Advance Developing Markets Fund Limited
Half-yearly report 2015

Contents

Investment objective

The Company's investment objective is to achieve consistent returns for Shareholders in excess of the MSCI Emerging Markets Net Total Return Index in Sterling terms (the "Benchmark")

Performance

For the six months ended 30 April 2015	
Net asset value ("NAV") per ordinary share[1]	6.9%
Ordinary share price – mid market[2]	6.6%
MSCI Emerging Markets Net Total Return Index in Sterling terms	8.3%

As at 30 April 2015	
NAV per ordinary share	527.7p
Ordinary share price – mid market	471.3p
Net assets	£274.0m

[1] Measured against a closing NAV at 31 October 2014 of 493.5p

[2] Measured against a closing mid-market ordinary share price at 31 October 2014 of 442.3p

Cover image: Chinese park decorated with hand-made lanterns during Chinese New Year, Chengdu, Sichuan, China

Chairman's statement

On behalf of the Board, I am pleased to present the half-yearly financial report of Advance Developing Markets Fund Limited ("ADMF", the "Company" or the "Fund") for the period ended 30 April 2015.

Performance

For much of the period emerging markets performance was subdued, as sentiment towards the asset class remained weak. Currency weakness was again a major theme, particularly in those economies that rely on exports of energy and other natural resources, the prices of which remain well below their five year averages. Towards the end of the period however, the asset class witnessed an improvement in both performance and interest, with the Chinese market in particular rallying sharply.

The Company's NAV per share rose by 6.9%, below the return of the benchmark index, which rose by 8.3%. The Investment Manager explains in its report the reasons behind the underperformance. However, it is pleasing to note the Company's improved performance relative to its closest peers over the period.

Over the course of the period the Company's ordinary shares traded at an average discount to net asset value of 11.1%. This level of discount was broadly consistent with comparable funds investing in mainstream emerging market equities, evidencing lacklustre interest in the asset class.

Outlook

A year ago, I reported that the weakness being experienced in emerging markets at that time might present an attractive entry point for investors in emerging markets, and this has proved the case. Over the last year the asset class has delivered a gain of close to 20% in sterling terms. This reflects the first occasion in several years that emerging markets have kept pace with gains made in developed markets. Valuations in emerging markets are significantly lower than in their developed market counterparts and evidence to suggest that many investors remain less exposed than in the past gives reason to believe improved performance in emerging markets can continue.

The new management team at Advance Emerging Capital Limited are performing well in an environment that has proven challenging for the vast majority of active investors in emerging markets. I am confident that their continued diligent and active management of the Fund will deliver attractive returns for those who have demonstrated the resolve to persevere with the asset class.

Richard Bonsor
25 June 2015

Investment Manager's report

During the first half of its financial year the Company's net asset value per share and share price rose by 6.9% and 6.6% respectively. The MSCI Emerging Markets Net Total Return Index (the "Benchmark") in Sterling terms returned 8.3%.

In terms of performance attribution, asset allocation was a small negative with the underweight position in the strongly performing Chinese market the biggest contributory factor. Within fund selection, the overall results were marginally negative with strong performances from core holdings in India, Korea and Thailand offset by weaker performances from investments in Brazil, Russia, regional Asian funds and Africa. Discount movements detracted almost 0.3% from relative performance with discounts drifting wider across the majority of closed-ended investments.

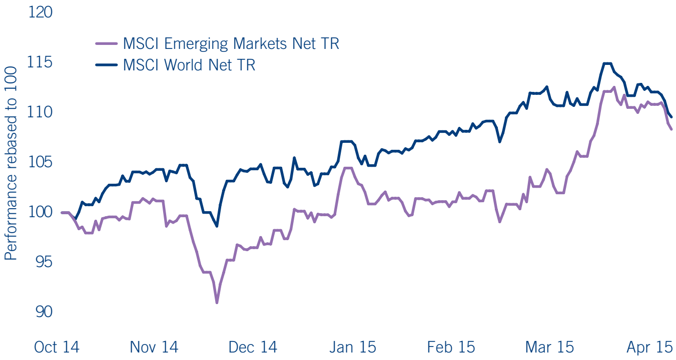
Performance attribution for the 6 months ended 30 April 2015

Fund selection	**(0.1%)**
Asia	0.6%
EMEA	(0.4%)
Latin America	(0.3%)
Asset allocation	**(0.4%)**
Asia	(0.6%)
EMEA	(0.2%)
Latin America	0.4%
Cash (direct and underlying)	(0.0%)
Discount narrowing	**(0.3%)**
Fees and expenses	**(0.6%)**
Relative net asset value performance	**(1.4%)**

Market environment

The first five months of the period saw the continuation of many of the themes that came to the forefront in the latter part of 2014. The trajectory of US monetary policy, the widespread impact of lower oil and commodity prices, a strong US dollar and an uncertain outlook for global growth all continued to drive markets' returns. However, from mid-March emerging markets rallied strongly following guidance from the Federal Reserve that any interest rate increases in the US would be gradual as well as the expectation of further stimulus in China.

Chart 1. Emerging and developed market performance during the half year to 30 April 2015



Source: Bloomberg. GBP returns for the period from 31 October 2014 to 30 April 2015

Individual market returns were widely dispersed during the period. Emerging Asia was the best performing region by some margin, delivering a return of 15.3%. China was the best performing market in the region, delivering a 35.1% gain as investors took encouragement from monetary policy easing and opening up of the securities markets. Cuts to both interest rates and reserve requirements, were indicative of the government's willingness to take decisive action to support growth. Increasing take-up of the Shanghai-Hong Kong Stock Connect program following its launch in November 2014 added to positive market sentiment in China. The Connect program allows investors in the Hong Kong and Shanghai markets to trade eligible shares in either market using their local brokers and trading accounts. It is likely that the program will be extended to include the Shenzhen market and that index providers will eventually include domestic Chinese equities in their emerging market benchmarks. Despite these structural developments some caution is merited over certain parts of the domestic equity market where valuations appear stretched.

The Taiwanese market performed well with the index returning 12.3% as its dominant electronics companies reported strong earnings. Korea added 10.2% with foreign investors steady net buyers during the period, taking comfort from the fact that earnings expectations for 2015 appear achievable. Dividend payout ratios look set to rise from very low levels in Korea and the market is inexpensive relative to the rest of Asia. The Indian market fell by 1.9% during the period which was not surprising given the strong gains enjoyed by investors since Prime Minister Modi's election victory in May 2014. The economy has strengthened, but companies now need to translate this into higher earnings to justify the premium rating relative to other markets, and the Indian market's historical average.

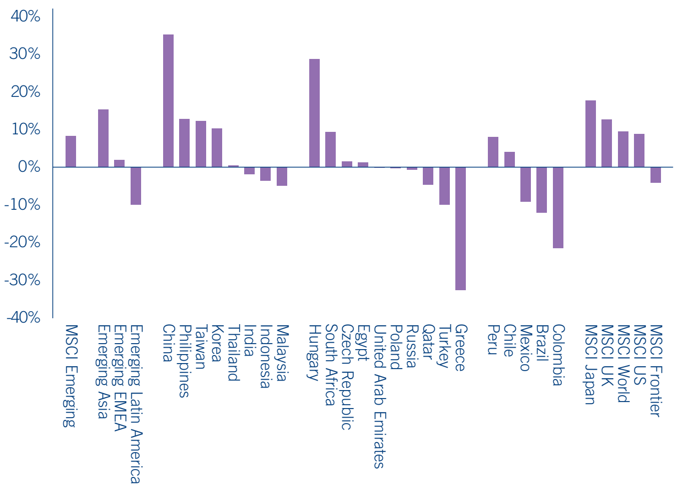
Latin America fared poorly and the regional index declined by 9.9% as its largest constituent market, Brazil, lost 12.0%. Brazil struggled during the period under the weight of a number of geopolitical and economic headwinds. The ongoing corruption scandal at oil company Petrobras continued to deepen, with allegations of embezzlement on a grand scale extending to the highest echelons of the political elite. The prosecution of high ranking government officials appears likely. More than one million people took to the streets in March to voice discontent with the leadership of President Rousseff, whose approval ratings have crashed to the lowest levels on record, at just 13%. At the same time, the Brazilian economy continues to look fragile, with a recession likely in 2015 and this, in turn, was reflected in the currency, which traded at a 12 year low in March. In contrast to many of its emerging market peers, the Banco Central do Brasil raised interest rates during the period in an effort to support the currency and dampen inflation, which is on the rise. Facing so many issues, it is not surprising that both the market and currency were marked down severely.

In Eastern Europe, Russia's return of -0.7% masked high volatility. At its lowest point in December the Russian market was down by over 40% from the start of the period. It then rallied sharply (aided by a strengthening currency) as tensions with Ukraine eased following the signing of a second agreement in Minsk in February. The new package, referred to as Minsk II, has thus far led to a reduction in violence. However, Russia still faces significant economic pressure and lacklustre international investor sentiment, reflected in continued capital outflows and a credit rating cut by Moody's which reduced the country's sovereign debt to "junk" status. The assassination of the opposition leader on a Moscow street in the shadow of the Kremlin did nothing to help the Putin regime's external image.

The South African market delivered a return of 9.3% despite a weakening currency, energy generation crisis and lower commodity prices. The market was helped by a 31.6% gain from Naspers Limited, the largest stock in the MSCI South Africa Index with a weight of 19.0% at period end, which benefitted from a 33.6% holding in Chinese internet giant Tencent which gained 35.8%. Despite being a beneficiary of low oil prices, Turkey fell 10.0% as the Turkish Lira depreciated by 13.3% against sterling, being negatively impacted by concerns over the independence of the central bank. At the time of writing recent election results in Turkey have raised concerns over the effective future management of the country as the incumbent AKP government failed to secure an absolute majority.

Greece endured a torrid time to end the period 32.5% lower. Anti-austerity party Syriza won the January elections and after fraught negotiations with its European creditors a four month extension of the current bailout was negotiated in March, buying the country time, but by no means averting the ongoing liquidity crisis.

Chart 2. Market performances during the half year to 30 April 2015



Source: Bloomberg. GBP returns for the period from 31 October 2014 to 30 April 2015

Portfolio

At the end of the period the portfolio consisted of 40 positions with the top 20 accounting for 78.8% of net assets. There were two major additions during the period. The first was Goldman Sachs India Equity Portfolio. Despite being part of the wider Goldman Sachs group, the Indian team operates very much like a boutique, which has strength and depth on the ground. The process aims to identify companies that offer long term fundamental value. The purchase was in-part funded by a sharp reduction in the Fund's holding in India Fund Inc, where the discontinuation of a semi-annual tender offer mechanism removed one of the attractions of holding its shares. We also took profits on the holding in Indian mid-cap specialist, India Capital Growth Fund.

Another significant new holding was Genesis Emerging Markets Fund Limited where shares were opportunistically purchased in early April on a discount exceeding 13%. The average discount over the twelve months prior to our purchase was 7.7%. A smaller position was also initiated in JPMorgan Asian Investment Trust PLC, a vehicle that we had been reluctant to buy historically but where recent management and investment process changes have led to improved performance. Qatar Investment Fund PLC was also added to the portfolio, with shares acquired on a wider than average discount of 18%. Qatar is a relatively recent addition to the MSCI Emerging Markets Index and offers high growth driven by large infrastructure spending and reasonable stock market valuations.

Within Eastern Europe, we trimmed JPMorgan Russian Securities PLC to counterbalance purchases of BlackRock Emerging Europe PLC. In China, we continued to add to the holding in Fidelity China Special Situations PLC where shares were acquired at an average discount to net asset value of 12.7% over the course of the period. We like the portfolio's exposure to smaller companies and its focus on "new economy" and consumer discretionary stocks. Having exited a substantial portion of our holding in Aberdeen Asian Smaller Companies Investment Trust PLC at close to net asset value in 2014, we began to rebuild the position in early 2015 as the discount widened back towards double-digits.

Exchange traded funds were used as a source of cash for the above purchases with the entire positions in the iShare Brazil and iShare Peru exited and that of the iShare MSCI Taiwan halved. Finally, on asset allocation grounds we added to the existing position in Turkish Investment Fund Inc and initiated a holding in a Turkish ETF.

The composition of the portfolio by fund structure as at 30 April 2015 was as follows:

	April 2015	October 2014
Closed ended investment funds	56.9%	56.9%
Open ended investment funds	41.0%	36.5%
Market access products	1.9%	5.9%
Cash and other net assets	0.2%	0.7%

The Fund's geographic allocation is shown on page 7. The period saw Asia's allocation increase by 4.6%, the result of a combination of purchases and the underlying strength of China, Taiwan and Korea. Conversely, Latin America accounted for just 12.0% of the portfolio at period end as a result of weak performance from both the Brazilian and Mexican markets and sales of exchange traded funds in Brazil and Peru.

Market outlook

We remain positive on the prospects for growth in emerging markets for the rest of 2015, but wary of the continued challenges presented by global factors. As reflected in ADMF's recent asset allocation changes, Asia looks set to remain the engine for emerging markets' premium growth, with acceleration in India and policy stimulus in China offsetting weaker growth elsewhere. The recent trend of outperformance in Asia has led to the region dominating the emerging markets index with over 68% now represented by Asia.

Latin America looks increasingly marginalised, but should not be ignored. Sentiment there is sufficiently negative that small surprises to the upside on the economic, political or corporate fronts will likely be greeted with a meaningful market rally. We are of the opinion that there will again come a moment when a contrarian stance will be warranted. For now though, ADMF remains underweight in the region compared with the Benchmark.

With developed European economies showing tentative signs of emerging from their torpor, and QE likely to assist further in this, peripheral emerging markets in this region may begin to perform better. We remain cautiously optimistic.

At a bottom up level, discounts have widened on many closed end funds to levels we find attractive. We would look to add to this portion of the portfolio at the expense of open ended positions as and when we find compelling opportunities. This will be done whilst ensuring that the portfolio continues to reflect concentrated positions in our best ideas, both geographically and by manager.

Advance Emerging Capital Limited

25 June 2015

Investments

At 30 April 2015 Company	Value (£'000)	% of net assets
Neuberger Berman – China Equity Fund	23,540	8.6%
Korea Fund Inc	17,851	6.5%
Coronation Top 20 South Africa Fund (Cayman Islands)	15,700	5.7%
Schroder AsiaPacific Fund PLC	14,584	5.3%
Edinburgh Dragon Trust PLC	13,721	5.0%
The China Fund Inc	13,261	4.8%
Weiss Korea Opportunity Fund Limited	12,906	4.7%
Fidelity China Special Situations PLC	11,155	4.1%
GBM Asset Management SICAV – Mexico Fund	9,732	3.6%
Goldman Sachs India Equity Portfolio	9,514	3.5%
Top ten holdings	**141,964**	**51.8%**
Taiwan Fund Inc	9,364	3.4%
Lazard Emerging World Fund – Retail	8,879	3.3%
JPMorgan Russian Securities PLC	8,508	3.1%
KIM Korea Navigator Fund	7,064	2.6%
Aberdeen Latin America Equity Fund Inc	7,058	2.6%
Genesis Emerging Markets Fund Limited	6,869	2.5%
Advance Brazil Leblon Equities Fund	6,787	2.5%
BlackRock Emerging Europe PLC	6,709	2.4%
BlackRock Latin American Investment Trust PLC	6,372	2.3%
Ton Poh Thailand Fund – Class C	6,295	2.3%
Next ten holdings	**73,905**	**27.0%**
Top twenty holdings	**215,869**	**78.8%**

At 30 April 2015 Company	Value (£'000)	% of net assets
Komodo Fund Class S	5,679	2.2%
JPMorgan Emerging Investment Trust PLC	5,670	2.1%
Korean Preferred Share Certificate	5,326	1.9%
Ashmore SICAV Middle East Equity Fund	5,270	1.9%
Verno Capital Growth Fund Limited	4,205	1.5%
Aberdeen Asian Smaller Companies Investment Trust PLC	4,130	1.5%
iShares MSCI Taiwan ETF	3,855	1.4%
The India Fund Inc	3,541	1.3%
Turkish Investment Fund Inc	3,128	1.1%
The Africa Emerging Markets Fund	2,718	1.0%
BlackRock World Mining Trust PLC	2,499	0.9%
JPMorgan Asian Investment Trust PLC	2,478	0.9%
India Capital Growth Fund Limited	1,969	0.7%
Baring Vostok Investments PCC Limited	1,954	0.7%
Qatar Investment Fund PLC	1,674	0.6%
Tarpon All Equities Cayman (Series B) L.P.	1,596	0.6%
iShares MSCI Turkey	1,417	0.5%
Other holdings	580	0.2%
Total holdings	**273,558**	**99.8%**
Cash and other net assets	448	0.2%
Total	**274,006**	**100.0%**

Asset allocation

At 30 April 2015 Country split	ADMF %	Benchmark %
Asia		
China	22.4%	25.1%
India	8.7%	6.5%
Indonesia	2.5%	2.3%
Korea	17.1%	14.9%
Malaysia	0.5%	3.4%
Philippines	0.7%	1.3%
Taiwan	7.4%	12.5%
Thailand	3.1%	2.2%
Singapore	1.8%	–
Other	0.8%	–
	65.0%	**68.2%**
EMEA		
Czech Rep	–	0.2%
Egypt	0.4%	0.2%
Greece	0.2%	0.3%
Hungary	0.1%	0.2%
Poland	0.2%	1.5%
Qatar	0.7%	0.8%
Russia	6.7%	4.0%
South Africa	6.3%	7.8%
Turkey	2.3%	1.4%
United Arab Emirates	0.7%	0.6%
Other	2.1%	–
	19.7%	**17.0%**

At 30 April 2015 Country split	ADMF %	Benchmark %
Latin America		
Brazil	5.6%	7.9%
Chile	0.2%	1.4%
Columbia	0.3%	0.7%
Mexico	5.4%	4.4%
Peru	0.3%	0.4%
Other	0.2%	–
	12.0%	**14.8%**
Non-specified	0.1%	–
Indirect cash	3.1%	–
Portfolio cash	0.1%	–
Total	**100.0%**	**100.0%**

The above analysis has been prepared on a portfolio look through basis.

Benchmark: MSCI Emerging Markets Net Total Return Index in Sterling terms

Interim management report

The Chairman's statement on page 1 and the Investment Manager's report on pages 2 to 4 provide details on the performance of the Company. Those reports also include an indication of the important events that have occurred during the first six months of the financial year ending 31 October 2015 and the impact of those events on the condensed unaudited financial statements included in this half-yearly financial report.

Details of investments held at the period end are provided on pages 5 and 6 and the asset allocation at the period end is shown on page 7.

Principal risks and uncertainties
The Board considers that the main risks and uncertainties faced by the Company fall into the categories of (i) general market risks associated with the Company's investments, (ii) developing markets, (iii) other portfolio specific risks and (iv) internal risks (corporate governance and internal control). A detailed explanation of these risks and uncertainties can be found in the Company's most recent Annual Report for the year ended 31 October 2014 (the "Annual Report"). The principal risks and uncertainties facing the Company remain unchanged from those disclosed in the Annual Report. The Chairman's statement and the Investment Manager's report contain market outlook sections.

Related party transactions
Full details of the investment management arrangements were provided in the Annual Report. There have been no changes to the related party transactions described in the Annual Report that could have a material effect on the financial position or performance of the Company. Amounts payable to the investment manager in the six months ended 30 April 2015 are detailed in note 8 of the notes to the condensed set of financial statements.

Signed on behalf of the Board of Directors on 25 June 2015

John Hawkins
Director

Independent review report to Advance Developing Markets Fund Limited

Introduction
We have been engaged by Advance Developing Markets Fund Limited (the "Company") to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 April 2015 which comprises the condensed unaudited statement of comprehensive income, the condensed unaudited statement of financial position, the condensed unaudited statement of changes in equity, the condensed unaudited statement of cash flow and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure and Transparency Rules (the "DTR") of the UK's Financial Conduct Authority (the "UK FCA"). Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities
The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 2, the annual financial statements of the Company are prepared in accordance with IFRSs. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 Interim Financial Reporting.

Our responsibility
Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 April 2015 is not prepared, in all material respects, in accordance with IAS 34 and the DTR of the UK FCA.

Steven D. Stormonth
For and on behalf of
KPMG Channel Islands Limited
Chartered Accountants and Recognised Auditors
Guernsey

25 June 2015

Responsibility statement of the directors in respect of the half-yearly financial report

We confirm that to the best of our knowledge:

• the condensed half-yearly financial statements have been prepared in accordance with International Accounting Standards 34 Interim Financial Reporting; and

• the half-yearly financial report provides a fair review of the information required by:

a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed half-yearly financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year ending 31 October 2015; and

b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Company during that period; and any changes in the related party transactions described in the last annual report that could materially affect the financial position or performance of the Company.

Signed on behalf of the Board of Directors on 25 June 2015

John Hawkins
Director

Condensed unaudited statement of comprehensive income

	Notes	6 months to 30 April 2015 Revenue £'000	6 months to 30 April 2015 Capital £'000	6 months to 30 April 2015 Total £'000	*6 months to 30 April 2014 Revenue £'000*	*6 months to 30 April 2014 2014 Capital £'000*	*6 months to 30 April 2014 2014 Total £'000*
Gains/(losses) on investments designated as fair value through profit or loss		–	17,769	17,769	*–*	*(23,746)*	*(23,746)*
Capital gains/(losses) on currency movements		–	11	11	*–*	*(37)*	*(37)*
Net investment gains/(losses)		**–**	**17,780**	**17,780**	***–***	***(23,783)***	***(23,783)***
Investment income		1,718	–	1,718	*1,787*	*–*	*1,787*
Total income		**1,718**	**17,780**	**19,498**	***1,787***	***(23,783)***	***(21,996)***
Investment management fees		(1,190)	–	(1,190)	*(1,196)*	*–*	*(1,196)*
Other expenses		(350)	–	(350)	*(301)*	*–*	*(301)*
Operating profit/(loss) before finance costs and taxation		**178**	**17,780**	**17,958**	***290***	***(23,783)***	***(23,493)***
Finance costs		(21)	–	(21)	*(17)*	*–*	*(17)*
Operating profit/(loss) before taxation		**157**	**17,780**	**17,937**	***273***	***(23,783)***	***(23,510)***
Withholding tax expense		(175)	–	(175)	*(200)*	*–*	*(200)*
Total comprehensive income for the period		**(18)**	**17,780**	**17,762**	***73***	***(23,783)***	***(23,710)***
Basic and diluted earnings per ordinary share	6	(0.04)p	34.24p	34.20p	*0.12p*	*(40.22)p*	*(40.10)p*

The Company does not have any income or expenses that are not included in the profit/(loss) for the period and therefore the "profit/(loss) for the period" is also the "Total comprehensive income for the period", as defined in International Accounting Standards 1 (revised).

The "Total" column of this statement represents the Company's Statement of Comprehensive Income, prepared under IAS 34. The "Revenue" and "Capital" columns, including the revenue and capital earnings per share, are supplementary information prepared under guidance published by the Association of Investment Companies.

All items in the above statement derive from continuing operations. No operations were acquired or discontinued during the period.

The notes on pages 15 to 18 form an integral part of these financial statements.

Condensed unaudited statement of financial position

	Notes	At 30 April 2015 £'000	*At 30 April 2014 £'000*	*At 31 October 2014 £'000*
Non-current assets				
Investments designated as fair value through profit or loss		**273,558**	***250,958***	***254,386***
Current assets				
Cash and cash equivalents		314	*12,900*	*2,018*
Other receivables		407	*174*	*148*
		721	***13,074***	***2,166***
Total assets		**274,279**	***264,032***	***256,552***
Current liabilities				
Other payables		273	*266*	*308*
Purchases for future settlement		–	*374*	*–*
Total liabilities		**273**	***640***	***308***
Net assets		**274,006**	***263,392***	***256,244***
Equity				
Share capital		187,725	*215,220*	*187,725*
Capital reserve		91,787	*52,925*	*74,007*
Revenue reserve		(5,506)	*(4,753)*	*(5,488)*
Total equity		**274,006**	***263,392***	***256,244***
Net asset value per ordinary share	7	527.68p	*456.52p*	*493.48p*
Number of ordinary shares in issue (excluding treasury shares)	5	51,926,229	*57,695,696*	*51,926,229*

The notes on pages 15 to 18 form an integral part of these financial statements.

Approved by the Board of directors and authorised for issue on 25 June 2015 and signed on their behalf by:

John Hawkins

Condensed unaudited statement of changes in equity

6 months to 30 April 2015	Share capital £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Opening equity	187,725	74,007	(5,488)	256,244
Tender offer	–	–	–	–
Other share buy backs	–	–	–	–
Increase/(decrease) in equity	–	17,780	(18)	17,762
Closing equity	**187,725**	**91,787**	**(5,506)**	**274,006**

6 months to 30 April 2014	*Share capital £'000*	*Capital reserve £'000*	*Revenue reserve £'000*	*Total £'000*
Opening equity	*245,381*	*76,708*	*(4,826)*	*317,263*
Tender offer	*(30,082)*	–	–	*(30,082)*
Other share buy backs	*(79)*	–	–	*(79)*
Increase/(decrease) in equity	–	*(23,783)*	*73*	*(23,710)*
Closing equity	***215,220***	***52,925***	***(4,753)***	***263,392***

Year ended 31 October 2014	*Share capital £'000*	*Capital reserve £'000*	*Revenue reserve £'000*	*Total £'000*
Opening equity	*245,381*	*76,708*	*(4,826)*	*317,263*
Tender offer	*(57,576)*	–	–	*(57,576)*
Other share buy backs	*(80)*	–	–	*(80)*
Decrease in equity	–	*(2,701)*	*(662)*	*(3,363)*
Closing equity	***187,725***	***74,007***	***(5,488)***	***256,244***

The notes on pages 15 to 18 form an integral part of these financial statements.

Condensed unaudited statement of cash flow

	6 months to 30 April 2015 £'000	*6 months to 30 April 2014 £'000*
Cash flows from operating activities		
Cash inflow from investment income and bank interest	1,381	*1,645*
Cash outflow from management expenses	(1,501)	*(1,398)*
Cash inflow from disposal of investments	47,027	*73,264*
Cash outflow from purchase of investments	(48,433)	*(35,613)*
Cash outflow from taxation	(175)	*(200)*
Net cash flow from operating activities	**(1,701)**	***37,698***
Cash flows from financing activities		
Overdraft arrangement fee and interest charges	(21)	*(17)*
Tender offer	–	*(30,082)*
Other share buy backs	–	*(79)*
Net cash used in financing activities	**(21)**	***(30,178)***
Net (decrease)/increase in cash and cash equivalents	**(1,722)**	***7,520***
Opening balance	2,018	*5,413*
Cash flow	(1,722)	*7,520*
Effect of foreign exchange transactions	18	*(33)*
Balance at 30 April	**314**	***12,900***

The notes on pages 15 to 18 form an integral part of these financial statements.

Notes to the financial statements

1 Reporting entity

Advance Developing Markets Fund Limited (the "Company") is a closed-ended investment company, registered in Guernsey on 16 September 2009. The Company's registered office is 11 New Street, St Peter Port, Guernsey GY1 2PF. The Company's Shares have a premium listing on the London Stock Exchange and commenced trading on 10 November 2009. The condensed interim financial statements of the Company are presented for the six months to 30 April 2015.

The Company invests in a portfolio of funds and products which give diversified exposure to developing and emerging markets economies with the objective of achieving consistent returns for Shareholders in excess of the MSCI Emerging Markets Net Total Return Index in Sterling terms.

The investment activities of the Company are managed by Advance Emerging Capital Limited.

2 Basis of preparation

Statement of compliance

The interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and the Disclosure and Transparency Rules ("DTRs") of the UK's Financial Conduct Authority. They do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements of the Company as at and for the year ended 31 October 2014. The financial statements of the Company as at and for the year ended 31 October 2014 were prepared in accordance with International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board ("IASB"). The auditor's report on those financial statements was not qualified. The accounting policies used by the Company are the same as those applied by the Company in its financial statements as at and for the year ended 31 October 2014.

When presentational guidance set out in the Statement of Recommended Practice ("SORP") for Investment Companies issued by the Association of Investment Companies ("AIC") in January 2009 is consistent with the requirements of IFRS, the directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

The "Total" column of the Condensed Unaudited Statement of Comprehensive Income is the profit and loss account of the Company. The "Capital" and "Revenue" columns provide supplementary information.

This report will be sent to shareholders and copies will be made available to the public at the registered office of the Company. It will also be made available in electronic form on the Investment Manager's website, www.advance-emerging.com

Going concern

The directors have adopted the going concern basis in preparing the financial statements.

The directors have a reasonable expectation that the Company has adequate operational resources to continue in operational existence for at least twelve months from the date of approval of this document.

The directors are satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements, and after due consideration, the directors consider that the Company is able to continue for the foreseeable future.

Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

New accounting standards effective and adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2014.

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27 (2012)) (the amendments)
The amendments are effective for annual periods beginning on or after 1 January 2014. The directors have concluded that the Company meets the definition of an investment entity. The Company has no subsidiaries; therefore, the adoption of the amendments does not have an impact on the Company's financial statements.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)
The amendments to IAS 32 are effective for annual periods beginning on or after 1 January 2014. The amendment updates the application guidance in IAS 32, "Financial Instruments: Presentation", to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The adoption of the amendments to IAS 32 does not have a material impact on the financial statements of the Company.

3 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. These investments are recognised on the trade date of their acquisition at which the Company becomes a party to the contractual provisions of the instrument. At this time, the best evidence of the fair value of the financial assets is the transaction price. Transaction costs that are directly attributable to the acquisition or issue of the financial assets are charged to the Statement of Comprehensive Income as a capital item. Subsequent to initial recognition, investments designated as fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statement of Comprehensive Income and determined by reference to:

i) investments quoted or dealt on recognised stock exchanges in an active market are valued by reference to their market bid prices;

ii) investments other than those in i) above which are dealt on a trading facility in an active market are valued by reference to broker bid price quotations, if available, for those investments;

iii) investments in underlying funds, which are not quoted or dealt on a recognised stock exchange or other trading facility or in an active market, are valued at the net asset values provided by such entities or their administrators. These values may be unaudited or may themselves be estimates and may not be produced in a timely manner. If such information is not provided, or is insufficiently timely, the Investment Manager uses appropriate valuation techniques to estimate the value of investments. In determining fair value of such investments, the Investment Manager takes into consideration the relevant issues, which may include the impact of suspension, redemptions, liquidation proceedings and other significant factors. Any such valuations are assessed and approved by the Directors. The estimates may differ from actual realisable values;

iv) investments which are in liquidation are valued at the estimate of their remaining realisable value; and

v) any other investments are valued at Directors' best estimate of fair value.

Investments are derecognised on the trade date of their disposal, which is the point where the Company transfers substantially all the risks and rewards of the ownership of the financial asset. Gains or losses are recognised in the "Capital" column of the Statement of Comprehensive Income. The Company uses the weighted average cost method to determine realised gains and losses on disposal of investment.

4 Operating segments

As disclosed in the Annual Report for the year ended 31 October 2014, the Company has adopted IFRS 8, "Operating segments". There has been no change in the basis adopted since the year end. This standard 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 investing in a portfolio of funds and products which give exposure to developing and emerging market economies. The key measure of performance used by the Board is the Net Asset Value of the Company (which is calculated under IFRS). Therefore no reconciliation is required between the measure of profit or loss used by the Board and that contained in the financial statements.

The Company has a diversified portfolio of investments and, as disclosed in the Investments table on pages 5 and 6, no single investment accounts for more than 8.6% of the Company's net assets. The Investment Manager aims to identify funds which it considers are likely to deliver consistent capital growth over the longer term. Investment income is not a focus of the investment policy and regular income from investments is not anticipated.

5 Share capital

	Voting shares	Shares held in treasury	Total shares in issue
Ordinary shares of 1p nominal value			
As at 31 October 2014	*51,926,229*	*2,692,278*	*54,618,507*
As at 30 April 2015	**51,926,229**	**2,692,278**	**54,618,507**

At 30 April 2015 there were two shareholders who had each notified the Company that they held more than 10% of the issued share capital. Their holdings were as follows:

	Holding	%
City of London Investment Management Company Limited	14,568,321	28.06
Lazard Asset Management LLC	12,555,616	24.18

As at 30 April 2015 the Company had 357 registered shareholders.

6 Earnings per share
Earnings per share is based on the total comprehensive income for the period of £17,762,000 (2014: loss of £23,710,000) attributable to the weighted average of 51,926,229 ordinary shares in issue in the six months to 30 April 2015 (2014: 59,125,864).

7 Net asset value per share
Net asset value per ordinary share is based on net assets of £274,006,000 (30 April 2014: £263,392,000) divided by 51,926,229 (30 April 2014: 57,695,696) ordinary shares in issue (excluding treasury shares) at the period end.

8 Related party disclosures
Fees payable to the Investment Manager are shown in the Condensed Unaudited Statement of Comprehensive Income. No performance fee accrual has been made (2014: £nil).

At 30 April 2015, investment management fees of £207,669 (2014: £194,750) were accrued in the condensed unaudited Statement of Financial Position. Total investment management fees for the period were £1,189,591 (2014: £1,196,381).

As at 30 April 2015, the Company held an investment with a valuation of £6,787,000 (2014: £8,943,000) in Advance Brazil Leblon Equities Fund, a fund established by Advance Emerging Capital Limited ("AECL") to invest in domestic growth opportunities within Brazil. Leblon Equities Gestao de Recursos, a locally based investment manager with a highly experienced team, has been appointed as sub investment manager to run the portfolio on a day-to-day basis. The launch of this fund was a means to circumvent the lack of closed end product or appropriately structured open-ended vehicles in this market. The Company's shareholders benefit from significantly reduced management and performance fees on the investment and no double fees are charged by AECL.

9 Dividend
The directors do not recommend an interim dividend. As the Company's investment objective is based on capital appreciation and it expects to re-invest realised returns from investments that are consistent with its investment strategy, the directors do not presently intend to make dividend distributions to shareholders.

10 Bank overdraft facility
The Company has an overdraft credit facility with Northern Trust (Guernsey) Limited. The facility is an uncommitted facility and is repayable on demand. The maximum amount that may be drawn down under the facility is £10 million and any amounts drawn down must be repaid within 90 days of the making of a drawing under the facility. No amount was drawn down from the facility at 30 April 2015 (30 April 2014: £nil).

11 Classification of financial instruments
The Company complies with IFRS 13. The Company's financial assets and liabilities 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:

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

Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);

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

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 assumptions 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 classification of the Company's investments held at fair value as at 30 April 2015 is detailed in the table below:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments designated as fair value through profit and loss				
– Quoted	193,672	–	–	193,672
– Unquoted	–	78,290	1,596	79,886
	193,672	**78,290**	**1,596**	**273,558**

The classification of the Company's investments held at fair value as at 30 April 2014 is detailed in the table below:

	Level 1 £'000	*Level 2 £'000*	*Level 3 £'000*	*Total £'000*
Investments designated as fair value through profit and loss				
– Quoted	*211,524*	–	–	*211,524*
– Unquoted	–	*37,950*	*1,484*	*39,434*
	211,524	***37,950***	***1,484***	***250,958***

Investments, whose values are based on quoted market prices in active markets, and therefore classified within level 1, include listed equities in active markets. 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 investments funds. The underlying net asset values of the open ended funds included under level 2 are prepared using industry accepted standards and the funds have a history of accepting and redeeming funds on a regular basis at net asset value. The net asset values of regularly traded open ended funds are considered to be reasonable estimates of the fair values of those investments and such investments are therefore classified within level 2 if they do not meet the criteria for inclusion in level 1.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. The level 3 figure consists of private equity investments held in a side pocket of Tarpon All Equities Cayman (Series B) L.P. and the Company's residual holdings in Impax Asian Environmental Markets PLC and Renaissance Russia Infrastructure Equities Limited, companies which are in liquidation. These are stated at fair value which is estimated in good faith by the Directors following consultation with the Investment Manager with a view to establishing the probable realisable value of these investments. The fair value of Tarpon All Equities Cayman (Series B) L.P. has been based on an unadjusted net asset value provided by the administrator of that fund.

The movement on the level 3 classified investments is shown below:

	6 months to 30 April 2015 £'000	*6 months to 30 April 2014 £'000*
Opening balance	1,741	*1,805*
Additions during the period	–	–
Disposals during the period	–	–
Valuation adjustments	(145)	*(321)*
Closing balance	**1,596**	***1,484***
Total gains and losses for the period included in profit or loss relating to assets held at the end of the period	(145)	*(321)*

12 Financial instruments – risk profile

The principal risks relating to financial instruments held by the Company remain the same as at the Company's last financial year end.

13 Contingent assets

The Company was established to act as a successor vehicle to Advance Developing Markets Trust plc ("ADMT"), a UK registered investment trust, and to pursue a similar investment objective and policy to ADMT.

In November 2009, shareholders of ADMT approved a winding-up and scheme of reconstruction under section 110 of the UK Insolvency Act 1986 and holders of ADMT shares received shares in the Company on a one for one basis and all the assets of ADMT became transferable to the Company. The assets of ADMT were transferred to the Company on 10 November 2009, save for amounts reserved by the liquidator in a liquidation fund to cover expenses and potential tax liabilities. In addition, ADMT entered into litigation to pursue a claim for restitution against HM Revenue & Customs to recover amounts of irrecoverable VAT suffered by ADMT on investment management fees which had not previously been recovered and an element of interest thereon. It is possible that the Company will receive a further final distribution from the liquidation of ADMT once the VAT case has been concluded and its tax affairs closed. The aggregate maximum distribution from the liquidation fund and a successful claim in the VAT case is currently estimated to be £1.8 million. However, there is significant uncertainty at the present time as to the actual amount, if any, and the distribution could be several years away. Therefore, no amount has been recognised in these accounts in respect of this asset as at 30 April 2015.

14 Post balance sheet events

There are no post balance sheet events other than as disclosed in this Half-yearly Financial Report.

15 Non-mainstream pooled investments ("NMPIs")

The Company currently conducts its affairs so that the shares issued by the Company can be recommended by Independent Financial Advisers to ordinary retail investors in accordance with the Financial Conduct Authority's rules in relation to NMPIs and intends to continue to do so for the foreseeable future.

Directors, Investment Manager and advisers

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M R Hadsley-Chaplin
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T F Mahony

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