Advance Developing Markets Fund Limited
Half-yearly report 2013

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 2013	
Net Asset Value ("NAV") per share[1]	+12.0%
Ordinary share price – mid market[2]	+12.3%
MSCI Emerging Markets Net Total Return Index in Sterling terms	+9.3%

As at 30 April 2013	
NAV per ordinary share	522.52p
Ordinary share price – mid market	472.00p
Net assets	£335.2m

[1] Measured against a closing NAV at 31 October 2012 of 466.4p

[2] Measured against a closing mid-market ordinary share price at 31 October 2012 of 420.3p

Cover image: Chedi guard in Wat Phra Kaeo temple in Bangkok.

Chairman's statement

On behalf of the Board, I am pleased to present the Half-yearly Report of Advance Developing Markets Fund Limited (the "Company" or the "Fund" or "ADMF") for the period ended 30 April 2013.

Performance
The first six months of the Company's financial year saw continued strength in global equities, including those in emerging markets. Shareholders enjoyed a 12.0% rise in the Company's net asset value and a 12.3% rise in share price. Both measures of return were comfortably ahead of the 9.3% rise in the benchmark (MSCI Emerging Markets Net Total Return Index in Sterling terms). The Investment Manager discusses at length in the Investment Manager's Report the sources of the relative outperformance. The Board is pleased to note the strong investment performance of the Company during the period.

Continuation vote, tender offer and conditional tender offers
The period saw a material number of corporate developments, which are worth summarising.

On 20 December 2012 the Board announced it had undertaken a broad shareholder consultation exercise and appointed Mercer, an independent investment consultant, to review the Company's investment management process and performance.

Based on the results of this review and discussions with shareholders the Board was pleased to announce that it believed the continuation of the Company and the continuing appointment of the Investment Manager were in the interests of shareholders as a whole.

The Board recommended that shareholders vote in favour of the continuation resolution proposed at the Company's Annual General Meeting which took place on 15 March 2013. At the same time, the Board also put forward proposals for a tender offer for up to 15% of the ordinary shares ("Shares") in issue and a further two conditional tender offers for up to 10% of the Shares in issue at six monthly intervals ending 31 October 2013 and 30 April 2014. ADMF will conduct two further conditional tender offers for up to 10% of the ordinary shares in issue at a 1% discount to NAV less costs if either; the Shares trade at an average discount of more than 10%, or the Company's NAV performance is behind that of the benchmark index during the six month periods ending 31 October 2013 and 30 April 2014.

The Board was and remains of the belief that the proposals put forward struck a fair balance between those shareholders who wished to realise part of their investment in the Company at close to net asset value and those who wished to maintain their investment in the Company.

On 15 March 2013 ADMF announced the results of its AGM, EGM and Tender Offer. All resolutions, including the Continuation Resolution, were passed.

The Tender Offer was successfully completed with tendering shareholders having their 15% basic entitlement accepted in full.

Alternative Investment Fund Managers Directive (AIFMD)
The Board is currently evaluating the implications of the AIFMD on the Company and will make a decision in the coming months on the most appropriate course of action.

Outlook
In an environment of continued record low interest rates and recovering risk appetite, emerging market equities remain an attractive long term place to invest.

Your Investment Manager has worked hard over the last year to concentrate the Company's portfolio into its very best ideas and we believe that their investment approach can continue to deliver outperformance over the benchmark.

Richard Bonsor
20 June 2013

Investment Manager's report

Performance review

The period under review was a strong one for the Company, with the net asset value and share price rising by 12.0% and 12.3% respectively over the period. The benchmark MSCI Emerging Markets Net Total Return Index in Sterling terms rose by 9.3%.

At a fund level, outperformance was generated predominantly from manager selection and discount narrowing, as can be seen from the table below. Manager selection was particularly strong in the Fund's core holdings in China and Brazil. The discount contribution came from a combination of general discount narrowing and corporate activity, which is discussed in more depth in the Portfolio section of this report.

The positive contribution from discount narrowing came predominantly from the reconstruction of Henderson Asian Growth Trust.

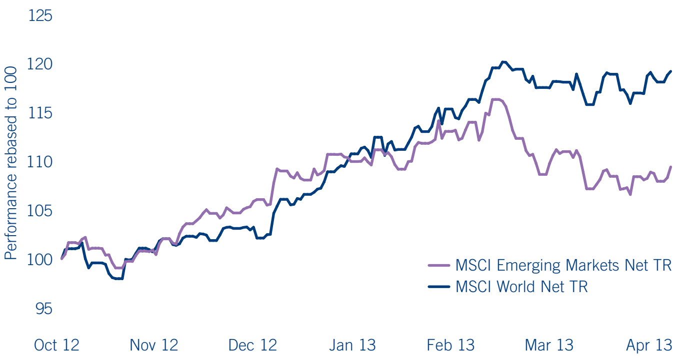
Performance attribution for the 6 months ended 30 April 2013

Fund selection	**2.2%**
Open ended	1.9%
Closed ended	0.4%
Other	(0.1%)
Asset allocation	**0.3%**
Asia	0.2%
EMEA	0.2%
Latin America	0.2%
Cash (direct and underlying)	(0.3%)
Discount narrowing	**0.8%**
Fees and expenses	**(0.5%)**
Relative net asset value performance	**2.7%**

Market environment

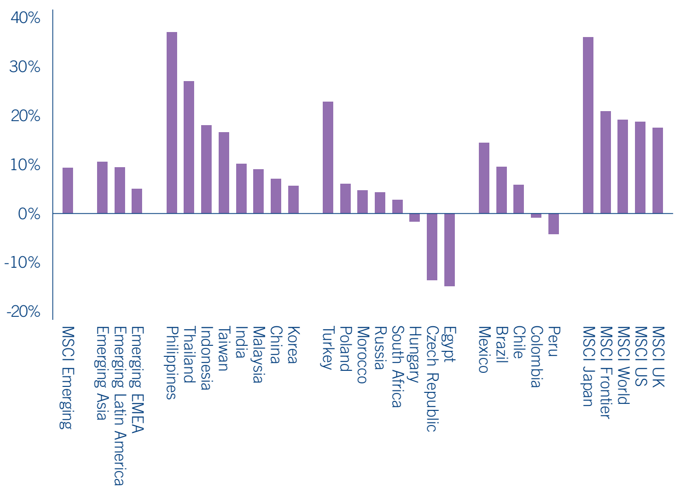
As can be seen in the chart below the rise in emerging markets was, whilst significant, behind that of global equities, with sharp relative underperformance being suffered by emerging markets in the first 4 months of 2013. This underperformance was driven by a combination of aggressive downward revisions to analyst estimates of forecast emerging market earnings for 2013 combined with strong demand for equities in markets like Japan and the US as the outlook for those economies improved and monetary policy remained loose. This short term underperformance is discussed in more detail in the Market Outlook section.

Performance of emerging markets compared with global equities



Within emerging markets the smaller benchmark constituents were, once again, the strongest performing, with the Philippines (+37.0%), Thailand (27.0%), Indonesia (+18.0%) and Turkey (+22.8%) the strongest performers. The larger markets of China (+7.1%), Russia (+4.3%), Korea (+5.7%) and South Africa (+2.8%) delivered modest returns by comparison.

GBP returns for the 6 months ended 30 April 2013



Source: Bloomberg.

Portfolio
At the end of the period ADMF held 41 positions with the top 20 accounting for over three quarters of the portfolio. The composition of the portfolio by fund structure as at 30 April 2013 was as follows:

	April 2013	*October 2012*
Closed ended investment funds	54.9%	*55.6%*
Open ended investment funds	39.7%	*40.7%*
Market access products (e.g. ETFs)	2.9%	*3.4%*
Cash and other net assets	2.5%	*0.3%*

The Fund's geographic allocation is shown on page 8. Major changes during the period included a reduction in exposure to Brazil through a handful of realisations which are outlined below. Brazil has been a frustrating market for us over the last 3 years. Whilst ADMF's investee managers there have performed exceptionally well, the market in general has failed to live up to its potential. A volatile currency and large weighting to energy and commodities in the market (sectors which contribute a small part of Brazilian GDP) have weighed on returns for overseas investors. With stock valuations outside the natural resources sector now on the high side, we elected to reduce our exposure to a neutral weighting. We have a strong suite of local managers to whom we can allocate should the prospects for the market improve.

The reduced exposure to Asia was largely driven by corporate activity and a redemption of Mirae Korea Equity rather than any specific view on the relative merits of the region. The underweight position in the region continues to stem almost entirely from a very low weighting to Taiwan, where we see no standout reasons to own the market based on our selection criteria of quality, value, growth and change.

In Eastern Europe the significant overweight to the Russian market was allowed to decline as holdings in that market were either reconstructed (Renaissance Russia Infrastructure Fund) or sold (Baring Vostok) and the proceeds invested elsewhere.

Highlights of activity and performance relating to major holdings are as detailed below:

Henderson Asia Growth Trust (5.6% of net asset value ("NAV") as of 28 February 2013)
Following a strategic review conducted in the second half of 2012 the board of Henderson Asian Growth Trust (HAGT) announced proposals in December 2012 for a change in investment manager to Schroder Investment Management, amendments to the company's investment policy, the introduction of a 9% discount control target, three yearly continuation votes and a tender offer for up to 50% of shares in issue at net asset value less costs. The necessary resolutions were passed at a general meeting held in March and the tender offer was conducted shortly thereafter. ADMF was able to exit 94.3% of its holding. The small remaining holding was sold shortly thereafter. The discount to net asset value at the beginning of the period was 9.7%.

Tarpon All Equities Fund (4.6% of NAV as at 31 March 2013)
ADMF first invested in this open ended, Brazil-focused fund in November 2008, with a follow on investment made in March 2009 in the wake of the global financial crisis. From the time of the initial investment to our exit at the end of March the headline NAV of the fund gained 240.5% (33.4% annualised). This reflects substantial outperformance of the MSCI Brazil Net TR Index which gained 93.9% (16.8% annualised) over the same period. The outperformance was generated by aggressive stock selection focused on small and mid cap domestic growth companies combined with a number of successful private equity deals. ADMF retains its 0.8% exposure to side pockets in Tarpon All Equities Fund which represent private equity investments that have yet to be realised.

BlackRock Latin American Investment Trust (5.6% of NAV)
The opportunity was taken during the period to sell the Company's holding in the convertible unsecured loan stock of this fund on valuation and liquidity grounds. The trust also conducted a tender offer in January 2013 for 5% of its outstanding ordinary shares at a 2% discount to the prevailing net asset value. ADMF was able to exit 12.3% of its holding in total through the tender offer. In April the fund paid a dividend representing close to 3% of the current share price. At the time of writing, the discount to the cum income net asset value was 11.6%. The measures adopted by Eastern European Trust, which is also managed by BlackRock (see below), would, we believe, also be appropriate for BlackRock Latin American Investment Trust. We have made this view clear to the trust's board of directors. Performance during the period was solid, with the net asset value rising by 8.8%.

Neuberger Berman China Equity Fund (4.7% of NAV)
The fund enjoyed a strong period of relative performance with a rise in its unit price of +13.5% compared to +7.0% from the MSCI China Net TR Index, aided by strong stock selection and a recently introduced exposure to domestically traded Chinese "A" shares.

Aberdeen Latin American Equity Fund (4.4% of NAV)
Aberdeen's bias to quality companies with a domestic focus and an underweight position in natural resource companies continued to serve it well during the period. The fund's net asset value rose by 16.9% whilst its share price rose by 16.6%. The fund paid out a distribution of capital and income in December equating to over 4% of the prevailing market capitalisation. The discount to net asset value remains around 10% which, in our opinion, does not adequately reflect this very strong performance.

Templeton Emerging Markets Investment Trust (4.3% of NAV)
The position in Templeton's flagship emerging market investment trust was increased during the period on account of an attractive discount to net asset value. Shares were acquired at discounts ranging from 8-10%, a level we feel is attractive given the trust's good long term performance, concentrated portfolio and ready liquidity. We anticipate selling at narrower levels of discount when demand for the shares increases.

Atlantis China Fund plc (4.2% of NAV)
After a sustained period of underperformance the fund began to recover some of its lost ground, with a return of +12.0% over the period comfortably ahead of the +7.0% return from the Chinese benchmark. Performance was helped by the fund's long established overweight position in the healthcare sector.

Schroder Asia Pacific Fund plc (3.7% of NAV)
The expiry of Schroder Asia Pacific Fund's subscription shares at the end of 2012 provided an opportunity for ADMF to acquire a meaningful stake on a discount to net asset value of 11.0%. This UK listed investment trust is managed by an experienced Asian investor who draws on the resources of Schroders' significant Asian equity research capability. We continued to add to the position throughout the rest of the period.

Ton Poh Thailand Fund (3.2% of NAV)
The fund continued its exceptionally strong performance with a rise in its unit price of 41.4% during the period far exceeding the 27.0% return from the Thai benchmark, driven by strong returns from its key holdings in the telecommunications and real estate sectors.

Eastern European Trust (2.0% of NAV)
Eastern European Trust ("EST") concluded in January its regular semi-annual tender offer for 7.5% of outstanding shares at a 1% discount to formula asset value (3.5% to cum income, diluted NAV). Its share price was trading at a discount of 13.5% at that time. We were able to exit 11.5% of ADMF's holding through the tender. The Board of the fund announced early in April they would be seeking a revised investment policy and providing liquidity at net asset value less costs after 5 years. There will also be a "performance triggered tender offer" for up to 25% of the shares in issue after 3 years if the fund is more than 3% behind its benchmark. The opportunity was taken to increase the Company's holding in EST as a result of this announcement, given the scope for an exit at net asset value in the future and improved performance under the revised investment policy.

Coupland Cardiff Asian Evolution (2.1% of NAV)
In December, a position was initiated in Coupland Cardiff Asian Evolution, an open ended fund focussed on the Asian consumer sector managed by ex-Arisaig Head of Research, who is based in Singapore. The fund is highly concentrated, long only and benchmark agnostic. Consumer oriented stocks are under-represented in MSCI Asia ex-Japan at only 15% of the Index, compared with almost 30% in the United States, and in a region of dense populations and high growth, disposable incomes are increasing rapidly. We believe the long term outlook for selected companies in this sector remains attractive.

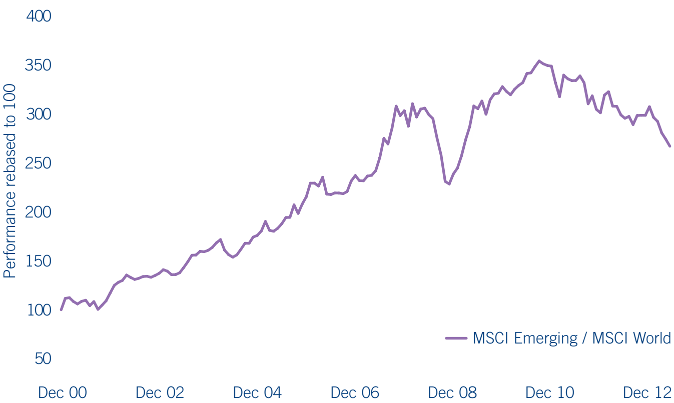
Impax Asian Environmental Markets (1.7% of NAV)
In April 2013 the board of Impax Asian announced that it was considering proposals to put to shareholders regarding the future of the company. In early May it was announced that the company would be liquidated with the offer of a cash exit or a rollover into another vehicle. The discount to net asset value was 14.7% at the beginning of the period and finished the period at 8.8%, helping to generate a 33% share price return over the period, some 22% ahead of the Asian component of ADMF's own benchmark. The position was originally acquired in January 2012 at a discount to net asset value in excess of 20%.

Blackrock World Mining Trust (1.0% of NAV)
Despite strong management and an excellent long term track record, the fund suffered as a result of extreme weakness in its area of focus. The share price declined by 12.2%, making it by far our most disappointing investment during the period. The discount to net asset value narrowed from 12% to 8%, partially offsetting the NAV decline. The holding is now under review.

Market outlook

Following a stellar recovery in the two years immediately following the global financial crisis, returns from emerging markets have, in aggregate, disappointed over the last 3 years. Over that period, the MSCI Emerging index has returned just 7.8% in Sterling terms whilst the MSCI World has returned 29.4%, driven predominantly by a close to 40% return from that index's US component. This represents one of the worst periods of relative performance from emerging markets in over a decade and something of a conundrum given the sharp spike in risk appetite over the same period.

Performance of emerging index over the last twelve years



Source: Bloomberg

As has been discussed in our quarterly newsletters, a recovery in earnings growth in emerging markets is the most likely catalyst for a turnaround, helped by the efforts of emerging central banks to stimulate their own economies.

Valuations are attractive after this period of relative weakness, with emerging equities trading, in aggregate, at a 30% discount to the rest of the world on a price to earnings basis and a 20% discount on a price to book basis [Source: MSCI/Bloomberg 30 April 2013]. Such levels of discount have historically been followed by periods of relative outperformance. A higher dividend yield continues to reflect the general health of emerging market companies.

The universe of funds in emerging markets is in a significantly more upbeat mood than the rest of the world it appears. Premiums to net asset value have emerged for those closed end funds with a supportive shareholder base, good management and investing in the best performing markets, sectors or themes. Issuance, whilst modest, is occurring for the first time in many years, both through new launches and tap issues. This is unquestionably beneficial for the sector in providing investors with more choice and better liquidity.

In the open ended universe, we see an increasing number of managers closing to new clients and front end charges being introduced by some of the bigger houses. Historically, demand for exposure at any price has been a prelude to corrections, just as excessive discounts after crises have presented attractive buying opportunities.

At both a market and fund level, we continue to avoid those areas where future growth or performance is already priced in, preferring instead to be exposed to surprises on the upside. Whilst such an approach may prove wrong in the short term, we still believe it is the most prudent way to invest in emerging markets for the long term.

At a portfolio level, the strong relative performance of many of ADMF's managers during the first quarter of 2013 is encouraging and should serve as a reminder to investors that our approach can outperform meaningfully. With the tender offer and continuation vote now complete, a concentrated portfolio, and stable market conditions, we hope to continue adding value for our clients throughout the rest of 2013 and beyond.

Advance Emerging Capital Limited

20 June 2013

Investments

At 30 April 2013 Company	Value (£'000)	% of net assets
Blackrock Latin American Investment Trust	18,867	5.7%
Korea Fund Inc	17,875	5.3%
Neuberger Berman – China Equity Fund	15,670	4.7%
Aberdeen Latin America Equity Fund	14,899	4.4%
JPMorgan Russian Securities	14,444	4.3%
Edinburgh Dragon Trust	14,323	4.3%
Templeton Emerging Markets Investment Trust	14,248	4.3%
Coronation Top 20 Fund	14,018	4.2%
Atlantis China Fund	13,968	4.2%
Advance Brazil Leblon Equity Fund	12,735	3.8%
Top ten holdings	**151,047**	**45.2%**
Schroder Asia Pacific Fund	12,421	3.7%
Baring Korea Trust	11,861	3.5%
Ton Poh Thailand Fund	10,728	3.2%
Komodo Fund	10,652	3.2%
Turkish Investment Fund Inc	9,914	3.0%
iShares MSCI Emerging Markets Index Fund	9,757	2.9%
Lazard Emerging World Fund	9,504	2.8%
China Fund Inc	8,516	2.5%
Taiwan Fund Inc	7,460	2.2%
CC Asian Evolution	7,159	2.1%
Next ten holdings	**97,972**	**29.1%**
Top twenty holdings	**249,019**	**74.3%**

At 30 April 2013 Company	Value (£'000)	% of net assets
Kospi Electronics Index Certificate	6,699	2.0%
Eastern European Trust	6,653	2.0%
Impax Asian Environmental Markets	5,560	1.7%
Verno Capital Growth Fund	5,366	1.6%
JPMorgan Indian Investment Trust	5,292	1.6%
Africa Emerging Markets Fund	5,120	1.5%
Baring Emerging Europe	5,084	1.5%
New India Investment Trust	3,814	1.1%
Prosperity Voskhod Fund	3,743	1.1%
Goldman Sachs India Equity Portfolio	3,564	1.1%
GSI Asian Capital Growth Fund	3,471	1.0%
Templeton Emerging Markets Fund	3,391	1.0%
BlackRock World Mining Trust	3,282	1.0%
JPMorgan Emerging Markets Investment Trust sub shares	3,081	0.9%
Templeton Russia and Eastern European Fund	2,701	0.8%
Tarpon All Equities Fund	2,451	0.7%
India Capital Growth Fund	2,363	0.7%
Aberdeen New Thai Investment Trust	1,989	0.6%
Renaissance Russian Infrastructure Equities	1,858	0.6%
Pallinghurst Resources Limited	1,836	0.5%
Yatra Capital	507	0.2%
Total holdings	**326,844**	**97.5%**
Cash and other net assets	8,344	2.5%
Net assets	**335,188**	**100.0%**

Asset allocation

At 30 April 2013 Country split	ADMF %	Benchmark %
Asia		
China	13.4%	18.2%
India	6.8%	6.8%
Indonesia	4.3%	3.1%
Korea	12.8%	14.4%
Malaysia	0.5%	3.6%
Philippines	0.7%	1.1%
Taiwan	4.1%	11.2%
Thailand	5.2%	2.8%
Hong Kong	3.9%	–
Singapore	1.8%	–
Other	1.1%	–
	54.6%	**61.2%**
EMEA		
Czech Rep	0.2%	0.2%
Egypt	0.3%	0.3%
Hungary	0.2%	0.2%
Morocco	0.1%	0.1%
Poland	0.3%	1.5%
Russia	10.8%	5.7%
South Africa	4.9%	7.0%
Turkey	4.1%	2.2%
Other	1.9%	–
	22.8%	**17.2%**
Latin America		
Brazil	12.7%	12.7%
Chile	0.7%	1.9%
Columbia	0.3%	1.1%
Mexico	2.6%	5.4%
Peru	0.1%	0.5%
Other	0.5%	–
	16.9%	**21.6%**
Non-specified	(0.6)%	–
Indirect cash	3.8%	–
Portfolio cash	2.5%	–
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 review on page 1 and the Investment Manager's report on pages 2 to 5 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 2013 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 6 to 7 and the asset allocation at the period end is shown on page 8.

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, (ii) Developing Markets risks, (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 2012 (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 2013 are detailed in note 8 of the notes to the condensed set of financial statements.

Signed on behalf of the Board of Directors on 20 June 2013

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 2013 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 flows 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 2013 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

20 June 2013

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 which 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 2013; 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 entity 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 entity.

Signed on behalf of the Board of Directors on 20 June 2013

John Hawkins
Director

Condensed unaudited statement of comprehensive income

	Notes	6 months to 30 April 2013 Revenue £'000	6 months to 30 April 2013 Capital £'000	6 months to 30 April 2013 Total £'000	*6 months to 30 April 2012 Revenue £'000*	*6 months to 30 April 2012 Capital £'000*	*6 months to 30 April 2012 Total £'000*
Gains on investments designated as fair value through profit or loss		–	43,929	43,929	*–*	*6,165*	*6,165*
Capital gain/(loss) on currency movements		–	11	11	*–*	*(77)*	*(77)*
Net investment gains		**–**	**43,940**	**43,940**	***–***	***6,088***	***6,088***
Investment income		2,116	–	2,116	*2,427*	*–*	*2,427*
Total income		**2,116**	**43,940**	**46,056**	***2,427***	***6,088***	***8,515***
Investment management fees		(1,670)	–	(1,670)	*(1,637)*	*–*	*(1,637)*
Other expenses		(418)	–	(418)	*(337)*	*–*	*(337)*
Operating profit before finance cost and taxation		**28**	**43,940**	**43,968**	***453***	***6,088***	***6,541***
Finance costs		–	–	–	*(50)*	*–*	*(50)*
Operating profit before taxation		**28**	**43,940**	**43,968**	***403***	***6,088***	***6,491***
Taxation		(211)	–	(211)	*(150)*	*–*	*(150)*
Total comprehensive income for the period		**(183)**	**43,940**	**43,757**	***253***	***6,088***	***6,341***
Earnings per ordinary share	6	(0.25)p	60.32p	60.07p	*0.33p*	*8.06p*	*8.39p*

The Company does not have any income or expense that is not included in the profit for the period and therefore the 'profit 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 16 to 19 form an integral part of these financial statements.

Condensed unaudited statement of financial position

	Notes	At 30 April 2013 £'000	*At 30 April 2012 £'000*	*At 31 October 2012 £'000*
Non-current assets				
Investments designated as fair value through profit or loss		**326,844**	***360,438***	***350,987***
Current assets				
Cash and cash equivalents		8,484	*2,083*	*2,948*
Sales awaiting settlement		238	*5,631*	*131*
Other receivables		165	*448*	*629*
		8,887	***8,162***	***3,708***
Total assets		**335,731**	***368,600***	***354,695***
Current liabilities				
Other payables		363	*473*	*355*
Purchases for future settlement		180	*6,716*	*2,376*
Total liabilities		**543**	***7,189***	***2,731***
Net assets attributable to holders of ordinary shares		**335,188**	***361,411***	***351,964***
Share capital		245,478	*307,953*	*306,011*
Capital reserves		93,750	*56,155*	*49,810*
Revenue reserve		(4,040)	*(2,697)*	*(3,857)*
Total equity		**335,188**	***361,411***	***351,964***
Net asset value per ordinary share	7	522.52p	*475.89p*	*466.37p*
Number of ordinary shares in issue	5	64,148,682	*75,943,954*	*75,468,954*

The notes on pages 16 to 19 form an integral part of these financial statements.

Approved by the Board of directors and authorised for issue on 20 June 2013 and signed on their behalf by:

William Collins

John Hawkins

Condensed unaudited statement of changes in equity

6 months to 30 April 2013	Share capital £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Opening shareholders' funds	306,011	49,810	(3,857)	351,964
Issue of shares	–	–	–	–
Tender offer	(60,533)	–	–	(60,533)
Increase in equity	–	43,940	(183)	43,757
Closing shareholders' funds	**245,478**	**93,750**	**(4,040)**	**335,188**

6 months to 30 April 2012	*Share capital £'000*	*Capital reserve £'000*	*Revenue reserve £'000*	*Total £'000*
Opening shareholders' funds	*279,378*	*50,067*	*(2,950)*	*326,495*
Issue of shares	*28,605*	–	–	*28,605*
Share issue expenses	*(30)*	–	–	*(30)*
Increase in equity	–	*6,088*	*253*	*6,341*
Closing shareholders' funds	***307,953***	***56,155***	***(2,697)***	***361,411***

Year ended 31 October 2012	*Share capital £'000*	*Capital reserve £'000*	*Revenue reserve £'000*	*Total £'000*
Opening shareholders' funds	*279,378*	*50,067*	*(2,950)*	*326,495*
Issue of shares	*28,605*	–	–	*28,605*
Share buy back	*(1,942)*	–	–	*(1,942)*
Share issue expenses	*(30)*	–	–	*(30)*
(Decrease) in equity	–	*(257)*	*(907)*	*(1,164)*
Closing shareholders' funds	***306,011***	***49,810***	***(3,857)***	***351,964***

The notes on pages 16 to 19 form an integral part of these financial statements.

Condensed unaudited statement of cash flow

	6 months to 30 April 2013 £'000	*6 months to 30 April 2012 £'000*
Cash flows from operating activities		
Cash inflow from investment income and bank interest	2,271	*2,431*
Cash outflow from management expenses	(2,002)	*(1,904)*
Cash inflow from disposal of investments	144,362	*45,184*
Cash outflow from purchase of investments	(78,593)	*(85,797)*
Cash inflow/(outflow) from taxation	20	*(150)*
Net cash from/(used in) operating activities	**66,058**	***(40,236)***
Cash flows from financing activities		
Decrease in bank borrowings	–	*(10,000)*
Borrowing commitment fee and interest charges	–	*(68)*
Share issue expenses	–	*(30)*
Conversion of subscription shares	–	*28,605*
Tender offer	(60,533)	*–*
Net cash flow (due to)/from financing activities	**(60,533)**	***18,507***
Net increase/(decrease) in cash and cash equivalents	**5,525**	***(21,729)***
Opening balance	2,948	*23,919*
Cash flow	5,525	*(21,729)*
Effect of foreign exchange transactions	11	*(107)*
Balance at 30 April	**8,484**	***2,083***

The notes on pages 16 to 19 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 hold 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 2013.

The Company invests in a portfolio of funds and products which give diversified exposure to emerging market economies and those of the Pacific Rim 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 ("DTR's") 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 2012. The financial statements of the Company as at and for the year ended 31 October 2012 were prepared in accordance with International Financial Reporting Standards ("IFRS"). Those financial statements were 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 2012.

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 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. The Company does not have a fixed life but the directors consider it desirable that shareholders have the opportunity to review the future of the Company at appropriate intervals. At the company's last Annual General Meeting held on 15 March 2013 shareholders approved the continuation of the company as an investment company until the expiry of the Annual General Meeting in 2018.

At the Annual General Meeting to be held in 2018, a resolution will be proposed that the Company will continue in existence. If the resolution is not passed, then within 4 months of the vote to continue failing the directors will be required to formulate and put to Shareholders proposals relating to the future of Company, having had regard to, inter alia, prevailing market conditions and the applicable regulations and legislation. If the resolution is passed, the Company will continue its operations and a similar resolution will be put to shareholders every fifth annual general meeting thereafter.

Use of estimates and judgements
The preparation of the financial statements in conformity with IFRSs 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.

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 in open-ended funds are valued at the latest net asset value provided by the open-ended fund for single priced funds or the latest bid price for those funds with a bid-offer spread;

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

vi) 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

The Company has adopted IFRS 8, 'Operating segments'. 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 the emerging market economies and those of the Pacific Rim. 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 Board of directors is responsible for ensuring that the Company's objective and investment strategy is followed. The day-to-day implementation of the investment strategy 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 to ensure compliance with the investment strategy and to assess the achievement of the Company's objective. The Investment Manager has been given full authority to make investment decisions on behalf of the Company in accordance with the investment strategy. Details of the portfolio's asset allocation can be found on page 8. Any significant change to the Company's investment strategy requires shareholder approval.

The Company has a diversified portfolio of investments and, as disclosed in the Investments tables on pages 6 and 7, no single investment accounts for more than 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, as such investment income is not a focus of the investment policy and it does not anticipate regular income from its investments. The largest income from an individual investment accounted for 29% of the total revenue income received in the period.

At 30 April 2013 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	18,298,456	28.53
Lazard Asset Management LLC	14,759,508	23.01

As at 30 April 2013 the Company had 429 registered shareholders.

5 Share capital

	Voting shares	Shares held in treasury	Total shares in issue
Ordinary shares of 1p nominal value			
As at 31 October 2012	75,468,954	2,652,050	78,121,004
Tender offer 20 March 2013	(11,320,272)	–	(11,320,272)
As at 30 April 2013	**64,148,682**	**2,652,050**	**66,800,732**

Tender offer
In conjunction with the continuation vote put forward to shareholders at the last Annual General Meeting, the Company announced proposals on 20 December 2012 for a tender offer for up to 15 per cent of the Company's shares in issue and two further conditional tender offers. The formal details of these proposals are contained in a circular published on 8 February 2013. The proposals were approved by shareholders at an EGM held on 15 March 2013. On 20 March 2013 a total of 11,320,272 Shares were repurchased by the Company under the tender offer and cancelled, equating to 15% of the Company's ordinary shares in issue as at 21 December 2012. The tender price, calculated in accordance with the Circular to Shareholders dated 8 February 2013, was 531.1576 pence per ordinary share. The aggregate cost of the tender offer was £60,533,000.

6 Earnings per share
Earnings per share is based on the total comprehensive income for the period of £43,757,000 (2012: £6,341,000) attributable to the weighted average of 72,842,151 ordinary shares in issue in the six months to 30 April 2013 (2012: 75,565,871).

7 Net asset value per share
Net asset value per ordinary share is based on net assets of £335,188,000 (2012: £361,411,000) divided by 64,148,682 (2012: 75,943,954) 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 Statement of Comprehensive Income. No performance fee accrual has been made (2012: £nil).

At 30 April 2013 investment management fees of £253,936 (2012: £285,450) were accrued in the condensed unaudited Statement of Financial Position. Total investment management fees for the period were £1,669,899 (2012: £1,637,454).

As at 30 April 2013 the Company held an investment with a valuation of £12,735,000 (2012: £11,300,000) 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
On 27 February 2013, the Company entered into an overdraft credit facility agreement with The Northern Trust Company. 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 2013.

11 Classification of financial instruments
The Company complies with IFRS 7. This 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 7 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 7 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 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 judgment, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgment 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 2013 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	249,218	–	–	249,218
– Unquoted	–	75,175	2,451	77,626
	249,218	**75,175**	**2,451**	**326,844**

The classification of the Company's investments held at fair value as at 30 April 2012 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	*282,010*	*–*	*–*	*282,010*
– Unquoted	*–*	*76,733*	*1,695*	*78,428*
	282,010	***76,733***	***1,695***	***360,438***

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. 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 this investment 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 2013 £'000	*6 months to 30 April 2012 £'000*
Opening balance	2,256	*1,225*
Additions during the period	–	*615*
Disposals during the period	–	*–*
Valuation adjustments	195	*(145)*
Closing balance	**2,451**	***1,695***

12 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 £1.7 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 recognized in these accounts in respect of this asset as at 30 April 2013.

13 Post balance sheet events

Since the period end, a further 20,228 ordinary shares have been bought back to be held in treasury.

Directors, Investment Manager and advisers

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W N Collins
M R Hadsley-Chaplin
J A Hawkins
T F Mahony

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