Edinburgh Dragon Trust plc

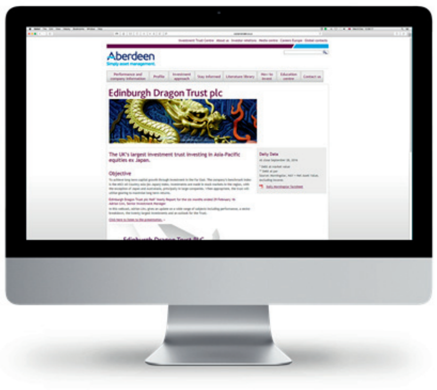
Annual Report
31 August 2017

Aberdeen

City Developments

City Developments Limited is a leading Singapore-based property developer with seasoned management. The Investment Manager sees value in the company, not just from its sizeable low-cost land bank but also from its holding in the global Millennium & Copthorne hotel chain.

Contents



Visit our Website

To find out more about Edinburgh Dragon Trust plc, please visit **www.edinburghdragon.co.uk**

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Overview

Company Overview

Launched in 1987, the Company is an investment trust and its Ordinary shares and Convertible Unsecured Loan Stock ("CULS") are 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 Standard Investments (the investment arm of Standard Life Aberdeen plc group of companies).

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 Asia with the exception of Japan and Australasia. Investments are made primarily in stock markets in the region, principally in large companies. When appropriate, the Company will utilise gearing to maximise long term returns.

Financial Highlights

Net asset value total return[AB]

+21.6%

2016 **+30.4%**

Share price total return[A]

+20.8%

2016 **+29.7%**

Benchmark total return[A] (in sterling terms)

+27.2%

2016 **+33.0%**

Ongoing charges

1.03%

2016 **1.14%**

Earnings per share (revenue)

4.68p

2016 **4.50p**

Dividend per share

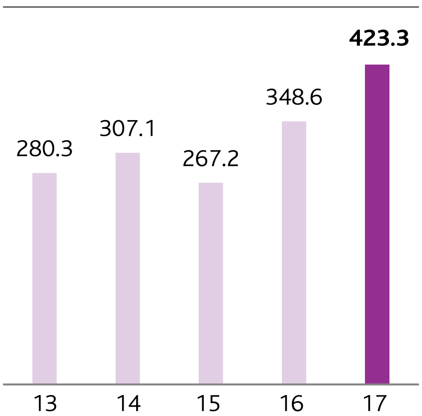
3.30p

2016 **3.20p**

[A] Capital return plus dividends reinvested.
[B] Diluted.

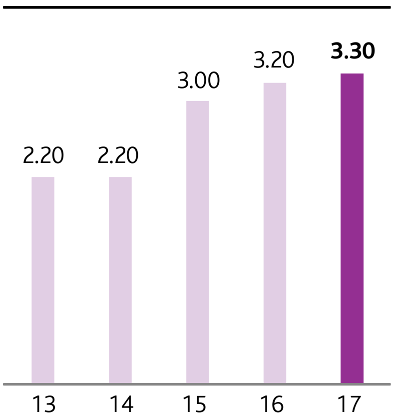
Net asset value per share

At 31 August – pence



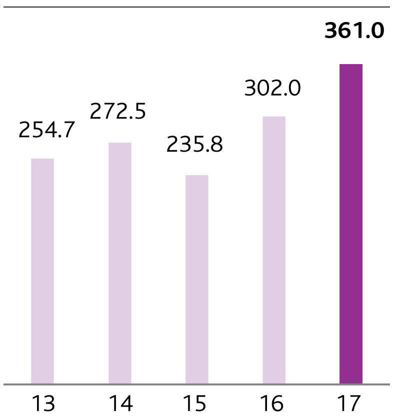
Dividends per share

pence



Mid-market price per share

At 31 August – pence



Chairman's Statement

Allan McKenzie
Chairman

Overview

Asian equities posted good absolute returns in a year of unsettling political events, from the unexpected election of Donald Trump as US President to North Korea's rising belligerence. Accommodative monetary policy played a major role in driving the region's performance. Although the US Federal Reserve delivered three well-telegraphed interest rate hikes and signalled its intent to reverse quantitative easing, it was at odds with its peers across the rest of the world. Hence, global liquidity stayed abundant and investors chased better returns, particularly in Asia, where economic activity and reforms seemed to underpin rapidly-rising valuations.

Over the year to 31 August 2017, your Company's net asset value (diluted) rose by 21.6% on a total-return basis, the second year of double-digit returns. Even then, this was less than the benchmark MSCI All Country Asia (ex Japan) Index's rise of 27.2% in sterling terms, albeit still ahead of the MSCI World Index's gain of 19.1%. As with the previous reporting year, sterling's weakness against the US dollar and most Asian currencies enhanced the Company's absolute returns and benefited UK investors.

The share price rose by 19.5% to 361.0p, with the discount to NAV (diluted) widening marginally, from 12.4% at the start of the period to 13.1% as at 31 August 2017. Since the year end, this discount has narrowed to 11.7% as at 31 October 2017.

Underperformance is never pleasing. Undoubtedly, the easy money environment has inflated asset prices, and created challenging conditions for your Manager, who adheres to a principled fundamental stock picking approach. This should position the portfolio soundly as the world's central banks confront the need to moderate policy and reduce the forces of liquidity which have buoyed markets.

For your Board, the case for investing in Asia remains compelling, framed by the twin growth engines of China and India. Notably, China's investment profile continues to strengthen, underscored by benchmark provider MSCI's decision to include A-shares in its key indices, a move that should improve foreign participation and raise governance standards. For India, bold reforms augur well for the long-term prospects of the economy and its markets. Further afield, smaller, frontier markets appear attractive but not without their own unique challenges. These are underpenetrated markets with young populations, nascent middle-classes with rising buying power, as well as increasingly sophisticated governments that recognise the need for infrastructure development to overcome potential bottlenecks. All these characteristics open up a wide range of opportunities for an experienced investor.

Performance

Overall, the Company's light exposure to China, one of the best-performing regional markets, was largely the reason for your Company's underperformance. In particular, relative returns were hindered by the lack of exposure to mainland internet stocks, which rallied on the back of healthy earnings. While China's stock markets are gaining greater acceptance globally, your Manager has been more circumspect because of the markets' speculative nature, concerns over the state's heavy-handed intervention and generally still-low standards of corporate governance. There has been a gradual increase in the portfolio's exposure to China as more well-run companies are identified. The Company now has exposure to several A-share holdings, including video surveillance specialist Hangzhou Hikvision, top white-spirit distiller Kweichow Moutai and Shanghai International Airport, all of which contributed to relative performance over the year.

Elsewhere, the considerable exposure to India, notably in the underlying stock selection, contributed significantly to performance, affirming your Manager's long-held conviction that some of the best companies in Asia are to be found there. A more detailed analysis of your Company's performance is contained in the Investment Manager's Review on pages 14 to 15.

Chairman's Statement continued

Board Review of the Investment Management Process

The Company's objective is to provide investors with medium to long-term capital growth by investing in good quality companies in the Asia ex Japan region. During 2016 and 2017, the Board conducted due diligence visits to Aberdeen's offices in Singapore where it met several members of the fund management, research and risk teams, including Flavia Cheong, Head of Asian Equities and Adrian Lim, your portfolio manager. Given ongoing performance concerns however, this year the Board also commissioned a global consultancy firm to assist the Board with its evaluation of Aberdeen's investment style and actions that have impacted performance, and whether retaining Aberdeen remains an appropriate course of action. This consultancy, backed by a large research team, has vast experience of working with active managers.

The results of the review suggest that your Manager's performance for the Trust had been in line with what would be expected over a full market cycle. In particular, the style of investing is consistent with that which your Manager employs for other similar mandates. The Board is comfortable therefore that the investment process is not broken, and recognises Aberdeen's enhancements to that process. In addition, given the direction of markets over the past five years it is not surprising that the strategy had underperformed the benchmark to some extent.

The consultancy's advice was to retain your Manager, subject to the Board being comfortable with the expected outperformance target that is likely to be achieved over a given time horizon. The Board considered this advice in conjunction with its own reviews, meetings and experience with your Manager and concluded that the ongoing appointment of your Manager continues to be in the best interest of shareholders. The Board has agreed clear parameters with the Manager against which it will monitor the ongoing suitability of Aberdeen as the Manager of Edinburgh Dragon Trust.

Gearing

The Company has no bank borrowings and its gearing is provided by the 3.5% Convertible Unsecured Loan Stock 2018 (CULS) of £44.7 million nominal at the year end, representing net gearing of 4.1%. The CULS provide the Company with long-term structural gearing at an acceptable cost, which is in line with the Manager's long-term investment philosophy. The Board monitors the Company's gearing level on a regular basis.

The final conversion date of the CULS is 31 January 2018 and CULS holders will have the final opportunity to exercise their right to convert their holdings into Ordinary shares in the 30 days prior to that date.

The Board is supportive of gearing and further gearing options are currently under consideration and expects to report on progress towards the end of 2017.

Revenue Account and Dividend

I am pleased to report that the Company's revenue return per share increased to 4.68p for the year to 31 August 2017 (2016 – 4.50p). 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 3.3p per Ordinary share (2016 – 3.2p) which, if approved by shareholders at the Annual General Meeting, will be paid on 15 December 2017.

Management Agreement

The Board believes that the level of management fees for investment trusts is on a downward path. Over recent years the Board has engaged with your Manager to reduce fees and, with effect from 1 September 2017, the management fee will be calculated at 0.85% of net assets up to £350 million and 0.5% of net assets exceeding £350 million. Based on net assets at 31 August 2017, the revised management fee would have equated to £5.26 million and 0.66% of net assets.

The Board will continually review the level of management fees and maintain an active dialogue with your Manager.

Discounts and Share Buybacks

During the period discount volatility continued to be a feature for investment trust companies and Dragon was not alone in this respect. The Board continues to monitor 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. The Board remains committed to share buybacks where to do so would be in the interests of shareholders. During the year ended 31 August 2017, 4.6 million shares were bought back into treasury at a cost of £15.6 million. The Company's discount at the year end was 13.1%. Since the year end, a further 897,700 shares have been bought back into treasury at a cost of £3.2 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.

Investment Manager

The recent merger between Aberdeen Asset Management PLC and Standard Life plc has produced the new investment arm of the combined Group, Aberdeen Standard Investments. The new Group's investment approach will remain team-based with a strong emphasis on the fundamentals of individual companies. Adrian Lim will continue as the Company's portfolio manager. The Board will closely monitor the impact of the merger on the Company and ensure that satisfactory arrangements remain in place for its effective management and successful performance.

Annual General Meeting

The Annual General Meeting will be held at the Manager's Edinburgh office on Tuesday 12 December 2017 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

Confidence in the global economy has waned in recent months. President Trump's plans for an overhaul of the tax and healthcare systems remain unattained. In Europe the German electorate, while supporting Angela Merkel, returned a larger than expected number of far right members of the Bundestag. In France, Emmanuel Macron's reforms are facing a hostile reception. Coupled with the Brexit negotiations apparently making little headway this has led to increasing levels of uncertainty in western economies. These challenges may seem far removed from Asia, but they have worldwide repercussions. Within Asia, North Korea's latest missile threat is another timely reminder that geopolitical risks are never far away.

Nonetheless, the Board remains positive about Asia's resilience. Robust foreign exchange reserves and strengthening external positions provide the reassurance that regional markets have the wherewithal to withstand sudden shocks to the system.

At the same time, Asia's fundamentals are sound. The export upswing continues to underpin the region's growing consumerism. Chinese domestic demand now makes up more than half of the mainland's economy, while the other two most-populous nations of India and Indonesia are similarly driven by rapidly growing consumption. Frontier economies, meanwhile, offer fresh opportunities as they play catch-up to their more advanced Asian peers. Your Company already has exposure to Myanmar, Vietnam and Sri Lanka, through holdings such as Yoma Strategic, Vinamilk, John Keells and DFCC Bank. Investing in these markets with their frontier-like characteristics make them inherently more risky. Hence, your Manager has astutely kept exposure here modest. But being long-term investors in Asia, your Manager has the necessary experience to adjust these exposures in tandem with the development of these companies.

Overall, Asian companies are in good shape but investors must have ample resources to seek them out. Your Manager is well placed to do that, with its local presence in key markets, staying vigilant and keeping its focus firmly on your Company's objective of providing medium to long-term growth, investing in good quality companies in the region.

For Edinburgh Dragon Trust plc

Allan McKenzie
Chairman

1 November 2017


HDFC
PUSH

Strategic Report

The Company is an investment trust and aims to achieve long-term capital growth principally through investment in listed companies which are believed by the Investment Manager to have above average prospects for growth. The Company invests in a portfolio of about 70 companies in the Asia Pacific region with the exception of Japan and Australasia. It is one of the largest investment trusts investing in the Asia Pacific region ex Japan.

Fundamental research drives the investment process. Aberdeen believes in first-hand research, meeting corporate management and visiting the holdings at least twice a year, analysing results quarterly and reviewing news flow weekly. The main investment risk to them is buying a poor quality company, or one that is overpriced. Teamwork is important to Aberdeen. The Manager has no preconception about where to find good stocks; they focus on management, governance and the business plan; due diligence and a focus on quality is their main form of risk control.

1987

Edinburgh Dragon Trust plc was incorporated in 1987; investment trusts are one of the oldest forms of collective investment in the world.

Housing Development Finance Corp

HDFC is a leading local mortgage provider in India with excellent asset quality and feeding off the strong growth in the domestic housing industry.

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 2017 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.

Company Benchmark

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

Alternative Investment Fund Manager ("AIFM")

The AIFM is 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.

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 evaluated 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 60.

A comprehensive analysis of the Company's portfolio by country and by sector is disclosed on pages 18 to 22, including a description of the ten largest investments, the full investment portfolio by value and sector/geographical analysis. At 31 August 2017, the Company's portfolio consisted of 70 holdings.

Gearing is used to leverage the Company's portfolio in order to enhance returns when this is considered appropriate to do so. At 31 August 2017, the Company's net gearing was 4.1%.

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.

Risk	Mitigating Action
Investment Performance -The Company's investment performance is the most critical factor to the Company's long term success. Sustained underperformance may result in reduced demand for the Company's shares.	The Board continually monitors the investment performance of the Company, taking account of stockmarket factors, and reviews the Company's performance compared to its benchmark index and peer group. In addition to its own due diligence, the Board uses consultants to provide an independent perspective on the Manager's process and performance. *
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.	The Board reviews, on a regular basis, Aberdeen's total holdings for each stock within the Company's portfolio and the liquidity of these stocks.
Resource - 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.	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.
Gearing - As at 31 August 2017 the Company had £44.7 million nominal of 3.5% Convertible Unsecured Loan Stock 2018 ("CULS") in issue. Gearing has the effect of exacerbating market falls and gains.	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 from the Manager on the actual gearing levels the Company has reached together with the assets and liabilities of the Company and reviews these at each Board meeting.
Regulatory - 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.	The Audit Committee monitors compliance with regulations by reviewing internal control reports from the Manager, AIC updates and reports from the Company Secretary.
Discount Volatility - The Company's share price can trade at a discount to its underlying net asset value.	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.
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.	The Board reviews the performance of third party providers on an annual basis. The Manager monitors the quality of services provided through regular reports and due diligence reviews. Third party service providers report periodically on their internal controls which includes confirmation of their business continuity arrangements and procedures to address cyber-crime.

** Further details on other risks relating to the Company's investment activities, including market price, liquidity and foreign currency risks are provided in note 16 to the financial statements.*

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 (in sterling terms). 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 discount relative to the NAV is 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 2017 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.

Viability Statement

In accordance with the provisions of the Listing Rules and UK Corporate Governance Code the Board has assessed the viability of the Company. The Company is a long-term investor and the Board believes it is appropriate to assess the Company's viability over a five year horizon which reflects the Investment Manager's long-term approach. The Directors believe this period reflects a proper balance between the long term horizon and the inherent uncertainties of looking to the future. The Directors have taken account of the requirement to put forward a continuation resolution to the 2018 AGM and the Company's convertible loan maturing in January 2018.

In assessing the viability of the Company the Directors have carried out a robust assessment of the following factors:

- the principal risks set out in the Strategic Report on page 9 and the steps available to mitigate these risks;
- the liquidity and diversity (in both sector and geography) of the Company's investment portfolio;
- the demand for the Company's shares as evidenced by the level of discount at which the shares trade; and

- the level of gearing and revenue surplus generated by the Company. The Company has the ability to renew or repay its gearing.

When considering the risk of under-performance, the Board reviewed the impact of stress testing on the portfolio, including the effects of any substantial future falls in investment values. The Board has also had regard to matters such as significant economic or stock market volatility, a substantial reduction in the liquidity of the portfolio or changes in investor sentiment, all of which could have an impact on the Company's prospects and viability in the future. The results of the stress tests have given the Board comfort over the viability of the Company.

Taking into account all of these factors, the Company's current position and the potential impact of the principal risks and uncertainties faced by the Company, the Board has concluded that it has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five year period of this assessment to 31 August 2022.

Future

Many of the non-performance related trends likely to affect the Company in the future are common across all closed ended investment companies, such as the attractiveness of investment companies as investment vehicles, the impact of regulatory changes (including MiFID II and the Packaged Retail Investment and Insurance Products regulations) and the changes to the pensions and savings market in the UK. These factors need to be viewed alongside the outlook for the Company, both generally and specifically, in relation to the portfolio. The Board's view on the general outlook for the Company can be found in the Chairman's Statement on pages 3 to 5 whilst the Investment Manager's views on the outlook for the portfolio are included on pages 14 to 15.

Allan McKenzie
Chairman

1 November 2017

Results

Financial Highlights

	31 August 2017	31 August 2016	% change
Performance			
Equity shareholders' funds (£'000)	807,330	664,159	+21.6
Net asset value per share (basic) (p)	423.26	348.62	+21.4
Net asset value per share (diluted) (p)	415.19	344.66	+20.5
Share price (p)	361.00	302.00	+19.5
Market capitalisation (£'000)	688,577	575,338	+19.7
MSCI AC Asia (ex Japan) Index (in sterling terms; capital return basis)	962.36	776.06	+24.0
Revenue return per share (basic) (p)	4.68	4.50	+4.0
Total return per share (basic) (p)	79.08	83.36	–5.1
Gearing			
Net gearing (%)[A]	4.1	6.9	
Discount			
Discount to net asset value (diluted) (%)	13.1	12.4	
Operating costs			
Ongoing charges ratio[B]	1.03	1.14	

[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)	363.3	288.5
Net asset value (p)	423.3	339.6
Discount (%)	–12.1	–15.5

Performance (total return)[A]

	1 year return %	3 year return %	5 year return %
Share price	+20.8	+36.7	+59.7
Net asset value – basic	+22.6	+41.7	+67.0
Net asset value – diluted	+21.6	+39.0	+63.8
MSCI AC Asia (ex Japan) Index (in sterling terms)	+27.2	+53.8	+91.7

[A]Capital return plus dividends reinvested.

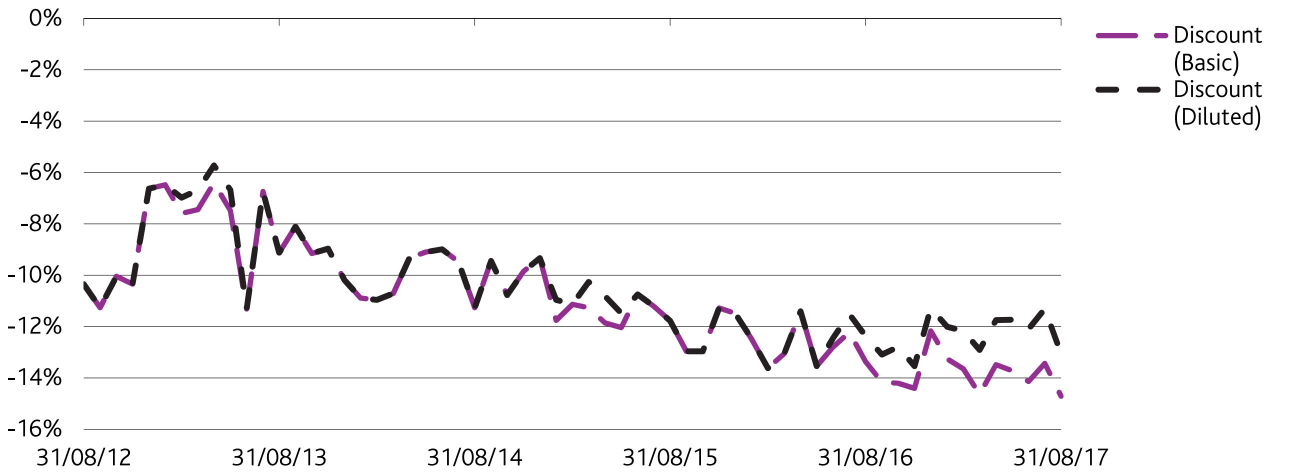
Dividends

	Rate	xd date	Record date	Payment date
Proposed final 2017	3.30p	23 November 2017	24 November 2017	15 December 2017
Final 2016	3.20p	17 November 2016	18 November 2016	16 December 2016

Performance

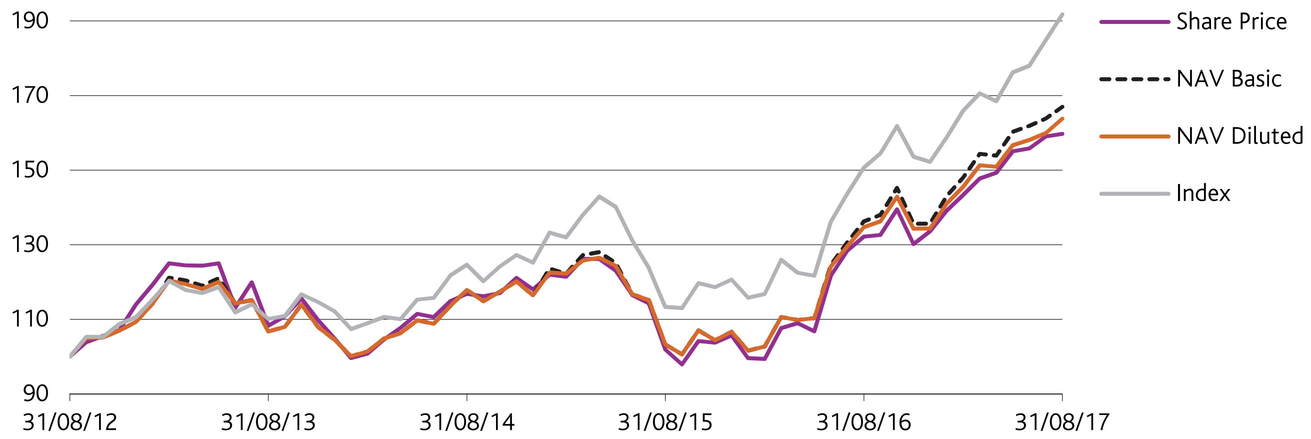
Share Price Discount to NAV

Five years to 31 August 2017



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

Five years to 31 August 2017 (rebased to 100 at 31 August 2012)



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[A]
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	493,555	251.37	4.31	230.00	8.5	1.2
2012	519,765	264.70	3.30	237.30	10.4	1.3
2013	550,346	280.26	3.42	254.70	9.1	1.2
2014	603,077	307.10	3.43	272.50	11.3	1.2
2015	518,635	267.22	4.13	235.75	11.8	1.2
2016	664,159	348.62	4.50	302.00	13.4	1.1
2017	807,330	423.26	4.68	361.00	13.1	1.0

[A] The 2011 to 2017 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 2008 to 2010 disclosed were calculated using previous best practice, which used the average monthly net asset value throughout the year within the calculation.

Investment Manager's Review

Background/Portfolio Review

Signs of the global recovery that began in mid-2016 carried its momentum into the year under review. Economic activity continued to pick up, as governments, central banks and companies responded by introducing pro-growth policies, tightening liquidity to keep price pressures in check, or engaging in corporate restructuring to improve efficiency.

Against this backdrop, the Trust's net asset value (diluted) rose by 21.6% over the year – its second year of double-digit returns in absolute terms. This, however, lagged the benchmark MSCI All Country Asia (excluding Japan) Index's performance, which was up by 27.2% in sterling terms. The share price rose by 19.5% to 361.0p.

Holdings in India, Singapore, and our substantial exposure to financials were the portfolio's star performers. They are long-held positions that we have stuck to, as we deeply believe that they offer good quality and value. They also will stand to benefit from Asia's growth.

India is home to many high quality companies, several of which are held in the portfolio. Its growth rate is among the best in Asia, and many of the India-listed holdings have good long term prospects. In fact, the Trust's top performing stock, Grasim Industries, hails from India. Over the year, Grasim has managed to unlock more value through restructuring. It was also added to regional indices, which fuelled optimism for its stock. Elsewhere, private sector financial services firms Housing Development Finance Corporation and Piramal Enterprises did well. Investors liked their healthy balance sheets, and their favourable market positions that gave them an advantage over their competitors that are stretched and poorly run.

Singapore is an open economy backed by sound economic policies amid a stable political environment. It is home to many well run businesses, with high standards of corporate governance and scope to expand across the region. For example, Singapore-based developer City Developments was one of the portfolio's top performers. It boasts a seasoned management with future value to be realised, not only from its sizeable low cost land bank, but also from its holding in the global Millennium & Copthorne ("M&C") hotel chain. M&C has properties in prime locations in key cities around the world, but its brand name is still not as well recognised as other hotel chains.

Banks saw their share prices rise over the year, as expectations of interest rate hikes in the US also pointed to better days ahead for them as lenders. In addition, the ongoing global economic recovery meant that companies were gearing up their capital spending, which translated into a better outlook for financial institutions. For Singapore banks UOB and OCBC, their share prices received a further boost when investors saw that they had reduced their exposures to the beleaguered oil and gas sector. This helped improve their balance sheets. In Hong Kong, HSBC's stock was lifted by solid earnings and news of its multi-billion dollar share buyback scheme

While we were compensated for our views on India, Singapore, and in the financial sector, our conviction about China worked against us this year. We continue to see the mainland as a tough place to invest. While there are companies that meet our strict quality and valuation criteria, astute managers must still conduct due diligence and remain vigilant in such a market. China's macro outlook seems to be improving, and the key for us is finding ways to tap into this growth through good quality companies that are well run and respect minority shareholders. Although the Chinese stocks in the portfolio did well, with video-surveillance products maker Hangzhou Hikvision, distilled-liquor producer Kweichow Moutai, and operator Shanghai International Airport emerging as top contributors, it could not compensate for the rally in the broader market.

China's stockmarket performance has been led by the technology sector. Share prices of internet giants Alibaba and Tencent's share prices did well over the past year, contributing to almost half of the MSCI China's gains in the first half of 2017 alone. Although the internet ecosystems that they are active in are increasingly important to Chinese economic growth and Chinese consumers, we remain cautious about the sustainability of their business models, as they operate in a dynamic landscape. We are also mindful of their corporate structures in general.

The technology sector elsewhere offers many attractive companies. Taiwan Semiconductor Manufacturing Company ("TSMC") is a market leader. TSMC's large, global customer base and product diversification allows it to withstand fluctuations in global demand that buffet the consumer technology sector. Samsung Electronics ("SEC"), another key contributor, still accounts for the lion's share of profits among Asian technology names. It is one of the world's largest smartphone makers, and recently overtook Intel as the world's largest chipmaker. But SEC is not without controversy. Recent news about parent Samsung Group's de facto head Lee Jae-yong appealing against a bribery conviction has taken a toll on investor confidence. We believe SEC is well placed to weather any adverse impact, given its efforts at shoring up business operations – something we had engaged with management over the course of holding this company for more than ten years. Its management bench is deep and experienced, helped by an earlier move to appoint a co-CEO. Nonetheless, we view engagement with SEC as important, and we will continue our conversation with the company on issues, such as management succession.

Portfolio activity

We have had a relatively active year with 14 new stocks and seven exits, as market volatility generated attractive opportunities for the fund. Some of the highlights of the portfolio changes follow.

In India, we initiated Hindustan Unilever, a leading fast moving consumer goods company with a well-established distribution network which provides exposure to domestic consumption. We also introduced Kotak Mahindra Bank and Aditya Birla Capital, as we feel that both would give us exposure to the private sector financial institutions that can expand their share in the loan market.

In China, on top of initiating positions in Kweichou Moutai, Hangzhou Hikvision, and Shanghai International Airport, we also added Han's Laser. The laser-machine maker is well positioned in a niche segment that has growth potential. As industrial automation becomes more ubiquitous locally, the demand for laser machines is expected to rise from a relatively low base.

In Singapore, we initiated Raffles Medical Group, a hospital operator with attractive long term growth prospects, as healthcare spending continues to rise in Asia. In Indonesia, we bought leading cement player Indocement, as we view it as a proxy for growth in Southeast Asia's largest economy, particularly in sectors such as domestic property, which is on the cusp of a cyclical recovery, and infrastructure that will receive much government attention. We also initiated Bangkok Dusit Medical Services which is the largest private hospital group in Thailand with well recognised brands and good management. Given its reputation in high quality complex treatments, it stands to benefit from rising domestic demand for health care and medical tourism from across the region.

Against these, we exited small positions in Korean regional banks BNK Financial and DGB Financial, as highlighted in the half yearly report. We sold Shinsegae for other opportunities. In Malaysia, we exited British American Tobacco Malaysia as there was rising uncertainty, with its operations facing an increasingly tough operating environment, given the rampant illicit cigarette trade and the excise tax hikes. We also sold PetroChina and Hong Kong's Global Brands Group in view of better opportunities elsewhere. We exited India's Infosys (after the August year-end) after Vishal Sikka's resignation as chief executive officer ("CEO"). We recognise that the selection of a new CEO will take time, and during this period, Infosys may face uncertainty on several fronts – strategy, management, board and leadership – over the coming months.

Outlook

The global economic recovery is expected to continue. Asian economies are still reporting continued expansion and export growth. At the same time, Asian policymakers are pulling ahead with market reforms, and this will raise potential growth for their economies.

China will remain at the forefront as the main driver of regional growth. Although there are worries over how policy tightening may hurt the Chinese economy, these remain short term concerns, as its financial system and economic growth will emerge more robust in the longer term. China is pouring huge sums into its One Belt, One Road Initiative to improve the region's infrastructure, and this can help tighten intra-regional trade flows. The other Asian growth engine, India, experienced temporary disruption following the nationwide rollout of the Goods and Services tax, but once companies become more familiar with this development, India's economy should be raring to go again, underpinned by favourable demographic conditions and good quality management.

On the policy front, the expected gradual monetary tightening by major central banks outside of Asia is likely to strengthen major currencies such as the US dollar and the euro. This makes Asian currencies cheaper, and in turn, their exports will be more attractive to consumers in advance economies. Higher interest rates will also bode well for the many Asian financial stocks that the portfolio holds.

We remain upbeat about corporate earnings growth in the coming year. Several of the Trust's holdings have embarked on, or have completed restructuring, and are well placed to take advantage of the economic recovery. Backed by solid foundations, good management, and proven business models, our investments will be resilient in the year ahead.

Aberdeen Asset Management Asia Limited*
1 November 2017

* on behalf of Aberdeen Fund Managers Limited
Both companies are subsidiaries of Aberdeen Asset Management PLC.

Portfolio

Aberdeen's theoretical universe of companies is all listed stocks within the Asia (ex Japan and Australasia) region. In practice the universe is very much smaller; having visited over 96% of all stocks in the MSCI All Country Asia (ex Japan) universe in the last decade, Aberdeen has eliminated a vast proportion, mainly for reasons of size, business quality or ownership. Edinburgh Dragon currently has 70 companies in its portfolio that meet the Manager's selection criteria.

Aberdeen is a true buy and hold investor. In its view, a good company is one it can in theory hold forever. It looks to invest in good quality companies at a sensible price. It looks first for sustainable cash flows and strong balance sheets. The Group invests for the long term – and only in companies it believes it understands and can add value.

Hangzhou Hikivision

Hangzhou Hikvision, the Shenzhen-listed group, is the largest mainland producer of video-surveillance products. It is benefiting from increased security needs of government and private sectors both locally and abroad.

Ten Largest Investments

As at 31 August 2017

Company	Industry	Country	Valuation 2017 £'000	Total assets %	Valuation 2016 £'000
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	38,129	4.5	43,420
Jardine Strategic Holdings A Singapore-listed conglomerate with interests across the region spanning property, hotels and consumer-related businesses.	Industrial Conglomerates	Hong Kong	36,053	4.2	31,463
Taiwan Semiconductor Manufacturing Company The leading semiconductor foundry in Taiwan.	Semiconductors & Semiconductor Equipment	Taiwan	32,769	3.9	29,669
Oversea-Chinese Banking Corporation A leading, well-run Singaporean banking group with assets and operations in South East Asia and China.	Banks	Singapore	29,849	3.5	28,414
Housing Development Finance Corp Leading domestic mortgage provider with a leading distribution network, cost structure and balance sheet quality.	Thrifts & Mortgage Finance	India	28,115	3.3	28,918
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	27,446	3.2	26,885
City Developments A leading Singapore-based property developer with seasoned management. We see value in the company, not just from its sizeable low-cost land bank but also from its holding in the global Millennium & Copthorne hotel chain.	Real Estate Management & Development	Singapore	25,000	2.9	20,450
China Mobile The number one mobile operator in China.	Wireless Telecommunication Services	China	23,794	2.8	21,321
Singapore Telecommunications A telecom operator that has steady operations in Singapore and Australia, coupled with growth from Asia's emerging markets via its regional franchises. The company offers a healthy dividend yield, with a robust balance sheet and cash flow.	Diversified Telecommunication Services	Singapore	21,627	2.5	23,035
Grasim Industries A diversified operating company, part of the Aditya Birla group which manufactures a wide range of products including viscose staple fibre, cement, chemicals and textiles.	Construction Materials	India	20,323	2.4	15,682
Top ten investments			**283,105**	**33.2**	

Other Investments

As at 31 August 2017

Company	Sector	Country	Valuation 2017 £'000	Total assets %	Valuation 2016 £'000
Siam Cement	Construction Materials	Thailand	19,973	2.3	22,142
Bank Central Asia	Banks	Indonesia	19,821	2.3	7,632
ITC	Tobacco	India	19,300	2.3	16,726
HSBC Holdings	Banks	Hong Kong	18,811	2.2	20,557
Standard Chartered[A]	Banks	United Kingdom	17,404	2.0	18,125
Hong Kong Exchanges & Clearing	Capital Markets	Hong Kong	16,691	2.0	6,627
Singapore Technologies Engineering	Aerospace & Defence	Singapore	15,694	1.8	15,252
Swire Pacific 'B'	Real Estate Management & Development	Hong Kong	15,394	1.8	20,520
Ayala Land	Real Estate Management & Development	Philippines	14,978	1.8	15,466
Piramal Enterprises	Pharmaceuticals	India	14,908	1.8	10,727
Top twenty investments			**456,079**	**53.5**	
Bank of Philippine Islands	Banks	Philippines	14,340	1.7	15,673
Kweichow Moutai 'A'	Beverages	China	13,853	1.6	–
John Keells Holdings	Industrial Conglomerates	Sri Lanka	12,704	1.5	13,712
DBS Group	Banks	Singapore	12,558	1.5	8,645
Naver Corp	Internet Software & Services	South Korea	12,297	1.5	7,065
Keppel Corp	Industrial Conglomerates	Singapore	12,269	1.4	10,121
United Overseas Bank	Banks	Singapore	12,149	1.4	21,130
Taiwan Mobile	Wireless Telecommunication Services	Taiwan	12,010	1.4	17,022
Hangzhou Hikvision Digital 'A'	Electronic Equipment Instruments & Components	China	11,973	1.4	–
Tata Consultancy Services	IT Services	India	11,895	1.4	11,789
Top thirty investments			**582,127**	**68.3**	
Hero MotoCorp	Automobiles	India	11,732	1.4	11,755
Astra International	Automobiles	Indonesia	10,765	1.3	7,483
Yum China Holdings	Hotels, Restaurants & Leisure	China	10,752	1.3	–
Shanghai International Airport 'A'	Transportation Infrastructure	China	10,550	1.3	–
Swire Properties	Real Estate Management & Development	Hong Kong	10,299	1.2	5,330
Midea Group 'A'	Household Durables	China	9,518	1.1	–
CIMB Group Holdings	Banks	Malaysia	9,494	1.1	6,376
E-Mart Co	Food & Staples Retailing	South Korea	8,763	1.0	6,105
China International Travel Services 'A'	Hotels, Restaurants & Leisure	China	8,758	1.0	–
MTR Corp	Road & Rail	Hong Kong	8,745	1.0	5,555
Top forty investments			**681,503**	**80.0**	

Other Investments continued

As at 31 August 2017

Company	Sector	Country	Valuation 2017 £'000	Total assets %	Valuation 2016 £'000
Kotak Mahindra Bank	Banks	India	8,598	1.0	–
Hang Lung Group	Real Estate Management & Development	Hong Kong	8,524	1.0	7,880
Unilever Indonesia	Household Products	Indonesia	8,295	1.0	7,351
Kerry Logistics Network	Air Freight & Logistics	Hong Kong	8,143	1.0	5,388
China Conch Venture Holdings	Machinery	China	8,044	0.9	3,078
Dairy Farm International	Food & Staples Retailing	Hong Kong	8,022	0.9	11,277
HDFC Bank	Banks	India	7,946	0.9	3,677
Public Bank	Banks	Malaysia	7,940	0.9	7,914
ASM Pacific Technology	Semiconductors & Semiconductor Equipment	Hong Kong	6,909	0.9	4,276
Vietnam Dairy Products	Food Products	Vietnam	6,769	0.8	4,330
Top fifty investments			**760,693**	**89.3**	
Hang Lung Properties	Real Estate Management & Development	Hong Kong	6,414	0.8	8,146
CNOOC	Oil, Gas & Consumable Fuels	China	6,364	0.7	6,439
Amorepacific Corp (Pref)	Personal Products	South Korea	5,625	0.7	7,106
Han's Laser Technology 'A'	Machinery	China	5,529	0.6	–
Yoma Strategic Holdings	Real Estate Management & Development	Singapore	4,825	0.6	4,027
Indocement Tunggal Prakarsa	Construction Materials	Indonesia	4,578	0.6	–
Aditya Birla Capital	Diversified Financial Services	India	4,433	0.5	–
Oriental Holdings	Automobiles	Malaysia	4,422	0.5	4,582
Hindustan Unilever	Household Products	India	4,297	0.5	–
Holcim Indonesia	Construction Materials	Indonesia	4,232	0.5	6,058
Top sixty investments			**811,412**	**95.3**	
Ayala Corp	Diversified Financial Services	Philippines	4,170	0.5	–
Bangkok Dusit Medical Services 'F'	Health Care Providers & Services	Thailand	3,865	0.5	–
Ultratech Cement	Construction Materials	India	3,642	0.4	3,442
DFCC Bank	Banks	Sri Lanka	3,429	0.4	3,835
Raffles Medical Group	Health Care Providers & Services	Singapore	3,117	0.4	–
Amorepacific Group	Personal Products	South Korea	2,754	0.3	–
Batu Kawan	Chemicals	Malaysia	2,233	0.3	2,215
Infosys Ltd	IT Services	India	1,887	0.2	6,534
China Resources Land	Real Estate Management & Development	China	1,815	0.2	–
Fraser & Neave	Beverages	Singapore	1,422	0.1	–
Total investments			**839,746**	**98.6**	
Net current assets[B]			**11,999**	**1.4**	
Total assets[C]			**851,745**	**100.0**	

[A] Valuation amalgamates both UK (£15,222,000; 2016 – £14,875,000) and Hong Kong (£2,182,000; 2016 – £3,250,000) listed equity holdings.

[B] Excludes CULS.

[C] See definition on page 65.

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

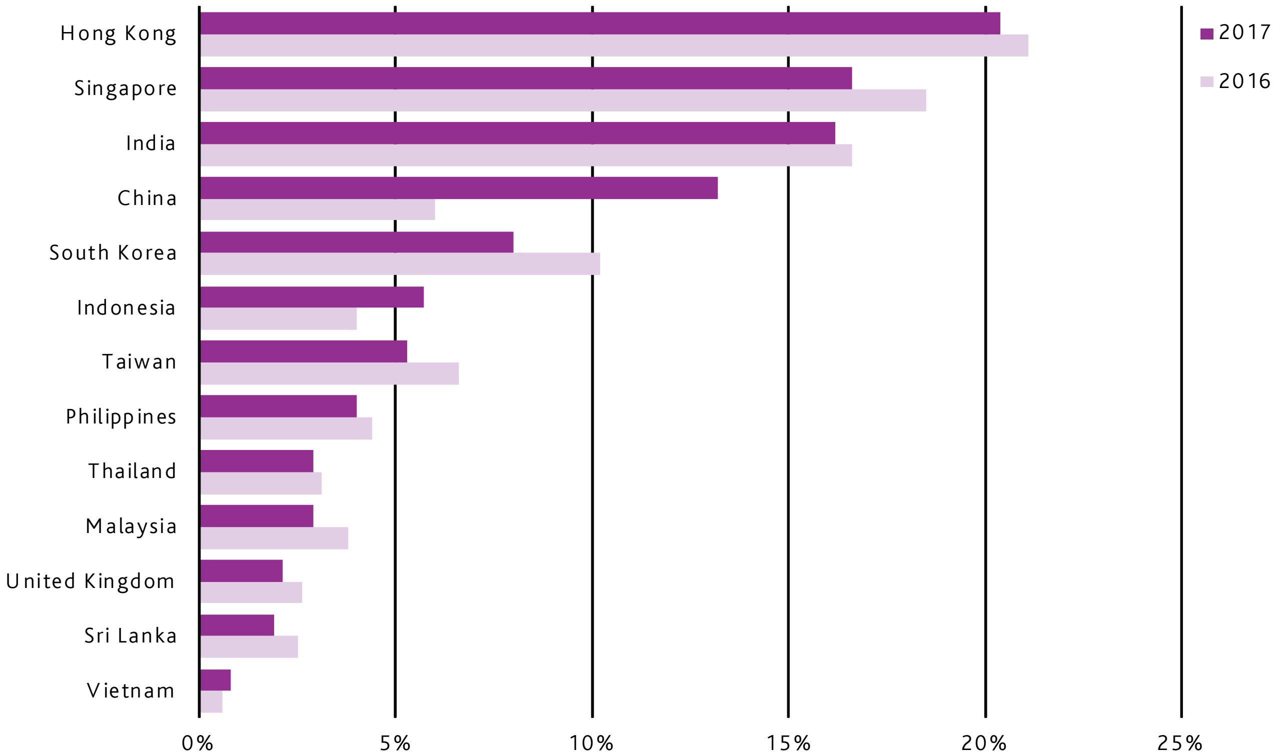
Changes in Asset Distributions

Country	Value at 31 August 2016 £'000	Purchases £'000	Sales proceeds £'000	Gains/ (losses) £'000	Value at 31 August 2017 £'000
China	42,386	68,254	7,740	8,048	110,948
Hong Kong	168,485	18,892	37,612	39,091	188,856
India	118,932	16,445	34,539	36,239	137,077
Indonesia	28,524	16,005	–	3,162	47,691
Malaysia	26,768	266	5,043	2,098	24,089
Philippines	31,139	5,088	1,899	(839)	33,489
Singapore	131,075	10,726	31,801	28,511	138,511
South Korea	72,114	9,322	28,684	14,816	67,568
Sri Lanka	17,547	595	2,162	153	16,133
Taiwan	46,692	–	11,757	9,844	44,779
Thailand	22,142	3,497	2,036	233	23,836
Vietnam	4,330	2,572	–	(133)	6,769
Total investments	710,134	151,662	163,273	141,223	839,746
Net current assets	12,907	–	–	(908)	11,999
Total assets less current liabilities	**723,041**	**151,662**	**163,273**	**140,315**	**851,745**

Analysis of Portfolio

As at 31 August 2017

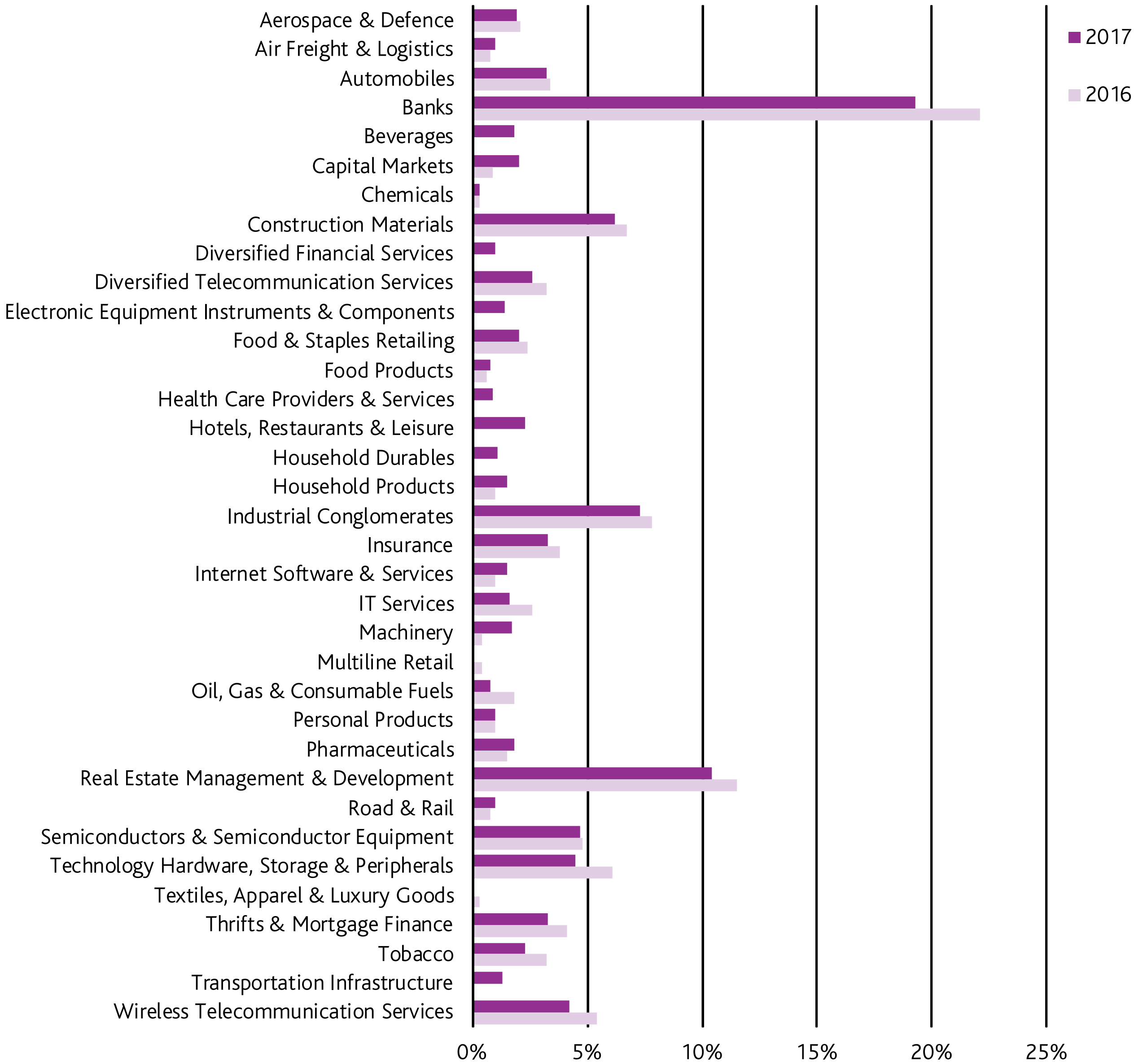
Geographic Summary



Analysis of Portfolio continued

As at 31 August 2017

Sector Breakdown



Governance

The Company is committed to high standards of corporate governance and applies the principles identified in the UK Corporate Governance Code and the AIC Code of Corporate Governance. The Company is registered as a public limited company and has been approved by HM Revenue & Customs as an investment trust.

All Directors are considered by the Board to be independent of the Manager.

OCBC

OCBC is a well-managed Singapore bank with a solid capital base and good cost-to-income ratio. It is diversified by both geography and service offerings, with interests spanning Southeast Asia, North Asia, wealth management and life assurance as well as its core banking activities.

Your Board of Directors

Allan McKenzie

Independent Chairman

Length of service: 11 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: 5 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.

Charles Ricketts

Length of service: 1 year, appointed on 19 April 2016

Experience: Over 30 years' experience within the investment funds arena. Until 2014 he was the head of investment funds at Cenkos Securities, providing equity capital markets services to the fund management industry and to investment trust companies. He recently founded Crix Capital, a consultancy, enterprise philanthropy and venture funding business. He was previously a managing director of UBS Investment Bank and head of investment funds. He began his investment career as an investment director of Johnson Fry and head of marketing and investment product development at Gartmore Investment Management.

Peter Maynard

Length of service: 6 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

Senior Independent Director, Audit Committee Chairman

Length of service: 7 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 F&C UK High Income Trust Plc and a non-executive director of Baillie Gifford Shin Nippon Plc and Ecofin Global Utilities and Infrastructure Trust plc. He is a former President of the Institute of Chartered Accountants of Scotland.

Directors' Report

Capital Structure and Borrowings

At 31 August 2017, the Company had 190,741,556 fully paid Ordinary shares of 20p each (2016: 190,509,202) with a further 10,157,500 Ordinary shares of 20p held in treasury (2016: 5,521,300) and £44,678,748 nominal of CULS (2016: £59,778,788) in issue. Changes to the capital structure during the year ended 31 August 2017 are provided on page 66. Subsequent to the period end a further 897,700 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 24. There were no changes to the composition of the Board during the period. 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 3.3p per Ordinary share (2016: 3.2p) be paid on 15 December 2017 to shareholders on the register on 24 November 2017. The ex-dividend date is 23 November 2017.

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 the notice period and fees paid to Aberdeen Group companies during the year ended 31 August 2017 are shown in note 4 to the financial statements. Following the year end, the Board and Manager agreed a change in the management fee structure, details of which are provided in the Chairman's Statement.

Corporate Governance

The Statement of Corporate Governance, which forms part of the Directors' Report, is contained on pages 28 to 31.

Greenhouse Gas Emissions

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

Substantial Share Interests

At 31 August 2017 the Company had been notified or was aware of the following substantial interests in the Ordinary shares.

Shareholder	Number of Ordinary shares held	% held
City of London Investment Management	28,910,871	15.2
Lazard Asset Management	23,391,558	12.3
Derbyshire County Council	12,300,000	6.4
Investec Wealth & Investment Ltd	11,557,915	6.1
Wells Capital Management	10,595,420	5.6

Subsequent to the year end the Company was notified of the following changes:

- Lazard Asset Management was interested in 22,372,674 Ordinary shares (representing 11.8% of the issued shares).
- City of London Investment Management was interested in 30,536,238 Ordinary shares (representing 16.1% of the issued shares).

As at the date of this Report, no other changes to the above interests had been notified to the Company.

Auditor

The respective responsibilities of the Directors and the auditor in connection with the financial statements appear on pages 35 and 38.

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 12 December 2017, the following resolutions will be proposed:

(i) Section 551 Authority to Allot Shares

Resolution 12, which is an ordinary resolution, will, if approved, give the Directors a general authority to allot new securities up to 33.33% of the Company's issued Ordinary share capital (excluding treasury shares) as at the date of the passing of this resolution (up to a maximum nominal amount of £12.7 million based on the Company's issued share capital as at the date of this Report). Such authority will expire on 28 February 2019 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).

(ii) Limited Disapplication of Pre-emption Provisions

Resolution 13, which is a special resolution, seeks to give the Directors power, conditional on Resolution 12 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 an aggregate nominal value representing 5% of the Company's issued Ordinary share capital as at the date of passing of this resolution (up to a maximum nominal amount of £1.9 million based on the Company's issued share capital as at the date of this Report).

This authority will expire on 28 February 2019 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.

(iii) 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 66. Resolution 14, which will be proposed as a special resolution, will renew 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 28.5 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 2019 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).

(iv) **Notice Period for General Meetings**
Resolution 15, which will be proposed as a special resolution, seeks the authority from shareholders for the 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, 47,726 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 the 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 45, 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
1 November 2017

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

Company Registration Number:
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 2016 (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 2017 with the relevant provisions of the UK Code.

The Company is 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 24. 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 McLaren 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 and that experience can add significantly to the Board's strength. 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 have a number of discussions by email, telephone or meeting to deal with administrative matters and ad hoc issues between scheduled Board meetings.

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.

Director	Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings
A McKenzie [1, 2]	5 (5)	3 (3)	1 (1)
K Langridge	5 (5)	n/a	n/a
P Maynard [1]	5 (5)	3 (3)	n/a
I McLaren [1, 2]	5 (5)	3 (3)	1 (1)
C Ricketts	5 (5)	n/a	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.

The Board undertook an externally facilitated evaluation in 2015 and intends to undertake a similar exercise in 2018.

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 composition 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 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 and robust process for identifying, evaluating and managing the significant risks faced by the Company which include financial, operational, compliance and reputational risks.

Under the Management Agreement, the management of the Company's assets has been delegated 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 on Internal Controls.

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. 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. Details of the principal risks faced by the Company are provided in Overview of Strategy on page 9.

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; and
- 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 2017 meeting, the Audit Committee performed its annual assessment of internal controls for the year ended 31 August 2017 and taking account of events since 31 August 2017. 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

Membership and Responsibilities

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

Statement of Corporate Governance continued

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 have qualified as chartered accountants and the Committee is satisfied that it has the necessary recent and relevant financial experience and competence relevant to the investment trust sector in order to fulfil its responsibilities. 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 position and 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 (including non financial risks) 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, are considered to be liquid and have been categorised as Level 1 within the FRS 102 fair value hierarchy. The investments 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 depositary 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 fees for non-audit services provided by the auditor is assessed and for the year to 31 August 2017 were £4,660 (2016 - £4,550) 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.

Under company law, listed companies are required to tender the external audit every 10 years. Under transitional arrangements, KPMG will be required to resign as auditor no later than 2020 and accordingly the Committee will undertake an audit tender process prior to that date. KPMG has held office as auditor for over 25 years and the Committee is satisfied that KPMG remains independent and effective. The audit director is rotated at least every five years, in accordance with professional guidelines. A new audit director from KPMG was appointed for the 2017 year end audit.

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 reported in the Chairman's Statement, during the financial year, the Board also commissioned a due diligence review of the Manager which was undertaken by an external consultancy firm.

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.

UK Stewardship Code and Proxy Voting as an Institutional Shareholder

Responsibility for actively monitoring the activities of portfolio companies has been delegated by the Board to the AIFM which has sub-delegated that authority to the Investment Manager.

The full text of the Company's response to the Stewardship Code may be found on the Company's website.

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 Iain McLaren 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 2014 AGM and then every three years thereafter. A resolution to approve the Remuneration Policy will therefore be put to the Annual General Meeting on 12 December 2017. Any change to this policy would also require shareholder approval;
(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 at the AGM; and
(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 36 to 38. 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 changes in 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.

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 2017 £	1 September 2016 £
Chairman	39,800	39,800
Chairman of Audit Committee	30,900	30,900
Member of Audit Committee and Board	28,800	28,800
Member of Board only	26,600	26,600
Additional fee for SID	1,000	1,000

Appointment

- The Company only intends to appoint non-executive Directors 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.
- 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.
- The Directors are entitled to re-imbursement of out-of-pocket expenses incurred in connection with the performance of their duties, including travel expenses.

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.

A resolution to approve the Directors Remuneration Policy will be proposed at the AGM on 12 December 2017.

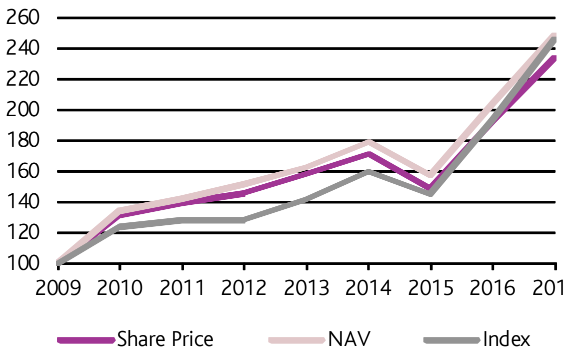
Implementation Report

Directors' Fees

During the financial year the Board carried out a review of Directors' fees and it was agreed that fees would remain unchanged. The fees were last increased on 1 September 2016 to £39,800 for the Chairman, £30,900 for the Chairman of the Audit Committee, £28,800 for each member of the Audit Committee and £26,600 for each other Director. The SID receives an additional fee of £1,000.

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 eight year period to 31 August 2017 (rebased to 100 at 31 August 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 15 December 2016, shareholders approved the Directors' Remuneration Report in respect of the year ended 31 August 2016. 99.81% of votes were in favour of the resolution, 0.12% were against, and 0.07% 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	2017 £	2016 £
A McKenzie	39,800	39,100
K Langridge	26,600	26,100
P Maynard	28,800	28,300
I McLaren	31,900	31,159
C Ricketts	26,600	9,570
T Lowrie (retired 15 December 2015)	-	7,868
Total	**153,700**	**142,097**

Directors' Interests in the Company

The Directors (including their connected persons) at 31 August 2017 and 31 August 2016 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 2017		31 August 2016	
	CULS	Ordinary shares	CULS	Ordinary shares
A McKenzie	28,820	25,000	28,820	25,000
K Langridge	-	5,000	-	5,000
P Maynard	-	2,500	-	2,500
I McLaren	21,029	10,226	20,379	10,000
C Ricketts	-	5,000	-	5,000

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 2017:

- 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.

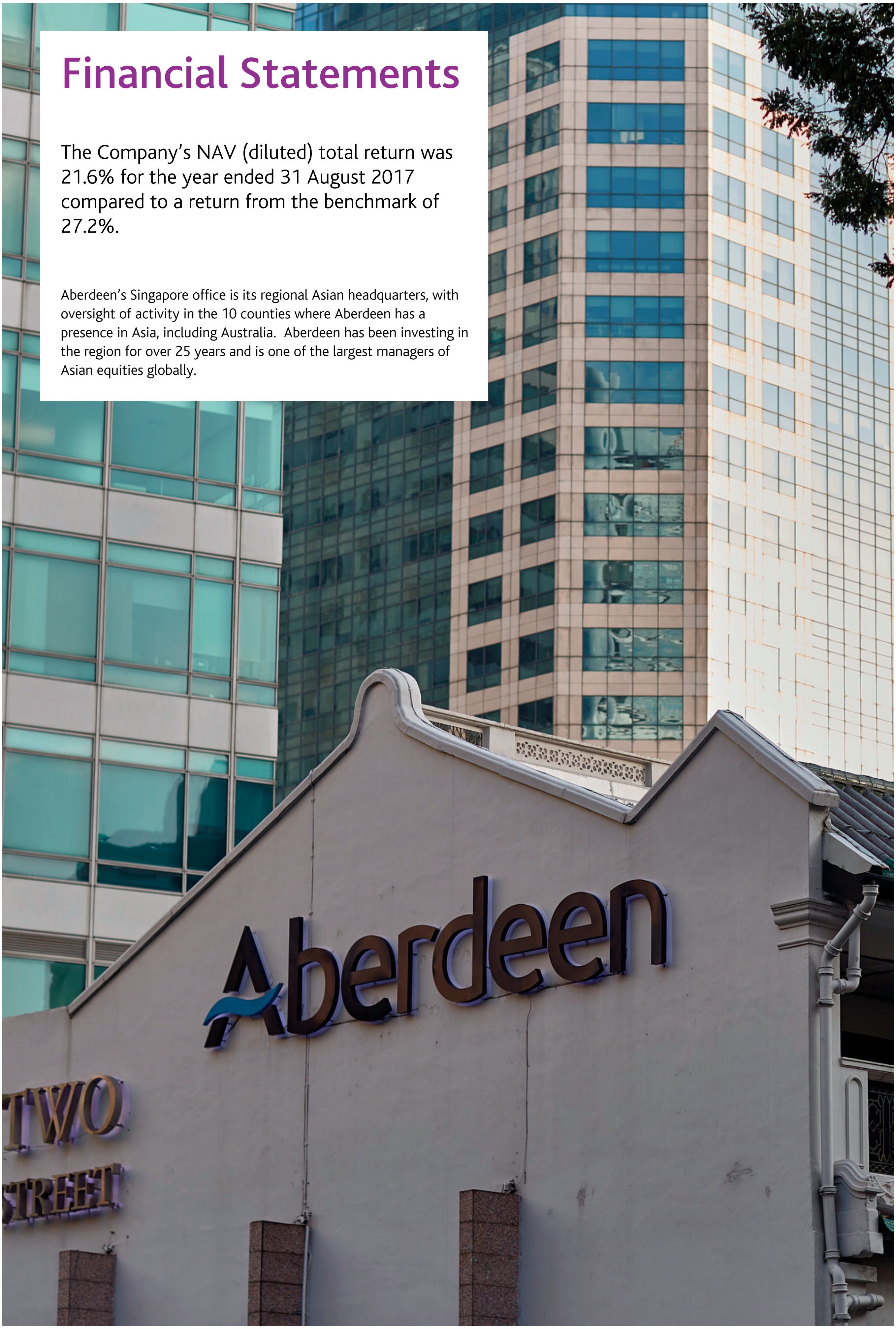
The Directors' Remuneration Report was approved by the Board of Directors and signed on its behalf by:

Allan McKenzie
Chairman
1 November 2017

Financial Statements

The Company's NAV (diluted) total return was 21.6% for the year ended 31 August 2017 compared to a return from the benchmark of 27.2%.

Aberdeen's Singapore office is its regional Asian headquarters, with oversight of activity in the 10 counties where Aberdeen has a presence in Asia, including Australia. Aberdeen has been investing in the region for over 25 years and is one of the largest managers of Asian equities globally.



Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and 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 they are required to prepare the financial statements in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

- select suitable accounting policies and then apply them consistently;
- make judgements 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and 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 are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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 Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

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

Responsibility Statement of the Directors in respect of the Annual Financial Report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that they face.

We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

For Edinburgh Dragon Trust plc
Allan McKenzie
Chairman

1 November 2017

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

1 Our opinion is unmodified

We have audited the financial statements of Edinburgh Dragon Trust plc ("the Company") for the year ended 31 August 2017 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and the related notes, including the accounting policies in note 2.

In our opinion the financial statements:
- give a true and fair view of the state of Company's affairs as at 31 August 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit Committee.

We were appointed as auditor prior to 1988. The period of total uninterrupted engagement is at least the 29 years ended 31 August 2017. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matter (unchanged from 2016) arriving at our audit opinion above, together with our key audit procedures to address that matter and, as required for public interest entities, our results from those procedures. The matter was addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on this matter.

Carrying amount of quoted equity investments £839.7m (2016: £710.1m)

Refer to page 30 (Audit Committee Report), page 43 (accounting policy) and page 48 (financial disclosures).

The Risk: The Company's portfolio of quoted investments makes up 98.33% (2016: 97.94%) of the Company's total assets (by value) and is considered to be the key driver of results. We do not consider these investments to be at a high risk of significant misstatement, or to be subject to a significant level of judgement because they comprise 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 investment portfolio included, but were not limited to:
- Tests of detail: Agreeing the valuation of 100% of investments in the portfolio to externally quoted prices; and
- Enquiry of custodians: Agreeing 100% of investment holdings in the portfolio to independently received third party confirmations from investment custodians.

Our Results: We found the resulting carrying amount of quoted equity investments to be acceptable.

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

Materiality for the financial statements as a whole was set at £8.5m (2016: £7.2m), determined with reference to a benchmark of total assets, of which, it represents 1% (2016: 1%).

We agreed to report to the Audit Committee any corrected and uncorrected identified misstatements exceeding £427,000 (2016: £362,000), 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 performed at the administrator's offices in Dundee.

4 We have nothing to report on going concern

We are required to report to you if:

- we have anything material to add or draw attention to in relation to the Directors' statement in note 2(a) to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements; or
- the related statement under the Listing Rules set out on page 31 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects.

5 We have nothing to report on the other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic Report and Directors' Report

Based solely on our work on the other information:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' Remuneration Report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation within the Viability Statement on pages 10 to 11 that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks and Uncertainties disclosures describing these risks and explaining how they are being managed and mitigated; and
- the Directors' explanation in the Viability Statement of how they have assessed the prospects of the Company, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Under the Listing Rules we are required to review the Viability Statement. We have nothing to report in this respect.

Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements 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 position and performance, business model and strategy; or
- the section of the Annual Report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We are required to report to you if the Corporate Governance Statement does not properly disclose a departure from the eleven provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

6 We have nothing to report on the other matters on which we are required to report by exception

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

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

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

We have nothing to report in these respects.

7 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 35, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud, other irregularities, or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The risk of not detecting a material misstatement resulting from fraud or other irregularities is higher than for one resulting from error, as they may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control and may involve any area of law and regulation not just those directly affecting the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

8 The purpose of our audit work and to whom we owe our responsibilities

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

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

1 November 2017

Statement of Comprehensive Income

		Year ended 31 August 2017			Year ended 31 August 2016		
		Revenue	Capital	Total	Revenue	Capital	Total
	Notes	£'000	£'000	£'000	£'000	£'000	£'000
Gains on investments held at fair value through profit or loss	10	–	141,223	141,223	–	151,827	151,827
Currency losses		–	(289)	(289)	–	(272)	(272)
Income	3	20,041	–	20,041	18,144	–	18,144
Investment management fee	4	(6,228)	–	(6,228)	(5,107)	–	(5,107)
Administrative expenses	5	(1,219)	–	(1,219)	(997)	–	(997)
Net return before finance costs and taxation		12,594	140,934	153,528	12,040	151,555	163,595
Interest payable and similar charges	6	(2,678)	–	(2,678)	(2,730)	–	(2,730)
Return before taxation		9,916	140,934	150,850	9,310	151,555	160,865
Taxation	7	(1,051)	(52)	(1,103)	(655)	–	(655)
Return after taxation		**8,865**	**140,882**	**149,747**	**8,655**	**151,555**	**160,210**
Return per share (pence)							
Basic	9	**4.68**	**74.40**	**79.08**	**4.50**	**78.86**	**83.36**
Diluted	9	**n/a**	**67.62**	**73.12**	**n/a**	**71.67**	**76.98**

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

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

The accompanying notes on pages 43 to 57 are an integral part of the financial statements.

Statement of Financial Position

	Notes	As at 31 August 2017 £'000	As at 31 August 2016 £'000
Non-current assets			
Investments at fair value through profit or loss	10	839,746	710,134
Current assets			
Debtors and prepayments	11	5,010	2,610
Money market funds		4,800	7,700
Cash and short term deposits		4,487	4,603
		14,297	14,913
Creditors: amounts falling due within one year			
Other creditors	12	(2,298)	(2,006)
3.5% Convertible Unsecured Loan Stock 2018	12	(44,415)	–
		(46,713)	(2,006)
Net current (liabilities)/assets		(32,416)	12,907
Total assets less current liabilities		807,330	723,041
Non-current liabilities			
3.5% Convertible Unsecured Loan Stock 2018	12	–	(58,882)
Net assets		**807,330**	**664,159**
Share capital and reserves			
Called-up share capital	13	40,180	39,207
Share premium account		18,618	4,492
Equity component of 3.5% Convertible Unsecured Loan Stock 2018	12	238	812
Capital redemption reserve		17,015	17,015
Capital reserve	14	697,550	572,266
Revenue reserve		33,729	30,367
Equity shareholders' funds		**807,330**	**664,159**
Net asset value per Ordinary share (pence)			
Basic	15	**423.26**	**348.62**
Diluted	15	**415.19**	**344.66**

The financial statements were approved by the Board of Directors and authorised for issue on 1 November 2017 and were signed on its behalf by:

Allan McKenzie
Chairman

The accompanying notes on pages 43 to 57 are an integral part of the financial statements.

Statement of Changes in Equity

For the year ended 31 August 2017

	Notes	Share capital £'000	Share premium account £'000	Equity component CULS 2018 £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 August 2016		39,207	4,492	812	17,015	572,266	30,367	664,159
Return after taxation		–	–	–	–	140,882	8,865	149,747
Issue of new Ordinary shares from conversion of 3.5% Convertible Unsecured Loan Stock 2018	13	973	14,126	–	–	–	–	15,099
Buyback of Ordinary shares for treasury	14	–	–	–	–	(15,598)	–	(15,598)
Dividend paid	8	–	–	–	–	–	(6,077)	(6,077)
Transfer of notional interest element on 3.5% Convertible Unsecured Loan Stock 2018	6	–	–	(574)	–	–	574	–
Balance at 31 August 2017		**40,180**	**18,618**	**238**	**17,015**	**697,550**	**33,729**	**807,330**

For the year ended 31 August 2016

	Notes	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 2015		39,206	4,484	351	1,392	17,015	429,266	26,921	518,635
Return after taxation		–	–	–	–	–	151,555	8,655	160,210
Issue of new Ordinary shares from conversion of 3.5% Convertible Unsecured Loan Stock 2018	13	1	8	–	(1)	–	–	–	8
Buyback of Ordinary shares for treasury	14	–	–	(351)	–	–	(8,555)	–	(8,906)
Dividend paid	8	–	–	–	–	–	–	(5,788)	(5,788)
Transfer of notional interest element on 3.5% Convertible Unsecured Loan Stock 2018	6	–	–	–	(579)	–	–	579	–
Balance at 31 August 2016		**39,207**	**4,492**	**–**	**812**	**17,015**	**572,266**	**30,367**	**664,159**

The capital reserve includes investment holding gains amounting to £357,950,000 (2016 – £288,730,000), as disclosed in note 10.

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

The accompanying notes on pages 43 to 57 are an integral part of the financial statements.

Statement of Cash Flows

	Notes	Year ended 31 August 2017 £'000	Year ended 31 August 2016 £'000
Operating activities			
Net return before finance costs and taxation		153,528	163,595
Adjustment for:			
Gains on investments		(141,223)	(151,827)
Currency losses		289	272
(Increase)/decrease in accrued dividend income		(1,130)	610
Decrease/(increase) in other debtors		56	(11)
Increase in other creditors		287	201
Scrip dividends included in investment income		(2,150)	(1,029)
Overseas withholding tax		(1,122)	(730)
Net cash flow from operating activities		8,535	11,081
Investing activities			
Purchases of investments		(149,415)	(63,159)
Sales of investments		161,967	72,198
Net cash from investing activities		12,552	9,039
Financing activities			
Equity dividends paid	8	(6,077)	(5,788)
Interest paid	6	(2,045)	(2,092)
Buyback of Ordinary shares		(15,692)	(8,841)
Net cash used in financing activities		(23,814)	(16,721)
(Decrease)/increase in cash and cash equivalents		(2,727)	3,399
Analysis of changes in cash and cash equivalents during the year			
Opening balance		12,303	9,176
Effect of exchange rate fluctuations on cash held		(289)	(272)
(Decrease)/increase in cash and cash equivalents as above		(2,727)	3,399
Closing cash and cash equivalents		**9,287**	**12,303**

The accompanying notes on pages 43 to 57 are an integral part of the financial statements.

Notes to the Financial Statements For the year ended 31 August 2017

1. **Principal activity**

The Company is a closed-end investment company, registered in Scotland No SC106049, with its Ordinary shares being listed on the London Stock Exchange.

2. **Accounting policies**

(a) Basis of accounting

The financial statements have been prepared in accordance with Financial Reporting Standard 102 and with the guidance set out in the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture capital Trusts issued in November 2014 and updated in January 2017 with consequential amendments. The financial statements are prepared in sterling which is the functional currency of the Company and rounded to the nearest £'000. They have also been prepared on a going concern basis and 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 31.

(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 Statement of Comprehensive Income 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 Statement of Comprehensive Income 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 reporting 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 reporting 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.

(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 reporting 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 Statement of Comprehensive Income 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 6. 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 capital 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 capital reserve.

3. Income	2017 £'000	2016 £'000
Income from investments		
UK dividend income	390	1,456
Overseas dividend income	17,480	15,625
Scrip dividends	2,150	1,029
	20,020	**18,110**

Other income	2017 £'000	2016 £'000
Deposit interest	1	5
Interest from money market funds	20	29
	21	34
Total income	**20,041**	**18,144**

Income from investments	2017 £'000	2016 £'000
Listed UK	–	1
Listed overseas	20,020	18,109
	20,020	**18,110**

	2017			2016		
	Revenue	Capital	Total	Revenue	Capital	Total
4. Management fee	£'000	£'000	£'000	£'000	£'000	£'000
Management fee	**6,228**	–	**6,228**	**5,107**	–	**5,107**

Management fees paid to Aberdeen Fund Managers Limited ("the Manager") are calculated at 0.85% on net assets from 1 April 2016. Management fees are calculated and billed on a quarterly basis. Prior to 1 April 2016 management fees were calculated at 1% on net assets up to £600 million, 0.9% on net assets between £600 million and £1 billion and 0.8% on net assets over £1 billion.

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. There were no commonly managed funds held in the portfolio during the year to 31 August 2017 (2016 – none) where the Manager earned a mangement fee elsewhere on the underlying holding. The balance due to the Manager at the year end was £1,716,000 (2016 – £1,479,000).

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 to be given by the Manager is six months.

Following a review, a revision of the management fee arrangements has been agreed by the Company and the Manager. With effect from 1 September 2017, the management fee will be based on 0.85% per annum for net assets up to £350 million and 0.50% per annum for net assets over £350 million, calculated and paid quarterly.

Notes to the Financial Statements continued

5. Administrative expenses	2017 £'000	2016 £'000
Promotional activities	207	204
Directors' fees	154	142
Custody fees	355	263
Auditor's remuneration: Fees payable to the Company's auditor for		
• audit of the Company's annual accounts	21	17
• review of the Company's half yearly accounts	5	5
Other expenses	477	366
	1,219	**997**

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 £200,000 (2016 – £204,000) and the sum due to the Manager at the year end was £34,000 (2016 – £34,000).

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

The Company does not have any employees.

6. Interest payable and similar charges	2017 £'000	2016 £'000
Interest on 3.5% Convertible Unsecured Loan Stock 2018	2,045	2,092
Notional interest of 1.162% on 3.5% Convertible Unsecured Loan Stock 2018	574	579
Amortisation of 3.5% Convertible Unsecured Loan Stock 2018 issue expenses	59	59
	2,678	**2,730**

7. Taxation	2017 Revenue £'000	2017 Capital £'000	2017 Total £'000	2016 Revenue £'000	2016 Capital £'000	2016 Total £'000
(a) Analysis of charge for the year						
Overseas tax suffered	1,051	52	1,103	655	–	655
Taxation on ordinary activities	**1,051**	**52**	**1,103**	**655**	**–**	**655**

(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.

	2017			2016		
	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Return before taxation	9,916	140,934	150,850	9,310	151,555	160,865
Effective rate of corporation tax at 19.58% (2016 – 20.00%)	1,942	27,595	29,537	1,862	30,311	32,173
Effects of:						
UK dividend income	(216)	–	(216)	(291)	–	(291)
Gains on investments not taxable	–	(27,651)	(27,651)	–	(30,365)	(30,365)
Currency losses not taxable	–	56	56	–	54	54
Other non-taxable income	(3,705)	–	(3,705)	(3,331)	–	(3,331)
Increase in excess expenses and loan relationship deficit	1,979	–	1,979	1,760	–	1,760
Capital gains tax charge	–	52	52	–	–	–
Net overseas tax suffered	1,051	–	1,051	655	–	655
Current tax charge for year	**1,051**	**52**	**1,103**	**655**	**–**	**655**

(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 £12,041,000 (2016 – £12,145,000) 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.

8. 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 £8,865,000 (2016 – £8,655,000).

	2017	2016
	£'000	£'000
Proposed final dividend for 2017 – 3.30p per Ordinary share (2016 – 3.20p)	6,265	6,077

The amounts reflected above for the cost of the proposed final dividend for 2017 is based on 189,843,856 Ordinary shares in issue, being the number of Ordinary shares in issue at the date of this Report.

The final dividend will be paid on 15 December 2017 to shareholders on the register at the close of business on 24 November 2017.

Notes to the Financial Statements continued

9. Return per Ordinary share	2017 £'000	2017 pence	2016 £'000	2016 pence
Basic				
Revenue return	8,865	4.68	8,655	4.50
Capital return	140,882	74.40	151,555	78.86
Total return	**149,747**	**79.08**	**160,210**	**83.36**
Weighted average Ordinary shares in issue		**189,359,122**		**192,195,250**

Diluted	2017 £'000	2017 pence	2016 £'000	2016 pence
Revenue return	11,460	n/a	11,243	n/a
Capital return	140,882	67.62	151,555	71.67
Total return	**152,342**	**73.12**	**162,798**	**76.98**
Weighted average Ordinary shares in issue[A]		**208,338,133**		**211,470,625**

[A] The calculation of the diluted total, revenue and capital returns per Ordinary share are carried out in accordance with IAS 33, "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 18,979,011 (2016 – 19,275,375) to 208,338,133 (2016 – 211,470,625) Ordinary shares.

For the years ended 31 August 2017 and 31 August 2016 there was no dilution to the revenue return per Ordinary share. 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.

10. Investments	Listed overseas £'000	Listed in UK £'000	Total £'000
Fair value through profit or loss:			
Opening book cost	395,360	26,044	421,404
Opening fair value gains/(losses) on investments held	299,899	(11,169)	288,730
Opening fair value	695,259	14,875	710,134
Movements in year:			
Purchases at cost	151,662	–	151,662
Sales – proceeds	(161,002)	(2,271)	(163,273)
Sales – gains/(losses) on sales	73,554	(1,551)	72,003
Current year fair value gains on investments held	65,051	4,169	69,220
Closing fair value	**824,524**	**15,222**	**839,746**

	Listed overseas £'000	Listed in UK £'000	Total £'000
Closing book cost	459,574	22,222	481,796
Closing fair value gains/(losses) on investments held	364,950	(7,000)	357,950
Closing fair value	**824,524**	**15,222**	**839,746**

Gains on investments held at fair value through profit or loss	2017 £'000	2016 £'000
Realised gains on sales	72,003	20,492
Increase in fair value gains on investments held	69,220	131,335
	141,223	**151,827**

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:

	2017 £'000	2016 £'000
Purchases	226	102
Sales	342	189
	568	**291**

11. Debtors and prepayments	2017 £'000	2016 £'000
Accrued income	2,351	1,357
Overseas withholding tax recoverable	401	244
Amounts due from brokers	1,806	501
Other debtors and prepayments	452	508
	5,010	**2,610**

12. Creditors: amounts falling due within one year

(a) **3.5% Convertible Unsecured Loan Stock 2018** **Year ended 31 August 2017**	Number of units £'000	Liability component £'000	Equity component £'000
Balance at 31 August 2016	59,779	58,882	812
Conversion of 3.5% Convertible Unsecured Loan Stock 2018 into Ordinary shares	(15,100)	(15,100)	–
Notional interest on 3.5% Convertible Unsecured Loan Stock 2018	–	574	–
Notional interest on 3.5% Convertible Unsecured Loan Stock 2018 transferred to revenue reserve	–	–	(574)
Amortisation of issue expenses (see note 2(i))	–	59	–
Balance at 31 August 2017	**44,679**	**44,415**	**238**

Year ended 31 August 2016	Number of units £'000	Liability component £'000	Equity component £'000
Balance at 31 August 2015	59,787	58,252	1,392
Conversion of 3.5% Convertible Unsecured Loan Stock 2018 into Ordinary shares	(8)	(9)	(1)
Notional interest on 3.5% Convertible Unsecured Loan Stock 2018	–	579	–
Notional interest on 3.5% Convertible Unsecured Loan Stock 2018 transferred to revenue reserve	–	–	(579)
Amortisation of issue expenses (see note 2(i))	–	60	–
Balance at 31 August 2016	**59,779**	**58,882**	**812**

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.

(b) Other creditors	2017 £'000	2016 £'000
Amounts due to brokers	131	32
Amounts due relating to purchase of own shares to treasury	–	94
Other amounts due	2,167	1,880
	2,298	**2,006**

13. Called-up share capital	2017 £'000	2016 £'000
Allotted, called-up and fully paid:		
Ordinary shares of 20p		
Opening balance of 196,030,502 (2016 – 196,027,844) shares	39,207	39,206
Issue of 4,868,554 (2016 – 2,658) Ordinary shares on conversion of £15,100,040 (2016 – £8,254) nominal 3.5% Convertible Unsecured Loan Stock 2018	973	1
Closing balance of 200,899,056 (2016 – 196,030,502) shares	**40,180**	**39,207**

During the year 4,868,554 Ordinary shares were issued as a result of CULS conversion (2016 – 2,658).

During the year 4,636,200 Ordinary shares of 20p each were purchased to be held in treasury by the Company (2016 – 3,577,800) at a total cost of £15,598,000 (2016 – £8,906,000). At the year end 10,157,500 (2016 – 5,521,300) Ordinary shares of 20p each were held in treasury, which represents 5.3% (2016 – 2.9%) of the Company's total issued share capital at 31 August 2017.

Since the year end a further 897,700 Ordinary shares of 20p each have been purchased by the Company at a total cost of £3,201,000 all of which were held in treasury.

14. Capital reserve

	2017 £'000	2016 £'000
At 1 September 2016	572,266	429,266
Movement in fair value gains	141,223	151,827
Foreign exchange movement	(289)	(272)
Buyback of Ordinary shares for treasury	(15,598)	(8,555)
Capital gains tax charge	(52)	–
As at 31 August 2017	**697,550**	**572,266**

The capital reserve includes investment holding gains amounting to £357,950,000 (2016 – £288,730,000), as disclosed in note 10.

15. 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:

	2017	2016
Basic		
Net assets attributable (£'000)	807,330	664,159
Number of Ordinary shares in issue [A]	190,741,556	190,509,202
Net asset value per share (p)	423.26	348.62

	2017	2016
Diluted		
Net assets attributable (£'000)	851,745	723,040
Number of Ordinary shares in issue [B]	205,146,955	209,783,182
Net asset value per share (p)	415.19	344.66

[A] Excluding shares held in treasury.

[B] The calculations indicate that the exercise of CULS would result in an increase in the number of Ordinary shares of 14,405,399 (2016 – 19,273,980) to 205,146,955 (2016 – 209,783,182) Ordinary shares.

The impact of the 3.5% Convertible Unsecured Loan Stock 2018 on the net asset value per share was dilutive for the year ended 31 August 2017 (2016 – dilutive)

16. 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. Short term gearing is represented by £44.7 million nominal of 3.5% Convertible Unsecured Loan Stock 2018 (CULS) which are due to mature on 31 January 2018.

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 reporting date was as follows:

At 31 August 2017	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
Assets				
Chinese Yuan	–	–	–	2
Indian Rupee	–	–	–	3,261
Singapore Dollar	–	–	–	485
Sterling	–	0.10	–	5,321
Taiwanese Dollar	–	–	–	3
Vietnamese Dollar	–	–	–	215
Total assets	**n/a**	**n/a**	–	**9,287**
Liabilities				
3.5% Convertible Unsecured Loan Stock 2018	0.42	3.50	44,415	–

At 31 August 2016	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
Assets				
Singapore Dollar	–	–	–	129
Sterling	–	0.10	–	12,078
Taiwanese Dollar	–	–	–	3
Vietnamese Dollar	–	–	–	93
Total assets	n/a	n/a	–	12,303
Liabilities				
3.5% Convertible Unsecured Loan Stock 2018	1.42	3.50	58,882	–

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 Statement of Financial Position, 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 Statement of Comprehensive Income 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 2017			31 August 2016		
	Overseas investments £'000	Net monetary assets £'000	Total currency exposure £'000	Overseas investments £'000	Net monetary assets £'000	Total currency exposure £'000
Chinese Yuan	60,180	2	60,182	–	–	–
Hong Kong Dollar	169,573	984	170,557	153,256	–	153,256
Indian Rupee	137,077	3,962	141,039	118,932	–	118,932
Indonesian Rupiah	47,691	–	47,691	28,524	–	28,524
Korean Won	67,568	–	67,568	72,114	419	72,533
Malaysian Ringgit	24,089	–	24,089	26,768	–	26,768
Philippine Peso	33,489	–	33,489	31,139	–	31,139
Singapore Dollar	138,511	475	138,986	131,075	179	131,254
Sri Lankan Rupee	16,133	–	16,133	17,547	–	17,547
Taiwanese Dollar	44,779	3	44,782	46,692	3	46,695
Thailand Baht	23,838	–	23,838	22,142	–	22,142
US Dollar	54,827	–	54,827	42,740	–	42,740
Vietnamese Dong	6,769	215	6,984	4,330	93	4,423
	824,524	5,641	830,165	695,259	694	695,953
Sterling	15,222	5,321	20,543	14,875	11,984	26,859
Total	**839,746**	**10,962**	**850,708**	**710,134**	**12,678**	**722,812**

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 60, 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 reporting 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 2017 would have increased/decreased by £83,975,000 (2016 – increased/decreased by £71,013,000) 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.

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 2016 and 2017 the Company had no loan or overdraft facility in place.

Liquidity risk exposure

At 31 August 2017 the Company had borrowings in the form of the £44,678,748 (2016 – £59,778,788) nominal of 3.5% Convertible Unsecured Loan Stock 2018 which are due to mature on 31 January 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 finding 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 Statement of Financial Position, the maximum exposure to credit risk at 31 August was as follows:

	2017		2016	
	Balance Sheet	Maximum exposure	Balance Sheet	Maximum exposure
Current assets	£'000	£'000	£'000	£'000
Loans and receivables	5,010	5,010	2,610	2,610
Cash at bank and in hand	4,487	4,487	4,603	4,603

Notes to the Financial Statements continued

	9,497	**9,497**	**7,213**	**7,213**

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:

	2017 £'000	2016 £'000
In less than one year	44,415	–
In more than one year	–	58,882
	44,415	**58,882**

At 31 August 2017 the full contractual liability for the CULS assuming no further conversions was £45,699,000 (2016 – £63,897,000).

17. Fair value hierarchy

FRS 102 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 shall have the following classifications:

Level 1: unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable (ie developed using market data) for the asset or liability, either directly or indirectly.

Level 3: inputs are unobservable (ie for which market data is unavailable) for the asset or liability.

All of the Company's investments are in quoted equities (2016 – 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 for 2017 of £839,746,000 (2016 – £710,134,000) have therefore been deemed as Level 1.

18. 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 32 and 33.

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 4 and 5. Details of a revision to the management fee arrangements agreed by the Company and the Manager after the reporting date are contained in note 4.

At the year end the Company had £4,800,000 (31 August 2016 – £7,700,000) invested in Aberdeen Liquidity Fund (Lux) – Sterling Fund which is managed and administered by AAML. The Company pays a management fee of 0.85% per annum on the value of these holdings but no fee is chargeable at the underlying fund level.

19. 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.

Corporate Information

The Manager is a subsidiary of Aberdeen Asset Management PLC, which merged with Standard Life plc on 14 August 2017 to form Standard Life Aberdeen plc. Assets under the management of the combined investment division, Aberdeen Standard Investments, were equivalent to £583 billion at 31 December 2016.

Central District, Hong Kong

Tower block in Hong Kong's Central District. Aberdeen's offices are located in Chater House, an office tower in the Central business district. Opened in 2003, the tower is a part of the Hongkong Land portfolio of properties. The building was built on the site of the former Swire House, and was named after Sir Paul Chater, a prominent British Armenian-descended businessman from Hong Kong's Colonial period.

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 the 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 of Aberdeen Asset Management PLC ("Aberdeen"), which merged with Standard Life plc on 14 August 2017 to form Standard Life Aberdeen plc. Assets under the management of the combined investment division, Aberdeen Standard Investments, were equivalent to £583 billion at 31 December 2016.

AAMA has been Aberdeen's principal manager of Asia-Pacific assets since 1992, and had 522 staff across the region at 30 June 2017. Total funds in the region are over £60.3 billion as at 30 June 2017.

The Investment Team Senior Managers

Hugh Young
Managing Director

BA in Politics from Exeter University. Started investment career in 1980. In charge of Aberdeen 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
Head of Equities, Asia Pacific exc Japan

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 Aberdeen Asia in 1996.

Information about the Manager continued

The Investment Process

Philosophy and Style

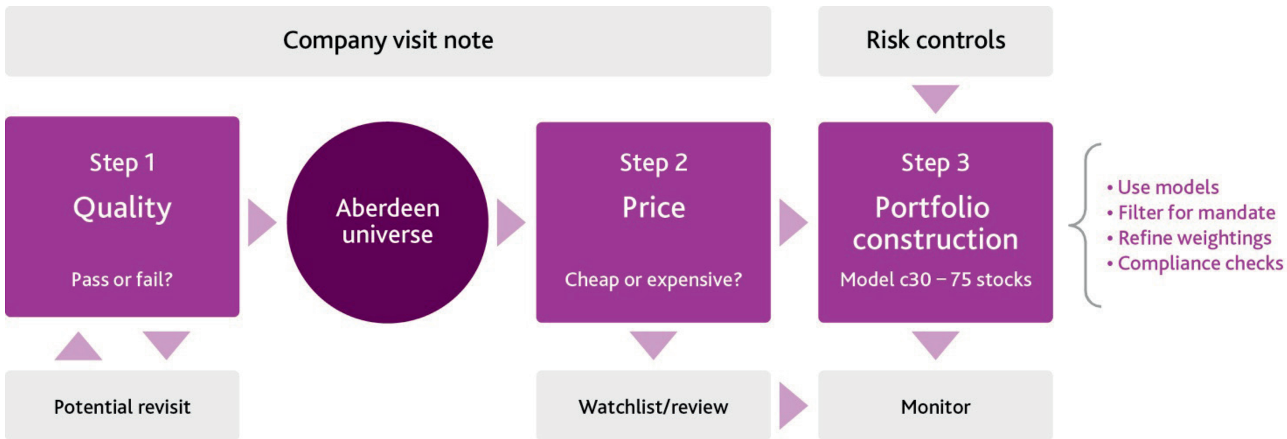
The Investment Manager's investment philosophy is that markets are not always efficient. We (Aberdeen) believe that superior investment returns are therefore attainable by identifying good companies cheaply, defined in terms of the fundamentals that in our opinion drive share prices over the long term. 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.

Aberdeen'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.



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%) where applicable on purchases. 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%) where applicable on purchases. 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 £20,000 can be made in the tax year 2017/18.

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 where applicable. 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.

Dividend Tax Allowance

For the 2017/18 tax year there is an annual £5,000 tax-free allowance on dividend income. Above this amount, individuals will pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances. The Company will continue to provide registered shareholders with a confirmation of dividends paid by the Company and this should be included with any other dividend income received when calculating and reporting to HMRC total dividend income received. It is the shareholder's responsibility to include all dividend income when calculating any tax liability.

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.

Investor Information continued

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.

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: 0808 00 40 00
Website: www.invtrusts.co.uk/en/investmenttrusts/literature-library

Terms and Conditions for the Aberdeen managed savings products can also be found under the Literature section of our website at www.invtrusts.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 0808 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: 0808 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 Youinvest
Alliance Trust Savings
Barclays Stockbrokers / Smart Investor
Charles Stanley Direct
Equiniti / Shareview
Halifax Share Dealing
Hargreave Hale
Hargreaves Lansdown
iDealing
Interactive Investor / TD Direct
Selftrade
The Share Centre
Stocktrade

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 Personal Investment Management & Financial Advice Association at www.pimfa.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 2017	Company's financial year end
2 November 2017	Announcement of annual financial report for the year ended 31 August 2017
13 November 2017	Annual Report and Accounts published
12 December 2017 (12 noon)	Annual General Meeting
15 December 2017	Final dividend on Ordinary shares paid
2 January to 31 January 2018	Final 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 2018	Final conversion date for CULS converted into Ordinary shares
31 January 2018	Half-yearly interest on CULS paid
28 February 2018	Company's financial half-year end
April 2018	Announcement of half-yearly financial report for the six months ended 28 February 2018
May 2018	Half-Yearly Report published
31 August 2018	Company's financial year end

Glossary of Terms and Definitions

Aberdeen, AAM or Aberdeen Group	Aberdeen Asset Management PLC, which merged with Standard Life plc on 14 August 2017 to form Standard Life Aberdeen plc.
AFML, AIFM or Manager	Aberdeen Fund Managers Limited ("AFML") is a wholly owned subsidiary of Aberdeen Asset Management PLC and acts as the Alternative Investment Fund Manager ("AIFM") for the Company. It is authorised and regulated by the Financial Conduct Authority.
AAMA or Investment Manager	Aberdeen Asset Management Asia Limited ("AAMA" or "Investment Manager") is a subsidiary company of Aberdeen Asset Management PLC which has been delegated responsibility for the Company's day-to-day investment management.
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 £44.7 million nominal of 3.5% 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% premium to the unaudited NAV per Ordinary Share (including income) of 281.9571p at 5 January 2011.
Dilution	Dilution is the potential impact of the conversion of CULS to Ordinary shares on the net asset value and share price of the Company.
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.

Notional Interest	At the date the CULS were issued, 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%. Notional interest is calculated as the difference between this effect interest rate of 4.662% and the coupon rate of 3.5%.
Ongoing Charges	Ratio of ongoing expenses expressed as percentage of average daily shareholders' funds calculated as per the industry standard.
PIDD	The pre-investment disclosure document made available by the AIFM in relation to the Company.
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 half year or year end date. The following dividend reinvestment data has been used:

Ex Dividend Date	Dividend Rate (p)	NAV (p) Basic	NAV (p) Diluted	Share Price (p)
17 November 2016	3.20	339.61	336.52	292.75

General

Summary of Share Capital History

Issued Share Capital and Borrowings at 31 August 2017

200,899,056	Ordinary shares of 20p (of which 10,157,500 are held in treasury).
£44,678,748	3.5% Convertible Unsecured Loan Stock 2018 ("CULS") nominal.

Capital History

Year to 31 August 2017	During the year to 31 August 2017, 4,868,554 Ordinary shares were issued following elections by CULS holders to convert £15,100,040 nominal of CULS. 4,636,200 Ordinary shares were repurchased into treasury.
Year to 31 August 2016	During the year to 31 August 2016, 2,658 Ordinary shares were issued following elections by CULS holders to convert £8,254 nominal of CULS. 3,577,800 Ordinary shares were repurchased into treasury.
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.
31 August 2011 - 31 August 2014	30,409 Ordinary shares were issued following elections by CULS holders to convert £94,389 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	In January 2010, following a 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.
2006-2009	6,122,500 Ordinary shares were repurchased for cancellation in the year to 31 August 2008 and 200,000 Ordinary shares were repurchased for cancellation in the year to 31 August 2007.
1993 - 2005	In 1995 and 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. During the period 1998 - 2000 the Company repurchased 43,760,874 Ordinary shares for cancellation. Prior to their final conversion date in 2005, 421,540 warrants 2005 were converted into Ordinary shares and 8,926,018 warrants 2005 were purchased for cancellation. The final conversion of 10,508,903 warrants 2005 took place in 2005.
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.

General

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 its publication in November 2017.

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 16 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 Secretary, Aberdeen Asset Managers Limited on request (see contact details on page 71) and the remuneration disclosures in respect of the AIFM's reporting period for the year ended 30 September 2016 are available on the Company's website and for the year ended 30 September 2017 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 2017	1.10:1	1.11:1

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.

Notice of Annual General Meeting

Notice is hereby given that the twenty-ninth annual general meeting of Edinburgh Dragon Trust plc will be held at 40 Princes Street, Edinburgh EH2 2BY on 12 December 2017 at 12 noon to consider and, if thought fit, pass the following resolutions, of which resolutions 1 to 12 inclusive will be proposed as ordinary resolutions and resolutions 13 to 15 inclusive will be proposed as special resolutions:

Ordinary Business

1. To receive the reports of the Directors and auditor and the audited financial statements for the year to 31 August 2017.
2. To receive and adopt the Directors' Remuneration Report, excluding the Directors' Remuneration Policy, for the year to 31 August 2017.
3. To approve the Directors' Remuneration Policy.
4. To approve payment of a final dividend of 3.3p per Ordinary share.
5. To re-elect Mr McKenzie as a Director of the Company.
6. To re-elect Ms Langridge as a Director of the Company.
7. To re-elect Mr Maynard as a Director of the Company.
8. To re-elect Mr McLaren as a Director of the Company.
9. To re-elect Mr Ricketts as a Director of the Company.
10. 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.
11. To authorise the Directors to determine the remuneration of the auditor for the year to 31 August 2018.

Special Business

12. 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 £12.7 million or, if less, the number representing 33.3% of the Company's issued Ordinary share capital as at the date of passing of this resolution, such authority to expire on 28 February 2019 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.
13. That, subject to the passing of resolution 12 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 12 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 £1.9 million or, if less, the number representing 5% of the Company's issued Ordinary share capital as at the date of passing of this resolution; and
    (ii) expire on 28 February 2019 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.
14. 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 28.5 million or, if less, the number representing 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);

(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 2019 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.

15. 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
13 November 2017

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 8 December 2017.

(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 6.30pm on 8 December 2017 (or, in the event that the Meeting is adjourned, at 6.30pm 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 8 December 2017 (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 31 October 2017 (being the latest practicable date prior to publication of this document), the Company's issued share capital comprised 189,843,856 Ordinary shares of 20 pence each and there were a further 11,055,200 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 31 October 2017 is 189,843,856. Treasury shares represent 5.5% 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.

Contact Addresses

Directors
Allan McKenzie (Chairman)
Kathryn Langridge
Peter Maynard
Iain McLaren
Charlie Ricketts

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.aberdeenstandard.com

(authorised and regulated by the Financial Conduct Authority)

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

(authorised and regulated by the Financial Conduct Authority)

Company Registration Number
SC106049

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

Depositary
BNP Paribas Securities Services, London Branch

Auditor
KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh EH1 2EG

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

Foreign Account Tax Compliance Act ("FATCA") Registration Number ("GIIN")
IRS Registration Number (GIIN): 2WA1VW.99999.SL.826

Legal Entity Identifier ("LEI")
549300W4KB0D75D1N730

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