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Interim Report 2013/14

Overview

ASHMORE GROUP IS A LEADING EMERGING MARKETS FUND MANAGER WITH LONG EXPERIENCE OF INVESTMENT OUTPERFORMANCE THROUGH ACTIVE MANAGEMENT ACROSS ITS CORE INVESTMENT THEMES: EXTERNAL DEBT, LOCAL CURRENCY, CORPORATE DEBT, BLENDED DEBT, EQUITIES, MULTI-STRATEGY, ALTERNATIVES IN ADDITION TO CURRENCY OVERLAY/LIQUIDITY.

Contents

For a downloadable version of the interim report, other announcements and details of up-coming events, please visit the corporate investor relations section of our website www.ashmoregroup.com

HIGHLIGHTS

Assets under management (AuM) at 31 December of

US$75.3 billion

a 2.7% decline in the six months

Net outflow of

US$2.9 billion

Subscriptions of US$7.3 billion and positive investment performance of US$0.8 billion

AuM outperforming benchmarks over three years of

95%

Net management fees of

£149.8 million

(H1 2012/13: £148.2 million)

Adjusted EBITDA of

£87.7 million

(H1 2012/13: £114.1 million), margin of 65% (H1 2012/13: 70%)

Profit before tax of

£79.5 million

(H1 2012/13: £120.2 million)

Basic earnings per share of

9.23p

(H1 2012/13: 13.94p)

An interim dividend of

4.45p

per share to be paid on 11 April 2014 (H1 2012/13: 4.35p)

Commenting on the results, Mark Coombs, Chief Executive Officer of Ashmore Group plc, said:

"The Group has continued to make operational and strategic progress, but these financial results reflect the weak market backdrop which existed for much of the period. Despite the broader environment, investment performance remains strong across the Group with 95% of assets outperforming their respective benchmarks over three years and it is particularly satisfying to report the strong outperformance across the equities theme.

"The recent instability in the markets in which Ashmore invests has created attractively valued securities and the economic and political fundamentals remain positive across many of the countries that comprise the diverse Emerging Markets investment universe. Ashmore has experienced and capitalised upon similar conditions before, and its long-standing and robust investment processes are well placed to deliver attractive returns for clients over the cycle."

The results for the six months ending 31 December 2013 reflect continued strategic and operational progress by Ashmore Group plc ("Ashmore", the "Group"), set against the effects of market volatility that prevailed for much of the period.

Net management fee income increased 1% to £149.8 million (H1 2012/13: £148.2 million). Net revenue of £134.6 million (H1 2012/13: £163.7 million) declined as a result of lower performance fees and an unrealised mark-to-market foreign exchange loss, which derived from the effect of sterling strength on the value of the Group's non-sterling assets and liabilities. Adjusted EBITDA of £87.7 million (H1 2012/13: £114.1 million) is therefore lower than a year ago and results in an adjusted EBITDA margin of 65% (H1 2012/13: 70%). The Group's profit before tax of £79.5 million declined from £120.2 million in the prior year period after recognising a £5.7 million loss on seed capital investments (H1 2012/13: £8.7 million gain) as a result of foreign exchange translation. Basic earnings per share were 9.23p (H1 2012/13: 13.94p) and the Board has declared a dividend of 4.45p per share (H1 2012/13: 4.35p) reflecting the Group's strong capital position and the Board's confidence in the business.

AuM development

Assets under management declined US$2.1 billion, or 2.7%, during the six months as a result of net outflows of US$2.9 billion partially offset by investment performance which contributed US$0.8 billion. Average AuM were 13% higher compared with the same period in the prior year.

Gross subscriptions were US$7.3 billion (H1 2012/13: US$8.8 billion) and demand was broadly spread across pension funds, financial institutions, government-related entities and intermediary clients. It was similarly balanced by geography.

By theme, there continued to be strong growth in corporate debt and blended debt, and notable interest in equities as a consequence of strong investment performance.

Redemptions were US$10.2 billion (H1 2012/13: US$7.2 billion) or 13% of average AuM (H1 2012/13: 11%). Redemptions were higher due to a small number of relatively large withdrawals from blended debt and overlay/liquidity segregated mandates in the second quarter for specific asset allocation reasons. The net management fee margins on these redemptions were below the averages for the respective themes.

Investment performance

The Group's three and five-year investment track records remain strong with 95% and 96% of AuM outperforming relevant benchmarks, respectively (30 June 2013: 92% and 73%, respectively). The improvement in investment performance in the equities theme has continued in this period, with the result that 100% of AuM in this theme are outperforming over one year, 75% over three years and 63% over five years (30 June 2013: 87%, 39% and 26%, respectively).

At 31 December 2013, 38% of Group AuM had outperformed relevant benchmarks over one year compared with 96% at 30 June 2013. The drop in short-term performance is largely attributable to weakness in local currency funds and it was this asset class that was most adversely affected by the price volatility and industry outflows during the period. Ashmore's fixed income investment process is focused on credit selection and liquidity, and so in periods of market dislocation it can typically identify mis-pricing opportunities to enable it to realise value over the medium term and to generate long-term outperformance.

AuM movements by investment theme as classified by mandate

Consistent with previous results announcements and quarterly updates, the AuM by theme as classified by mandate is shown in the following table. This details gross subscriptions and redemptions, reclassifications and investment performance.

Investment theme	AuM at 30 June 2013 US$bn	Gross subscriptions US$bn	Gross redemptions US$bn	Reclassification US$bn	Performance US$bn	**AuM at 31 December 2013 US$bn**
External debt	14.5	1.0	(1.5)	(1.1)	0.5	**13.4**
Local currency	17.6	1.5	(1.9)	–	(0.3)	**16.9**
Corporate debt	6.1	1.4	(0.8)	–	0.3	**7.0**
Blended debt	17.6	2.1	(1.8)	1.1	0.1	**19.1**
Equities	5.5	0.5	(1.3)	–	0.6	**5.3**
Alternatives*	2.7	0.4	(0.3)	–	(0.3)	**2.5**
Multi-strategy	3.7	0.1	(1.1)	–	0.1	**2.8**
Overlay/liquidity	9.7	0.3	(1.5)	–	(0.2)	**8.3**
Total	77.4	7.3	(10.2)	–	0.8	**75.3**

* Alternatives AuM includes US$0.7 billion (30 June 2013: US$0.4 billion; 31 December 2012: US$0.3 billion) of AuM representing the Group's proportionate share of AuM within associates and joint ventures.

AuM % by investment theme as classified by mandate and as invested

The following table reports AuM 'as invested' by underlying asset class, which adjusts from 'by mandate' to take account of the allocation into underlying asset class of multi-strategy and blended debt themes, and of cross-over investment from within certain external debt funds.

Investment theme	AuM at 31 December 2012 Classified by mandate %	AuM at 31 December 2012 Classified as invested %	AuM at 30 June 2013 Classified by mandate %	AuM at 30 June 2013 Classified as invested %	**AuM at 31 December 2013 Classified by mandate %**	**AuM at 31 December 2013 Classified as invested %**
External debt	22	31	19	26	**18**	**27**
Local currency	19	27	23	30	**23**	**30**
Corporate debt	4	14	8	19	**9**	**20**
Blended debt	23	–	23	–	**25**	**–**
Equities	9	10	7	8	**7**	**8**
Alternatives	3	5	3	4	**3**	**4**
Multi-strategy	7	–	5	–	**4**	**–**
Overlay/liquidity	13	13	12	13	**11**	**11**
Total	100	100	100	100	**100**	**100**

Investment themes review

The Group's eight investment themes, and numerous sub-themes, present a broad range of investment opportunities. We discuss below the performance of each asset class during the six months and a summary of the outlook in each case.

External debt	**Local currency**	**Corporate debt**	**Blended debt**
Accesses an established and diverse range of typically US dollar-denominated Emerging Markets debt instruments.	Accesses the local currency and local currency-denominated debt market.	Focuses on the developing corporate debt asset class in Emerging Markets.	Mandates specifically combine external, local currency and corporate debt measured against tailor-made blended indices.
Equities	**Alternatives**	**Overlay/liquidity**	**Multi-strategy**
Offers exposure to global Emerging Markets equities trends, complemented by a range of specialist equity funds with a country, region or small cap focus.	Seeks to provide attractive returns across three principal investment strategies: special situations (private equity/distressed debt), real estate and infrastructure.	Separates and centralises the currency risk of an underlying Emerging Markets asset class in order to manage them effectively and efficiently. Includes cash management.	Dynamic asset allocation across all investment themes.

External debt

External debt AuM decreased by US$1.1 billion during the six months. This was attributable wholly to a reclassification of assets to blended debt following a change in investment guidelines on a segregated mandate. Net outflows of US$0.5 billion were offset by positive investment performance of US$0.5 billion.

The benchmark EMBI GD index returned 2.7% during the period with high yield assets outperforming investment grade. To some extent, the performance of this asset class in the period reflects a recovery from the QE tapering-related sell off that it experienced in the preceding three months. However, there is now greater clarity over US monetary policy and with an appreciable spread cushion of more than 300bps over the 10 year US Treasury yield, external debt retains its attractions as a predominantly US dollar-denominated, relatively high yielding fixed income theme. With 60 countries in the index, the active management of idiosyncratic risk will underpin alpha generation; for example, Argentina returned 36% during the six-month period, and Venezuela fell 4%.

Local currency

A modest net outflow, principally from liquid pooled funds, combined with negative investment performance, resulted in AuM declining by US$0.7 billion. On an 'as invested' basis, local currency assets are US$22.9 billion (30 June 2013: US$23.1 billion) and represent 30% of Group AuM. This affords the Group significant diversification benefits in a period of QE tapering as historically the asset class has had a very low correlation to US Treasury yields.

The un-hedged GBI EM index fell 2.0% during the six months, and the short duration ELMI+ index, which is a proxy for currency risk, returned 0.3%. The yield on the GBI EM index, at close to 7%, is at a level that prevailed historically when US Treasury yields were 4% to 5%, which suggests there is value being priced into this asset class. Market sentiment towards local markets remains weak, but is influenced by those countries that have well known challenges. To the extent that good credits have sold off too much, or weaker countries have started to take action that is not yet priced in by the market, then there are opportunities to take risk selectively. Conversely, there may be more downside for countries that do not make the necessary reforms, and in this context the heavy election schedule in Emerging Markets this year presents an additional challenge but will also provide opportunities. Market volatility is likely to persist in the near term but as more rational market behaviour returns, an informed and active investment approach to this diverse asset class will bear fruit.

Corporate debt

The theme continued to grow strongly, with net inflows of US$0.6 billion and investment performance of US$0.3 billion taking dedicated AuM to US$7.0 billion. On an 'as invested' basis, corporate debt has also expanded from US$9.8 billion a year ago to US$14.7 billion as at 31 December 2013, and now represents 20% of Group AuM.

The CEMBI index increased 3.0% during the period and high yield assets returned 4.0%. The asset class is somewhat insulated from QE tapering-related market sentiment by virtue of its shorter duration and higher yield when compared with external sovereign debt. Industry default rates also remain at benign levels, of around 3% for Emerging Markets high yield credits and less than 2% for US high yield credit.

During the period, the first index covering the local currency corporate debt market was launched. This is a substantial and attractive universe, equivalent to nearly US$6 trillion, and therefore six times the size of the more familiar hard currency corporate debt market. The development of an index, albeit one that covers only a small proportion of the asset class at the outset, is a positive for longer-term allocations to one of the most exciting areas of Emerging Markets fixed income.

Blended debt

AuM increased during the six months to US$19.1 billion, through a combination of net inflows of US$0.3 billion, modest investment performance, and the reclassification of assets from external debt described above. The blended debt funds continue to be among the most popular for intermediary clients on the Group's SICAV and US 40-Act platforms.

The benefits of dynamically allocating across Emerging Markets fixed income asset classes are apparent to both existing dedicated Emerging Markets investors and those making an inaugural allocation. Over the past decade, the difference in annual returns between the best and worst-performing asset classes has been at least 500bps; this is a substantial opportunity for a blended debt mandate to address, and it demonstrates the merit of a long-term active investment approach. Ashmore expects there to be continued demand for blended debt exposure, from both institutional and retail investors.

Equities

The MSCI EM index returned 6.6% during the six-month period and the Frontier Markets index returned almost twice that (+12.7%). The prospects for Emerging Markets equities are bright, with a historically wide P/E discount to developed market indices of over 40%, and an earnings recovery supported by the improvement in global demand that became evident during the second half of 2013. Small cap stocks stand to benefit from domestic demand and, in some cases, export led growth. Frontier Markets continue to offer under-appreciated diversification benefits, and the strong performance of these markets last year illustrates the extent to which they can be insulated from even quite profound domestic issues in neighbouring countries. Africa has delivered strong long-term investment performance and remains a source of good uncorrelated investment opportunities.

The Group's equities funds delivered good investment performance during the six months, both absolute and relative to benchmarks. The Broad Global Active strategy has continued its performance improvement and is now outperforming its benchmark over one year and three years. The Group's specialist funds continue to perform well, particularly the regional funds (such as Middle East, which returned 55% in the 12 months to 31 December 2013) and Frontier Markets (+41% last year). Against this backdrop it is disappointing to be reporting a net outflow for the period of US$0.8 billion, although it largely relates to a small number of segregated mandate redemptions for historical reasons. During the period the Group won new mandates from a range of institutional investors, including single country mandates, and the strong investment performance across the Group's equities product range is expected to support higher gross and net flows in time. The Group also expects increasing interest from cross-over investors, who are able to combine equity and fixed income exposures in a single blended mandate.

Alternatives

The theme experienced a net outflow of US$0.1 billion, with planned capital returns of US$0.3 billion mostly offset by new subscriptions. Negative investment performance of US$0.3 billion reflects the write-down of specific investments, largely within special situations funds.

With effect from 1 October 2013, the basis of calculation for the annual investment management fee on two of the Group's closed-end special situations funds was amended from 2% of acquisition cost to the lower of 2% of acquisition cost and 2% of net asset value. The pro forma annualised effect is to reduce revenues from the alternatives theme by US$25 million. The structure of the funds and the nature of the investments mean that the effect is limited to these two funds and there are no implications for any of the Group's other funds or themes.

As at 31 December 2013, the theme includes US$0.7 billion of AuM representing the Group's proportionate share of AuM within associate and joint venture structures, for which the financial results are consolidated in a single line on the face of the income statement ('Share of profit from associates and joint ventures'). As the associate/joint venture AuM have become a meaningful proportion of the alternatives theme AuM, and the associated management fees are not reported within revenues, the alternatives theme net management fee margin will in future be reported after excluding the associates/joint venture AuM. The effect on the Group net management fee margin is immaterial.

The run-rate net management fee margin in the alternatives theme, excluding associate and joint venture AuM and allowing for the revised basis of calculating the special situations management fees described above, is approximately 160bps.

Multi-strategy

Investment performance was very slightly positive, and the theme saw a net outflow of US$1.0 billion as Japanese retail funds experienced redemptions in line with the Group's expectations. Ashmore has established intermediary distribution channels in Japan, and over time the Bank of Japan's policy of quantitative easing is expected to support demand for relatively high yielding assets, including those in Emerging Markets.

Overlay/liquidity

A net outflow of US$1.1 billion was principally the result of an investor's asset allocation decision to reduce its exposure within a segregated mandate. Investment performance was slightly negative, to leave AuM in this theme at US$8.3 billion.

Financial review

Revenue analysis

The Group's management fee income, net of distribution costs, was £149.8 million, an increase of 1% over the prior year period (H1 2012/13: £148.2 million). The 13% increase in average AuM was countered by a reduction in the average net management fee margin to 61bps (H1 2012/13: 69bps). Approximately half of the margin reduction was expected, since it relates to the impact of several relatively large mandates that were funded in the second half of the prior financial year. The re-pricing of two alternatives funds, described previously, accounts for 1.5bps, and the remaining 2.5bps movement was the result of theme or product mix and other effects such as competition.

The market sell-off in mid-2013 resulted in performance fees of only £0.7 million being recognised during the period (H1 2012/13: £15.3 million). At 31 December 2013, 15% of the Group's AuM were eligible to earn performance fees (30 June 2013: 18%).

Translation of the Group's non-sterling assets and liabilities at the period end resulted in a foreign exchange loss of £20.5 million (H1 2012/13: £3.4 million loss), reflecting principally sterling strength against the US dollar. The Group recognised net hedging gains of £2.0 million (H1 2012/13: £1.3 million).

Fee income and net management fee margin by investment theme

The table below summarises the net management fee income after distribution costs, performance fee income, and net management fee margin by investment theme.

	Net management fees		Performance fees		Net management fee margin	
Investment theme	H1 2012/13 £m	**H1 2013/14 £m**	H1 2012/13 £m	**H1 2013/14 £m**	H1 2012/13 bps	**H1 2013/14 bps**
External debt	34.4	**26.9**	11.0	**0.4**	67	**61**
Local currency	24.0	**27.3**	2.5	**0.1**	64	**50**
Corporate debt	8.4	**15.2**	0.1	**–**	101	**74**
Blended debt	23.9	**34.3**	1.1	**0.1**	52	**56**
Equities	13.7	**13.1**	0.5	**–**	71	**75**
Alternatives	19.8	**15.0**	–	**0.1**	260	**182**
Multi-strategy	19.2	**12.9**	0.1	**–**	120	**124**
Overlay/liquidity	4.8	**5.1**	–	**–**	17	**18**
Total	148.2	**149.8**	15.3	**0.7**	69	**61**

Operating costs

The Group continues to manage its cost base effectively. Fixed staff costs of £12.5 million increased 2% compared with the prior year (H1 2012/13: £12.2 million), with a rise in average headcount between the two periods, from 273 to 292 employees. Headcount was stable during the six months to 31 December 2013 at 291 employees (30 June 2013: 293 employees).

Variable compensation has been accrued at 20% of earnings before variable compensation, interest and tax, resulting in a charge of £21.3 million (H1 2012/13: £25.8 million). Other expenses, excluding depreciation and amortisation, increased to £13.6 million (H1 2012/13: £12.0 million), as a result of the growth in headcount and some underlying inflation.

The combined depreciation and amortisation charge for the period of £2.5 million is £8.6 million lower than the prior year due to a reduction in the value of intangible assets in the prior year period.

EBITDA

EBITDA of £92.2 million is lower than in the prior year (H1 2012/13: £120.8 million) primarily as a result of lower performance fees and the mark-to-market foreign exchange translation effect. Adjusted EBITDA, which reclassifies items relating to acquisitions and seed capital investments, was £87.7 million for the period (H1 2012/13: £114.1 million). Consistent with the Group's long-held view that the EBITDA margin would trend lower over time, the adjusted margin in this period was 65% compared with 70% in the prior year period.

Finance income and expense

The Group recognised a net finance expense of £9.5 million for the period (H1 2012/13: £10.5 million gain), which includes a seed capital loss of £10.7 million (H1 2012/13: £0.9 million gain), acquisition-related items of £0.4 million (H1 2012/13: £7.3 million) and net interest income of £0.3 million (H1 2012/13: £1.2 million). The seed capital loss represents realised gains of £4.0 million and a mark-to-market loss of £14.7 million, largely the result of foreign exchange translation.

Summary non-GAAP financial performance

The table below reclassifies items relating to seed capital and acquisitions to aid clarity and comprehension of the Group's operating performance.

	H1 2013/14 Statutory	Reclassification of Seed capital-related items	Reclassification of Acquisition-related items	**H1 2013/14 Adjusted**	H1 2012/13 Adjusted
Net revenues	134.6	–	–	**134.6**	163.7
Investment securities	3.8	(3.8)	–	**–**	–
Third-party interests	1.2	(1.2)	–	**–**	–
Operating expenses	(47.4)	0.5	–	**(46.9)**	(49.6)
EBITDA	92.2	(4.5)	–	**87.7**	114.1
Depreciation & amortisation	(2.5)	–	–	**(2.5)**	(5.0)
Operating profit	89.7	(4.5)	–	**85.2**	109.1
Net finance income/(expense)	(9.5)	10.2	(0.4)	**0.3**	1.2
Associates & joint ventures	(0.7)	–	–	**(0.7)**	–
Seed capital-related items	–	(5.7)	–	**(5.7)**	8.7
Acquisition-related items	–	–	0.4	**0.4**	1.2
Profit before tax	79.5	–	–	**79.5**	120.2

Balance sheet, cash flow and foreign exchange management

It is the Group's policy to maintain a strong balance sheet in order to support regulatory capital requirements, to meet the commercial demands of current and prospective investors, and to fulfil development needs across the business. These include funding establishment costs of distribution offices and local asset management ventures, seeding new funds, trading or investment in funds or other assets, and other strategic initiatives.

As at 31 December 2013, total equity attributable to shareholders of the parent was £598.8 million (31 December 2012: £567.5 million; 30 June 2013: £628.7 million). There is no debt on the Group's balance sheet.

Cash

The Group generated £87.0 million of cash from operations during the period (H1 2012/13: £127.1 million), from which it paid the following significant items: £84.2 million in dividends (H1 2012/13: £77.9 million); £29.0 million in taxation (H1 2012/13: £29.8 million); and £2.3 million (H1 2012/13: £20.3 million) in respect of seed capital investments, including cash flows associated with consolidated funds. Exchange rate translation effects reduced cash and cash equivalents by £23.3 million (H1 2012/13: £4.4 million reduction). Consequently the Group's cash and cash equivalents balance decreased by £48.7 million during the six months to £346.8 million, and is held in the currencies shown in the table below.

Cash and cash equivalents by currency

	31 December 2013 £m	31 December 2012 £m	30 June 2013 £m
Sterling	**78.2**	159.8	167.2
US dollar	**254.3**	167.1	225.8
Other	**14.3**	3.5	2.5
Total	**346.8**	330.4	395.5

Seed capital investments

As at 31 December 2013 the amount invested in seed capital was £174.1 million (at cost) with a market value of £165.2 million (30 June 2013: £170.6 million at cost; £182.2 million market value). The 'at cost' investment represents 33% of Group net tangible equity (30 June 2013: 31%).

The majority of the Group's seed capital is held in liquid funds, such as daily-dealing SICAVs or US 40-Act mutual funds. Only 22% of the market value (and 19% of invested cost), or approximately £36 million, is held in funds that have less than monthly liquidity.

Seed capital is managed actively and during the period the Group made new commitments of £29 million and realised £29 million from previous investments.

Further details of the movements of seed capital items during the six months can be found in note 14 to the interim condensed consolidated financial statements. In aggregate, taking into account consolidated funds, held-for-sale assets, available-for-sale assets and non-current asset investments, the income statement includes a loss of £5.7 million (H1 2012/13: £8.7 million gain) related to seed capital investments. This comprises operating expenses of £0.5 million (H1 2012/13: £0.4 million), gains on investment securities of £3.8 million (H1 2012/13: £9.3 million), third-party interests in consolidated funds of £1.2 million (H1 2012/13: £2.2 million), finance income of £0.5 million (H1 2012/13: £1.1 million) and other losses on seed capital investments of £10.7 million (H1 2012/13: £0.9 million gain).

The other losses of £10.7 million were the result of a mark-to-market foreign exchange translation effect of £13.7 million and an investment return of £3.0 million.

Foreign exchange

The Group's policy is to hedge up to two-thirds of the notional value of foreign exchange exposure in connection with its net management fee cash flows, using either forward foreign exchange contracts or options for up to two years forward.

During the period the Group recognised an unrealised foreign exchange translation loss of £20.5 million (H1 2012/13: £3.4 million loss), which derived from the effect of sterling strength on the value of non-sterling denominated assets and liabilities, and net realised and unrealised hedging gains of £2.0 million (H1 2012/13: £1.3 million).

Business/strategy developments

The active management of seed capital in the period supported the launch of several new funds on both the SICAV and the US 40-Act platforms. The Group launched a 40-Act version of its successful Frontier Equity fund and also established SICAV funds investing in Turkish equities and pan-African equities, thereby taking successful track records in existing products and replicating the funds in formats that are marketable to a wider range of institutional and intermediated retail investors. Greater scale was also provided to several existing funds. Notwithstanding profitable realisations during the period, the amount of seed capital invested in funds rose slightly over the six months to £174.1 million. The ability to seed funds is an important competitive advantage, and Ashmore will continue to deploy capital in support of new funds or fund structures, including those within its local asset management businesses, or to enhance funds' distribution potential.

In December, Ashmore became the first non-Greater China investment manager to be awarded a Renminbi Qualified Foreign Institutional Investor (RQFII) licence. This licence will enable Ashmore to participate to a greater extent in the substantial renminbi-denominated onshore equity and fixed income markets in China, and with fewer restrictions compared with the QFII scheme. The addressable markets under RQFII are vast, comprising the US$4.4 trillion interbank bond market, the US$3.4 trillion 'A' shares market, and the US$261 billion exchange-traded bond market. Ashmore already has client demand for single-country or regional mandates across fixed income and equities, and the RQFII licence enhances its ability to access the largest Emerging Market.

The investment track record of the Group's equity funds has continued to improve and is now strong, and in many cases has been established over a long period of time. In November 2013, Ashmore celebrated the 20-year anniversary of its US$800 million Frontier Africa fund. The fund has returned an annualised 16% in US dollar terms since inception, thereby comfortably exceeding the 9% annualised return from the S&P 500 over the same period. During 2014, Ashmore will mark the 20-year anniversary of its Latin America small cap fund and the 10-year anniversary of its Middle East fund, both of which have similarly impressive investment track records. The Broad Global Active strategy has delivered substantial outperformance over one year (450bps ahead of its benchmark) and has now re-established outperformance over three years. Ashmore's equity product range is therefore comprehensive and offers compelling investment opportunities, which gives us confidence in growing the business over the medium term.

Board change

Graeme Dell stepped down from the Board and his role as Group Finance Director with effect from 25 November 2013, and will remain employed by the Group until 30 April 2014 to enable a thorough and orderly transition of his responsibilities. Tom Shippey, previously Ashmore's head of Corporate Development was appointed Finance Director and joined the Board to succeed Graeme. On behalf of the Board, I would like to thank Graeme for the significant contribution he has made to Ashmore's development over the past six years and wish him the very best in his future endeavours.

Dividend

The Board has determined that an interim dividend of 4.45 pence per share (H1 2012/13: 4.35 pence per share) will be paid on 11 April 2014 to all shareholders on the register on 7 March 2014.

Outlook

While the turbulence of 2013 has continued into 2014, economic and political fundamentals remain positive across many Emerging Markets countries, there is a less pronounced technical overhang from non-dedicated investors, and recent price volatility has left the valuations of many Emerging Markets fixed income and equity assets at attractive levels.

Significantly, the market weakness induced by the prospect of a change in US monetary policy did not precipitate a crisis in any Emerging Markets country. Responses by Emerging Markets central banks and policymakers have been, in the main, sensible and effective, although there are exceptions where policy mistakes continue to be made. Notably, several countries have been willing and able to allow their currencies to depreciate given their substantial foreign exchange reserves and relatively low levels of external indebtedness. In due course, this should restore export competitiveness and support GDP growth in those countries.

Of course, not all Emerging Markets countries are at the same stage of political, economic or market development and some have to address inadequacies through bolder reforms or better fiscal or monetary management. There is a heavy election schedule in Emerging Markets this year and for some governments the business of serious reform may not be embraced without a new mandate. When reform occurs, there is inevitably some degree of opposition. However, political unrest can be an effective catalyst for change and is a clear example of evolution over the past three decades, with more accountable governments and financial institutions across Emerging Markets. The changing political backdrop represents an opportunity for active managers such as Ashmore with deep analytical skills and long experience of assessing political outcomes.

Appreciable returns are available from the asset class even in a period of rising US Treasury yields. Local currency assets, shorter duration and higher yield corporate bonds, blended debt mandates and equities offer diversification and have historically demonstrated low correlations to the US Treasury market. The majority of Emerging Markets countries source most of their financing, approximately 80%, from local markets that currently yield 7%, a level that last prevailed when US Treasuries yielded 4.5%, some 180bps higher than today. Emerging Markets equities are at the widest discount to the S&P 500 for eight years. These are notable valuation buffers in the face of a withdrawal of quantitative easing in the US. Arguably it is developed world countries, with indebtedness measured in multiples of GDP, that have greater challenges than Emerging Markets in a period of higher market interest rates.

Yet it is reasonable to expect continued price volatility given the under-appreciation of fundamentals, the breadth and disparity of the asset class, and global capital mobility. The dispersion of returns across the highly diverse asset class should be wide. Some countries are more sensitive than others to higher US Treasury yields, many will hold elections this year, and reforms are being pursued with varying degrees of intensity and success. The potential diversity of returns is demonstrated by the performance of local currency bonds in the final quarter of 2013: the local currency bond index fell 1.5% but the spread of returns from constituents was wide, from +5% (Poland) to -8% (Turkey).

An environment in which fundamentals assert themselves upon asset prices will therefore favour experienced, specialist managers, and an active investment approach will be critical as the sources of alpha will be found in individual country and security selection. Ashmore's specialism and long history of investing in Emerging Markets, together with its position at the forefront of market changes – as evidenced by the award of the first RQFII licence outside of Hong Kong – stand it in good stead to identify and to capitalise upon the opportunities that arise in such market conditions.

Ashmore will continue to work hard to deliver the benefits of investing in Emerging Markets to our clients and shareholders.

Mark Coombs
Chief Executive Officer

24 February 2014

Interim condensed consolidated statement of comprehensive income

For the six months ended 31 December 2013

	Notes	**Unaudited 6 months to 31 December 2013 £m**	Unaudited 6 months to 31 December 2012 £m	Audited 12 months to 30 June 2013 £m
Management fees		**152.0**	150.2	316.0
Performance fees		**0.7**	15.3	33.4
Other revenue		**2.6**	2.3	6.2
Total revenue		**155.3**	167.8	355.6
Distribution costs		**(2.2)**	(2.0)	(4.8)
Foreign exchange	6	**(18.5)**	(2.1)	4.7
Net revenue		**134.6**	163.7	355.5
Gains/(losses) on investment securities	14	**3.8**	9.3	4.9
Change in third-party interests in consolidated funds	14	**1.2**	(2.2)	(1.2)
Personnel expenses		**(33.8)**	(38.0)	(82.3)
Other expenses		**(16.1)**	(23.1)	(44.9)
Operating profit		**89.7**	109.7	232.0
Finance income	7	**(9.4)**	11.2	26.6
Finance expense	7	**(0.1)**	(0.7)	(0.9)
Share of profit from associates and joint ventures		**(0.7)**	–	(0.1)
Profit before tax		**79.5**	120.2	257.6
Tax expense	9	**(15.4)**	(26.3)	(56.0)
Profit for the period		**64.1**	93.9	201.6
Other comprehensive income, net of related tax effect				
Items that may be reclassified subsequently to profit or loss:				
Exchange adjustments on translation of foreign operations		**(13.9)**	(3.8)	2.6
Net fair value movements on available-for-sale financial assets including tax		**(5.9)**	1.1	(1.8)
Cash flow hedge intrinsic value gains/(losses) including tax		**2.3**	0.8	(0.4)
Total comprehensive income for the period		**46.6**	92.0	202.0
Profit attributable to:				
Equity holders of the parent		**62.8**	94.3	202.2
Non-controlling interests		**1.3**	(0.4)	(0.6)
Profit for the period		**64.1**	93.9	201.6
Total comprehensive income attributable to:				
Equity holders of the parent		**46.1**	92.8	202.2
Non-controlling interests		**0.5**	(0.8)	(0.2)
Total comprehensive income for the period		**46.6**	92.0	202.0
Earnings per share				
Basic	10	**9.23p**	13.94p	29.98p
Diluted	10	**8.83p**	13.35p	28.69p

The notes on pages 12 to 24 form an integral part of these financial statements.

Interim condensed consolidated balance sheet

As at 31 December 2013

	Notes	**Unaudited 31 December 2013 £m**	Unaudited 31 December 2012 £m	Audited 30 June 2013 £m
Assets				
Non-current assets				
Goodwill and intangible assets	12	**76.2**	86.2	84.3
Property, plant and equipment		**3.4**	3.9	3.7
Investment in associates and joint ventures		**11.1**	6.2	11.8
Non-current asset investments	14	**11.2**	6.9	9.1
Other receivables		**0.1**	–	0.1
Deferred acquisition costs		**–**	3.6	0.6
Deferred tax assets		**20.1**	22.4	21.0
		122.1	129.2	130.6
Current assets				
Investment securities	14	**63.9**	32.7	49.7
Available-for-sale financial assets	14	**38.1**	99.4	55.6
Fair value through profit or loss investments	14	**11.7**	–	–
Trade and other receivables		**72.3**	121.6	77.3
Derivative financial instruments		**1.9**	0.8	–
Cash and cash equivalents		**346.8**	330.4	395.5
		534.7	584.9	578.1
Non-current assets held-for-sale	14	**81.0**	50.8	104.9
Total assets		**737.8**	764.9	813.6
Equity and liabilities				
Capital and reserves – attributable to equity holders of the parent				
Issued capital	16	**–**	–	–
Share premium		**15.7**	15.7	15.7
Retained earnings		**594.8**	548.3	608.0
Foreign exchange reserve		**(7.8)**	(0.3)	5.3
Available-for-sale fair value reserve		**(5.2)**	3.6	0.7
Cash flow hedging reserve		**1.3**	0.2	(1.0)
		598.8	567.5	628.7
Non-controlling interests		**15.6**	17.5	17.1
Total equity		**614.4**	585.0	645.8
Liabilities				
Non-current liabilities				
Trade and other payables		**–**	2.9	–
Deferred tax liabilities		**3.3**	3.2	3.0
		3.3	6.1	3.0
Current liabilities				
Current tax		**14.1**	26.9	28.9
Third-party interests in consolidated funds	14	**22.0**	6.2	12.8
Derivative financial instruments		**–**	–	2.1
Trade and other payables		**65.3**	132.0	94.1
		101.4	165.1	137.9
Non-current liabilities held-for-sale	14	**18.7**	8.7	26.9
Total liabilities		**123.4**	179.9	167.8
Total equity and liabilities		**737.8**	764.9	813.6

The notes on pages 12 to 24 form an integral part of these financial statements.

Interim condensed consolidated statement of changes in equity

For the six months ended 31 December 2013

	Attributable to equity holders of the parent								
	Issued capital £m	Share premium £m	Retained earnings £m	Foreign exchange reserve £m	Available-for-sale (AFS) reserve £m	Cash flow hedging reserve £m	Total £m	Non-controlling interests £m	Total equity £m
Audited balance at 30 June 2012	–	15.7	516.6	3.1	2.5	(0.6)	537.3	20.8	558.1
Profit for the period	–	–	94.3	–	–	–	94.3	(0.4)	93.9
Other comprehensive income:									
Translation adjustments on foreign operations	–	–	–	(3.4)	–	–	(3.4)	(0.4)	(3.8)
Net gain on AFS assets including tax	–	–	–	–	3.0	–	3.0	–	3.0
Transfer of gains on AFS previously recognised in equity	–	–	–	–	(1.9)	–	(1.9)	–	(1.9)
Cash flow hedge intrinsic value gains	–	–	–	–	–	0.8	0.8	–	0.8
Purchase of own shares	–	–	–	–	–	–	–	(0.9)	(0.9)
Share-based payments	–	–	9.4	–	–	–	9.4	1.3	10.7
Deferred tax related to share-based payments	–	–	2.8	–	–	–	2.8	–	2.8
Proceeds received on exercise of vested options	–	–	0.2	–	–	–	0.2	–	0.2
Dividends to equity holders	–	–	(75.0)	–	–	–	(75.0)	–	(75.0)
Dividends to non-controlling interests	–	–	–	–	–	–	–	(2.9)	(2.9)
Unaudited balance at 31 December 2012	–	15.7	548.3	(0.3)	3.6	0.2	567.5	17.5	585.0
Profit for the period	–	–	107.9	–	–	–	107.9	(0.2)	107.7
Other comprehensive income:									
Translation adjustments on foreign operations	–	–	–	5.6	–	–	5.6	0.8	6.4
Net loss on AFS assets including tax	–	–	–	–	(2.9)	–	(2.9)	–	(2.9)
Cash flow hedge intrinsic value losses	–	–	–	–	–	(1.2)	(1.2)	–	(1.2)
Purchase of own shares	–	–	(30.8)	–	–	–	(30.8)	(0.4)	(31.2)
Share-based payments	–	–	16.1	–	–	–	16.1	2.2	18.3
Deferred tax related to share-based payments	–	–	(3.5)	–	–	–	(3.5)	–	(3.5)
Proceeds received on exercise of vested options	–	–	0.2	–	–	–	0.2	–	0.2
Dividends to equity holders	–	–	(30.2)	–	–	–	(30.2)	–	(30.2)
Dividends to non-controlling interests	–	–	–	–	–	–	–	(2.8)	(2.8)
Audited balance at 30 June 2013	–	15.7	608.0	5.3	0.7	(1.0)	628.7	17.1	645.8
Profit for the period	–	–	62.8	–	–	–	62.8	1.3	64.1
Other comprehensive income:									
Translation adjustments on foreign operations	–	–	–	(13.1)	–	–	(13.1)	(0.8)	(13.9)
Net loss on AFS assets including tax	–	–	–	–	(3.8)	–	(3.8)	–	(3.8)
Transfer of gains on AFS previously recognised in equity	–	–	–	–	(2.1)	–	(2.1)	–	(2.1)
Cash flow hedge intrinsic value gains	–	–	–	–	–	2.3	2.3	–	2.3
Purchase of own shares	–	–	(1.9)	–	–	–	(1.9)	(1.0)	(2.9)
Share-based payments	–	–	7.8	–	–	–	7.8	1.9	9.7
Deferred tax related to share-based payments	–	–	–	–	–	–	–	–	–
Dividends to equity holders	–	–	(81.9)	–	–	–	(81.9)	–	(81.9)
Dividends to non-controlling interests	–	–	–	–	–	–	–	(2.9)	(2.9)
Unaudited balance at 31 December 2013	–	15.7	594.8	(7.8)	(5.2)	1.3	598.8	15.6	614.4

The notes on pages 12 to 24 form an integral part of these financial statements.

Interim condensed consolidated cash flow statement

For the six months ended 31 December 2013

	Unaudited 6 months to 31 December 2013 £m	Unaudited 6 months to 31 December 2012 £m	Audited 12 months to 30 June 2013 £m
Operating activities			
Cash receipts from customers	**145.0**	176.1	358.7
Cash paid to suppliers and employees	**(58.0)**	(49.0)	(78.5)
Cash generated from operations	**87.0**	127.1	280.2
Taxes paid	**(29.0)**	(29.8)	(59.4)
Net cash from operating activities	**58.0**	97.3	220.8
Investing activities			
Interest received	**0.3**	1.8	2.7
Dividends received	**0.5**	–	1.7
Acquisitions	**–**	(3.3)	(9.0)
Contingent consideration payments	**–**	(8.6)	(8.6)
Purchase of non-current asset investments	**(0.7)**	(2.1)	(3.5)
Purchase of financial assets held-for-sale	**(15.6)**	(31.2)	(102.6)
Purchase of available-for-sale financial assets	**(21.3)**	(42.9)	(42.9)
Purchase of investment securities	**(36.3)**	(32.6)	(62.0)
Sale of non-current asset investments	**–**	–	0.2
Sale of financial assets held-for-sale	**3.3**	18.6	32.5
Sale of available-for-sale financial assets	**33.5**	22.7	73.5
Sale of investment securities	**33.8**	22.7	51.1
Net cash flow arising on initial consolidation/deconsolidation of seed capital investments	**0.9**	(1.4)	(0.9)
Purchase of property, plant and equipment	**(0.4)**	(0.8)	(1.9)
Net cash used in investing activities	**(2.0)**	(57.1)	(69.7)
Financing activities			
Dividends paid to equity holders	**(82.0)**	(75.0)	(105.2)
Dividends paid to non-controlling interests	**(2.2)**	(2.9)	(5.7)
Subscriptions into consolidated funds	**5.3**	29.4	42.3
Redemptions from consolidated funds	**(0.6)**	(2.5)	(7.9)
Distributions paid by consolidated funds	**–**	(1.0)	(1.0)
Purchase of own shares	**(1.9)**	–	(30.8)
Net cash used in financing activities	**(81.4)**	(52.0)	(108.3)
Net (decrease)/increase in cash and cash equivalents	**(25.4)**	(11.8)	42.8
Cash and cash equivalents at beginning of period	**395.5**	346.6	346.6
Effect of exchange rate changes on cash and cash equivalents	**(23.3)**	(4.4)	6.1
Cash and cash equivalents at end of period	**346.8**	330.4	395.5
Cash and cash equivalents comprise:			
Cash at bank and in hand	**111.8**	60.7	63.4
Deposits	**40.0**	31.0	15.0
Daily dealing liquidity funds	**195.0**	238.7	317.1
	346.8	330.4	395.5

Previously, deposits and daily dealing liquidity funds were aggregated with cash at bank and in hand. Disclosing these elements separately as shown above does not impact reported net income, net cash flows or shareholders' equity or regulatory capital requirements.

The notes on pages 12 to 24 form an integral part of these financial statements.

1) General information

These interim condensed consolidated financial statements of Ashmore Group plc and its subsidiaries (the Group) for the six months ended 31 December 2013 were authorised for issue by the Directors on 24 February 2014.

Ashmore Group plc is listed on the London Stock Exchange and incorporated and domiciled in the United Kingdom.

2) Basis of preparation

The interim condensed consolidated financial statements have been prepared in accordance with Disclosure and Transparency Rules of the Financial Conduct Authority ("FCA") and with International Accounting Standard 34 Interim Financial Reporting as adopted by the European Union.

These interim condensed consolidated financial statements and accompanying notes are unaudited, do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006 and do not include all the information and disclosures required in annual statutory financial statements. They should be read in conjunction with the Group's annual report and accounts for the year ended 30 June 2013 which are available on the Group's website. Those statutory accounts were approved by the Board of Directors on 9 September 2013 and have been filed with the Registrar of Companies. The report of the auditors on those accounts was unqualified.

New standards, interpretations and amendments adopted by the Group

The Group adopted the following significant new standards and revisions to standards which did not have a material financial effect on the condensed consolidated financial statements:

- IFRS 13 *Fair value measurement* establishes a single source of guidance under IFRS for all fair value measurements, provides guidance on how to measure fair value when fair value is required or permitted across IFRSs and enhances disclosure requirements. Although application of IFRS 13 has not materially impacted the fair value measurements carried out by the Group, certain specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, have been impacted and are provided in note 13.
- An amendment to IAS 32 *Financial instruments: Presentation* provides additional guidance for offsetting financial assets and liabilities while consequential amendments to International Financial Reporting Standard 7 *Financial instruments: Disclosures* set out corresponding new disclosure requirements.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue to operate for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its interim condensed consolidated financial statements.

3) Accounting policies

The accounting policies adopted in the preparation of these interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual report and accounts for the year ended 30 June 2013, except for the adoption of new standards and interpretations with effect from 1 July 2013 and the following change:

Readily realisable interests in seeded funds which do not represent controlling stakes are recognised as fair value through profit or loss financial assets in accordance with IAS 39 *Financial instruments: recognition and measurement*. Previously, such interests would have been classified as available-for-sale. In accordance with IAS 39, interests previously recognised as available-for-sale continue to be designated as such.

The Group believes that this voluntary change in accounting policy more closely aligns the recognition of fair value changes on all readily realisable interests in seed capital directly through profit or loss. The change did not result in a material impact on the current period's retained earnings or previously stated balance sheet positions relating to any periods included within these interim condensed financial statements.

4) Segmental information

Key management information, including revenues, margins, investment performance, distribution costs and AuM flows, which is relevant to the operation of the Group, continue to be reported to and reviewed by the Board on the basis of the investment management business as a whole and, hence, the Group's management considers that the Group's services and its operations are not run on a discrete geographic basis and comprise one business segment (being provision of investment management services).

The location of the Group's non-current assets at the end of the period other than financial instruments, deferred tax assets and post-employment benefit assets are shown in the table below. Disclosures relating to revenue are in note 5.

Analysis of non-current assets by geography

	As at 31 December 2013 £m	As at 31 December 2012 £m	As at 30 June 2013 £m
United Kingdom	**15.9**	14.8	16.9
United States	**74.1**	84.3	82.6
Other	**0.8**	0.8	0.9

5) Revenue

Management fees are accrued throughout the period based on prevailing levels of assets under management and performance fees are recognised when they can be estimated reliably and it is probable that they will crystallise. The Group is not considered to be reliant on any single source of revenue. During the period, none of the Group's funds provided more than 10.0% of total revenue in the period (H1 2012/13: one; FY2012/13: none) when considering management fees and performance fees on a combined basis.

Analysis of revenue by geography

	6 months to 31 December 2013 £m	6 months to 31 December 2012 £m	12 months to 30 June 2013 £m
United Kingdom earned revenue	**139.9**	148.4	320.1
United States earned revenue	**12.6**	15.7	27.9
Other	**2.8**	3.7	7.6

6) Foreign exchange

The foreign exchange rates which had a material impact on the Group's results are the US dollar, the Brazilian real and the Indonesian rupiah.

	Closing rate as at 31 December 2013	Closing rate as at 31 December 2012	Closing rate as at 30 June 2013	**Average rate 6 months ended 31 December 2013**	Average rate 6 months ended 31 December 2012	Average rate 12 months ended 30 June 2013
US dollar	**1.6557**	1.6255	1.5213	**1.5868**	1.5974	1.5690
Brazilian real	**3.9100**	3.3333	3.3907	**3.6367**	3.2488	3.2216
Indonesian rupiah	**20,112**	n/a	15,258	**17,770**	n/a	15,183

The Indonesian rupiah did not have a material impact on the Group's results for the six month period ended 31 December 2012.

Foreign exchange differences arose as shown below.

	6 months to 31 December 2013 £m	6 months to 31 December 2012 £m	12 months to 30 June 2013 £m
Net realised and unrealised hedging gains/(losses)	**2.0**	1.3	(1.2)
Translation losses on non-sterling denominated monetary assets and liabilities	**(20.5)**	(3.4)	5.9
Total foreign exchange (losses)/gains	**(18.5)**	(2.1)	4.7

7) Finance income and expense

	6 months to 31 December 2013 £m	6 months to 31 December 2012 £m	12 months to 30 June 2013 £m
Finance income			
Interest on cash and cash equivalents	**0.8**	2.3	3.2
Other finance income	**(10.2)**	8.9	23.4
	(9.4)	11.2	26.6
Finance expense	**(0.1)**	(0.7)	(0.9)
Net finance income	**(9.5)**	10.5	25.7

Included within other finance income is £0.5 million (H1 2012/13: £8.0 million; FY2012/13: £10.8 million) in relation to the downward adjustment of the Group's contingent consideration liabilities and £10.7 million of net losses (H1 2012/13: £0.9 million net gains; FY2012/13: £12.6 million net gains) in relation to realised gains and losses on available-for-sale and both realised and unrealised gains and losses on held-for-sale seed capital and non-current financial asset investments.

Included within finance expense is £0.1 million (H1 2012/13: £0.7 million; FY2012/13: £0.9 million) in relation to the unwind of the discount applied to contingent consideration liabilities on the Group's balance sheet.

8) Share-based payments

The total share-based payments-related cost recognised by the Group in the statement of comprehensive income is shown below:

	6 months to 31 December 2013 £m	6 months to 31 December 2012 £m	12 months to 30 June 2013 £m
Omnibus Plan	**8.4**	12.4	24.8
US subsidiary operating agreement	**0.2**	–	0.3
Total related to compensation awards	**8.6**	12.4	25.1
Related to acquisition of Ashmore Equities Investment Management (US) L.L.C. (formerly Ashmore EMM L.L.C.)	**1.7**	1.1	3.3
Total share-based payments expense	**10.3**	13.5	28.4

The total expense recognised for the period in respect of equity-settled share-based payment transactions was £9.7 million (H1 2012/13: £10.7 million; FY2012/13: £29.0 million).

Ashmore First Discretionary Share Option Scheme (Option Scheme)

Share options outstanding under the Option Scheme were as follows:

	6 months to 31 December 2013 Number of options	6 months to 31 December 2012 Number of options	12 months to 30 June 2013 Number of options
At the beginning of the period	**503,750**	1,898,221	1,898,221
Exercised	**–**	(76,471)	(1,394,471)
Forfeited	**–**	–	–
At the end of the period	**503,750**	1,821,750	503,750
Options exercisable	**503,750**	1,821,750	503,750

The Executive Omnibus Incentive Plan (Omnibus Plan)

Share awards outstanding under the Omnibus Plan were as follows:

	6 months to 31 December 2013 Number of shares subject to awards	6 months to 31 December 2012 Number of shares subject to awards	12 months to 30 June 2013 Number of shares subject to awards
Equity-settled awards			
At the beginning of the period	**28,339,002**	25,691,454	25,691,454
Granted	**8,968,222**	7,697,076	7,697,076
Vested	**(5,987,496)**	(3,056,020)	(4,699,395)
Forfeited	**(401,828)**	(149,027)	(350,133)
Outstanding at the end of the period	**30,917,900**	30,183,483	28,339,002
Cash-settled awards			
At the beginning of the period	**5,397,708**	4,406,218	4,406,218
Granted	**140,845**	1,001,645	1,001,645
Vested	**(71,448)**	(1,985)	(1,985)
Forfeited	**(99,681)**	(8,170)	(8,170)
Outstanding at the end of the period	**5,367,424**	5,397,708	5,397,708
Total awards			
At the beginning of the period	**33,736,710**	30,097,672	30,097,672
Granted	**9,109,067**	8,698,721	8,698,721
Vested	**(6,058,944)**	(3,058,005)	(4,701,380)
Forfeited	**(501,509)**	(157,197)	(358,303)
Outstanding at the end of the period	**36,285,324**	35,581,191	33,736,710

The fair value of awards granted under the Omnibus Plan is determined by the average Ashmore Group plc closing share price for the five business days prior to grant.

The liability arising from cash-settled awards under the Omnibus Plan at the end of the period and reported within trade and other payables in the consolidated balance sheet is £8.4 million (H1 2012/13: £11.4; FY2012/13: £12.0 million) of which £nil (H1 2012/13: £nil; FY2012/13: £nil) relates to vested awards.

Acquisition of Ashmore Equities Investment Management (US) L.L.C. (formerly Ashmore EMM L.L.C.)

On acquisition of Ashmore Equities Investment Management (US) L.L.C., employees and management held unvested shares representing 17.9% of its partnership shares. These awards, which vest after five years depending on the satisfaction of service conditions, are accounted for as equity-settled share-based payments in accordance with IFRS 2 *Share-based payments* which results in an annual charge to the statement of comprehensive income during the period of vesting. Upon vesting, the holders are entitled to receive shares in Ashmore Equities Investment Management (US) L.L.C. which may be exchanged for shares in Ashmore Group plc or cash at the discretion of the Group. The grant date fair value was based on the intrinsic value proportionate with the value implied from the purchase consideration paid by the Group to acquire Ashmore Equities Investment Management (US) L.L.C.

During the period, no awards were granted (H1 2012/13 and FY2012/13: none), no awards vested (H1 2012/13: none; FY2012/13: 5,463 awards) and 11,500 awards were forfeited (H1 2012/13: 63,250 awards; FY2012/13: 71,587 awards). There were 305,900 awards (H1 2012/13: 331,200 awards; FY2012/13: 317,400 awards) outstanding as at 31 December 2013.

There have been no significant changes to the Group's other share-based payment arrangements.

9) Taxation

Analysis of tax charge for the period

	6 months to 31 December 2013 £m	6 months to 31 December 2012 £m	12 months to 30 June 2013 £m
Current tax			
UK corporation tax on profits for the period	**12.6**	26.3	56.7
Overseas corporation tax charge	**1.4**	2.2	3.9
Adjustments in respect of prior periods	**–**	(0.2)	–
	14.0	28.3	60.6
Deferred tax			
Origination and reversal of temporary differences	**0.1**	(2.0)	(5.2)
Adjustments in respect of prior period	**1.3**	–	–
Effect of changes in corporation tax rates	**–**	–	0.6
Tax expense for the period	**15.4**	26.3	56.0

Factors affecting tax charge for the period

	6 months to 31 December 2013 £m	6 months to 31 December 2012 £m	12 months to 30 June 2013 £m
Profit before tax	**79.5**	120.2	257.6
Profit on ordinary activities multiplied by the blended UK tax rate of 22.5% (FY2012/13: 23.75%)	**17.9**	28.5	61.2
Effects of:			
Non-deductible expenses	**4.2**	5.5	10.6
Deduction in respect of vested shares/exercised options (Part 12, Corporation Tax Act 2009)	**(3.4)**	(1.6)	(4.1)
Deferred tax arising from origination and reversal of temporary differences	**0.1**	(2.0)	(5.2)
Overseas taxes, net of overseas tax relief	**(0.5)**	0.0	(1.3)
Non-taxable income			
Write-off of contingent consideration	**–**	(1.9)	(2.6)
Other non-taxable income	**(2.3)**	(1.5)	(2.2)
Tax relief on amortisation and impairment of goodwill and intangibles	**(0.8)**	(0.8)	(1.7)
Effect of deferred tax balance from changes in the UK corporation tax rate	**1.3**	0.0	0.6
Other items	**(1.1)**	0.3	0.7
Adjustments in respect of prior periods	**–**	(0.2)	–
Tax expense for the period	**15.4**	26.3	56.0

Non-deductible expenses mainly comprise the impact of non-deductible IFRS 2 accounting charges with respect to share-based compensation of £1.7m (H1 2012/13: £2.6million; FY2012/13: £6.1 million) and disallowable amortisation and impairment of intangibles charges of £0.4m (H1 2012/13: £2.3m million; FY2012/13: £4.0 million).

Charge recognised in equity/other comprehensive income

	6 months to 31 December 2013 £m	6 months to 31 December 2012 £m	12 months to 30 June 2013 £m
Current tax on available-for-sale financial assets	**–**		–
Deferred tax on available-for-sale financial assets	**–**	0.1	–
Deferred tax on share-based payments	**–**	(2.8)	0.7
	–	(2.7)	0.7

A reduction to the main rate of UK corporation tax from 24% to 23% was substantively enacted on 3 July 2012 and became effective from 1 April 2013. The effect of this rate reduction has been reflected in the current tax figures set out above. Further corporate tax rate decreases to 21% with effect from 1 April 2014 and thereafter to 20% from 1 April 2015 were substantively enacted on 2 July 2013 and the impact of these rate changes has been taken into account in calculating the UK deferred tax position.

10) Earnings per share

Basic earnings per share is calculated by dividing the profit after tax for the financial period attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the period, excluding own shares.

Diluted earnings per share is based on basic earnings per share adjusted for all dilutive potential ordinary shares. There is no difference between the profit for the period attributable to equity holders of the parent used in the basic and diluted earnings per share calculations.

Reconciliation of the weighted average number of shares used in calculating basic and diluted earnings per share is shown below.

	6 months to 31 December 2013 Number of ordinary shares	6 months to 31 December 2012 Number of ordinary shares	12 months to 30 June 2013 Number of ordinary shares
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**679,141,578**	675,716,562	674,777,956
Effect of dilutive potential ordinary shares – share options/awards	**31,203,651**	29,416,603	30,328,790
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**710,345,229**	705,133,165	705,106,746

11) Dividends

Dividends paid

	6 months to 31 December 2013 £m	6 months to 31 December 2012 £m	12 months to 30 June 2013 £m
Final dividend for FY2012/13 –11.75p (FY2011/12: 10.75p)	**81.9**	75.0	75.0
Interim dividend for FY2012/13 – 4.35p	**–**	–	30.2
	81.9	75.0	105.2

In addition, the Group paid £2.9 million (H1 2012/13: £2.9 million; FY2012/13: £5.7 million) of dividends to non-controlling interests.

Dividends declared/proposed

Company	**6 months to 31 December 2013 pence**	6 months to 31 December 2012 pence	12 months to 30 June 2013 pence
Interim dividend declared per share	**4.45**	4.35	4.35
Final dividend proposed per share	–	–	11.75
	4.45	4.35	16.10

The Board has approved an interim dividend for the six months to 31 December 2013 of 4.45 pence per share (six months to 31 December 2012: 4.35 pence per share; Final dividend for the year to 30 June 2013: 11.75p) payable on 11 April 2014 to shareholders on the register on 7 March 2014.

12) Goodwill and intangible assets

	Goodwill £m	Fund management relationships £m	Brand name £m	Other intangible assets £m	Total £m
Cost					
At 31 December 2012, 30 June 2013 and 31 December 2013	**57.5**	**39.5**	**1.8**	**2.6**	**101.4**
Accumulated amortisation and impairment					
At 30 June 2012	–	(5.5)	(0.2)	(2.2)	(7.9)
Amortisation charge for the period	–	(2.5)	(0.1)	(0.1)	(2.7)
Impairment charge for the period	–	(4.6)	(1.5)	–	(6.1)
At 31 December 2012	–	(12.6)	(1.8)	(2.3)	(16.7)
Amortisation charge for the period	–	(2.3)	–	(0.2)	(2.5)
Impairment charge for the period	–	(4.8)	–	–	(4.8)
At 30 June 2013	–	(19.7)	(1.8)	(2.5)	(24.0)
Amortisation charge for the period	**–**	**(1.8)**	**–**	**(0.1)**	**(1.9)**
Impairment charge for the period	**–**	**–**	**–**	**–**	**–**
At the end of the period	**–**	**(21.5)**	**(1.8)**	**(2.6)**	**(24.1)**
Net book value					
At 30 June 2012	60.0	35.8	1.7	0.6	98.1
Accumulated amortisation and impairment movement for the period	–	(7.1)	(1.6)	(0.1)	(8.8)
FX revaluation through reserves*	(1.7)	(1.2)	(0.1)	(0.1)	(3.1)
At 31 December 2012	58.3	27.5	–	0.4	86.2
Accumulated amortisation and impairment movement for the period	–	(7.1)	–	(0.2)	(7.3)
FX revaluation through reserves*	3.4	1.9	–	0.1	5.4
At 30 June 2013	61.7	22.3	–	0.3	84.3
Accumulated amortisation and impairment movement	**–**	**(1.8)**	**–**	**(0.1)**	**(1.9)**
FX revaluation through reserves*	**(4.4)**	**(1.8)**	**–**	**–**	**(6.2)**
At 31 December 2013	**57.3**	**18.7**	**–**	**0.2**	**76.2**

* FX revaluation through reserves is a result of the retranslation of US dollar-denominated intangibles and goodwill.

Goodwill

The goodwill balance within the Group relates principally to the acquisition of Ashmore Equities Investment Management (US) L.L.C. in May 2011.

The Group has continued to manage its business as a single unit, with asset allocations, research and other such operational practices reflecting the commonality of approach across all fund themes. The Group therefore still considers itself to have one cash-generating unit to which goodwill is allocated.

Goodwill is tested for impairment annually or whenever there is an indication that the carrying amount may not be recoverable based on management's judgements regarding the future prospects of the business, estimates of future cash flows and discount rates. The key assumptions used to determine the recoverable amount were disclosed in the annual financial statements for the year ended 30 June 2013.

During the period to 31 December 2013, no factors indicating potential impairment of goodwill were noted and, as a result, no impairment review was deemed necessary.

Based on management's value in use calculation, the recoverable amount was in excess of the carrying amount and no impairment was therefore deemed necessary. An increase in the discount rate by 5% (31 December 2012: 5%; 30 June 2013: 5.0%) would not result in the recoverable amount being lower than the carrying amount.

Fund management relationships and brand name

Intangible assets are comprised of fund management relationships related to profit expected to be earned from clients of Ashmore Equities Investment Management (US) L.L.C. acquired in 2011 and its brand name. The brand name was fully impaired during the year ended 30 June 2013.

During the period to 31 December 2013, there was a continuous review to identify factors indicating that the Group's fund management relationships were impaired. None were identified and, as a result, no impairment review was undertaken during the period. There were no impairment charges included within the Group's other expenses in the consolidated statement of comprehensive income in the period (H1 2012/13: £6.1 million; FY2012/13: £ £11.0 million).

The remaining amortisation period for fund management relationships is five and a half years (31 December 2012: six and a half years; 30 June 2013: six years).

Other intangible assets

In order to incentivise Amundi, who were formerly a shareholder in Ashmore Equities Investment Management (US) L.L.C., to retain existing AuM within the business and to further increase AuM, there is an incentive fee payable after three years tied to the level of such AuM at that time. As the purpose of this is to benefit the Group going forward, a corresponding intangible asset was recognised. The level of Amundi-related assets that remain under management by the Group as at 31 December 2013 is such that the intangible asset recognised is believed to have a recoverable amount in excess of the carrying value. Consequently, no impairment charge (H1 2012/13 and FY2012/13: £nil) was included in the Group's consolidated statement of comprehensive income. Other intangible assets are being amortised over a three-year period up to May 2014.

13) Fair value of financial instruments

The accounting policies relating to the estimation of fair values are consistent with those applied in the preparation of the Group's annual report and accounts for the year ended 30 June 2013.

The Group has an established control framework with respect to the measurement of fair values. This framework includes a valuation team that has overall responsibility for all significant fair value measurements. The valuation team regularly reviews significant inputs and valuation adjustments. If third-party information is used to measure fair value, then the valuation team assesses and documents the evidence obtained from the third parties to support such valuations.

There are no material differences between the carrying amounts of financial assets and liabilities and their fair values at the balance sheet date.

Fair value hierarchy

The Group measures fair values using the following fair value hierarchy that reflects the significance of inputs used in making the measurements.

- Level 1: Valuation is based upon a quoted market price in an active market for an identical instrument. This fair value measure relates to the valuation of quoted and exchange traded equity and debt securities.
- Level 2: Valuation techniques are based upon observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This fair value measure relates to the valuation of quoted equity securities in inactive markets or in interests in unlisted funds whose net asset values are referenced to the fair values of the listed or exchange traded securities held by those funds.
- Level 3: Valuation techniques use significant unobservable inputs. This fair value measure relates to the valuation of contingent consideration liability and interests in certain closed-end private equity funds.

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

13) Fair value of financial instruments *continued*

The fair value hierarchy of financial instruments which are carried at fair value is summarised below:

	At 31 December 2013				At 31 December 2012				At 30 June 2013			
	Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets												
Investment securities	**53.6**	**10.3**	**–**	**63.9**	7.0	25.7	–	32.7	40.7	9.0	–	49.7
Non-current financial assets held-for-sale	**–**	**81.0**	**–**	**81.0**	–	50.8	–	50.8	–	104.9	–	104.9
Fair value through profit or loss investments	**–**	**11.7**	**–**	**11.7**	–	–	–	–	–	–	–	–
Available-for-sale financial assets	**1.0**	**25.1**	**12.0**	**38.1**	0.5	98.9	–	99.4	0.4	55.2	–	55.6
Non-current asset investments	**–**	**11.2**	**–**	**11.2**	–	6.9	–	6.9	–	9.1	–	9.1
Derivative financial instruments	**–**	**1.9**	**–**	**1.9**	–	0.8	–	0.8	–	–	–	–
	54.6	**141.2**	**12.0**	**207.8**	7.5	183.1	–	190.6	41.1	178.2	–	219.3
Financial liabilities												
Third-party interests in consolidated funds	**18.2**	**3.8**	**–**	**22.0**	1.1	5.1	–	6.2	9.0	3.8	–	12.8
Derivative financial instruments	**–**	**–**	**–**	**–**	–	–	–	–	–	2.1	–	2.1
Non-current financial liabilities held-for-sale	**–**	**18.7**	**–**	**18.7**	–	8.7	–	8.7	–	26.9	–	26.9
Contingent consideration	**–**	**–**	**–**	**–**	–	–	2.9	2.9	–	–	0.5	0.5
	18.2	**22.5**	**–**	**40.7**	1.1	13.8	2.9	17.8	9.0	32.8	0.5	42.3

There were no transfers between Level 1, Level 2 and Level 3 during the period (H1 2012/13 and FY2012/13: none).

Reconciliation of fair value measures categorised within Level 3 of the fair value hierarchy

	Available-for-sale financial assets £m	Contingent consideration liability £m
At 1 July 2013	–	(0.5)
Purchases	13.5	–
Redemptions and return of capital	(2.0)	–
Gains/(losses) recognised in profit within finance income	–	0.5
Gains/(losses) recognised in other comprehensive income within the AFS reserve	0.5	–
At 31 December 2013	12.0	–

Losses of £0.6 million (H1 2012/13: £nil; FY2012/13: £nil) were reclassified from other comprehensive income to finance income when the underlying available-for-sale investments were disposed of during the period.

Available-for-sale financial assets

The available-for-sale financial assets relate to investments made during the period in closed-end funds that are neither listed on any stock exchange nor traded on any regulated markets. When observable prices are not available, valuation techniques are used which include the market approach, the income approach or the cost approach for which sufficient and reliable data is available. The inputs used in estimating the value of Level 3 financial assets include the original transaction price, recent transactions in the same or similar instruments, completed or pending third-party transactions in underlying investments or comparable issuers, subsequent rounds of financing, recapitalisations and other transactions across the capital structure, offerings in the equity or debt capital markets, changes in financial ratios or cash flows and the net assets values (NAVs) of funds provided by investment managers. The valuation of Level 3 financial assets may also be adjusted for illiquidity and/or non-transferability, with the amounts of such discount estimated in the absence of market information.

The Level 3 fair value measurements are based primarily on the Group's own estimates and assumptions. Therefore, the results cannot be measured with precision, cannot be substantiated by comparison to quoted prices in active markets and may not be realised in a current sale or immediate settlement of the assets. In addition, there are inherent uncertainties in any fair value measurement technique and changes in assumptions used including discount rates, liquidity risks and estimates of future cash flows could significantly affect the fair value measurements amounts and may therefore impact the Group's result.

Key to the valuation of the Group's interests in the Level 3 financial assets is the NAVs of the private equity funds driven principally by the values of underlying investments. If the values of the underlying investments/NAVs change by +/- 5%, the aggregate value of the Group's interests would change by £0.6 million with no impact on the profit for the period.

Contingent consideration

The contingent consideration payable is in connection with the acquisition of Ashmore Equities Investment Management (US) L.L.C. in 2011.

14) Seed capital investments

Seed capital investments represent interests taken up by the Group in funds for which the Group is the investment manager to provide initial scale and facilitate marketing of the funds to third-party investors.

a) Non-current assets and non-current liabilities held-for-sale

Where Group companies inject seed capital into funds operated and controlled by the Group, the Group is actively seeking to reduce its investment, and it is considered highly probable that it will relinquish control within a year; the interests in those funds are treated as held-for-sale and are recognised as financial assets and liabilities held-for-sale. During the period, five funds (H1 2012/13: two; FY2012/13: six) were seeded in this manner and met the above criteria, and consequently the assets and liabilities of these funds were initially classified as held-for-sale.

The non-current assets and liabilities held-for-sale at 31 December 2013 were as follows:

	31 December 2013 £m	31 December 2012 £m	30 June 2013 £m
Non-current financial assets held-for-sale	**81.0**	50.8	104.9
Non-current financial liabilities held-for-sale	**(18.7)**	(8.7)	(26.9)
Seed capital investments classified as held-for-sale	**62.3**	42.1	78.0

Investments held for less than a year cease to be classified as held-for-sale when they are no longer controlled by the Group. A loss of control may happen either through sale of the investment and/or dilution of the Group's holding. When investments cease to be classified as held-for-sale they are classified as fair value through profit or loss financial assets (see below). Previously, such investments were classified as available-for-sale financial assets. During the period, one such investment (H1 2012/113: two; FY2012/13: one) was transferred to fair value through profit or loss after the Group reduced its interests following investment inflows from third parties. There was no impact on net assets or profit or loss as a result of the reclassification.

If the fund remains under the control of the Group for more than one year from the original investment date it will cease to be classified as held-for-sale, and will be consolidated line-by-line after considering the proximity of loss of control and the extent to which consolidation of the fund on a line-by-line basis would be material to the presentation of the Group's financial statements. During the period, one such fund (H1 2012/13: one; FY2012/13: two) with an aggregate carrying amount of £6.6 million (H1 2012/13: £14.3 million; FY2012/13: £25.2 million) was transferred to consolidated funds. There was no impact on net assets or profit or loss as a result of the transfer.

As the Group considers itself to have one segment (refer to note 4), no additional segmental disclosure of held-for-sale assets or liabilities is applicable.

Gains and losses in relation to held-for-sale investments are included within finance income and expenses respectively (refer to note 7).

b) Consolidated funds

Consolidated funds represent seed capital investments where the Group has held its position for a period greater than one year and its interest represents a controlling stake in the fund. These funds are consolidated line by line.

	31 December 2013 £m	31 December 2012 £m	30 June 2013 £m
Investment securities	**63.9**	32.7	49.7
Cash and cash equivalents	**2.3**	–	1.6
Other	**(1.3)**	–	1.6
Third-party interests in consolidated funds	**(22.0)**	(6.2)	(12.8)
Consolidated seed capital investments	**42.9**	26.5	40.1

Investment securities include listed and unlisted equities and debt securities. Other includes trade receivables, trade payables and accruals.

Included within the consolidated statement of comprehensive income is a net gain of £4.6 million (H1 2012/13: £8.2 million; FY2012/13: £4.6 million) relating to the Group's share of the results of the individual statements of comprehensive income for each of the consolidated funds. This includes finance income of £0.1 million (H1 2012/13: £1.1 million; FY2012/13: £1.6 million) and £3.8 million gain (H1 2012/13: £9.3 million gain; FY2012/13: £4.9 million loss) on investment securities, £1.2 million (H1 2012/13: £2.2 million; FY2012/13: £1.2 million) relating to changes of third-party interests in consolidated funds and expenses of £0.5 million (H1 2012/13: £nil; FY2012/13: £0.7 million).

As of 31 December 2013, the Group's consolidated funds were domiciled in Brazil, Luxembourg and the United States.

14) Seed capital investments *continued*

c) Fair value through profit or loss investments

Fair value through profit or loss investments at 31 December 2013 comprised of a listed debt fund.

	31 December 2013 £m	31 December 2012 £m	30 June 2013 £m
Seed capital classified as fair value through profit or loss investments	**11.7**	–	–

d) Available-for-sale financial assets

Available-for-sale financial assets held at fair value at 31 December 2013 comprised the following:

	31 December 2013 £m	31 December 2012 £m	30 June 2013 £m
Equities – listed	**1.0**	0.5	0.4
Equity funds – unlisted	**35.0**	36.0	10.6
Debt funds – unlisted	**2.1**	62.9	44.6
Seed capital classified as available-for-sale	**38.1**	99.4	55.6

e) Non-current asset investments

Non-current asset investments relate to the Group's holding in closed-end funds and are classified as financial assets at fair value through profit or loss.

	31 December 2013 £m	31 December 2012 £m	30 June 2013 £m
Non-current asset investments at fair value	**11.2**	6.9	9.1

Non-current asset investments relate to the Group's holding in closed-end funds and are classified as financial assets at fair value through profit or loss. Fair value is assessed by taking account of the extent to which potential dilution of gains or losses may arise as a result of additional investors subscribing to the fund where the final close of a fund has not occurred.

Included within finance income is £1.8 million (H1 2012/13: £nil; FY2012/13: £1.2 million) of unrealised gains on the Group's non-current asset investments.

15) Financial risk management

The Group is subject to strategic, business, investment, operational and treasury risks throughout its business as discussed in the Business Review and note 22 of the Group's annual report for the year ended 30 June 2013, which provide further detail on the Group's exposure to and the management of risks derived from the financial instruments it uses. Those risks and the risk management policies have not changed significantly during the six months to 31 December 2013.

16) Share capital

Authorised share capital

	Number of shares	Nominal value £'000
Ordinary shares of 0.01p each at 31 December 2012, 30 June 2013 and 31 December 2013	**900,000,000**	**90**

Issued share capital – allotted and fully paid

	As at 31 December 2013 Number of shares	As at 31 December 2013 Nominal value £'000	As at 31 December 2012 Number of shares	As at 31 December 2012 Nominal value £'000	As at 30 June 2013 Number of shares	As at 30 June 2013 Nominal value £'000
Ordinary shares of 0.01p each	**712,740,804**	**71**	712,740,804	71	712,740,804	71

All the above ordinary shares represent equity of the Ashmore Group plc and rank pari passu in respect of participation and voting rights.

During the period no ordinary shares (H1 2012/13 and FY2012/13: none) were cancelled as part of an acquisition-related purchase price adjustment. The nominal value of the cancelled shares is credited to a capital redemption reserve that is not presented on the face of the consolidated balance sheet as it is de minimis.

At 31 December 2013, there were 503,750 options (31 December 2012: 1,821,750 options; 30 June 2013: 503,750 options) in issue with contingent rights to the allotment of ordinary shares of 0.01p in the Company. There were also equity-settled share awards issued under the Omnibus Plan totalling 30,917,900 shares (31 December 2013: 30,183,483 shares; 30 June 2013: 28,339,002 shares) that have release dates ranging from October 2014 to October 2017.

17) Own shares

The Ashmore 2004 Employee Benefit Trust (EBT) was established to act as an agent to facilitate the acquisition and holding of shares in Ashmore Group plc with a view to facilitating the recruitment and motivation of the employees. As at 31 December 2013, the EBT owned 29,727,178 (31 December 2012: 29,536,273; 30 June 2013: 35,205,106) ordinary shares of 0.01p with a nominal value of £2,972 (31 December 2012: £2,954; 30 June 2013: £3,520) and shareholders' funds are reduced by £119.3 million (31 December 2012: £87.5 million; 30 June 2013: £115.8 million) in this respect. It is the intention of the Directors to make these shares available to employees by way of sale through the share-based compensation plans. The EBT is periodically funded by the Company for these purposes.

18) Related party transactions

Related parties of the Group include key management personnel, close family members of key management personnel, subsidiaries, associates, joint ventures, Ashmore Funds, the EBT and the Ashmore Foundation.

Key management personnel

The compensation paid to or payable to key management for employee services is shown below:

	6 months to 31 December 2013 £m	6 months to 31 December 2012 £m	12 months to 30 June 2013 £m
Short-term employee benefits	**0.1**	0.1	2.7
Defined contribution pension costs	**–**	–	–
Share-based payment benefits	**–**	–	1.7
	0.1	0.1	4.4

Share-based payment benefits represent the fair value charge to the statement of comprehensive income of share awards.

During the period, there were no other transactions entered into with key management personnel (H1 2012/13 and FY2012/13: none). Aggregate key management personnel interests in consolidated funds at 31 December 2013 was £9.2 million (31 December 2012: £nil; 30 June 2013: £3.5 million).

Transactions with Ashmore Funds

During the period, the Group received £118.5 million gross management fees and performance fees (H1 2012/13: £187.2 million; FY2012/13: £337.0 million) from the 77 funds (H1 2012/13: 70 funds; FY2012/13: 75 funds) it manages and which are classified as related parties. As at 31 December 2013, the Group had receivables due from funds of £23.4 million (31 December 2012: £80.7 million; 30 June 2013: £57.6 million).

Transactions with the EBT

The EBT, which acts as an agent for the purpose of the employee share-based compensation plans, has been provided a loan facility to allow it to acquire Ashmore shares in order to satisfy outstanding unvested shares. The EBT is included within the results of the Group. As at 31 December 2013, the loan outstanding was £114.7 million (31 December 2012: £82.7 million; 30 June 2013: £112.7 million).

Transaction with the Ashmore Foundation

The Ashmore Foundation is a related party to the Group. The Foundation was set up to provide financial grants to worthwhile causes within the Emerging Markets geographies in which Ashmore operates with a view to giving back into the countries and communities in which the Group invests and which contribute to Ashmore's income and profitability. The Group did not make any donations to the Foundation during the period (H1 2012/13: £nil; FY2012/13: £0.1 million).

19) Commitments

Undrawn investment commitments

	As at 31 December 2013 £m	As at 31 December 2012 £m	As at 30 June 2013 £m
VTBC-Ashmore Real Estate Partners I, L.P.	**3.4**	3.3	3.4
Everbright Ashmore China Real Estate Fund	**1.6**	2.8	3.0
Ashmore I – FCP Colombia Infrastructure Fund	**3.9**	6.4	4.9

20) Post-balance sheet events

There are no post-balance sheet events that require adjustment or disclosure in these condensed consolidated financial statements.

21) Accounting estimates and judgements

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were substantially the same as those that applied to the annual report and accounts as at and for the year ended 30 June 2013.

A number of assumptions are made in deriving the estimated fair value of the contingent consideration, including assumptions around future net management fee margins, net subscriptions, market performance and the average cost of capital. While the Group believes that a set of prudent assumptions and estimates have been used that best reflect current market conditions, there remains a degree of uncertainty. In the event that future results or revised assumptions contribute to an upward revision in the contingent consideration, the reduction recognised during the period, reported within finance income, could be partially or fully reversed.

22) Forward looking statements

It is possible that this document could or may contain forward looking statements that are based on current expectations or beliefs, as well as assumptions about future events. These forward looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward looking statements often use words such as anticipate, target, expect, estimate, intend, plan, goal, believe, will, may, should, would, could or other words of similar meaning.

Undue reliance should not be placed on any such statements because, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and the Group's plans and objectives, to differ materially from those expressed or implied in the forward looking statements. There are several factors that could cause actual results to differ materially from those expressed or implied in forward looking statements. Among the factors that could cause actual results to differ materially from those described in the forward looking statements are changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or dispositions. The Group undertakes no obligation to revise or update any forward looking statement contained within this document, regardless of whether those statements are affected as a result of new information, future events or otherwise

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

We confirm that to the best of our knowledge:

– the interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* as adopted by the European Union; and

– the interim management report includes 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 set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; 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 do so.

By order of the Board

Mark Coombs
Chief Executive Officer

24 February 2014

Independent Review Report to Ashmore Group plc

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2013 which comprises the consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement 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.

The annual financial statements of the group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU.

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 31 December 2013 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.

Gareth Horner
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL

24 February 2014

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