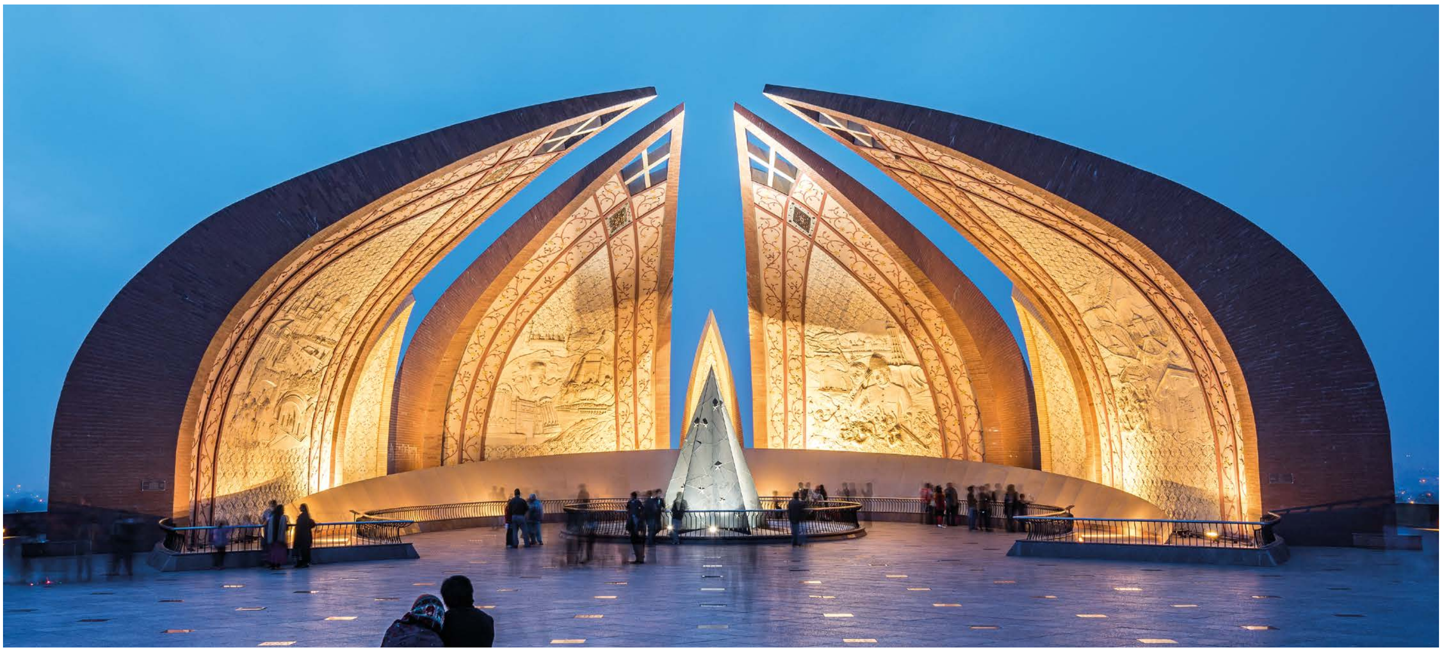
Aberdeen Frontier Markets Investment Company Limited

Annual Report and Financial Statements
For the year ended 30 June 2017



Aberdeen

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Management

The Company is managed by Aberdeen Fund Managers Limited (the 'Manager'), which is a wholly owned subsidiary of Aberdeen Asset Management PLC and is authorised and regulated by the Financial Conduct Authority ('FCA'). The Manager has delegated day-to-day investment management services to Aberdeen Asset Managers Limited ('AAML' or the 'Investment Manager').

Financial Calendar

Annual General Meeting	6 December 2017 at 11:00 a.m. 11 New Street St Peter Port Guernsey GY1 2PF

The Annual Report can be downloaded from www.aberdeenfrontiermarkets.co.uk.

Investment objective

The investment objective of the Company is to generate long-term capital growth primarily from investment in equity and equity related securities of companies listed in, or operating in, Frontier Markets.

Frontier Market countries may include constituents of the MSCI Frontier Markets Index or additional countries that the Investment Manager deems to be, or displays similar characteristics to, Frontier Market countries.

Dividends

Interim dividend paid

1.0000¢

Final dividend proposed

1.0000¢

Performance

For the year ended 30 June 2017

Net Asset Value ('NAV') per share (in US dollar terms)

13.7%

Total return, NAV to NAV, gross income reinvested.

Share price (in US dollar terms)

16.7%

Share price total return is on a mid-to-mid basis.

As at 30 June 2017

NAV per share

$0.9295

Share price (in GB pounds)

£0.6663

Share price (in US dollars)

$0.8678

Net Assets

$79.4m

Chairman's Statement

A period of change

The year has seen a number of material changes for the Company, a summary of which is set out below.

Investment objective and policy

The Directors began the tender process in November 2016 which was subsequently terminated in December 2016. Following further consultation with shareholders on 14 March 2017 shareholders were given the opportunity to vote on the proposed change in Investment Objective and Policy for investment in Frontier Markets using a direct equity investment strategy. The resolution proposed was duly passed and our revised investment objective is now:

- to generate long-term capital growth primarily from investment in equity and equity related securities of companies listed in, or operating in, Frontier Markets.
- Frontier Market countries may include constituents of the MSCI Frontier Markets Index or additional countries that the Investment Manager deems to be, or displays similar characteristics to, Frontier Market countries.

As a result of the change, our portfolio is now managed by Aberdeen's Global Emerging Markets Team overseen by Devan Kaloo with Mark Gordon James and Gabriel Sacks as lead managers. The full text of the new Investment Policy may be found on page 7 of this Annual Report and details of the new portfolio can be found on page 5. Further information on our Manager's investment process can be found on page 46.

Tender offer

In addition to this change, shareholders were offered the opportunity to tender up to 100% of their holdings in the Company as indicated back in 2012. This resulted in 97,307,392 Ordinary Shares being tendered. Of these 13,750,000 Ordinary Shares were sold to Aberdeen Asset Management leaving a balance of 83,557,392 Ordinary Shares being bought back by the Company for cancellation. The Board were encouraged by the remaining number of shareholders wishing to remain invested in Frontier Markets and Aberdeen's commitment to purchase £10m of shares.

Management fees

At the same time as these fundamental changes to the Company, Aberdeen Asset Management agreed to reduce their management fee to 1.0% per annum of the Company's net asset value ('NAV') as well as the removal of the performance fee. The Board is aware of the Company's reduced size, following the tender offer, and the need to carefully manage the Company's expenses to minimise the ongoing charges ratio.

Tender Pool

Following shareholder approval the portfolio was split into two separate pools of assets; one for ongoing shareholders in which assets were realigned with the new investment policy ('Continuing Pool') and the other for the realisation of assets to raise cash to pay to those shareholders who elected to tender ('Tender Pool').

A first interim distribution of 64.0 pence was paid to exiting holders on 25 April 2017 with a second payment of 6.5 pence made on 30 June 2017. At the time of writing there remains a very small element of cash and one asset subject to foreign exchange restrictions with a value of approximately 0.6 pence per Ordinary Share which will be distributed as soon as the asset can be realised.

Discount control

The discount to NAV at which the Company's shares trade narrowed from 8.9% to 6.8% at year end. Outside of the tender offer, the Company bought back 450,000 Ordinary Shares over the twelve month period at a cost of $353,000 with those shares placed in treasury.

The Board recognises the importance to investors of the Ordinary Shares not trading at a significant discount to the prevailing NAV. Accordingly, as part of the proposals put to shareholders in February 2017 the Board stated its intention to operate a policy whereby should the average Ordinary Share price discount to the underlying ex-income NAV over the three month period immediately prior to the Company's year-end exceed 10% then, at the discretion of the Board, the Company would, subject to any legal or regulatory requirements, implement a tender offer. Such tender offer will be for up to 15% of the issued share capital of the Company (excluding Ordinary Shares held in treasury) at a tender price equal to 98% of the prevailing NAV (less the direct costs, including any realisation costs of underlying investments, of implementing such tender offer).

Over the three months ended 30 June 2017, the average ex-income discount stood at 7.0%. With effect from the change in investment objective in March 2017, this discount control policy, incorporating a tender offer mechanism, replaced the pre-existing five-yearly return of capital as the Company's primary discount control.

Chairman's Statement continued

Performance

For the year ended 30 June 2017, the Company's NAV per Ordinary Share had risen 13.7% in total return terms with the share price rising 16.7% as the discount narrowed. This compared to a gain of 19.7% for the MSCI Frontier Markets Index (the 'Index'), all figures in US Dollar terms.

The positive NAV absolute return over the year was driven by strong performances in certain markets. However, relative performance against the Index was held back by a number of factors including the realignment of the portfolio away from funds to direct equities over the last three months of the financial year and the requirement to hold more liquid assets, such as Frontier Market ETFs, in the period leading up to the tender offer.

Dividend

An attractive dividend yield has been a consistent feature of the asset class over time and the Board considers that dividends are an increasing part of the rationale for investing in Frontier Markets. At today's market levels, the current portfolio is expected to yield approximately 3.3% gross (before expenses). The Board believes that dividends are an important part of shareholders overall return and intends to continue to pay semi-annual dividends in line with previous guidance.

An interim dividend for the year ended 30 June 2017 of 1 cent (0.766947 pence) was paid to Ordinary shareholders on 11 August 2017. With the new portfolio providing a decent yield, the Board is recommending to shareholders the payment of a final dividend for the year of 1 cent. If approved by shareholders at the next Annual General Meeting, this dividend will be paid on 13 December 2017 to those shareholders who are on the register on 17 November 2017. The ex-dividend date will be 16 November 2017. The dividend will be paid in sterling and the sterling dividend rate will be announced in due course.

Board composition

We were sad to see Richard Hotchkis retire from the Board on 31 March 2017. Richard had been on the Board of the Company since its launch and we thank him for his efforts on behalf of shareholders. We shall miss his wise counsel and enthusiasm for Frontier Markets and wish him well for his retirement.

As the Company begins a new chapter, well-positioned for the future but smaller in size, the Board will remain comprised of three non-executive directors until such time as it is deemed prudent to recruit again. The Board considers that, collectively, the current Directors demonstrate a breadth and depth of skills and experience required to steward the Company.

Aberdeen Asset Managers Limited

The Investment Manager is a subsidiary of Aberdeen Asset Management PLC which merged with Standard Life plc on 14 August 2017 to form Standard Aberdeen plc. Assets under the management of the combined investment division of Aberdeen Standard Investments were equivalent to £581bn at 31 December 2016. Further information about the Investment Manager can be found on page 45 of this Annual Report.

Aberdeen savings plans

Aberdeen has a long history in managing closed-ended funds and provides a wealth of experience and a wide infrastructure towards their management and promotion. Investors may access low cost investment in the Company through Aberdeen's Share Plan, Investment Trust ISA and Investment Plan for Children which provide full voting and other rights of share ownership. Further details may be found on page 48 or via our website at: aberdeenfrontiermarkets.co.uk.

Future prospects

There is an increasing recognition by investors of the attractive qualities that Frontier Markets possess as an investment destination. This follows a period of several years during which the asset class has been comprehensively overlooked. Valuations of frontier equity markets and currencies are undemanding and the prospect of further gains is supported by an improving global economic outlook, which should provide a supportive backdrop for corporate earnings.

From a bottom up perspective, the Company's portfolio, now managed by Aberdeen's well regarded Global Emerging Markets team using their disciplined and meticulous stock-picking approach, is now invested in a high conviction selection of companies that we believe provide diversified exposure to Frontier Markets. Our Manager believes in the fundamentally sound nature of our investments with healthy cash flows, strong management and promising prospects for sustained long-term growth.

John Whittle
18 September 2017

Investment Manager's Report

Market environment

Frontier Markets were swept up in the global equity rally, gaining more than 19% in US dollar terms in the year to the end of June 2017. It was very much a tale of two halves, with several longstanding laggards in Frontier Africa enjoying a rebound in sentiment late in the period. The asset class was relatively range-bound in the final six months of 2016, as investors found plenty of cause for restraint amid a series of political shocks. The UK's vote to leave the EU sparked a widespread, though short-lived, sell-off while Donald Trump's unexpected victory in the US presidential election provoked fears of a new era of protectionism. However, OPEC's December 2016 agreement to cut production, which fuelled the subsequent spike in oil prices, spurred renewed interest in frontier commodity exporters in particular. Investors even shrugged off two, admittedly well-signalled, US interest rate hikes. The oil price rally lost steam toward the end of the period as a ramp up in US shale oil production prompted oversupply concerns. Nonetheless, many Frontier Markets remained in favour, while the weaker US currency also boosted US dollar returns.

In Africa, Nigerian equities were subdued for the most part as the economy slipped into recession and ratings firm Fitch downgraded the country's outlook to negative from stable. Investors also grew frustrated at the central bank's continued currency intervention. However, a new foreign exchange window for investors and exporters restored some much needed confidence in the country's markets, while encouraging economic signals suggested a near-term recovery. Against this, equities picked up markedly, gaining just over 14% by the period's end. Kenya also enjoyed a late influx of capital, which boosted markets by more than 17%. This capped a mostly volatile year, in which it grappled with a serious drought as well as the impact of a government cap on bank loan charges.

Middle Eastern oil exporters Kuwait and Bahrain posted solid returns, of 23% and 16% respectively, following the much-anticipated agreement between oil producers to cut output. However, both markets relinquished some of their early gains alongside the oil price retreat.

In Latin America, Argentine equities climbed by almost 28% buoyed by the country's successful return to international debt markets together with signs that President Macri was making inroads against the national deficit. However, the market suffered a late sell-off after failing to win back its emerging market status in the MSCI's benchmark index review with the next review scheduled for June 2018.

Sri Lanka was the top performing market in Asia over the twelve month review period, returning 24%, as investors took advantage of attractive valuations following protracted outflows. The country's equities had previously come under pressure amid economic challenges and a disappointing reform process. Pakistan's stock market also advanced on growing momentum ahead of its upgrade to the MSCI emerging markets index at the end of May. However, it succumbed to some profit-taking in the immediate aftermath of its promotion. Vietnamese equities were the poorest performers over the period, after President Trump abandoned the newly-negotiated Trans-Pacific Partnership trade agreement. While it later recouped the losses, the market failed to keep pace with its peers, finishing up by just 2%.

Frontier Europe outperformed all other regions on generally robust economic signals and positive sentiment following Emmanuel Macron's presidential victory in France. Oil exporter Kazakhstan was the asset class' top performer, returning just over 44%, while Romanian equities rose by almost 35%. That said, the latter fared less well late in the period after the prime minister of just six months was ousted in a no-confidence vote by his own political party. The political upheaval came in the wake of one of the country's largest anti-corruption demonstrations since the fall of communism.

Performance

During the half year to December 2016, and prior to the transition to direct equity investment, the Company saw increased net asset value ('NAV') per Ordinary Share and share price total returns, all in US dollar terms, of 3.7% and 6.3%, respectively. This compared to the MSCI Frontier Markets Net Total Return Index's 3.2% gain. The Company's outperformance over the six month period was due to the solid performance of certain underlying managers, as well as discount narrowing. In particular, the managers in Vietnam, Argentina and Kazakhstan did well, while individual funds in Romania and Vietnam also contributed to relative returns following a narrowing of their discounts. In particular, the managers in Vietnam all enjoyed significant outperformance over the MSCI Vietnam Index (which comprised just 9 companies), with VinaCapital Vietnam Opportunity Fund the best performer (NAV +10.0%). Strong relative performance was also delivered by the Company's managers in Argentina (Copernico) and Kazakhstan (Sturgeon). Asset allocation was a detractor during the period, with low levels of exposure to Morocco, where the market rose by 20.1% and Kuwait which posted a 12.9% gain, accounting for much of this. In terms of discount movement, VinaCapital Vietnam Opportunity Fund and our core Romanian holding Fondul Proprietatea, contributed to relative performance as their discounts narrowed in absolute terms by 4.5% and 2.8% respectively.

With regard to the management of the portfolio during the transitional period, the period from January to March saw the sale of certain closed-ended holdings and redemptions of open-ended funds rotated into more liquid market proxies, including the MSCI Frontier Markets ETF, in anticipation of the upcoming tender offer, following which the remaining portfolio would migrate to a direct equity approach.

By the end of April the Company was 52% invested in direct equities, rising to 66% by the end of May and 94% by the end of June. Liquidity did not prove to be an issue, but opening domestic share dealing accounts in certain countries such as Egypt, Bangladesh, Romania and Vietnam did take longer than expected. During this period, market exposure was retained through the use of legacy third-party funds and ETFs.

Returns in US dollar terms unless otherwise stated.

Investment Manager's Report continued

Aberdeen Frontier Markets Investment Company USD for periods ended 30 June 2017
Cumulative performance

	6 months %	1 year %	3 years %	5 years %
Share Price	9.9	16.7	-12.7	33.2
NAV	9.8	13.7	-12.8	28.6
MSCI Frontier Markets	15.9	19.7	-8.6	54.0

Notes
Total return; NAV to NAV, gross income reinvested, USD.
Share price total return is on a mid-to-mid basis.

Dividends are reinvested as at the ex-dividend date.
NAV returns based on NAVs with debt valued at fair value.

Source: Aberdeen Asset Managers Limited and Morningstar.

The period between January and June 2017 was a strong one for Frontier Markets, with the MSCI Frontier Markets Index rising 15.9% in US dollar terms. Given the restructuring of the portfolio and higher cash levels up until mid-March, performance lagged the benchmark. Nevertheless, the Company still reported a 9.8% increase in NAV and 9.9% share price return for the 6-month period, buoyed by some of the portfolio's new largest direct equity holdings, including conglomerate John Keells in Sri Lanka, Kenyan mobile-operator Safaricom and Coca-Cola Icecek, a Turkish-based bottler with a significant presence in Pakistan, Iraq and Kazakhstan. The key detractor to performance was the portfolio's underweight position to Argentina, which notably rallied on hopes that MSCI would announce its upgrade to emerging market status following its review in June; although this was ultimately not the outcome. It is also worth highlighting that we deemed it prudent to value our Nigerian holdings using NAFEX, a new exchange rate in Nigeria, which was roughly 20% lower than the official rate at the end of the period, but one that we believe reflects the currency's true market-determined value. MSCI continued to use the official exchange rate, which also negatively impacted the portfolio's relative performance.

Fund positioning

As at the end of June 2017 the portfolio had largely transitioned to a direct equity strategy, in line with the new investment policy, holding 48 assets with the following country allocations relative to the MSCI Frontier Markets Index:

Relative country positions

Country	Fund %	Benchmark %	Difference %
Africa and Middle East	**39.5**	**55.9**	**-16.4**
Bahrain	–	4.0	-4.0
Egypt	2.9	–	+2.9
Ghana	1.6	–	+1.6
Ivory Coast	–	0.2	-0.2
Jordan	2.2	1.3	+0.9
Kenya	13.3	4.9	+8.4
Kuwait	–	17.3	-17.3
Lebanon	1.4	2.7	-1.3
Mauritius	–	3.9	-3.9
Morocco	2.0	8.2	-6.2
Nigeria	5.6	8.6	-3.0
Oman	2.0	3.3	-1.3
Senegal	–	0.9	-0.9
South Africa	3.3	–	+3.3
Tanzania	1.5	–	+1.5
Tunisia	–	0.5	-0.5
Turkey	3.7	–	+3.7
Asia Pacific ex Japan	**43.6**	**14.2**	**+29.4**
Bangladesh	8.5	2.5	+6.0
Myanmar	2.4	–	+2.4
Pakistan	12.1	–	+12.1
Sri Lanka	10.5	1.6	+8.9
Thailand	2.1	–	+2.1
Vietnam	8.0	10.1	-2.1
Europe ex UK	**9.4**	**9.7**	**-0.3**
Belarus	3.3	–	+3.3
Croatia	–	1.5	-1.5
Estonia	–	0.4	-0.4
Georgia	2.9	–	+2.9
Kazakhstan	–	2.0	-2.0
Lithuania	–	0.1	-0.1
Romania	3.2	3.9	-0.7
Serbia	–	0.2	-0.2
Slovenia	–	1.6	-0.3
Latin America	**4.8**	**20.2**	**-15.4**
Argentina	2.4	20.2	-17.8
Panama	2.4	–	+2.4
North America	**1.5**	**–**	**+1.5**
United States	1.5	–	+1.5
Total	**100.0**	**100.0**	

At 30 June 2017, the benchmark index had an adjusted market cap of US$111.6bn and was composed of 116 companies across 23 countries (source MSCI).

Shareholders will be aware of the new investment objective and policy, resulting in a portfolio that will likely diverge significantly from the benchmark as we look to invest in a relatively concentrated portfolio of quality companies across a diverse set of markets. Some of the largest differences relative to the benchmark relate to the portfolio's underweight position in Argentina (-17.8%) and Kuwait (-17.3%) and an overweight allocation in frontier Asian markets (+29.4%), with countries such as Pakistan (+12.1%) and Sri Lanka (+8.9%) featuring prominently.

We continue to seek new opportunities to invest and are encouraged by the pick-up in corporate activity in local equity markets in countries such as Argentina and Vietnam. We see limited investable opportunities in Kuwait, however, and will continue to invest in Pakistan as a Frontier Market – despite the country's upgrade to the MSCI Emerging Markets Index – given its attractive prospects and, as yet, insignificant representation in the emerging markets universe.

Aberdeen Frontier Markets Investment Company Limited
Top 10 holdings as at 30 June 2017

Company	Country	Market cap	Description	Value $'000	Percentage of net assets
John Keells	Sri Lanka	$1.3bn	Sri Lanka's Largest listed conglomerate with a diverse portfolio of interests ranging from container ports, hotels, property development and food & retail.	4,432	5.6%
Vinamilk	Vietnam	$9.1bn	Biggest dairy company in Vietnam, manufacturing and distributing products derived from milk, and also coffee and fruit.	4,219	5.3%
Safaricom	Kenya	$7.0bn	The leading mobile network operator in Kenya, with an innovative alternative payments platform called M-Pesa.	4,093	5.2%
Habib Bank	Pakistan	$3.8bn	Largest private sector bank in Pakistan with a global presence in over 25 countries.	3,307	4.2%
Coca-Cola Icecek	Turkey	$2.5bn	The fifth-largest bottler in the Coca-Cola System in terms of sales volume, with operations in Pakistan, Kazakhstan, Azerbaijan, Iraq and Libya, as well as their home market, Turkey.	2,740	3.5%
Epam Systems	Belarus	$4.2bn	Global provider of software engineering and IT consulting services out of Belarus, Ukraine and Russia.	2,480	3.1%
Guaranty Trust Bank	Nigeria	$2.3bn	One of the leading private sector banks in Nigeria.	2,455	3.1%
BRD	Romania	$2.0bn	Private sector bank in Romania: subsidiary of Societe Generale.	2,393	3.0%
Commercial International Bank	Egypt	$4.9bn	Leading private-sector bank in Egypt with a universal banking model.	2,165	2.7%
BGEO Group	Georgia	$4.6bn	Diversified group in Georgia with the leading private sector bank and a healthcare/hospitals business.	2,137	2.7%
Top ten holdings				**30,421**	**38.4%**
Other holdings				44,451	55.9%
Total holdings				**74,872**	**94.3%**
Cash and other net assets				4,554	5.7%
Net assets				**79,426**	**100.0%**

Investment Manager's Report continued

Outlook

Frontier equities had a good year to June 2017. Structural improvements in specific markets have been well-received, including further steps towards currency liberalisation in Nigeria. A more encouraging global growth environment, alongside improving corporate earnings and better sentiment towards Frontier Markets more broadly, have all contributed to slowing outflows to the asset class. We believe this is set to continue over the next few months.

We are particularly excited about Asia, which represents more than 40% of the portfolio, given robust growth, modest inflation and attractive stock-picking opportunities; while Africa is well-positioned for a recovery on the back of significant currency adjustment and a return to growth. Although upcoming elections in Kenya could bring some volatility in the coming months we remain upbeat about the outlook for our Kenyan corporates and valuations remain undemanding.

By their very nature Frontier Markets represent a riskier investment proposition than more developed markets. Resource-rich countries' markets remain heavily influenced by fluctuating commodity prices, while liquidity issues are prevalent across the board. However, even with the recent rally, frontier equities still represent an attractive risk-reward opportunity for investors given their lower correlation to mainstream asset classes, as well as a discounted valuation of roughly 30% to developed market equities. Frontier Markets tend to be under-researched and we see compelling opportunities to find new investment prospects. At the portfolio level, the Company offers exposure to a diverse range of markets and is invested in companies that we believe to be of a high-quality given their lower debt to equity ratios, higher levels of return on equity (ROE), higher dividend yields and stronger balance sheets than their emerging market counterparts and the MSCI Frontier Markets Index. Whilst volatility can be a feature of these markets we are positive about the prospects for the asset class over the long term.

Aberdeen Fund Managers Limited
18 September 2017

Directors' Report

The directors present their report and accounts for the year ended 30 June 2017.

Business activities

The Company is a closed-ended investment company incorporated and resident in Guernsey and quoted on the Alternative Investment Market ('AIM') of the London Stock Exchange.

Results and dividends

The Company's profit on ordinary activities after taxation for the year was $17,827,000 (2016: loss of $22,151,000).

The Company's revenue return on ordinary activities after taxation for the year amounted to a profit of $205,000 (2016: loss of $590,000).

The Company paid an interim dividend of 1 cent per share on 11 August 2017 in respect of the year ended 30 June 2017.

The directors propose that, subject to approval at the Company's Annual General Meeting, a dividend of 1 cent per share be paid in respect of the year ended 30 June 2017. The dividend will be paid on 13 December 2017 to shareholders on the register at the close of business on 17 November 2017. The ex-dividend date will be 16 November 2017.

Current investment objective and investment policy

A change of investment objective and investment policy was approved by shareholders on 14 March 2017. The new investment objective and investment policy is set out below:

Investment objective

The investment objective of the Company is to generate long-term capital growth primarily from investment in equity and equity related securities of companies listed in, or operating in, Frontier Markets.

Frontier Market countries may include constituents of the MSCI Frontier Markets Index or additional countries that the Investment Manager deems to be, or displays similar characteristics to, Frontier Market countries.

Investment policy

The Company will seek to maximise total return and will invest globally in the securities of companies domiciled or listed or quoted in, or exercising the predominant part of their economic activity in, Frontier Markets.

A Frontier Market is defined as:

- any country that is a constituent of the MSCI Frontier Markets Index; or
- any country that in the view of the Manager shares similar characteristics to those of Frontier Markets (such as low per capita GDP, high growth potential or less developed capital markets).

The Manager may also invest in equity securities of companies that are listed or quoted in developed or emerging markets but have significant business exposure in terms of revenues, profits, assets or employees, to Frontier Markets.

No individual listed or quoted company exposure in the portfolio may exceed 10% of the Company's total assets at the time of investment. The Company may invest in exchange-traded funds provided they are listed on a recognised investment exchange.

In order to achieve the Investment Objective, the Manager selects stocks by fundamental analysis of companies, looking for long-term appreciation from mispriced value or growth. The Manager employs an actively managed bottom-up approach to investing whilst always having due regard to the requirement for portfolio diversification across sectors and countries. Risk is spread through investing in a number of holdings and, typically, it is expected that the Company will invest in between 30 to 80 holdings.

The Company has not set maximum or minimum exposures for any geographical regions or sectors and will achieve an appropriate spread of risk by investing in a diversified portfolio of securities.

Where possible, investment will generally be made directly in the stock markets of Frontier Markets with a medium to long term investment horizon. Where the Manager determines appropriate, investment may be made in Frontier Markets through collective investment schemes.

No more than 10% of the Company's total assets may be invested in other listed closed ended investment companies, provided that this restriction does not apply to investments in any such investment companies which themselves have published investment policies to invest no more than 15% of their total assets in other closed-ended investment companies. Additionally, the Company will itself not invest more than 15% of its total assets in other investment companies or investment trusts which are listed or quoted.

Directors' Report continued

The Company may, at the Manager's discretion, hold cash or cash equivalents to protect shareholders' capital although it is envisaged that the value of these will not generally exceed 10% of Net Asset Value.

It is intended that the Company will generally be invested in equity investments. However, the Manager may invest in equity related investments such as convertibles or fixed interest securities where there are perceived advantages in doing so.

The Company may use gearing, in the form of borrowings and/or derivatives, to enhance returns over the long term. The borrowings may be in sterling or other currencies. The Articles of Incorporation contain a borrowing limit equal to 10% of its Net Assets (calculated at the time of draw down). Total gearing, including any net derivative exposure, would not normally be expected to result in a net economic equity exposure in excess of 110% Furthermore, the Company may use an overdraft and/or other short-term borrowing facilities to meet its working capital needs, including for the payment of any expenses or fees. The same facility may be used to take advantage of favourable investment opportunities pending the payment of proceeds from the sale of investments.

Due to national and/or international regulation, excessive operational risk, prohibitive costs and/or the time period involved in establishing trading and custody accounts in certain of the Company's target Frontier Markets, the Company may temporarily, or, on an on-going basis, be unable to invest (whether directly or through nominees) in certain of its target Frontier Markets or, in the opinion of the Company and/or the Manager, it may not be advisable to do so. In such circumstances, the Company may gain economic exposure to such target Frontier Markets by investing indirectly through derivatives (including contracts for difference) and/or structured financial instruments, for example P-Notes. Save as provided above, there is no restriction on the Company investing in derivatives and/or structured financial instruments in such circumstances. If the Company invests in derivatives and/or structured financial instruments for investment purposes (other than to gain access to a target Frontier Market as described above) and/or for efficient portfolio management purposes it shall only hold up to, in aggregate, 10% of its Gross Assets in derivatives and/or structured financial instruments for such purposes.

Previous investment objective, investment policy, investment philosophy, strategy and process

Prior to the approval of the new investment objective and investment policy on 14 March 2017 the investment objective, investment policy, investment philosophy, strategy and process were as follows:

Investment objective and policies

The objective of the Company is to generate long-term capital growth for its shareholders. The Investment Manager invests predominantly in a diversified portfolio of funds and other investment products which derive their value from Frontier Markets. The proportion of the portfolio invested in each component of Frontier Markets varies according to where the Investment Manager perceives the most attractive investment opportunities to be.

Investee funds may include closed-end and open-ended funds, exchange traded funds, structured products, limited partnerships and managed accounts. The number of investments in the portfolio varies depending on the availability of attractive opportunities but, under normal market conditions, falls within a range of 20 to 50. The Company does not seek to exercise control over investee companies.

The Company may, at the Investment Manager's discretion, hold cash or cash equivalents to protect shareholders' capital although it is envisaged that the value of these will not generally exceed 10% of net asset value.

Investment philosophy, strategy and process

The Investment Manager's investment philosophy is that the high degree of diversity seen across markets creates opportunities that are best exploited by specialist fund managers investing in specific regions, countries or sectors. By using a fund of funds approach to investment, the Investment Manager believes it can access such specialist investment talent, ideas and themes within this asset class.

The strategy employed by the Investment Manager consists of three core components: investee manager selection, geographical asset allocation and participation in special situations.

A. Investee Manager selection

The Investment Manager aims to identify funds and Investee Managers which it considers are likely to deliver consistent capital growth over the long term. The Investment Manager believes that qualitative aspects of a fund are the strongest indicators of the prospects for future performance. The Investment Manager has substantial experience in the appraisal and selection of Investee Managers. The Investment Team also has the benefit of a global network of contacts in the fund industry.

B. Geographical asset allocation

The Investment Manager takes a long-term view on asset allocation and, where a high degree of conviction exists, may position the portfolio aggressively. Investee Managers have a key role to play as they will typically have extensive experience of investing in their respective markets. They will have dedicated resources at their disposal used in the collection and analysis of market information on which they base investment decisions and hence their own asset allocation. The Investment Manager uses its regular contact and good relationships with Investee Managers to benefit from the Investee Manager's experience and knowledge when determining the Company's asset allocation.

The Investment Manager's internal view on market prospects is used to validate and challenge those views expressed by Investee Managers, who may be focused on a single market or region. The Investment Manager aims to identify markets within its investment universe that offer the most attractive combinations of quality, value, growth and change. This helps to temper market bias amongst Investee Managers and therefore, in the identification of the optimum balance of investments, on an inter and intra-regional basis.

The assimilation of these factors combined with the effect of bottom-up decisions relating to individual investment opportunities will determine the actual geographic split of the Company's funds at any one point in time.

C. Special situations

The Investment Manager seeks to identify pricing anomalies in investment products and use such opportunities to add value to the Company's portfolio. Normally, this will involve investing in closed-end funds that are available for purchase at a discount to their net asset value. Discounts usually arise as a result of imbalances in supply and demand for the shares of a fund. The Investment Manager will then implement a strategy to realise value from the special situation.

Investment restrictions

The Investment Manager is required to adhere to the following investment restrictions:

- **Geographical focus.** The Company will limit exposure to any individual country to 15% of the Company's Net Asset Value at the time of investment. If, at any time, this limit is exceeded, the Company will seek to rebalance its portfolio of investments so that the restriction is adhered to.
- **Investment size.** No single investment position in any fund will exceed 10% of the Company's Net Asset Value at the time of the investment.

Gearing

The Company may borrow up to 10% of its net assets (calculated at the time of draw down) for investment purposes. Furthermore, the Company may use an overdraft and/or other short-term borrowing facilities to meet its working capital needs, including for the payment of any expenses or fees. The same facilities may be used to take advantage of favourable investment opportunities pending the payment of proceeds from the sale or redemption of investments.

Investment report and outlook

The Chairman's Statement and Investment Manager's Report on pages 1 and 3 incorporate a review of the highlights during the year.

Directors' Report continued

Principal risks and uncertainties

There are a number of risks which, if realised, could have a material adverse effect on the Company and its financial condition, performance and prospects. The Board has identified the principal risks and uncertainties facing the Company at the current time in the table below together with a description of the mitigating actions taken by the Board. The principal risks associated with an investment in the Company's shares are published monthly on the Company's factsheet or they can be found in the pre-investment disclosure document published by the Manager, both of which are on the Company's website. The Board reviews the risks and uncertainties faced by the Company in the form of a risk matrix and heat map which is reviewed regularly by the Audit and Risk Committee and a summary of the principal risks are set out below.

An explanation of other risks relating to the Company's investment activities, specifically market risk including interest rate risk, foreign currency risk and other price risk, liquidity risk, credit risk, gearing risk and a note of how these risks are managed, is contained in note 15 to the financial statements on pages 39 to 42.

Description	Mitigating action
Investment strategy and objectives – the setting of an unattractive strategic proposition to the market and the failure to adapt to changes in investor demand may lead to the Company becoming unattractive to investors, a decreased demand for Ordinary shares and a widening discount at which the Ordinary shares trade relative to their NAV.	The Board keeps the level of discount at which the Company's Ordinary shares trade as well as the investment objective and policy under review and the Board is updated at each Board meeting on the makeup of, and any movements in, the Shareholder register.
Investment portfolio, investment management – investing outside of the investment restrictions and guidelines set by the Board could result in poor performance and inability to meet the Company's objectives.	The Board sets, and monitors, its investment restrictions and guidelines, and receives regular reports which include performance reporting on the implementation of the investment policy, the investment process and application of the guidelines.
Financial obligations – the ability of the Company to meet its financial obligations, or increasing the level of gearing, could result in the Company becoming over-geared and therefore unable to take advantage of potential opportunities and result in a loss of value of the Company's Shares.	The Board sets a gearing limit and receives regular updates on the actual gearing levels the Company has reached from the Investment Manager together with the assets and liabilities of the Company and reviews these at each Board meeting.
Financial and regulatory – the financial risks associated with the portfolio could result in losses to the Company. In addition, failure to comply with relevant regulation (including the Companies (Guernsey) Law, the Financial Services and Markets Act, the Alternative Investment Fund Managers Directive, Accounting Standards and the AIM listing rules, disclosure and prospectus rules) may have a negative impact on the Company.	The financial risks associated with the Company include market risk, liquidity risk and credit risk, all of which are managed by the Investment Manager. Further details of the steps taken to mitigate the financial risks associated with the portfolio are set out in note 15 to the financial statements. The Board relies upon Aberdeen to ensure the Company's compliance with applicable regulations and from time to time employs external advisers to advise on specific concerns.
Operational – the Company is dependent on third parties for the provision of all systems and services (in particular, those of the Manager) and any control failures and gaps in these systems and services could result in a loss or damage to the Company.	The Board receives regular reports from the Manager on internal controls and risk management and receives assurances from its significant service providers. Further details of the internal controls which are in place are set out in the Directors' Report on pages 19 and 20.
Discount – factors which affect the discount to NAV at which the Ordinary shares of the Company trade. These may include the popularity of the investment objective of the Company, the popularity of investment trust shares in general and the ease with which the Company's Ordinary shares can be traded on the London Stock Exchange.	The Board keeps under review the discount and may consider selective buyback of shares where to do so would be in the best interests of shareholders, balanced against reducing the overall size of the Company. Any shares bought back would be either cancelled or held in treasury.

Description	Mitigating action
Political risk and exchange controls – investments in less developed markets are subject to a greater degree of political risk than that with which investors might be familiar. In addition, investments purchased by the Company may be subject, in the future, to exchange controls or withholding taxes. In the event that exchange controls or withholding taxes are imposed with respect to any of the Company's investments, the effect will generally be to reduce both the income received by the Company from its investments and/or the capital value of the affected investments.	Given the nature of the risks to which the Company's investments are subject, which are those inherently associated with less developed markets, there are limited options available to the Board for mitigating these risks. The Board believes that mitigation is best effected by careful selection of the constituents of the Company's portfolio with high-calibre, financially-sound companies, with good management and excellent growth potential. Investment in Frontier Markets involves a greater degree of risk than that usually associated with investment in major securities markets. Through regular interaction with the Manager and other commentators, the Board stays up-to-date with the latest political and economic news in these markets.
Market risk – being the risk that the portfolio, managed by the Investment Manager, suffers a fall in its market value which would have an adverse effect on shareholders' funds. The Company's investments are subject to normal market fluctuations and the risks inherent in the purchase, holding or selling of equity securities and there can be no assurance that appreciation in the value of those investments will occur. The Investment Manager's investment process concentrates on a company's business strategy, management, financial strength, ownership structure as well as corporate governance, with a view to seeking companies that it can invest in for the long term. This quality test means that there may be stocks which the Investment Manager will not invest in due to a perceived lack of transparency or poor corporate governance.	The Investment Manager seeks to diversify market risk by investing in a wide variety of companies with strong balance sheets and the earnings power to pay increasing dividends. In addition, investments are made across various countries in order to reduce the risk of a single concentrated exposure; at present the Investment Manager may not invest more than 10% of the Company's total assets in any single stock at the time of investment and the Company will invest in between 30 to 80 holdings. The Investment Manager believes that diversification should be looked at in absolute terms rather than relative to an index. The performance of the portfolio relative to the MSCI Frontier Markets Index and the underlying stock weightings in the portfolio against their index weightings are monitored closely by the Board.
Liquidity risk – the Company, and/or its Investment Manager may accumulate investment positions which represent more than normal daily trading volumes which may make it difficult to realise investments quickly.	Liquidity risk is not considered to be significant as, whilst liquidity is limited in certain stocks which the Company holds, the majority of the Company's assets comprise readily realisable securities which can be sold to meet funding requirements if necessary. The Board reviews the liquidity profile of the Company's investment portfolio at each quarterly Board meeting.

Directors' Report continued

Market information

The net asset value per share is calculated daily and published through a regulatory information service.

Ordinary Shares in issue

At the year end the Company had 85,452,608 (2016: 169,460,000) Ordinary Shares in issue.

Purchases of own shares

There were 450,000 Ordinary Shares re-purchased during the year (2016: nil). These shares are held in treasury.

The Company's present authority to make market purchases of its own Ordinary Shares will expire at the conclusion of the forthcoming Annual General Meeting. As stated in the Company's Admission Document, a renewal of this authority will be sought from shareholders at each annual general meeting of the Company. The timing of any purchase will be decided by the Board. Any shares bought back by the Company will either be cancelled, or if the directors so determine, held in treasury (and may be re-sold). Purchases of own shares will only be made at a price representing a discount to net asset value per share.

The directors recommend that the Company is granted authority to purchase up to a maximum of 12,809,345 Ordinary Shares (subject to a maximum of 14.99% of the Ordinary Shares in issue at the date of the Annual General Meeting). A resolution to this effect will be put to the Annual General Meeting.

Tender offer

As described in the circular to shareholders dated 3 February 2017, the Company put forward proposals for a tender offer under which shareholders had the ability to tender up to 100% of their Ordinary Shares held.

On 14 March 2017 the Company received valid tender acceptances of 97,307,392 Ordinary Shares. Aberdeen Asset Management bought 13,750,000 of such tendered Ordinary Shares ('On-sale Shares') at the Investment Price of 72.5748 pence per Ordinary Share and therefore the number of Exit Shares which have been repurchased for cancellation by the Company is 83,557,392. A continuing pool and a tender pool were established on 16 March 2017 and the realisation of the tender pool commenced on that date. Two distributions have been made to shareholders who validly tendered their Ordinary Shares. An initial distribution of 64.0p per validly tendered Ordinary Share was made on 25 April 2017 and a second distribution of 6.5p per validly tendered Ordinary Share was made on 30 June 2017. A final distribution will be made once the remaining investment in the tender pool has been realised.

Following the Tender Offer the Company has 85,452,608 Ordinary Shares in issue (excluding shares held in treasury) attributable to the continuing shareholders.

Further share issues

A resolution will be put forward at the Annual General Meeting on 6 December 2017 authorising Directors to allot and issue up to 4,272,630 Ordinary Shares of no par value.

Unless authorised by shareholders, the Company will not issue further shares or re-sell shares out of treasury for cash at a price below the prevailing net asset value per share unless they are first offered pro rata to existing shareholders.

Discount control policy

The Board recognises the importance to investors of the Ordinary Shares not trading at a significant discount to the prevailing Net Asset Value. Accordingly, the Board intends to operate a policy whereby should the average Ordinary Share price discount to the underlying ex-income NAV over the three month period immediately prior to the Company's year end (currently 30 June) exceed 10% then, at the discretion of the Board, the Company will, subject to any legal or regulatory requirements, implement a tender offer. Such tender offer will be for up to 15% of the issued share capital of the Company (excluding Ordinary Shares held in treasury) at a tender price equal to 98% of the prevailing NAV (less the direct costs, including any realisation costs of underlying investments, of implementing the tender offer). Shareholders will be entitled to tender a number of Ordinary Shares in excess of 15% of the Ordinary Shares held by them (the 'Basic Entitlement'). However, the extent to which any such excess will be satisfied will be dependent on the extent to which other shareholders have tendered less than their Basic Entitlement.

Borrowings

Under the Company's Articles of Association, the Board may exercise all the powers of the Company to borrow provided that the aggregate principal amount of all borrowings does not, at the point of drawdown, exceed 10% of the Company's net assets.

During the period, the Company had a $6,000,000 revolving loan facility with Investec Bank plc. The facility was repaid and cancelled in January 2017.

The Company had an overdraft facility of $5,000,000 with Northern Trust (Guernsey) Limited from 17 March 2017 to 6 July 2017.

Fees payable to the Investment Manager

Prior to 14 March 2017, the Manager received a basic management fee payable by the Company monthly in arrears equal to one twelfth of 1.25% of the lower of Market Capitalisation and Net Asset Value. The Manager may have received, in addition to the basic management fee, a performance fee in respect of a performance period equal to 12% of the excess of the Net Asset Value per Ordinary Share over a target Net Asset Value per Ordinary Share, which included a 12% hurdle rate and high watermark. Any such fee was paid annually in arrears out of the assets of the Company. The performance fee in respect of a particular performance period would not exceed 3% of the Company's Net Asset Value, before the deduction of any performance fee, at the end of that performance period.

With effect from 14 March 2017, the Manager has agreed to a new management fee at the rate of 1.0% per annum of the Company's Net Asset Value payable monthly in arrears. In addition, the performance fee has been removed.

The Manager is responsible for all fees payable to AAML.

The Management Agreement is terminable by either party giving to the other not less than six months' written notice.

No performance fee was payable in respect of the year ended 30 June 2017 (2016 : nil).

Two thirds of the basic fee and the entirety of any performance fees are allocated to the capital column of the Statement of Comprehensive Income.

The Company also makes a contribution towards the cost of promotional activities. Further details are disclosed in note 4 to the financial statements.

Alternative Investment Fund Managers Directive ('AIFMD')

Aberdeen Fund Managers Limited is the Company's Alternative Investment Fund Manager ('AIFM').

An AIFM must ensure that an annual report for the Company is made available to investors for each financial year, provide the annual report to investors on request and make the annual report available to the FCA. The investment funds sourcebook of the FCA details requirements of the annual report. All the information required by those rules is included in this Annual Report or is or will be made available in due course on the Company's website (www.aberdeenfrontiermarkets.co.uk).

Leverage (under AIFMD)

Leverage is any method by which the exposure of an Alternative Investment Fund is increased through borrowing of cash or securities or leverage embedded in derivative positions. Under AIFMD, leverage is broadly similar to gearing, but is expressed as a ratio between the assets (excluding borrowings) and the net assets (after taking account of borrowing). Under the gross method, exposure represents the sum of the Company's positions after deduction of cash balances, without taking account of any hedging or netting arrangements. Under the commitment method, exposure is calculated without the deduction of cash balances and after certain hedging and netting positions are offset against each other.

The AIFM is required to set leverage limits as a percentage of net assets for the Company utilising methods prescribed under AIFMD. These methods are known as the gross method and the commitment method. Under both methods the AIFM has set current maximum limits of leverage for the Company of 110%. A leverage percentage of 100% equates to nil leverage. The Company's leverage under each of these methods at its year end is shown below:

	Gross method	Commitment method
Maximum leverage limit	110%	110%
Actual leverage at 30 June 2017	100%	100%

Directors' Report continued

Foreign Account Tax Compliance Act ('FATCA') and Common Reporting Standard ('CRS')

The FATCA legislation which has been introduced in the United States and the CRS place obligations on financial institutions such as the Company. The Company has registered as a reporting financial institution under FATCA and has registered under CRS and is subject to ongoing reporting obligations.

Depositary and custody services

Northern Trust (Guernsey) Limited has been appointed to provide depositary and custody services to the Company.

Company secretary and administrators

Vistra Fund Services (Guernsey) Limited ('Vistra') is appointed as Administrator and Secretary to the Company. Vistra is appointed under a contract subject to six months written notice.

PraxisIFM Fund Services (UK) Limited ('PraxisIFM') is appointed by Vistra to act as UK Administration agent. PraxisIFM is appointed under a contract subject to six months written notice.

Vistra receives a fee at a rate of £30,000 per annum, as well as the fees payable to the UK Administration Agent. Since 14 March 2017, the UK Administration Agent has received from the Administrator a monthly fee equal to one twelfth of £20,000 plus 0.075% of the Company's net assets subject to a current minimum fee of £5,500 for each month. Prior to 14 March 2017, the UK Administration Agent received from the Administrator a monthly fee equal to one twelfth of 0.1% of the Company's net assets subject to a maximum fee cap for the year ended 30 June 2017 of £125,000.

Settlement of share transactions

Transactions in the Company's shares can be settled through CREST share settlement system.

Donations

The Company did not make any donations during the year under review.

Anti-bribery and corruption

It is the Company's policy to conduct all of its business in an honest and ethical manner. The Company takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships wherever it operates. The Company's policy and the procedures that implement it are designed to support that commitment.

Going concern

The directors have adopted the going concern basis of accounting in preparing these financial statements. The directors formally considered the Company's going concern status at the time of the publication of these financial statements and a summary of their assessment is provided below.

The directors have a reasonable expectation that the Company has adequate operational resources to continue in existence for at least twelve months from the date of approval of the Annual Report and the financial statements. In reaching this conclusion, the directors have considered the liquidity of the Company's portfolio of investments as well as its cash position, income, expenses and other outflows. The Company has substantial operating expenses cover.

The directors are satisfied that it is appropriate to adopt the going concern basis of accounting in preparing these financial statements.

Viability statement

In accordance with principle 21 of the AIC Code of Corporate Governance published in November 2016, the directors have assessed the prospects of the Company over the period from the date of this report up until 30 June 2020 (the 'Period'). The directors believe that the Period, being approximately three years, is an appropriate time horizon over which to assess the viability of the Company, particularly when taking into account the long-term nature of the Company's investment strategy.

In their assessment of the prospects of the Company, the directors have considered the principal risks and uncertainties set out on pages 10 and 11 of this report. Developments in Frontier Markets and portfolio changes are discussed at quarterly meetings and the internal control framework of the Company is subject to formal review on at least an annual basis. The Company's portfolio consists of a portfolio of equities, which provide exposure to Frontier Markets. Under normal market conditions, the majority of the investments held by the Company could be sold within one month. However, there are circumstances which could lead to a reduction in market liquidity and, therefore, the ability of the Company to realise its investments. The Company's income from investments and cash realisable from the sale of its investments provide substantial cover to the Company's expenses and other costs likely to be faced by the Company over the Period.

Based on its assessment, the directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the Period.

Auditors

In accordance with The Companies (Guernsey) Law, 2008, a resolution for the re-appointment of Grant Thornton Limited as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

Annual General Meeting

The Annual General Meeting will be held on 6 December 2017. The notice of Annual General Meeting is included in this document.

Statement of directors' responsibilities

The statement of directors' responsibilities on page 16 forms part of this report.

Corporate governance

The corporate governance statement on pages 17 to 20 forms part of this report.

John Whittle
Director

David Warr
Director

18 September 2017

Statement of Directors' Responsibilities

The directors are responsible for preparing financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the year and of the profit or loss for the year and are in accordance with The Companies (Guernsey) Law, 2008. In preparing these accounts, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates which are reasonable and prudent;
- State whether applicable International Financial Reporting Standards ('IFRS') as adopted by the European Union 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 ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the accounts have been properly prepared in accordance with The Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In accordance with The Companies (Guernsey) Law, 2008, there is no relevant audit information of which the Company's auditor is unaware. The directors also confirm that they have taken all steps they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The financial statements are published on the Company's website (website address: www.aberdeenfrontiermarkets.co.uk) and on the Investment Manager's website (website address: www.aberdeen-asset.com). The maintenance and integrity of the Investment Manager's website, so far as it relates to the Company, is the responsibility of the Investment Manager. The work carried out by the auditor does not involve consideration of the maintenance and integrity of these websites and accordingly, the auditor accepts no responsibility for any changes that have occurred to the financial statements since they were initially presented on these websites. Visitors to the websites need to be aware that legislation in Guernsey governing the preparation and dissemination of the financial statements may differ from legislation in their jurisdiction.

The directors confirm that to the best of their knowledge and belief the annual report and accounts taken as a whole, is fair, balanced and understandable and provides the information necessary to assess the Company's position and performance, business model and strategy.

Corporate Governance

This corporate governance statement forms part of the Directors' Report.

The Board has considered the principles and recommendations of the AIC Code of Corporate Governance ('AIC Code') by reference to the AIC Corporate Governance Guide for Investment Companies ('AIC Guide'). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code ('UK Code'), as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Corporate Governance Code), will provide better information to shareholders.

The Guernsey Financial Services Commission ('GFSC') Finance Sector Code of Corporate Governance (the 'Guernsey Code') applies to all companies which hold a licence from the GFSC under the regulatory laws of Guernsey or are registered or authorised as collective investment schemes by the GFSC. Companies which report under the UK Code or the AIC Code are deemed to meet the requirements of the Guernsey Code.

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code, except as set out below.

The UK Code includes provisions relating to:

- the role of the chief executive
- executive directors' remuneration
- the need for an internal audit function

For the reasons set out in the AIC Guide, and as explained in the UK Code, the Board considers these provisions are not relevant to the position of the Company, being an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations.

The Board

Composition

John Whittle was appointed on 1 February 2012, David Warr was appointed on 9 September 2015 and Lynne Duquemin was appointed on 18 February 2016. Richard Hotchkis retired as a director of the Company on 31 March 2017. All the directors hold their office in accordance with the Company's Articles of Incorporation.

The Board believes that during the year ended 30 June 2017 its composition was appropriate for an investment company of its nature and size. The directors have a broad range of relevant experience which meets the Company's requirements.

John Whittle is Chairman of the Company.

John Whittle is a Fellow of the Institute of Chartered Accountants and holds the IOD Diploma in Company Direction. He was Finance Director of Close Fund Services where he successfully initiated a restructuring of client financial reporting services and was a key member of the business transition team. He was at Price Waterhouse in London before embarking on a career in business services, predominantly in telecoms. He co-led the business turnaround of Talkland International (now Vodafone Retail). He is a non-executive director of a number of offshore investment funds and other companies.

Lynne Duquemin is a non-executive director of the Company.

Lynne Duquemin is a member of the CFA Society of the UK and holds the ASIP qualification, she is also a member of the CFA Institute, Fellow of the Chartered Institute for Securities and Investment and Chartered Wealth Manager. She has over 30 years of investment experience across the City of London and Guernsey and has extensive knowledge of investment management and advisory services. Lynne has completed the IOD Company Direction Programme passing both the Certificate and Diploma examinations. Lynne is a director of Asset Risk Consultants which provides investment consulting, manager research and performance reporting to private clients, charities, family offices, professional trustees and their trusted advisers.

David Warr is a non-executive director of the Company.

David Warr is a Fellow of the Institute of Chartered Accountants in England and Wales having qualified as a Chartered Accountant in 1976. In 1981 David was appointed a partner in Reads & Co, a Guernsey based firm of chartered accountants which he helped develop into a more broadly based financial services business leading up to its sale at the end of 1998. David's experience at Reads & Co included audit, trust and company administration. He now acts as a non-executive director on a number of UK listed companies.

Corporate Governance continued

The Chairman is independent in accordance with principle 1 of the AIC Code. The Chairman has extensive knowledge of the investment management industry and his background provides the foundation for his role as Chairman.

The structure of the Board is such that it is considered unnecessary to identify a senior non-executive director other than the Chairman.

All of the directors of the Company are independent of the Investment Manager. There were no contracts subsisting during or at the end of the year in which a director was or is materially interested.

The Board does not consider that the service tenure of directors should be strictly limited to a maximum of nine years. The Board recognises the benefits to the Company of having longer serving directors together with progressive refreshment of the Board.

A policy of insurance against directors' and officers' liabilities is maintained by the Company.

At 30 June 2017 and at the date of this report the directors had the following shareholdings in the Company.

	Ordinary Shares At 30 June 2017 and at the date of this report	Ordinary Shares At 1 July 2016
David Warr	–	–
John Whittle	18,350	11,000
Lynne Duquemin	–	–

A procedure has been adopted for directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company.

Board meetings

The actual number of meetings of the Board and Committees during the year under review is given below, together with individual director's attendance at those meetings. The first number in the table is the meetings attended by the individual director and the second number is the number of meetings that director was eligible to attend.

Re-election and election of directors

The services of each of the directors are provided under the terms of letters of appointment between each of them and the Company and appointment is subject to termination upon one months' notice.

In accordance with the Company's Articles of Incorporation one third of the directors will put themselves forward for election or re-election on an annual basis. John Whittle will retire and put himself forward for re-election at the Annual General Meeting.

The Board recommends John Whittle for the reasons highlighted above and in the performance evaluation section of this report.

Board committees

The Company has established an Audit & Risk Committee, a Management Engagement Committee and a Nominations Committee. Since all the directors are non-executive, the Board has not formed a Remuneration Committee as it is satisfied that any relevant issues can be properly considered by the Board as a whole. Other committees of the Board may be formed from time to time to deal with specific matters.

Audit and Risk Committee

A report on page 21 provides details of the role, composition and meetings of the Audit and Risk Committee together with a description of the work of the Audit and Risk Committee in discharging its responsibilities.

The Audit and Risk Committee has formal terms of reference and copies of these are available on request from the Company Secretary.

Management Engagement Committee

The Company has established a Management Engagement Committee which meets formally at least on an annual basis to consider the appointment and remuneration of the Investment Manager. The Management Engagement Committee also considers the appointment and remuneration of other main suppliers of services to the Company. The Management Engagement Committee currently comprises all of the directors of the Company. David Warr is the Chairman of the Management Engagement Committee.

At its most recent meeting, the Management Engagement Committee recommended the continuing appointment of the Investment Manager.

	Quarterly Board	Nominations Committee	Audit and Risk Committee	Management Engagement Committee
Number held	4	0	3	1
John Whittle	4/4	N/A	3/3	1/1
David Warr	4/4	N/A	3/3	1/1
Lynne Duquemin	4/4	N/A	3/3	1/1
Richard Hotchkis	3/3	N/A	2/2	1/1

In addition there were a number of additional meetings to deal with matters relating to the change of ownership of the investment manager and the formal approval of documents.

Nominations Committee

The Company has established a Nominations Committee, which currently comprises all of the directors of the Company. The Nominations Committee has been established for the purpose of identifying and putting forward candidates for the office of director of the Company. The Nominations Committee meets as and when it is required. John Whittle is Chairman of the Nominations Committee.

Board diversity

The Company's policy is that the Board should have a broad range of skills. Consideration is given to the recommendations of the AIC Code and other guidance on boardroom diversity.

Performance evaluation

A formal annual performance appraisal process is performed. The Chairman appraises the performance of the individual directors and the Board. The results are discussed so that any necessary action can be considered and undertaken. A separate appraisal of the Chairman is carried out and the results are reported back to the Board and the Chairman.

The results of the most recent performance appraisal demonstrated that the structure of the Board and diverse experience of the directors are appropriate to meet the Company's requirements.

Risk management and internal controls

The AIC Code requires the Board to review the effectiveness of the Company's system of risk management and internal controls. The Board recognises its ultimate responsibility for the Company's system of risk management and internal controls and for monitoring its effectiveness. The system of risk management and internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives. It can provide only reasonable assurance against material misstatement or loss. The Board has undertaken a review of the aspects covered by the Financial Reporting Council ('FRC') guidance on internal controls and has identified risk management controls in the key areas of business objectives, accounting, compliance, operations and secretarial as being matters of particular importance upon which it requires reports. The Board believes that the existing arrangements, set out below, represent an appropriate framework to meet the internal control requirements. By these procedures the directors have kept under review the effectiveness of the systems of risk management and internal controls throughout the year and up to the date of this report.

The Board and the Audit and Risk Committee use a risk assessment programme to consider the main risks and controls for the Company. The programme is reviewed and updated on at least an annual basis.

The Board has contractually delegated to external agencies, including the investment manager, the management of the investment portfolio, the custodial services (which include the safeguarding of the assets), the registration services and the accounting and company secretarial requirements. Each of these contracts were entered into after full and proper consideration of the quality and cost of services offered, including the financial control systems in operation in so far as they relate to the affairs of the Company.

Financial aspects of internal control

The directors are responsible for the internal financial control systems of the Company and for reviewing their effectiveness. These aim to ensure the maintenance of proper accounting records, the reliability of the financial information upon which business decisions are made and which is used for publication and that the assets of the Company are safeguarded. As stated above, the Board has contractually delegated to external agencies the services the Company requires, but they are fully informed of the internal control framework established by the Investment Manager, the administrator and the UK administration agent to provide reasonable assurance on the effectiveness of internal financial controls. The Board does not consider that an internal audit function would be appropriate to the nature and circumstances of the Company.

The key procedures include monthly production of management accounts and daily NAV calculations, monitoring of performance at regular board meetings, review by directors of the valuation of securities, segregation of the administrative function from that of securities and cash custody and of both from investment management, maintenance of appropriate insurance and adherence to physical and computer security procedures.

The Statement of Directors' Responsibilities in respect of the financial statements is on page 16 and a statement of going concern is on page 14. The Independent Auditor's Report is on page 25.

Corporate Governance continued

Other aspects of internal control

The Board holds at least four regular meetings each year, plus additional meetings as required. Between these meetings there is regular contact with the Investment Manager, the administrator and the UK administration agent.

The Investment Manager and the Company Secretary report in writing to the Board on operational and compliance issues prior to each meeting, and otherwise as necessary.

Directors receive and consider regular monthly reports from the UK administration agent, giving full details of all holdings in the portfolio and of all transactions and of all aspects of the financial position of the Company. The administrator and UK administration agent report separately in writing to the Board concerning risks and internal control matters within their purview, including internal financial control procedures and secretarial matters. Additional ad hoc reports are received as required and directors have access at all times to the advice and services of the Corporate Company Secretary, which is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

The Board performed a due diligence visit on the Manager in January 2017 and intend to do so on an annual basis.

This contact with the Investment Manager, administrator and UK administration agent enables the Board to monitor the Company's progress towards its objectives and encompasses an analysis of the risks involved. These matters are assessed on an ongoing basis through the year.

Shareholder relations

The Company invites all shareholders to attend the Annual General Meeting and seeks to provide twenty working days' notice of that meeting. The Notice of Meeting sets out the business of the Annual General Meeting and any item not of an entirely routine nature is explained in the Directors' Report. Separate resolutions are proposed for each substantive issue.

The Board welcomes feedback from shareholders and the Chairman may be contacted via the Company's registered office. All other directors are available to shareholders if they have concerns over issues they feel have not been dealt with through the normal mode of communication with the Chairman.

Exercise of voting powers

The Company nearly always exercises its voting powers in respect of general meetings of investee companies. The Company considers shareholder voting to be an important issue in the pursuance of its investment objective. The Company and the Investment Manager support the principles of the UK Stewardship Code issued by the FRC in September 2012. The Investment Manager's proxy voting policy and a statement of the compliance with the principles of best practice of the Stewardship Code are available on the Investment Manager's website.

Stewardship and environmental, social and corporate governance

The Board is aware of its overriding duty to act in the interests of the Company. The Board supports the Manager, a signatory to the United Nations Principles for Responsible Investment ('UNPRI'), in considering holistically the material risks posed by each investment, both from a financial and an environmental, social and corporate governance ('ESG') perspective. The Manager takes into account all the risks and opportunities presented by potential and current holdings as part of its determination of the quality of each investment. The Manager also considers the extent to which investments consider risks and opportunities when setting their targets, remuneration and company strategy. The Manager engages with the Company's holdings on their material risks and opportunities and actively encourages investee companies to adhere to best practice in managing their material issues.
The Company's ultimate objective is to deliver superior investment returns for its shareholders and the consideration of key risk and opportunities for Company's holdings is a vital part of the Manager's due diligence and stewardship practice.
The Company has no employees as it is managed by Aberdeen Fund Managers Limited and there are therefore no disclosures to be made in respect of employees.

Report of the Audit and Risk Committee

Role of the Audit and Risk Committee

The AIC Code recommends that Boards should establish audit committees consisting of at least three, or in the case of smaller companies two, independent non-executive directors. The Board is required to satisfy itself that at least one member of the Audit and Risk Committee has recent and relevant financial experience. The main role and responsibilities of the Audit and Risk Committee should be set out in written terms of reference covering certain matters described in the AIC Code. The Company complies with the AIC Code.

The Audit and Risk Committee meets at least twice a year and its main functions include, inter alia, reviewing and monitoring internal financial control systems and risk management systems on which the Company is reliant, considering annual and interim financial statements and audit reports, making recommendations to the Board in relation to the appointment and remuneration of the Company's auditors and monitoring and reviewing annually their independence, objectivity, effectiveness and qualifications. The Committee is responsible for the development and implementation of a policy on the supply of any non-audit services provided by the auditor.

During the year, the Audit and Risk Committee performed a review of the internal financial control framework applicable to the Company and no matters of concern were noted.

Composition

During the year, the Audit and Risk Committee comprised David Warr, Lynne Duquemin, Richard Hotchkis and John Whittle. David Warr is the Chairman of the Audit and Risk Committee. Richard Hotchkis retired as a member of the Audit and Risk Committee upon his retirement as a director of the Company. The Audit and Risk Committee has formal written terms of reference and copies of these are available on request from the Company Secretary. All members of the Audit and Risk Committee have recent and relevant financial experience. The Audit and Risk Committee has considered the need for an internal audit function and considers that this is not appropriate given the nature and circumstances of the Company. The Audit and Risk Committee keeps the need for an internal audit function under periodic review.

Meetings

During the year ended 30 June 2017 there were three meetings of the Audit and Risk Committee. Attendance at these meetings is disclosed in the Corporate Governance section of this Annual Report.

Financial statements and significant accounting matters

The Audit and Risk Committee considered the following significant accounting issues in relation to the Company's financial statements for the year ended 30 June 2017.

Valuation and existence of investments

The Company, as an investment company, invests virtually all of its assets into Frontier Market investments. As at 30 June 2017, investments represented approximately 94% of the Company's net assets. The valuation and existence of investments is therefore the most material factor in the preparation of the financial statements.

The Audit and Risk Committee reviewed the procedures in place for ensuring accurate valuation and existence of investments. The Audit and Risk Committee discussed the valuation and existence of the Company's investments at the year end with the Administrator, UK Administration Agent and the Investment Manager and received confirmation that the Company's investments had been valued in accordance with the Company accounting policies and that the investments had been reconciled to the Company's custodian's records.

Conclusion with respect to the annual report and financial statements

The Audit and Risk Committee has concluded that the annual report for the year ended 30 June 2017, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's business model, strategy and performance. The Audit and Risk Committee has reported its conclusions to the Board of directors. The Audit and Risk Committee reached this conclusion through a process of review of the document and enquiries to the various parties involved in the production of the annual report.

Provision of non-audit services

The Audit and Risk Committee has put a policy in place on the supply of any non-audit services provided by the external auditor. Such services are considered on a case-by-case basis and may only be provided to the Company if the provision of such services is at a reasonable and competitive cost and does not constitute a conflict of interest or potential conflict of interest which would prevent the auditor from remaining objective and independent. In the year ended 30 June 2017 there were no non-audit services provided other than agreed upon procedures services provided in relation to the Tender Offer distributions during the year.

Report of the Audit and Risk Committee continued

Audit tenure

Grant Thornton Limited has been the external auditor to the Company for 10 years. The appointment of the external auditor is reviewed annually by the Audit and Risk Committee and the Board and is subject to approval by shareholders. The last audit partner rotation took place in 2013 and the next rotation will take place following the audit of this Annual Report.

Effectiveness of external audit

The Audit and Risk Committee received a presentation of the audit plan from the external auditor prior to the commencement of the audit and a presentation of the results of the audit following completion of the main audit testing. The Audit and Risk Committee performed a review of the external auditor following the presentation of the results of the audit. As part of this process a checklist was used which covered the key areas of the audit and any subject matter raised was discussed with the Manager and the UK Administration agent. The review included a discussion of the effectiveness of the audit process and the ability of the external auditor to fulfil its role. Following the review, the Audit and Risk Committee agreed that the re-appointment of the Auditors should be recommended to the Board and the shareholders of the Company.

David Warr
Audit and Risk Committee Chairman

Directors' Remuneration Report

Since all directors are non-executive, a remuneration committee has not been formed as the directors are satisfied that any relevant issues can be properly considered by the Board as a whole.

Remuneration policy

The Board's policy is that the remuneration of non-executive directors should be fair and should reflect the experience, work involved, responsibilities and potential liabilities of the Board as a whole. The non-executive directors' fees are determined within the limits set out in the Company's Articles of Association and they are not eligible for bonuses, pension benefits, share benefits, share options, long-term incentive schemes or other benefits. It is intended that this policy will continue for the year ending 30 June 2018 and for subsequent years.

The maximum amount currently payable in aggregate to the directors is £200,000 per annum. This amount may be changed by the passing of an ordinary resolution of the Company. The current maximum amount was approved by shareholders at the Company's Annual General Meeting held in December 2013.

No services have been provided by, or fees paid to, advisers in respect of remuneration policy during the year ended 30 June 2017 (2016: none).

Directors' service contracts

The directors do not have service contracts. The directors have appointment letters subject to termination upon one months' notice. The directors are all subject to re-election by shareholders at a maximum interval of three years.

Directors' emoluments for the year

The directors' fees are payable in sterling.

With effect from 1 January 2015, fees have been payable at a rate of £35,000 per annum to the Chairman and £25,000 per annum to the other directors. An additional fee of £5,000 per annum is payable to the Chairman of the Audit and Risk Committee. During the year, the directors received an additional fee of £5,000 each for work performed in connection with the tender offer and change of change of investment objective and investment policy.

The following emoluments in the form of fees, which were paid in sterling, were payable in the year ended 30 June 2017 to the directors who served during that year:

	Fees 2017 $	Fees 2016 $
John Whittle	50,392	40,873
David Warr	44,086	32,960
Lynne Duquemin	37,781	12,627
Richard Hotchkis (retired 31 March 2017)	29,651	36,295
Grant Wilson (retired 29 February 2016)	–	34,789
Helen Green (retired 3 December 2015)	–	19,324
	161,910	**176,868**

Depositary Report

Northern Trust (Guernsey) Limited has been appointed as Depositary to Aberdeen Frontier Markets Investment Company Limited (the 'Company') in accordance with the requirements of Article 36 and Articles 21(7), (8) and (9) of the Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 (the 'AIFM Directive').

We have enquired into the conduct of Aberdeen Fund Managers Limited (the 'AIFM') for the year ended 30 June 2017, in our capacity as Depositary to the Company.

This report including the review provided below has been prepared for and solely for the Shareholders in the Company. We do not, in giving this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown.

Our obligations as Depositary are stipulated in the relevant provisions of the AIFM Directive and the relevant sections of Commission Delegated Regulation (EU) No 231/2013 (collectively the 'AIFMD legislation').

Amongst these obligations is the requirement to enquire into the conduct of the AIFM and the Company and their delegates in each annual accounting period.

Our report shall state whether, in our view, the Company has been managed in that period in accordance with the AIFMD legislation. It is the overall responsibility of the AIFM to comply with these provisions. If the AIFM or their delegates have not so complied, we as the Depositary will state why this is the case and outline the steps which we have taken to rectify the situation.

The Depositary and its affiliates are or may be involved in other financial and professional activities which may on occasion cause a conflict of interest with its roles with respect to the Company. The Depositary will take reasonable care to ensure that the performance of its duties will not be impaired by any such involvement and that any conflicts which may arise will be resolved fairly and any transactions between the Depositary and its affiliates and the Company shall be carried out as if effected on normal commercial terms negotiated at arm's length and in the best interests of Shareholders.

Basis of Depositary Review

The Depositary conducts such reviews as it, in its reasonable discretion, considers necessary in order to comply with its obligations and to ensure that, in all material respects, the Company has been managed (i) in accordance with the limitations imposed on its investment and borrowing powers by the provisions of its constitutional documentation and the appropriate regulations and (ii) otherwise in accordance with the constitutional documentation and the appropriate regulations. Such reviews vary based on the type of Fund, the assets in which a Fund invests and the processes used, or experts required, in order to value such assets.

Review

In our view, the Company has been managed during the period, in all material respects:

(i) in accordance with the limitations imposed on the investment and borrowing powers of the Company by the constitutional document; and by the AIFMD legislation; and

(ii) otherwise in accordance with the provisions of the constitutional document and the AIFMD legislation.

For and on behalf of

Northern Trust (Guernsey) Limited

18 September 2017

Independent Auditor's Report

Independent auditor's report to the members of Aberdeen Frontier Markets Investment Company Limited

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Aberdeen Frontier Markets Investment Company Limited (the 'Company') for the year ended 30 June 2017, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ('IFRSs') as adopted by the European Union and as applied in accordance with the provisions of the The Companies (Guernsey) Law, 2008.

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 30 June 2017 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the financial statements have been prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

This report is made solely to the Company's members, as a body, in accordance with Section 262 of The Companies (Guernsey) Law, 2008 (as amended). 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.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on pages 10 and 11 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation, set out on pages 10 and 11 of the annual report that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement, set out on page 14 of the annual report about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- the directors' explanation, set out on page 14 of the annual report as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Independent Auditor's Report continued

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Risk 1 – Valuation of investments at fair value through profit or loss ('FVTPL')

Key audit matter

The principal activity of the Company is to invest in a portfolio of equities, funds and other investment products invested in frontier markets with a view to generate long-term capital growth for its shareholders. Accordingly, the investment portfolio is a significant and material item. The valuation of the investment portfolio is therefore a risk that requires special audit attention.

How the matter was addressed in the audit

Our audit work included, but was not restricted to:

- understanding the Board's process to value quoted investments and the process to value unquoted investments;
- agreeing the valuation of 100% of quoted investments to an independent source of market prices;
- obtaining trading volumes of quoted investments to determine whether they were actively traded and correctly classified as 'Level 1' under IFRS 13's fair value hierarchy; and
- for unquoted investments, reviewing management's estimates where no observable inputs are available, including assessment of whether the valuations were made in accordance with published guidance and corroborating key assumptions made by management by reference to both supporting documentation and our own data, forming a conclusion on the reasonableness of valuation methods used.

The Company's accounting policy and other disclosures on financial assets designated at FVTPL are included in Notes 1(b) and 9 to the financial statements.

Key observations

From the results of of work, we conclude that investment valuations are materially correct as at 30 June 2017.

Risk 2 – Revenue recognition

Key audit matter

The Company measures performance through the realisation of its investments and investment and dividend income. These significant components are measured in the Statement of Comprehensive Income. We identified completeness and occurrence of income as risks that required special audit attention.

How the matter was addressed in the audit

With regard to completeness, our audit work included, but was not restricted to:

- assessing whether the Company's accounting policy for revenue recognition was in accordance with International Accounting Standard (IAS) 18 'Revenue';
- obtaining an understanding of the Company's process for recognising revenue in accordance with the stated accounting policy; and
- for a sample of investments held in the year, obtaining the ex-dividend dates and rates for dividends declared during the year from an independent source and agreeing the expected dividend entitlements to those recognised in the general ledger.

With regard to occurrence, our audit work included, but was not restricted to:

- testing whether a sample of income transactions was recognised in accordance with the policy;
- testing a sample of dividends received as reported in the general ledger and agreeing the details of dividends reported to an independent source; and
- performing cut-off testing of dividend income around the year end.

The Company's accounting policy on revenue recognition is shown in note 1(c) and related disclosures are included in note 3.

Key observations

From the results of our work, we conclude that the completeness and occurrence of revenue is properly recognised for the year ended 30 June 2017.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

We determined materiality for the audit of the financial statements as a whole to be $1,828,000 which is 3% of the Company's change in net asset value (NAV) between 30 June 2016 and 30 June 2017. This benchmark is considered the most appropriate because the Company has seen a material change in its NAV due to the tender offer which took place in March 2017.

We use a different level of materiality, performance materiality, to drive the extent of our testing and this was set at 75% of financial statement materiality for the audit of the financial statements. We also determine a lower level of specific materiality for certain areas such as directors' remuneration and related party transactions.

We determined the threshold at which we will communicate misstatements to the Audit and Risk Committee to be $91,400, being 5% of materiality. In addition we will communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

An overview of the scope of our audit

Our audit approach was based on a thorough understanding of the Company's business and is risk-based. The day-to-day management of the Company's investment portfolio, the custody of its investments and the maintenance of the Company's accounting records are outsourced to third-party service providers. Accordingly, our audit work is focussed on obtaining an understanding of, and evaluating, internal controls at the Company and the third-party service providers, and inspecting records and documents held by those third-party service providers. We undertook substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls over individual systems and the management of specific risks.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report set out on pages 7 to 23 other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- Fair, balanced and understandable set out on page 16 – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- Audit and Risk Committee reporting set out on page 21 – the section describing the work of the Audit and Risk Committee does not appropriately address matters communicated by us to the Audit and Risk Committee.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which The Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company; or
- the financial statements are not in agreement with the accounting records; or
- we have not obtained all the information and explanations, which to the best of our knowledge and belief, are necessary for the purposes of our audit.

Independent Auditor's Report continued

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 16, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

We are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). Our audit approach is a risk-based approach and is explained more fully in the 'An overview of the scope of our audit' section of our audit report.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

Following the recommendation of the Audit and Risk Committee, we were appointed by the Board of Directors to audit the financial statements for the year ending 30 June 2008 and subsequent financial periods.

The period of total uninterrupted engagement is 10 years, covering the years ending 30 June 2008 to 30 June 2017.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit.

We were engaged by the Audit and Risk Committee to perform agreed-upon procedures to verify that the calculation of the Company's tender offer was in accordance with the circular distributed to its shareholders.

Our audit opinion is consistent with the additional report to the Audit and Risk Committee.

Grant Thornton Limited
Chartered Accountants
St Peter Port
Guernsey
Channel Islands

18 September 2017

Statement of Comprehensive Income

		Year ended 30 June 2017			Year ended 30 June 2016		
	Notes	Revenue $'000	Capital $'000	Total $'000	Revenue $'000	Capital $'000	Total $'000
Gains/(losses) on investments	2	–	16,695	16,695	–	(20,189)	(20,189)
Capital gains/(losses) on currency movements		–	1,973	1,973	–	(38)	(38)
Net investment gains/(losses)		**–**	**18,668**	**18,668**	**–**	**(20,227)**	**(20,227)**
Investment income	3	1,573	–	1,573	915	–	915
Total income/(loss)		**1,573**	**18,668**	**20,241**	**915**	**(20,227)**	**(19,312)**
Investment management fees	4	(476)	(952)	(1,428)	(554)	(1,107)	(1,661)
Other expenses	4	(754)	–	(754)	(771)	–	(771)
Net profit/(loss) from operations before finance costs and taxation		**343**	**17,716**	**18,059**	**(410)**	**(21,334)**	**(21,744)**
Finance costs	5	(47)	(94)	(141)	(119)	(227)	(346)
Net profit/(loss) before taxation		**296**	**17,622**	**17,918**	**(529)**	**(21,561)**	**(22,090)**
Taxation	8	(91)	–	(91)	(61)	–	(61)
Net profit/(loss) after taxation		**205**	**17,622**	**17,827**	**(590)**	**(21,561)**	**(22,151)**
Earnings/(loss) per Ordinary Share	9	0.14c	12.16c	12.30c	(0.35c)	(12.72c)	(13.07c)

The total column of this statement represents the Company's Statement of Comprehensive Income, prepared under IFRS as adopted by the European Union. The revenue and capital columns, including the revenue and capital earnings per share data, are supplementary information prepared under guidance published by the Association of Investment Companies. The Company does not have any income or expenses that are not included in the profit/(loss) for the year and therefore the 'Net profit/(loss) after taxation' is also the total comprehensive income for the year.

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued during the year.

The notes on pages 33 to 44 form an integral part of these financial statements.

Statement of Financial Position

	Notes	As at 30 June 2017 $'000	As at 30 June 2016 $'000
Non-current assets			
Investments at fair value through profit or loss	2	74,872	142,990
Current assets			
Cash and cash equivalents		4,847	1,524
Sales for future settlement		7,313	–
Receivables		390	758
		12,550	**2,282**
Total assets		**87,422**	**145,272**
Current liabilities			
Purchases for future settlement		7,112	–
Loans payable	10	–	4,500
Other payables		158	298
Tender offer liabilities		726	–
		7,996	**4,798**
Total assets less current liabilities		**79,426**	**140,474**
Capital and reserves attributable to equity holders			
Share premium account		12,254	88,788
Capital reserve		66,135	50,854
Revenue reserve		1,037	832
Total equity		**79,426**	**140,474**
Net assets per Ordinary Share (US cents)	12	92.95c	82.90c
Exchange rate GBP/USD (mid market)		0.7678	0.7512
Net assets per Ordinary Share (pence)		71.37p	62.27p

Approved and authorised for issue by the Board of directors on 18 September 2017 and signed on their behalf by:

John Whittle
Director

David Warr
Director

The notes on pages 33 to 44 form an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2017	Note	Share premium account $'000	Share purchase reserve $'000	Capital reserve $'000	Revenue reserve $'000	Total $'000
Opening equity		88,788	–	50,854	832	140,474
Tender offer	11	(76,534)	–	–	–	(76,534)
Purchase of own shares	11	–	–	(310)	–	(310)
Profit for the year		–	–	17,622	205	17,827
Equity dividends paid		–	–	(2,031)	–	(2,031)
Closing equity		**12,254**	**–**	**66,135**	**1,037**	**79,426**

For the year ended 30 June 2016	Share premium account $'000	Share purchase reserve $'000	Capital reserve $'000	Revenue reserve $'000	Total $'000
Opening equity	88,788	82,319	(9,904)	1,422	162,625
Transfer between reserves	–	(82,319)	82,319	–	–
Loss for the year	–	–	(21,561)	(590)	(22,151)
Closing equity	**88,788**	**–**	**50,854**	**832**	**140,474**

The notes on pages 33 to 44 form an integral part of these financial statements.

Statement of Cash Flow

	Note	Year ended 30 June 2017 $'000	Year ended 30 June 2016 $'000
Operating activities			
Cash inflow from investment income and bank interest		1,900	953
Cash outflow from management expenses		(2,273)	(2,437)
Cash inflow from disposal of investments		176,972	40,807
Cash outflow from purchase of investments		(89,796)	(38,433)
Cash outflow from foreign exchange costs		(363)	(37)
Cash outflow from taxation	8	(91)	(61)
Net cash flow from operating activities	13	**86,349**	**792**
Financing activities			
Repayments of bank borrowings		(4,500)	(4,500)
Finance charges and interest paid		(150)	(341)
Equity dividends paid		(2,031)	–
Purchase of own shares		(310)	–
Proceeds from on-sale shares		12,129	–
Tender offer costs		(228)	–
Tender offer distributions paid		(87,936)	–
Net cash flow from financing activities		**(83,026)**	**(4,841)**
Net increase/(decrease) in cash and cash equivalents		**3,323**	**(4,049)**
Cash and cash equivalents opening balance		1,524	5,573
Cash inflow/(outflow)		3,323	(4,049)
Cash and cash equivalents balance as at 30 June		**4,847**	**1,524**

The notes on pages 33 to 44 form an integral part of these financial statements.

Notes to the Financial Statements

1 Accounting policies

Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ('IFRS'), approved by the International Accounting Standards Board and as adopted by the European Union.

The financial statements give a true and fair view of the state of affairs of the Company as at the end of the year and of the profit or loss for the year and are in accordance with The Companies (Guernsey) Law, 2008.

Under IFRS, the Statement of Recommended Practice ('SORP') issued by the Association of Investment Companies has no formal status, but the Company has taken the guidance of the SORP into account to the extent that it is deemed appropriate and compatible with IFRS and the Company's circumstances.

The particular accounting policies adopted are described below:

(a) Accounting convention
The accounts are prepared under the historical cost convention, except for the measurement of investments at fair value.

(b) Investments
As the Company's business is investing in financial assets with a view to profiting from their total return in the form of increases in fair value, financial assets are designated as fair value through profit or loss on initial recognition in accordance with International Accounting Standard ('IAS') 39. These investments are recognised on the trade date of their acquisition. At this time, fair value is the cost of investment.

After initial recognition such investments are valued at fair value which is determined by reference to:

(i) primarily market bid price for investments quoted on recognised stock exchanges (market mid or last trade price will be used where deemed to more appropriately reflect fair value);

(ii) net asset value per individual investee funds' administrators for unquoted open-ended funds; and

(iii) by using other valuation techniques to establish fair value for any other unquoted investments.

Investments are derecognised on the trade date of their disposal. Gains or losses are recognised in the capital column of the Statement of Comprehensive Income.

Transaction costs incurred on the acquisition and disposal of investments are charged to capital and included in the 'Gains/(losses) on investments' on the Statement of Comprehensive Income.

(c) Income from investments
Dividend income from Ordinary Shares and units in open-ended funds deemed equivalent to Ordinary Shares is accounted for on the basis of ex-dividend dates. Income from fixed interest shares and securities is accounted for on an accruals basis using the effective interest method. Special dividends are assessed on their individual merits and are credited to the capital column of the Statement of Comprehensive Income if the substance of the payment is a return of capital; with this exception all other investment income is taken to the revenue column of the Statement of Comprehensive Income. Bank interest receivable is accounted for on a time apportionment basis.

(d) Capital reserves
Profits and losses on disposals of investments and gains and losses on revaluation of investments held are allocated to the capital reserve via the capital column of the Statement of Comprehensive Income. Dividends may be distributed from Capital Reserves.

(e) Revenue reserves
The balance of all items allocated to the revenue column of the Statement of Comprehensive Income in each year is transferred to the Company's revenue reserves. Dividends may be distributed from Revenue Reserves.

(f) Investment management fees
Two thirds of the basic investment management fee is allocated to the capital column of the Statement of Comprehensive Income. The entirety of any performance fee is allocated to the capital column of the Statement of Comprehensive Income. Fees allocated to the capital column are taken to the capital reserve.

Notes to the Financial Statements continued

1 Accounting policies (continued)

(g) Foreign currency

The Company's shares were issued in US dollars and the majority of the Company's investments are priced in US dollars and this is considered to be the functional currency of the Company. Therefore, it is the Company's policy to present the accounts in US dollars. The Company's shares are traded in sterling on AIM.

Assets and liabilities held in currencies other than US dollars are translated into US dollars at the official market rates of exchange prevailing at the reporting date apart from Nigerian Naira where the index window rate was used due to the restrictions applied to the currency and consequential illiquidity. Currency gains and losses arising on retranslating investments are allocated to the capital column of the Statement of Comprehensive Income. All other currency gains and losses are allocated to the capital or revenue columns of the Statement of Comprehensive Income depending on the nature of the transaction.

(h) Finance costs

Finance costs include interest payable and direct loan costs. In line with the Company's policy for investment management fees, two thirds of finance costs are allocated to the capital column of the Statement of Comprehensive Income. Fees allocated to the capital column are taken to the capital reserve. Loan arrangement costs are amortised over the term of the loan on an effective interest rate basis.

(i) Financial liabilities

The Company's financial liabilities include borrowings and other payables. Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted for transaction costs. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires. Financial liabilities are measured subsequently at amortised cost using the effective interest method. At the year end, the Company do not have any borrowings.

(j) Cash and cash equivalents

Cash and Cash Equivalents in the Statement of Cash Flows comprise cash held at the bank or by the custodian.

(k) Operating segments

IFRS 8, 'Operating segments' requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The Board, as a whole, has been determined as constituting the chief operating decision maker of the Company. The Board has considered the requirements of the standard and is of the view that the Company is engaged in a single segment of business, which is to generate long-term capital growth for its shareholders by investing in a diversified portfolio of funds and other investment products which derive their value from Frontier Markets.

The Board of directors is responsible for ensuring that the Company's investment objective is followed. The day-to-day implementation of this has been delegated to the Investment Manager but the Board retains responsibility for the overall direction of the Company. The Board reviews the investment decisions of the Investment Manager at regular Board meetings. The Investment Manager has been given full authority to make investment decisions on behalf of the Company in accordance with the investment objective.

(l) Unconsolidated structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes; (a) restricted activities, (b) a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors, (c) insufficient equity to permit the structured entity to finance its activities without subordinated financial support and (d) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks.

The Company holds shares, units or partnership interests in the funds or investment products held in the Company's portfolio. The Company does not consider its investments in listed funds to be structured entities but does consider its investments in unlisted funds to be investments in structured entities because the voting rights in such entities are limited to administrative tasks and are not the dominant factor in deciding who controls those entities.

Changes in fair value of investments, including structured entities, are included in the Statement of Comprehensive Income.

1 Accounting policies (continued)

(m) New standards, Interpretations and amendments
There are no new standards, interpretations or amendments, which became effective during the year that have had a material impact on the Company.

At the date of approval of these financial statements, the following standard, which has not been applied in these financial statements, was in issue but not yet effective:

- IFRS 9, 'Financial instruments', effective for annual periods beginning on or after 1 January 2018, specifies how an entity should classify and measure financial assets and liabilities, including some hybrid contracts. The standard improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of IAS 39. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged. The standard applies a consistent approach to classifying financial assets and replaces the numerous categories of financial assets in IAS 39, each of which had its own classification criteria.

The Board is currently considering the impact of the above standard.

(n) Critical accounting estimates and judgements in applying accounting policies
The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from such estimates. These financial statements have been prepared on a going concern basis which the directors of the Company believe to be appropriate.

The most critical judgements and estimates that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are the functional currency of the Company (see note 1(g)) and the fair value estimation of financial assets designated as at fair value through profit or loss (see notes 1(b) and 15).

(o) Going concern
As described in the Directors' Report on page 14, the directors have adopted the going-concern basis in preparing the financial statements.

2 Investments at fair value through profit or loss

	2017 $'000	2016 $'000
Quoted closed-end fund shares and warrants	1,699	36,467
Quoted direct equity investments	69,900	7,440
Quoted open-ended fund holdings	1,624	7,108
Open-ended fund and limited liability partnership investments	1,649	91,975
Total fixed asset investments at fair value	**74,872**	**142,990**
Investments at cost		
Opening balance of investments at cost	149,508	155,606
Additions at cost	96,909	38,433
Disposals at cost	(170,097)	(44,531)
Cost of investments at 30 June	**76,320**	**149,508**
Revaluation of investments to fair value		
Opening balance	(6,518)	9,376
Unrealised gains/(losses) taken to Capital reserve	5,070	(15,894)
Balance at 30 June	**(1,448)**	**(6,518)**
Fair value of investments at 30 June	**74,872**	**142,990**

Gains/(losses) on investments per Statement of Comprehensive Income		
Gains/(losses) on disposal of investments	11,625	(4,295)
Movement on valuation of investments held	5,070	(15,894)
	16,695	**(20,189)**

Notes to the Financial Statements continued

3 Investment income

	2017 $'000	2016 $'000
Dividends from investments	1,573	915
Total investment income	**1,573**	**915**

4 Investment management fees and other expenses

	2017			2016		
	Revenue $'000	Capital $'000	Total $'000	Revenue $'000	Capital $'000	Total $'000
Investment management fees	476	952	1,428	554	1,107	1,661
Total investment management fees	**476**	**952**	**1,428**	**554**	**1,107**	**1,661**
Administration fees	198	–	198	164	–	164
Directors' fees	162	–	162	177	–	177
Depository and custody fees	172	–	172	129	–	129
Legal fees	2	–	2	42	–	42
Broker fees	32	–	32	37	–	37
Registrar's fees	32	–	32	39	–	39
Auditor's fees	27	–	27	28	–	28
Nominated adviser fees	26	–	26	30	–	30
Promotion	56	–	56	14	–	14
Other expenses	47	–	47	111	–	111
Total other expenses	**754**	**–**	**754**	**771**	**–**	**771**
Total expenses	**1,230**	**952**	**2,182**	**1,325**	**1,107**	**2,432**

Further details on the management agreement are provided in the Directors' Report on page 13. The Company has agreed to pay a fee to Aberdeen Asset Managers Limited for the provision of promotional activities at an annual rate of £43,000 with effect from April 2016 and an annual rate of £43,000 with effect from April 2017. The $14,000 for 30 June 2016 relates to the period from 1 April 2016 to 30 June 2016.

The Company's ongoing charges for the year ended 30 June 2017 calculated in accordance with the AIC methodology were 1.66% (2016: 1.67%). The ongoing charges figure does not include performance fees or finance costs.

5 Finance costs

In accordance with directors' expectations of the split of future returns being mostly of a capital nature, two thirds of finance costs are charged as capital items in the Statement of Comprehensive Income.

	2017			2016		
	Revenue $'000	Capital $'000	Total $'000	Revenue $'000	Capital $'000	Total $'000
Facility costs and arrangement fees	15	30	45	97	45	142
Interest charges	32	64	96	22	182	204
Total finance costs	**47**	**94**	**141**	**119**	**227**	**346**

6 Directors' fees

The fees paid or accrued were $161,910 (2016: $176,868). There were no other emoluments. Full details of the fees of each director are given in the Directors' Remuneration Report on page 23.

7 Transaction charges

	2017 $'000	2016 $'000
Transaction costs on purchases of investments	222	54
Transaction costs on sales of investments	88	90
Total transaction costs	**310**	**144**

Transaction costs on purchase of investments have been included in the acquisition cost of those investments.

8 Taxation

The Company is resident for tax purposes in Guernsey.

The Company is exempt from Guernsey income tax under the Income Tax (Exempt Bodies) (Guernsey) Ordinances 1989 and 1992 and was charged an annual exemption fee of £1,200 (2016: £1,200) during the year.

During the year, the Company suffered foreign withholding tax on income from investments totalling in aggregate $91,256 (2016: $61,271).

9 Earnings per Ordinary Share

Earnings per share is based on the net profit of $17,827,000 (2016: loss of $22,151,000) attributable to the weighted average of 144,898,182 (2016: 169,460,000) Ordinary Shares of no par value in issue during the year to 30 June 2017.

Supplementary information is provided as follows: revenue per share is based on the net revenue profit of $205,000 (2016: loss of $590,000) and capital profit per share is based on the net capital profit of $17,622,000 (2016: net capital loss of $21,561,000) attributable to the Ordinary Shares.

10 Loans payable

During the period, the Company had a $6,000,000 revolving loan facility with Investec Bank Plc. The facility was fully repaid and the agreement terminated in January 2017.

The Company had a $5,000,000 temporary overdraft facility with Northern Trust (Guernsey) Limited ('NT') from 17 March 2017 to 6 July 2017. As at 30 June 2017, the 'Cash and cash equivalents' figure of £4,847,000 credit position shown on the Statement of Financial Position, includes an overdraft position of $438,205 on the NT USD bank account.

Notes to the Financial Statements continued

11 Share capital

Movement in Ordinary Shares of no par value

For the year ended 30 June 2017	Authorised	Allotted, issued and fully paid	Treasury shares
Opening number of shares	Unlimited	169,460,000	–
Purchase of own shares	–	(450,000)	450,000
Validly tendered shares for cancellation	–	(97,307,392)	–
On-sale shares	–	13,750,000	–
Closing number of shares	**Unlimited**	**85,452,608**	**450,000**

For the year ended 30 June 2016	Authorised	Allotted, issued and fully paid	Treasury shares
Opening number of shares	Unlimited	169,460,000	–
Closing number of shares	**Unlimited**	**169,460,000**	**–**

Voting rights

At General Meetings of the Company, every member present in person or proxy shall have one vote for every Ordinary Share of which they are the registered holder.

Tender offer

On 14 March 2017 the Company received valid tender acceptances of 97,307,392 Ordinary Shares. Aberdeen Asset Management bought 13,750,000 of such tendered Ordinary Shares ('On-sale Shares') at the Investment Price of 72.5748 pence per Ordinary Share and therefore the number of Exit Shares which have been repurchased for cancellation by the Company was 83,557,392.

Following the Tender Offer the Company has 85,452,608 Ordinary Shares in issue (excluding shares held in treasury) attributable to the continuing shareholders.

Proceeds equivalent to $12,129,000 were received from the On-sale Shares and two tender offer distributions were made returning an aggregate amount equivalent to $87,937,000 in respect of validly tendered shares resulting in a net cost to the Company equivalent to $75,808,000. The residual value of the tender pool as at 30 June 2017 was $726,000.

Other purchases of own shares

There were 450,000 Ordinary Shares re-purchased during the year at an aggregate cost to the Company of $310,000, all of which are held in treasury.

12 Net assets per Ordinary Share

Net assets per ordinary share of $0.9295 (2016: $0.8290) is based on net assets of $79,426,000 (2016: $140,474,000) divided by 85,452,608 (2016: 169,460,000) Ordinary Shares in issue (excluding shares held in treasury) as at the year end date.

13 Reconciliation of operating profit to net cash flow from operating activities

	2017 $'000	2016 $'000
Operating profit/(loss)	18,059	(21,744)
Less: Tax deducted at source on income from investments	(91)	(61)
Add: Realisation of investments at book cost	170,097	44,531
Add: Tender offer costs	228	–
Less: Purchase of investments	(96,909)	(38,433)
Less: Adjustment for unrealised (gains)/losses	(5,070)	15,894
Decrease in debtors	(6,982)	611
Decrease in creditors	7,017	(6)
Net cash flow provided by operating activities	**86,349**	**792**

14 Related party transactions

Details of the management contract can be found in the Directors' Report on page 13. Fees payable to the Investment Manager are detailed in note 4 on page 36. Other payables include accruals of basic management fees of $66,284 (2016: $136,707) and a performance fee provision of $nil (2016: $nil).

On 16 March 2017, Aberdeen Asset Management bought 13,750,000 of the validly tendered Ordinary Shares (On-sale Shares) at the Investment Price of 72.5748 pence per Ordinary Share.

The directors' fees are disclosed in note 4 and the Directors' Remuneration Report on page 23.

15 Financial instruments – risk profile

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

Market risks

(i) Portfolio risks

The risk that the portfolio, managed by the Investment Manager, suffers a fall in its market value which would have an adverse effect on shareholders' funds. The Company's investments are subject to normal market fluctuations and the risks inherent in the purchase, holding or selling of equity securities and there can be no assurance that appreciation in the value of those investments will occur.

The Investment Manager's investment process concentrates on a company's business strategy, management, financial strength, ownership structure as well as corporate governance, with a view to seeking companies that it can invest in for the long term. This quality test means that there may be stocks which the Investment Manager will not invest in due to a perceived lack of transparency or poor corporate governance.

(ii) Currency risks

The Company invests in US dollar and non-US dollar denominated securities and the companies in which the Company invests may conduct their operations in US dollars and/or other currencies. The Company will therefore have an exposure to foreign exchange risk as a result of changes, both unfavourable and favourable, in exchange rates between the US dollar and other currencies. Foreign exchange risk may increase the volatility of the Net Asset Value per Ordinary Share. The Company does not have a policy of hedging or otherwise seeking to mitigate foreign exchange risk but reserves the right to do so from time-to-time as part of the Company's efficient portfolio management. Movements in the foreign exchange rate between US dollar, the reporting currency of the Company, and any other currency in which the Company invests and the currency applicable to a particular Shareholder may have an impact upon that Shareholder's returns in their own currency of account.

(iii) Interest rate risk

The Company is normally fully invested in quoted companies and funds but may hold interest bearing assets from time to time and whilst investing proceeds from share issues and redemptions. The Company's interest bearing assets are typically bank deposits.

Until 18 January 2017, the Company had a US$6 million revolving loan facility with Investec Bank plc. Due to the loan being of a relatively short tenure and its revolving nature it has not been considered appropriate to fix the finance costs relating to the loan for the entire period of the loan availability. Finance costs are, however, kept under frequent review.

(iv) Other price risk

Investor returns

Investors contemplating an investment in the Ordinary Shares should recognise that their market value can fluctuate and may not always reflect their underlying value. Returns achieved are reliant upon the performance of the companies in which the Company's assets are invested. No guarantee is given, express or implied, that shareholders will receive back the amount of their investment in the Ordinary Shares.

Due to the overall size, concentration in particular markets and maturities of positions held by the Company, the value at which its investments can be liquidated may differ, sometimes significantly, from the valuations of those investments. In addition, the timing of liquidations of investments may also affect the values obtained at liquidation. Securities held by the Company may routinely trade with bid-offer spreads that are significant.

(v) Management of market risks

The Investment Manager seeks to obtain diversification within the Company's portfolio. The Company has imposed a restriction so that no single position in any one company will exceed 10% of the Company's net asset value at the time of the investment.

Notes to the Financial Statements continued

15 Financial instruments – risk profile (continued)

(vi) Quantitative analysis

The ten largest investments are shown on page 5 and a breakdown of the pricing denominations of the investments in which the Company is invested is below.

The Company's financial assets and liabilities at 30 June 2017 comprised:

	2017			2016		
	Cash flow interest rate risk $'000	No interest rate risk $'000	Total $'000	Cash flow interest rate risk $'000	No interest rate risk $'000	Total $'000
Non-current investments at fair value:			–			
US dollar	–	13,686	13,686	–	107,892	107,892
Bangladeshi Taka	–	4,686	4,686	–	–	–
Euro	–	–	–	–	14,060	14,060
GB pound	–	5,499	5,499	–	11,627	11,627
Ghanaian Cedi	–	1,209	1,209	–	–	–
Kenyan Shilling	–	9,884	9,884	–	–	–
Sri Lankan Rupee	–	7,859	7,859	–	1,725	1,725
Moroccan Dirham	–	1,463	1,463	–	1,696	1,696
Nigerian Naira	–	4,175	4,175	–	–	–
Omani Rial	–	1,498	1,498	–	–	–
Pakistani Rupee	–	8,997	8,997	–	5,405	5,405
Romanian Leu	–	2,393	2,393	–	–	–
Saudi Arabian Riyal	–	–	–	–	585	585
Singapore Dollar	–	1,799	1,799	–	–	–
Thai Baht	–	1,563	1,563	–	–	–
Turkish Lira	–	2,740	2,740	–	–	–
Tanzanian Shilling	–	1,097	1,097	–	–	–
Vietnamese Dong	–	4,273	4,273	–	–	–
South African Rand	–	2,051	2,051	–	–	–
Cash at bank						
Floating rate – US$	4,847	–	4,847	1,524	–	1,524
Short term debtors	–	7,703	7,703	–	758	758
Short term creditors	–	(7,996)	(7,996)	(4,500)	(298)	(4,798)
	4,847	**74,579**	**79,426**	**(2,976)**	**143,450**	**140,474**

15 Financial instruments – risk profile (continued)

(vii) Sensitivity analysis

A 10% increase or decrease in the valuation of the investment portfolio at the end of June 2017 would have resulted in a $7,487,000 (2016: $14,299,000) corresponding increase or decrease to the Company's Statement of Comprehensive Income, all other things being equal.

	30 June 2017	30 June 2016	Change
Trade weighted US dollar Index*	95.6	96.1	-0.5%
Federal Funds Target Rate	1.25%	0.50%	0.75%
Advance Frontier Markets Fund NAV US$	$0.93	$0.83	12.1%
Advance Frontier Markets Share Price (expressed in US dollars)	$0.87	$0.76	14.9%

*The US dollar Index indicates the general international value of the US dollar. It is calculated by averaging the exchange rates between the US dollar and 6 major world currencies.

Neither the value of the US dollar nor the level of domestic interest rates within the United States of America are considered to be primary drivers of returns to investors in the Company. The returns to investors in the Company are more dependent on the prospects for economic growth, corporate profitability and socio-political developments within the countries in which the Company is ultimately invested.

Credit risk

Frontier Market debt securities

Prior to 14 March 2017, the Investment Manager may have invested in Frontier Market debt securities, including short-term and long-term securities denominated in various currencies. These securities may be unrated or rated in the lower rating categories by the various credit rating agencies. These securities are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. They are also generally subject to greater risk than securities with higher credit ratings in the case of deterioration of general economic conditions. Additionally, evaluating credit risk for Frontier Market debt securities involves great uncertainty because credit rating agencies throughout the world have different standards, making comparisons across countries difficult. Because investors generally perceive that there are greater risks associated with lower-rated securities, the yields or prices of such securities may tend to fluctuate more than those for higher-rated securities. The market for Frontier Market debt securities is thinner and less active than that for higher-rated securities, which can adversely affect the prices at which securities are sold. In addition, adverse publicity and investor perceptions about emerging market debt securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such securities.

The estimated amount invested in Frontier Market debt securities on a look through basis at the year end was nil (2016: $754,000).

Other credit risk

The Company's direct credit risk is the risk of default on cash held at the bank. Cash at bank at 30 June 2017 included $4,776,000 (2016: $1,451,000) held by the Company's custodian, The Northern Trust Company. Interest is based on the prevailing money market rates.

Substantially all of the assets of the Company at the year end were held by Northern Trust (Guernsey) Limited (the 'depositary') to provide depositary services (including custody of assets). Bankruptcy or insolvency of the depositary or any sub-custodian used by the depositary may cause the Company's rights with respect to securities held by the custodian to be delayed or limited. The Board monitored the credit quality of the depositary's parent, The Northern Trust Company and at the time of this report it had a short-term deposit credit rating of A-1+ per Standard & Poor's.

Credit risk arising on transactions with brokers relates to transactions awaiting settlement. Risk relating to unsettled transactions with brokers is considered to be low as trading is almost always done on a delivery versus payment basis. When investments are made in open-ended funds, the Investment Manager performs due diligence on those funds before making any investment.

The Company had no interest bearing investments at 30 June 2017 (2016: $nil).

Notes to the Financial Statements continued

15 Financial instruments – risk profile (continued)

Liquidity risks

The Company may invest in smaller capitalisation companies. As smaller companies do not have the financial strength, diversity and resources of larger companies, they may find it more difficult to operate in periods of economic slowdown or recession. In addition, the relatively small capitalisation of such companies could make the market in their shares less liquid and, as a consequence, their share price more volatile than investments in larger companies.

The Investment Manager reports to the directors on the liquidity of the Company's quoted investments on a monthly basis.

The Investment Manager has estimated the percentages of the portfolio that could be liquidated within various timescales under normal market conditions. The results are shown below.

	2017	2016
One month	93.6%	83.4%
Three months	98.7%	90.1%
One year	100.0%	94.7%
Greater than one year	100.0%	100.0%

All financial liabilities are due within one year. As at 30 June 2017, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Current	
30 June 2017	**Within 6 months $'000**	**6 to 12 months $'000**
US-dollar loans	–	–
Trade and other payables	7,270	–
Total	**7,270**	**–**

This compares to the maturity of the Group's non-derivative financial liabilities in the previous reporting periods as follows:

	Current	
30 June 2016	**Within 6 months $'000**	**6 to 12 months $'000**
US-dollar loans	–	4,500
Trade and other payables	298	–
Total	**298**	**4,500**

Capital management

The Company considers that its capital consists of its share capital and reserves and the bank loan.

The Company's authorised share capital consists of an unlimited number of Ordinary Shares of no par value. At 30 June 2017 there were 85,452,608 (2016: 169,460,000) Ordinary Shares in issue.

The Company is permitted to borrow, at the point of drawdown, up to 10% of its net assets.

The Investment Manager and the Company's broker monitor the demand for the Company's shares and the directors review the position at Board meetings. Details on the Company's policies for issuing further shares can be found in the Directors' Report.

16 Fair value estimation

The Company complies with IFRS 13. The Company's investments are valued at fair value.

IFRS 13 requires the Company to classify its investments in a fair value hierarchy that reflects the significance of the inputs used in making the measurements. IFRS 13 establishes a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy under IFRS 13 are as follows:

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

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Company. The Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyses within the fair value hierarchy the Company's investments measured at fair value:

	2017 Investments designated as fair value through profit or loss $'000	2016 Investments designated as fair value through profit or loss $'000
Level 1	73,223	51,015
Level 2	863	91,209
Level 3	786	766
Total	**74,872**	**142,990**

Investments whose values are based on quoted market prices in active markets, and therefore classified within Level 1, include active listed equities. The Company does not adjust the quoted price for these instruments.

Investments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include monthly priced funds.

Investments classified within Level 3 have significant unobservable inputs as they trade infrequently. The Level 3 figure consists of Tarpon All Equities Fund and Global MENA Financial Assets. Shortly after the year end, Global MENA has been sold and thus as at 30 June 2017 the holding has been valued at the sale price.

Reconciliation of the Level 3 classification investments during the year to 30 June 2017 is shown below:

	2017 $'000	2016 $'000
Opening balance at 1 July	766	772
Level 2 securities reclassified to level 3	310	–
Valuation adjustments*	(290)	(6)
Closing balance at 30 June	**786**	**766**

*These adjustments form part of the '(Losses)/gains on Investments' figure in the Statement of Comprehensive Income.

The valuation policies used by the Company are explained in the Accounting Policies Note 1(b) on page 33.

Notes to the Financial Statements continued

16 Fair value estimation (continued)

Investments in unconsolidated structured entities

Some of the Company's investments are funds and products which give diversified exposure to developing and emerging market economies. The Company does not consider its investments in listed funds to be structured entities but does consider its investments in unlisted funds to be investments in structured entities because the voting rights in such entities are limited to administrative tasks and are not the dominant factor in deciding who controls those entities.

The investments in structured entities are subject to the terms and conditions of offering documents and/or constitutional documents. These investments are subject to market price and other risks arising from their underlying portfolios. Investee funds are managed by portfolio managers who are compensated by the respective funds for their services. Such compensation generally may consist of an asset based fee and/or a performance based fee. The structured entities in which the Company is invested are financed through the issue of units to investors or shares in limited partnerships and the interests held by the Company are in the form of such units or shares in limited partnerships.

The investments in structured entities are financial assets which are designated as fair value through profit or loss in the Company's financial statements.

During the year, the Company did not provide, and does not intend to provide, financial or other support to structured entities.

The exposure to investments in investee funds and products at fair value by strategy employed is disclosed in the following table.

Strategy	Number of investee funds	Fair Value range $'000	Weighted average fair value $'000	Investment at fair value $'000	% of net assets
Equity long-only	1	863	863	863	1.1%

Equity long-only

Portfolio managers implementing equity long-only strategies generally take long positions in equity related instruments such as ordinary shares, preferred shares, convertible bonds, depositary receipts, exchange traded funds and market access products such as index futures with the expectation that the asset will rise in value.

17 Ultimate controlling party

The Company has no controlling party.

18 Dividends

In June 2016 the Company announced the introduction of a dividend with the base level of dividend set with reference to the Investment Manager's calculation of the yield on the underlying portfolio, less relevant costs.

A final dividend for the year ended 30 June 2016 of 1.2 cents (sterling equivalent is 0.96432 pence) per Ordinary Share was paid out of the Capital Reserve on 19 December 2016.

An interim dividend for the year ended 30 June 2017 of 1 cent (sterling equivalent is 0.766947 pence) per Ordinary Share was paid out of the Capital Reserve on 11 August 2017.

The Board is recommending to shareholders the payment of a final dividend of 1 cent in respect of the year ended 30 June 2017. If approved by shareholders at the next Annual General Meeting, this dividend will be paid on 13 December 2017 to those shareholders who are on the register on 17 November 2017. The ex-dividend date will be 16 November 2017.

Dividends are paid in sterling.

19 Post balance sheet events

There have been no post balance sheet events other than as disclosed in this Annual Report.

Information about the Investment Manager

Aberdeen Asset Managers Limited

The Investment Manager is a subsidiary of Aberdeen Asset Management PLC which merged with Standard Life plc on 14 August 2017 to form Standard Aberdeen plc. Assets under the management of the combined investment division of Aberdeen Standard Investments were equivalent to £581bn at 31 December 2016.

An asset manager for today's global opportunities

Standard Life Investments was the investment arm of Standard Life plc, a major UK listed financial services company which started life in 1825. Aberdeen Asset Management plc was formed in 1983 via a management buyout and has grown from a pioneer investor in Asian and emerging markets into a full-service, UK-listed investment house.

Under the Aberdeen Standard Investments brand, we aim to create a pre-eminent world-class investment business, with the scale to deliver the innovation, market insight and responsiveness needed in today's competitive and fast-changing market.

A complete client focus

The investment needs of our clients drive everything we do. We look to support investors with a full range of investment opportunities and solutions, and the highest level of service and support. As a major asset manager, we have the resources to transform new investment ideas into practical investment products and the scale to deliver real value for money to investors.

A global network

Our teams are networked across 50 locations worldwide – a global footprint that ensures we are always close to our clients and the challenges they face. In addition, we have built strategic relationships around the world with major banks, insurers and other investment firms to support the needs of institutional, wholesale, pension and retail investors.

On-the-ground expertise

Employing over 1,000 investment professionals, we can draw upon a breadth of investment talent. Our portfolio managers are located across 24 offices, allowing us to be deeply rooted in every market in which we invest. Focus is placed on undertaking primary, internal research and consideration of the fundamentals underlying any prospective investment.

A highly diversified business

Our business is highly diversified by revenue, asset class, client and geography. This diversification provides us with the resources and resilience to thrive in a competitive and constantly changing investment and regulatory environment.

Our commitment to being a market leader in product innovation is aligned to our mission to be a provider of world-class investment solutions.

A leading active asset manager

We retain our shared commitment to active investment management underpinned by fundamental research.

Aberdeen Standard Investments will be one of the largest active managers in Europe, offering a comprehensive range of developed and emerging market equities and fixed income, multi-asset, real estate, alternatives and private markets.

A forward-looking partner

The investment landscape changes rapidly. Demand for investment solutions that focus on the specific outcomes that investors wish to achieve has also grown rapidly. Multi-asset, target return, unconstrained and enhanced diversification approaches, are some of the fastest-growing sectors of our market. By combining the strengths of Aberdeen Asset Management and Standard Life Investments, we can lead the way in delivering these next-generation solutions and stay relevant to the evolving needs of our clients.

The Investment Process

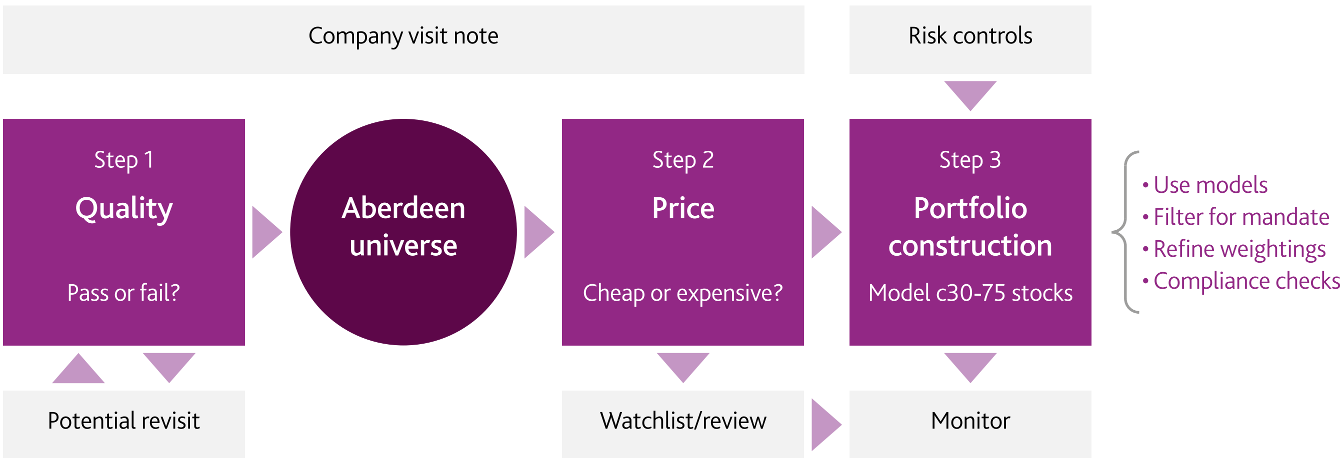
Philosophy and style

The Manager's investment philosophy is that markets are not always efficient. We believe that superior investment returns are therefore attainable by identifying good companies cheaply, defined in terms of the fundamentals that in our opinion drive share prices over the long term. We undertake substantial due diligence before initiating any investment including company visits in order to assure ourselves of the quality of the prospective investment. We are then careful not to pay too high a price when making the investment. Subsequent to that investment we then keep in close touch with the company, aiming to meet management at least twice a year. Given our long-term fundamental investment philosophy, one would not expect much change in the companies in which we invest. We do, however, take opportunities offered to us by what we see as anomalous price movements within stock markets to either top up or top slice positions, which accounts for the bulk of the activity within the portfolio during the year under review.

Risk controls

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

The Manager'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.



Investor Information

AIFMD

The Company has appointed Aberdeen Fund Managers Limited as its alternative investment fund manager (with effect from 1 June 2016) and Northern Trust (Guernsey) Limited as its depositary under the AIFMD. Details of the leverage and risk policies which the Company is required to have in place under AIFMD are published in the Company's PIDD which can be found on its website.

Pre-investment Disclosure Document ('PIDD')

The AIFMD requires Aberdeen Fund Managers Limited, as the alternative investment fund manager of Aberdeen Frontier Markets Investment Company Limited, to make available to investors certain information prior to such investors' investment in the Company. The Company's PIDD is available for viewing on its website.

Website

Further information on the Company can be found on its own dedicated website: aberdeenfrontiermarkets.co.uk. This allows web users to access information on the Company's share price performance, capital structure, stock exchange announcements, monthly factsheets and all information required by Rule 26 of the AIM Rules for companies.

Investor warning: be alert to share fraud and boiler room scams

The Aberdeen Group has been contacted by investors informing us that they have received telephone calls and emails from people who have offered to buy their investment trust shares, purporting to work for Aberdeen Asset Management or for third party firms. The Aberdeen Group has also been notified of emails claiming that certain investment companies under our management have issued claims in the courts against individuals. These may be scams which attempt to gain your personal information with which to commit identity fraud or could be 'boiler room' scams where a payment from you is required to release the supposed payment for your shares. These callers/senders do not work for the Aberdeen Group and any third party making such offers/claims has no link with the Aberdeen Group.

The Aberdeen Group does not 'cold-call' investors in this way. If you have any doubt over the veracity of a caller, do not offer any personal information, end the call and contact our Customer Services Department.

The Financial Conduct Authority provides advice with respect to share fraud and boiler room scams: fca.org.uk/consumers/scams

Keeping you informed

For internet users, detailed data on the Company, including price, performance information and a monthly fact sheet is available from the Company's website and the TrustNet website (trustnet.com). Alternatively you can call 0500 00 00 40 (free when dialing from a UK landline) for trust information.

If you have any questions about your Company, the Manager or performance, please telephone the Aberdeen Customer Services Department (direct private investors) on 0808 500 0040. Alternatively, internet users may email Aberdeen at inv.trusts@aberdeen-asset.com or write to Aberdeen Investment Trusts, PO Box 11020, Chelmsford, Essex CM99 2DB.

Shareholder enquiries

In the event of queries regarding their holdings of shares, lost certificates dividend payments, registered details, etc shareholders holding their shares in the Company directly should contact the registrars, Capita Registrars (Guernsey) Limited, Longue Hougue House, St Sampson, Guernsey GY2 4JN. Changes of address must be notified to the registrars in writing.

Direct investment

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

Aberdeen's Investment Plan for Children

Aberdeen runs an Investment Plan for Children (the 'Children's Plan') which covers a number of investment companies under its management including the Company. Anyone can invest in the Children's Plan, including parents, grandparents and family friends (subject to the eligibility criteria as stated within the terms and conditions). 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 UK Government Stamp Duty (currently 0.5%), where applicable. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in the Children's Plan, and regular savers can stop or suspend participation by instructing Aberdeen in writing at any time. In common with other schemes of this type, all investments are held in nominee accounts. Investors have full voting and other rights of share ownership.

Investor Information continued

Aberdeen's Investment Trust Share Plan

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

Stocks and shares ISA

An investment of up to £20,000 can be made in the 2017/2018 tax year.

The annual ISA administration charge is £24 + VAT, calculated annually and applied on 31 March (or the last business day in March) and collected soon thereafter 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. Investors have full voting and other rights of share ownership. 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 the Company 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.

Dividend tax allowance

With effect from 6 April 2016, dividend tax credits were replaced by an annual £5,000 tax-free allowance on dividend income. Above this amount, individuals will pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances. The Company will continue to provide registered shareholders with a confirmation of dividends paid by the Company and this should be included with any other dividend income received when calculating and reporting to HMRC total dividend income received. It is the shareholder's responsibility to include all dividend income when calculating any tax liability.

Literature request service

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

Telephone: 0808 500 0040

Website: invtrusts.co.uk/en/investmenttrusts/literature-library

For information on the Investment Plan for Children, Share Plan, ISA or ISA Transfer please contact:

Aberdeen Investment Trust Administration
PO Box 11020
Chelmsford
Essex CM99 2DB

Telephone: 0808 500 4000
(free when dialing from a UK landline)

Terms and conditions for the Aberdeen managed savings products can also be found under the literature section of invtrusts.co.uk

Online dealing details

Investor information
There are a number of other ways in which you can buy and hold shares in this investment company.

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

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

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

Financial advisers
To find an adviser on investment trusts, visit: unbiased.co.uk

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

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

Email: register@fca.org.uk

Suitable for retail/NMPI status
The Company's shares are intended for investors, primarily in the UK, including retail investors, professionally-advised private clients and institutional investors who are seeking to benefit from long term capital growth by investing in the Frontier Markets of Africa, the Middle East, Eastern Europe, Asia and Latin America. Investors should consider consulting a financial adviser who specialises in advising on the acquisition of shares and other securities before acquiring shares. Investors should be capable of evaluating the risks and merits of such an investment and should have sufficient resources to bear any loss that may result.

The Company currently conducts its affairs, and intends to continue to do so for the foreseeable future, in order that its shares can be recommended by a financial adviser to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream pooled investments ('NMPIs').

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 companies 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.

The information on pages 47 to 49 has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) by Aberdeen Asset Managers Limited which is authorised and regulated by the Financial Conduct Authority.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Aberdeen Frontier Markets Investment Company Limited ('the Company') will be held at 11 New Street, St Peter Port, Guernsey at 11:00 a.m. on 6 December 2017, for the following purposes:

Ordinary resolutions

1. To receive and adopt the financial statements for the year ended 30 June 2017 with the reports of the directors and auditors thereon.

2. To approve the Directors' Remuneration Report included in the annual report for the year ended 30 June 2017.

3. To approve a final dividend of 1 cent per Ordinary Share for the year ended 30 June 2017.

4. To re-elect John Whittle as a director of the Company, who retires by rotation.

5. To re-appoint Grant Thornton Limited as auditor to the Company.

6. To authorise the directors to determine the remuneration of Grant Thornton Limited for the forthcoming year.

7. That the Company acting through its Board of directors be and is hereby generally and unconditionally authorised in accordance with Section 315 of the Companies (Guernsey) Law, 2008 to make market purchases as defined in that Law of its Ordinary Shares (either for retention as treasury shares for future reissue and resale or transfer, or cancellation), PROVIDED THAT:

(i) the maximum number of Ordinary Shares hereby authorised to be purchased shall be 12,809,345 (subject to a maximum of 14.99% of the Company's issued share capital at the time of this Annual General Meeting);

(ii) the minimum price (exclusive of expenses) which may be paid for an Ordinary Share is $0.01;

(iii) the maximum price (exclusive of expenses) which may be paid for an Ordinary Share shall be the lower of (a) 5% above the average of the middle market quotation for a share for the 5 business days immediately preceding the day on which that Ordinary Share is purchased and (b) the last published diluted net asset value per Ordinary Share;

(iv) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2018 or, if earlier, on the anniversary of the passing of this resolution; and

(v) the Company may make a contract to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary Shares pursuant to any such contract.

8. THAT the Directors be and hereby generally and unconditionally authorised pursuant to Article 4 of the Articles of Incorporation of the Company to allot and issue up to 4,272,630 Ordinary Shares of no par value each (including the issue of shares from treasury) ('Shares') or, if less, the number representing 5% of the issued Ordinary Share capital of the Company as at the date of the passing of this resolution. This authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2018 (unless renewed, varied or revoked by the Company prior to or on such date) save that the Company may before such expiry make any offer or agreement which would or might require Shares to be allotted or issued after such expiry and the Directors may allot and issue Shares in pursuance of any such offer or agreement as if the authority conferred hereby had not expired.

Special resolution

9. THAT the Members hereby waive any and all rights of pre-emption or similar rights which they may have whether under the Company's articles of incorporation (including, without limitation, Article 4.3(a)) or otherwise. This waiver will expire at the conclusion of the AGM in 2018.

Notes

1. A shareholder entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote instead of him or her. A proxy need not be a member of the Company. A form of proxy accompanies this Notice. Completion and return of the form of proxy will not preclude members from attending or voting at the meeting, if they so wish. A member may appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. A member may appoint more than one proxy provided each proxy is appointed to exercise voting rights in respect of a different share or shares held by him.

2. To be valid, the form of proxy, together with the power of attorney or other authority, if any, under which it is executed (or a notarially certified copy of such power of attorney) must be deposited at the UK office of the Company's Registrar, Capita Asset Services, PXS 1, 34 Beckenham Road, Beckenham, BR3 4ZF not less than 48 hours before the time for holding the Meeting.

3. CREST members may utilise the CREST proxy appointment service by following the directions set out on the form of proxy. Completion and return of the form of proxy will not prevent a shareholder from subsequently attending the meeting and voting in person if he so wishes.

4. A holder of Shares must first have his or her name entered on the register of members not later than 11:00 a.m. on 4 December 2017. Changes to entries in that register after that time shall be disregarded in determining the rights of any holders to attend and vote at such meeting.

Form of Proxy

Aberdeen Frontier Markets Investment Company Limited

I/We ______________________________ of ______________________________ (BLOCK CAPITALS PLEASE)

being (a) member(s) of Aberdeen Frontier Markets Investment Company Limited ('the Company') appoint the chairman of the meeting or (see note 1)

______________________________ of ______________________________

as my/our proxy to attend and vote for me/us and on my/our behalf at the annual general meeting of the Company to be held at 11 New Street, St Peter Port, Guernsey, on 6 December 2017 at 11:00 a.m. and at any adjournment thereof.

Please indicate with an X in the spaces provided how you wish your votes to be cast on the resolutions specified.

Resolution	For	Against	Withheld
Ordinary resolutions	☐	☐	☐
1. To receive and adopt the financial statements for the year ended 30 June 2017, with the reports of the directors and auditors thereon.	☐	☐	☐
2. To approve the Directors' Remuneration Report for the year ended 30 June 2017.	☐	☐	☐
3. To approve a final dividend of 1 cent per Ordinary Share for the year ended 30 June 2017.	☐	☐	☐
4. To re-elect John Whittle as a director.	☐	☐	☐
5. To re-appoint Grant Thornton Limited as auditors to the Company.	☐	☐	☐
6. To authorise the directors to determine the remuneration of Grant Thornton Limited for the forthcoming year.	☐	☐	☐
7. To renew authority for the Company to purchase its own shares.	☐	☐	☐
8. To give the Company the authority to allot new shares.	☐	☐	☐
9. To waive Members' rights of pre-emption or similar rights which they may have under the Company's articles of incorporation or otherwise.	☐	☐	☐

Subject to any voting instructions so given the proxy will vote, or may abstain from voting, on any resolution as he may think fit.

Signature ______________________________ Dated this ______________ day of ______________ 2017

Notes

1. If you so desire you may delete the words 'chairman of the meeting' and insert the name of your own choice of proxy, who need not be a member of the Company. Please initial such alteration.

2. The proxy form must be lodged at the Company's registrars, Capita Registrars, not less than 48 hours before the time fixed for the meeting. In default the proxy cannot be treated as valid.

3. Alternatively, in the case of CREST members, voting may be effected by using the CREST electronic proxy appointment service. CREST members who wish to utilise the CREST service may do so by following the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message must be transmitted so as to be received by the Company's agent, Capita Registrars (whose CREST ID is RA10) by the specified latest time for receipt of proxy appointments. 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 Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed.

4. A corporation must execute the proxy under its common seal or under the hand of an officer or attorney duly authorised.

5. If this proxy form is executed under a power of attorney or other authority, such power of attorney or other authority or a notarially certified copy thereof must be lodged with the Registrars with the proxy form.

6. In the case of joint holders the vote of the senior shall be accepted to the exclusion of the other joint holders, seniority being determined by the order in which the names stand in the register in respect of the joint holding.

Your completed and signed proxy form should be posted, in the enclosed reply paid envelope, to the Company's Registrars, Capita Asset Services, PXS 1, 34 Beckenham Road, Beckenham, BR3 4ZF, so as to arrive before 11:00 a.m. on 4 December 2017 (48 hours prior to the Annual General Meeting).

Cut along dotted rule

Directors, Investment Manager and Advisers

Directors

John Whittle (Chairman)
David Warr
Lynne Duquemin
Richard Hotchkis (retired 31 March 2017)

Company secretary and Administrator

Vistra Fund Services (Guernsey) Limited
11 New Street
St Peter Port
Guernsey GY1 2PF

Nominated adviser

Grant Thornton UK LLP
30 Finsbury Square
London EC2P 2YU

Broker

Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London EC4M 7LT

Auditor

Grant Thornton Limited
Lefebvre House
Lefebvre Street
St Peter Port
Guernsey GY1 3TF

Registrar

Capita Registrars (Guernsey) Limited
Longue Hougue House
St Sampson
Guernsey GY2 4JN

Registered office

11 New Street
St Peter Port
Guernsey GY1 2PF

Company registration number

Incorporated in Guernsey Number 46809

Website

www.aberdeenfrontiermarkets.co.uk

Investment Manager

Aberdeen Fund Managers Limited
Bow Bells House
1 Bread Street
London EC4M 9HH
Telephone: 020 7618 1440
www.aberdeen-asset.com

UK Administration agent

PraxisIFM Fund Services (UK) Limited
3rd Floor, Mermaid House
2 Puddle Dock
London EC4V 3DB

Solicitors as to English law

Gowling WLG
4 More London Riverside
London SE1 2AU

Herbert Smith Freehills
Exchange House
Primrose Street
London EC2A 2EG

Advisers as to Guernsey law

Mourant Ozannes
1 Le Marchant Street
St Peter Port
Guernsey GY1 4HP

Depositary services and custodian

Northern Trust (Guernsey) Limited
Trafalgar Court
Les Banques
St Peter Port
Guernsey GY1 3DA

United States Internal Revenue Service FATCA Registration Number ('GIIN')

35VBTN.99999.SL.831

Legal Entity Identifier ('LEI')

213800X9N731I4IPK361

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Aberdeen