Edinburgh Dragon Trust plc

Annual Report and Accounts

31 August 2013

Contents

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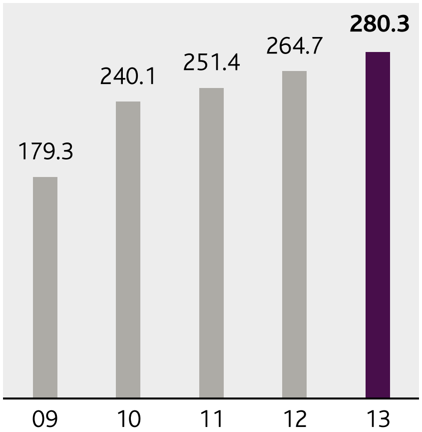
Financial Highlights

	2013	2012
Share price total return[A]	+8.3%	+4.7%
Net asset value total return[A]	+6.7%	+6.7%
Benchmark total return[A] (in sterling terms)	+10.1%	(0.3%)
Dividend per share	2.20p	2.20p

[A] Capital return plus dividends reinvested.

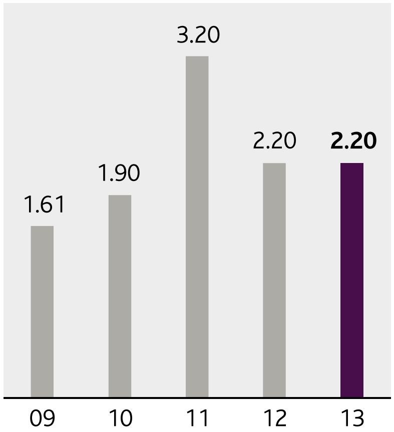
Net asset value per share

At 31 August – pence



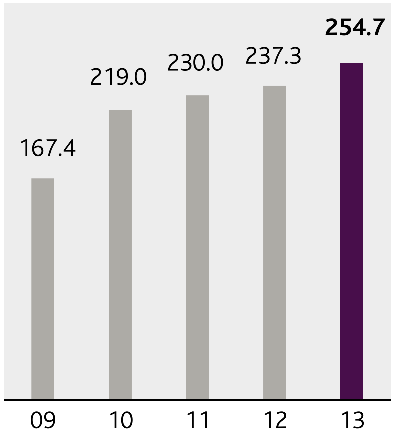
Dividends per share

pence



Mid-market price per share

At 31 August – pence



Financial Calendar

31 August 2013	Company's financial year end
4 November 2013	Announcement of annual results for the year ended 31 August 2013
15 November 2013	Annual Report and Accounts published
17 December 2013 (12 noon)	Annual General Meeting
20 December 2013	Final dividend on Ordinary shares paid
3 January to 31 January 2014	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 2014	Conversion date for any CULS converted into Ordinary shares
31 January 2014	Half-yearly interest on CULS paid
28 February 2014	Company's financial half-year end
April 2014	Announcement of half-yearly financial report for the six months ended 28 February 2014
May 2014	Half-Yearly Report published
3 July to 31 July 2014	Period during which CULS holders can elect to convert into Ordinary shares
31 July 2014	Conversion date for any CULS converted into Ordinary shares
31 July 2014	Half-yearly interest on CULS paid

Corporate Summary

The Company

The Company is an investment trust and its Ordinary shares and CULS are listed on the London Stock Exchange. The Company is a member of the Association of Investment Companies.

Investment Manager

Aberdeen Asset Managers Limited ("AAM Limited" or the "Manager"), a wholly owned subsidiary of Aberdeen Asset Management PLC ("AAM").

Capital Structure and Borrowings

The Company's issued share capital as at 31 August 2013 was 196,368,689 fully paid Ordinary shares of 20p. The Company had £59,821,680 nominal of 3.5% Convertible Unsecured Loan Stock 2018 (CULS) outstanding at 31 August 2013.

Total Net Assets and Net Asset Value

The Company had total net assets of £550.3 million and a net asset value of 280.3 pence per Ordinary share at 31 August 2013.

Websites

www.edinburghdragon.co.uk
www.aberdeen-asset.com

Company Secretary

Aberdeen Asset Managers Limited
40 Princes Street, Edinburgh EH2 2BY
Email: company.secretary@invtrusts.co.uk

Customer Services

Freephone: 0500 00 00 40
(open Monday – Friday, 9am – 5pm)

Email: inv.trusts@aberdeen-asset.com

Principal Risk Factors

Investment in Far East securities or those of companies that derive significant revenue or profit from the Far East involves a greater degree of risk than that usually associated with investment in the securities in major securities markets. Further details of the risks are disclosed in the Business Review contained within the Directors' Report on pages 20 to 21.

Duration

Shareholders are given the opportunity to vote on the continuation of the Company at every third Annual General Meeting. The next continuation vote will be held at the Annual General Meeting in December 2015.

Share Dealing/ISA Status

Shares in Edinburgh Dragon Trust plc can be bought in the open market through a stockbroker. They can also be purchased through the Aberdeen Asset Managers Limited savings scheme and are fully qualifying for inclusion within tax efficient ISA wrappers (see page 50.)

Management Agreement

The Company has an agreement with AAM Limited for the provision of management and secretarial services (the "Management Agreement"), details of which are provided in the Directors' Report.

The Directors review the terms of the Management Agreement on a regular basis and have confirmed that, due to the investment skills, experience of the Manager and its long-term relative performance, in their opinion the continuing appointment of Aberdeen Asset Managers Limited, on the terms agreed, is in the interests of shareholders as a whole.

A review of the Management Agreement will be undertaken by the Board to incorporate provisions required from the implementation of the Alternative Investment Fund Managers Directive.

Glossary of Terms

A glossary of terms is provided on page 52.

Investment Objective and Policy

Investment Objective

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

Benchmark

The Company's benchmark index is the MSCI All Country Asia (ex Japan) Index.

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 under-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, which is subject to a maximum gearing level of 20% imposed by the Board.

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

Achieving the Investment Policy

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 Manager who invests in a diversified range of companies throughout the Asia Pacific investment region in accordance with the investment policy. The 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 Manager having first met management. The Manager evaluates a company's worth in two stages; quality then price. Quality is defined by reference to management, business focus, the balance sheet and corporate governance. Price is calculated by reference to key financial ratios, the market, the peer group and business prospects. Stock selection is key in constructing a diversified portfolio of companies with top-down investment approach and benchmark weightings being secondary factors. The 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 Manager is disclosed on page 11. A comprehensive analysis of the Company's portfolio by country and by sector is disclosed on pages 13 to 17, including a description of the ten largest investments, the full investment portfolio by value, sector/geographical analysis and currency/market performance. At 31 August 2013, the Company's portfolio consisted of 48 holdings.

Gearing is used to leverage the Company's portfolio in order to enhance returns where and to the extent this is considered appropriate to do so. At 31 August 2013, the Company's net gearing was 9.6%.

As at 31 August 2013, the Company had no holdings in other listed investment companies (including listed investment trusts).

Results

Financial Highlights

	31 August 2013	31 August 2012	% change
Performance			
Equity shareholders' funds (£'000)	550,346	519,765	+5.9
Net asset value per share (including net revenue) (p)	280.26	264.70	+5.9
Share price (p)	254.70	237.30	+7.3
MSCI AC Asia (ex Japan) Index (in sterling terms; capital return basis)	614.29	572.34	+7.3
Revenue return per share (p)	3.42	3.30	
Total return per share (p)	17.76	16.53	
Gearing			
Net gearing (%)[A]	9.6	10.3	
Discount			
Level of discount at which the shares traded (%)	9.1	10.4	
Operating costs			
Ongoing charges ratio[B]	1.23	1.25	

[A] Calculated in accordance with AIC guidance "Gearing Disclosures post RDR".
[B] Ongoing charges ratio is calculated in accordance with guidance issued by the AIC as the total of the investment management fee and ongoing administrative expenses divided by the average undiluted net asset value in the year.

Year's Highs/Lows

	High	Low
Share price (p)	307.7	232.1
Net asset value (p)	326.9	258.6
Discount (%)	4.2	11.3

Performance (total return)

	1 year return %	3 year return %	5 year return %
Share price	+8.3	+19.9	+84.2
Net asset value	+6.7	+20.0	+80.0
MSCI AC Asia (ex Japan) Index (in sterling terms)	+10.1	+13.8	+54.2

Dividends

	Rate	xd date	Record date	Payment date
Proposed final 2013	2.20p	20 November 2013	22 November 2013	20 December 2013
Final 2012	2.20p	14 November 2012	16 November 2012	14 December 2012

Chairman's Statement

Allan McKenzie
Chairman

Highlights

- **Net Asset Value Total Return +6.7% compared to a benchmark return of 10.1%**
- **Net Asset Value Total Return over 3 and 5 years has outperformed the benchmark index by 6.2% and 25.8% respectively**

Background

Central Bank policy measures continued to drive global stockmarkets during the year under review as economies worldwide began a fragile recovery from the recent financial crisis. Asia was no exception, posting gains despite resurgent concerns over decelerating growth across the region, tenuous recovery in the US and the ongoing European debt crisis. Towards the period-end, uncertainty over when the Federal Reserve might scale back its quantitative easing (QE) programme buffeted markets but after the review period concluded, stocks rallied following the Fed's September decision to postpone trimming its asset purchases. Your Company's net asset value rose 6.7% on a total return basis compared to the benchmark MSCI AC Asia ex Japan Index's gain of 10.1%. The share price rose by 7.3% to 254.7p.

Overview

External factors played their part in influencing the direction of Asian stockmarkets. Ultra-low interest rates and continued Central Bank support in Europe and the US ensured investor sentiment remained positive, with additional impetus provided by signs that suggested the US economy was improving and Europe's debt problems were under control. President Obama's re-election in November and the eleventh-hour deal to avert automatic tax increases and spending cuts also lifted sentiment, as did a smooth albeit highly orchestrated leadership transition in China. However, confidence wavered in the latter half of the year as new risks emerged in Europe and slowing growth became more apparent in Asia. The tipping point was the Federal Reserve's suggestion in May that it might reduce its QE programme sooner than expected. This precipitated a global sell-off that hurt emerging market assets disproportionately. Most Asian stockmarkets retained their gains achieved in the first half in local currency terms. However, sterling returns were severely reduced by weakened currencies, most notably in India and Indonesia, despite more resilient stock prices.

On the economic front, once fast-expanding countries, such as China, India and Indonesia, slowed substantially although this has to be seen in the context of exceptional growth in previous years. Along with loss of momentum was mounting policy dilemma. In China, excessively high levels of investment had led to capital misallocation and the unsustainable rise in debt, fuelled by the shadow banking sector. While recognising the need to control money supply to maintain macroeconomic health and curb asset bubbles, Beijing has had to maintain stimulus to keep GDP from falling below the official target of 7%. Recent data appeared to point to a stabilisation. The local stockmarket responded positively in turn despite growing concerns about asset quality in the banking sector.

As for India, it continued to face high fiscal and current account deficits as well as elevated inflation. Growth fell to a decade low. The rupee did not help by testing new lows as investors fled to safer havens. The central bank cut interest rates thrice during the review period but did an about-turn at the time of writing, tightening policy amid nagging price pressures. India has struggled to speed up infrastructure investments given red tape and political gridlock, leading to frequent bottlenecks in the supply chain. Indonesia also witnessed a widening of its current account shortfall, weakening of its rupiah and a resurgence in inflation on the back of power tariff hikes and cuts in fuel subsidies, which compelled the central bank to hike rates despite anaemic growth.

Elsewhere, quarterly GDP data improved in the export-focused economies of Hong Kong, Singapore, Korea and Taiwan following a period of muted activity. Headwinds persisted, nevertheless. Hong Kong and Singapore continued to introduce new property-cooling measures. Korea faced increasing challenges relating to the weaker Japanese yen, which tends to erode the competitiveness of some of its exports. Meanwhile, the Philippine market, often relegated to the sidelines by investors, grew in favour as the economy expanded robustly, aided by record government spending. Prudent fiscal management also helped the country attain its first investment-grade scores during the year.

As noted above, the gains in your Company's net asset value trailed the rise in the benchmark, primarily a result of the long-held underweights to China and Taiwan as well as overweights to Singapore and India. These allocations reflect where your Manager is able to find good quality companies with solid finances, proven management, sustainable business models and strong market positions. This stock-picking approach has served the Company well in the longer term. This may lead to short term underperformance against the benchmark in rising markets. The Manager intends to maintain its exposure to India and ASEAN and the underweight to North Asia despite some of the current macroeconomic headwinds. This stems from the confidence in the underlying companies in these markets and their ability to sustain growth in spite of these challenges.

Gearing

At the year end the Company had in issue £59.8 million nominal of 3.5% Convertible Unsecured Loan Stock 2018 (CULS), representing net gearing of 9.6%. The CULS provides the company with long-term structural gearing at an acceptable cost and is in line with the Manager's long-term investment philosophy. The CULS provides holders with an attractive yield of 3.5% per annum, as well as capital protection (with the liability comfortably covered by the gross assets of the Company of £607 million). Holders of CULS may convert part, or all, of their holdings into Ordinary shares on 31 January and 31 July each year up to January 2018 at a fixed price of 310.1528p nominal of CULS for one Ordinary share.

Discount

The discount at which the Company's shares trade relative to their net asset value, as at 31 August 2013, was 9.1%. The Board monitors closely the discount level of the Company's shares and has in place a buyback mechanism whereby the Manager is authorised to buy back shares within certain limits. There were no buy-backs of shares during the financial year and there have been no buy-backs subsequent to the year end. As at 31 October 2013 the Company's shares were trading at a discount of 9.3%.

Shareholder authority is being sought 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.

Revenue Account and Dividend

The revenue return per share was 3.4p, compared to 3.3p in the previous year. 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 recommends the payment of a final dividend of 2.2p per Ordinary share (2012 – 2.2p) which, if approved by shareholders at the Annual General Meeting, will be paid on 20 December 2013.

The Board

Over the last few years the Board has implemented a succession planning strategy which resulted in three new Board appointments over the last three years. David Gairns, who has been a Director of Edinburgh Dragon Trust for ten years and is currently Senior Independent Director, will step down at the forthcoming Annual General Meeting after many years of valuable service to the Board. The Board joins me in thanking David for his enormous contribution to the Company, particularly in his role as Audit Committee Chairman, and wishes him all the very best for the future. Iain McLaren took over the chairmanship in July of this year and Peter Maynard was appointed to the Audit Committee. Tony Lowrie will assume the role of Senior Independent Director in December.

In accordance with the provisions of the UK Corporate Governance Code, the Board has endorsed corporate governance procedures whereby all Directors will retire from the Board and submit themselves for re-election on an annual basis. The Board recommends that shareholders vote in favour of the re-election of all Directors at the Annual General Meeting.

Annual General Meeting

The Annual General Meeting will be held at Aberdeen's Edinburgh office on Tuesday 17 December 2013 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 rotated between Edinburgh and London in successive years.

Alternative Investment Fund Managers (AIFM) Directive

Although the legislation for the above Directive came into force in July 2013, there is a 12 month transitional period meaning that investment companies will have until July 2014 to complete the process of compliance and authorisation with the regulator. The Board continues to review the impact, including changes to the investment management agreement and costs, of the Directive upon the Company but has agreed, in principle, to appoint a subsidiary of Aberdeen Asset Management PLC as the Company's AIFM. We shall make further announcements on this subject in the coming months.

Retail Investors

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

The Ordinary shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

Outlook

At the time of writing global financial markets are reacting positively to an interim agreement on the political impasse in Washington on the budget deficit and the debt ceiling. The issues have been pushed forward into early 2014 in the hope that an agreement can be reached. Failure to get agreement will have far reaching implications for global growth and investor sentiment.

Fed policy direction also remains a concern-somewhat tempered by the nomination of the dovish Janet Yellen as the successor to Ben Bernanke from January 2014. While a less accommodative stance on buying US Treasuries (to support economic growth) arguably has been factored into the price of global assets, the question remains one of timing and scale, and the impact on America's nascent economic recovery. In Europe, Angela Merkel's re-election in Germany should ensure policy continuation. But structural problems persist throughout the Continent and high unemployment could restrain growth.

Within Asia, elections are looming in India and Indonesia, which may lead to stronger economic policies to tackle their recent challenges. That said, your Manager has never invested in India on hopes of improving domestic politics but on the breadth of well run businesses with growth potential it can find across a wide range of industries, in spite of persistent economic and political troubles. In China, sentiment has changed with expectations of higher non-performing loans in the banking system but that has yet to be reflected in share prices. Your Manager remains underweight here, finding more comfort with Hong Kong companies that provide exposure to the mainland but with better transparency and corporate governance standards.

Overall, fundamentals in Asia remain sound with corporate sentiment still upbeat and economies broadly in better shape than those in the West, even if there is some slowdown in growth. Valuations are reasonable and the portfolio continues to hold some of the best quality companies within the region.

For Edinburgh Dragon Trust plc
Allan McKenzie
Chairman

4 November 2013

Manager's Review

Background/Portfolio Review

Asian equities posted gains on strong capital inflows, as quantitative easing (QE) in the West compelled investors to look for better returns elsewhere. This liquidity trumped concerns over weakening regional growth, even as subdued inflation freed most central banks to cut interest rates and adopt measures to buttress economies. Regional markets rose steadily through to mid-May. Thereafter, concerns over a potential QE unwinding unsettled financial markets and currencies, with India and Indonesia bearing the brunt of the sell-off. Nonetheless, Asian markets held on to earlier gains and closed higher for the year.

The Company's net asset value (NAV) gained 6.7%, compared to the 10.1% rise in the MSCI All Country Asia ex Japan Index. Both asset allocation and stock selection detracted from relative performance.

It is worth remembering that our exposure to individual markets result from where we find the best companies. In China, we have long been apprehensive about the quality of domestic companies and, hence, remain underweight there. This position has hurt performance, as the Chinese stockmarket was one of the best performers, despite a slowing economy and banking-sector worries, while the yuan was Asia's strongest performing currency rising by about 6% against sterling over the period.

In seeking exposure to the Chinese economy we prefer to invest in well-established Hong Kong-domiciled companies, many of which operate in the mainland. Our overweight position in the territory contributed positively to performance, as the market rallied in tandem with its mainland Chinese counterpart. Some of our holdings, though, did not fare as well. An example is property developer Hang Lung Group, which grappled with rising costs and lower residential sales as a result of fewer property launches. But its core leasing business remained stable, while rental reviews were still positive in China, albeit slower than in the previous year. Jardine Strategic was weighed down by concerns over its ASEAN exposure. Among its underlying businesses, Astra in Indonesia was hampered by weakening consumer sentiment and rupiah weakness, while Dairy Farm, which is also a direct holding, suffered some margin erosion in its food businesses in Malaysia and Singapore. This was offset by good underlying profit growth in two other units – Hongkong Land and Mandarin Oriental. Our financial holdings were more resilient. HSBC continued to focus on expanding selectively across the region and divesting legacy businesses, while keeping tight cost discipline. AIA was bolstered by higher trading income and growth in new business. We have become increasingly comfortable with HSBC and AIA, which is reflected in our higher weightings in the two companies within the portfolio.

We are overweight to India, which is home to companies that rank among the best in the region in terms of return on equity and earnings growth. Quality has always been evident at the company level in spite of the challenging macroeconomic and fiscal backdrop. This year, however, the performance of corporates was negated by a sliding rupee, which significantly diminished returns. Our holdings had a mixed showing. Cost pressures and oversupply affected the share prices of Grasim Industries and its subsidiary UltraTech Cement. Our financial holdings fared better. HDFC closed flat in local currency terms, as the company continued to post healthy results on the back of a stable core mortgage business and robust growth in its life and general insurance divisions. Private lender ICICI Bank's earnings were underpinned by resilient net interest margins, solid loan growth and quality assets. In other sectors, motorcycle maker Hero MotoCorp reported record sales for its latest quarter, bucking the sluggishness of the broader domestic market. Infosys's foreign currency-based revenues benefited from the depreciating rupee, as its customer base grew on good demand for software and platform products. Both Hero MotoCorp and Infosys's shares posted gains in rupee terms over the year. In short, corporate results were much firmer than the share price returns suggested.

In Singapore, we continue to find many well-run businesses, with high standards of corporate governance and scope to expand across Asia. Our overweight detracted from performance, as the market's moderate gain trailed the broader region. Among our holdings, City Developments' share price underperformed on the back of a slew of property cooling measures. The company posted sharply higher second-quarter earnings, driven by gains from non-core asset sales, although it was impacted by lower hotel contributions and the timing of profit recognition for residential projects. While Singapore Airlines continued to suffer from lower passenger and cargo yields, it has a robust balance sheet and is reasonably valued. Another laggard was Keppel Corp, which saw a contraction in profits year-on-year after significant property-related income last year. Importantly, margins were steady in its key offshore & marine division, whilst it maintains a healthy order book with deliveries extending through to 2019. On the positive side, ST Engineering was among the top contributors to overall performance. The company posted steady earnings growth and management expects a better second half, underpinned by a significant order book.

Our Korean holdings performed well. Samsung Electronics announced solid earnings, as it gained from the success of its Galaxy products and the strategy to provide cheap smartphones to consumers in developing countries. Samsung continues to hold key market positions in LCD, mobile phones and memory chips. We hold the preference shares, which reversed their prior underperformance relative to the ordinary shares during the review period. Regional banks BS Financial and DGB Financial also boosted performance. Both reported robust loan growth, particularly corporate lending, although there was some pressure on net interest margins.

Other positive stock contributors were PTTEP and Siam Cement in Thailand, TSMC in Taiwan as well as Bank of the Philippine Islands (BPI) and Ayala Land in the Philippines. PTTEP's profits benefited from higher volumes and selling prices, as well as lower exploration expenses. Siam Cement's earnings were lifted by solid demand and expectations that the profitability of its chemical business would improve. Both had underperformed in the previous year, as domestic-focused companies came to the fore.

In Taiwan, TSMC's recent results were supported by healthy demand for mobile-related applications. The company is the world's largest semiconductor foundry. Despite being in a commoditised industry, TSMC benefits from scale and technology advantage and has a good track record of managing its balance sheet and capital efficiently. It remains the leader in next-generation technology within its industry.

Elsewhere, good results from our Philippine holdings underpinned the strong performance of their share prices. BPI's higher profits were driven by good loan growth, higher non-interest income and lower provisions. Ayala Land reported record earnings for its 2012 financial year and continued its excellent profit growth in the first half of 2013.

Portfolio Activity

During the period, we only made two significant portfolio changes – one initiation and a divestment. This reflects our conviction in the companies we hold and their business prospects, but it is also an indication of elevated valuations in other companies that we would consider owning. Within the portfolio, we have tried to be as disciplined as possible in taking profits from the more fully valued companies, although we also saw the market reward companies with a more defensive earnings profile, which in many cases began the period on rich multiples. Against that, we added to existing holdings on share price weakness, where the operating performance of the businesses has remained within our expectations.

In June, we introduced DBS Group, which is Singapore's largest bank in terms of assets. Like the two other Singapore lenders that we hold (UOB and OCBC), it has selective regional exposure and is well capitalised. The lender has posted consistently good results over the past few quarters. DBS has improved its profitability in Hong Kong and has good growth prospects, particularly in Southeast Asia, which complements its strong domestic position. However, it still had some setbacks. The most recent was in late July, when the lender dropped its bid to buy a controlling stake in Indonesia's Bank Danamon. This came after protracted negotiations, which were hindered by regulatory and political constraints.

As mentioned in the interim report, we were concerned over investigations involving the top executives of Hong Kong-listed Sun Hung Kai Properties, and sold our holding on these corporate governance concerns after a rebound in the share price.

We top-sliced Ayala Land, Unilever Indonesia and ST Engineering following strong relative performance. Against that, we added to Li & Fung on share price weakness and topped up China Mobile, John Keells, OCBC and Swire Pacific which continue to offer decent value.

Outlook

Asian stock markets had a good year despite external headwinds and slowing regional growth, but some caution is prudent, as May's sell-off gave us an insight into the potential impact of reduced US Federal Reserve buying of US Treasuries and thereby higher US interest rates, which could trigger capital outflows from Asia and renewed volatility. Your Chairman has also highlighted some crucial challenges within Asia. While the macroeconomic backdrop is mixed, the outlook remains bright enough from a corporate perspective. We expect positive earnings growth from Asian companies in the year ahead, while valuations remain reasonable.

Aberdeen Asset Management Asia Limited*
4 November 2013

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

Information About The Manager

Aberdeen Asset Management Asia Limited ("AAM Asia") is responsible for the Asian portfolios of all clients managed within Aberdeen Asset Management PLC (the "Aberdeen Group"). AAM Asia is based in Singapore and is a wholly-owned subsidiary and the Asia Pacific headquarters of the Aberdeen Group, a publicly-quoted company on the London Exchange.

AAM Asia have been the Aberdeen Group's principal managers of Asia-Pacific assets since 1992, and had over 431 staff across the region at 31 August 2013. Total funds in the region, which are also managed from Bangkok, Hong Kong, Kuala Lumpur, Singapore, Japan and Sydney are over £70.4 billion as at 31 August 2013.

The Aberdeen Group has its headquarters in Aberdeen with 32 offices in 24 countries including Bangkok, Edinburgh, Hong Kong, Kuala Lumpur, London, Philadelphia, Singapore and Sydney.

Worldwide, the Aberdeen Group manages a combined £201.7 billion in assets (as at 31 August 2013) for a range of clients, including individuals and institutions, through mutual and segregated funds. The Aberdeen Group manages over 39 investment companies and other closed-ended funds representing £13.7 billion under management.

The Investment Team Senior Managers

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

Andrew Gillan
Senior Investment Manager
MA Joint Honours in French and European History from University of Edinburgh. Joined Aberdeen in September 2000 and transferred to AAM Asia in November 2001.

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 advising clients on mergers and acquisitions in South East Asia.

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

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

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 advising clients on mergers and acquisitions in South East Asia.

The Investment Process

Philosophy and Style

Our investment philosophy is that markets are not always efficient. We believe that superior investment returns are therefore attainable by identifying good companies which are cheap 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 typically accounts for the bulk of the activity within the portfolio during the year under review.

AAM Asia is based in Singapore. Founded in 1992, the office is run by Hugh Young, the founding managing director who oversees a team of portfolio managers in Singapore who act as generalists, cross-covering the region. In addition, AAM Asia has offices in Kuala Lumpur, Hong Kong, Sydney, Taipei, Tokyo and Bangkok.

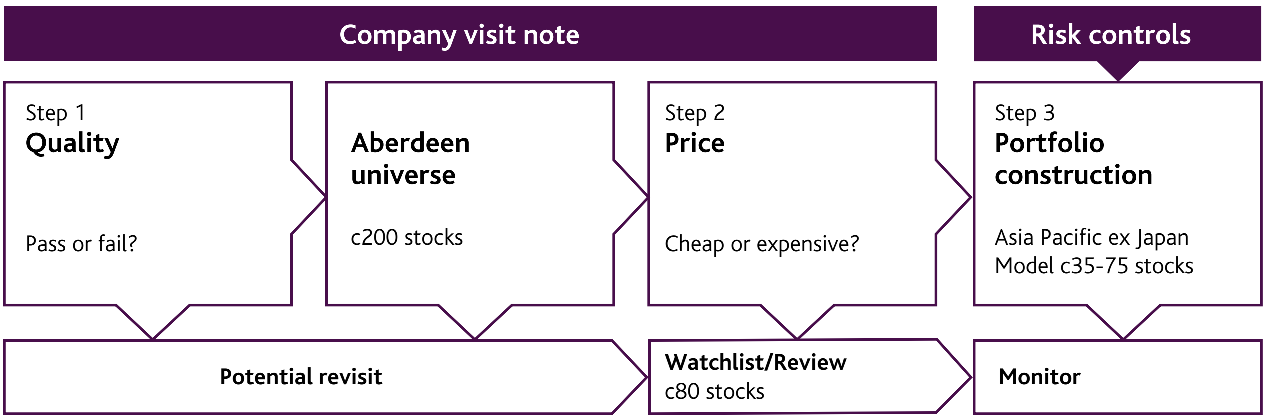
Risk Controls

We seek to minimise risk by our in-depth research which underpins the focused portfolio of the Company. We do not view divergence from a benchmark as risk – we regard security price risk as investment in poorly run and/or expensive companies. In fact where risk parameters are expressed in benchmark relative terms, asset allocation (including sector) constitutes a significant constraint on stock selection.

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 Manager primarily to check the portfolio is behaving as expected, not as a predictive tool.

Aberdeen Asset Management Asia Limited*
* on behalf of Aberdeen Asset Managers Limited

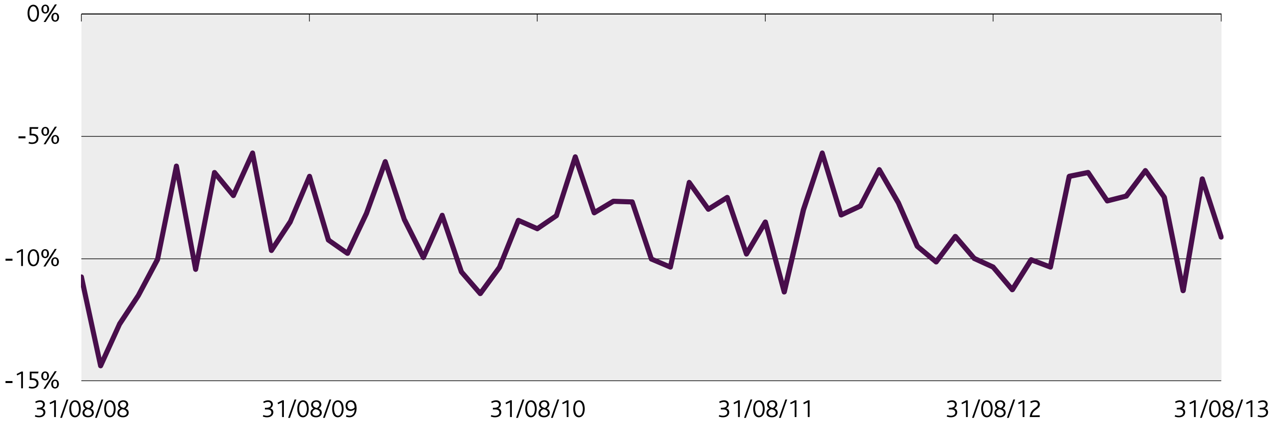
Regional Teams



Performance

Share Price Discount to NAV

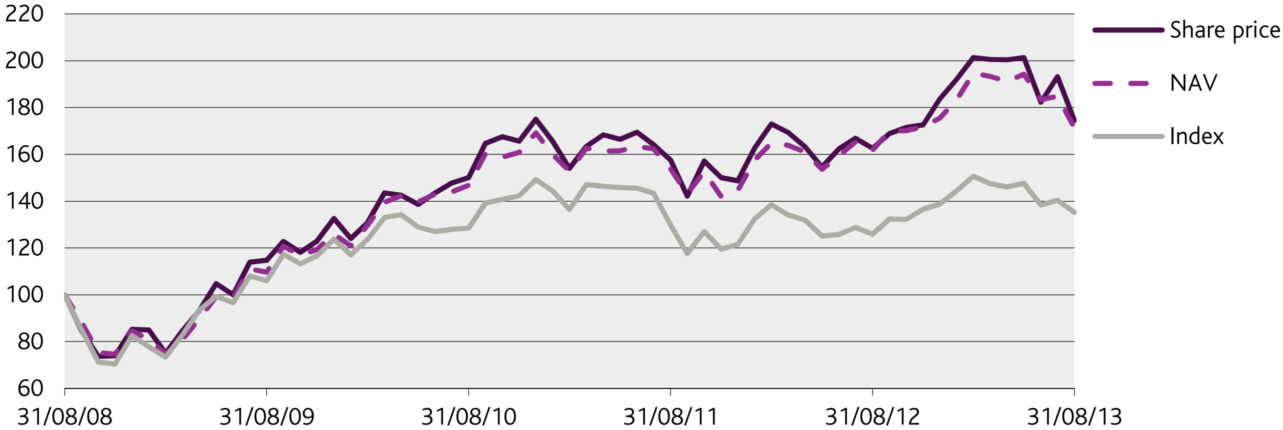
Five years to 31 August 2013



Source: Morningstar

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

Five years to 31 August 2013 (rebased to 100 at 31 August 2008)



Source: Aberdeen Asset Management, Factset & Morningstar

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
2004[A]	190,450	83.93	0.04	70.00	16.8	1.4
2005[A]	258,094	108.73	1.50	101.50	6.6	1.4
2006	301,553	127.06	1.41	117.75	7.3	1.3
2007	384,521	162.18	1.84	144.25	10.8	1.3
2008	377,787	163.58	2.35	146.00	10.5	1.3
2009	414,074	179.29	2.31	167.40	6.6	1.4
2010	471,324	240.09	2.62	219.00	8.8	1.3
2011[B]	493,555	251.37	4.31	230.00	8.5	1.2
2012[B]	519,765	264.70	3.30	237.30	10.4	1.3
2013[B]	550,346	280.26	3.42	254.70	9.1	1.2

[A] The 2004 and 2005 net asset value and equity shareholder's interest figures have been restated to reflect the changes in accounting policies.

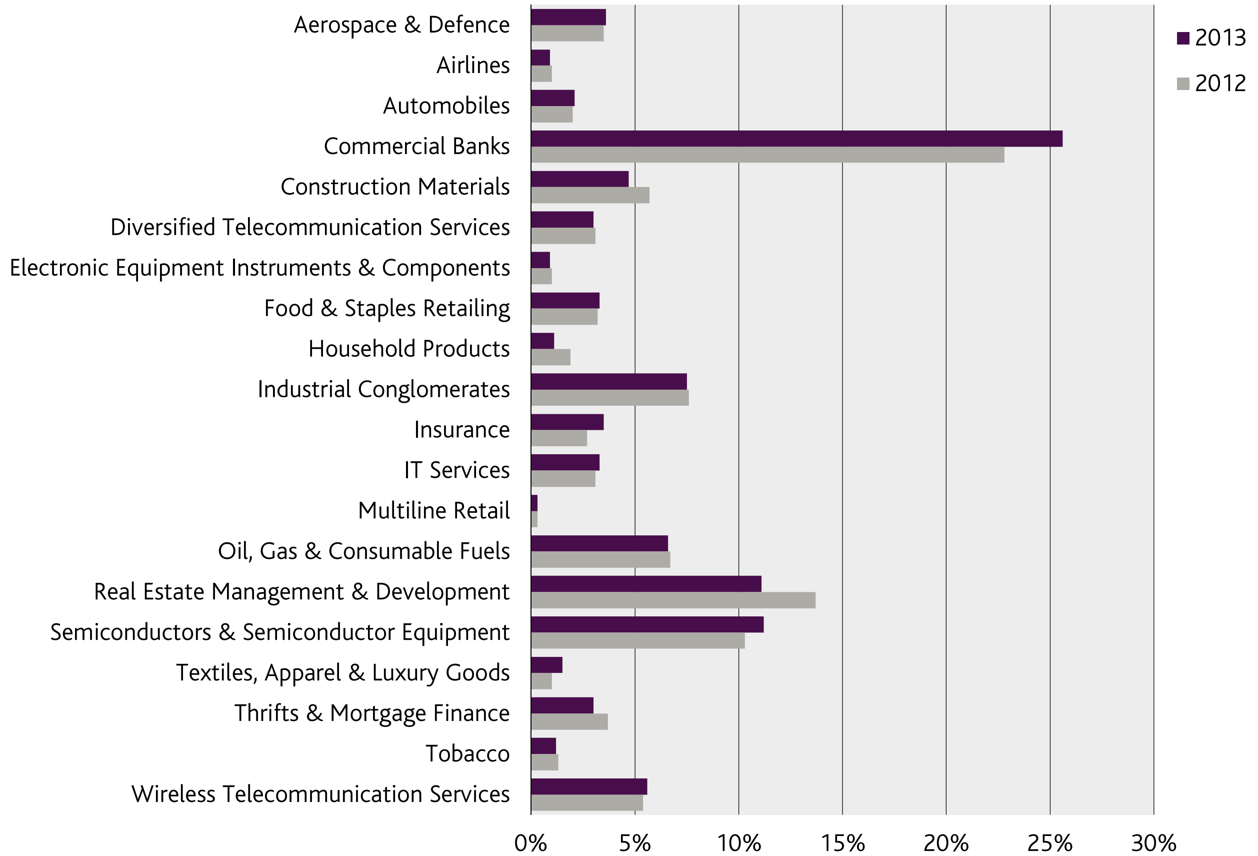
[B] The 2011, 2012 and 2013 expenses as a % of average shareholders' funds have been calculated with reference to guidance issued by the AIC on ongoing charges, which advises the use of the average daily net asset value throughout the year within the calculation. The figures for 2004 to 2010 disclosed were calculated using previous best practice, which used the average monthly net asset value throughout the year within the calculation.

Changes in Asset Distributions

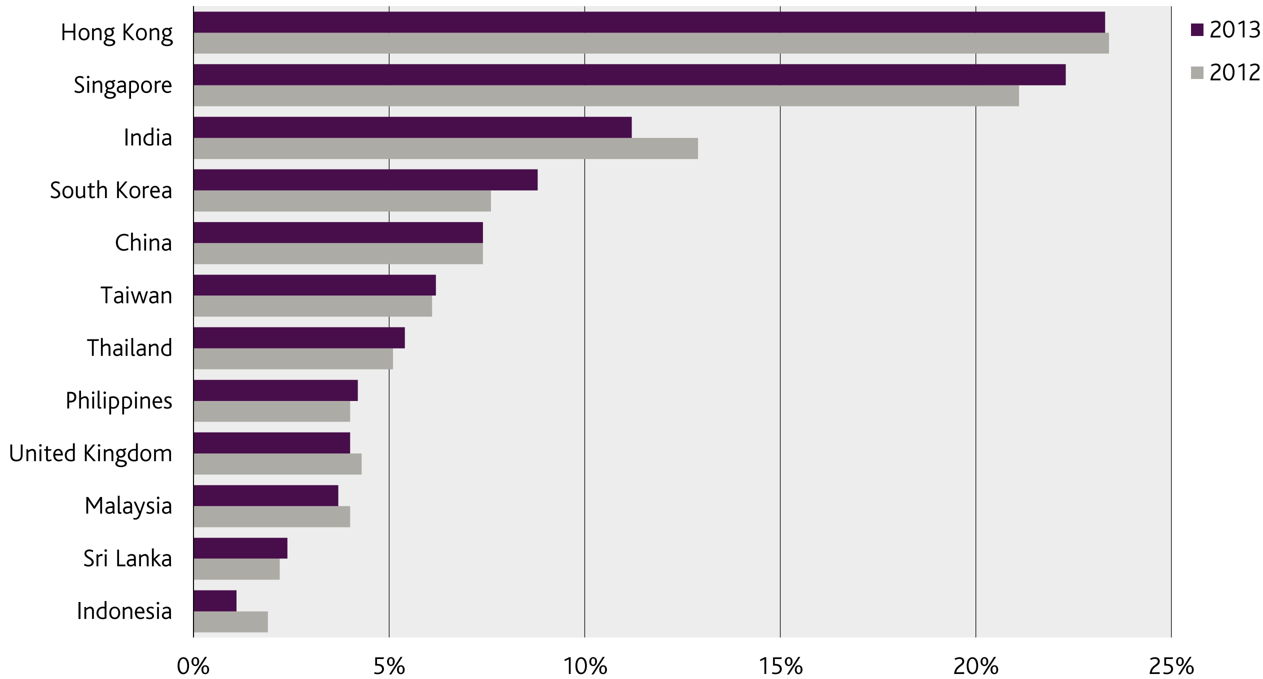
Country	Value at 31 August 2012 £'000	Purchases £'000	Sales proceeds £'000	Gains/ (losses) £'000	Value at 31 August 2013 £'000
China	42,528	2,322	934	899	44,815
Hong Kong	159,062	9,087	11,918	8,715	164,946
India	73,909	1,521	449	(7,464)	67,517
Indonesia	10,744	–	4,082	(216)	6,446
Malaysia	23,019	232	1,114	(79)	22,058
Philippines	23,230	–	1,649	3,963	25,544
Singapore	120,845	14,337	2,761	2,381	134,802
South Korea	43,589	2,988	3,378	9,762	52,961
Sri Lanka	12,488	1,007	–	1,224	14,719
Taiwan	35,155	–	3,229	5,295	37,221
Thailand	29,033	1,441	1,882	3,784	32,376
Total investments	573,602	32,935	31,396	28,264	603,405
Net current assets	2,529	–	–	1,402	3,931
Total assets less current liabilities	**576,131**	**32,935**	**31,396**	**29,666**	**607,336**

Sector/Geographical Analysis

Sector Breakdown



Geographic Breakdown



Investment Portfolio – Ten Largest Investments

As at 31 August 2013

Company	Sector	Country	Valuation 2013 £'000	Total assets %	Valuation 2012 £'000
Samsung Electronics Pref			33,837	5.6	27,412
A leading semiconductor company which is also a major player in mobile phones and consumer electronics.	Semiconductors & Semiconductor Equipment	South Korea			
Oversea-Chinese Banking Corporation			30,381	5.0	25,953
A leading, well-run Singaporean banking group with assets and operations in South East Asia and China.	Commercial Banks	Singapore			
Jardine Strategic Holdings			25,230	4.2	25,881
A Singapore-listed conglomerate with interests across the region spanning property, hotels and consumer-related businesses.	Industrial Conglomerates	Hong Kong			
Taiwan Semiconductor Manufacturing Company			24,229	4.0	22,160
The leading semiconductor foundry in Taiwan.	Semiconductors & Semiconductor Equipment	Taiwan			
Standard Chartered[A]			24,159	4.0	24,545
One of the leading emerging market banking groups.	Commercial Banks	United Kingdom			
Singapore Technologies Engineering			21,741	3.6	20,047
Defence contractor with capabilities in aerospace, electronics, defence and marine.	Aerospace & Defence	Singapore			
HSBC Holdings			21,297	3.5	14,815
HSBC group is one of the world's largest banking and financial services institutions.	Commercial Banks	Hong Kong			
AIA Group			21,126	3.5	15,490
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			
China Mobile			20,985	3.5	18,129
The number one mobile operator in China.	Wireless Telecommunication Services	China			
United Overseas Bank			20,575	3.4	17,276
Singapore's second largest bank, primarily focused on SMEs and consumers, with its core market in Singapore and the balance predominantly in southeast Asia.	Commercial Banks	Singapore			
Top ten investments			**243,560**	**40.3**	

Investment Portfolio – Other Investments

As at 31 August 2013

Company	Sector	Country	Valuation 2013 £'000	Total assets %	Valuation 2012 £'000
Swire Pacific 'B'	Real Estate Management & Development	Hong Kong	20,079	3.3	18,510
Infosys Ltd	IT Services	India	20,060	3.3	17,637
Housing Development Finance Corp	Thrifts & Mortgage Finance	India	18,218	3.0	21,154
Singapore Telecommunications	Diversified Telecommunication Services	Singapore	18,177	3.0	17,448
City Developments	Real Estate Management & Development	Singapore	16,602	2.7	19,978
Siam Cement[B]	Construction Materials	Thailand	16,362	2.7	14,865
PTT Exploration & Production (Alien)	Oil, Gas & Consumable Fuels	Thailand	16,014	2.6	14,168
CNOOC	Oil, Gas & Consumable Fuels	China	14,717	2.4	14,557
Ayala Land	Real Estate Management & Development	Philippines	14,683	2.4	14,057
Taiwan Mobile	Wireless Telecommunication Services	Taiwan	12,992	2.1	12,995
Top twenty investments			**411,464**	**67.8**	
Hero Motocorp	Automobiles	India	12,810	2.1	11,664
Dairy Farm International	Food & Staples Retailing	Hong Kong	12,534	2.1	12,925
John Keells Holdings	Industrial Conglomerates	Sri Lanka	11,384	1.9	9,334
Bank of Philippine Islands	Commercial Banks	Philippines	10,861	1.8	9,173
ASM Pacific Technology	Semiconductors & Semiconductor Equipment	Hong Kong	9,270	1.5	9,677
PetroChina 'H'	Oil, Gas & Consumable Fuels	China	9,113	1.5	9,842
Li & Fung	Textiles, Apparel & Luxury Goods	Hong Kong	9,027	1.5	5,436
CIMB Group Holdings	Commercial Banks	Malaysia	8,558	1.4	9,136
Grasim Industries	Construction Materials	India	8,472	1.4	13,176
Keppel Corp	Industrial Conglomerates	Singapore	8,454	1.4	8,458
Top thirty investments			**511,947**	**84.4**	
Hang Lung Group	Real Estate Management & Development	Hong Kong	8,002	1.3	9,883
DBS Group	Commercial Banks	Singapore	7,808	1.3	–
E-Mart Co	Food & Staples Retailing	South Korea	7,494	1.2	5,357
British American Tobacco Malaysia	Tobacco	Malaysia	7,020	1.2	7,400
Wing Hang Bank	Commercial Banks	Hong Kong	6,506	1.1	5,661
Public Bank (Alien)	Commercial Banks	Malaysia	6,480	1.1	6,483
Unilever Indonesia	Household Products	Indonesia	6,446	1.1	10,744
Venture Corp	Electronic Equipment Instruments & Components	Singapore	5,734	0.9	5,798
Singapore Airlines	Airlines	Singapore	5,251	0.9	5,887
DGB Financial Group	Commercial Banks	South Korea	5,071	0.8	4,071
Top forty investments			**577,759**	**95.3**	

Company	Sector	Country	Valuation 2013 £'000	Total assets %	Valuation 2012 £'000
BS Financial Group	Commercial Banks	South Korea	4,944	0.8	5,014
ICICI Bank	Commercial Banks	India	4,487	0.7	5,723
Hang Lung Properties	Real Estate Management & Development	Hong Kong	4,486	0.7	4,774
Ultratech Cement	Construction Materials	India	3,470	0.6	4,555
DFCC Bank	Commercial Banks	Sri Lanka	3,335	0.5	3,154
Swire Properties	Real Estate Management & Development	Hong Kong	3,230	0.5	3,210
Shinsegae Company	Multiline Retail	South Korea	1,615	0.3	1,735
Keppel REIT	Real Estate Investment Trusts	Singapore	79	0.0	–
Total investments			**603,405**	**99.4**	
Net current assets			3,931	0.6	
Total assets[C]			**607,336**	**100.0**	

[A] Valuation amalgamates both UK (£18,773,000; 2012 – £18,128,000) and Hong Kong (£5,386,000; 2012 – £6,417,000) listed equity holdings.

[B] Valuation amalgamates both Alien (£14,784,000; 2012 – £13,708,000) and NVDR (£1,578,000; 2012 – £1,157,000) listed equity holdings.

[C] See definition on page 52.

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

Your Board of Directors

The Directors, all of whom are non-executive and independent of the Manager, supervise the management of Edinburgh Dragon Trust plc and represent the interests of shareholders.

Allan McKenzie

Status: Independent Non-Executive Chairman
Length of service: 7 years, appointed a Director 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.
Committee membership: Audit Committee and Remuneration Committee
Remuneration: £37,800 per annum with effect from 1 September 2013
All other public company directorships: None
Employment by the Manager: None
Other connections with Trust or Manager: None
Shared Directorships with any other Trust Directors: None
Shareholding in Company: 25,000 Ordinary shares and 28,820 CULS

David Gairns

Status: Senior Independent Non-Executive Director
Length of service: 10 years, appointed a Director on 1 July 2003
Experience: a chartered accountant and has spent his professional career with KPMG, retiring in 1991 as senior partner of the Hong Kong firm. He is a former non-executive director of The Hongkong and Shanghai Banking Corporation and Mass Transit Railway Corporation.
Committee membership: Audit Committee and Remuneration Committee (Chairman)
Remuneration: £27,300 per annum with effect from 1 September 2013
All other public company directorships: None
Employment by the Manager: None
Other connections with Trust or Manager: None
Shared Directorships with any other Trust Directors: None
Shareholding in Company: None

Kathryn Langridge

Status: Independent Non-Executive Director
Length of service: 1 year, appointed on 29 October 2012
Experience: 30 years' experience in the investment industry. She is currently fund management director at Jupiter Asset Management responsible for running the Jupiter Global Emerging Markets Fund. She was previously the Head of the 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. Prior to this, she was at INVESCO Perpetual for 17 years holding positions that included Head of Asian investments and Head of International Equity Products. She began her career in Asia with Jardine Fleming.
Committee membership: None
Remuneration: £25,200 per annum with effect from 1 September 2013
All other public company directorships: None
Employment by the Manager: None
Other connections with Trust or Manager: None
Shared Directorships with any other Trust Directors: None
Shareholding in Company: None

Tony Lowrie

Status: Independent Non-Executive Director
Length of service: 9 years, appointed a Director on 4 October 2004
Experience: has over 30 years' involvement in Asian investment, originally with Hoare Govett and HG Asia and ABN Amro where he was a managing director prior to his retirement in 2007. He is a director of Kenmare Resources plc and Petra Diamonds Limited and a former non-executive director of JD Wetherspoon and Allied Gold.
Committee membership: Remuneration Committee
Remuneration: £25,200 per annum with effect from 1 September 2013
All other public company directorships: Kenmare Resources plc and Petra Diamonds Limited
Employment by the Manager: None
Other connections with Trust or Manager: None
Shared Directorships with any other Trust Directors: None
Shareholding in Company: None

Peter Maynard

Status: Independent Non-Executive Director
Length of service: 2 years, appointed a Director 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. Recently he has been the Head of Group Governance and Regulatory Compliance at Old Mutual plc. 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.
Committee membership: Audit Committee
Remuneration: £27,300 per annum with effect from 1 September 2013
All other public company directorships: Brunner Investment Trust plc
Employment by the Manager: None
Other connections with Trust or Manager: None
Shared Directorships with any other Trust Directors: None
Shareholding in Company: 2,500 Ordinary shares

Iain McLaren

Status: Independent Non-Executive Director
Length of service: 3 years, appointed a Director on 6 September 2010
Experience: a chartered accountant and was a partner at KPMG for 27 years, including Senior Partner in Scotland from 1999 to 2004, retiring from the firm in 2008. He is the Senior Independent Director and Audit Committee Chairman of Cairn Energy Plc. He is also chairman of Investors Capital Trust Plc and a non-executive director of Baillie Gifford Shin Nippon Plc, Ecofin Water & Power Opportunities plc and a director of a number of other companies. He is a former President of the Institute of Chartered Accountants of Scotland.
Committee membership: Audit Committee (Chairman)
Remuneration: £29,400 per annum with effect from 1 September 2013
All other public company directorships: Cairn Energy Plc, Baillie Gifford Shin Nippon Plc, Ecofin Water & Power Opportunities plc and Investors Capital Trust Plc
Employment by the Manager: None
Other connections with Trust or Manager: None
Shared Directorships with any other Trust Directors: None
Shareholding in Company: 10,000 Ordinary shares and 20,379 CULS

Directors' Report

The Directors present their report and the audited financial statements for the year ended 31 August 2013.

Business Review

This Business Review, in conjunction with the rest of the Report and Accounts, is intended to provide shareholders with the information and measures that the Directors use to assess, direct and oversee the Manager in the management of the Company's portfolio. The Business Review is prepared in accordance with the requirements of Section 417 of the Companies Act 2006.

Principal Activity

The Company is registered as a public limited company in Scotland and is an investment company as defined by Section 833 of the Companies Act 2006. The Company's registration number is SC106049.

The Company carries on business as an investment trust and the Directors do not envisage any change in this activity in the foreseeable future. The Company has received requisite approval of investment trust status from HM Revenue and Customs for accounting periods up to and including 31 August 2012.

The Company has been accepted as an approved investment trust company from 1 September 2012 subject to the Company continuing to satisfy the ongoing requirements of Chapter 4 of Part 24 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011.

The Company has conducted its affairs so that its Ordinary shares satisfy the requirements as a qualifying security for Individual Savings Accounts. The Directors intend that the Company will continue to conduct its affairs in this manner.

Investment Objective and Policy

The Company's objective is to achieve long term capital growth through investment in the Far East. The Company's benchmark is the MSCI All Country Asia (ex Japan) Index. Investments are made in stock markets in the region with the exception of Japan and Australasia, principally in large companies.

Details of the Company's investment policy and strategy are provided in the Investment Objective and Policy section on page 3.

Review of Performance

An outline of the performance, market background, investment activity and portfolio strategy during the year under review, as well as the investment outlook, is provided in the Chairman's Statement and Manager's Review.

Future Trends

The region's economies have high rates of growth, strong trade and fiscal surpluses and rapidly developing capital markets. Nevertheless the past has demonstrated regional risks and the outlook for the region is provided in the Chairman's Statement and Manager's Review.

Risk Management

The major risks associated with the Company are detailed below.

Resource risk

The Company is an investment trust and has no employees. The responsibility for the management of the Company has been delegated to Aberdeen Asset Managers Limited ('the Manager') under the management agreement. The terms of the management agreement cover the necessary duties and conditions expected of the Manager. The Board reviews the performance of the Manager on a regular basis and their compliance with the management contract formally on an annual basis.

Investment and market risk

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

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

Concentration risk

Trading volumes in certain securities of emerging markets can be low. The 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 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 NAV per Ordinary Share.

Gearing risk
As at 31 August 2013 the Company had £59.8 million nominal of 3.5% Convertible Unsecured Loan Stock 2018 (CULS). 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%.

Regulatory risk
The Company operates in a complex regulatory environment and faces a number of regulatory risks. Serious breaches of regulations, such as the tax rules for investment companies, the UKLA Listing Rules and the Companies Act, could lead to a number of detrimental outcomes and reputational damage. The Audit Committee monitors compliance with regulations by reviewing internal control reports from the Manager.

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.

Monitoring 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:

- Net asset value (total return)
- Share price (total return)
- Performance attribution
- Discount to net asset value

An analysis of these measures is disclosed on pages 4 to 9. Performance is measured against the Company's benchmark, the MSCI All Country Asia (ex Japan) Index and the Board also considers peer group comparative performance.

Social, Community, Employee Responsibilities and Environmental Policy

As an investment trust, the Company has no employees and has no direct social, community, employee or environmental responsibilities. Details of the Company's Socially Responsible Investment policy are set out in the Corporate Governance Report.

Capital Structure and Borrowings

During the year to 31 August 2013, the Company issued 8,430 (2012 – 13,909) Ordinary shares following elections by CULS holders to convert £26,173 (2012 - £43,160) nominal of CULS. There were no buybacks of Ordinary shares during the year.

At 31 August 2013, the Company had 196,368,689 (2012 – 196,360,259) fully paid Ordinary shares of 20p each in issue and £59,821,680 (2012 – £59,847,853) nominal of CULS. There have been no changes in the Company's issued share capital and borrowings subsequent to the year end and up to the date of this report.

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 Company's 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.

Other Information

The rules concerning the appointment and replacement of Directors, amendments of the Articles of Association and powers to issue or buy back Company's shares are contained in the Articles of Association of the Company and the Companies Act 2006. There are no agreements which the

Company is party to that might affect its control following a takeover bid; and there are no agreements between the Company and its Directors concerning compensation for loss of office. Other than the Management Agreement with the Manager, further details of which are set out on page 22, 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.

Dividends

The Directors recommend that a final dividend of 2.20p per Ordinary share (2012 – 2.20p) be paid on 20 December 2013 to shareholders on the register on 22 November 2013. The ex-date is 20 November 2013.

Directors

Details of the current Directors of the Company are shown on pages 18 to 19.

Iain Watt retired from the Board at the conclusion of the Annual General Meeting held on 11 December 2012. Kathryn Langridge was appointed as a non-executive Director on 29 October 2012.

The Articles of Association provide that Directors retire and are subject to election at the first Annual General Meeting following their appointment and thereafter must offer themselves for re-election at least once every three years. In order to meet the requirements of Section B.7.1 of the UK Corporate Governance Code published in June 2010, all Directors of the Company will stand for annual re-election. Resolutions 4 to 8 inclusive, which relate the re-election of each of the Directors, will be proposed at the Annual General Meeting.

	31 August 2013		1 September 2012	
	CULS	Ordinary shares	CULS	Ordinary shares
Allan McKenzie	28,820	25,000	28,820	15,000
David Gairns	—	—	—	—
Kathryn Langridge (appointed 29 October 2012)	—	—	n/a	n/a
Tony Lowrie	—	—	—	—
Iain McLaren	20,379	10,000	20,379	10,000
Peter Maynard	—	2,500	—	2,500

Table 1 Directors and their interests in the Company

No contract or arrangement subsisted during the period in which any of the Directors was materially interested. No Director had a service contract with the Company.
The Directors' interests in the shares of the Company as at 31 August 2013 are shown in Table 1. The Company has not been notified of any subsequent changes in Directors' interests.

Directors' Liability Insurance

The Directors have the benefit of the indemnity provisions contained in the Company's Articles of Association. The Company maintains insurance in respect of Directors' and officers' liabilities in relation to their acts on behalf of the Company.

Management Agreement

The Manager to the Company is Aberdeen Asset Managers Limited. Under the Management Agreement, the Manager is required to give a notice period of six months if it wishes to terminate the agreement. The notice period for the Company is three months or on shorter notice in certain circumstances. Compensation is payable in lieu of the unexpired notice period if actual notice is less than the notice period. The management fee is 0.25% per quarter of the net assets of the Company 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.

Auditor

Following their intention to gradually wind down the activity in their registered firm, KPMG Audit Plc, KPMG have proposed that an alternative entity, KPMG LLP, become the Company's auditor. Accordingly, KPMG have notified the Company that KPMG Audit Plc are not seeking reappointment and have provided a statutory statement of circumstances upon ceasing to hold office pursuant to section 519 of the Companies Act 2006. In accordance with section 520 of the 2006 Act, a copy of this statement is enclosed with the report and accounts distributed to shareholders ahead of the AGM. The Board has decided to put KPMG LLP forward to be appointed as auditor and a resolution concerning their appointment will be put to the forthcoming AGM of the Company. There is no impact on the terms in which the auditor will be retained. The respective responsibilities of the Directors and the Auditor in connection with the financial statements are set out on pages 29 and 31.

A further resolution will be proposed at the forthcoming Annual General Meeting to to authorise the Directors to fix the auditor's remuneration. During the year ended 31 August 2013, £4,370 (2012 - £4,240) was paid to the auditor for non-audit services. This related to further assurance work regarding the interim report.

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

Corporate Governance

The Statement of Corporate Governance, which forms part of the Directors' Report, is contained on pages 26 to 29.

Payments Policy

It is the Company's policy to settle all investment transactions in accordance with the terms and conditions of the relevant markets in which it operates. All other expenses are paid on a timely basis in the ordinary course of business. In certain circumstances, settlement terms are agreed prior to business taking place.

Substantial Share Interests

At 4 November 2013 the substantial interests in the Ordinary share capital which had been notified to the Company during the period are shown in Table 2.

Holder	Number of Ordinary shares	%
Lazard Freres Asset Management	22,190,008	11.3
Investec Wealth & Investment	17,692,041	9.0
Derbyshire County Council	12,000,000	6.1
City of London Investment Management	9,438,601	4.8

Table 2: Substantial share interests

Annual General Meeting

Among the resolutions being put at the Annual General Meeting of the Company to be held on 17 December 2013, the following resolutions will be proposed:

(i) **Section 551 Authority to Allot Shares**
Resolution 11, which is an ordinary resolution, will, if approved, give the Directors a general authority to allot new securities up to an aggregate nominal value of £13,091,246 representing approximately 33.33 per cent. of the total Ordinary share capital of the Company in issue as at the date of this Directors' Report, such authority to expire on 28 February 2015 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**
As noted above, resolution 11 will, if approved, give the Directors a general authority to allot securities up to an aggregate nominal amount of £13,091,246. Resolution 12, which is a special resolution, seeks to give the Directors power to allot Ordinary shares and to sell Ordinary shares held in treasury (see below) (i) by way of a rights issue (subject to certain exclusions), (ii) by way of an open offer or other offer of securities (not being a rights issue) in favour of exisiting shareholders in propostion to their shareholdings (subject to certain exclusions) and (iii) to persons other than existing shareholders for cash up to a maximum aggregate nominal amount of £1,963,687 being 5% of the current issued share capital of the Company, without first being required to offer such shares to exisiting shareholders *pro rata* to their exisiting shareholding.

This authority will expire on 28 February 2015 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).

The Company may buy back and hold shares in treasury and then sell them at a later date for cash or cancel them. Such sales are required to be on a pre-emptive, pro rata basis to existing shareholders unless shareholders agree by special resolution to disapply such pre-emption rights. Accordingly, in addition to giving the Directors power to allot unissued Ordinary share capital on a non pre-emptive basis, resolution 11 will also give the Directors power to sell Ordinary shares held in treasury on a non pre-emptive basis, subject always in both cases to the limitations noted above. 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). Treasury shares are explained in more detail under the heading "Market Purchase of the Company's own Ordinary Shares" below.

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**
Resolution 13, which will be proposed as a special resolution, will authorise the Company to make market purchases of its own shares. Shares so repurchased will be cancelled or held in treasury. The Company may do either of the following in respect of its own Ordinary shares which it buys back and does not immediately cancel but, instead, holds "in treasury":-

a) sell such shares (or any of them) for cash (or its equivalent); or
b) 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 the authority shall be 14.99% of the issued share capital of the Company as at the date of the passing of the resolution (approximately 29.4 million Ordinary shares). The minimum price which may be paid for an Ordinary share (exclusive of expenses) shall be 20p. 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 2015 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

The Company’s Articles of Association enable the Company to call general meetings (other than an Annual General Meeting) on 14 clear days' notice. In order for this to be effective, the shareholders must also approve the calling of meetings on 14 days' notice by separate resolution. Resolution 14, which will be proposed as a special resolution, seeks such approval. 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, 37,500 Ordinary shares, and representing 0.019% of the existing issued Ordinary share capital of the Company.

By order of the Board,
Aberdeen Asset Managers Limited
Secretary

Edinburgh, 4 November 2013

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 May 2010 (the "Governance 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 2013 with the relevant provisions of the Governance Code.

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

The Board

The Board consists of six non-executive Directors. Profiles of the Board members appear on pages 18 to 19 of the annual report. 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 Gairns 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. Mr Lowrie will assume the role of SID following Mr Gairns' retirement from the Board.

The Company has no executive Directors or employees. All Directors are considered to be independent of the Manager and to be free of any material relationship with the Manager which could interfere with the exercise of their independent judgement. The Board takes the view that length of service does not compromise independence. This is consistent with the AIC Code. When making a recommendation for re-electing a Director, the Board will take into account the on-going requirements of the Governance Code.

The Board has overall responsibility for the Company's affairs. It delegates, through an investment management agreement and specific instructions, the day-to-day management of the Company to the Manager, Aberdeen Asset Managers Limited.

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

Meetings held and attendance	Board meetings	Audit Committee meetings	Remuneration Committee meetings
Allan McKenzie[1,2]	5/5	3/3	1/1
David Gairns[1,2]	5/5	3/3	1/1
Kathryn Langridge	5/5	n/a	n/a
Tony Lowrie[2]	4/5	n/a	0/1
Iain McLaren[1]	5/5	3/3	n/a
Peter Maynard[3]	5/5	1/1	n/a
Iain Watt	2/2	n/a	n/a

[1] Member of Audit Committee [2] Member of Remuneration Committee
[3] Peter Maynard was appointed to the Audit Committee in June 2013

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, marketing, Board composition, 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.

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 2012 and intend to undertake a similar exercise in 2015.

There is no separate Nomination Committee. Director appraisals, succession planning, new appointments and training are considered by the whole Board.

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. New Directors are identified against the requirements of the Company's business and the need to have a balanced Board. For new appointments a description of the required role is prepared and nominations of Directors are sought in the financial and investment sectors.

The Board welcomes greater transparency in the fulfilment of its responsibilities to shareholders. New Board appointments are routinely facilitated by an external recruitment firm to ensure that a wide range of candidates can be considered. In all searches, the over-riding priority is to appoint the person with the best mix of experience and skills to complement the existing make-up of the Board whilst having due regard for the benefits of diversity, including gender, on the Board.

Over the last few years the Board has implemented a succession planning programme in order to provide an appropriate balance between new blood and continuity, in line with good corporate governance. This has resulted in three new Board appointments since 2010, with each Director bringing a variety of skills and experience to the Board.

The Company's Articles of Association provide that a Director appointed during the year is required to retire and seek election by shareholders at the next Annual General Meeting and that all Directors are required to submit themselves for re-election at least once every three years. The Board has implemented the provisions of the Governance 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 iinvestment 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.

Remuneration Committee

The Remuneration Committee, which comprises David Gairns (Chairman), Allan McKenzie and Tony Lowrie, 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. Details of Directors' remuneration are contained within the Directors' Remuneration Report. Tony Lowrie will assume the chairmanship of this Committee in December.

Internal Control

The Board is responsible for the Company's system of internal control and for reviewing its effectiveness. The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. 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 FRC's Guidance, 'Internal Control: Revised Guidance for Directors on the Combined Code'. The Board has reviewed the effectiveness of the Company's risk management and internal control systems. In particular, it has reviewed and updated the process for identifying and evaluating the significant risks affecting the Company and the policies by which these risks are managed. The significant risks faced by the Company are as follows:

- financial;
- operational;
- compliance; and
- reputational.

The Directors have delegated the investment management of the Company's assets to the Manager within overall guidelines, and this embraces implementation of the system of internal control, including financial, operational and compliance controls and risk management. Internal control systems 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.

Risks are identified and documented through a risk management framework by each function within the Manager's activities. Risk is considered in the context of the FRC's Guidance, and includes financial, regulatory, market operational and reputational risk. This helps the internal audit risk assessment model identify those functions for review. 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. 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.

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

- The Manager prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its performance; the emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.
- The Board and the Manager have agreed clearly defined investment criteria, specified levels of authority and exposure limits. Reports on these issues, including performance statistics and investment valuations, are regularly submitted to the Board and there are meetings with the Manager as appropriate.
- As a matter of course, the Manager's compliance department 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 systems and internal audit procedures.
- The Audit Committee carried out six monthly reviews of risk management and internal controls, including the internal audit and compliance functions. At its October 2013 meeting, the Audit Committee performed its annual assessment of internal controls for the year ended 31 August 2013 and taking account of events since 31 August 2013. 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.

Accountability and Audit

The respective responsibilities of the Directors and the auditor in connection with the financial statements appear on pages 29 and 31.

The members of the Audit Committee are Mr McLaren (Chairman), Mr Gairns, Mr McKenzie and Mr Maynard who are all deemed to be independent. As the Board believes that Mr McKenzie is considered to be independent and there are no conflicts of interest, the Board considers it appropriate for Mr McKenzie to be a member of the Audit Committee. Three members of the Audit Committee are chartered accountants and have the necessary recent and relevant financial experience. The Audit Committee considers reports from the external auditor and the Manager's risk management functions, including internal audit and compliance. The terms of reference of the Audit 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 Audit Committee are:

- to review and monitor the internal control systems and risk management systems on which the Company is reliant.
- to consider annually whether there is a need for the Company to have its own internal audit function.
- to monitor the integrity of the interim and annual financial statements of the Company by reviewing, and challenging where necessary, the actions and judgements of the Manager.
- 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. The non-audit fees for the year to 31 August 2013 were £4,370 (2012 - £4,240), relating to the review of the interim accounts. The Board will review any future non-audit fees in the light of the requirement to maintain the auditor's independence.
- 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.
- 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. At its October 2013 meeting, the Committee was satisfied that the auditor remained independent and objective.
- to review the performance of the Manager and its compliance with the Management Agreement.

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 accounts, and they consider that the Company has adequate resources to continue in operational existence for the foreseeable future.

Shareholders are given the opportunity to vote on the continuation of the Company every three years. The last continuation vote was in December 2012 when shareholders voted in favour of continuation.

Review of Manager

The Board keeps the resources of the Manager under constant review. In addition, it conducts an annual review of the terms and conditions of the Management Agreement ("Agreement") and of all aspects of the Manager's performance under this Agreement. The notice period for the Company under the Agreement if it wishes to terminate the Agreement is three months or on shorter notice in certain circumstances. Compensation is payable in lieu of the unexpired notice period if actual notice is less than the notice period. Following the most recent review, the Board concluded that the Manager, whose team is well-qualified and experienced, had satisfactorily met the terms of its Agreement with the Company, and is 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 Manager maintains contact with institutional shareholders and feeds back shareholder views to the Board. The Chairman also meets with representatives of the major shareholders during the financial year. The Company's annual and half-yearly reports and other publications can be downloaded from the Company's website, www.edinburghdragon.co.uk.

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

Proxy Voting as an Institutional Shareholder

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

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

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

Corporate Governance and Socially Responsible Investment Policy

The Directors, through the Manager, encourage companies in which investments are made to adhere to best practice in the area of Corporate Governance and Socially Responsible Investing. They believe that this can best be achieved by entering into a dialogue with company management to encourage them, where necessary, to improve their policies in both areas.

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

Statement of Directors' Responsibilities

The Directors are responsible for preparing the annual report and accounts in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping 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 the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report, Directors' Remuneration Report and 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.

The Directors confirm that to the best of their knowledge that:

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

For Edinburgh Dragon Trust plc
Allan McKenzie
Chairman

4 November 2013

Directors' Remuneration Report

The Board has prepared this report, in accordance with the requirements of Schedule 8 of the Large & Medium sized Companies & Groups (Accounts and reports) Regulation 2008. An ordinary resolution for the approval of this report will be put to the members at the forthcoming Annual General Meeting.

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

Remuneration Committee

The Company has six non-executive Directors. The Remuneration Committee has responsibility for determining the level of Directors' fees, having taken advice from an independent source. The Committee uses the services of an external consultant to provide recommendations on the level of Directors' fees.

Policy on Directors' Fees

The Board's policy is that the remuneration of non-executive Directors should reflect the experience of the Board as a whole, 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. It is intended that this policy will continue for the year to 31 August 2014 and subsequent years. A review of Directors' fees is undertaken on an annual basis.

The Company's Articles of Association currently limits the aggregate fees payable to the Board of Directors to a total of £250,000 per annum. Directors are not eligible for bonuses, pension benefits, share options, long term incentive schemes or other benefits.

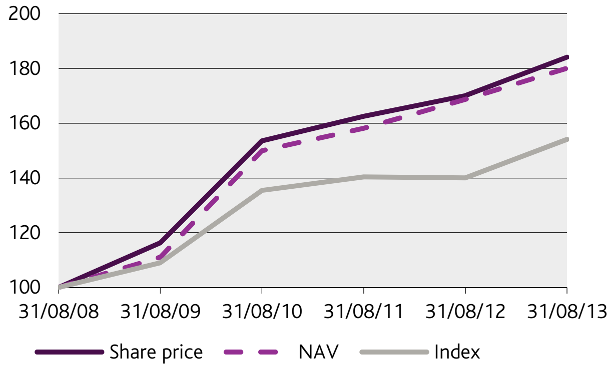
The Board carried out a review of Directors' fees during the year, and concluded that the fees payable to Directors should increase, with effect from 1 September 2013, to £37,800 for the Chairman, £29,400 for the Chairman of the Audit Committee, £27,300 for each member of the Audit Committee and £25,200 for each Director. The last increase in fees was effective from 1 September 2012.

Directors' Service Contracts

It is the Board's policy that none of the Directors has a service contract. The terms of their appointment provide that a Director shall retire and be subject to election at the first Annual General Meeting after their appointment, and to re-election at least every three years after that. The terms also provide that a Director may be removed without notice and that compensation will not be due on leaving office.

Total Shareholder Return

The graph charts, for the five-year period to 31 August 2013 (rebased to 100 at 31 August 2008), the total shareholder return (assuming all dividends are reinvested) in each period for a holding in the Company's shares against the total shareholder return on a notional investment made up of shares of the same kinds and number as those by reference to which the MSCI All Country Asia (ex Japan) Index is calculated. This index was chosen for comparison purposes only.



Directors' Emoluments for the Year (audited)

The Directors who served in the year received emoluments in the form of fees, as described in the Table below.

	Year to 31 August 2013 £	Year to 31 August 2012 £
Allan McKenzie	36,000	33,000
Frank Frame	-	5,914
David Gairns	27,667	26,000
Kathryn Langridge	20,115	-
Tony Lowrie	24,000	22,000
Peter Maynard	24,372	19,556
Iain McLaren	26,333	24,000
Iain Watt	6,710	22,000
	165,197	**152,470**

Approval

The Directors' Remuneration Report on page 30 was approved by the Board of Directors on 4 November 2013 and signed on its behalf by:

Allan McKenzie
Chairman
4 November 2013

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

We have audited the financial statements of Edinburgh Dragon Trust plc for the period ended 31 August 2013 set out on pages 32 to 48. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 29, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 August 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement set out on pages 25 to 28 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:
Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 27, in relation to going concern;
- the part of the Corporate Governance Statement on pages 25 to 28 relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review, and
- certain elements of the report to shareholders by the Board on Directors' remuneration.

Philip Merchant (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
Edinburgh

4 November 2013

Income Statement

	Notes	Year ended 31 August 2013 Revenue £'000	Capital £'000	Total £'000	Year ended 31 August 2012 Revenue £'000	Capital £'000	Total £'000
Gains on investments held at fair value through profit or loss	9	–	28,264	28,264	–	25,995	25,995
Currency losses		–	(111)	(111)	–	(14)	(14)
Income	2	16,546	–	16,546	16,054	–	16,054
Investment management fee	3	(5,889)	–	(5,889)	(5,009)	–	(5,009)
Administrative expenses	4	(1,273)	–	(1,273)	(1,233)	–	(1,233)
Net return before finance costs and taxation		9,384	28,153	37,537	9,812	25,981	35,793
Interest payable and similar charges	5	(2,742)	–	(2,742)	(2,752)	–	(2,752)
Return on ordinary activities before taxation		6,642	28,153	34,795	7,060	25,981	33,041
Taxation on ordinary activities	6	83	(2)	81	(588)	–	(588)
Return on ordinary activities after taxation		**6,725**	**28,151**	**34,876**	**6,472**	**25,981**	**32,453**
Return per share (pence)	8						
Basic		**3.42**	**14.34**	**17.76**	**3.30**	**13.23**	**16.53**
Diluted		**n/a**	**13.05**	**17.29**	**n/a**	**12.05**	**16.15**

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

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

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

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

Balance Sheet

	Notes	As at 31 August 2013 £'000	As at 31 August 2012 £'000
Non-current assets			
Investments at fair value through profit or loss	9	603,405	573,602
Current assets			
Debtors and prepayments	10	2,438	1,598
Cash and short term deposits		4,224	2,651
		6,662	4,249
Creditors: amounts falling due within one year			
Other creditors	11	(2,731)	(1,720)
Net current assets		3,931	2,529
Total assets less current liabilities		607,336	576,131
Non-current liabilities			
3.5% Convertible Unsecured Loan Stock 2018	12	(56,990)	(56,366)
Net assets		**550,346**	**519,765**
Share capital and reserves			
Called-up share capital	13	39,274	39,272
Share premium account		4,452	4,427
Special reserve		6,726	6,726
Equity component of 3.5% Convertible Unsecured Loan Stock 2018	12	2,572	3,163
Capital redemption reserve		16,945	16,945
Capital reserve		460,820	432,669
Revenue reserve		19,557	16,563
Equity shareholders' funds	14	**550,346**	**519,765**
Net asset value per Ordinary share (pence)	14	**280.26**	**264.70**

The financial statements were approved by the Board of Directors and authorised for issue on 4 November 2013 and were signed on its behalf by:

Allan McKenzie
Chairman

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

Reconciliation of Movements in Shareholders' Funds

For the year ended 31 August 2013

	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 2012	39,272	4,427	6,726	3,163	16,945	432,669	16,563	519,765
Return on ordinary activities after taxation	–	–	–	–	–	28,151	6,725	34,876
Issue of new Ordinary shares from conversion of 3.5% Convertible Unsecured Loan Stock 2018	2	25	–	(2)	–	–	–	25
Dividend paid	–	–	–	–	–	–	(4,320)	(4,320)
Transfer of notional interest element on 3.5% Convertible Unsecured Loan Stock 2018	–	–	–	(589)	–	–	589	–
Balance at 31 August 2013	**39,274**	**4,452**	**6,726**	**2,572**	**16,945**	**460,820**	**19,557**	**550,346**

For the year ended 31 August 2012

	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 2011	39,269	4,387	6,726	4,126	16,945	406,688	15,414	493,555
Return on ordinary activities after taxation	–	–	–	–	–	25,981	6,472	32,453
Issue of new Ordinary shares from conversion of 3.5% Convertible Unsecured Loan Stock 2018	3	40	–	(3)	–	–	–	40
Dividend paid	–	–	–	–	–	–	(6,283)	(6,283)
Transfer of notional interest element on 3.5% Convertible Unsecured Loan Stock 2018	–	–	–	(960)	–	–	960	–
Balance at 31 August 2012	**39,272**	**4,427**	**6,726**	**3,163**	**16,945**	**432,669**	**16,563**	**519,765**

The capital reserve includes investment holding gains amounting to £243,428,000 (2012 – £232,881,000), as disclosed in note 9.

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

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

Cash Flow Statement

	Notes	Year ended 31 August 2013 £'000	Year ended 31 August 2013 £'000	Year ended 31 August 2012 £'000	Year ended 31 August 2012 £'000
Net cash inflow from operating activities	15		9,593		9,819
Servicing of finance					
Bank and CULS interest paid			(2,094)		(2,096)
Taxation					
Net tax paid			(414)		(579)
Financial investment					
Purchases of investments		(32,028)		(33,721)	
Sales of investments		30,947		28,595	
Net cash outflow from financial investment			(1,081)		(5,126)
Equity dividend paid			(4,320)		(6,283)
Increase/(decrease) in cash	16		**1,684**		**(4,265)**
Reconciliation of net cash flow to movements in net debt					
Increase/(decrease) in cash as above			1,684		(4,265)
Other non-cash movements			(624)		(616)
Exchange movements			(111)		(14)
Movement in net debt in the year			949		(4,895)
Net debt at 1 September			(53,715)		(48,820)
Net debt at 31 August			**(52,766)**		**(53,715)**

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

1. **Accounting policies**

(a) Basis of accounting

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

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is included in the Directors' Report (unaudited) on pages 27 and 28.

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

(b) Investments

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

(c) Income

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

(d) Expenses

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

(e) Deferred taxation

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

(f) Capital reserves

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

(g) Foreign currency

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

(h) Dividends payable

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

(i) 3.5% Convertible Unsecured Loan Stock 2018

Convertible Unsecured Loan Stock ("CULS") issued by the Company is regarded as a compound instrument, comprising of a liability component and an equity component. At the date of issue, the fair value of the liability component was estimated by assuming that an equivalent non-convertible obligation of the Company would have a coupon rate of 4.662%. The 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.

2. Income	2013 £'000	2012 £'000
Income from investments		
UK dividend income	1,812	1,460
Overseas dividend income	14,361	14,390
Scrip dividends	367	195
	16,540	16,045

Notes to the Financial Statements continued

Other income	2013 £'000	2012 £'000
Deposit interest	6	8
Interest from UK Treasury Bills	–	1
	6	9
Total income	**16,546**	**16,054**

Income from investments	2013 £'000	2012 £'000
Listed UK	712	626
Listed overseas	15,828	15,419
	16,540	**16,045**

3. Investment management fee	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000	2012 Revenue £'000	2012 Capital £'000	2012 Total £'000
Investment management fee	**5,889**	–	**5,889**	**5,009**	–	**5,009**

The management fee paid to Aberdeen Asset Managers Limited ('the Manager') is 0.25% per quarter of the total net assets less (i) the value of any investment funds managed by the Manager and (ii) 50% of the value of any investment funds managed or advised by investment managers other than the Manager.

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

4. Administrative expenses	2013 £'000	2012 £'000
Share Plan marketing contribution	192	205
Directors' fees	165	152
Safe custody fees	447	395
Auditor's remuneration:		
• Fees payable to the Company's auditor for the audit of the Company's annual accounts	16	16
• Fees payable to the Company's auditor for the review of the Company's half yearly accounts	5	5
Secretarial fee	107	103
Other expenses	341	357
	1,273	**1,233**

The secretarial fee is paid to the Manager and adjusted annually in line with the Retail Prices Index. The contribution to Share Plan Marketing was paid to the Manager in respect of marketing and promotion of the Company.

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

The Company does not have any employees.

5. Interest payable and similar charges	2013 £'000	2012 £'000
Interest on 3.5% Convertible Unsecured Loan Stock 2018	2,094	2,096
Notional interest on 3.5% Convertible Unsecured Loan Stock 2018	589	596
Amortisation of 3.5% Convertible Unsecured Loan Stock 2018 issue expenses	59	60
	2,742	**2,752**

6. Taxation	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000	2012 Revenue £'000	2012 Capital £'000	2012 Total £'000
(a) Analysis of charge for the year						
Overseas tax suffered	605	2	607	588	–	588
Overseas tax reclaimable	(688)	–	(688)	–	–	–
Taxation on ordinary activities	**(83)**	**2**	**(81)**	**588**	**–**	**588**

(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.

	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000	2012 Revenue £'000	2012 Capital £'000	2012 Total £'000
Return on ordinary activities before taxation	6,642	28,153	34,795	7,060	25,981	33,041
Effective rate of corporation tax at 23.58% (2012 – 25.17%)	1,566	6,639	8,205	1,777	6,539	8,316
Effects of:						
UK dividend income	(427)	–	(427)	(367)	–	(367)
Gains on investments not taxable	–	(6,665)	(6,665)	–	(6,543)	(6,543)
Currency losses not taxable	–	26	26	–	4	4
Other non-taxable income	(3,473)	–	(3,473)	(3,671)	–	(3,671)
Increase in excess expenses and loan relationship deficit	2,334	–	2,334	2,261	–	2,261
Net overseas tax suffered	(83)	2	(81)	588	–	588
Current tax charge for year	**(83)**	**2**	**(81)**	**588**	**–**	**588**

(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 £6,887,000 (2012 – £5,495,000) arising as a result of excess management expenses and non-trading loan relationship deficits (CULS interest). These expenses will only be utilised if the Company has profits chargeable to corporation tax in the future.

7. Dividends

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

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

The table below sets out the total dividends paid and proposed in respect of the financial year, which is the basis on which the requirements of Sections 1158 – 1159 are considered. The revenue available for distribution by way of dividend for the year is £6,725,000 (2012 – £6,472,000).

	2013 £'000	2012 £'000
Proposed final dividend for 2013 – 2.20p per Ordinary share (2012 – 2.20p)	**4,320**	**4,320**

The amounts reflected above for the cost of the proposed final dividend for 2013 is based on 196,368,689 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 20 December 2013 to shareholders on the register at the close of business on 22 November 2013.

8. Return per Ordinary share

	2013		2012	
	£'000	pence	£'000	pence
Basic				
Revenue return	6,725	3.42	6,472	3.30
Capital return	28,151	14.34	25,981	13.23
Total return	**34,876**	**17.76**	**32,453**	**16.53**
Weighted average Ordinary shares in issue		**196,363,142**		**196,349,420**

	2013		2012	
Diluted	£'000	pence	£'000	pence
Revenue return	9,148	n/a	8,846	n/a
Capital return	28,151	13.05	25,981	12.05
Total return	**37,299**	**17.29**	**34,827**	**16.15**
Weighted average Ordinary shares in issue[A]		**215,656,504**		**215,656,512**

[A] The calculation of the diluted total, revenue and capital returns per Ordinary share are carried out in accordance with Financial Reporting Standard 22, "Earnings per Share". For the purpose of calculating total, revenue and capital returns per Ordinary share, the number of Ordinary shares used is the weighted average number used in the basic calculation plus the number of Ordinary shares deemed to be issued for no consideration on exercise of all 3.5% Convertible Unsecured Loan Stock 2018 (CULS). The calculations indicate that the exercise of CULS would result in an increase in the weighted average number of Ordinary shares of 19,293,362 (2012 – 19,307,092) to 215,656,504 (2012 – 215,656,512) Ordinary shares.

For the years ended 31 August 2013 and 31 August 2012 there was no dilution to the revenue return per Ordinary share. Where dilution occurs, the net returns are adjusted for items relating to the CULS. Total earnings for the period are tested for dilution. Once dilution has been determined individual revenue and capital earnings are adjusted. Accrued CULS finance costs for the period and unamortised issues expenses are reversed.

9. Investments	Listed overseas £'000	Listed in UK £'000	Total £'000
Fair value through profit or loss:			
Opening book cost	322,194	18,527	340,721
Opening fair value gains/(losses) on investments held	233,280	(399)	232,881
Opening fair value	555,474	18,128	573,602
Movements in year:			
Purchases at cost	32,935	–	32,935
Sales – proceeds	(31,396)	–	(31,396)
Sales – gains on sales	17,717	–	17,717
Current year fair value gains on investments held	9,902	645	10,547
Closing fair value	**584,632**	**18,773**	**603,405**

	Listed overseas £'000	Listed in UK £'000	Total £'000
Closing book cost	341,450	18,527	359,977
Closing fair value gains on investments held	243,182	246	243,428
Closing fair value	**584,632**	**18,773**	**603,405**

	2013 £'000	2012 £'000
Listed on a recognised overseas investment exchange	584,632	555,474
Listed in the UK	18,773	18,128
	603,405	**573,602**

Gains on investments held at fair value through profit or loss	2013 £'000	2012 £'000
Realised gains on sales	17,717	10,394
Increase in fair value gains on investments held	10,547	15,601
	28,264	**25,995**

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:

	2013 £'000	2012 £'000
Purchases	68	106
Sales	103	84
	171	**190**

Notes to the Financial Statements continued

10. Debtors and prepayments	2013 £'000	2012 £'000
Accrued income	1,447	1,528
Overseas withholding tax recoverable	496	–
Other debtors and prepayments	495	70
	2,438	**1,598**

Included in other debtors and prepayments is an amount of USD696,000, equivalent to £449,000 (2012 – nil), being the estimated recovery of funds following the settlement between Aberdeen Asset Managers Limited and Satyam Computer Services in relation to a claim made following the discovery of a financial fraud, which led to the sale of the stock at a weakened price.

11. Creditors: amounts falling due within one year	2013 £'000	2012 £'000
Amounts due to brokers	918	11
Other creditors	1,813	1,709
	2,731	**1,720**

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

Year ended 31 August 2013	Number of units £'000	Liability component £'000	Equity component £'000
Balance at 31 August 2012	59,848	56,366	3,163
Conversion of 3.5% Convertible Unsecured Loan Stock 2018 into Ordinary shares	(26)	(24)	(2)
Notional interest on 3.5% Convertible Unsecured Loan Stock 2018	–	589	–
Notional interest on 3.5% Convertible Unsecured Loan Stock 2018 transferred to revenue reserve	–	–	(589)
Amortisation of issue expenses (see note 1(i))	–	59	–
Balance at 31 August 2013	**59,822**	**56,990**	**2,572**

Year ended 31 August 2012	Number of units £'000	Liability component £'000	Equity component £'000
Balance at 31 August 2011	59,891	55,750	4,126
Conversion of 3.5% Convertible Unsecured Loan Stock 2018 into Ordinary shares	(43)	(40)	(3)
Notional interest on 3.5% Convertible Unsecured Loan Stock 2018	–	596	–
Notional interest on 3.5% Convertible Unsecured Loan Stock 2018 transferred to revenue reserve	–	–	(960)
Amortisation of issue expenses (see note 1(i))	–	60	–
Balance at 31 August 2012	**59,848**	**56,366**	**3,163**

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 has decided to make an annual transfer between the equity component of the CULS and the revenue reserve so that the revenue reserve reflects distributable reserves as defined by company law.

During the year ended 31 August 2013 the Company converted £26,173 (2012 – £43,160) nominal amount of CULS into 8,430 (2012 – 13,909) Ordinary shares.

As at 31 August 2013, there was £59,821,680 (2012 – £59,847,853) nominal amount of CULS in issue.

13. Called-up share capital	2013 £'000	2012 £'000
Allotted, called-up and fully paid:		
Ordinary shares of 20p		
Opening balance of 196,360,259 (2012 – 196,346,350) shares	39,272	39,269
Issue of 8,430 (2012 – 13,909) Ordinary shares on conversion of £26,173 (2012 – £43,160) nominal 3.5% Convertible Unsecured Loan Stock 2018	2	3
Closing balance of 196,368,689 (2012 – 196,360,259) shares	**39,274**	**39,272**

14. Net asset value per share

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

	2013	2012
Net assets attributable (£'000)	550,346	519,765
Number of Ordinary shares in issue	196,368,689	196,360,259
Net asset value per share (p)	280.26	264.70

The impact of the 3.5% Convertible Unsecured Loan Stock 2018 on the net asset value per share was anti-dilutive for the year ended 31 August 2013 and 31 August 2012.

15. Reconciliation of net return before finance costs and taxation to net cash inflow from operating activities	2013 £'000	2012 £'000
Net return before finance costs and taxation	37,537	35,793
Adjustments for:		
Gains on investments held at fair value through profit or loss	(28,264)	(25,995)
Exchange losses charged to capital	111	14
Decrease/(increase) in accrued income	81	(31)
Decrease/(increase) in other debtors	24	(12)
Increase in sundry creditors including management fee due	104	50
Net cash inflow from operating activities	**9,593**	**9,819**

16. Analysis of changes in net debt	1 September 2012 £'000	Cash flow £'000	Currency movements £'000	Other non-cash movements £'000	31 August 2013 £'000
Cash and short term deposits	2,651	1,684	(111)	–	4,224
Debt falling due in more than one year	(56,366)	–	–	(624)	(56,990)
Net debt	**(53,715)**	**1,684**	**(111)**	**(624)**	**(52,766)**

17. Capital management policies and procedures

The Company's capital management objectives are:

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

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

The Company has no externally imposed capital requirements.

18. Financial instruments

Risk management

The Company's 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 Manager has a dedicated investment management process, which aims to ensure that the investment policy explained on page 3 is followed. Stock selection procedures are in place based on the active portfolio management and identification of stocks. The portfolio is reviewed on a periodic basis by a Senior Investment Manager and also by the Manager's Investment Committee.

The Company's Manager has an independent Investment Risk department for reviewing the investment risk parameters of the Company's portfolio on a regular basis. The department reports to the Manager's Performance Review Committee which is chaired by the Manager's Chief Investment Officer. The department's responsibility is to review and monitor ex-ante (predicted) portfolio risk and style characteristics using best practice, industry standard multi-factor models.

Additionally, the Manager's Compliance department continually monitors the Company's investment and borrowing powers and reports to the Manager's Risk Management Committee.

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

The Board regularly reviews and agrees policies for managing each of these risks. The Manager's policies for managing these risks are summarised below and have been applied throughout the year. The numerical disclosures exclude short-term debtors and creditors.

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.

Interest rate risk

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

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

Interest risk profile

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

At 31 August 2013	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
Assets				
Hong Kong Dollar	–	–	–	809
Indian Rupee	–	–	–	113
Singapore Dollar	–	–	–	19
Sterling	–	0.13	–	3,251
Taiwanese Dollar	–	–	–	6
Thailand Baht	–	–	–	20
US Dollar	–	–	–	6
Total assets	**n/a**	**n/a**	–	**4,224**
Liabilities				
3.5% Convertible Unsecured Loan Stock 2018	**4.42**	**3.50**	**56,990**	–

At 31 August 2012	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
Assets				
Indian Rupee	–	–	–	21
Sterling	–	0.23	–	2,617
Taiwanese Dollar	–	–	–	13
Total assets	**n/a**	**n/a**	–	**2,651**
Liabilities				
3.5% Convertible Unsecured Loan Stock 2018	**5.42**	**3.50**	**56,366**	–

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

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

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

Interest rate sensitivity

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

Foreign currency risk

The majority of the Company's investment portfolio is invested in overseas securities and the Balance Sheet, therefore, can be significantly affected by movements in foreign exchange rates. It is not the Company's policy to hedge this risk on a continuing basis but the Company may, from time to time, match specific overseas investments with foreign currency borrowings.

The revenue account is subject to currency fluctuation arising on dividends paid in foreign currencies. The Company does not hedge this currency risk.

Foreign currency risk exposure by currency of denomination:

	31 August 2013			31 August 2012		
	Overseas investments £'000	Net monetary assets £'000	Total currency exposure £'000	Overseas investments £'000	Net monetary assets £'000	Total currency exposure £'000
Hong Kong Dollar	153,223	809	154,032	144,656	–	144,656
Indian Rupee	67,518	113	67,631	73,908	21	73,929
Indonesian Rupiah	6,446	–	6,446	10,744	–	10,744
Korean Won	52,961	–	52,961	43,589	–	43,589
Malaysian Ringgit	22,058	–	22,058	23,019	–	23,019
Philippine Peso	25,544	–	25,544	23,231	–	23,231
Singapore Dollar	134,802	19	134,821	120,847	–	120,847
Sri Lankan Rupee	14,719	–	14,719	12,488	–	12,488
Taiwanese Dollar	37,221	6	37,227	35,154	13	35,167
Thailand Baht	32,376	20	32,396	29,032	–	29,032
US Dollar	37,764	6	37,770	38,806	–	38,806
	584,632	973	585,605	555,474	34	555,508
Sterling	18,773	3,251	22,024	18,128	2,617	20,745
Total	**603,405**	**4,224**	**607,629**	**573,602**	**2,651**	**576,253**

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.

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 11, act to reduce market risk. The Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to review investment strategy. The investments held by the Company are listed on various stock exchanges worldwide.

Other price risk sensitivity

If market prices at the Balance Sheet date had been 10% higher or lower while all other variables remained constant, the return attributable to Ordinary shareholders for the year ended 31 August 2013 would have increased/decreased by

£60,341,000 (2012 – increased/decreased by £57,360,000) 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. Liquidity risk is not considered to be significant, as 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 2012 and 2013 the Company had no loan or overdraft facility in place. Details of the Board's policy on gearing are shown in the interest rate risk section of this note.

Liquidity risk exposure

At 31 August 2013 the Company had borrowings in the form of the £59,821,680 (2012 – £59,847,853) nominal of 3.5% Convertible Unsecured Loan Stock 2018.

Credit risk

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

The risk is not considered to be significant, and is actively managed as follows:

- 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 custodian, 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 Custodian'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 Custodian'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 Balance Sheet, the maximum exposure to credit risk at 31 August was as follows:

	2013		2012	
	Balance Sheet	Maximum exposure	Balance Sheet	Maximum exposure
Current assets	**£'000**	**£'000**	**£'000**	**£'000**
Loans and receivables	2,438	2,438	1,598	1,598
Cash at bank and in hand	4,224	4,224	2,651	2,651
	6,662	**6,662**	**4,249**	**4,249**

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:

	2013 £'000	2012 £'000
In more than one year	56,990	56,366

At 31 August 2013 the full contractual liability for the CULS assuming no further conversions was £69,076,000 (2012 – £71,201,000).

19. Fair value hierarchy

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (ie as prices) or indirectly (ie derived from prices); and

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

All of the Company's investments are in quoted equities (2012 – 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 (2013 – £603,405,000; 2012 – £573,602,000) have therefore been deemed as Level 1.

General Information
Marketing Strategy

Edinburgh Dragon Trust plc contributes to the marketing programme run by the Aberdeen Group ("AAM") on behalf of a number of investment trusts under its management. Under this agreement the Company's contribution is matched by AAM. This contribution is reviewed annually.

The purpose of the programme is to communicate effectively with existing shareholders and gain more new shareholders, thus improving liquidity and thereby enhancing the value and rating of the Company's shares. AAM's experience has also shown that well targeted marketing of the Company's investment merits through packaged products, whether singly, or in conjunction with other trusts run by AAM, can be a cost-effective way of gaining new investors.

These aims can be met in several ways:

Investor Relations Programme

AAM runs an investor relations programme to existing and prospective institutional investors in investment trusts. Each month institutional investors and prospects receive a Manager's report on your Company that includes detailed performance analysis.

Group Schemes

The AAM Group administers several savings schemes including the Share Plan, ISA and the Children's Plan. These schemes allow investment at lower costs and have proved popular with private investors.

Newsletter

The 'Bulletin' newsletter, an informed commentary on markets and investment trusts managed by AAM, is distributed free of charge.

Public Relations

AAM undertakes to brief journalists, write regularly through placed articles and ensure Company results and any corporate activity are brought to public attention.

Shareholder Services

AAM runs an investment help desk for retail enquirers and investors. Enquirers or investors will be sent any relevant literature on request and have queries answered immediately.

The Marketing Programme is under the direction of AAM's Group Head of Brand who has considerable experience in the marketing and communications of investment products. He is supported by a team of marketing professionals.

Internet

The AAM Investment Trust website contains details of closed funds and investment companies managed or advised by the Aberdeen Group.

Edinburgh Dragon Trust plc has its own dedicated website at: www.edinburghdragon.co.uk. This allows web users to access information on the Company's share price performance, capital structure, stock exchange announcements and monthly reports. The site is continuously being evaluated for improvement.

It is intended that ongoing programme activities in these various fields, both proactive and supportive, will assist the Company to increase and maintain its shareholder base, improve liquidity and sustain ratings.

The Company is committed to the close monitoring of the Programme. The AAM Group Head of Brand reports to the Board and provides a written summary quarterly.

If you have any questions about your Company, the Manager or performance, please telephone AAM Customer Services Department (direct private investors) on 0500 00 00 40. Alternatively, internet users may e-mail AAM at inv.trusts@aberdeen-asset.com or write to AAM at Aberdeen Investment Trusts, PO Box 11020, Chelmsford, Essex CM99 2DB.

How to Invest in Edinburgh Dragon Trust plc

How to Invest

Investors can buy and sell shares directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser. Alternatively 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

The Company's Ordinary shares are intended for investors primarily in the UK (including retail investors), professional-advised private clients and institutional investors who are seeking a high level of capital growth through equity investment in the Asia Pacific countries ex Japan 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.

Aberdeen's Investment Plan for Children

Aberdeen Asset Managers Limited ("AAM") 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, 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%) on entry. 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 AAM in writing at any time. In common with other schemes of this type, all investments are held in nominee accounts.

Aberdeen's Investment Trust Share Plan

AAM 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%) on entry. 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 AAM 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 £11,520 in the Ordinary shares of Edinburgh Dragon Trust plc can be made through the Aberdeen Investment Trust ISA in the tax year 2013/2014. The CULS are not considered as a qualifying investment for the Aberdeen ISA due to their limited life.

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

ISA Transfer

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

Note

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

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

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.

Trust Information

If investors would like details of Edinburgh Dragon Trust plc or information on the Children's Plan, Share Plan, ISA or ISA Transfers please telephone 0500 00 00 40 or write to Aberdeen Investment Trusts, PO Box 11020, Chelmsford, Essex CM99 2DB or e-mail inv.trusts@aberdeen-asset.com. Details are also available on www.invtrusts.co.uk

Literature Request Service

For literature and application forms for the Manager's investment trust products, please contact:
Telephone: 0500 00 40 00
Email: aam@lit-request.com

Keeping You Informed

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

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

Contact Us

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

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

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

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA
Telephone: 0871 384 2499
Fax: 0871 384 2100
Shareview Enquiry Line: 0871 384 2020
Textel/hard of hearing: 0871 384 2255

(Calls to the above Equiniti numbers will be charged at 8 pence per minute plus network extras. Lines open 8.30am to 5.30pm, Monday to Friday).

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.

Glossary of Terms and Definitions

Asset Cover	The value of a company's net assets available to repay a certain security. Asset cover is usually expressed as a multiple and calculated by dividing the net assets available by the amount required to repay the specific security.
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.
Net Asset Value	The value of total assets less liabilities. Liabilities for this purpose included current and long-term liabilities. The net asset value divided by the number of shares in issue produces the net asset value per share.
Net Gearing	Net gearing is calculated by dividing total assets (as defined below) less cash or cash equivalents by shareholders' funds expressed as a percentage.
Ongoing Charges	Ratio of ongoing expenses expressed as percentage of average daily shareholders' funds calculated as per the industry standard.
Premium	The amount by which the market price per share of an investment trust exceeds the net asset value per share. The premium is normally expressed as a percentage of the net asset value per share.
Price/Earnings Ratio	The ratio is calculated by dividing the middle-market price per share by the earnings per share. The calculation assumes no change in earnings but in practice the multiple reflects the stock market's view of a company's prospects and profit growth potential.
Prior Charges	The name given to all borrowings including debentures, loan and short term loans and overdrafts that are to be used for investment purposes, reciprocal foreign currency loans, currency facilities to the extent that they are drawn down, index-linked securities, and all types of preference or preferred capital and the income shares of split capital trusts, irrespective of the time until repayment.
Total Assets	Total Assets less current liabilities (before deducting prior charges as defined above).
Total Return	Total Return involves reinvesting the net dividend in the month that the share price goes xd. The NAV Total Return involves investing the same net dividend in the NAV of the trust on the date to which that dividend was earned, eg quarter end, half year or year end date.
Winding-up Date	The date specified in the Articles of Association for winding-up a company.

Notice of Annual General Meeting

Notice is hereby given that the twenty-sixth Annual General Meeting of Edinburgh Dragon Trust plc will be held at 40 Princes Street, Edinburgh on 17 December 2013 at 12 noon to consider and, if thought fit, pass the following resolutions, of which resolutions 1 to 11 inclusive will be proposed as ordinary resolutions and resolutions 12 to 14 inclusive will be proposed as special resolutions:

1. To receive the reports of the Directors and auditor and the audited financial statements for the year to 31 August 2013.
2. To approve the Directors' Remuneration Report for the year to 31 August 2013.
3. To approve payment of a final dividend of 2.20p per Ordinary share.
4. To re-elect Mr McKenzie as a Director of the Company
5. To re-elect Ms Langridge as a Director of the Company.
6. To re-elect Mr Lowrie 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 appoint KPMG LLP as auditor of the Company and to hold office until the conclusion of the next Annual General Meeting at which accounts are laid before the Company.
10. To authorise the Directors to determine the remuneration of the auditor for the year to 31 August 2014.
11. That, in substitution for any pre-existing power to allot or grant rights to subscribe for or to convert any security into shares in the Company, but without prejudice to the exercise of any such authority prior to the date of this resolution, the Directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company ("securities") up to an aggregate nominal amount of £13,091,246, such authority to expire on 28 February 2015 or, if earlier, at the conclusion of the next Annual General Meeting of the Company to be held after the passing of this resolution, unless previously revoked, varied or extended by the Company in general meeting, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require relevant securities to be allotted after the expiry of such authority, and the Directors may allot relevant securities in pursuance of such an offer or agreement as if such authority had not expired.
12. That, subject to the passing of resolution 11 as set out above and in substitution for any existing power under Sections 570 and 573 of the Companies Act 2006 (the "Act") but without prejudice to the exercise of any such authority prior to the passing of this resolution, , the Directors be and are hereby generally empowered, pursuant to Sections 570 and 573 of the Act, to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to the authority under Section 551 of the Act conferred by resolution 11 or by way of a sale of treasury shares (within the menaing 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 be limited to the allotment of equity securities:
    (i) in connection with an offer of such equity securities by way of rights issue, open offer or other pre-emptive offer in favour of all holders of Ordinary shares where the equity securities respectively attributable to the interests of all such holders are either proportionate (as nearly as practicable) to the respective numbers of Ordinary shares held by them on a record date fixed by the Directors (subject to such exclusions, limitations, restrictions or other arrangements as they may deem necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems under the laws of, or requirements of, any relevant regulatory body or stock exchange in any territory); and

    (ii) (otherwise than pursuant to paragraph (i) of this resolution) up to an aggregate nominal amount of £1,963,687, being 5% of the nominal value of the existing issued share capital of the Company;

    and shall expire on 28 February 2015 or, if earlier, at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution unless previously revoked, varied or extended by the Company in general meeting, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to any such offer or agreement as if the power conferred hereby had not expired.
13. That, in substitution for any existing authority under Section 701 of the Companies Act 2006 (the "Act"), but without prejudice to the exercise of any such authority prior to the date hereof, the Company be generally and unconditionally authorised, in accordance with Section 701 of the Act, to make market purchases (within the meaning of Section 693(4)

of the Act) of fully paid Ordinary shares of 20p each in the capital of the Company ("shares") and to cancel or hold in treasury such shares, provided that:

(i) the maximum aggregate number of shares hereby authorised to be purchased is 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 2014 or, if earlier, at the conclusion of the next Annual General Meeting of the Company to be held after the passing of this resolution, save that the Company may, at any time prior to such expiry, enter into a contract or contracts to purchase shares under such authority which would or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of shares pursuant to any such contract or contracts as if the authority conferred hereby had not expired.

14. That a general meeting other than an Annual General Meeting may be called on not less than 14 clear days' notice provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution.

By order of the Board
Aberdeen Asset Managers Limited
Secretary
15 November 2013

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 these accounts. 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 less than 48 hours (excluding non-working days) before the time of the meeting.

(iii) In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, to have the right to attend and vote at the Meeting a member must first have his or her name entered in the Company's register of members by not later than 6.00pm on 13 December 2013 (or, in the event that the Meeting is adjourned, at 6.00pm on the day which is two business days before the time of the adjourned Meeting). Changes to entries on that register after that time shall be disregarded in determining the rights of any member to attend and vote at the Meeting referred to above.

(iv) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual and by logging on to the website www.euroclear.com/CREST. 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 48 hours (excluding non-working days) before the time of the meeting or any adjournment. 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 for at least 15 minutes prior to the Meeting and during the Meeting.

(x) As at close of business on 8 November 2013 (being the latest practicable date prior to publication of this document), the Company's issued share capital comprised 196,368,689 Ordinary shares of 20p each. The total number of voting rights in the Company as at 8 November 2013 was 196,368,689.

(xi) Any person holding 3% or more of the total voting rights in the Company who appoints a person other than the Chairman as his proxy will need to ensure that both he and such third party complies with their respective disclosure obligations under the UK Disclosure and Transparency Rules.

(xii) Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that they do not do so in relation to the same shares.

(xiii) The members of the Company may require the Company to publish, on its website, a statement setting out any matter relating to the audit of the Company's accounts, including the Auditor's Report and the conduct of the audit, which they intend to raise at the next meeting of the Company. The Company will be required to do so once it has received such requests from either (i) members representing at least 5% of the total voting rights of the Company or (ii) at least 100 members who have a relevant right to vote and hold shares in the Company on which there has been paid up an average sum per member of at least £100. Such requests must be made in writing and must state your full name and address, and be sent to: The Company Secretary, Edinburgh Dragon Trust plc, 40 Princes Street, Edinburgh EH2 2BY.

(xiv) Information regarding the Annual General Meeting, including information required by Section 311A of the Companies Act 2006, is available from the Company's website, www.edinburghdragon.co.uk.

(xv) Under Section 319A of the Companies Act 2006, the Company must answer any question relating to the business being dealt with at the meeting put by a member attending the meeting unless:

a) answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;

b) the answer has already been given on a website in the form of an answer to a question; or

c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

(xvi) Shareholders are advised that, unless otherwise stated, any telephone number, website or e-mail address which may be set out in this notice of Annual General Meeting or in any related documents (including the proxy form) is not to be used for the purposes of serving information or documents on, or otherwise communicating with, the Company for any purposes other than those expressly stated.

(xvii) There are special arrangements for holders of shares through the Aberdeen's Investment Plan for Children, Aberdeen's Investment Trust Share Plan and Investment Trust ISA. These are explained in the 'Letter of Direction' which such holders will have received with this report.

Corporate Information

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

Registered Office
7th Floor
40 Princes Street
Edinburgh EH2 2BY
Telephone: 0131 528 4000
Website: www.edinburghdragon.co.uk

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

7th Floor
40 Princes Street
Edinburgh EH2 2BY
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Company Registration Number
SC106049

Summary of Capital History

Issued Share Capital and Borrowings at 31 August 2013

196,368,689	Ordinary shares of 20p
£59,821,680	3.5% Convertible Unsecured Loan Stock 2018 (CULS) nominal

Capital History

Year to 31 August 2013	During the year to 31 August 2013, 8,430 Ordinary shares were issued following elections by CULS holders to convert £26,173 nominal of CULS.
Year to 31 August 2012	During the year to 31 August 2012, 13,909 Ordinary shares were issued following elections by CULS holders to convert £43,160 nominal of CULS.
Year to 31 August 2011	In January 2011, the Company issued £60 million nominal of 3.5% Convertible Unsecured Loan Stock 2018 (CULS). In August 2011, 35,131 Ordinary shares were issued following elections by CULS holders to convert £108,987 nominal of CULS.
Year to 31 August 2010	Following the Tender Offer for up to 15% of the Ordinary shares of the Company at a discount of 3 per cent. to Formula Asset Value, 15% of the Ordinary shares (34,643,156 shares) were repurchased for cancellation at the repurchase price of 197.2794p per share.
Year to 31 August 2009	No changes
Year to 31 August 2008	6,122,500 Ordinary shares were repurchased for cancellation at prices ranging from 131.75p to 164.25p
Year to 31 August 2007	200,000 Ordinary shares were repurchased for cancellation at prices ranging from 135.0p to 142.5p
Year to 31 August 2006	No changes
Year to 31 August 2005	Final conversion of 10,508,903 warrants 2005 into shares.
2001 to 31 August 2004	191,369 warrants 2005 were converted into Ordinary shares in the period up to 31 August 2004.
1993 - 2000	During the period 1995 -1996 the Company issued 841,571 Ordinary shares at a premium to the NAV. All of the 5,864,444 warrants 1996 were converted in the period up to 31 January 1996, the final conversion date. 230,171 warrants 2005 were converted into Ordinary shares in the period to 31 January 2000. The Company repurchased for cancellation 8,426,394 warrants 2005 in 1997 and 499,624 warrants 2005 in 2000. During the period 1998 - 2000 the Company repurchased 43,760,874 Ordinary shares for cancellation at prices ranging from 39.5p to 75.0p.
1987 - 1993	The Company was launched in 1987 with a share capital of 120,000,000 Ordinary 5p shares and 24,000,000 warrants 1996. In 1989, following a placing and open offer, 192,000,000 Ordinary 5p shares and 38,400,000 warrants 2005 were issued. In April 1993, following the acquisition of Drayton Asia Trust plc, the Company issued 740,002,520 Ordinary shares and 42,086,268 warrants 2005. During the period 1987-1993, 542,223 warrants 1996 and 1,060,423 warrants 2005 were converted into Ordinary shares. In November 1993, following a four for one consolidation, the Company's issued share capital was 263,401,291 Ordinary 20p shares, 5,864,444 warrants 1996 and 19,856,461 warrants 2005.

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