Positioned at the heart of Emerging Markets

Interim Report 2012/13

Ashmore

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.

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Unaudited interim results for the six months to 31 December 2012

Highlights

Assets under management ("AuM") at 31 December of

US$71.0 billion

an increase of 11% during the period

EBITDA of

£114.1 million

(H1 2011/12: £127.2 million)

Basic earnings per share of

13.94p

(H1 2011/12: 13.83p)

Continued net inflows

US$1.6 billion

with US$1.0 billion in Q2

EBITDA margin stable at

70%

(H1 2011/12: 70%)

An interim dividend of

4.35p

per share will be paid on 12 April 2013

(H1 2011/12: 4.25p)

Net management fees of

£148.2 million

(H1 2011/12: £151.4 million)

Profit before tax of

£120.2 million

(H1 2011/12: £129.8 million)

Performance fees of

£15.3 million

(H1 2011/12: £23.0 million)

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

"The Group has delivered a satisfactory financial performance for the six months to 31 December 2012, with an industry-leading EBITDA margin of 70%. Assets under management increased by 11% to US$71.0 billion as a result of net inflows and positive investment performance.

As anticipated, the decisions and investments we made in periods of heightened volatility over the past 18 months have resulted in strong investment performance. At 31 December 2012, 89% of AuM had outperformed relevant benchmarks over one year and 88% over three years.

Political events, central bank intervention and continued anaemic growth of developed countries over the past six months have emphasised the inherent attractions of emerging markets. Ashmore's experienced investment team has a 20 year track record of investing successfully in these markets, and with a broad and diverse range of themes available to clients the Group is well positioned to benefit from rising demand for the attractive risk-adjusted returns available from emerging market assets."

Chief Executive Officer's Statement

During the six months ended 31 December 2012, Ashmore Group plc ("Ashmore", the "Group") achieved a satisfactory financial performance with AuM increasing by 11% to US$71.0 billion during the period. Net revenue of £163.7 million is 10% lower than in the equivalent period a year ago, which as expected is primarily the result of lower performance fees. The EBITDA margin was in line at 70% (H1 2011/12: 70%) resulting in EBITDA of £114.1 million compared with £127.2 million reported for H1 2011/12. The Group's profit before tax for the period of £120.2 million fell by 7% from £129.8 million in the prior year period. However, basic earnings per share of 13.94p were modestly higher compared with 13.83p in the prior year period, due to a lower effective tax rate of 22% (H1 2011/12: 26%) and a loss of £0.4 million attributable to non-controlling interests (H1 2011/12: £2.3 million profit).

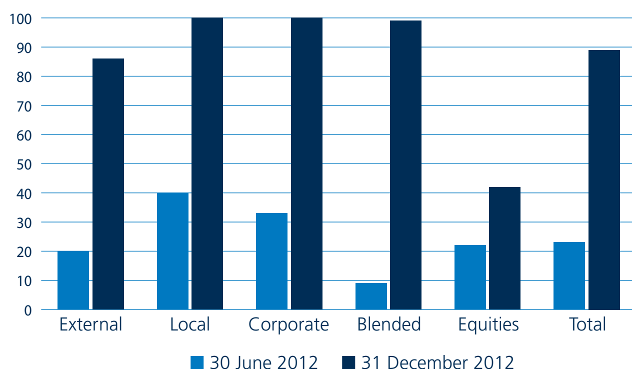
AuM development

The AuM increase of US$7.3 billion in the six months comprised net subscriptions of US$1.6 billion and positive investment performance of US$5.7 billion. Gross subscriptions were US$8.8 billion with notable contributions from European corporates, US pension funds, and government-related entities in Asia and the Middle East. There continues to be particular client interest in blended debt, local currency and corporate debt themes, and the six months also saw new subscriptions to equities with good demand for specialist mandates.

Gross redemptions were US$7.2 billion or 11% of average AuM (H1 2012/11: 9%). These figures exclude the effect of a mandate reclassification described below within the investment theme reviews. Average AuM were 7% higher compared with the prior year period.

Market conditions were favourable during the period as the effects of further stimulus in developed economies supported risk asset prices, including those in emerging markets. As anticipated, the decisions and investments we made in periods of heightened volatility over the past 18 months have resulted in strong investment performance during the first half of the current financial year. This is evident across all of our fixed income themes, but also in equities where we continue to deliver strong upper quartile performance in specialist funds and we have delivered a marked improvement in the relative performance of Broad Global Active GEMs products.

% AuM outperforming benchmark over one year (gross)



At 31 December 2012, 89% of AuM had outperformed relevant benchmarks over one year compared with 23% at 30 June 2012. Our three and five year track records remain strong with 88% and 89% of AuM outperforming relevant benchmarks, respectively (30 June 2012: 86% and 78%, respectively).

Investment theme reviews

External debt

Our longest established theme is external debt, and during the period our first public fund, EMLIP, celebrated its 20 year anniversary, having launched in October 1992. Since its inception, EMLIP has delivered annualised gross returns of 21.1%, significantly exceeding the 12.1% annualised return from its relevant benchmark.

The external debt theme comprises a highly diversified portfolio of emerging markets debt assets, benchmarked around sovereign emerging markets external debt indices, and investing in three sub-themes: broad; sovereign; and sovereign investment grade.

AuM at 31 December 2012 were US$15.3 billion; a decrease of US$0.6 billion (4%) from US$15.9 billion at 30 June 2012. The movement includes a reclassification of US$1.0 billion of AuM from external debt to blended debt following a change in the investment guidelines, including the benchmark, for those assets. Excluding this reclassification, AuM increased US$0.4 billion (3%) with investment returns adding US$1.4 billion during the six months. Net redemptions were US$1.0 billion, partly due to a significant amount of switching into other Ashmore funds.

The theme contributed management fees of £34.4 million at an average margin of 67 bps, and generated performance fees of £11.0 million (H1 2011/12: £30.8 million; 71 bps; and £16.6 million respectively).

Local currency

The local currency investment theme takes advantage of the rapidly expanding local currency and local currency denominated debt markets, with relatively low correlation to other asset classes. Ashmore offers a full range of sub-themes covering: broad; FX; bonds; investment grade; and inflation linked assets.

AuM at 31 December 2012 were US$13.2 billion; an increase of US$3.2 billion (32%) from US$10.0 billion at 30 June 2012, in line with anticipated continued growth in this theme. Net subscriptions were US$2.1 billion; while they were skewed towards government-related sources and Asia in particular, flows from European and US pension funds picked up in Q2. Investment performance added US$1.1 billion.

The theme contributed management fees of £24.0 million at an average margin of 64 bps, and generated performance fees of £2.5 million (H1 2011/12: £22.6 million; 77 bps; and £3.6 million respectively). The main drivers of the movement in the management fee margin are broadening and deepening of relationships with key emerging markets institutions, and an increase in demand for investment grade funds which have commensurately lower expected investment returns.

Corporate debt

The corporate debt theme focuses on the developing corporate debt asset class in emerging markets, and covers four sub-themes: broad; high yield; investment grade; and local currency.

AuM at 31 December 2012 were US$3.1 billion; an increase of US$0.7 billion (29%) from US$2.4 billion at 30 June 2012.

The principal factor behind the AuM increase was net subscriptions of US$0.5 billion, with interest from a range of clients including European corporates. Investment performance was strong and added US$0.2 billion to AuM during the period.

The theme contributed management fees of £8.4 million at an average margin of 101 bps, and generated £0.1 million of performance fees (H1 2011/12: £5.8 million; 116 bps; and £nil respectively). The decline in the management fee margin

primarily reflects the continued good demand for investment grade mandates.

We expect continued strong growth in the corporate debt theme. After taking into account crossover investments within blended, external debt and multi-strategy funds, corporate debt AuM were US$9.8 billion at 31 December 2012 (30 June 2012: US$8.9 billion).

Blended debt

The blended debt mandates specifically combine external, local currency and corporate debt investments and are measured against bespoke blended indices.

AuM at 31 December 2012 were US$16.6 billion; an increase of US$4.2 billion (34%) during the six month period. The movement includes a reclassification of US$1.0 billion of AuM from external debt to blended debt following a change in the investment guidelines, including the benchmark, for those assets. Excluding this reclassification, net subscriptions of US$1.8 billion arose from a broad range of clients, including government-related entities, pension funds and corporates, particularly in Europe. Investment performance increased AuM by US$1.4 billion.

The theme contributed management fees of £23.9 million at an average margin of 52 bps, and generated performance fees of £1.1 million (H1 2011/12: £17.9 million; 51 bps; and £nil respectively). We continue to see revenue margin expansion in this theme, reflecting its constituent assets and the resultant complexity of product management, and continued strong client demand.

Equities

The equities theme exploits the combination of the Group's comprehensive top down macro country skills with its bottom up micro investing excellence and one of the largest dedicated corporate research teams in emerging markets equities. The global sub-themes of: broad global active ("BGA"); global small cap; and funds of closed-end funds, are complemented by a range of specialist regional funds including Frontier, Latin America, Middle East and Africa.

AuM at 31 December 2012 were US$6.0 billion; a decrease of US$0.2 billion (3%) from US$6.2 billion at 30 June 2012. Net redemptions of US$1.0 billion included gross subscriptions of US$0.2 billion, from new and existing clients, principally into specialist mandates, offset by anticipated redemptions from BGA mandates. The strong investment performance of the specialist products continues, and BGA funds delivered a marked improvement in performance during the period compared with the preceding six months, with 86% of funds outperforming benchmark (30 June 2012: 30% over six months). In total, investment performance contributed US$0.8 billion to AuM during the period.

The theme contributed management fees of £13.7 million at an average margin of 71 bps, and generated £0.5 million of performance fees (H1 2011/12: £19.3 million; 70 bps; and £0.5 million respectively).

Alternatives

The alternatives theme encompasses investments in corporate restructurings through distressed debt, private and public equity and equity-linked securities. Sub-themes include: special situations; infrastructure; and real estate.

AuM at 31 December 2012 were US$2.3 billion; a decrease of US$0.3 billion (12%) from US$2.6 billion at 30 June 2012. Net redemptions were US$0.1 billion, arising from scheduled capital returns, and market movements reduced AuM by US$0.2 billion.

The theme contributed management fees of £19.8 million at an average margin of 260 bps, and generated no performance fees during the period (H1 2011/12: £21.7m; 240 bps; and £2.3m respectively).

Multi-strategy

The multi-strategy funds provide a dynamic asset allocation across the core investment themes.

AuM at 31 December 2012 were US$5.1 billion; a decrease of US$0.5 billion (9%) during the period. Investment performance was positive at US$0.6 billion, and as expected the theme continued to experience net redemptions, totalling US$1.1 billion and mainly from Asian retail funds, albeit at a slowing rate as the period progressed.

The theme contributed £19.2 million of management fees at an average margin of 120 bps, and generated performance fees of £0.1 million (H1 2011/12: £29.2 million; 127 bps; and £nil respectively).

Overlay/liquidity

This theme provides currency overlay/hedging and liquidity management for third-party client portfolios.

AuM at 31 December 2012 were US$9.4 billion; an increase of US$0.8 billion (9%) with the movement attributable in equal parts to net subscriptions and investment performance.

The theme contributed £4.8 million of management fees at an average margin of 17 bps (H1 2011/12: £4.1m and 17 bps).

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, investment performance and average management fee margin for each theme.

Investment theme	AuM at 30 June 2012 US$bn	Gross subscriptions US$bn	Gross redemptions US$bn	Reclassification US$bn	Net performance US$bn	**AuM at 31 December 2012 US$bn**	**H1 2012/13 Av mgt fee margin bps**
External debt	15.9	1.5	(2.5)	(1.0)	1.4	**15.3**	**67**
Local currency	10.0	2.7	(0.6)	–	1.1	**13.2**	**64**
Corporate debt	2.4	1.0	(0.5)	–	0.2	**3.1**	**101**
Blended debt	12.4	1.9	(0.1)	1.0	1.4	**16.6**	**52**
Equities	6.2	0.2	(1.2)	–	0.8	**6.0**	**71**
Alternatives	2.6	0.1	(0.2)	–	(0.2)	**2.3**	**260**
Multi-strategy	5.6	0.3	(1.4)	–	0.6	**5.1**	**120**
Overlay/liquidity	8.6	1.1	(0.7)	–	0.4	**9.4**	**17**
Total	63.7	8.8	(7.2)	–	5.7	**71.0**	**69**

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, blended debt themes; and of crossover investment from within certain external debt funds.

	AuM at 31 December 2011		AuM at 30 June 2012		**AuM at 31 December 2012**	
Investment theme	Classified by mandate %	Classified as invested %	Classified by mandate %	Classified as invested %	**Classified by mandate %**	**Classified as invested %**
External debt	23	31	25	33	**22**	**31**
Local currency	15	19	16	22	**19**	**27**
Corporate debt	3	15	4	14	**4**	**14**
Blended debt	20	–	19	–	**23**	**–**
Equities	12	15	10	11	**9**	**10**
Alternatives	4	7	4	7	**3**	**5**
Multi-strategy	10	–	9	–	**7**	**–**
Overlay/liquidity	13	13	13	13	**13**	**13**
Total	100	100	100	100	**100**	**100**

The 'as invested' column highlights the continued strong demand for local currency and corporate debt products, in particular, as outlined above.

Financial review

Revenue analysis

The Group's management fee income, net of distribution costs, of £148.2 million (H1 2011/12: £151.4 million) was lower than a year ago due to adverse exchange rate movements and an expected reduction in the average revenue margin to 69 bps (H1 2011/12: 76 bps), partially offset by higher average AuM. The principal reasons behind the decline in revenue margin are consistent with previous periods, namely theme and client mix effects. The most notable of these are the continued success of the blended debt theme and investment grade sub-themes; strong subscriptions from government-related entities; and a reduction in AuM in the higher margin multi-strategy theme.

Performance fees of £15.3 million were recognised during the period, a decrease from the £23.0 million reported for H1 2011/12. At 31 December 2012, 24% of the Group's AuM were eligible to earn performance fees (30 June 2012: 30%). Of this AuM, 39% of it, while able to generate performance fees in the future, was ineligible to do so in H1 2012/13 either as a result of such fees only being available at the end of the multi-year fund life, the fund not having a performance year end in the six months to 31 December 2012, or such funds not earning a performance fee in the performance year.

Operating costs and profitability

The Group continues to exert firm control over its costs. Staff costs are biased towards variable compensation rather than recurring salaries and benefits, and fixed staff costs of £12.2 million rose only marginally compared with the prior year period (H1 2011/12: £11.7 million). Headcount increased as planned to 278 employees at 31 December 2012 (30 June 2012: 257; 31 December 2011: 252), with investment in some support functions, and a particular focus on the Group's local asset management operations.

Variable compensation has been accrued at 20% of earnings before variable compensation, interest and tax. Other expenses, excluding depreciation, amortisation and impairments, increased only slightly to £12.0 million (H1 2011/12: £11.5 million). The Group's EBITDA margin has been maintained at 70% for the six months (H1 2011/12: 70%).

The Group's combined amortisation and impairment charge for the period of £10.0 million is higher than in the prior year period (H1 2011/12: £4.1 million) for two reasons. First, in January 2013 the equities business was rebranded 'Ashmore' from the interim 'AshmoreEMM' name. The EMM brand name intangible asset has been written off in full (£1.5 million). Second, the redemptions experienced in the equities theme resulted in the AshmoreEMM fund management relationships intangible asset being impaired by £4.6 million.

Finance income

The contingent element of the overall consideration paid for the acquisition of AshmoreEMM was adjusted at the end of the period to reflect its fair value. This resulted in an £8.0m credit to the Group's income statement (H1 2011/12: £8.5 million). The reduction in value is principally the result of lower AuM compared with the levels forecast when the fair value of the contingent consideration was established on the completion date. The undiscounted value of the estimated payments in respect of the acquisition of AshmoreEMM has fallen to £3.5 million (30 June 2012: £12.5 million).

Balance sheet and cash flow

The Group's policy is 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 the development needs across the business, which 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.

> "The economic and market backdrop is one where the merits of investing in emerging markets remain compelling."

At 31 December 2012, total equity attributable to shareholders of the parent was £567.5 million (30 June 2012: £537.3 million). There is no debt on the Group's balance sheet.

Cash

The Group continues to generate substantial cash from operations, totalling £127.1 million during the period (H1 2011/12: £114.0 million), from which it paid the following significant items: £77.9 million in dividends (H1 2011/12: £74.5 million); £29.8 million of taxation (H1 2011/12: £31.0 million); and £20.3 million in respect of seed capital investments, including cash flows associated with consolidated funds (H1 2011/12: £19.2 million). The Group's cash and cash equivalents balance decreased by £16.2 million during the six months to £330.4 million.

Seed capital investments

At 31 December 2012, the amount invested in seed capital was £160.9 million (at cost), with a market value of £174.9 million (30 June 2012: cost £140.1 million; market value £148.9 million). The at cost investment represents 33% of Group tangible equity (30 June 2012: 32%).

Investments were made during the period into a variety of funds, including 40-Act funds (small cap equities and corporate debt) and SICAV funds (global small cap equity and Asian corporate debt). Previous seed capital investments were recycled profitably during the period.

Foreign exchange management

The Group's long-standing policy is to hedge between a quarter and two-thirds of the notional value of the 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. The GBP/USD exchange rate strengthened over the six months to 31 December 2012, resulting in a small foreign exchange loss of £2.1m in the Group's consolidated statement of comprehensive income (H1 2011/12: £3.0 million gain).

Local asset management

As part of the growth strategy of establishing local asset management businesses to access growing local pools of capital in key markets and geographies, alongside the existing network of 13 offices, Ashmore established a subsidiary operation in Jakarta, Indonesia in July 2012. Following the establishment of a local team, we launched two equity funds in February 2013. We believe that the combination of local talent with Ashmore's global asset management expertise will allow us to grow a leading business in the Indonesian asset management market.

During the period, Ashmore also reached an agreement to acquire a stake in a fund management joint venture in China with Central China Securities Co. ("CCSC"). CCSC is a securities

company established in 2002 and headquartered in Zhengzhou, which is in the Henan Province and the Central Plains Economic Zone. Ashmore will have a 49% interest in the Shanghai-based joint venture, which is the maximum permitted stake for foreign firms in China. Official government approval for the business was received in January 2013, and we expect the first funds to be launched during the first half of 2013.

Dividend

The Board has determined that an interim dividend of 4.35 pence per share (H1 2011/12: 4.25 pence per share) will be paid on 12 April 2013 to all shareholders who are on the register on 15 March 2013.

Outlook

Actions taken by developed market governments and central banks over the past six months have demonstrably reduced tail risk, most notably in the Eurozone. While this has underwritten the prices of risk assets, it has arguably compounded the economic headwinds facing the Heavily Indebted Developed Countries ("HIDCs"). Set against this backdrop, emerging market economies look ever more attractive with accelerating GDP growth, low indebtedness, favourable external balances, and effective structural reforms in many countries.

Notwithstanding strong investment performance in 2012, with most emerging market indices increasing by double digit per cent amounts and Ashmore's funds continuing to deliver appreciable alpha, there remain myriad sources of potential investment returns in emerging markets.

For instance, highly accommodative monetary policies have compressed HIDC yields to historically low levels, yet on a relative basis emerging market sovereign debt trades 50% wider than it did in 2007. There is a similar picture in emerging market corporate debt, with higher quality, cheaper assets available than is the case in many developed markets. Upward pressure on credit ratings and strong new issuance volumes underpin our belief that this market will continue to grow rapidly. Local currency bonds also remain attractive, notwithstanding strong performance recently; government yields are still 500 bps higher than US Treasuries but with low correlation and low volatility. EM equities – and particularly specialist funds – can be expected to perform well in an environment of rising GDP growth and muted inflationary pressures.

So while assets are not as grossly mispriced as a year ago, neither are they expensive in our view, and we remain confident that our specialist, active investment management approach can continue to deliver attractive returns in the current environment.

The economic and market backdrop is therefore one where the merits of investing in emerging markets remain compelling. Allocations to EM will increase, driven by overweight positions of most investors in HIDC markets that will take years to correct. Ashmore's 20 year history of investing successfully and exclusively in a diverse range of emerging market asset classes leaves it well positioned to benefit from this trend, by growing AuM profitably and continuing to deliver attractive returns to shareholders. As ever, we are committed to the task.

Mark Coombs
Chief Executive Officer

20 February 2013

Interim condensed consolidated statement of comprehensive income

For the six months ended 31 December 2012

	Notes	**Unaudited 6 months to 31 December 2012 £m**	Unaudited 6 months to 31 December 2011 £m	Audited 12 months to 30 June 2012 £m
Management fees		**150.2**	152.8	302.6
Performance fees		**15.3**	23.0	25.4
Other revenue		**2.3**	3.6	6.2
Total revenue		**167.8**	179.4	334.2
Distribution costs		**(2.0)**	(1.4)	(3.7)
Foreign exchange	5	**(2.1)**	3.0	2.8
Net revenue		**163.7**	181.0	333.3
Gains/(losses) on investment securities	12	**9.3**	(1.0)	(0.4)
Change in third-party interests in consolidated funds	12	**(2.2)**	0.2	(0.4)
Personnel expenses		**(38.0)**	(42.3)	(73.0)
Other expenses		**(23.1)**	(16.3)	(34.4)
Operating profit		**109.7**	121.6	225.1
Finance income	6	**10.5**	8.2	18.1
Profit before tax		**120.2**	129.8	243.2
Tax expense		**(26.3)**	(33.7)	(57.5)
Profit for the period		**93.9**	96.1	185.7
Other comprehensive income, net of tax				
Items that may be reclassified subsequently to profit or loss:				
Exchange adjustments on translation of foreign operations		**(3.8)**	(0.1)	0.1
Net gains/(losses) on available-for-sale financial assets		**1.1**	(1.3)	(4.2)
Cash flow hedge intrinsic value gains/(losses)		**0.8**	(0.8)	0.1
Total comprehensive income for the period		**92.0**	93.9	181.7
Profit attributable to:				
Equity holders of the parent		**94.3**	93.8	181.5
Non-controlling interests		**(0.4)**	2.3	4.2
Profit for the period		**93.9**	96.1	185.7
Total comprehensive income attributable to:				
Equity holders of the parent		**92.8**	91.5	177.2
Non-controlling interests		**(0.8)**	2.4	4.5
Total comprehensive income for the period		**92.0**	93.9	181.7
Earnings per share:				
Basic	7	**13.94p**	13.83p	26.82p
Diluted	7	**13.35p**	13.24p	25.80p

The notes on pages 11 to 22 form an integral part of these financial statements.

Interim condensed consolidated balance sheet

As at 31 December 2012

	Notes	**Unaudited 31 December 2012 £m**	Unaudited 31 December 2011 £m	Audited 30 June 2012 £m
Assets				
Property, plant and equipment		**3.9**	2.9	4.2
Goodwill and intangible assets	10	**86.2**	103.3	98.1
Investment in associates and joint ventures		**6.2**	2.3	2.3
Non-current asset investments	12	**6.9**	6.1	5.6
Other receivables		**–**	0.8	0.7
Deferred acquisition costs		**3.6**	5.8	4.7
Deferred tax assets		**22.4**	12.6	15.1
Total non-current assets		**129.2**	133.8	130.7
Investment securities	12	**32.7**	35.6	60.6
Available-for-sale financial assets	12	**99.4**	59.1	54.6
Trade and other receivables		**121.6**	59.7	64.1
Derivative financial instruments		**0.8**	–	0.5
Cash and cash equivalents		**330.4**	323.9	346.6
Total current assets		**584.9**	478.3	526.4
Non-current assets held-for-sale	12	**50.8**	17.9	49.9
Total assets		**764.9**	630.0	707.0
Equity				
Issued capital	15	**–**	–	–
Share premium		**15.7**	15.7	15.7
Retained earnings		**548.3**	454.6	516.6
Foreign exchange reserve		**(0.3)**	3.1	3.1
Available-for-sale fair value reserve		**3.6**	5.4	2.5
Cash flow hedging reserve		**0.2**	(1.5)	(0.6)
Total equity attributable to equity holders of the parent		**567.5**	477.3	537.3
Non-controlling interests		**17.5**	18.7	20.8
Total equity		**585.0**	496.0	558.1
Liabilities				
Trade and other payables		**2.9**	17.2	5.8
Deferred tax liabilities		**3.2**	0.9	1.0
Total non-current liabilities		**6.1**	18.1	6.8
Current tax		**26.9**	29.2	27.9
Third-party interests in consolidated funds	12	**6.2**	8.8	10.5
Derivative financial instruments		**–**	2.9	1.5
Trade and other payables		**132.0**	73.2	87.1
Total current liabilities		**165.1**	114.1	127.0
Non-current liabilities held-for-sale	12	**8.7**	1.8	15.1
Total liabilities		**179.9**	134.0	148.9
Total equity and liabilities		**764.9**	630.0	707.0

The notes on pages 11 to 22 form an integral part of these financial statements.

Interim condensed consolidated statement of changes in equity

For the six months ended 31 December 2012

	Issued capital £m	Share premium £m	Retained earnings £m	Foreign exchange reserve £m	Available-for-sale (AFS) fair value reserve £m	Cash flow hedging reserve £m	Total equity attributable to equity holders of the parent £m	Non-controlling interests £m	Total equity £m
Audited balance at 30 June 2011	–	15.7	473.5	3.3	6.7	(0.7)	498.5	16.4	514.9
Profit for the period	–	–	93.8	–	–	–	93.8	2.3	96.1
Other comprehensive income:									
Translation adjustments on foreign operations	–	–	–	(0.2)	–	–	(0.2)	0.1	(0.1)
Net loss on AFS assets including tax	–	–	–	–	(1.3)	–	(1.3)	–	(1.3)
Cash flow hedge intrinsic value gains	–	–	–	–	–	(0.8)	(0.8)	–	(0.8)
Purchase of own shares	–	–	(40.8)	–	–	–	(40.8)	–	(40.8)
Share-based payments	–	–	1.4	–	–	–	1.4	2.8	4.2
Deferred tax related to share-based payments	–	–	(2.0)	–	–	–	(2.0)	–	(2.0)
Proceeds received on exercise of vested options	–	–	0.3	–	–	–	0.3	–	0.3
Dividends to equity holders	–	–	(71.6)	–	–	–	(71.6)	–	(71.6)
Dividends to non-controlling interests	–	–	–	–	–	–	–	(2.9)	(2.9)
Unaudited balance at 31 December 2011	–	15.7	454.6	3.1	5.4	(1.5)	477.3	18.7	496.0
Non-controlling interests arising on the establishment of a subsidiary	–	–	–	–	–	–	–	0.1	0.1
Profit for the period	–	–	87.7	–	–	–	87.7	1.9	89.6
Other comprehensive income:									
Translation adjustments on foreign operations	–	–	–	–	–	–	–	0.2	0.2
Net loss on AFS assets including tax	–	–	–	–	(2.5)	–	(2.5)	–	(2.5)
Gains on AFS previously recognised in equity	–	–	–	–	(0.4)	–	(0.4)	–	(0.4)
Cash flow hedge intrinsic value gains	–	–	–	–	–	0.9	0.9	–	0.9
Purchase of own shares	–	–	–	–	–	–	–	–	–
Share-based payments	–	–	3.2	–	–	–	3.2	2.9	6.1
Deferred tax related to share-based payments	–	–	0.3	–	–	–	0.3	–	0.3
Proceeds received on exercise of vested options	–	–	0.2	–	–	–	0.2	–	0.2
Dividends to equity holders	–	–	(29.4)	–	–	–	(29.4)	–	(29.4)
Dividends to non-controlling interests	–	–	–	–	–	–	–	(3.0)	(3.0)
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**
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**

The notes on pages 11 to 22 form an integral part of these financial statements.

Interim condensed consolidated cash flow statement

For the six months ended 31 December 2012

	Unaudited 6 months to 31 December 2012 £m	Unaudited 6 months to 31 December 2011 £m	Audited 12 months to 30 June 2012 £m
Operating activities			
Cash receipts from customers	**176.1**	175.4	329.1
Cash paid to suppliers and employees	**(49.0)**	(61.4)	(90.3)
Cash generated from operations	**127.1**	114.0	238.8
Taxes paid	**(29.8)**	(31.0)	(58.2)
Net cash from operating activities	**97.3**	83.0	180.6
Investing activities			
Interest received	**1.8**	2.0	3.3
Acquisitions	**(3.3)**	–	–
Contingent consideration payments	**(8.6)**	–	–
Changes in upfront consideration relating to acquisitions	–	0.4	0.4
Purchase of non-current asset investments	**(2.1)**	(2.2)	(10.3)
Purchase of non-current assets held-for-sale	**(31.2)**	(9.9)	(59.9)
Purchase of available-for-sale financial assets	**(42.9)**	(6.2)	(5.5)
Sale of available-for-sale financial assets	**22.7**	–	13.5
Purchase of investment securities	**(32.6)**	(109.2)	(161.3)
Sale of investment securities	**22.7**	109.1	160.0
Sale of non-current assets held-for-sale	**18.6**	–	–
Cash flows arising on the (deconsolidation)/consolidation of seed capital	**(1.4)**	–	1.9
Purchase of property, plant and equipment	**(0.8)**	(0.2)	(2.6)
Net cash used in investing activities	**(57.1)**	(16.2)	(60.5)
Financing activities			
Dividends received	–	–	0.3
Dividends paid to equity holders	**(75.0)**	(71.6)	(101.0)
Dividends paid to non-controlling interests	**(2.9)**	(2.9)	(5.9)
Subscriptions into consolidated funds	**29.4**	1.1	6.3
Redemptions by consolidated funds	**(2.5)**	(1.9)	(5.2)
Distributions paid by consolidated funds	**(1.0)**	–	–
Purchase of own shares	–	(40.8)	(40.8)
Net cash used in financing activities	**(52.0)**	(116.1)	(146.3)
Net decrease in cash and cash equivalents	**(11.8)**	(49.3)	(26.2)
Cash and cash equivalents at beginning of period	**346.6**	369.0	369.0
Effect of exchange rate changes on cash and cash equivalents	**(4.4)**	4.2	3.8
Cash and cash equivalents at end of period	**330.4**	323.9	346.6
Cash and cash equivalents comprise:			
Cash at bank and in hand	**330.4**	323.9	346.6
	330.4	323.9	346.6

The notes on pages 11 to 22 form an integral part of these financial statements.

Notes to the interim condensed consolidated financial statements

1) General information

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

These interim condensed consolidated financial statements of the Group for the six months ended 31 December 2012 were authorised for issue by the Directors on 20 February 2012.

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 2012 which are available on the Group's website. Those statutory accounts were approved by the Board of Directors on 10 September 2012 and have been filed with the Registrar of Companies. The report of the auditors on those accounts was unqualified.

2) Accounting policies

Basis of preparation

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

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 2012, except for the adoption of the following amendment to an applicable standard with effect from 1 July 2012:

– Amendment to IAS 1 *Presentation of Items of Other Comprehensive Income* impacts the Group's consolidated statement of comprehensive income, by requiring grouping of items presented in the other comprehensive income based on whether or not they will be reclassified to profit or loss in the future.

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) Segmental information

Key management information, including revenues, margins, investment performance, distribution costs and AuM flows, which is relevant to the operation of the Group, is 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).

Entity-wide disclosures by geographical location of amounts of non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets are shown in the table below. Those relating to revenue are in note 4.

Analysis of non-current assets by geography

	As at 31 December 2012 £m	As at 31 December 2011 £m	As at 30 June 2012 £m
UK	**14.8**	15.0	12.3
US	**84.3**	99.5	96.8
Other	**0.8**	0.6	0.9

4) Revenue

Management fees are accrued throughout the period in line with fluctuations in the levels of assets under management. Periodic performance fees are recognised only if performance hurdles have been achieved in a period. The Group is not considered to be reliant on any single source of revenue. During the period, one of the Group's funds provided 10.0% (H1 2011/12: two funds provided 11.4% and 14.7%; FY 2011/12: two funds provided 11.3% and 10.5%) of total revenue in the period when considering management fees and performance fees on a combined basis.

Analysis of revenue by geography

	6 months to 31 December 2012 £m	6 months to 31 December 2011 £m	12 months to 30 June 2012 £m
UK earned revenue	**144.9**	160.8	294.8
US earned revenue	**15.1**	17.0	34.7
Other	**3.7**	3.2	3.8

5) Foreign exchange

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

	Closing rate as at 31 December 2012	Closing rate as at 31 December 2011	Closing rate as at 30 June 2012	**Average rate 6 months ended 31 December 2012**	Average rate 6 months ended 31 December 2011	Average rate 12 months ended 30 June 2012
US dollar	**1.6255**	1.5543	1.5707	**1.5974**	1.5950	1.5901
Brazilian real	**3.3333**	2.8952	3.1543	**3.2488**	2.7193	2.8259

Analysis of foreign exchange differences

	6 months to 31 December 2012 £m	6 months to 31 December 2011 £m	12 months to 30 June 2011 £m
Gains/(losses) from hedging activities	**1.3**	(0.8)	0.1
Translation (losses)/gains on non-Sterling denominated monetary assets and liabilities	**(3.4)**	3.8	2.7
Total foreign exchange (losses)/gains	**(2.1)**	3.0	2.8

6) Finance income

Analysis of finance income

	6 months to 31 December 2012 £m	6 months to 31 December 2011 £m	12 months to 30 June 2011 £m
Interest on cash and cash equivalents	**2.3**	1.0	3.7
Finance income	**8.9**	9.6	18.5
Finance expense	**(0.7)**	(2.4)	(4.1)
Net finance income	**10.5**	8.2	18.1

Included within finance income is £8.0 million (H1 2011/12: £8.5 million; FY 2011/12: £16.8 million) in relation to the downward adjustment of the Group's contingent consideration liabilities, nil (H1 2011/12: £0.4 million; FY 2011/12: £0.4 million) received as part of an acquisition-related purchase price adjustment and £0.9 million (H1 2011/12: £0.7 million; FY 2011/12: £1.3 million) in relation to realised gains on available-for-sale and both realised and unrealised gains on held-for-sale assets.

Included within finance expense is £0.7 million (H1 2011/12: £2.4 million; FY 2011/12: £4.1 million) in relation to the unwind of the discounts applied to contingent consideration liabilities on the Group's balance sheet.

7) 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 of £94.3 million (H1 2011/12: £93.8 million; FY 2011/12: £181.5 million) by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share is calculated as for basic earnings per share with an adjustment to the weighted average number of ordinary shares to reflect the effects of 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 figures used in calculating basic and diluted earnings per share

	6 months to 31 December 2012	6 months to 31 December 2011	12 months to 30 June 2012
Weighted average number of ordinary shares used in calculation of basic earnings per share	**675,716,562**	678,395,706	676,460,821
Effect of dilutive potential ordinary shares – share options/awards	**29,416,603**	30,453,130	26,845,937
Weighted average number of ordinary shares used in calculation of diluted earnings per share	**705,133,165**	708,848,836	703,306,758

8) Share-based payments plans

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 2012 £m	6 months to 31 December 2011 £m	12 months to 30 June 2012 £m
Option Scheme	**–**	–	–
Omnibus Plan	**12.4**	4.4	8.9
Related to acquisition of AshmoreEMM	**1.1**	2.6	5.4
Total expense	**13.5**	7.0	14.3

Share options

Share options outstanding under the Option Scheme were as follows:

	6 months to 31 December 2012 Number of options	6 months to 31 December 2011 Number of options	12 months to 30 June 2012 Number of options
At the beginning of the period	**1,898,221**	4,229,071	4,229,071
Exercised	**(76,471)**	(1,943,896)	(2,330,850)
Forfeited	**–**	–	–
At the end of the period	**1,821,750**	2,285,175	1,898,221
Options exercisable	**1,821,750**	2,285,175	1,898,221

8) Share-based payments plans *continued*

Omnibus Plan

Share awards outstanding under the Omnibus Plan were as follows:

Equity settled awards	**6 months to 31 December 2012 Number of shares subject to awards**	6 months to 31 December 2011 Number of shares subject to awards	12 months to 30 June 2012 Number of shares subject to awards
At the beginning of the period	**25,691,454**	22,889,524	22,889,524
Granted	**7,697,076**	7,519,847	7,953,624
Vested	**(3,056,020)**	(1,140,713)	(1,216,801)
Forfeited	**(149,027)**	(3,403,501)	(3,934,893)
At the end of the period	**30,183,483**	25,865,157	25,691,454
Cash settled awards			
At the beginning of the period	**4,406,218**	2,665,924	2,665,924
Granted	**1,001,645**	2,184,471	2,184,471
Vested	**(1,985)**	(108,225)	(108,225)
Forfeited	**(8,170)**	–	(335,952)
At the end of the period	**5,397,708**	4,742,170	4,406,218
Total awards			
At the beginning of the period	**30,097,672**	25,555,448	25,555,448
Granted	**8,698,721**	9,704,318	10,138,095
Vested	**(3,058,005)**	(1,248,938)	(1,325,026)
Forfeited	**(157,197)**	(3,403,501)	(4,270,845)
Total at the end of the period	**35,581,191**	30,607,327	30,097,672

The fair value of equity and cash settled awards granted under the Omnibus Plan is determined by the average Ashmore Group plc share price for the five business days prior to grant. Subsequent to grant date, the fair value of outstanding cash settled awards is referenced to that of the underlying shares at each reporting date.

Where the grant of restricted and matching share awards is linked to the annual bonus process the fair value of the awards is spread over a period including the current financial year and the subsequent five years to their release date when the grantee becomes unconditionally entitled to the underlying shares. Of the total outstanding share awards of 35,581,191 as at 31 December 2012 (31 December 2011: 30,607,327; 30 June 2012: 30,097,672), 28,358,006 (31 December 2011: 23,977,936; 30 June 2012: 23,890,685) were restricted and matching shares granted as part of the Group's variable compensation process. The fair value of other awards is recognised as an expense over the minimum service period required to satisfy vesting conditions.

Acquisition of AshmoreEMM

On acquisition of AshmoreEMM, 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 which results in an annual charge to the income statement during the period of vesting. Upon vesting, the holders are entitled to receive AshmoreEMM shares 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 AshmoreEMM.

No awards were granted or vested (H1 2011/12 and FY 2011/12: none) during the period. 63,250 awards (H1 2011/12: nil; FY 2011/12: 16,760) were forfeited during the period and 331,200 (H1 2011/12: nil; FY 2011/12: 394,450) awards are outstanding as at 31 December 2012.

9) Dividends

An analysis of dividends is as follows:

	6 months to 31 December 2012	6 months to 31 December 2011	12 months to 30 June 2012
Dividends declared/proposed in respect of the period:			
Interim dividend declared per share (p)	**4.35**	4.25	4.25
Final dividend proposed per share (p)	**–**	–	10.75
Dividends paid in the period:			
Interim dividend paid (£m)	**–**	–	29.4
Interim dividend per share (p)	**–**	–	4.25
Final dividend paid (£m)	**75.0**	71.6	71.6
Final dividend per share (p)	**10.75**	10.34	10.34

The Board has approved an interim dividend for the six months to 31 December 2012 of 4.35 pence per share (H1 2011/12: 4.25 pence per share; Final dividend for the year to 30 June 2012: 10.75p). This will be payable on 12 April 2013 to shareholders on the register on 15 March 2013.

10) Goodwill and intangible assets

	Goodwill £m	AshmoreEMM fund management relationships £m	AshmoreEMM brand name £m	Other intangible assets £m	Total £m
Cost					
At 31 December 2011, 30 June 2012 and 31 December 2012	**57.5**	**39.5**	**1.8**	**2.6**	**101.4**
Accumulated amortisation and impairment					
At 30 June 2011	–	(0.4)	–	(0.1)	(0.5)
Amortisation charge for the period	–	(2.6)	(0.1)	(0.5)	(3.2)
At 31 December 2011	–	(3.0)	(0.1)	(0.6)	(3.7)
Amortisation charge for the period	–	(2.5)	(0.1)	(0.4)	(3.0)
Impairment charge for the period	–	–	–	(1.2)	(1.2)
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 the end of the period	**–**	**(12.6)**	**(1.8)**	**(2.3)**	**(16.7)**
Net book value					
At 30 June 2011	58.7	40.1	1.8	2.6	103.2
Accumulated amortisation and impairment movement for the period	–	(2.6)	(0.1)	(0.5)	(3.2)
FX revaluation through reserves(i)	1.7	1.3	0.1	0.2	3.3
At 31 December 2011	60.4	38.8	1.8	2.3	103.3
Accumulated amortisation and impairment movement for the period		(2.5)	(0.1)	(1.6)	(4.2)
FX revaluation through reserves(i)	(0.4)	(0.5)	–	(0.1)	(1.0)
At 30 June 2012	60.0	35.8	1.7	0.6	98.1
Accumulated amortisation and impairment movement	**–**	**(7.1)**	**(1.6)**	**(0.1)**	**(8.8)**
FX revaluation through reserves(i)	**(1.7)**	**(1.2)**	**(0.1)**	**(0.1)**	**(3.1)**
At 31 December 2012	**58.3**	**27.5**	**–**	**0.4**	**86.2**

(i) FX revaluation through reserves is a result of the retranslation of US dollar denominated intangible and goodwill.

Goodwill

The goodwill balance within the Group relates principally to the acquisition of AshmoreEMM 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 2012. During the period to 31 December 2012, no factors indicating potential impairment of goodwill were noted and, as a result, no impairment review was deemed necessary.

Intangible assets

Intangible assets are comprised of AshmoreEMM fund management relationships, the AshmoreEMM brand name and assets corresponding to future benefits associated to incentive fees payable to Amundi, who were formerly a shareholder in AshmoreEMM, to retain existing AuM within the business and to further increase AuM.

During the period to 31 December 2012, as a result of the impairment indicator of the loss of certain historic fund management clients and rebranding of the equities business, it was identified that some of the Group's intangible assets were impaired. As a result, a review of the recoverable amounts of the AshmoreEMM fund management relationships intangible asset and the AshmoreEMM brand name intangible asset was undertaken. The recoverable amount of each intangible asset was derived from the cumulative net earnings anticipated to be generated over the remaining useful economic life, discounted to present value using the Group's weighted average cost of capital of 13.0% per annum. Cumulative net earnings for the AshmoreEMM fund management relationships intangible asset were derived from the annual operating profit contribution that would arise as a result of the remaining fund management relationships, adjusted for investment performance and investor attrition. Cumulative net earnings for the AshmoreEMM brand name intangible asset were derived from the forecast annual royalties that would be earned as a result of the remaining assets under management, adjusted for investment performance and investor attrition.

Both intangible assets were determined to be impaired as a result of the recoverable amounts being lower than the carrying values at 31 December 2012.

A combined impairment charge of £6.1 million for the period to 31 December 2012 (H1 2011/12: nil; FY 2011/12: £1.2 million) has been included within other expenses in the Group's consolidated statement of comprehensive income. Individual impairment charges in the period to 31 December 2012 for the AshmoreEMM fund management relationships and the AshmoreEMM brand name intangible were £4.6 million and £1.5 million respectively. The impairment charges applied reduced the closing carrying amount of the assets to £27.5 million and nil respectively.

No impairment was identified in relation to the Group's other intangible asset balances.

11) Fair value of financial instruments

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

The fair value of derivative financial instruments is determined by reference to published price quotations (Level 2 inputs).

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.
- Level 2: Valuation techniques are based upon observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Valuation techniques use significant unobservable inputs.

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

	At 31 December 2012				At 31 December 2011				At 30 June 2012			
	Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets at fair value												
Investment securities	**7.0**	**25.7**	**–**	**32.7**	15.0	20.6	–	35.6	27.8	32.8	–	60.6
Derivative financial instruments	**–**	**0.8**	**–**	**0.8**	–	–	–	–	–	0.5	–	0.5
Non-current assets held-for-sale	**–**	**50.8**	**–**	**50.8**	–	17.9	–	17.9	–	49.9	–	49.9
Available-for-sale financial assets	**0.5**	**98.9**	**–**	**99.4**	0.6	58.5	–	59.1	0.4	54.2	–	54.6
Non-current asset investments	**–**	**6.9**	**–**	**6.9**	–	6.1	–	6.1	–	5.6	–	5.6
Total financial assets	**7.5**	**183.1**	**–**	**190.6**	15.6	103.1	–	118.7	28.2	143.0	–	171.2

	At 31 December 2012				At 31 December 2011				At 30 June 2012			
	Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value												
Third-party interests in consolidated funds	**1.1**	**5.1**	**–**	**6.2**	4.4	4.4	–	8.8	4.8	5.7	–	10.5
Derivative financial instruments	**–**	**–**	**–**	**–**	–	2.9	–	2.9	–	1.5	–	1.5
Non-current liabilities held-for-sale	**–**	**8.7**	**–**	**8.7**	–	1.8	–	1.8	–	15.1	–	15.1
Contingent consideration	**–**	**–**	**2.9**	**2.9**	–	–	27.0	27.0	–	–	10.7	10.7
Total financial liabilities	**1.1**	**13.8**	**2.9**	**17.8**	4.4	9.1	27.0	40.5	4.8	22.3	10.7	37.8

During the six months to 31 December 2012, there were no transfers between Level 1, Level 2 and Level 3 (H1 2011/12 and FY 2011/12: none).

A reconciliation from the beginning to ending balances and the valuation techniques used to estimate the fair value of contingent consideration payable in connection with the acquisition of AshmoreEMM are provided in note 14.

12) Seed capital investments

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 fund is classified as being held-for-sale.

	31 December 2012 £m	31 December 2011 £m	30 June 2012 £m
Non-current assets held-for-sale	**50.8**	17.9	49.9
Non-current liabilities held-for-sale	**(8.7)**	(1.8)	(15.1)
Seed capital classified as being held-for-sale	**42.1**	16.1	34.8

Typically, 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.

Additionally, investments 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 available-for-sale financial assets in accordance with IAS 39 (see below).

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 on a line by line basis.

	31 December 2012 £m	31 December 2011 £m	30 June 2012 £m
Investment securities	**32.7**	35.6	60.6
Cash and cash equivalents	**–**	–	2.6
Net derivative financial instruments	**–**	–	0.3
Other	**–**	–	0.9
Third-party interests in consolidated funds	**(6.2)**	(8.8)	(10.5)
Consolidated seed capital	**26.5**	26.8	53.9

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 £8.2 million (H1 2011/12: net loss of £0.8 million; FY 2011/12: net gain of £0.5 million) relating to the Group's share of the results of the individual statements of comprehensive income for each of the consolidated funds. This is made up of interest income within finance income of £1.1 million (H1 2011/12: £1.0 million; FY 2011/12: £1.3 million) and a £9.3 million gain (H1 2011/12: £nil million; FY 2011/12: £0.4 million loss) on investment securities and by £2.2 million (H1 2011/12: £0.2 million; FY 2011/12: £0.4 million) allocated to third-party interests in consolidated funds.

As of 31 December 2012, the Group's consolidated funds were domiciled in Brazil and the USA.

c) Available-for-sale financial assets

Available-for-sale financial assets represent investments that are not classified as fair value through profit or loss, held-for-sale or consolidated funds.

	31 December 2012 £m	31 December 2011 £m	30 June 2012 £m
Equities – listed	**0.5**	0.6	0.4
Equity funds – unlisted	**36.0**	20.5	3.0
Debt funds – unlisted	**62.9**	38.0	51.2
Seed capital classified as being available-for-sale	**99.4**	59.1	54.6

d) Non-current asset investments

	31 December 2012 £m	31 December 2011 £m	30 June 2012 £m
Non-current asset investments at fair value	**6.9**	6.1	5.6

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 £nil million (H1 2011/12: £0.7 million; FY 2011/12: £0.7 million) of unrealised gains on the Group's non-current asset investments.

13) 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 19 in the Group's annual report for the year ended 30 June 2012, 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 2012.

14) Contingent consideration

The Group's contingent consideration liabilities comprise amounts payable in future periods subject to achievement of agreed milestone targets by the relevant maturity dates of 31 May 2012, 2013 and 2014. The fair value of the contingent consideration liability as at 31 December 2012 of £2.9 million is payable after a period greater than 12 months and is classified as a non-current liability.

The movement of contingent consideration during the period is shown below:

	Contingent consideration £m
At 30 June 2011	32.0
Liabilities arising on acquisition of subsidiary	–
Liabilities arising on the purchase of intangible assets	2.4
Net present value discount unwind	(8.5)
FX revaluation	1.1
At 31 December 2011	27.0
Net present value discount unwind	1.7
Fair value adjustment	(8.3)
Consideration that crystallised during the period	(9.5)
FX revaluation	(0.2)
At 30 June 2012	10.7
Net present value discount unwind	**0.7**
Fair value adjustment	**(8.0)**
Consideration that crystallised during the period	**–**
FX revaluation	**(0.5)**
At 31 December 2012	**2.9**

The contingent consideration payable following the acquisition of AshmoreEMM was adjusted at the end of the period, in line with accounting standards, to reflect its fair value. Such a movement in fair value is driven principally by the levels of equities AuM managed by AshmoreEMM at 31 December 2012, compared with the levels forecast when the fair values of the contingent consideration liabilities were established on the completion date and retested at the end of the previous financial year. The reduction in equities AuM created a fall in the fair value of the contingent consideration.

The fall in the fair value of the Group's contingent consideration liabilities at 31 December 2012 resulted in a downward adjustment to the 31 December 2012 closing balance of £8.0 million (H1 2011/12: £8.5 million downward adjustment; FY 2011/12: £16.8 million downward adjustment). The reduction of the discounted liability, reported within finance income, reflects a reduction in the Group's expected payments as a result of performance against contingent consideration milestones to date.

The potential undiscounted value of all future payments that the Group could be required to make under contingent consideration arrangements is between nil and a maximum of £63.0 million/US$102.5 million (31 December 2011: £nil and £82.0 million/US$143.0 million; 30 June 2012: £65.3 million/US$102.5 million). The fair value of the contingent consideration was calculated by reference to forecast net management fee earnings and discounted using the Group's weighted average cost of capital of 13.0%. The forecast and assumptions used are therefore reviewed on a regular basis to assess the potential sensitivities and impact on the Group. The undiscounted value of the estimated payments was £3.5 million/US$5.7 million (31 December 2011: £32.3 million/US$ 50.3 million; 30 June 2012: £12.5 million/US$19.7 million). At maturity, contingent consideration will be settled using a combination of cash and new Ashmore ordinary shares at the prevailing market price. Ashmore has the option to pay up to £0.7 million/US$1.2 million (31 December 2011: £7.3 million/US$11.4 million; 30 June 2012: £3.0 million/US$4.7 million) of the current estimate of the undiscounted contingent consideration amount that will ultimately become payable as equity.

The discount applied to the contingent consideration will unwind until the time when the final payment is made in May 2014.

15) Share capital

(a) Share capital authorised

	At each period end Number of shares	At each period end Nominal value £'000
Ordinary shares of 0.01p each	**900,000,000**	**90**

(b) Share capital issued

Allotted, called up and fully paid equity shares:

	As at 31 December 2012 Number of shares	As at 31 December 2012 Nominal value £'000	As at 31 December 2011 Number of shares	As at 31 December 2011 Nominal value £'000	As at 30 June 2012 Number of shares	As at 30 June 2012 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 Company and rank pari passu in respect of participation and voting rights.

During the period nil ordinary shares (H1 2011/12 and FY 2011/12: 543,633 shares) were cancelled as part of an acquisition-related purchase price adjustment. The nominal value of the cancelled shares has been credited to a capital redemption reserve. The capital redemption reserve is not presented on the face of the consolidated balance sheet as it is de minimis.

16) 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 the Company with a view to facilitating the recruitment and motivation of the employees of the Company. As at 31 December 2012, the EBT owned 29,536,273 (31 December 2011: 33,131,806; 30 June 2012: 32,668,764) ordinary shares of 0.01p with a nominal value of £2,954 (31 December 2011: £3,313; 30 June 2012: £3,267) and shareholders' funds are reduced by £87.5 million (31 December 2011: £89.0 million; 30 June 2012: £88.9 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.

17) Related party transactions

Transactions with key management personnel

Related party transactions are in respect of relationships with key management personnel. The compensation of key management personnel was as follows:

	6 months to 31 December 2012 £m	6 months to 31 December 2011 £m	12 months to 31 June 2012 £m
Short-term employee benefits	**0.1**	0.1	2.7
Share-based payment benefits	**–**	–	2.6
Total	**0.1**	0.1	5.3

Share-based payment benefits represents 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 2011/12 and FY 2011/12: none).

Transactions with Ashmore Funds

During the period, the Group received £187.2 million gross management fees and performance fees (H1 2011/12: £171.8 million; FY 2011/12: £270.4 million) from the 70 funds (H1 2011/12: 77 funds; FY 2011/12: 72 funds) it manages and which are classified as related parties. As at 31 December the Group had receivables due from funds of £80.7 million (31 December 2011: £49.0 million; 30 June 2012: £50.3 million).

Transactions with the Ashmore Employee Benefit Trust (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 2012, the loan outstanding was £82.7 million (31 December 2011: £60 million; 30 June 2012: £82.7 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 emerging markets geographies in which Ashmore operates with a view to putting something back into the countries and communities in which the Group invests and which contribute to Ashmore's income and profitability. There were no related party transactions with the foundation during the period (H1 2011/12 and FY 2011/12: none).

18) Commitments

Undrawn seed capital investment commitments

	As at 31 December 2012 £m	As at 31 December 2011 £m	As at 30 June 2012 £m
VTBC-Ashmore Real Estate Partners I, L.P.	**3.3**	3.4	3.4
Everbright Ashmore China Real Estate Fund	**2.8**	11.2	6.2
Ashmore I – FCP Colombia Infrastructure Fund	**6.4**	8.4	8.8

Other commitments

In July 2012, the Group entered into an agreement to acquire a 49% interest in a fund management joint venture with Central China Securities Co. Ltd. in China. Under the terms of the agreement, the Group was required to initially make a payment of £3.9 million, which was held in escrow. Thereafter and upon granting of the fund management licence and final regulatory approvals in China, the Group would be required to contribute its share of the initial capitalisation, equivalent to £10.0 million, with the escrow balance being returned.

As at 31 December 2012, approval had been granted by the China Securities Regulatory Commission, thereby committing the Group to funding its share of the initial capitalisation, although this payment was still outstanding as at 31 December 2012, pending final approvals from relevant government authorities and the opening of a local bank account.

As a result, as at 31 December 2012, the £3.9 million escrow funds have been classified as an investment in a joint venture on the consolidated balance sheet and the remaining £6.1 million capital contribution is considered to be an outstanding capital commitment.

19) Post-balance sheet events

In January 2013, the Group received the final approvals from the relevant government authorities for the joint venture with Central China Securities Co. Ltd. in China. The joint venture is expected to commence operations during the first quarter of 2013.

20) 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 2012.

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.

21) 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;

– 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

20 February 2013

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 2012 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 Services Authority ("the UK FSA"). 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 FSA.

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 2012 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

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

20 February 2013

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