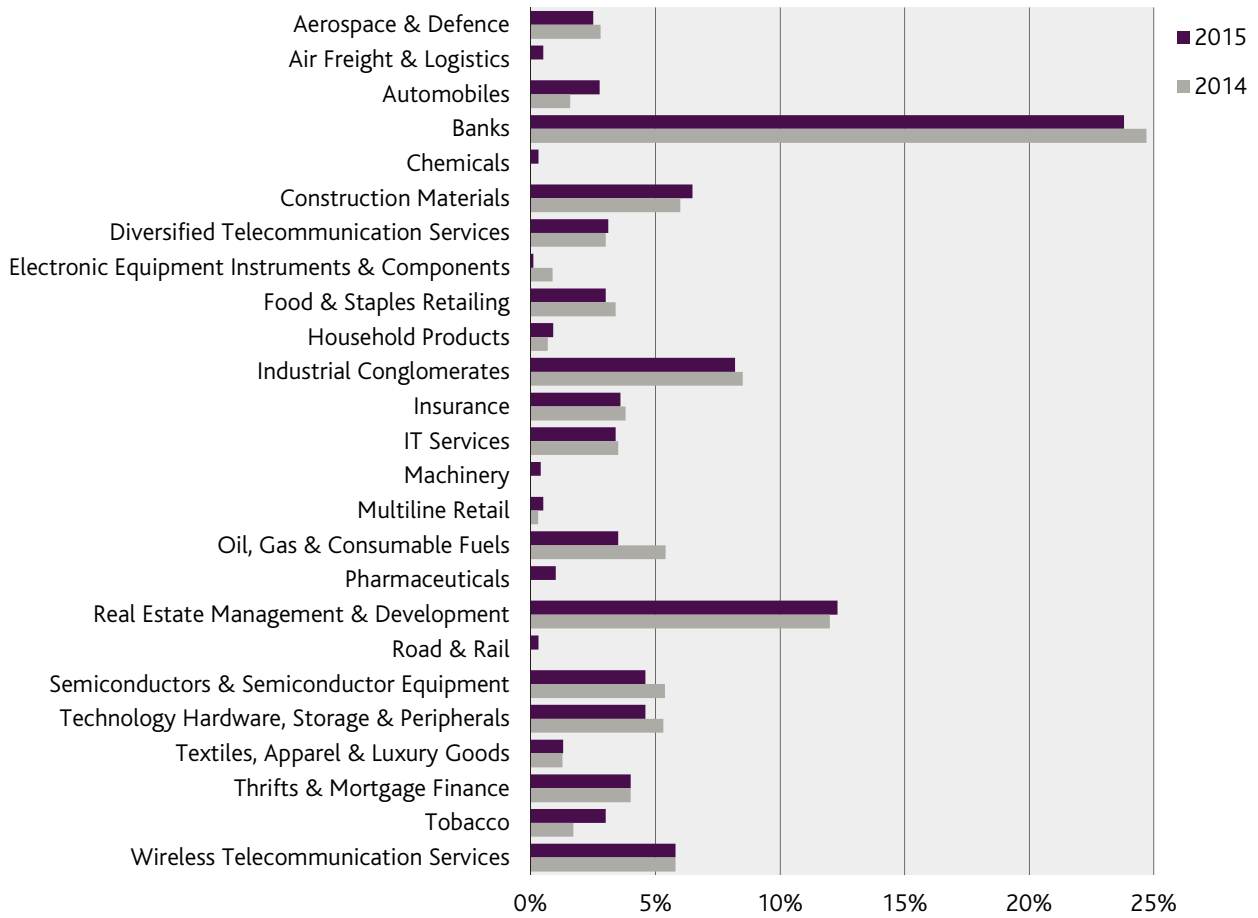
^A The 2011 to 2015 expenses as a % of average shareholders' funds have been calculated with reference to guidance issued by the AIC on ongoing charges, which advises the use of the average daily net asset value throughout the year within the calculation. The figures for 2006 to 2010 disclosed were calculated using previous best practice, which used the average monthly net asset value throughout the year within the calculation.

Changes in Asset Distributions

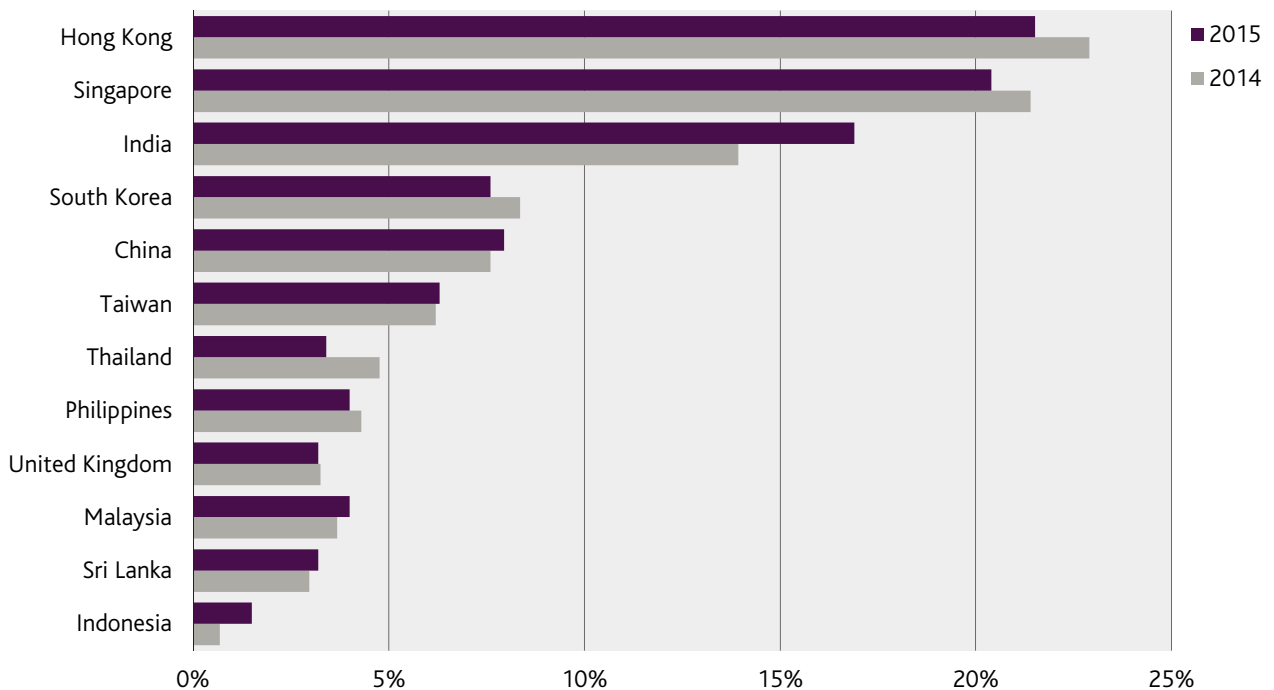
Country	Value at 31 August 2014 £'000	Purchases £'000	Sales proceeds £'000	Gains/ (losses) £'000	Value at 31 August 2015 £'000
China	49,090	8,828	10,808	(4,922)	42,188
Hong Kong	169,226	13,574	9,616	(30,446)	142,738
India	90,103	17,714	19,254	5,406	93,969
Indonesia	4,510	7,200	–	(1,361)	10,349
Malaysia	23,630	8,050	63	(9,227)	22,390
Philippines	27,389	–	5,271	792	22,910
Singapore	137,957	8,374	9,014	(21,113)	116,204
South Korea	54,067	3,053	4,461	(9,479)	43,180
Sri Lanka	19,616	–	–	(1,739)	17,877
Taiwan	40,252	601	6,545	1,311	35,619
Thailand	30,832	–	7,054	(4,768)	19,010
Total investments	646,672	73,641	72,086	(81,793)	566,434
Net current assets	14,019	–	–	(3,568)	10,451
Total assets less current liabilities	660,691	73,641	72,086	(85,361)	576,885

Sector/Geographical Analysis

Sector Breakdown



Geographic Breakdown



Investment Portfolio – Ten Largest Investments

As at 31 August 2015

Company	Industry	Country	Valuation 2015 £'000	Total assets %	Valuation 2014 £'000
Oversea-Chinese Banking Corporation A leading, well-run Singaporean banking group with assets and operations in South East Asia and China.	Banks	Singapore	27,584	4.8	32,182
Samsung Electronics Pref A leading semiconductor company which is also a major player in mobile phones and consumer electronics.	Technology Hardware, Storage & Peripherals	South Korea	26,274	4.6	34,442
Jardine Strategic Holdings A Singapore-listed conglomerate with interests across the region spanning property, hotels and consumer-related businesses.	Industrial Conglomerates	Hong Kong	25,032	4.3	27,204
Housing Development Finance Corp Leading domestic mortgage provider with a leading distribution network, cost structure and balance sheet quality.	Thriffs & Mortgage Finance	India	22,834	4.0	25,746
Taiwan Semiconductor Manufacturing Company The leading semiconductor foundry in Taiwan.	Semiconductors & Semiconductor Equipment	Taiwan	22,535	3.9	28,016
HSBC Holdings HSBC group is one of the world's largest banking and financial services institutions.	Banks	Hong Kong	20,858	3.6	23,789
AIA Group The Group offers life insurance, accident insurance, health insurance and wealth management solutions to individuals and businesses in the Asia Pacific region.	Insurance	Hong Kong	20,647	3.6	24,509
China Mobile The number one mobile operator in China.	Wireless Telecommunication Services	China	20,275	3.5	24,962
United Overseas Bank Singapore's second largest bank, primarily focused on SMEs and consumers, with its core market in Singapore and the balance predominantly in South East Asia.	Banks	Singapore	18,721	3.2	23,183
Standard Chartered[^] An international banking group operating principally in Asia, Africa and the Middle East offering products and services in the personal, consumer, corporate, institutional and treasury areas.	Banks	United Kingdom	17,982	3.1	21,488
Top ten investments			222,742	38.6	

Investment Portfolio – Other Investments

As at 31 August 2015

Company	Sector	Country	Valuation 2015 £'000	Total assets %	Valuation 2014 £'000
Swire Pacific 'B'	Real Estate Management & Development	Hong Kong	17,855	3.1	20,320
Singapore Telecommunications	Diversified Telecommunication Services	Singapore	17,636	3.1	19,198
Infosys Ltd	IT Services	India	17,387	3.0	22,634
City Developments	Real Estate Management & Development	Singapore	17,285	3.0	18,013
Siam Cement (Alien)	Construction Materials	Thailand	16,422	2.8	19,858
Singapore Technologies Engineering	Aerospace & Defence	Singapore	14,367	2.5	18,163
Grasim Industries	Construction Materials	India	13,114	2.3	13,118
Taiwan Mobile	Wireless Telecommunication Services	Taiwan	13,083	2.3	12,236
John Keells Holdings ^B	Industrial Conglomerates	Sri Lanka	12,719	2.2	14,808
Ayala Land	Real Estate Management & Development	Philippines	12,235	2.1	15,461
Top twenty investments			374,845	65.0	
ITC	Tobacco	India	11,423	2.0	3,528
Hero Motocorp	Automobiles	India	10,797	1.9	10,418
Bank of Philippine Islands	Banks	Philippines	10,674	1.9	11,928
CNOOC	Oil, Gas & Consumable Fuels	China	10,062	1.7	13,858
Keppel Corp	Industrial Conglomerates	Singapore	9,047	1.6	12,901
Dairy Farm International	Food & Staples Retailing	Hong Kong	8,718	1.5	12,918
DBS Group	Banks	Singapore	8,263	1.4	8,581
E-Mart Co	Food & Staples Retailing	South Korea	7,846	1.4	9,052
ICICI Bank	Banks	India	7,614	1.3	8,623
Hang Lung Group	Real Estate Management & Development	Hong Kong	7,310	1.3	9,769
Top thirty investments			466,599	81.0	
Hang Lung Properties	Real Estate Management & Development	Hong Kong	6,648	1.2	8,953
PetroChina 'H'	Oil, Gas & Consumable Fuels	China	6,518	1.1	10,269
Public Bank	Banks	Malaysia	5,909	1.0	7,811
British American Tobacco Malaysia	Tobacco	Malaysia	5,738	1.0	7,152
Piramal Enterprises	Pharmaceuticals	India	5,540	1.0	–
CIMB Group Holdings	Banks	Malaysia	5,307	0.9	8,666
Unilever Indonesia	Household Products	Indonesia	5,192	0.9	4,510
DFCC Bank	Banks	Sri Lanka	5,158	0.9	4,808
Swire Properties	Real Estate Management & Development	Hong Kong	4,918	0.9	5,019
Li & Fung	Textiles, Apparel & Luxury Goods	Hong Kong	4,071	0.7	7,092
Top forty investments			521,598	90.6	

Investment Portfolio – Other Investments continued

Company	Sector	Country	Valuation 2015 £'000	Total assets %	Valuation 2014 £'000
Ultratech Cement	Construction Materials	India	3,752	0.7	6,036
Oriental Holdings	Automobiles	Malaysia	3,706	0.6	–
ASM Pacific Technology	Semiconductors & Semiconductor Equipment	Hong Kong	3,638	0.6	6,851
Holcim Indonesia	Construction Materials	Indonesia	3,474	0.6	–
BNK Financial Group	Banks	South Korea	3,211	0.6	4,195
Global Brands Group	Textiles, Apparel & Luxury Goods	Hong Kong	3,185	0.6	1,314
DGB Financial Group	Banks	South Korea	2,930	0.5	4,465
Shinsegae Company	Multiline Retail	South Korea	2,918	0.5	1,914
PTT Exploration & Production (Alien)	Oil, Gas & Consumable Fuels	Thailand	2,588	0.4	10,974
Kerry Logistics Network	Air Freight & Logistics	Hong Kong	2,562	0.4	–
Top fifty investments			553,562	96.1	
Yoma Strategic Holdings	Real Estate Management & Development	Singapore	2,455	0.4	–
China Conch Venture Holdings	Machinery	China	1,983	0.3	–
MTR Corp	Road & Rail	Hong Kong	1,876	0.3	–
Batu Kawan	Chemicals	Malaysia	1,730	0.3	–
Tata Consultancy Services	IT Services	India	1,509	0.3	–
Astra International	Automobiles	Indonesia	1,092	0.2	–
Venture Corp	Electronic Equipment Instruments & Components	Singapore	846	0.1	5,737
China Resources Enterprise	Food & Staples Retailing	China	789	0.1	–
Bank Central Asia	Banks	Indonesia	592	0.1	–
Total investments			566,434	98.2	
Net current assets			10,451	1.8	
Total assets ^C			576,885	100.0	

^A Valuation amalgamates both UK (£14,976,000; 2014 – £16,833,000) and Hong Kong (£3,006,000; 2014 – £4,655,000) listed equity holdings.

^B Valuation amalgamates both warrants (£186,000; 2014 – £385,000) and listed equity holdings (£12,533,000; 2014 – £14,423,000).

^C See definition on page 58.

Note: Unless otherwise stated, foreign stock is held and all investments are equity holdings.

Your Board of Directors



Allan McKenzie
Chairman

Length of service: 9 years, appointed on 1 September 2006

Experience: Former chief operating officer and a managing director of BlackRock International Limited prior to his retirement in 2006. Between 1972 and 1991 he was actively involved in fund management, specialising in Asian equity markets. Since 1991 his role was in marketing and client relationship management at both Scottish Widows Investment Management and BlackRock International Limited. Formerly he was chairman of Impax Asian Environmental Markets plc, director of BlackRock Global Series plc and chairman and director of the Thailand International Fund Limited.



Kathryn Langridge

Length of service: 3 years, appointed on 29 October 2012

Experience: 30 years' experience in the investment industry. She is currently head of global emerging markets equity at Manulife. She was previously fund management director for global emerging equities at Jupiter Asset Management, head of global emerging markets team at Lloyd George Management, where she was responsible for developing investment strategy and managing equity portfolios across a range of emerging markets. She also worked at INVESCO Perpetual for 17 years where she had been head of Asian investments and head of international equity products. She began her career in Asia with Jardine Fleming.



Tony Lowrie
Senior Independent Director

Length of service: 11 years, appointed on 4 October 2004

Experience: Over 30 years' involvement in Asian investment, originally with Hoare Govett and HG Asia and ABN Amro where he was a managing director prior to his retirement in 2007. He is a director of Kenmare Resources plc and Petra Diamonds Limited and a former non-executive director of JD Wetherspoon and Allied Gold.



Peter Maynard

Length of service: 4 years, appointed on 12 October 2011

Experience: Qualified as a solicitor and was Group Legal Director at Prudential plc from 1998 to 2009 and Company Secretary from July 1999. Prior to that he was with HSBC for 14 years during which time he was variously a Director of HSBC Investment Bank, President and Chief Executive Officer of James Capel Inc in New York and finally Deputy Group Legal Adviser. He is a former chairman of the GC100 and was a supervisory board member of the London Business School Centre for Corporate Governance. He is a non-executive director of Brunner Investment Trust plc.



Iain McLaren
Audit Committee Chairman

Length of service: 5 years, appointed on 6 September 2010

Experience: A chartered accountant and was a partner at KPMG for 27 years, including Senior Partner in Scotland from 1999 to 2004, retiring from the firm in 2008. He is the Senior Independent Director and Audit Committee Chairman of Cairn Energy Plc. He is also chairman of Investors Capital Trust Plc and a non-executive director of Baillie Gifford Shin Nippon Plc and Ecofin Water & Power Opportunities plc. He is a former President of the Institute of Chartered Accountants of Scotland.

Directors' Report

Capital Structure and Borrowings

At 31 August 2015, the Company had 194,084,344 fully paid Ordinary shares of 20p each (2014 – 196,376,759) with a further 1,943,500 Ordinary shares of 20p held in treasury (2014 – nil) and £59,787,042 nominal of CULS (2014 – £59,796,624) in issue. Changes to the capital structure during the year ended 31 August 2015 are provided on page 45. Subsequent to the period end a further 571,500 Ordinary shares have been purchased in the market for treasury.

The Ordinary shares carry a right to receive dividends which are declared from time to time by an ordinary resolution of the Company (up to the amount recommended by the Board) and to receive any interim dividends which the Directors may resolve the Company should pay. On a winding-up, after meeting the liabilities of the Company, the surplus assets will be paid to Ordinary shareholders in proportion to their shareholdings. On a show of hands, every Ordinary shareholder present in person, or by proxy, has one vote and, on a poll, every Ordinary shareholder present in person has one vote for each share held and a proxy has one vote for every share represented.

There are no restrictions concerning the holding or transfer of the Ordinary shares and there are no special rights attached to any of the shares. The Company is not aware of any agreements between shareholders which may result in restriction on the transfer of shares or the voting rights.

The interest rate on the CULS is 3.5% per annum, payable semi-annually in arrears on 31 January and 31 July in each year. CULS holders are entitled to convert their CULS into Ordinary shares every six months from 31 July 2011 until 31 January 2018. In accordance with the terms of the CULS Issue, the conversion price of the CULS was determined at 310.1528 pence nominal of CULS for one Ordinary share, which represented a 10% premium to the published (unaudited) NAV per Ordinary share (including income) of 281.9571 pence at close of business on 5 January 2011. Any CULS not previously redeemed, purchased or converted will be repaid by the Company on 31 January 2018 at its nominal amount. CULS holders have the power by extraordinary resolution to sanction any modification, abrogation or compromise of, or arrangement in, respect of their rights against the Company and to assent to any modification of the provisions of the Trust Deed.

In the event of a winding-up of the Company, the Ordinary shares will rank behind any creditors or prior ranking capital of the Company, including the CULS.

Directors

Biographies of the Directors of the Company are shown on page 19. There were no changes in the Board during the year

ended 31 August 2015. Mr Lowrie will retire from the Board at the forthcoming Annual General Meeting (AGM). The Directors have the benefit of the indemnity provisions contained in the Company's articles of association.

Dividends

The Directors recommend that a final dividend of 3.0p per Ordinary share (2014 – 2.20p) be paid on 18 December 2015 to shareholders on the register on 20 November 2015. The ex-dividend date is 19 November 2015.

Manager and Company Secretary

The Company has appointed Aberdeen Fund Managers Limited, a wholly owned subsidiary of Aberdeen Asset Management PLC, as its alternative investment fund manager. By way of group delegation agreements within the Aberdeen Group the management of the Company's investment portfolio is delegated to Aberdeen Asset Management Asia Limited and company secretarial services and administrative services are provided by Aberdeen Asset Managers Limited

Details of the management agreement, including notice period and fees paid to Aberdeen Group companies during the year ended 31 August 2015 are shown in note 3 to the financial statements.

Corporate Governance

The Statement of Corporate Governance, which forms part of the Directors' Report, is contained on pages 23 to 27.

Greenhouse Gas Emissions

The Company has no greenhouse gas emissions or other emissions producing sources to report from its operations.

Substantial Share Interests

At 2 November 2015 the Company had been notified or was aware of the following substantial interests in the Ordinary share.

Holder	Number of Ordinary shares	%
Lazard Asset Management	24,178,523	12.5
Investec Wealth & Investment	17,070,019	8.9
City of London	13,018,220	6.7
Derbyshire County Council	12,300,000	6.3

Substantial share interests

Auditor

The respective responsibilities of the Directors and the auditor in connection with the financial statements appear on pages 30 and 32.

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 the steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Annual General Meeting

Among the resolutions being put at the Annual General Meeting of the Company to be held on 15 December 2015, the following resolutions will be proposed:

(i) **Continuation of Company**

Resolution 10, which is an ordinary resolution, will, if approved, allow the Company to continue as an investment trust.

(ii) **Section 551 Authority to Allot Shares**

Resolution 11, which is an ordinary resolution, will, if approved, give the Directors a general authority to allot new securities up to an aggregate nominal value of £12,900,856 representing approximately 33.33 per cent. of the total Ordinary share capital of the Company in issue (excluding treasury shares) as at 2 November 2015, being the latest practicable date prior to the publication of this document. Such authority will expire on 28 February 2017 or, if earlier, at the conclusion of the next Annual General Meeting of the Company (unless previously revoked, varied or extended by the Company in general meeting).

(iii) **Limited Disapplication of Pre-emption Provisions**

Resolution 12, which is a special resolution, seeks to give the Directors power, conditional on Resolution 11 being passed, to allot Ordinary shares and to sell Ordinary shares held in treasury for cash, without first offering them to existing shareholders in proportion to their existing holdings, up to a maximum aggregate nominal amount of £1,935,128 being 5% of the current issued share capital of the Company.

This authority will expire on 28 February 2017 or, if earlier, at the conclusion of the next Annual General Meeting of the Company (unless previously revoked, varied or extended by the Company in general meeting).

Pursuant to this power, Ordinary shares would only be

issued for cash and treasury shares would only be sold for cash at a premium to the net asset value per share (calculated after the deduction of prior charges at market value).

The Directors consider that the powers proposed to be granted by the above resolutions are necessary to provide flexibility to issue shares should they deem it to be in the best interests of shareholders as a whole.

(iv) **Purchase of the Company's own Ordinary shares**

Since the Company's last AGM the Company has undertaken share buybacks, the details of which are set out on page 45. Resolution 13, which will be proposed as a special resolution, will renew the the Company's authority to make market purchases of its own shares. Shares so repurchased will be cancelled or held in treasury. In respect of the Company's Ordinary shares which it buys back and does not immediately cancel but, instead, holds "in treasury" it may sell such shares (or any of them) for cash (or its equivalent); or ultimately cancel the shares (or any of them).

No dividends will be paid on treasury shares, and no voting rights attach to them.

The maximum number of Ordinary shares which may be purchased pursuant to this authority shall be 14.99% of the issued share capital of the Company as at the date of the passing of the resolution (approximately 29.0 million Ordinary shares). The minimum price which may be paid for an Ordinary share (exclusive of expenses) shall be 20p (being an amount equal to the nominal value of an Ordinary share). The maximum price for an Ordinary share (again exclusive of expenses) shall be an amount being not more than the higher of (i) 105% of the average of the middle market quotations for the Company's Ordinary shares for the five business days immediately preceding the date of purchase and (ii) the higher of the price of the last independent trade and the highest current independent bid relating to an Ordinary share on the trading venue where the purchase is carried out.

This authority, if conferred, will only be exercised if to do so would enhance the net asset value per share and is in the best interests of shareholders generally. This authority will expire on 28 February 2017 or, if earlier, at the conclusion of the next Annual General Meeting of the Company (unless previously revoked, varied or extended by the Company in general meeting).

(v) **Notice period for general meetings**

Resolution 14, which will be proposed as a special resolution, seeks the authority from shareholders for the

Directors' Report continued

Company to be able to hold general meetings (other than AGMs) on 14 clear days' notice. The approval will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed. The Company will also need to meet the requirements for electronic voting under the Companies Act 2006 (as amended by the Shareholders' Rights Regulations) before it can call a general meeting on 14 days' notice.

Recommendation

The Directors believe that the resolutions to be proposed at the Annual General Meeting are in the best interests of the Company and its shareholders as a whole, and recommend that shareholders vote in favour of the resolutions, as the Directors intend to do in respect of their own beneficial shareholdings totalling, in aggregate, 42,500 Ordinary shares, and representing 0.02% of the existing issued Ordinary share capital of the Company.

Other Information

The rules concerning the appointment and replacement of Directors, amendments to the articles of association and powers to issue or buy back Company's shares are contained in the articles of association of the Company and the Companies Act 2006. There are no agreements which the Company is party to that might affect its control following a takeover bid; and there are no agreements between the Company and its Directors concerning compensation for loss of office. Other than the management agreement with the Manager, further details of which are set out on page 39, the Company is not aware of any contractual or other agreements which are essential to its business which ought to be disclosed in the Directors' Report.

By order of the Board,
Aberdeen Asset Managers Limited
Secretary

Edinburgh
2 November 2015

Company Registration SC106049

Statement of Corporate Governance

Compliance

The Company is committed to high standards of corporate governance. The Board is responsible for good governance, and this statement describes how the Company applies the principles identified in the UK Corporate Governance Code published in September 2012 (the "UK Code"), which is available on the Financial Reporting Council's website: www.frc.org.uk, throughout the financial year. The Board confirms that the Company has complied throughout the accounting period to 31 August 2015 with the relevant provisions of the UK Code.

The Company is also a member of the Association of Investment Companies ('AIC'), which has published its own Code of corporate governance to recognise the special circumstances of investment trusts. The Board is of the opinion that the Company has complied with the recommendations of the AIC Code (www.theaic.co.uk).

The Board

The Board consists of five non-executive Directors. Profiles of the Board members appear on page 19. Each Director has the requisite range of business and financial experience to enable the Board to provide clear and effective leadership and proper stewardship of the Company. Mr Lowrie is the Senior Independent Director ("SID") and is available to shareholders in the event that there are concerns that cannot be resolved through discussion with the Chairman.

All Directors are considered to be independent of the Manager and to be free of any material relationship with the Manager which could interfere with the exercise of their independent judgement. The Board takes the view that length of service does not compromise independence. This is consistent with the AIC Code. When making a recommendation for re-electing a Director, the Board will take into account the on-going requirements of the UK Code.

The Board normally meets at least five times each year, and more frequently where business needs require. In addition, there is regular contact between the Directors and the Manager throughout the year. The following table sets out the number of routine Board and Committee meetings attended by each Director during the year compared to the number of meetings that each Director was eligible to attend. Directors also attended a number of non-scheduled meetings to deal with special ad-hoc issues.

The Board has overall responsibility for the Company's affairs. It delegates, through a management agreement and specific instructions, the day-to-day management of the Company to the Manager, Aberdeen Fund Managers Limited. The Board has a schedule of matters reserved to it for decision, and the requirement for Board approval on these

matters is communicated directly to the senior staff of the Manager. Such matters include overall strategy, review of investment policy, performance, gearing policy, treasury, promotion, Board composition (there is no separate Nominations Committee), corporate governance policy and communications with shareholders. Full and timely information is provided to the Board to enable the Directors to function effectively and to discharge their responsibilities. The Board also reviews the financial statements and revenue budgets.

Meetings held and attendance	Board meetings	Audit Committee meetings	Remuneration Committee meetings
Allan McKenzie ^{1,2}	5/5	3/3	1/1
Kathryn Langridge	5/5	n/a	n/a
Tony Lowrie ²	5/5	n/a	1/1
Iain McLaren ¹	5/5	3/3	n/a
Peter Maynard ¹	5/5	3/3	n/a

¹ Member of Audit Committee ² Member of Remuneration Committee

No contract or arrangement subsisted during the period in which any of the Directors was materially interested. The Board monitors on a regular basis the direct and indirect interests of each Director and has concluded that there were no situations which gave rise to an interest of a Director which conflicted with the interests of the Company. The Board adopts a zero tolerance approach to bribery and corruption and has implemented appropriate procedures designed to prevent bribery.

Performance Evaluation

An appraisal of each Director, including the Chairman, and of the operation of the Board and its Committees, was undertaken during the year. The Chairman's performance assessment was led by the Senior Independent Director. The Board also reviewed the Chairman's and Directors' other commitments. The Board is satisfied that each Director's performance continues to be effective, and that each remains fully committed to the Company.

During the year, the Board used an external consultant (Stevenson Executive Search) to carry out an evaluation of the Board's performance. Feedback from the evaluation confirmed that the composition, skills and experience of the Board were evident for the proper supervision of the activities of the Company and in accordance with corporate governance principles. It is the Board's intention to use an external consultant to assist in the Board's performance evaluation every three years.

Statement of Corporate Governance continued

Succession Planning

In line with the Company's strong commitment to its corporate governance responsibilities, the Board regularly reviews its performance and structure to ensure it has the correct mix of relevant skills, diversity and experience for the effective conduct of the Company's business to complement the existing make-up of the Board whilst having due regard for the benefits of diversity, including gender, on the Board. New Board appointments are identified against the requirements of the Company's business and the need to have a balanced Board and are routinely facilitated by an external recruitment firm to ensure that a wide range of candidates can be considered

The Board has accordingly implemented a succession planning programme. In accordance with that programme, Mr Lowrie will retire at the forthcoming Annual General Meeting. The Board is undertaking a search for an additional Director.

The Board has implemented the provisions of the UK Code whereby all Directors of the Company will stand for re-election on an annual basis. The Board has reviewed the skills and experience of each Director, and supports their re-election.

New Directors are given appropriate induction from the Manager covering legal responsibilities, the Manager's operations and investment trust industry matters. All Directors are entitled to receive appropriate and relevant training. There is a procedure for a Director to take independent professional advice, if necessary, at the Company's expense.

Internal Control and Risk Management

The Board is responsible for the Company's system of internal control and has reviewed the effectiveness of the Company's risk management and internal control systems. The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company which include financial, operational, compliance and reputational risks.

The Directors have delegated the management of the Company's assets to the Manager within overall guidelines. Risks are identified and documented through a risk management framework by each function within the Manager's activities. The internal control systems operated by the Manager are monitored and supported by an internal audit function which undertakes periodic examination of business processes, including compliance with the terms of the management agreement, and ensures that recommendations to improve controls are implemented. Any weaknesses identified are reported to the Board, and

timetables are agreed for implementing improvements to systems. The implementation of any remedial action required is monitored and feedback provided to the Board.

This process has been in place for the year under review and up to the date of approval of this annual report and accounts. It is regularly reviewed by the Board and accords with the Financial Reporting Council's Guidance.

In addition, the Board has adopted its own risk matrix which identifies the key risks for the Company and covers strategy, investment management, operations, regulatory and financial obligations and third party service providers (see page 3). A monitoring system is undertaken whereby the controls to mitigate these risks, and the impact of the residual risks, are assessed on a regular basis.

Note 18 to the financial statements provides further information on risks. The key components designed to provide effective internal control are outlined below:

- The Manager prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its performance; the emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.
- The Board and the Manager have agreed clearly defined investment criteria, specified levels of authority and exposure limits. Reports on these issues, including performance statistics and investment valuations, are regularly submitted to the Board and there are meetings with the Manager as appropriate.
- As a matter of course, the Manager's risk management department, including compliance and internal audit functions, continually reviews the Manager's operations.
- Written agreements are in place, which specifically define the roles and responsibilities of the Manager and other third party service providers.
- The Board has considered the need for an internal audit function but, because of the compliance and internal control systems in place within the Manager, has decided to place reliance on the Manager's risk management systems and internal audit procedures.
- The Audit Committee carried out bi-annual reviews of the Manager's risk management and internal controls, including the internal audit and compliance functions. At its October 2015 meeting, the Audit Committee performed its annual assessment of internal controls for the year ended 31 August 2015 and taking account of events since 31 August 2015. The results of the assessment were reported to the Board.

Internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage, rather than eliminate, the risk of failure

to achieve business objectives and by their nature can only provide reasonable, and not absolute, assurance against material misstatement or loss.

Audit Committee Report

The members of the Audit Committee (the "Committee") are Mr McLaren (Chairman), Mr McKenzie and Mr Maynard who are all deemed to be independent. As Mr McKenzie is considered to be independent and there are no conflicts of interest, the Board considers it appropriate for Mr McKenzie to be a member of the Committee. Two members of the Committee are chartered accountants and have the necessary recent and relevant financial experience. The Committee meets three times a year and considers reports from the external auditor and the Manager's risk management functions, including internal audit and compliance. The terms of reference of the Committee, which are available on request and on the Company's website, are reviewed and re-assessed on an annual basis. The main responsibilities of the Committee are:

- to review the half yearly and annual financial statements of the Company, the accounting policies applied therein and to ensure compliance with financial and regulatory reporting requirements.
- to assess whether the annual report and accounts, taken as a whole, is fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.
- to meet with the external auditor to review their proposed audit programme of work and the findings of the auditor. The Committee also uses this as an opportunity to assess the effectiveness of the audit process.
- to develop and implement policy on the engagement of the external auditor to supply non-audit services.
- to make recommendations to the Board in relation to the appointment of the external auditor and to approve the remuneration and terms of engagement of the external auditor.
- to monitor and review annually the external auditor's independence, objectivity, effectiveness, resources and qualification.
- to review and monitor the internal control systems and risk management systems on which the Company is reliant.
- to consider annually whether there is a need for the Company to have its own internal audit function.
- to review the arrangements in place within the Manager whereby staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters ('whistleblowing').
- to review the performance of the Manager and its compliance with the management agreement.

Significant Accounting Issues

The significant accounting issue considered by the Committee during the year in relation to the Company's financial statements was the valuation, existence and ownership of investments. All investments are in quoted securities in active markets and are valued using independent pricing sources, in accordance with the stated accounting policies. The portfolio holdings are reviewed and verified by the Manager on a regular basis and existence is verified through custodian reconciliations. The Committee reviews reports from the Manager to ensure that internal controls over the Company's investments are adequate. The audit includes independent confirmation of the existence of all investments from the Company's depository and the valuation of investments to external price sources.

Other Accounting Issues

The Company's compliance with investment trust status, under section 1158 of the Corporation Tax Act 2010, is monitored by the Manager on an ongoing basis and reported to the Committee.

Review of Auditor

The Committee has reviewed the independence and the effectiveness of the external auditor, KPMG LLP ("KPMG"), as follows:

- The external auditor reports on an annual basis the steps it takes to ensure its independence and objectivity and confirms that it has complied with the relevant UK independence guidelines. The level of non-audit services provided by the auditor is assessed and for the year to 31 August 2015 were £4,550 (2014 - £4,500) which related to the review of the half yearly report. The Board will review any future non-audit fees in the light of the requirement to maintain the auditor's independence.
- The Committee considers the experience, continuity and tenure of the external audit team, including the audit director. The audit team consists of suitably experienced staff with knowledge of the investment trust sector and there is a process in place for the rotation of the audit director.
- The Committee assesses the level of audit service annually. The audit plan is reviewed well in advance and subsequent audit findings are reported comprehensively in a timely manner and are resolved satisfactorily. The auditor has a constructive working relationship with both the Board and the Manager.

The Committee is satisfied that KPMG remains independent and effective and, as such, has not considered it necessary to conduct a tender process for the appointment of its external auditor. Although KPMG has held office as auditor for over 25 years, the audit director is rotated at least every five years, in accordance with professional guidelines. The current audit director has served for four years.

Statement of Corporate Governance continued

The Committee will be subject to the auditor rotation requirements under EU legislation. Subject to the detailed implementation of these requirements in the UK, the Company will need to tender the external audit every 10 years and KPMG will not be able to audit the Company from 2020. The Company will undertake an audit tender prior to that time.

Going Concern

The Company's assets consist substantially of equity shares in companies listed on recognised stock exchanges and in most circumstances are realisable within a short timescale.

The Directors believe that it is appropriate to continue to adopt the going concern basis in the preparation of the financial statements, and they consider that the Company has adequate resources to continue in operational existence for the foreseeable future.

Review of Manager

The Board keeps the resources of the Manager under constant review. The Board conducts an annual review of the terms and conditions of the management agreement ("Agreement") and an evaluation of the Manager's performance under this agreement. In monitoring the performance of the Manager, the Board reviews the investment performance, management processes, risk control mechanisms and promotional activities of the Manager.

As a result of these reviews, the Board concluded that the Manager has the investment management, promotional, secretarial and administrative skills required for the effective operation of the Company and has satisfactorily met the terms of the management agreement with the Company, and remains satisfied that the continuing appointment of the Manager is in the interests of the Company and its shareholders.

Relations with Shareholders

The Directors place great importance on communication with shareholders. Besides shareholders, the report and accounts are widely distributed to other parties who have an interest in the Company's performance. Shareholders and potential investors may obtain up-to-date information on the Company through the Manager's freephone information service, and the Company responds to letters from shareholders on a wide range of issues. The Company's annual and half-yearly reports and other publications can be downloaded from the Company's website, www.edinburghdragon.co.uk.

The Board's policy is to communicate directly with shareholders and their representative bodies without the

involvement of the management group (either the Company Secretary or the Manager) in situations where direct communication is required. The Chairman meets with representatives of the major shareholders during the financial year on an annual basis in order to gauge their views. The Manager maintains regular contact with institutional shareholders and feeds back shareholder views to the Board.

It is the intention of the Board that, in the ordinary course, the notice of the Annual General Meeting included within the annual report and accounts is normally sent out at least 20 working days in advance of the meeting. All Directors intend to be available at the forthcoming Annual General Meeting, and shareholders are encouraged to attend. Proxy voting figures for each resolution are announced to the meeting after voting on a show of hands.

Proxy Voting as an Institutional Shareholder

The Board has delegated responsibility for actively monitoring the activities of portfolio companies to the Manager. The Board has reviewed and accepts the Manager's Corporate Governance Principles, which may be found on the Manager's website, at <http://www.aberdeen-asset.com/aam.nsf/AboutUs/governancestewardship>. These Principles set out the Manager's framework on corporate governance, proxy voting and shareholder engagement in relation to the companies in which the Manager has invested or is considering investing. The Board has also reviewed the Manager's Disclosure Response to the UK Stewardship Code, which appears on the Manager's website, at the web-address given above.

The Manager is responsible for reviewing, on a regular basis, the annual reports, circulars and other publications produced by the portfolio companies and for attending company meetings. The Manager, in the absence of explicit instruction from the Board, is empowered to use discretion in the exercise of the Company's voting rights.

The Board receives from the Manager regular reports on the exercise by the Manager of the Company's voting rights and discusses with the Manager any issues arising. It is the Board's view that having an active voting policy and a process for the monitoring by the Board of the Manager's exercise of those votes, especially in relation to controversial issues, aids the efficient exercise of the Company's governance responsibilities.

Corporate Governance and Socially Responsible Investment Policy

The Directors, through the Manager, encourage companies in which investments are made to adhere to best practice in the area of Corporate Governance and Socially Responsible Investing. They believe that this can best be achieved by

entering into a dialogue with company management to encourage them, where necessary, to improve their policies in both areas.

The Manager's ultimate objective, however, is to deliver superior investment return for their clients. Accordingly, whilst the Manager will seek to favour companies which pursue best practice in these areas, this must not be to the detriment of the return on the investment portfolio.

Directors' Remuneration Report

Remuneration Committee

The Remuneration Committee, which comprises Tony Lowrie (Chairman) and Allan McKenzie, is responsible for determining the level of Directors' fees, having taken external advice. The terms of reference are available on request and on the Company's website. The Board has prepared this Remuneration Report in accordance with the regulations governing the disclosure and approval of Directors' remuneration. This Remuneration Report comprises three parts:

- (i) Remuneration Policy, which was subject to a binding shareholder vote at the last AGM and then every three years thereafter. Should the Remuneration Policy be varied during this interval, then Shareholder approval for the new Remuneration Policy will be sought; and
- (ii) An annual Implementation Report, which provides information on how the Remuneration policy has been applied during the year and will be subject to an advisory vote.
- (iii) An Annual Statement

The law requires the Company's auditor to audit certain of the disclosures provided in the Remuneration Report. Where disclosures have been audited, they are indicated as such. The auditor's opinion is included in the report on pages 31 to 32.

The principles remain the same as for previous years. There have been no changes to the Directors' Remuneration Policy during the period of this Report nor are there any proposals for the foreseeable future, except for the Directors' fees, as set out in the Implementation Report below.

Remuneration Policy

This part of the Remuneration Report provides details of the Company's Remuneration Policy for Directors of the Company. This policy takes into consideration the principles of UK Corporate Governance and the AIC's recommendations regarding the application of those principles to investment companies. Directors' remuneration is determined by the Remuneration Committee which comprises all Directors of the Company.

Directors' fees

The Directors are non-executive and their fees are set within the limits of the Company's articles of association which limit the aggregate fees payable to the Board of Directors per annum, currently £250,000. The level of cap may be increased by shareholder resolution from time to time. Subject to this overall limit, the Board's policy is that the remuneration of non-executive Directors should reflect the nature of their duties, responsibilities and the value of their time spent and be fair and comparable to that of other

investment trusts that are similar in size, have a similar capital structure and have a similar investment objective. No shareholder views were sought in setting the remuneration policy although any comments received from shareholders would be considered on an on-going basis.

Fee rates are established by taking advice from external sources as to current market levels.

	1 September 2015 £	1 September 2014 £
Chairman	39,100	38,700
Chairman of Audit Committee	30,400	30,100
Senior Independent Director	27,100	25,800
Member of Audit Committee and Board	28,300	28,000
Member of Board only	26,100	25,800

Appointment

- The Company only intends to appoint non-executive Directors.
- All the Directors are non-executive, appointed under the terms of Letters of Appointment.
- Directors must retire and be subject to re-election at the first AGM after their appointment and annually thereafter.
- New appointments to the Board will be placed on the fee applicable to all Directors at the time of appointment (currently £26,100).
- No incentive or introductory fees will be paid to encourage a Directorship.
- The Directors are not eligible for bonuses, pension benefits, share options, long term incentive schemes or other benefits.
- The Company indemnifies its Directors for costs, charges, losses, expenses and liabilities which may be incurred in the discharge of duties, as a Director of the Company.

Performance, Service Contracts, Compensation and Loss of Office

- The Directors' remuneration is not subject to any performance related fee.
- No Director has a service contract.
- No Director was interested in contracts with the Company during the period or subsequently.
- The terms of appointment provide that a Director may be removed without notice.
- Compensation will not be due upon leaving office.
- No Director is entitled to any other monetary payment or any assets of the Company.

Directors' & Officers' liability insurance cover is maintained by the Company on behalf of the Directors.

The Remuneration Policy was approved by shareholders at the AGM on 16 December 2014.

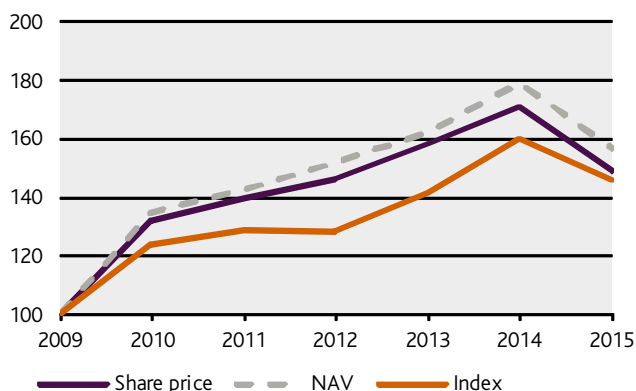
Implementation Report

Directors' Fees Increase

The Board carried out a review of Directors' fees during the year, and concluded that the fees payable to Directors should increase, with effect from 1 September 2015, to £39,100 for the Chairman, £30,400 for the Chairman of the Audit Committee, £28,300 for each member of the Audit Committee, £27,100 for the Senior Independent Director and £26,100 for each Director. The last increase in fees was effective from 1 September 2014.

Company Performance

During the year the Board carried out a review of investment performance. The graph below shows the share price and NAV total return (assuming all dividends are reinvested) to ordinary shareholders compared to the total return from a composite index, in Sterling terms, consisting of the MSCI All Countries Asia (ex Japan) Index for the six year period to 31 August 2015 (rebased to 100 at 31 March 2009). This index was chosen for comparison purposes, as it is the reference index used for investment performance measurement purposes.



Statement of Voting at General Meeting

At the Company's last AGM, held on 16 December 2014, shareholders approved the Directors' Remuneration Report in respect of the year ended 31 August 2014. 99.4% of votes were in favour of the resolution, 0.5% were against, and 0.1% abstained. The votes in relation to the Directors' Remuneration Policy were 99.3% in favour, 0.5% against, and 0.2% abstained.

Spend on Pay

As the Company has no employees, the Directors do not consider it appropriate to present a table comparing remuneration paid to employees with distributions to shareholders. The total fees paid to Directors are shown below.

Audited Information

Fees Payable

The Directors who served in the year received the following fees which exclude employers' NI and any VAT payable. This represents the entire remuneration paid to the Directors. Fees are pro-rated where a change takes place during a financial year. No fees were paid to third parties.

Director	2015 £	2014 £
Allan McKenzie	38,700	37,800
David Gairns	-	8,070
Kathryn Langridge	25,800	25,200
Tony Lowrie	25,800	25,200
Peter Maynard	28,000	27,300
Iain McLaren	30,100	29,400
Total	148,400	152,970

Directors' Interests in the Company

The Directors (including their connected persons) at 31 August 2015 and 31 August 2014 had no interest in the share capital of the Company other than those interests, all of which are beneficial interests, shown in the table below.

	31 August 2015		1 September 2014	
	CULS	Ordinary shares	CULS	Ordinary shares
Allan McKenzie	28,820	25,000	28,820	25,000
Kathryn Langridge	—	5,000	—	—
Tony Lowrie	—	—	—	—
Iain McLaren	20,379	10,000	20,379	10,000
Peter Maynard	—	2,500	—	2,500

The above interests were unchanged as at the date of this report.

Annual Statement

On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, I confirm that the above Report on Remuneration Policy and Remuneration Implementation summarises, as applicable, for the year to 31 August 2015:

- the major decisions on Directors' remuneration;
- any substantial changes relating to Directors' remuneration made during the year; and
- the context in which the changes occurred and in which decisions have been taken.

The Directors' Remuneration Report was approved by the Board of Directors and signed on its behalf by:

Allan McKenzie

Chairman

2 November 2015

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and Accounts and the financial statements, in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these 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 applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the 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 Company 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 Statement of Corporate Governance that comply 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.

The Directors confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- the Annual Report and Accounts taken as a whole, is fair, balanced and understandable and it provides the information necessary to assess the Company's performance, business model and strategy; and
- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that the Company faces.

For Edinburgh Dragon Trust plc
Allan McKenzie
Chairman

2 November 2015

Independent Auditor's Report to the Members of Edinburgh Dragon Trust plc

Opinions and conclusions arising from our audit

Our opinion on the financial statements is unmodified

We have audited the financial statements of Edinburgh Dragon Trust plc for the year ended 31 August 2015 set out on pages 33 to 51. In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 August 2015 and of its return for the year then ended;
- have been properly prepared in accordance with UK Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Our assessment of risks of material misstatement

In arriving at our audit opinion above on the financial statements, the risk of material misstatement that had the greatest effect on our audit was as follows:

Carrying amount of listed equity investments (£566m)

Refer to page 25 (Audit Committee section of the Statement of Corporate Governance), page 37 (accounting policy) and pages 42 to 43 (financial disclosures).

The risk: The Company's portfolio of listed investments makes up 98.2% of the Company's total assets (by value) and is considered to be the key driver of operations and performance results. We do not consider listed investments to be at high risk of significant misstatement, or to be subject to a significant level of judgment because they are comprised of liquid, quoted investments. However, due to their materiality in the context of the financial statements as a whole, they are considered to be the area which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.

Our response: Our procedures over the completeness, valuation and existence of the Company's quoted equity investment portfolio included, but were not limited to:

- documenting and assessing the processes in place to record investment transactions and to value the portfolio;
- agreeing the valuation of 100% of portfolio investments to externally quoted prices; and
- agreeing 100% of investment holdings in the portfolio to independently received third party confirmations.

Our application of materiality and an overview of the scope of our audit

The materiality for the financial statements as a whole was set at £5.8m. This has been determined with reference to a benchmark of Total Assets (of which it represents 1%). Total Assets, which is primarily composed of the Company's investment portfolio, is considered the key driver of the Company's capital and revenue performance and, as such, we consider it to be one of the principal considerations for

members of the Company in assessing the financial performance of the Company.

We report to the audit committee all corrected and uncorrected identified misstatements exceeding £0.3m, in addition to other identified misstatements that warranted reporting on qualitative grounds. Our audit of the Company was undertaken to the materiality level specified above, and was all performed in coordination with the administrator, BNP Paribas, in Dundee.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified.

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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

We have nothing to report in respect of the matters on which we are required to report by exception.

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy; or
- The Audit Committee section of the Statement of Corporate Governance does not appropriately address matters communicated by us to the Audit committee.

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

- adequate accounting records have not been kept by the Company, 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.

Independent Auditor's Report to the Members of Edinburgh Dragon Trust plc continued

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 26, in relation to going concern; and
- the part of the Corporate Governance Statement on pages 23 to 27 relating to the Company's compliance with the ten provisions of the 2012 UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

Scope of report and responsibilities:

As explained more fully in the Directors' Responsibilities Statement set out on page 30, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate. This report is made solely to the Company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2014a, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

Philip Merchant (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

2 November 2015

Income Statement

	Notes	Year ended 31 August 2015			Year ended 31 August 2014		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments held at fair value through profit or loss	9	–	(81,793)	(81,793)	–	50,341	50,341
Currency losses		–	(53)	(53)	–	(43)	(43)
Income	2	18,372	–	18,372	17,010	–	17,010
Investment management fee	3	(5,955)	–	(5,955)	(5,597)	–	(5,597)
Administrative expenses	4	(1,023)	–	(1,023)	(1,203)	–	(1,203)
Net return before finance costs and taxation		11,394	(81,846)	(70,452)	10,210	50,298	60,508
Interest payable and similar charges	5	(2,740)	–	(2,740)	(2,741)	–	(2,741)
Return on ordinary activities before taxation		8,654	(81,846)	(73,192)	7,469	50,298	57,767
Taxation on ordinary activities	6	(564)	–	(564)	(732)	(6)	(738)
Return on ordinary activities after taxation		8,090	(81,846)	(73,756)	6,737	50,292	57,029
Return per share (pence)	8						
Basic		4.13	(41.81)	(37.68)	3.43	25.61	29.04
Diluted		n/a	n/a	n/a	n/a	23.32	27.59

The total column of this statement represents the profit and loss account of the Company.

A Statement of Total Recognised Gains and Losses has not been prepared as all gains and losses are recognised in the Income Statement.

All revenue and capital items in the above statement derive from continuing operations.

The accompanying notes are an integral part of the financial statements.

Balance Sheet

	Notes	As at 31 August 2015 £'000	As at 31 August 2014 £'000
Non-current assets			
Investments at fair value through profit or loss	9	566,434	646,672
Current assets			
Debtors and prepayments	10	3,163	2,850
Money market funds		4,800	7,000
Cash and short term deposits		4,376	6,209
		12,339	16,059
Creditors: amounts falling due within one year			
Other creditors	11	(1,886)	(2,040)
Net current assets		10,453	14,019
Total assets less current liabilities		576,887	660,691
Non-current liabilities			
3.5% Convertible Unsecured Loan Stock 2018	12	(58,252)	(57,614)
Net assets		518,635	603,077
Share capital and reserves			
Called-up share capital	13	39,206	39,275
Share premium account		4,484	4,475
Special reserve		351	6,726
Equity component of 3.5% Convertible Unsecured Loan Stock 2018	12	1,392	1,981
Capital redemption reserve		17,015	16,945
Capital reserve		429,266	511,112
Revenue reserve		26,921	22,563
Equity shareholders' funds	14	518,635	603,077
Net asset value per Ordinary share (pence)	14	267.22	307.10

The financial statements were approved by the Board of Directors and authorised for issue on 2 November 2015 and were signed on its behalf by:

Allan McKenzie
Chairman

The accompanying notes are an integral part of the financial statements.

Reconciliation of Movements in Shareholders' Funds

For the year ended 31 August 2015

	Share capital £'000	Share premium account £'000	Special reserve £'000	Equity component CULS 2018 £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 August 2014	39,275	4,475	6,726	1,981	16,945	511,112	22,563	603,077
Return on ordinary activities after taxation	–	–	–	–	–	(81,846)	8,090	(73,756)
Issue of new Ordinary shares from conversion of 3.5% Convertible Unsecured Loan Stock 2018	1	9	–	(1)	–	–	–	9
Buyback of Ordinary shares for cancellation	(70)	–	(1,011)	–	70	–	–	(1,011)
Buyback of Ordinary shares for treasury	–	–	(5,364)	–	–	–	–	(5,364)
Dividend paid	–	–	–	–	–	–	(4,320)	(4,320)
Transfer of notional interest element on 3.5% Convertible Unsecured Loan Stock 2018	–	–	–	(588)	–	–	588	–
Balance at 31 August 2015	39,206	4,484	351	1,392	17,015	429,266	26,921	518,635

For the year ended 31 August 2014

	Share capital £'000	Share premium account £'000	Special reserve £'000	Equity component CULS 2018 £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 August 2013	39,274	4,452	6,726	2,572	16,945	460,820	19,557	550,346
Return on ordinary activities after taxation	–	–	–	–	–	50,292	6,737	57,029
Issue of new Ordinary shares from conversion of 3.5% Convertible Unsecured Loan Stock 2018	1	23	–	(2)	–	–	–	22
Dividend paid	–	–	–	–	–	–	(4,320)	(4,320)
Transfer of notional interest element on 3.5% Convertible Unsecured Loan Stock 2018	–	–	–	(589)	–	–	589	–
Balance at 31 August 2014	39,275	4,475	6,726	1,981	16,945	511,112	22,563	603,077

The capital reserve includes investment holding gains amounting to £157,395,000 (2014 – £270,246,000), as disclosed in note 9.

The revenue reserve represents the amount of the Company's reserves distributable by way of dividend.

The accompanying notes are an integral part of the financial statements.

Cash Flow Statement

	Notes	Year ended 31 August 2015		Year ended 31 August 2014	
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities	15		8,206		7,328
Servicing of finance					
Interest paid on CULS			(2,093)		(2,094)
Taxation					
Net tax paid			(578)		(374)
Financial investment					
Purchases of investments		(70,944)		(39,815)	
Sales of investments		72,094		48,303	
Net cash inflow from financial investment			1,150		8,488
Equity dividend paid			(4,320)		(4,320)
Net cash inflow before financing			2,365		9,028
Financing					
Purchase of own shares for treasury			(5,339)		–
Purchase of own shares for cancellation			(1,006)		–
Management of liquid resources					
Purchases of money market funds			(26,000)		(7,000)
Sales of money market funds			28,200		–
(Decrease)/increase in cash	16		(1,780)		2,028
Reconciliation of net cash flow to movements in net debt					
(Decrease)/increase in cash as above			(1,780)		2,028
Net change in liquid resources			(2,200)		7,000
Other non-cash movements			(638)		(624)
Exchange movements			(53)		(43)
Movement in net debt in the year			(4,671)		8,361
Net debt at 1 September			(44,405)		(52,766)
Net debt at 31 August			(49,076)		(44,405)

Notes to the Financial Statements For the year ended 31 August 2015

1. Accounting policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified to include the revaluation of investments and in accordance with the applicable UK Accounting Standards and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts'. They have also been prepared on the assumption that approval as an investment trust will continue to be granted.

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is included in the Statement of Corporate Governance (unaudited) on page 26.

The financial statements, and the net asset value per share figures, have been prepared in accordance with UK Generally Accepted Accounting Practice ('UK GAAP').

(b) Investments

Listed investments have been designated upon initial recognition as fair value through profit or loss. Investments are recognised and de-recognised on the trade date at fair value, which is generally deemed to be the cost of the investment at that point. Subsequent to initial recognition, investments are valued at fair value, which for listed investments is deemed to be bid market prices or closing prices for SETS (London Stock Exchange's electronic trading service) stocks sourced from the London Stock Exchange. Gains and losses arising from changes in fair value are included as a capital item in the Income Statement and are ultimately recognised in the capital reserve.

(c) Income

Dividends (other than special dividends), including taxes deducted at source, are included in revenue by reference to the date on which the investment is quoted ex-dividend. Special dividends are reviewed on a case-by-case basis and may be credited to capital, if circumstances dictate. Dividends receivable on equity shares where no ex-dividend date is quoted are brought into account when the Company's right to receive payment is established. Fixed returns on non-equity shares are recognised on a time-apportioned basis so as to reflect the effective yield on shares. Other returns on non-equity shares are recognised when the right to return is established. The fixed return on a debt security, if material, is recognised on a time apportioned basis so as to reflect the effective yield on each security. Where the Company has elected to receive its dividends in the form of additional shares rather than cash, the amount of the foregone cash dividend is recognised as income. Any excess in the value of the shares received over the amount of cash dividend foregone is recognised in capital reserves. Interest receivable on bank balances is dealt with on an accruals basis.

(d) Expenses

All expenses are accounted for on an accruals basis. Expenses are charged through the revenue column of the Income Statement with the exception of expenses directly relating to the acquisition or disposal of an investment, in which case, they are added to the cost of the investment or deducted from the sale proceeds. Such transaction costs are disclosed in accordance with the SORP. These expenses are charged to the capital column of the Income Statement and are separately identified and disclosed in note 9.

(e) Deferred taxation

Deferred taxation is provided on all timing differences, that have originated but not reversed at the Balance Sheet date, where transactions or events that result in an obligation to pay more or a right to pay less tax in future have occurred at the Balance Sheet date, measured on an undiscounted basis and based on enacted tax rates. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the Company's taxable profits and its results as stated in the accounts which are capable of reversal in one or more subsequent periods. Due to the Company's status as an investment trust company, and the intention to continue to meet the conditions required to obtain approval for the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

Notes to the Financial Statements *continued*

(f) Capital reserves

Gains and losses on investments and changes in fair values of investments which are readily convertible to cash, without accepting adverse terms, are transferred to the capital reserve.

(g) Foreign currency

Assets and liabilities in foreign currencies are translated at the rates of exchange ruling on the Balance Sheet date. Transactions involving foreign currencies are converted at the rate ruling on the date of the transaction. Gains and losses on the realisation of foreign currencies are recognised in the Income Statement and are then transferred to the capital reserve.

(h) Dividends payable

Final dividends are dealt with in the period in which they are paid.

(i) 3.5% Convertible Unsecured Loan Stock 2018

Convertible Unsecured Loan Stock ("CULS") issued by the Company is regarded as a compound instrument, comprising of a liability component and an equity component. At the date of issue, the fair value of the liability component was estimated by assuming that an equivalent non-convertible obligation of the Company would have a coupon rate of 4.662%. The notional uplift in interest from 3.5% to 4.662% is shown in note 5. The fair value of the equity component, representing the option to convert liability into equity, is derived from the difference between the issue proceeds of the CULS and the fair value assigned to the liability. The liability component is subsequently measured at amortised cost using the effective interest rate.

Direct expenses associated with the CULS issue are allocated to the liability and equity components in proportion to the split of the proceeds of the issue. Expenses allocated to the liability component are amortised over the life of the instrument.

The interest expense on the CULS is calculated according to the effective interest rate method by applying the assumed rate of 4.662% at initial recognition to the liability component of the instrument. The difference between this amount and the interest paid is added to the carrying liability of the CULS.

On conversion of CULS, equity is issued and the liability component is derecognised. The original equity component recognised at inception remains in equity. No gain or loss is recognised on conversion.

When CULS is repurchased for cancellation, the fair value of the liability at the redemption date is compared to its carrying amount, giving rise to a gain or loss on redemption that is recognised through profit or loss. The amount of consideration allocated to equity is recognised in equity with no gain or loss being recognised.

In the event of a winding-up of the Company the rights and claims of the Trustee and CULS holders would be subordinate to the claims of all creditors in respect of the Company's secured and unsecured borrowings, under the terms of the Trust Deed.

(j) Treasury shares

When the Company purchases its Ordinary shares to be held in treasury, the amount of the consideration paid, which includes directly attributable costs, is net of any tax effect, and is recognised as a deduction from the special reserve. When these shares are sold subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to or from the special reserve.

	2015	2014
	£'000	£'000
2. Income		
Income from investments		
UK dividend income	1,009	903
Overseas dividend income	15,274	13,714
Scrip dividends	2,056	2,381
	18,339	16,998

	2015	2014
	£'000	£'000
Other income		
Deposit interest	4	4
Interest from money market funds	29	8
	33	12
Total income	18,372	17,010

	2015	2014
	£'000	£'000
Income from investments		
Listed UK	912	692
Listed overseas	17,427	16,306
	18,339	16,998

	2015			2014		
	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000
3. Management fee						
Management fee	5,955	–	5,955	5,597	–	5,597

Management fees paid to Aberdeen Fund Managers Limited ("the Manager") are calculated at 1.0% on net assets up to £600,000,000, 0.9% on net assets between £600,000,000 and £1,000,000,000 and 0.8% on net assets over £1,000,000,000. Management fees are calculated and billed on a quarterly basis. Prior to 1 January 2014 management fees were calculated at 0.25% per quarter of the total net assets less (i) the value of any investment funds managed by the Manager and (ii) 50% of the value of any investment funds managed or advised by investment managers other than the Manager.

Net assets exclude long term borrowings less (i) the value of any investment funds managed by the Manager and (ii) 50% of the value of any investment funds managed or advised by investment managers other than the Manager.

The management agreement is terminable by the Company on three months' notice or in the event of a change of control in the ownership of the Manager. The notice period required by the Manager is six months.

Notes to the Financial Statements *continued*

	2015 £'000	2014 £'000
4. Administrative expenses		
Promotional activities	203	200
Directors' fees	148	153
Custody fees	239	429
Auditor's remuneration:		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	17	17
Fees payable to the Company's auditor for the review of the Company's half yearly accounts	5	5
Secretarial fee	–	36
Other expenses	411	363
	1,023	1,203

The Company has an agreement with Aberdeen Fund Managers Limited ("the Manager") for the provision of promotional activities in relation to the Company's participation in the Aberdeen Investment Trust Share Plan and ISA. The total fees paid and payable under the agreement were £203,000 (2014 – £200,000) and the sum due to the Manager at the year end was £34,000 (2014 – £33,000).

The secretarial fee paid to the Manager ceased with effect from 1 January 2014. In previous periods this was adjusted annually in line with the Retail Prices Index.

No pension contributions were made in respect of any of the Directors.

The Company does not have any employees.

	2015 £'000	2014 £'000
5. Interest payable and similar charges		
Interest on 3.5% Convertible Unsecured Loan Stock 2018	2,093	2,094
Notional interest on 3.5% Convertible Unsecured Loan Stock 2018	588	589
Amortisation of 3.5% Convertible Unsecured Loan Stock 2018 issue expenses	59	58
	2,740	2,741

	2015			2014		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
6. Taxation						
(a) Analysis of charge for the year						
Overseas tax suffered	564	–	564	732	6	738
Taxation on ordinary activities	564	–	564	732	6	738

(b) Factors affecting the tax charge for the year

The tax assessed for the year is lower than the effective rate of corporation tax in the UK.

	2015			2014		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Return on ordinary activities before taxation	8,654	(81,846)	(73,192)	7,469	50,298	57,767
Effective rate of corporation tax at 20.58% (2014 – 22.17%)	1,781	(16,844)	(15,063)	1,656	11,151	12,807
Effects of:						
UK dividend income	(208)	–	(208)	(200)	–	(200)
Losses/(gains) on investments not taxable	–	16,833	16,833	–	(11,161)	(11,161)
Currency losses not taxable	–	11	11	–	10	10
Other non-taxable income	(3,567)	–	(3,567)	(3,568)	–	(3,568)
Increase in excess expenses and loan relationship deficit	1,993	–	1,993	2,112	–	2,112
Prior year adjustment in respect of overseas tax	(134)	–	(134)	–	–	–
Net overseas tax suffered	699	–	699	732	6	738
Current tax charge for year	564	–	564	732	6	738

(c) Provision for deferred taxation

No provision for deferred taxation has been made in the current year or in the prior year.

The Company has not provided for deferred tax on capital gains or losses arising on the revaluation or disposal of investments as it is exempt from tax on these items because of its status as an investment trust company.

(d) Factors that may affect future tax charges

The Company has not recognised a deferred tax asset £10,369,000 (2014 – £8,464,000) arising as a result of excess management expenses and non-trading loan relationship deficits (CULS interest). These expenses will only be utilised if the Company has profits chargeable to corporation tax in the future.

7. Dividends

In order to comply with the requirements of Sections 1158 -1159 of the Corporation Tax Act 2010 and with company law, the Company is required to make a final dividend distribution.

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

The table below sets out the total dividends paid and proposed in respect of the financial year, which is the basis on which the requirements of Sections 1158 – 1159 are considered. The revenue available for distribution by way of dividend for the year is £8,090,000 (2014 – £6,737,000).

	2015 £'000	2014 £'000
Proposed final dividend for 2015 – 3.00p per Ordinary share (2014 – 2.20p)	5,805	4,320

The amounts reflected above for the cost of the proposed final dividend for 2015 is based on 193,512,844 Ordinary shares in issue, being the number of Ordinary shares in issue at the date of this Report.

Notes to the Financial Statements continued

The final dividend will be paid on 18 December 2015 to shareholders on the register at the close of business on 20 November 2015.

8. Return per Ordinary share	2015		2014	
	£'000	pence	£'000	pence
Basic				
Revenue return	8,090	4.13	6,737	3.43
Capital return	(81,846)	(41.81)	50,292	25.61
Total return	(73,756)	(37.68)	57,029	29.04
Weighted average Ordinary shares in issue	195,773,845		196,371,896	
Diluted	2015		2014	
	£'000	pence	£'000	pence
Revenue return	10,626	n/a	9,218	n/a
Capital return	(81,846)	n/a	50,292	23.32
Total return	(71,220)	n/a	59,510	27.59
Weighted average Ordinary shares in issue	215,052,963		215,656,495	

^A The calculation of the diluted total, revenue and capital returns per Ordinary share are carried out in accordance with Financial Reporting Standard 22, "Earnings per Share". For the purpose of calculating total, revenue and capital returns per Ordinary share, the number of Ordinary shares used is the weighted average number used in the basic calculation plus the number of Ordinary shares deemed to be issued for no consideration on exercise of all 3.5% Convertible Unsecured Loan Stock 2018 (CULS). The calculations indicate that the exercise of CULS would result in an increase in the weighted average number of Ordinary shares of 19,279,118 (2014 – 19,284,599) to 215,052,963 (2014 – 215,656,495) Ordinary shares.

For the years ended 31 August 2015 and 31 August 2014 there was no dilution to the revenue return per Ordinary share. Additionally, for the year ended 31 August 2015 there was no dilution to the capital return per Ordinary share due to a loss being reported. Where dilution does occur, the net returns are adjusted for items relating to the CULS. Total earnings for the period are tested for dilution. Once dilution has been determined individual revenue and capital earnings are adjusted. Accrued CULS finance costs for the period and unamortised issues expenses are reversed.

9. Investments	Listed overseas	Listed in UK	Total
	£'000	£'000	£'000
Fair value through profit or loss:			
Opening book cost	356,835	19,591	376,426
Opening fair value gains/(losses) on investments held	273,003	(2,757)	270,246
Opening fair value	629,838	16,834	646,672
Movements in year:			
Purchases at cost	67,541	6,100	73,641
Sales – proceeds	(72,086)	–	(72,086)
Sales – gains on sales	31,058	–	31,058
Current year fair value (losses) on investments held	(104,893)	(7,958)	(112,851)
Closing fair value	551,458	14,976	566,434

	Listed overseas £'000	Listed in UK £'000	Total £'000
Closing book cost	383,348	25,691	409,039
Closing fair value gains/(losses) on investments held	168,110	(10,715)	157,395
Closing fair value	551,458	14,976	566,434

	2015 £'000	2014 £'000
Listed on a recognised overseas investment exchange	551,458	629,838
Listed in the UK	14,976	16,834
	566,434	646,672

	2015 £'000	2014 £'000
Gains on investments held at fair value through profit or loss		
Realised gains on sales	31,058	23,523
(Decrease)/increase in fair value gains on investments held	(112,851)	26,818
	(81,793)	50,341

Transaction costs

During the year expenses were incurred in acquiring or disposing of investments classified as fair value through profit or loss. These have been expensed through capital and are included within gains on investments in the Income Statement. The total costs were as follows:

	2015 £'000	2014 £'000
Purchases	170	58
Sales	193	101
	363	159

	2015 £'000	2014 £'000
10. Debtors and prepayments		
Accrued income	1,937	1,710
Overseas withholding tax recoverable	199	130
Amounts due from brokers	531	539
Other debtors and prepayments	496	471
	3,163	2,850

Included in other debtors and prepayments is an amount of USD696,000, equivalent to £446,000 (2014 – USD696,000, £405,000), being the estimated recovery of funds following the settlement between Aberdeen Asset Managers Limited and Satyam Computer Services in relation to a claim made following the discovery of a financial fraud, which led to the sale of the stock at a weakened price.

Notes to the Financial Statements *continued*

	2015	2014
	£'000	£'000
11. Creditors: amounts falling due within one year		
Amounts due to brokers	179	117
Amounts due relating to purchase of own shares to treasury	30	–
Other creditors	1,677	1,923
	1,886	2,040

12. Non-current liabilities – 3.5% Convertible Unsecured Loan Stock 2018

	Number of units	Liability component	Equity component
	£'000	£'000	£'000
Year ended 31 August 2015			
Balance at 31 August 2014	59,797	57,614	1,981
Conversion of 3.5% Convertible Unsecured Loan Stock 2018 into Ordinary shares	(10)	(9)	(1)
Notional interest on 3.5% Convertible Unsecured Loan Stock 2018	–	588	–
Notional interest on 3.5% Convertible Unsecured Loan Stock 2018 transferred to revenue reserve	–	–	(588)
Amortisation of issue expenses (see note 1(i))	–	59	–
Balance at 31 August 2015	59,787	58,252	1,392

	Number of units	Liability component	Equity component
	£'000	£'000	£'000
Year ended 31 August 2014			
Balance at 31 August 2013	59,822	56,990	2,572
Conversion of 3.5% Convertible Unsecured Loan Stock 2018 into Ordinary shares	(25)	(23)	(2)
Notional interest on 3.5% Convertible Unsecured Loan Stock 2018	–	589	–
Notional interest on 3.5% Convertible Unsecured Loan Stock 2018 transferred to revenue reserve	–	–	(589)
Amortisation of issue expenses (see note 1(i))	–	58	–
Balance at 31 August 2014	59,797	57,614	1,981

On 12, 26 and 27 January 2011, the Company issued a total of £60,000,000 nominal amount of 3.5% Convertible Unsecured Loan Stock 2018 ("CULS"). The CULS can be converted at the election of holders into Ordinary Shares during the months of January and July each year throughout their life, to January 2018 at a rate of 1 Ordinary share for every 310.1528p nominal of CULS. Once 80% of the CULS issued have been converted the Company is allowed to request that holders redeem or convert the remainder. Interest is paid on the CULS on 31 January and 31 July each year, of which 100% is charged to revenue in line with the Board's expected long-term split of returns from the investment portfolio of the Company.

The Company was required to recognise the liability component and the equity component of the CULS at their date of issue. The liability component must be increased to the nominal value over the life of the CULS by crediting the liability and debiting the profit and loss account. In order to align the revenue reserves with the distributable reserves the Company has decided to make an annual transfer between the equity component of the CULS and the revenue reserve so that the revenue reserve reflects distributable reserves as defined by company law.

During the year ended 31 August 2015 the Company converted £9,582 (2014 – £25,056) nominal amount of CULS into 3,085 (2014 – 8,070) Ordinary shares.

As at 31 August 2015, there was £59,787,042 (2014 – £59,796,624) nominal amount of CULS in issue.

	2015	2014
	£'000	£'000
13. Called-up share capital		
Allotted, called-up and fully paid:		
Ordinary shares of 20p		
Opening balance of 196,376,759 (2014 – 196,368,689) shares	39,275	39,274
Issue of 3,085 (2014 – 8,070) Ordinary shares on conversion of £9,582 (2014 – £25,056) nominal 3.5% Convertible Unsecured Loan Stock 2018	1	1
Buyback of 2,295,500 (2014 – NIL) Ordinary shares with 352,000 shares being cancelled	(70)	–
Closing balance of 196,027,844 (2014 – 196,376,759) shares	39,206	39,275

During the year there were a further 3,085 Ordinary shares issued as a result of CULS conversion (2014 – 8,070).

During the year 352,000 Ordinary shares of 20p each were purchased for cancellation by the Company (2014 – nil) at a total cost of approximately £1,011,000 (2014 – £nil). A further 1,943,500 Ordinary shares of 20p each were purchased to be held in treasury by the Company (2014 – nil) at a total cost of approximately £5,364,000 (2014 – £nil). At the year end 1,943,500 (2014 – nil) Ordinary shares of 20p each were held in treasury, which represents 1.0% (2014 – nil) of the Company's total issued share capital at 31 August 2015.

Since the year end a further 571,500 Ordinary shares of 20p each have been purchased by the Company at a total cost of £1,347,000, all of which were held in treasury.

14. Net asset value per share

The net asset value per share and the net asset values attributable to the Ordinary shareholders at the year end calculated in accordance with the Articles of Association were as follows:

	2015	2014
Net assets attributable (£'000)	518,635	603,077
Number of Ordinary shares in issue	194,084,344	196,376,759
Net asset value per share (p)	267.22	307.10

The impact of the 3.5% Convertible Unsecured Loan Stock 2018 on the net asset value per share was anti-dilutive for the years ended 31 August 2015 and 31 August 2014.

Notes to the Financial Statements *continued*

15. Reconciliation of net return before finance costs and taxation to net cash inflow from operating activities	2015 £'000	2014 £'000
Net return before finance costs and taxation	(70,452)	60,508
Adjustments for:		
Losses/(gains) on investments held at fair value through profit or loss	81,793	(50,341)
Exchange losses charged to capital	53	43
Increase in accrued income	(227)	(263)
Increase in tax on accrued income	(55)	–
(Increase)/decrease in other debtors	(25)	25
(Decrease)/increase in sundry creditors including management fee due	(246)	110
Stock dividends included in investment income	(2,635)	(2,754)
Net cash inflow from operating activities	8,206	7,328

	1 September 2014 £'000	Cash flow £'000	Currency movements £'000	Other non-cash movements £'000	31 August 2015 £'000
16. Analysis of changes in net debt					
Cash and short term deposits	6,209	(1,780)	(53)	–	4,376
Money market funds	7,000	(2,200)	–	–	4,800
Debt falling due in more than one year	(57,614)	–	–	(638)	(58,252)
Net debt	(44,405)	(3,980)	(53)	(638)	(49,076)

17. Capital management policies and procedures

The Company's capital management objectives are:

- to ensure that the Company will be able to continue as a going concern; and
- to maximise the capital return to its equity shareholders through an appropriate balance of equity capital and debt. The Board has imposed a maximum gearing level of 20% of net assets.

The Board monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes the nature and planned level of gearing, which takes account of the Manager's views on the market, and the extent to which revenue in excess of that which is required to be distributed should be retained.

The Company has no externally imposed capital requirements.

18. Financial instruments

Risk management

The Company's investment activities expose it to various types of financial risk associated with the financial instruments and markets in which it invests. The Company's financial instruments comprise securities and other investments, cash balances, Convertible Unsecured Loan Stock and debtors and creditors that arise directly from its operations; for example, in respect of sales and purchases awaiting settlement, and debtors for accrued income.

The Board has delegated the risk management function to AFML under the terms of its management agreement with AFML (further details of which are included under note 3). The Board regularly reviews and agrees policies for managing each of the key financial risks identified with the Manager. The types of risk and the Manager's approach to the management of each type of risk, are summarised below. Such approach has been applied throughout the year and has not changed since the previous accounting period. The numerical disclosures exclude short-term debtors and creditors.

Risk management framework

The directors of Aberdeen Fund Managers Limited collectively assume responsibility for AFML's obligations under the AIFMD including reviewing investment performance and monitoring the Company's risk profile during the year.

AFML is a fully integrated member of the Aberdeen Group, which provides a variety of services and support to AFML in the conduct of its business activities, including in the oversight of the risk management framework for the Company. The AIFM has delegated the day to day administration of the investment policy to Aberdeen Asset Management Asia Limited, which is responsible for ensuring that the Company is managed within the terms of its investment guidelines and the limits set out in its pre-investment disclosures to investors (details of which can be found on the Company's website). The AIFM has retained responsibility for monitoring and oversight of investment performance, product risk and regulatory and operational risk for the Company.

The Manager conducts its risk oversight function through the operation of the Group's risk management processes and systems which are embedded within the Group's operations. The Group's Risk Division supports management in the identification and mitigation of risks and provides independent monitoring of the business. The Division includes Compliance, Business Risk, Market Risk, Risk Management and Legal. The team is headed up by the Group's Head of Risk, who reports to the Chief Executive Officer of the Group. The Risk Division achieves its objective through embedding the Risk Management Framework throughout the organisation using the Group's operational risk management system ("SWORD").

The Group's Internal Audit Department is independent of the Risk Division and reports directly to the Group CEO and to the Audit Committee of the Group's Board of Directors. The Internal Audit Department is responsible for providing an independent assessment of the Group's control environment.

The Group's corporate governance structure is supported by several committees to assist the board of directors of Aberdeen, its subsidiaries and the Company to fulfil their roles and responsibilities. The Group's Risk Division is represented on all committees, with the exception of those committees that deal with investment recommendations. The specific goals and guidelines on the functioning of those committees are described on the committees' terms of reference.

Risk management

The main risks the Company faces from its financial instruments are (i) market risk (comprising interest rate risk, currency risk and price risk), (ii) liquidity risk and (iii) credit risk.

Market risk

The fair value of or future cash flows from a financial instrument held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements – interest rate risk, currency risk and other price risk. The Company is exposed to gearing risk which has the effect of exacerbating market falls and gains. Long term gearing is represented by £59.8 million nominal of 3.5% Convertible Unsecured Loan Stock 2018 (CULS).

Interest rate risk

Interest rate movements may affect the level of income receivable on cash deposits.

Management of the risk

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment and borrowing decisions.

Interest risk profile

The interest rate risk profile of the portfolio of the Company's financial assets and liabilities, excluding equity holdings which are all non-interest bearing, at the Balance Sheet date was as follows:

Notes to the Financial Statements *continued*

	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
At 31 August 2015				
Assets				
Korean Won	–	–	–	23
Singapore Dollar	–	–	–	233
Sterling	–	0.10	–	6,696
Taiwanese Dollar	–	–	–	3
Thailand Baht	–	–	–	2,221
Total assets	n/a	n/a	–	9,176
Liabilities				
3.5% Convertible Unsecured Loan Stock 2018	2.42	3.50	58,252	–

	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
At 31 August 2014				
Assets				
Indian Rupee	–	–	–	125
Korean Won	–	–	–	14
Malaysian Ringgit	–	–	–	77
Sterling	–	0.10	–	12,236
Taiwanese Dollar	–	–	–	755
US Dollar	–	–	–	2
Total assets	n/a	n/a	–	13,209
Liabilities				
3.5% Convertible Unsecured Loan Stock 2018	3.42	3.50	57,614	–

The weighted average interest rate is based on the current yield of each asset, weighted by its market value.

The floating rate assets consist of cash deposits on call earning interest at prevailing market rates.

The Company's equity portfolio and short-term debtors and creditors have been excluded from the above tables.

Interest rate sensitivity

Movements in interest rates would not significantly affect net assets attributable to the Company's shareholders and total profit.

Foreign currency risk

The majority of the Company's investment portfolio is invested in overseas securities and the Balance Sheet, therefore, can be significantly affected by movements in foreign exchange rates.

Management of the risk

It is not the Company's policy to hedge this risk on a continuing basis but the Company may, from time to time, match specific overseas investments with foreign currency borrowings.

The revenue account is subject to currency fluctuation arising on dividends paid in foreign currencies. The Company does

not hedge this currency risk.

Foreign currency risk exposure by currency of denomination:

	31 August 2015			31 August 2014		
	Overseas	Net	Total	Overseas	Net	Total
	investments	monetary	currency	investments	monetary	currency
	£'000	£'000	£'000	£'000	£'000	£'000
Hong Kong Dollar	136,200	–	136,200	161,360	–	161,360
Indian Rupee	93,969	–	93,969	90,103	125	90,228
Indonesian Rupiah	10,349	(55)	10,294	4,510	–	4,510
Korean Won	43,180	23	43,202	54,067	14	54,081
Malaysian Ringgit	22,390	(124)	22,266	23,630	77	23,707
Philippine Peso	22,910	–	22,910	27,389	–	27,389
Singapore Dollar	116,204	764	116,968	137,957	–	137,957
Sri Lankan Rupee	17,877	–	17,877	19,616	–	19,616
Taiwanese Dollar	35,619	3	35,622	40,252	755	41,007
Thailand Baht	19,010	2,221	21,231	30,832	–	30,832
US Dollar	33,750	–	33,750	40,122	2	40,124
	551,458	2,832	554,289	629,838	973	630,811
Sterling	14,976	6,665	21,641	16,834	12,236	29,070
Total	566,434	9,497	575,930	646,672	13,209	659,881

Foreign currency sensitivity

There is no sensitivity analysis included, as the Company's significant foreign currency financial instruments are in the form of equity investments, which have been included within the other price risk sensitivity analysis, so as to show the overall level of exposure.

Other price risk

Other price risks (ie changes in market prices other than those arising from interest rate or currency risk) may affect the value of the quoted investments.

Management of the risk

It is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular country or sector. Both the allocation of assets and the stock selection process, as detailed on page 53, act to reduce market risk. The Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to review investment strategy. The investments held by the Company are listed on various stock exchanges worldwide.

Other price risk sensitivity

If market prices at the Balance Sheet date had been 10% higher or lower while all other variables remained constant, the return attributable to Ordinary shareholders for the year ended 31 August 2015 would have increased/decreased by £56,643,000 (2014 – increased/decreased by £64,667,000) and equity reserves would have increased/decreased by the same amount.

Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Notes to the Financial Statements *continued*

Management of the risk

The Company's assets mainly comprise readily realisable securities which can be sold to meet funding requirements if necessary. In order to monitor the concentration of Dragon's investee companies with Aberdeen, the total percentage holdings of those securities owned by Aberdeen-managed funds is reviewed by the Board.

The Board imposes borrowing limits to ensure gearing levels are appropriate to market conditions, and reviews these on a regular basis. The Board has imposed a maximum gearing level, measured on the most stringent basis of calculation after netting off cash equivalents, of 20%. Short-term flexibility can be achieved through the use of loan and overdraft facilities. At 31 August 2014 and 2015 the Company had no loan or overdraft facility in place.

Liquidity risk exposure

At 31 August 2015 the Company had borrowings in the form of the £59,787,042 (2014 – £59,796,624) nominal of 3.5% Convertible Unsecured Loan Stock 2018.

Credit risk

This is the risk of failure of the counterparty to a transaction to discharge its obligations under that transaction that could result in the Company suffering a loss.

Management of the risk

- investment transactions are carried out with a large number of brokers, whose credit-standing is reviewed periodically by the Manager, and limits are set on the amount that may be due from any one broker;
- the risk of counterparty, including the Depositary, exposure due to failed trades causing a loss to the Company is mitigated by the review of failed trade reports on a daily basis. In addition, the third party administrators' carries out a stock reconciliation to the Depositary's records on a daily basis to ensure discrepancies are picked up on a timely basis. The Manager's Compliance department carries out periodic reviews of the Depositary's operations and reports its findings to the Manager's Risk Management Committee. This review will also include checks on the maintenance and security of investments held;
- cash is held only with reputable banks with high quality external credit enhancements.

None of the Company's financial assets are secured by collateral or other credit enhancements.

Credit risk exposure

In summary, compared to the amounts in the Balance Sheet, the maximum exposure to credit risk at 31 August was as follows:

	2015		2014	
	Balance Sheet £'000	Maximum exposure £'000	Balance Sheet £'000	Maximum exposure £'000
Current assets				
Loans and receivables	3,163	3,163	2,850	2,850
Cash at bank and in hand	4,376	4,376	6,209	6,209
	7,539	7,539	9,059	9,059

None of the Company's financial assets is past due or impaired.

Maturity of financial liabilities

The maturity profile of the Company's financial liabilities at 31 August was as follows:

	2015 £'000	2014 £'000
In more than one year	58,252	57,614

At 31 August 2015 the full contractual liability for the CULS assuming no further conversions was £65,037,000 (2014 – £67,122,000).

19. Fair value hierarchy

FRS 29 'Financial Instruments: Disclosures' requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

All of the Company's investments are in quoted equities (2014 – same) actively traded on recognised stock exchanges, with their fair value being determined by reference to their quoted bid prices at the reporting date. The total value of the investments (2015 – £566,434,000; 2014 – £646,672,000) have therefore been deemed as Level 1.

20. Related party transactions and transactions with the Manager

Fees payable during the year to the Directors and their interests in shares of the Company are disclosed within the Directors' Remuneration Report on pages 28 and 29.

The Company has an agreement in place with Aberdeen Fund Managers Limited ("AFML") for the provision of management and administration services, promotional activities and secretarial services. Details of transactions during the year and balances outstanding at the year end disclosed in notes 3 and 4.

Information about the Manager

Aberdeen Fund Managers Limited

Aberdeen Fund Managers Limited (AFML), authorised and regulated by the Financial Conduct Authority, has been appointed as alternative investment fund manager to the Company. AFML has in turn delegated portfolio management to Aberdeen Asset Management Asia Limited.

Aberdeen Asset Management Asia Limited (AAMA)

AAMA is the investment manager of the Company. AAMA is based in Singapore and is a wholly-owned subsidiary, and the Asia Pacific headquarters of, Aberdeen Asset Management PLC ("Aberdeen Asset Management"), a publicly-quoted company on the London Stock Exchange. Worldwide, Aberdeen Asset Management manages a combined £294.4 billion (as at 31 August 2015) in assets for a range of clients, including individuals and institutions, through mutual and segregated funds. AAMA has been Aberdeen Asset

Management's principal manager of Asia-Pacific assets since 1992, and had 490 staff across the region at 31 August 2015. Total funds in the region are over £56.7 billion as at 31 August 2015.

Aberdeen Asset Management, which has its headquarters in Aberdeen, has over 2,700 staff in 38 offices in 25 countries – including 750 investment professionals, based in Bangkok, Budapest, Edinburgh, Hong Kong, Jakarta, Kuala Lumpur, London, New York, Paris, Philadelphia, Singapore, São Paulo, Sydney and Tokyo. The Aberdeen Group manages over 80 investment companies and other closed-ended funds representing approximately £16.3 billion of assets under management. They adhere closely to the Aberdeen Group's investment style which is that of fundamental investors, with an emphasis on company visits and original research.

The Investment Team Senior Managers



Hugh Young

Managing Director

BA in Politics from Exeter University. Started investment career in 1980. In charge of AAM Asia's Far East funds since 1985.



Adrian Lim

Senior Investment Manager

Chartered Financial Analyst, B.Acc from Nanyang Technological University (Singapore). Joined Aberdeen in 2000. Previously he was an associate director at Arthur Andersen.



Christopher Wong

Senior Investment Manager

BA in Accounting and Finance from Heriot-Watt University, and a Fellow of the Chartered Certified Accountants (FCCA) and a CFA Charterholder. Previously, he was an associate director at Andersen Corporate Finance.



Flavia Cheong

Investment Director

Masters in Economics from University of Auckland. Previously with Investment Company of the People's Republic of China and Development Bank of Singapore. Started investment career in 1987. Joined AAM Asia in 1996.



Chou Chong

Investment Director

Chartered Financial Analyst and Double Masters in Accounting & Finance and Information Systems from the London School of Economics. Joined AAM Asia in 1994.

The Investment Process

Philosophy and Style

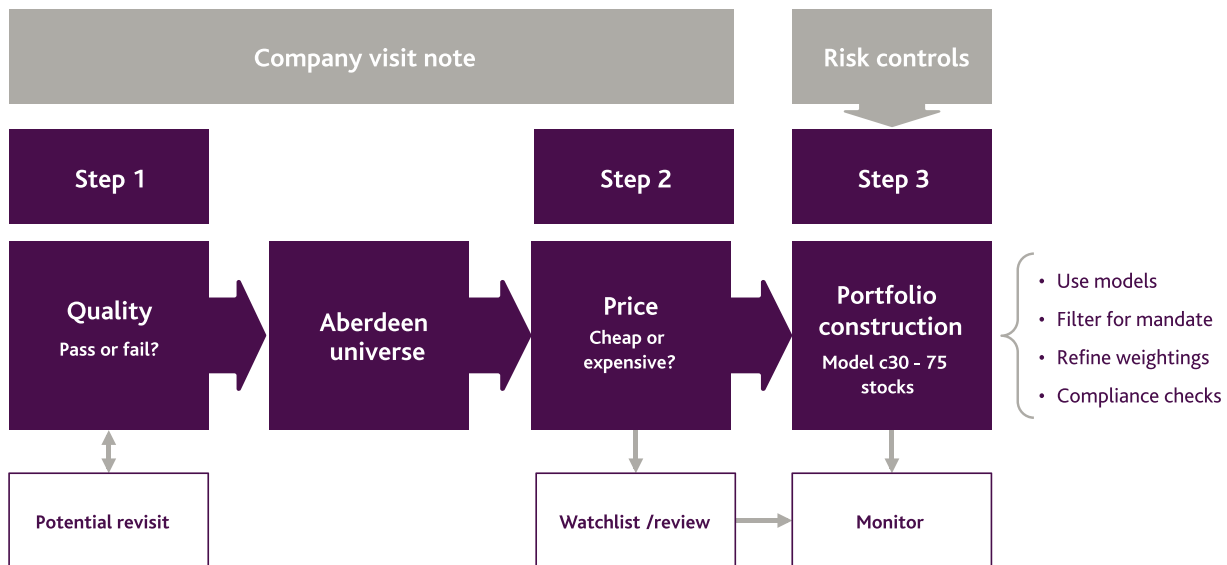
The Investment Manager's investment philosophy is that markets are not always efficient. We (AAM) believe that superior investment returns are therefore attainable by identifying good companies cheaply, defined in terms of the fundamentals that in our opinion drive share prices over the long term. We undertake substantial due diligence before initiating any investment including company visits in order to assure ourselves of the quality of the prospective investment. We are then careful not to pay too high a price when making the investment.

Subsequent to that investment we then keep in close touch with the company, aiming to meet management at least twice a year. Given our long-term fundamental investment philosophy, one would not expect much change in the companies in which we invest. We do, however, take opportunities offered to us by what we see as anomalous price movements within stock markets to either top up or top slice positions, which accounts for the bulk of the activity within the portfolio during the year under review.

Risk Controls

We seek to minimise risk by our in depth research. We do not view divergence from a benchmark as risk – we view investment in poorly run expensive companies that we do not understand as risk. In fact where risk parameters are expressed in benchmark relative terms, asset – including sector – allocation constitutes a significant constraint on stock selection. Hence diversification of stocks provides our main control.

AAM's performance and investment risk unit independently monitors portfolio positions, and reports monthly. As well as attributing performance it also produces statistical analysis, which is used by the Investment Manager primarily to check the portfolio is behaving as expected, not as a predictive tool.



Alternative Investment Fund Managers Directive Disclosures (Unaudited)

Aberdeen Fund Managers Limited ("AFML") and the Company are required to make certain disclosures available to investors in accordance with the Alternative Investment Fund Managers Directive ('AIFMD'). Those disclosures that are required to be made pre-investment are included within a pre-investment disclosure document ('PIDD') which can be found on the Company's website. There have been no material changes to the disclosures contained within the PIDD since first publication in July 2014.

The periodic disclosures as required under the AIFMD to investors are made below:

- Information on the investment strategy and sector investment focus and principal stock exposures are included in the Strategic Report.
- None of the Company's assets are subject to special arrangements arising from their illiquid nature.
- The Strategic Report, note 18 to the Financial Statements and the PIDD together set out the risk profile and risk management systems in place. There have been no changes to the risk management systems in place in the period under review and no breaches of any of the risk limits set, with no breach expected.
- There are no new arrangements for managing the liquidity of the Company or any material changes to the liquidity management systems and procedures employed by AFML.
- All authorised Alternative Investment Fund Managers are required to comply with the AIFMD Remuneration Code. In accordance with the Remuneration Code, the Company's AIFM remuneration policy is available from the Company's Secretary, Aberdeen Asset Managers Limited on request (see contact details on page 62 and the numerical remuneration in the disclosures in respect of the AIFM's first relevant reporting period (year ended 30 September 2015) will be made available in due course).

Leverage

The table below sets out the current maximum permitted limit and actual level of leverage for the Company:

	Gross method	Commitment method
Maximum level of leverage	2.50:1	2.00:1
Actual level at 31 August 2015	1.11:1	1.12:1

There have been no breaches of the maximum level during the period and no changes to the maximum level of leverage employed by the Company. There have been no changes to the circumstances in which the Company may be required to post assets as collateral and no guarantees granted under the leveraging arrangement. Changes to the information contained either within this Annual Report or the PIDD in relation to any special arrangements in place, the maximum level of leverage which AFML may employ on behalf of the Company; the right of use of collateral or any guarantee granted under any leveraging arrangement; or any change to the position in relation to any discharge of liability by the Depositary will be notified via a regulatory news service without undue delay in accordance with the AIFMD.

The information on this page has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) by Aberdeen Fund Managers Limited which is authorised and regulated by the Financial Conduct Authority in the United Kingdom.

Investor Information

How to Invest

Investors can buy and sell shares in the Company directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser. Alternatively, for retail clients, shares can be bought directly through Aberdeen's Investment Plan for Children and Aberdeen's Investment Trust Share Plan, Investment Trust ISA or ISA Transfer.

Suitable for Retail/NMPI Status

The Company's shares are designed for investors primarily in the UK (including retail investors), professional-advised private clients and institutional investors who seek total returns from investment in Asian markets and who understand and are willing to accept the risks of exposure to equities. Investors should consider consulting a financial adviser who specialises in advising on the acquisition of shares and other securities before acquiring shares. Investors should be capable of evaluating the risks and merits of such an investment and should have sufficient resources to bear any loss that may result.

The Company currently conducts its affairs so that securities issued by Edinburgh Dragon Trust plc can be recommended by IFAs to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream pooled investment products (NMPIs) and intends to continue to do so for the foreseeable future.

The Company's securities are not subject to the FCA's restrictions which apply to non-mainstream pooled investment products because they are shares in an investment trust.

Aberdeen's Investment Plan for Children

Aberdeen Asset Managers Limited ("Aberdeen") runs an Investment Plan for Children (the "Children's Plan") which covers a number of investment companies under its management including Edinburgh Dragon Trust plc. Anyone can invest in the Children's Plan (subject to the eligibility criteria as stated within the terms and conditions), including parents, grandparents and family friends. All investments are free of dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £150 per trust, while regular savers may invest from £30 per month. Investors simply pay Government Stamp Duty (currently 0.5%). Selling costs are £10+VAT. There is no restriction on how long an investor need invest in the Children's Plan, and regular savers can stop or suspend participation by instructing Aberdeen in writing at any time. In common with other schemes of this type, all investments are held in nominee accounts. Investors have full voting and other rights of share ownership.

Aberdeen's Investment Trust Share Plan

Aberdeen runs a Share Plan (the "Plan") through which shares in Edinburgh Dragon Trust plc can be purchased. There are no dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £250, while regular savers may invest from £100 per month. Investors simply pay Government Stamp Duty (currently 0.5%). Selling costs are £10+ VAT. There is no restriction on how long an investor need invest in a Plan, and regular savers can stop or suspend participation by instructing Aberdeen in writing at any time. In common with other schemes of this type, all investments are held in nominee accounts. Investors have full voting and other rights of share ownership.

Stocks and Shares ISA

An investment of up to £15,240 can be made in the tax year 2015/16.

There are no brokerage or initial charges for the ISA, although investors will suffer the bid-offer spread, which can be a significant amount. Investors only pay Government Stamp Duty (currently 0.5%) on purchases. Selling costs are £15 + VAT. The annual ISA administration charge is £24 + VAT, calculated annually and deducted on 31 March (or the last business day in March) either by direct debit or, if there is no valid direct debit mandate in place, from the available cash in the Plan prior to the distribution or reinvestment of any income, or, where there is insufficient cash in the Plan, from the sale of investments held in the Plan. Under current legislation, investments in ISAs can grow free of capital gains tax. Investors have full voting and other rights of share ownership.

ISA Transfer

You can choose to transfer previous tax year investments to us which can be invested in Edinburgh Dragon Trust plc while retaining your ISA wrapper. The minimum lump sum for an ISA transfer is £1,000 and is subject to a minimum per trust of £250.

Note

Please remember that past performance is not a guide to the future. Stock market and currency movements may cause the value of shares and the income from them to fall as well as rise and investors may not get back the amount they originally invested.

As with all equity investments, the value of investment trusts purchased will immediately be reduced by the difference between the buying and selling prices of the shares, the market maker's spread.

Investor Information continued

Investors should further bear in mind that the value of any tax relief will depend on the individual circumstances of the investor and that tax rates and reliefs, as well as the tax treatment of ISAs, may be changed by future legislation.

Pre-investment Disclosure Document (PIDD)

The AIFMD requires Aberdeen Fund Managers Limited, as the alternative investment fund manager of Edinburgh Dragon Trust plc, to make available to investors certain information prior to such investors' investment in the Company.

The Company's PIDD is available for viewing on its website.

Literature Request Service

For literature and application forms for the Manager's investment trust products, please contact:

Telephone: 0500 00 40 00
Email: aam@lit-request.com

Terms and Conditions for the Aberdeen managed savings products can also be found under the Literature section of our website at www.invrusts.co.uk.

Keeping You Informed

The Company's share price appears daily in the Financial Times.

For internet users, detailed data on the Company, including price, performance information and a monthly fact sheet is available on the Company's website (www.edinburghdragon.co.uk) and the TrustNet website (www.trustnet.co.uk). Alternatively you can call 0500 00 00 40 for trust information.

Contact Us

For information on Edinburgh Dragon Trust plc and for any administrative queries relating to Aberdeen's Investment Plan for Children, Share Plan, ISA or ISA Transfer please contact:

Aberdeen Investment Trusts
PO Box 11020
Chelmsford
Essex
CM99 2DB
Telephone: 0500 00 00 40

Company's Registrars

Alternatively, if you have an administrative query which relates to a direct holding, please contact the Company's Registrar, as follows:

Equiniti Limited
Aspect House

Spencer Road
Lancing
West Sussex
BN99 6DA

Telephone: 0371 384 2499
Fax: 0371 384 2100

Shareview Enquiry Line: 0371 384 2020
Textel/hard of hearing: 0371 384 2255
(Lines open 8.30am to 5.30pm, Monday to Friday).

Online Dealing Providers

Investor Information

There are a number of other ways in which you can buy and hold shares in the Company.

Online Dealing

There are a number of online dealing platforms for private investors that offer share dealing, ISAs and other means to invest in the Company. Real-time execution-only stockbroking services allow you to trade online, manage your portfolio and buy UK listed shares. These sites do not give advice. Some comparison websites also look at dealing rates and terms. Some well-known online providers, which can be found through internet search engines, include:

AJ Bell You Invest
Alliance Trust Savings
Barclays Stockbrokers
Charles Stanley Direct
Halifax Share Dealing
Hargreave Hale
Hargreaves Lansdown
Idealing
Interactive Investor
Selftrade
The Share Centre
Stocktrade
TD Direct

Discretionary Private Client Stockbrokers

If you have a large sum to invest, you may wish to contact a discretionary private client stockbroker. They can manage your entire portfolio of shares and will advise you on your investments. To find a private client stockbroker visit the Wealth Management Association at www.thewma.co.uk

Financial Advisers

To find an adviser who makes recommendations on investment trusts, visit www.unbiased.co.uk

Regulation of Stockbrokers

Before approaching a stockbroker, always check that they are regulated by the Financial Conduct Authority:

Tel: 0800 111 6768 or at
Website: ww.fca.org.uk/firms/systems-reporting/register/search
Email: register@fca.org.uk

Investor Warning

Aberdeen is aware that some investors have received telephone calls from people purporting to work for Aberdeen, or third parties, who have offered to buy their investment trust shares. These may be scams which attempt to gain personal information with which to commit identity fraud or could be 'boiler room' scams where a payment from an investor is required to release the supposed payment for their shares.

These callers do not work for Aberdeen and any third party making such offers has no link with Aberdeen. Aberdeen never makes these types of offers and does not 'cold-call' investors in this way. If investors have any doubt over the veracity of a caller, do not offer any personal information, end the call and contact Aberdeen's investor services centre using the details provided.

The above information has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 2000 (as amended by the Financial Services Act 2012) by Aberdeen Asset Managers Limited which is authorised and regulated by the Financial Conduct Authority.

Financial Calendar

31 August 2015	Company's financial year end
3 November 2015	Announcement of annual results for the year ended 31 August 2015
13 November 2015	Annual Report and Accounts published
15 December 2015 (12 noon)	Annual General Meeting
18 December 2015	Final dividend on Ordinary shares paid
3 January to 31 January 2016	Period during which holders of the Company's 3.5% Convertible Unsecured Loan Stock 2018 (CULS) can elect to convert into Ordinary shares
31 January 2016	Conversion date for any CULS converted into Ordinary shares
31 January 2016	Half-yearly interest on CULS paid
28 February 2016	Company's financial half-year end
April 2016	Announcement of half-yearly financial report for the six months ended 28 February 2016
May 2016	Half-Yearly Report published
3 July to 31 July 2016	Period during which CULS holders can elect to convert into Ordinary shares
31 July 2016	Conversion date for any CULS converted into Ordinary shares
31 July 2016	Half-yearly interest on CULS paid

Glossary of Terms and Definitions

Asset Cover	The value of a company's net assets available to repay a certain security. Asset cover is usually expressed as a multiple and calculated by dividing the net assets available by the amount required to repay the specific security.
AIFMD	Alternative Investment Fund Managers Directive
CULS	The £59.80 million nominal of 3.5 per cent. Convertible Unsecured Loan Stock 2018.
CULS Conversion Date	The CULS is convertible at any time during the periods of 28 days ending on 31 January and 31 July in each year commencing July 2011 and ending January 2018 (each such period and any other period during which Conversion Rights may be exercised being a "Conversion Period") conversions requests are to be received by 5.00 p.m. on the last day of the relevant Conversion Period (each such last day being a "Conversion Date" and the Conversion Date falling on 31 January 2018 or Final Repayment Date being the "Final Conversion Date").
CULS Conversion Price	The CULS is convertible semi-annually on the Conversion Date on the basis of 310.1528p nominal of CULS for one Ordinary Share. This equated to a 10 per cent. premium to the unaudited NAV per Ordinary Share (including income) of 281.9571p at 5 January 2011.
Discount	The amount by which the market price per share of an investment trust is lower than the net asset value per share. The discount is normally expressed as a percentage of the net asset value per share.
Dividend Cover	Earnings per share divided by dividends per share expressed as a ratio.
Dividend Yield	The annual dividend expressed as a percentage of the share price.
Leverage	For the purposes of the Alternative Investment Fund Managers (AIFM) Directive, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its net asset value and can be calculated on a gross and a commitment method. Under the gross method, exposure represents the sum of the Company's positions after the deduction of sterling cash balances, without taking into account any hedging and netting arrangements. Under the commitment method, exposure is calculated without the deduction of sterling cash balances and after certain hedging and netting positions are offset against each other.
NMPI	Non-mainstream pooled investment products.
Net Asset Value (NAV)	The value of total assets less liabilities. Liabilities for this purpose included current and long-term liabilities. The net asset value divided by the number of shares in issue produces the net asset value per share.
Net Gearing	Net gearing is calculated by dividing total assets (as defined below) less cash or cash equivalents by shareholders' funds expressed as a percentage.
Ongoing Charges	Ratio of ongoing expenses expressed as percentage of average daily shareholders' funds calculated as per the industry standard.
Premium	The amount by which the market price per share of an investment trust exceeds the net asset value per share. The premium is normally expressed as a percentage of the net asset value per share.
Price/Earnings Ratio	The ratio is calculated by dividing the middle-market price per share by the earnings per share. The calculation assumes no change in earnings but in practice the multiple reflects the stock market's view of a company's prospects and profit growth potential.
Prior Charges	The name given to all borrowings including debentures, loan and short term loans and overdrafts that are to be used for investment purposes, reciprocal foreign currency loans, currency facilities to the extent that they are drawn down, index-linked securities, and all types of preference or preferred capital and the income shares of split capital trusts, irrespective of the time until repayment.
Total Assets	Total Assets less current liabilities (before deducting prior charges as defined above).
Total Return	Total Return involves reinvesting the net dividend in the month that the share price goes ex-dividend. The NAV Total Return involves investing the same net dividend in the NAV of the trust on the date to which that dividend was earned, eg quarter end, half year or year end date.
Winding-up Date	The date specified in the articles of association for winding-up a company.

Notice of Annual General Meeting

Notice is hereby given that the twenty-eighth Annual General Meeting of Edinburgh Dragon Trust plc will be held at 40 Princes Street, Edinburgh EH2 2BY on 15 December 2015 at 12 noon to consider and, if thought fit, pass the following resolutions, of which resolutions 1 to 11 inclusive will be proposed as ordinary resolutions and resolutions 12 to 14 inclusive will be proposed as special resolutions:

1. To receive the reports of the Directors and auditor and the audited financial statements for the year to 31 August 2015.
2. To approve the Directors' Remuneration Report, excluding the Directors' Remuneration Policy, for the year to 31 August 2015.
3. To approve payment of a final dividend of 3.0p per Ordinary share.
4. To re-elect Mr McKenzie as a Director of the Company.
5. To re-elect Ms Langridge as a Director of the Company.
6. To re-elect Mr Maynard as a Director of the Company.
7. To re-elect Mr McLaren as a Director of the Company.
8. To re-appoint KPMG LLP as auditor of the Company to hold office until the conclusion of the next Annual General Meeting at which accounts are laid before the Company.
9. To authorise the Directors to determine the remuneration of the auditor for the year to 31 August 2016.
10. To continue the Company as an investment trust company.
11. That, in substitution for any pre-existing power to allot or grant rights to subscribe for or to convert any security into shares in the Company, but without prejudice to the exercise of any such authority prior to the date of this resolution, the Directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company ("securities") up to an aggregate nominal amount of £12,900,856, such authority to expire on 28 February 2017 or, if earlier, at the conclusion of the next Annual General Meeting of the Company to be held after the passing of this resolution, unless previously revoked, varied or extended by the Company in general meeting, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require relevant securities to be allotted after the expiry of such authority, and the Directors may allot relevant securities in pursuance of such an offer or agreement as if such authority had not expired.
12. That, subject to the passing of resolution 11 as set out above and in substitution for any existing power under Sections 570 and 573 of the Companies Act 2006 (the "Act") but without prejudice to the exercise of any such authority prior to the passing of this resolution, the Directors be and are hereby generally empowered, pursuant to Sections 570 and 573 of the Act, to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to the authority under Section 551 of the Act conferred by resolution 11 or by way of a sale of treasury shares (within the meaning of Section 560 (3) of the Act) as if Section 561 of the Act did not apply to any such allotment, provided that this power shall:
 - (i) be limited up to an aggregate nominal amount of £1,935,128 being 5% of the nominal value of the existing issued share capital of the Company; and
 - (ii) expire on 28 February 2017 or, if earlier, at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution unless previously revoked, varied or extended by the Company in general meeting, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to any such offer or agreement as if the power conferred hereby had not expired.
13. That, in substitution for any existing authority under Section 701 of the Companies Act 2006 (the "Act"), but without prejudice to the exercise of any such authority prior to the date hereof, the Company be generally and unconditionally authorised, in accordance with Section 701 of the Act, to make market purchases (within the meaning of Section 693(4) of the Act) of fully paid Ordinary shares of 20p each in the capital of the Company ("shares") and to cancel or hold in treasury such shares, provided that:
 - (i) the maximum aggregate number of shares hereby authorised to be purchased is 29,007,575 or, if less, the number representing approximately 14.99% of the issued Ordinary share capital of the Company as at the date of the passing of this resolution;
 - (ii) the minimum price which may be paid for a share shall be 20p (exclusive of expenses);

Notice of Annual General Meeting continued

- (iii) the maximum price (exclusive of expenses) which may be paid for a share shall be an amount being not more than the higher of (i) 105% of the average of the middle market quotations (as derived from the Daily Official List of the London Stock Exchange) for the shares for the five business days immediately preceding the date of purchase and (ii) the higher of the price of the last independent trade and the highest current independent bid relating to a share on the trading venue where the purchase is carried out; and
 - (iv) unless previously varied, revoked or renewed, the authority hereby conferred shall expire on 28 February 2017 or, if earlier, at the conclusion of the next Annual General Meeting of the Company to be held after the passing of this resolution, save that the Company may, at any time prior to such expiry, enter into a contract or contracts to purchase shares under such authority which would or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of shares pursuant to any such contract or contracts as if the authority conferred hereby had not expired.
14. That a general meeting other than an Annual General Meeting may be called on not less than 14 clear days' notice provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution.

By order of the Board
Aberdeen Asset Managers Limited
Secretary
16 November 2015

Registered office:
7th Floor
40 Princes Street
Edinburgh EH2 2BY

Notes:

- (i) A member is entitled to appoint a proxy or proxies to exercise all or any of their rights to attend, speak and vote on their behalf. A proxy need not be a member of the Company. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share.
- (ii) A form of proxy for use by shareholders is enclosed with this document. Completion and return of the form of proxy will not prevent any shareholder from attending the meeting and voting in person. To be valid, the form of proxy should be lodged, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority at the address stated thereon, so as to be received not later than 12 noon on 11 December 2015.
- (iii) In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, to have the right to attend and vote at the Meeting a member must first have his or her name entered in the Company's register of members by not later than 6.00pm on 11 December 2015 (or, in the event that the Meeting is adjourned, at 6.00pm on the day which is two business days before the time of the adjourned Meeting). Changes to entries on that register after that time shall be disregarded in determining the rights of any member to attend and vote at the Meeting referred to above.
- (iv) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual and by logging on to the website www.euroclear.com. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
- (v) In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's Registrar (ID RA19) no later than 12 noon on 11 December 2015 (or in the event the meeting is adjourned no later than 48 hours (excluding non-working days) before the time of the adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Company's Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
- (vi) CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection,

CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

- (vii) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- (viii) The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with Section 146 of the Companies Act 2006 ("nominated persons"). Nominated persons may have a right under an agreement with the member who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights. The statement of the rights of members in relation to the appointment of proxies in notes (i) and (ii) above does not apply to Nominated Persons. The rights described in these notes can only be exercised by members of the Company.
- (ix) No Director has a service contract with the Company but copies of Directors' letters of appointment will be available for inspection at the meeting venue for at least 15 minutes prior to the Meeting and during the Meeting.
- (x) As at close of business on 2 November 2015 (being the latest practicable date prior to publication of this document), the Company's issued share capital comprised 193,512,844 Ordinary shares of 25 pence each and there was a further 2,515,000 shares held in treasury. Each Ordinary share carries the right to one vote at a general meeting of the Company and therefore the total number of voting rights in the Company as at close of business on 2 November 2015 is 193,512,844. Treasury shares represent 1.3% of the total issued Ordinary share capital (inclusive of treasury shares).
- (xi) Any person holding 3% or more of the total voting rights in the Company who appoints a person other than the Chairman as his proxy will need to ensure that both he and such third party complies with their respective disclosure obligations under the UK Disclosure and Transparency Rules.
- (xii) Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that they do not do so in relation to the same shares.
- (xiii) The members of the Company may require the Company to publish, on its website, a statement setting out any matter relating to the audit of the Company's accounts, including the Auditor's Report and the conduct of the audit, which they intend to raise at the next meeting of the Company. The Company will be required to do so once it has received such requests from either (i) members representing at least 5% of the total voting rights of the Company or (ii) at least 100 members who have a relevant right to vote and hold shares in the Company on which there has been paid up an average sum per member of at least £100. Such requests must be made in writing and must state your full name and address, and be sent to: The Company Secretary, Edinburgh Dragon Trust plc, 40 Princes Street, Edinburgh EH2 2BY.
- (xiv) Information regarding the Annual General Meeting, including information required by Section 311A of the Companies Act 2006, is available from the Company's website, www.edinburghdragon.co.uk.
- (xv) Under Section 319A of the Companies Act 2006, the Company must answer any question relating to the business being dealt with at the meeting put by a member attending the meeting unless:
 - a) answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
 - b) the answer has already been given on a website in the form of an answer to a question; or
 - c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
- (xvi) Shareholders are advised that, unless otherwise stated, any telephone number, website or e-mail address which may be set out in this notice of Annual General Meeting or in any related documents (including the proxy form) is not to be used for the purposes of serving information or documents on, or otherwise communicating with, the Company for any purposes other than those expressly stated.
- (xvii) There are special arrangements for holders of shares through the Aberdeen's Investment Plan for Children, Aberdeen's Investment Trust Share Plan and Investment Trust ISA. These are explained in the 'Letter of Direction' which such holders will have received with this report.

Corporate Information

Directors

Allan McKenzie (Chairman)
Kathryn Langridge
Tony Lowrie
Peter Maynard
Iain McLaren

Website

Website: www.edinburghdragon.co.uk

Manager, Secretary and Registered Office Alternative Investment Fund Manager*

Aberdeen Fund Managers Limited
Bow Bells House
1 Bread Street
London EC4M 9HH
Website: www.aberdeen-asset.com

(Registered in England and Wales with Company Registration Number: 00740118)

(* appointed as required by EU Directive 2011/61/EU).

Investment Manager

Aberdeen Asset Management Asia Limited
(a subsidiary of Aberdeen Asset Management PLC which is authorised and regulated by the Financial Conduct Authority)

Secretary and Registered Office

Aberdeen Asset Managers Limited
(authorised and regulated by the Financial Conduct Authority)

7th Floor
40 Princes Street
Edinburgh EH2 2BY
Telephone: 0131 528 4000

Registrars

Equiniti
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Telephone: 0371 384 2499
Website: www.equiniti.com

Depository

BNP Paribas Securities Services, London Branch

Auditor

KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh EH1 2EG

Company Broker

Winterflood Securities
The Atrium Building
Cannon Bridge
25 Dowgate Hill
London EC4R 2GA

Company Registration Number

SC106049

Foreign Account Tax Compliance Act ("FATCA") Registration Number (GIIN)

IRS Registration Number (GIIN): 2WA1VW.99999.SL.826

Summary of Capital History

Issued Share Capital and Borrowings at 31 August 2015

196,027,844	Ordinary shares of 20p (of which 1,943,500 are held in treasury)
£59,787,042	3.5% Convertible Unsecured Loan Stock 2018 (CULS) nominal

Capital History

Year to 31 August 2015	During the year to 31 August 2015, 3,085 Ordinary shares were issued following elections by CULS holders to convert £9,582 nominal of CULS. 352,000 Ordinary shares were repurchased for cancellation and 1,943,500 Ordinary shares were repurchased into treasury.
Year to 31 August 2014	During the year to 31 August 2014, 8,070 Ordinary shares were issued following elections by CULS holders to convert £25,056 nominal of CULS.
Year to 31 August 2013	During the year to 31 August 2013, 8,430 Ordinary shares were issued following elections by CULS holders to convert £26,173 nominal of CULS.
Year to 31 August 2012	During the year to 31 August 2012, 13,909 Ordinary shares were issued following elections by CULS holders to convert £43,160 nominal of CULS.
Year to 31 August 2011	In January 2011, the Company issued £60 million nominal of 3.5% Convertible Unsecured Loan Stock 2018 (CULS). In August 2011, 35,131 Ordinary shares were issued following elections by CULS holders to convert £108,987 nominal of CULS.
Year to 31 August 2010	Following the Tender Offer for up to 15% of the Ordinary shares of the Company at a discount of 3 per cent. to Formula Asset Value, 15% of the Ordinary shares (34,643,156 shares) were repurchased for cancellation at the repurchase price of 197.2794p per share.
Year to 31 August 2009	No changes
Year to 31 August 2008	6,122,500 Ordinary shares were repurchased for cancellation.
Year to 31 August 2007	200,000 Ordinary shares were repurchased for cancellation.
Year to 31 August 2006	No changes
Year to 31 August 2005	Final conversion of 10,508,903 warrants 2005 into shares.
2001 to 31 August 2004	191,369 warrants 2005 were converted into Ordinary shares in the period up to 31 August 2004.
1993 - 2000	During the period 1995 - 1996 the Company issued 841,571 Ordinary shares at a premium to the NAV. All of the 5,864,444 warrants 1996 were converted in the period up to 31 January 1996, the final conversion date. 230,171 warrants 2005 were converted into Ordinary shares in the period to 31 January 2000. The Company repurchased for cancellation 8,426,394 warrants 2005 in 1997 and 499,624 warrants 2005 in 2000. During the period 1998 - 2000 the Company repurchased 43,760,874 Ordinary shares for cancellation at prices ranging from 39.5p to 75.0p.
1987 - 1993	The Company was launched in 1987 with a share capital of 120,000,000 Ordinary 5p shares and 24,000,000 warrants 1996. In 1989, following a placing and open offer, 192,000,000 Ordinary 5p shares and 38,400,000 warrants 2005 were issued. In April 1993, following the acquisition of Drayton Asia Trust plc, the Company issued 740,002,520 Ordinary shares and 42,086,268 warrants 2005. During the period 1987-1993, 542,223 warrants 1996 and 1,060,423 warrants 2005 were converted into Ordinary shares. In November 1993, following a four for one consolidation, the Company's issued share capital was 263,401,291 Ordinary 20p shares, 5,864,444 warrants 1996 and 19,856,461 warrants 2005.



