THE EMERGING MARKETS OPPORTUNITY

THE ASHMORE ADVANTAGE

Ashmore

INTERIM REPORT 2014/15

Ashmore is a leading Emerging Markets asset manager, with a business model that delivers high-quality profits from a scalable platform.

Accessing the diverse set of opportunities available in Emerging Markets requires a specialist, active investment approach, one that Ashmore has employed across more than two decades of investing solely in Emerging Markets. The investment opportunity is substantial, as Emerging Markets' wealth converges with that of Developed Markets. Ashmore is well positioned to take advantage of this trend, and seeks to create value for investors and shareholders through disciplined investment processes, operating on a robust, scalable global operating platform, and delivering long-term performance.

A singular focus on the Emerging Markets opportunity is Ashmore's advantage.

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For a downloadable version of the interim report, other announcements and details of up-coming events, please visit the investor relations section of the Group's website

www.ashmoregroup.com

Highlights

ASSETS UNDER MANAGEMENT (AUM) AT 31 DECEMBER	AUM OUTPERFORMING BENCHMARKS OVER THREE YEARS	NET MANAGEMENT FEES
US$63.7bn	56%	£133.0m
30 June 2014: US$75.0bn	30 June 2014: 81%	(H1 2013/14: £149.8m)

ADJUSTED EBITDA	ADJUSTED EBITDA MARGIN	PROFIT BEFORE TAX
£96.3m	67%	£110.7m
(H1 2013/14: £104.1m)	(H1 2013/14: 67%)	(H1 2013/14: £80.8m)

DILUTED EARNINGS PER SHARE	INTERIM DIVIDEND
11.5p	4.55p
(H1 2013/14: 9.0p)	per share to be paid on 10 April 2015 (H1 2013/14: 4.45p)

Adjusted EBITDA is defined on page 2 and reclassifies items relating to seed capital and foreign exchange translation.

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

"Ashmore's profit before tax improved by 37% to £110.7 million, despite challenging market conditions that led to an 8% decline in average AuM. This was achieved through rigorous control of operating costs, higher performance fees, and the benefits of a stronger US dollar that offset the decline in management fee income.

"Sentiment towards the Emerging Markets asset class is being dictated by macro factors to the exclusion of country or company-specific fundamentals. While this has had a short-term impact on asset prices and hence performance, particularly in the last quarter, it provides a favourable backdrop for Ashmore's value-based investment processes to establish positions in order to enhance returns over the longer-term. Indeed, Emerging Markets offer substantial absolute and relative value with fixed income spreads wider than at any time since the onset of the global financial crisis, and appreciable real yield differentials compared with Developed Markets. Emerging Markets equities continue to offer attractive value given they trade at a substantial discount to Developed Markets on a forward price/earnings basis.

"In 2015, we expect Emerging Markets to continue to pursue beneficial reforms, make cyclical adjustments, and sustain flexibility in policy making, made possible due to their attractive growth profiles and distinct advantages over Developed Markets in that indebtedness and inflation are both at favourable levels. While US monetary tightening is perceived to be a headwind, markets have had nearly two years to adjust to the prospect and Emerging Markets asset prices reflect higher US rate expectations than are likely to be achieved this year. Furthermore, continued loose monetary policy in Japan and the ECB's decision to undertake quantitative easing over the next 18 months are expected to support assets with attractive yields.

"After a period of volatile asset prices but resilience in economic and political fundamentals, Emerging Markets offer attractive near-term returns. Ashmore has experienced and acted upon such value opportunities for clients in the past, and is well-equipped to do so again in this cycle."

During the six months ending 31 December 2014, Ashmore continued to make progress in broadening its distribution capabilities and in expanding the Group's footprint in the Emerging Markets. The market environment was volatile, but the ongoing disciplined and rigorous implementation of the Group's long-standing investment processes sought to take advantage of mispricing opportunities, and reported profits benefited from the strength of the US dollar through foreign exchange translation effects.

Net revenue of £164.0 million (H1 2013/14: £134.6 million) increased 22% as a result of higher performance fees and foreign exchange gains of £21.4 million (H1 2013/14: £18.5 million loss) that primarily reflects the effect of US dollar strength on the value of the Group's non-Sterling assets and liabilities. Net management fee income declined 11% to £133.0 million (H1 2013/14: £149.8 million) with average AuM 8% lower than in the prior year period.

Given the impact of foreign exchange translation effects, for this period adjusted EBITDA is defined to reclassify these effects together with the results of consolidated funds. Adjusted EBITDA for the period was £96.3 million (H1 2013/14: £104.1 million), and resulted in an adjusted EBITDA margin of 67% (H1 2013/14: 67%).

The Group's profit before tax of £110.7 million increased from £80.8 million in the prior year period. Basic earnings per share were 12.0 pence (H1 2013/14: 9.4 pence) and the Board has declared an increased dividend of 4.55 pence per share (H1 2013/14: 4.45 pence), reflecting increased earnings, the Group's strong capital position and the Board's confidence in the business.

Summary non-GAAP financial performance

The table below reclassifies items relating to seed capital and the translation of non-Sterling balance sheet positions to aid clarity and comprehension of the Group's operating performance, and to provide a more meaningful comparison with the prior period.

		Reclassification of			
	H1 2014/15 Statutory	Seed capital-related items	Foreign exchange translation	**H1 2014/15 Adjusted**	H1 2013/14 Adjusted
Net revenues	164.0	–	(20.1)	**143.9**	155.1
Investment securities and third-party interests	(3.5)	3.5	–	**–**	–
Operating expenses[1]	(52.8)	1.2	4.0	**(47.6)**	(51.0)
EBITDA	107.7	4.7	(16.1)	**96.3**	104.1
EBITDA margin	*66%*			***67%***	*67%*
Depreciation & amortisation	(2.3)	–	–	**(2.3)**	(2.5)
Operating profit	105.4	4.7	(16.1)	**94.0**	101.6
Net finance income/(expense)	6.5	(4.0)	(1.7)	**0.8**	0.3
Associates & joint ventures	(1.2)	–	–	**(1.2)**	(0.7)
Seed capital-related items	–	(0.7)	–	**(0.7)**	9.3
Acquisition-related items	–	–	–	**–**	0.4
Profit before tax excluding FX translation	–	–	–	**92.9**	110.9
Foreign exchange translation	–	–	17.8	**17.8**	(30.1)
Statutory profit before tax	110.7	–	–	**110.7**	80.8

1. For the purposes of presenting 'Adjusted' profits, operating expenses in H1 2014/15 and H1 2013/14 have been adjusted for the 20% accrual relating to variable compensation on foreign exchange translation gains and losses.

AuM development

Assets under management declined by US$11.3 billion, or 15%, during the six months as a result of net outflows of US$4.5 billion, negative investment performance of US$6.2 billion, and a reduction of US$0.6 billion relating to the disposal of the Group's 30% interest in a Chinese real estate joint venture. Average AuM of US$71.2 billion were 8% lower compared with the same period in the prior year.

Gross subscriptions were US$5.3 billion (H1 2013/14: US$7.3 billion) with demand continuing to be broadly spread across client types and geographies. By investment theme, the Group experienced ongoing demand for local currency, blended debt and corporate debt products, and also continued interest in the specialist products within the equities theme.

Redemptions were US$9.8 billion (H1 2013/14: US$10.2 billion) or 14% of average AuM (H1 2013/14: 13%). Redemptions remained at a similar level to the prior year period due to a small number of relatively large withdrawals from blended debt, equities and overlay/liquidity segregated accounts. The average net management fee margins on these redemptions were below the averages for the respective themes.

Investment performance

Over three and five years, 56% and 37% of AuM are outperforming relevant benchmarks, respectively (30 June 2014: 81% and 92%, respectively). While the five year number is weaker, this partly reflects the relatively low number of funds in the analysis, and of the 63% that are underperforming benchmarks, nearly all (90%) are within 50bps of the benchmark performance.

Detailed analysis of each of the investment themes is provided in the Market review below, but in summary the value bias of Ashmore's investment processes has led to weaker external debt performance as a result of mark-to-market effects on high conviction positions given the market volatility experienced at this point in the cycle, and this has also had an effect on blended debt. Local currency, corporate debt and equities have sustained strong relative performance over three and five years.

Over one year, there has been a notable improvement in local currency performance relative to benchmarks, with 89% of AuM outperforming as at 31 December 2014 (30 June 2014: 62%, 31 December 2013: 1%). However, external debt and corporate debt funds experienced a weaker period, such that the proportion of Group AuM outperforming benchmarks remains at 22% (30 June 2014: 23%).

AuM movements by investment theme as classified by mandate

The development during the period of AuM by theme as classified by mandate is shown in the following table.

Investment theme	AuM at 30 June 2014 US$bn	Gross subscriptions US$bn	Gross redemptions US$bn	Net flows US$bn	Disposal US$bn	Performance US$bn	**AuM at 31 December 2014 US$bn**
External debt	14.0	0.4	(1.2)	(0.8)	–	(0.8)	**12.4**
Local currency	17.3	1.8	(1.2)	0.6	–	(2.2)	**15.7**
Corporate debt	8.2	0.7	(0.6)	0.1	–	(0.9)	**7.4**
Blended debt	20.6	1.5	(2.5)	(1.0)	–	(1.6)	**18.0**
Equities	6.1	0.6	(2.2)	(1.6)	–	(0.2)	**4.3**
Alternatives	2.5	–	(0.4)	(0.4)	(0.6)	(0.2)	**1.3**
Multi-strategy	2.7	0.1	(0.6)	(0.5)	–	(0.2)	**2.0**
Overlay/liquidity	3.6	0.2	(1.1)	(0.9)	–	(0.1)	**2.6**
Total	75.0	5.3	(9.8)	(4.5)	(0.6)	(6.2)	**63.7**

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 the 'by mandate' presentation to reflect the allocation to underlying asset classes of the multi-strategy and blended debt themes, and the cross-over investment by certain external debt funds.

	AuM at 30 June 2014			**AuM at 31 December 2014**		
Investment theme	Classified by mandate %	Classified as invested %	Classified as invested US$bn	**Classified by mandate %**	**Classified as invested %**	**Classified as invested US$bn**
External debt	19	30	22.8	**19**	**36**	**22.7**
Local currency	23	32	23.9	**25**	**31**	**19.5**
Corporate debt	11	19	14.4	**12**	**18**	**11.8**
Blended debt	27	–	–	**28**	**–**	**–**
Equities	8	10	7.1	**7**	**8**	**5.0**
Alternatives	3	4	3.2	**2**	**3**	**2.0**
Multi-strategy	4	–	–	**3**	**–**	**–**
Overlay/liquidity	5	5	3.6	**4**	**4**	**2.7**
Total	100	100	75.0	**100**	**100**	**63.7**

Market review

The financial year started positively in Emerging Markets, with many of the sources of uncertainty that had previously weighed on sentiment steadily being resolved. The heavy electoral cycle was largely complete, with broadly favourable outcomes in the major countries; some of the geopolitical risks were receding; and the timing of the first US interest rate rise was being pushed back in investors' minds. However, since the middle of September, some of those factors have returned and been joined by new concerns, such as falling commodity prices, particularly oil, and the notable strength of the US dollar. While the impact is not uniform, with a range of outcomes across the more than 60 Emerging Markets countries that Ashmore invests in, this has had the effect of weakening sentiment towards Emerging Markets and leading to widespread weakness in asset prices, notwithstanding the fact that some of these factors, such as a lower oil price, are beneficial to many Emerging Markets. Against this backdrop, we discuss below the performance and outlook for each of the Group's eight investment themes.

External debt	**Local currency**	**Corporate debt**	**Blended debt**
Invests in debt instruments issued by sovereigns (governments) and quasi-sovereigns (government-sponsored).	Invests in local currency-denominated instruments issued by sovereign, quasi-sovereign and corporate issuers as well as local currencies.	Invests in debt instruments issued by public and private sector corporate issuers.	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.	Invests mainly in corporate restructurings through distressed debt, private and public equity and equity-linked securities.	Separates and centralises the currency risk of an underlying Emerging Markets asset class in order to manage it effectively and efficiently.	Allocates assets dynamically across all investment themes.

External debt

The benchmark EMBI GD index was resilient and fell only 1.1% during the six month period. Investment grade assets outperformed high yield, generating positive returns of 1.6% against a 5.9% decline in HY assets, and the index spread over the 10 year US Treasury yield widened by 84bps to 353bps. With 62 countries in the index, there is a wide range of available returns, for example between the Philippines (+6%) and Venezuela (-41%), over the six months.

External debt AuM decreased by US$1.6 billion during the six months, comprising net outflows of US$0.8 billion and negative investment performance of US$0.8 billion. High conviction positions in countries such as Russia, where asset prices fell as sentiment deteriorated during the period, caused some mark-to-market underperformance against the benchmark index, and a bias towards higher yielding and longer duration assets also detracted from relative performance.

External debt valuations are attractive compared with historical levels: the 350bps spread over US Treasuries is 30% wider than at the onset of the financial crisis and twice as wide as the record low of 169bps, and the EMBI GD index yields nearly 6%. As was seen periodically in 2014, the inefficiencies of Emerging Markets can produce short-term underperformance, which can reverse powerfully and rapidly when fundamentals reassert themselves.

Local currency

The unhedged GBI-EM GD index fell 11.1% during the six months, which is attributable to the appreciation of the US dollar against Emerging Markets currencies, although with a wide variation in the performance of individual currencies. Indeed, many Emerging Markets currencies outperformed Developed Markets currencies in the period. Ashmore's comprehensive product range provides investors with the ability to invest across the full spectrum of local currency sub-themes, including FX and rates, the latter returning nearly 3% over the period. As with external debt, there was a wide dispersion of country returns.

Ashmore's local currency AuM declined to US$15.7 billion through net inflows of US$0.6 billion that were offset by negative investment performance of US$2.2 billion. Relative investment performance continued to improve during the period, as active management and investment decisions made during the periods of market weakness in the prior financial year contributed to returns.

While currency performance reduced returns over the period, Emerging Markets' substantial reserve holdings, limited indebtedness and, in the main, orthodox central bank policies have ensured that most countries' economic fundamentals have remained sound. Consequently, the local currency asset class offers attractive absolute and relative returns after the recent volatility, with an index yield of approximately 6%. This level of yield is consistent with significantly tighter US monetary policy, and the relatively low correlation between local currency bonds and US Treasury yields offers an important source of diversification.

Corporate debt

The corporate debt asset class echoed sovereign hard currency debt with the CEMBI BD index falling 1.3% during the six months. Investment grade credits outperformed high yield (+0.8% against -5.6%).

Ashmore's corporate debt AuM declined by US$0.8 billion during the period to US$7.4 billion, with net inflows of US$0.1 billion and negative investment performance of US$0.9 billion. Investment performance relative to the broad benchmark was affected by the theme's bias to high yield mandates, and deteriorating sentiment towards markets such as Russia, compounded by the sell-off in commodities towards the end of 2014, which had a mark-to-market effect on bond prices. Emerging Markets credit offers attractive value compared to both its own history and the returns available from comparable assets in the developed world. Credit spreads versus Developed Markets are at the widest level since the first Eurozone debt crisis in 2011, despite default rates declining from 3.3% to 1.7% between 2013 and 2014. Expectations for GDP growth in Emerging Markets, and a relatively low level of indebtedness at the outset, augur well for continued growth in the corporate debt asset class.

Blended debt

There are clear benefits to dynamically allocating across Emerging Markets fixed income asset classes, with wide variations in periodic returns from the broad range of available constituent asset classes, as can be seen above. The blended debt product has a range of bespoke client benchmarks, but for reference the standard benchmark (50% EMBI GD, 25% GBI-EM GD, 25% ELMI+) fell 5.7% during the period.

The Group's blended debt AuM reduced by US$2.6 billion through negative investment performance of US$1.6 billion and net outflows of US$1.0 billion. Outflows resulted from a small number of relatively large segregated account withdrawals in the second quarter. Blended debt investment performance benefited from active management of local currency positions during the period.

Given the value apparent in Emerging Markets, and the superior returns available from a dynamic allocation across the range of fixed income asset classes, Ashmore expects continued demand for blended debt products from both institutional and retail investors.

Equities

The MSCI EM (net) index fell 7.8% during the six months, as declines in commodity prices and currencies affected sentiment and caused GDP growth expectations to be revised downwards.

The Group's AuM declined through a combination of negative investment performance of US$0.2 billion and net outflows of US$1.6 billion, which were concentrated in segregated accounts invested in the Broad Global Active (BGA) strategy. It is disappointing to report a net outflow from the equities theme, especially given the investment performance improvements. However, redemptions from BGA reflect client decisions based on longer-term performance timeframes and unfortunately outweigh the ongoing success in attracting clients to the range of higher performing, and higher revenue margin, specialist funds. Ashmore's focus is on selling specialist funds, and emphasising the value bias of the BGA strategy.

Emerging Markets equities offer compelling value at the current time, with the volatility of the recent past highlighting many opportunities to invest at attractive earnings or book value multiples. Additionally, access will improve over time as evidenced by Saudi Arabia planning to open its equity market to foreign investors in 2015, and regulatory changes continue to facilitate access to China, the world's largest Emerging Market.

Alternatives

The AuM decline of US$0.9 billion to US$1.3 billion is attributable to the planned return of capital to investors following asset realisations (US$0.3 billion) and the disposal in November of the Group's 30% interest in a Chinese real estate joint venture (US$0.6 billion). The Group's share of profit or losses from the real estate joint venture is recognised in a single line, 'Share of losses from associates and joint ventures' in the consolidated statement of comprehensive income. There is no impact from the disposal on the alternatives net management fee margin, which is stated after excluding the joint venture AuM, and the effect of the disposal on the Group's profit before tax is immaterial.

While the majority of alternatives AuM is in funds that today are in the realisation phase of their lives, there are attractive opportunities in Emerging Markets to increase exposure to locally-managed illiquid assets such as real estate and infrastructure.

Multi-strategy

The decline in multi-strategy AuM from US$2.7 billion to US$2.0 billion is attributable to negative investment performance of US$0.2 billion and net outflows of US$0.5 billion. The outflows were principally due to the ongoing redemptions from Japanese retail funds, with AuM in these funds totalling US$1.4 billion as at 31 December 2014.

Overlay/liquidity

The theme experienced a net outflow of US$0.9 billion, through segregated account withdrawals, and negative mark-to-market performance of US$0.1 billion, resulting in AuM of US$2.6 billion at the period end.

Market outlook

Ashmore enters 2015 with Emerging Markets asset prices at attractive levels after nearly two years of challenging market conditions. Fixed income spreads are wider than at any time since the onset of the global financial crisis and consistent with tighter US monetary conditions than are likely to be seen this year. Similarly, equities continue to offer attractive value across a broad range of Emerging and Frontier markets. This is a favourable backdrop for Ashmore's value-based investment processes to establish positions in order to deliver longer-term performance for clients.

While there is understandable caution with regards to the timing and pace of monetary tightening by the Federal Reserve, markets have had a significant period of time in which to adjust and it will be countered to some extent by Japan's continued loose monetary policy and the European Central Bank's decision to undertake quantitative easing over the next 18 months. Investors' ongoing need for yield, combined with a structural underweight position, is expected to support demand for Emerging Markets assets.

A long list of Emerging Markets countries with perceived weaknesses has been tested by higher funding costs and weak market sentiment over the past two years, and most have responded with adjustment, reforms, or both, thereby improving their credit worthiness. Only a single country in the investment universe has defaulted, and for legal reasons rather than an inability to service its debt, which it continues to try to do. Similarly, the decline in commodity prices since the middle of 2014, in particular oil, has led to the typical knee-jerk reaction that this must be uniformly bad for Emerging Markets, none of which would react with appropriate policy measures. The reality is somewhat different, with more than two-thirds of Emerging Markets countries experiencing an improvement in terms of trade with lower commodity prices, and importantly countries such as Indonesia are seizing the opportunity to instigate sensible, beneficial reforms. While macro uncertainty is unwelcome, it helps to maintain policymakers' discipline in Emerging Markets and healthy carry and spreads preserve attractive valuations.

The discrepancy between prices and Emerging Markets fundamentals is stark after the recent market weakness. Macro uncertainties highlight the need for specialist, active management skills and Ashmore's value-based investment processes are well placed to seize the near-term return opportunities on behalf of clients.

Strategy/business developments

The Group continued to broaden its range of funds during the period, in order to provide investors with the ability to access the full range of opportunities in the diverse Emerging Markets universe.

In September, Ashmore took advantage of the RQFII licence it was awarded in January 2014 to launch three China SICAV funds (equity, fixed income and multi-strategy), providing international investors with efficient and flexible access to the world's largest Emerging Market. As part of this process, Ashmore became the first manager to receive approval from the Luxembourg regulator to invest up to 100% of its RQFII funds' NAV in debt instruments traded on the China interbank bond market.

An element of the third phase of the Group's strategy is to develop a network of domestic asset management businesses within certain Emerging Markets. The existing platforms continue to develop, for example Indonesia now manages approximately US$700 million, and during the period the Group opened an office in Saudi Arabia. A range of onshore mutual funds has now been launched in Saudi Arabia, to be followed by offshore funds that will provide investors with comprehensive access to the large and liquid Saudi Arabian capital markets, further evidence of Ashmore's ability to provide access to Emerging Markets for global investors. Initial client interest in the Saudi Arabia platform is encouraging.

These developments confirm Ashmore's position at the forefront of accessing Emerging Markets on behalf of its clients. In total, 32% of AuM originates from investors domiciled in Emerging Markets and the Group expects this proportion to increase over time.

Ashmore, in partnership with Source, made two SICAVs available to investors in an exchange-traded fund (ETF) format on the London Stock Exchange in October, through offering new share classes for its blended debt and corporate debt funds. The ETF share class provides intra-day liquidity and ease of access to the actively managed funds, and continues the expansion of the Group's distribution capabilities.

The Group's mutual fund platforms continue to develop. The 40-Act funds experienced net inflows and manage US$1.3 billion across a range of nine funds. The SICAV product range has increased to 35 funds (30 June 2014: 32 funds) and manages US$8.3 billion.

Financial review

The Group adopted IFRS 10 with effect from 1 July 2014, which redefines the concept of control for consolidation purposes and resulted in four additional funds being consolidated retrospectively from the date of acquiring a controlling stake. Further information and restated historical financial statements are presented in Notes 2 and 20. There is no impact on the Group's net assets or total comprehensive income as a result of the adoption of IFRS 10.

Revenues

Net revenues increased 22% from £134.6 million to £164.0 million as a result of higher performance fees and foreign exchange gains, partly offset by lower net management fee income.

The Group's management fee income, net of distribution costs, was £133.0 million, a decline of 11% over the prior year period (H1 2013/14: £149.8 million). The lower level of fee income is attributable to the 8% reduction in average AuM, a 3% adverse movement in the average GBP:USD rate and a slight decline in the net management fee margin to 60bps (H1 2013/14: 61bps).

Net management fee income includes the release of an accrual following the renegotiation of a distribution agreement, which contributed approximately one basis point to the Group net management fee margin and should be considered non-recurring in nature.

Performance fees of £7.0 million (H1 2013/14: £0.7 million) were delivered in the period, predominantly by funds with an August year end. At 31 December 2014, 13% of the Group's AuM were eligible to earn performance fees (30 June 2014: 12%).

Translation of the Group's non-Sterling assets and liabilities at the period end resulted in a foreign exchange gain of £20.1 million (H1 2013/14: £20.5 million loss), reflecting principally US dollar strength against Sterling. The Group recognised net realised and unrealised hedging gains of £1.3 million (H1 2013/14: £2.0 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 2013/14 £m	**H1 2014/15 £m**	H1 2013/14 £m	**H1 2014/15 £m**	H1 2013/14 bps	**H1 2014/15 bps**
External debt	26.9	**23.6**	0.4	**6.8**	61	**57**
Local currency	27.3	**24.5**	0.1	**–**	50	**46**
Corporate debt	15.2	**15.9**	–	**–**	74	**64**
Blended debt	34.3	**35.0**	0.1	**0.1**	56	**56**
Equities	13.1	**16.6**	–	**0.1**	75	**98**
Alternatives	15.0	**7.9**	0.1	**–**	229	**166**
Multi-strategy	12.9	**7.8**	–	**–**	124	**107**
Overlay/liquidity	5.1	**1.7**	–	**–**	18	**19**
Total	149.8	**133.0**	0.7	**7.0**	61	**60**

Operating costs

The Group continues to manage its cost base effectively, with a 4% reduction in operating costs excluding variable compensation, from £28.8 million to £27.6 million. Fixed staff costs of £12.4 million declined by 1% compared with the prior year (H1 2013/14: £12.5 million), notwithstanding the 2% rise in average headcount between the two periods from 292 to 298 employees. Headcount increased during the six months to 31 December 2014 to 296 employees (30 June 2014: 291 employees), primarily as a result of the opening of an office in Saudi Arabia.

Other operating costs, excluding depreciation and amortisation, reduced 7% to £12.9 million (H1 2013/14: £13.8 million) predominantly through a focus on controlling discretionary expenditure in areas such as travel and professional fees.

Variable compensation at the half year has been accrued at 20% of earnings before variable compensation, interest and tax, resulting in a charge of £27.5 million (H1 2013/14: £21.3 million).

The combined depreciation and amortisation charge for the period was £2.3 million (H1 2013/14: £2.5 million).

EBITDA

EBITDA of £107.7 million is higher than in the prior year (H1 2013/14: £93.8 million) as a result of the mark-to-market foreign exchange translation effect, higher performance fees and lower non-staff operating costs, partly offset by lower net management fees. Adjusted EBITDA, which reclassifies items relating to acquisitions, seed capital investments and foreign exchange translation effects, was 7% lower at £96.3 million for the period (H1 2013/14: £104.1 million). The adjusted EBITDA margin, which reflects operating performance, was maintained at the prior year level of 67%.

Finance income

Net finance income of £6.5 million (H1 2013/14: £9.8 million expense) includes items relating to seed capital investments and acquisitions. Net interest income for the period was £0.8 million (H1 2013/14: £0.3 million).

Seed capital generated an investment return of £1.7 million during the six months (H1 2013/14: £3.0 million), including a realised gain of £2.8 million on the seed capital employed in the Group's Chinese real estate joint venture. The translation of non-Sterling denominated seed capital investments resulted in a foreign exchange gain of £1.7 million (H1 2013/14: £13.7 million loss).

There were no acquisition-related items in the current period (H1 2013/14: £0.4 million).

Taxation

The majority of the Group's profit is subject to UK taxation. Of the total current tax charge for the period of £24.0 million (H1 2013/14: £14.0 million), £21.3 million relates to UK corporation tax (H1 2013/14: £12.6 million). The Group's effective tax rate for the period is 24.8% (H1 2013/14: 19.1%), which is higher than the blended UK corporation tax rate of 20.75%, primarily due to a reduction in the deferred tax asset relating to unvested shares. Further detail is contained in note 9 to the interim condensed consolidated financial statements.

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 2014, total equity attributable to shareholders of the parent was £620.8 million (31 December 2013: £598.8 million, 30 June 2014: £615.8 million). There is no debt on the Group's balance sheet.

Cash

Ashmore's business model delivers a high conversion rate of profits to cash. Based on operating profit of £105.4 million for the period (H1 2013/14: £91.3 million), the Group generated cash of £115.2 million before working capital changes (H1 2013/14: £139.0 million) and £92.2 million of cash from operations (H1 2013/14: £116.5 million).

The following significant items were paid in the period: £85.3 million in dividends (H1 2013/14: £84.2 million); £22.6 million in taxation (H1 2013/14: £29.0 million); and £11.9 million to purchase own shares to satisfy share awards to employees (H1 2013/14: £1.9 million). Seeding activity, including cash flows associated with consolidated funds, increased cash and cash equivalents by £15.6 million (H1 2013/14: £27.0 million reduction) and exchange rate translation effects increased cash and cash equivalents by £23.0 million (H1 2013/14: £23.6 million reduction). Consequently, the Group's cash and cash equivalents balance increased by £13.8 million during the six months to £386.0 million, and is held in the currencies shown in the table below.

Cash and cash equivalents by currency

	31 December 2014 £m	30 June 2014 £m
Sterling	**148.6**	100.3
US dollar	**204.2**	250.7
Other	**33.2**	19.6
Total	**386.0**	370.6

The US dollar strengthened by 10% against Sterling during the period and the Group consequently reduced its holdings of US dollars through spot sales. This has reduced the Group's US dollar cash exposure to 53% of cash and cash equivalents at 31 December 2014 from 68% at 30 June 2014.

Seed capital investments

As at 31 December 2014 the amount invested in seed capital was £168.2 million (at cost) with a market value of £170.4 million (30 June 2014: £185.4 million at cost; £187.8 million market value). The 'at cost' investment represents 31% of Group net tangible equity (30 June 2014: 34%).

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 12% of the market value, or approximately £21 million, is held in funds with less than monthly liquidity.

Seed capital by currency

	31 December 2014 £m	30 June 2014 £m
US dollar	**103.0**	122.8
Indonesian rupiah	**41.8**	36.2
Brazilian real	**16.1**	17.5
Other	**9.5**	11.3
Total market value	**170.4**	187.8

Seed capital is managed actively and during the period the Group made new commitments of £11.5 million and realised £22.7 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, assets classified as fair value through profit or loss investments, and non-current asset investments, the income statement includes a net gain of £1.0 million (H1 2013/14: £4.4 million loss) relating to seed capital investments.

Net finance income includes seed capital gains of £3.4 million (H1 2013/14: £0.7 million loss), comprising an investment return of £1.7 million (H1 2013/14: £3.0 million) and foreign exchange translation gains of £1.7 million (H1 2013/14: £13.7 million loss). The disposal of the Group's interest in a Chinese real estate joint venture, referred to in the Market review, realised an investment gain of £2.8 million on the Group's invested seed capital.

Other income statement items in respect of seed capital relate to consolidated funds and amount to a loss of £2.4 million (H1 2013/14: £6.3 million gain). The items comprise operating expenses of £1.2 million (H1 2013/14: £0.7 million); losses on investment securities of £5.2 million (H1 2013/14: £7.5 million gain); a gain in respect of third-party interests in consolidated funds of £1.7 million (H1 2013/14: £0.7 million loss); and finance income of £2.3 million (H1 2013/14: £0.2 million).

Foreign exchange

The majority of the Group's fee income is received in US dollars and it is the Group's policy to hedge up to two-thirds of the notional value of up to two years' budgeted foreign currency-denominated net management fees, using either forward or option foreign exchange contracts.

During the period the Group recognised a foreign exchange gain in revenues of £20.1 million (H1 2013/14: £20.5 million loss), which resulted primarily from the effect of US dollar strength against Sterling, and net realised and unrealised hedging gains of £1.3 million (H1 2013/14: £2.0 million).

The average GBP:USD rate achieved in the period was 1.6289 (H1 2013/14: 1.5868) and the closing rate on 31 December 2014 was 1.5577 (30 June 2014: 1.7106). Based on the period end balance sheet, for every five cents move in the GBP:USD rate there would be approximately a £7.5 million effect on the Group's profit before tax. This comprises a seed capital contribution through finance income of £1.0 million and the effect of translating other non-Sterling balance sheet items of £6.5 million recognised in revenues.

Board changes

Melda Donnelly retired from the Board at the Group's AGM on 30 October 2014 after five years of valuable service and contribution. David Bennett was appointed to the Board as a Non-executive Director on 30 October 2014.

Dividend

The Board has determined that an interim dividend of 4.55 pence per share (H1 2013/14: 4.45 pence per share) will be paid on 10 April 2015 to all shareholders on the register on 6 March 2015.

Mark Coombs
Chief Executive Officer

23 February 2015

Interim condensed consolidated statement of comprehensive income

For the six months ended 31 December 2014

	Notes	**Unaudited 6 months to 31 December 2014 £m**	Restated Unaudited 6 months to 31 December 2013 £m	Restated Audited 12 months to 30 June 2014 £m
Management fees		**134.8**	152.0	283.1
Performance fees		**7.0**	0.7	3.1
Other revenue		**2.6**	2.6	7.9
Total revenue	5	**144.4**	155.3	294.1
Distribution costs		**(1.8)**	(2.2)	(4.6)
Foreign exchange	6	**21.4**	(18.5)	(26.6)
Net revenue		**164.0**	134.6	262.9
Gains/(losses) on investment securities	14	**(5.2)**	7.5	14.9
Change in third-party interests in consolidated funds	14	**1.7**	(0.7)	(6.1)
Personnel expenses		**(39.9)**	(33.8)	(66.1)
Other expenses		**(15.2)**	(16.3)	(34.3)
Operating profit		**105.4**	91.3	171.3
Finance income	7	**6.8**	5.7	10.7
Finance expense	7	**(0.3)**	(15.5)	(8.5)
Share of losses from associates and joint ventures		**(1.2)**	(0.7)	(1.9)
Profit before tax		**110.7**	80.8	171.6
Tax expense	9	**(27.4)**	(15.4)	(36.9)
Profit for the period		**83.3**	65.4	134.7
Other comprehensive income, net of related tax effect				
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences arising on foreign operations		**13.1**	(16.0)	(20.2)
Fair value reserve (available-for-sale financial assets):				
Net change in fair value		**2.9**	(3.0)	(3.3)
Net amount transferred to profit or loss		**(2.4)**	(2.1)	(2.5)
Cash flow hedge intrinsic value gains/(losses)		**(4.2)**	2.3	2.8
Other comprehensive income, net of tax		**9.4**	(18.8)	(23.2)
Total comprehensive income for the period		**92.7**	46.6	111.5
Profit attributable to:				
Equity holders of the parent		**81.0**	64.1	132.1
Non-controlling interests		**2.3**	1.3	2.6
Profit for the period		**83.3**	65.4	134.7
Total comprehensive income attributable to:				
Equity holders of the parent		**89.6**	46.1	109.5
Non-controlling interests		**3.1**	0.5	2.0
Total comprehensive income for the period		**92.7**	46.6	111.5
Earnings per share				
Basic	10	**12.02p**	9.42p	19.48p
Diluted	10	**11.50p**	9.01p	18.63p

Comparative information has been restated to reflect the adoption of IFRS 10 Consolidated Financial Statements: see notes 2 and 20. The notes on pages 13 to 27 form an integral part of these financial statements.

Interim condensed consolidated balance sheet
As at 31 December 2014

	Notes	Unaudited 31 December 2014 £m	Restated Unaudited 31 December 2013 £m	Restated Audited 30 June 2014 £m
Assets				
Non-current assets				
Goodwill and intangible assets	12	**76.8**	76.2	72.2
Property, plant and equipment		**3.0**	3.4	3.0
Investment in associates and joint ventures		**7.9**	11.1	9.7
Non-current asset investments	14	**9.6**	11.2	11.7
Other receivables		**0.2**	0.1	0.2
Deferred tax assets		**16.6**	20.1	21.3
		114.1	122.1	118.1
Current assets				
Investment securities	14	**194.9**	127.9	173.2
Available-for-sale financial assets	14	**15.8**	19.5	29.4
Fair value through profit or loss investments	14	**16.8**	11.7	8.4
Trade and other receivables		**82.2**	79.8	69.7
Derivative financial instruments		**0.1**	1.9	2.5
Cash and cash equivalents		**386.0**	346.9	372.2
		695.8	587.7	655.4
Non-current assets held-for-sale	14	**57.6**	81.0	39.1
Total assets		**867.5**	790.8	812.6
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		**614.6**	596.6	618.2
Foreign exchange reserve		**(2.3)**	(10.2)	(14.6)
Available-for-sale fair value reserve		**(4.8)**	(4.6)	(5.3)
Cash flow hedging reserve		**(2.4)**	1.3	1.8
		620.8	598.8	615.8
Non-controlling interests		**18.2**	15.6	16.4
Total equity		**639.0**	614.4	632.2
Liabilities				
Non-current liabilities				
Deferred tax liabilities		**3.2**	3.3	4.5
		3.2	3.3	4.5
Current liabilities				
Current tax		**17.6**	14.1	16.4
Third-party interests in consolidated funds	14	**106.7**	51.4	69.7
Derivative financial instruments		**4.0**	–	0.1
Trade and other payables		**70.2**	88.9	87.0
		198.5	154.4	173.2
Non-current liabilities held-for-sale	14	**26.8**	18.7	2.7
Total liabilities		**228.5**	176.4	180.4
Total equity and liabilities		**867.5**	790.8	812.6

Comparative information has been restated to reflect the adoption of IFRS 10 Consolidated Financial Statements: see notes 2 and 20. The notes on pages 13 to 27 form an integral part of these financial statements.

Interim condensed consolidated statement of changes in equity

For the six months ended 31 December 2014

	Attributable to equity holders of the parent								
	Issued capital £m	Share premium £m	Retained earnings £m	Foreign exchange reserve £m	Available-for-sale reserve £m	Cash flow hedging reserve £m	Total £m	Non-controlling interests £m	Total equity £m
Audited balance at 30 June 2013 (Restated)	–	15.7	608.5	5.0	0.5	(1.0)	628.7	17.1	645.8
Profit for the period	–	–	64.1	–	–	–	64.1	1.3	65.4
Other comprehensive income/(loss):									
Foreign currency translation differences arising on foreign operations	–	–	–	(15.2)	–	–	(15.2)	(0.8)	(16.0)
Net fair value loss on available-for-sale assets including tax	–	–	–	–	(3.0)	–	(3.0)	–	(3.0)
Net gains reclassified from available-for-sale reserve to comprehensive income	–	–	–	–	(2.1)	–	(2.1)	–	(2.1)
Cash flow hedge intrinsic value gains	–	–	–	–	–	2.3	2.3	–	2.3
Total comprehensive income/(loss)	–	–	64.1	(15.2)	(5.1)	2.3	46.1	0.5	46.6
Transactions with owners:									
Purchase of own shares	–	–	(1.9)	–	–	–	(1.9)	(1.0)	(2.9)
Share-based payments	–	–	7.8	–	–	–	7.8	1.9	9.7
Dividends to equity holders	–	–	(81.9)	–	–	–	(81.9)	–	(81.9)
Dividends to non-controlling interests	–	–	–	–	–	–	–	(2.9)	(2.9)
Total contributions and distributions	–	–	(76.0)	–	–	–	(76.0)	(2.0)	(78.0)
Unaudited balance at 31 December 2013 (Restated)	–	15.7	596.6	(10.2)	(4.6)	1.3	598.8	15.6	614.4
Profit for the period	–	–	68.0	–	–	–	68.0	1.3	69.3
Other comprehensive income/(loss):									
Foreign currency translation differences arising on foreign operations	–	–	–	(4.4)	–	–	(4.4)	0.2	(4.2)
Net fair value loss on available-for-sale assets including tax	–	–	–	–	(0.3)	–	(0.3)	–	(0.3)
Net gains reclassified from available-for-sale reserve to comprehensive income	–	–	–	–	(0.4)	–	(0.4)	–	(0.4)
Cash flow hedge intrinsic value gains	–	–	–	–	–	0.5	0.5	–	0.5
Total comprehensive income/(loss)	–	–	68.0	(4.4)	(0.7)	0.5	63.4	1.5	64.9
Transactions with owners:									
Purchase of own shares	–	–	(27.9)	–	–	–	(27.9)	1.0	(26.9)
Share-based payments	–	–	12.1	–	–	–	12.1	2.0	14.1
Dividends to equity holders	–	–	(30.6)	–	–	–	(30.6)	–	(30.6)
Dividends to non-controlling interests	–	–	–	–	–	–	–	(3.7)	(3.7)
Total contributions and distributions	–	–	(46.4)	–	–	–	(46.4)	(0.7)	(47.1)
Audited balance at 30 June 2014 (Restated)	–	15.7	618.2	(14.6)	(5.3)	1.8	615.8	16.4	632.2
Profit for the period	**–**	**–**	**81.0**	**–**	**–**	**–**	**81.0**	**2.3**	**83.3**
Other comprehensive income/(loss):									
Foreign currency translation differences arising on foreign operations	**–**	**–**	**–**	**12.3**	**–**	**–**	**12.3**	**0.8**	**13.1**
Net fair value gains on available-for-sale assets including tax	**–**	**–**	**–**	**–**	**2.9**	**–**	**2.9**	**–**	**2.9**
Net gains reclassified from available-for-sale reserve to comprehensive income	**–**	**–**	**–**	**–**	**(2.4)**	**–**	**(2.4)**	**–**	**(2.4)**
Cash flow hedge intrinsic value gains	**–**	**–**	**–**	**–**	**–**	**(4.2)**	**(4.2)**	**–**	**(4.2)**
Total comprehensive income/(loss)	**–**	**–**	**81.0**	**12.3**	**0.5**	**(4.2)**	**89.6**	**3.1**	**92.7**
Transactions with owners:									
Purchase of own shares	**–**	**–**	**(11.0)**	**–**	**–**	**–**	**(11.0)**	**(0.9)**	**(11.9)**
Share-based payments	**–**	**–**	**9.0**	**–**	**–**	**–**	**9.0**	**2.2**	**11.2**
Proceeds received on exercise of vested options	**–**	**–**	**0.1**	**–**	**–**	**–**	**0.1**	**–**	**0.1**
Dividends to equity holders	**–**	**–**	**(82.7)**	**–**	**–**	**–**	**(82.7)**	**–**	**(82.7)**
Dividends to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(2.6)**	**(2.6)**
Total contributions and distributions	**–**	**–**	**(84.6)**	**–**	**–**	**–**	**(84.6)**	**(1.3)**	**(85.9)**
Unaudited balance at 31 December 2014	**–**	**15.7**	**614.6**	**(2.3)**	**(4.8)**	**(2.4)**	**620.8**	**18.2**	**639.0**

Comparative information has been restated to reflect the adoption of IFRS 10 Consolidated Financial Statements: see notes 2 and 20. The notes on pages 13 to 27 form an integral part of these financial statements.

Interim condensed consolidated cash flow statement

For the six months ended 31 December 2014

	Unaudited 6 months to 31 December 2014 £m	Restated Unaudited 6 months to 31 December 2013 £m	Restated Audited 12 months to 30 June 2014 £m
Operating activities			
Operating profit	**105.4**	91.3	171.3
Adjustments for non-cash items:			
Depreciation and amortisation	**2.3**	2.5	4.9
Accrual for variable compensation	**27.5**	21.3	41.5
Unrealised foreign exchange (gains)/losses	**(21.4)**	18.5	26.6
Other non-cash items	**1.4**	5.4	3.6
Cash generated from operations before working capital changes	**115.2**	139.0	247.9
Changes in working capital:			
Decrease/(Increase) in trade and other receivables	**(12.5)**	2.7	12.8
Decrease/(Increase) in derivative financial instruments	**6.3**	(4.1)	(4.6)
Increase/(Decrease) in trade and other payables	**(16.8)**	(21.1)	(23.0)
Cash generated from operations	**92.2**	116.5	233.1
Taxes paid	**(22.6)**	(29.0)	(48.3)
Net cash from operating activities	**69.6**	87.5	184.8
Investing activities			
Interest received	**2.0**	0.3	0.5
Dividends received	**0.7**	0.5	0.3
Proceeds on disposal of associates	**0.6**	–	–
Purchase of non-current asset investments	**(0.1)**	(0.7)	(2.0)
Purchase of financial assets held-for-sale	**(9.4)**	(15.6)	(30.4)
Purchase of available-for-sale financial assets	**–**	(21.3)	(21.3)
Purchase of fair value through profit or loss investments	**(2.0)**	–	–
Purchase of investment securities	**(43.6)**	(68.4)	(58.3)
Sale of non-current asset investments	**0.1**	–	2.3
Sale of financial assets held-for-sale	**–**	3.3	12.7
Sale of available-for-sale financial assets	**3.7**	33.5	24.9
Sale of fair value through profit or loss investments	**4.9**	–	–
Sale of investment securities	**14.0**	33.8	17.7
Net cash flow arising on initial consolidation/deconsolidation of seed capital investments	**0.5**	1.1	9.9
Purchase of property, plant and equipment	**(0.5)**	(0.4)	(0.4)
Net cash used in investing activities	**(29.1)**	(33.9)	(44.1)

(Table continues overleaf)

	Unaudited 6 months to 31 December 2014 £m	Restated Unaudited 6 months to 31 December 2013 £m	Restated Audited 12 months to 30 June 2014 £m
Financing activities			
Dividends paid to equity holders	**(82.7)**	(82.0)	(112.5)
Dividends paid to non-controlling interests	**(2.6)**	(2.2)	(6.6)
Subscriptions into consolidated funds	**91.3**	22.6	63.7
Redemptions from consolidated funds	**(43.8)**	(15.3)	(46.2)
Distributions paid by consolidated funds	**–**	–	(0.5)
Purchase of own shares	**(11.9)**	(1.9)	(29.8)
Net cash used in financing activities	**(49.7)**	(78.8)	(131.9)
Net (decrease)/increase in cash and cash equivalents	**(9.2)**	(25.2)	8.8
Cash and cash equivalents at beginning of period	**372.2**	395.7	397.1
Effect of exchange rate changes on cash and cash equivalents	**23.0**	(23.6)	(33.7)
Cash and cash equivalents at end of period	**386.0**	346.9	372.2
Cash and cash equivalents comprise:			
Cash at bank and in hand	**90.4**	111.9	76.4
Daily dealing liquidity funds	**172.9**	195.0	224.6
Deposits	**122.7**	40.0	71.2
	386.0	346.9	372.2

The indirect method of presenting cash generated from operations has been adopted with effect from 1 July 2014. Previously, the direct method was presented; see note 3 for further details.

Comparative information has been restated to reflect the adoption of IFRS 10 Consolidated Financial Statements: see notes 2 and 20. The notes on pages 13 to 27 form an integral part of these financial statements.

Notes to the interim condensed consolidated 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 2014 were authorised for issue by the Directors on 23 February 2015.

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 2014 which are available on the Group's website. Those statutory accounts were approved by the Board of Directors on 10 September 2014 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 accounting policies applied in these interim results are consistent with those applied in the Group's annual statutory financial statements for 2014, except for the following Standards and Interpretations adopted from 1 July 2014:

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities.

IFRS 10 redefines the concept of control for consolidation purposes and its adoption has led to four additional funds being consolidated where the Group is now deemed to hold a controlling interest, as defined by this accounting Standard. This has resulted in the total assets and liabilities of those funds being consolidated on a line-by-line basis within the Group's condensed consolidated balance sheet, and the third-party interest in the consolidated funds being recorded within liabilities. There is no impact on the net assets or total comprehensive income of the Group. The Group's previously reported condensed consolidated cash flows have also been restated to include cash flows from those funds. Further details on the effect of the restatement on the Group's condensed consolidated financial statements are set out in note 20.

Prior to the application of IFRS 10, the Group consolidated where its shareholding resulted in control, as defined by IFRS. This policy has not changed subsequent to the adoption of IFRS 10. However, the change to the definition of control under IFRS 10 means that certain of the Group's funds, principally where the Group holds seed capital investments, now meet the definition of a subsidiary as they are deemed to be controlled by the Group. Control is deemed to exist when the Group has power over a fund and is exposed to variable returns through management or performance fees, fair value gains or losses, or distributions from interests in funds managed. The Group will consolidate a fund where it is seen to be acting as a principal (i.e. power is used for self-benefit) and not as an agent (i.e. power is used for the benefit of others, in which case the Group will not consolidate the fund). The Group is considered to act as a principal where it is assessed that third-party investors do not have substantive rights to remove the Group as the fund manager without cause, and the level of the Group's aggregate economic interest in the fund (comprising any carried interests and expected management fees) indicates that power is being used for self-benefit.

IFRS 11 outlines the classification and accounting for jointly controlled arrangements that involve contractually agreed sharing of control. An arrangement subject to joint control under IFRS 11 is classified as either a joint venture (representing a share of net assets, accounted for using the equity method) or a joint operation (representing rights to assets and obligations for liabilities, accounted for accordingly). The adoption of this Standard has not resulted in any impact on the Group's financial statements.

IFRS 12 requires certain additional disclosures to be made in respect of the Group's interests in the funds it manages. These disclosures are not required to be presented as part of the Group's interim results, but will be presented within the 2015 annual report and accounts.

New Standards and Interpretations not yet adopted

The Group did not implement the requirements of the following Standards or Interpretations which were in issue but were not required to be implemented as at 31 December 2014:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers.

No other Standards or Interpretations issued and not yet effective are expected to have an impact on the Group's condensed consolidated financial statements.

Going concern

After making enquiries, the Directors believe that the Group has considerable financial resources and is well placed to manage its business risks in the context of the current economic outlook. Accordingly, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. They therefore continue to adopt the going concern basis in preparing these 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 2014, except for the adoption of the indirect method of presenting cash generated from operations in the Group condensed consolidated cash flow statement with effect from 1 July 2014.

In accordance with IAS 7 Statement of Cash Flows, the Group elected to adopt and present cash generated from operations using the indirect method (i.e. reconciliation of operating profit to net cash from operating activities). Previously, the Group presented cash generated from operations using the direct method (i.e. cash receipts from customers less cash paid to suppliers and employees).

The Group believes that the indirect method provides additional disclosure on the items that affect cash flows generated from operating activities. Comparative consolidated cash flow statement information has been restated to reflect the new presentation, however, this did not result in any impact on the current or prior period cash flows generated from operations.

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, continues 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 2014 £m	As at 31 December 2013 £m	As at 30 June 2014 £m
United Kingdom	**12.5**	15.9	14.3
United States	**74.6**	74.1	70.1
Other	**0.6**	0.7	0.5

5) Revenue

Management fees are accrued throughout the period in line with 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. None of the Group's funds provided more than 10.0% of total revenue in the period (H1 2013/14: one; FY2013/14: none) when considering management fees and performance fees on a combined basis.

Analysis of revenue by geography

	6 months to 31 December 2014 £m	6 months to 31 December 2013 £m	12 months to 30 June 2014 £m
United Kingdom earned revenue	**130.8**	139.9	266.2
United States earned revenue	**10.9**	12.6	22.2
Other	**2.7**	2.8	5.7

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 2014	Closing rate as at 31 December 2013	Closing rate as at 30 June 2014	**Average rate 6 months ended 31 December 2014**	Average rate 6 months ended 31 December 2013	Average rate 12 months ended 30 June 2014
US dollar	**1.5577**	1.6557	1.7106	**1.6289**	1.5868	1.6281
Brazilian real	**4.1398**	3.9100	3.7854	**3.9149**	3.6367	3.7250
Indonesian rupiah	**19,287**	20,112	20,219	**19,536**	17,770	18,618

Foreign exchange differences arose as shown below.

	6 months to 31 December 2014 £m	6 months to 31 December 2013 £m	12 months to 30 June 2014 £m
Net realised and unrealised hedging gains/(losses)	**1.3**	2.0	3.5
Translation gains/(losses) on non-Sterling denominated monetary assets and liabilities	**20.1**	(20.5)	(30.1)
Total foreign exchange gains/(losses)	**21.4**	(18.5)	(26.6)

7) Finance income and expense

	6 months to 31 December 2014 £m	Restated 6 months to 31 December 2013 £m	Restated 12 months to 30 June 2014 £m
Finance income			
Interest and dividend income	**3.1**	0.9	4.7
Net gains on disposal of available-for-sale financial assets	**2.4**	2.1	2.5
Net realised gains on seed capital investments measured at fair value	**–**	2.2	3.0
Net unrealised gains on seed capital investments measured at fair value	**1.3**	–	–
Release of contingent consideration	**–**	0.5	0.5
Total finance income	**6.8**	5.7	10.7
Finance expense			
Net realised losses on seed capital investments measured at fair value	**(0.3)**	–	–
Net unrealised losses on seed capital investments measured at fair value	**–**	(15.4)	(8.5)
Unwinding of discount on contingent consideration	**–**	(0.1)	–
Total finance expense	**(0.3)**	(15.5)	(8.5)
Net finance income	**6.5**	(9.8)	2.2

8) Share-based payments

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

	6 months to 31 December 2014 £m	6 months to 31 December 2013 £m	12 months to 30 June 2014 £m
Omnibus Plan	**6.9**	8.4	19.2
Ashmore Equities Investment Management operating agreement	**0.2**	0.2	0.3
Phantom Bonus Plan	**–**	–	0.1
Total related to compensation awards	**7.1**	8.6	19.6
Related to acquisition of Ashmore Equities Investment Management (US) L.L.C.	**2.0**	1.7	3.6
Total share-based payments expense	**9.1**	10.3	23.2

The total expense recognised for the period in respect of equity-settled share-based payment transactions was £11.4 million (H1 2013/14: £9.7 million; FY2013/14: £23.9 million).

Ashmore First Discretionary Share Option Scheme (Option Scheme)

Share options outstanding under the Option Scheme were as follows:

	6 months to 31 December 2014 Number of options	6 months to 31 December 2013 Number of options	12 months to 30 June 2014 Number of options
At the beginning of the period	**503,750**	503,750	503,750
Exercised	**(328,750)**	–	–
Forfeited	**–**	–	–
At the end of the period	**175,000**	503,750	503,750
Options exercisable	**175,000**	503,750	503,750

8) Share-based payments continued

The Executive Omnibus Incentive Plan (Omnibus Plan)

Share awards outstanding under the Omnibus Plan were as follows:

	6 months to 31 December 2014 Number of shares subject to awards	6 months to 31 December 2013 Number of shares subject to awards	12 months to 30 June 2014 Number of shares subject to awards
Equity-settled awards			
At the beginning of the period	**29,315,890**	28,339,002	28,339,002
Granted	**6,241,637**	8,968,222	9,152,515
Vested	**(3,511,268)**	(5,987,496)	(6,618,753)
Forfeited	**(278,981)**	(401,828)	(1,556,874)
Outstanding at the end of the period	**31,767,278**	30,917,900	29,315,890
Cash-settled awards			
At the beginning of the period	**5,359,834**	5,397,708	5,397,708
Granted	**15,161**	140,845	140,845
Vested	**–**	(71,448)	(71,743)
Forfeited	**–**	(99,681)	(106,976)
Outstanding at the end of the period	**5,374,995**	5,367,424	5,359,834
Total awards			
At the beginning of the period	**34,675,724**	33,736,710	33,736,710
Granted	**6,256,798**	9,109,067	9,293,360
Vested	**(3,511,268)**	(6,058,944)	(6,690,496)
Forfeited	**(278,981)**	(501,509)	(1,663,850)
Outstanding at the end of the period	**37,142,273**	36,285,324	34,675,724

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 interim condensed consolidated balance sheet is £4.9 million (H1 2013/14: £8.4 million; FY2013/14: £7.1 million) of which £nil (H1 2013/14: £nil; FY2013/14: £nil) relates to vested awards.

9) Taxation

Analysis of tax charge for the period

	6 months to 31 December 2014 £m	6 months to 31 December 2013 £m	12 months to 30 June 2014 £m
Current tax			
UK corporation tax on profits for the period	**21.3**	12.6	30.7
Overseas corporation tax charge	**2.7**	1.4	4.7
Adjustments in respect of prior periods	**–**	–	0.3
	24.0	14.0	35.7
Deferred tax			
Origination and reversal of temporary differences	**3.4**	0.1	(0.1)
Adjustments in respect of prior period	**–**	1.3	(0.2)
Effect of changes in corporation tax rates	**–**	–	1.5
Tax expense for the period	**27.4**	15.4	36.9

Factors affecting tax charge for the period

	6 months to 31 December 2014 £m	Restated 6 months to 31 December 2013 £m	Restated 12 months to 30 June 2014 £m
Profit before tax	**110.7**	80.8	171.6
Profit on ordinary activities multiplied by the blended UK tax rate of 20.75% (H1 2013/14: 22.5%; FY2013/14: 22.5%)	**23.0**	18.2	38.6
Effects of:			
Non-deductible expenses	**3.9**	4.2	8.4
Deduction in respect of vested shares/exercised options (Part 12, Corporation Tax Act 2009)	**(1.6)**	(3.4)	(3.9)
Deferred tax arising from origination and reversal of temporary differences	**3.5**	0.1	(0.1)
Different rate of taxes on overseas profits	**(0.3)**	(0.5)	(0.1)
Non-taxable income	**(0.9)**	(2.3)	(4.9)
Tax relief on amortisation and impairment of goodwill and intangibles	**(0.5)**	(0.8)	(1.5)
Effect of deferred tax balance from changes in the UK corporation tax rate	**–**	1.3	1.5
Other items	**0.3**	(1.4)	(1.2)
Adjustments in respect of prior periods	**–**	–	0.1
Tax expense for the period	**27.4**	15.4	36.9

Non-deductible expenses mainly comprise the impact of non-deductible IFRS 2 accounting charges with respect to share-based compensation of £1.7 million (H1 2013/14: £1.7million; FY2013/14: £5.2 million) and other disallowable expenses of £1.8 million across various Group entities (H1 2013/14: £2 million; FY2013/14: £2.3 million). In addition, a deferred tax charge of £3.4 million arose in the period (H1 2013/14: £0.1 million charge; FY 2013/14: £0.2 million credit), in relation to the reduction of the deferred tax asset on unvested share awards to UK employees.

A reduction of the main rate of UK corporation tax from 21% to 20% was enacted in Finance Act 2013 and will become effective from 1 April 2015. The effect of this rate reduction has been reflected in the Group's effective tax rate for H1 2014/15 and the 20% rate used in the calculation of the UK deferred tax assets and liabilities.

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 2014 Number of ordinary shares	6 months to 31 December 2013 Number of ordinary shares	12 months to 30 June 2014 Number of ordinary shares
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**674,687,014**	679,141,578	677,970,089
Effect of dilutive potential ordinary shares – share options/awards	**30,674,382**	31,203,651	31,034,197
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**705,361,396**	710,345,229	709,004,286

11) Dividends

Dividends paid

	6 months to 31 December 2014 £m	6 months to 31 December 2013 £m	12 months to 30 June 2014 £m
Final dividend for FY2013/14 – 12.00p (FY2012/13: 11.75p)	**82.7**	82.0	81.9
Interim dividend for FY2013/14 – 4.45p	**–**	–	30.6
	82.7	82.0	112.5

In addition, the Group paid £2.6 million (H1 2013/14: £2.2 million; FY2013/14: £6.6 million) of dividends to non-controlling interests.

Dividends declared/proposed

Company	**6 months to 31 December 2014 pence**	6 months to 31 December 2013 pence	12 months to 30 June 2014 pence
Interim dividend declared per share	**4.55**	4.45	4.45
Final dividend proposed per share	**–**	–	12.00
	4.55	4.45	16.45

The Board has approved an interim dividend for the six months to 31 December 2014 of 4.55 pence per share (six months to 31 December 2013: 4.45 pence per share; final dividend for the year to 30 June 2014: 12.00 pence per share) payable on 10 April 2015 to shareholders on the register on 6 March 2015.

12) Goodwill and intangible assets

	Goodwill £m	Fund management relationships £m	Other intangible assets £m	Total £m
Cost				
At 31 December 2014, 30 June 2014 and 31 December 2013	**57.5**	**39.5**	**2.6**	**99.6**
Accumulated amortisation and impairment				
At 30 June 2013	–	(19.7)	(2.5)	(22.2)
Amortisation charge for the period	–	(1.8)	(0.1)	(1.9)
Impairment charge for the period	–	–	–	–
At 31 December 2013	–	(21.5)	(2.6)	(24.1)
Amortisation charge for the period	–	(1.7)	–	(1.7)
Impairment charge for the period	–	–	–	–
At 30 June 2014	–	(23.2)	(2.6)	(25.8)
Amortisation charge for the period	**–**	**(1.7)**	**–**	**(1.7)**
Impairment charge for the period	**–**	**–**	**–**	**–**
At the end of the period	**–**	**(24.9)**	**(2.6)**	**(27.5)**
Net book value				
At 30 June 2013	61.7	22.3	0.3	84.3
Accumulated amortisation and impairment movement for the period	–	(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
Accumulated amortisation and impairment movement for the period	–	(1.7)	(0.2)	(1.9)
FX revaluation through reserves*	(1.6)	(0.5)	–	(2.1)
At 30 June 2014	55.7	16.5	–	72.2
Accumulated amortisation and impairment movement for the period	**–**	**(1.7)**	**–**	**(1.7)**
FX revaluation through reserves*	**4.8**	**1.5**	**–**	**6.3**
At 31 December 2014	**60.5**	**16.3**	**–**	**76.8**

* 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. (AEIM) 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 2014.

During the period to 31 December 2014, 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 2014: 5%; 30 June 2014: 5%) would not result in the recoverable amount being lower than the carrying amount.

Fund management relationships

Intangible assets comprise fund management relationships related to profit expected to be earned from clients of AEIM.

During the period to 31 December 2014, there was a review process 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 2013/14: £nil million; FY2013/14: £nil million).

The remaining amortisation period for fund management relationships is four and a half years (31 December 2013: five and a half years; 30 June 2014: five years).

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 2014.

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.

13) Fair value of financial instruments continued

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.

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.

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

	At 31 December 2014				At 31 December 2013 (Restated)				At 30 June 2014 (Restated)			
	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	**139.8**	**55.1**	**–**	**194.9**	69.9	58.0	–	127.9	123.0	50.2	–	173.2
Non-current financial assets held-for-sale	**–**	**57.6**	**–**	**57.6**	–	81.0	–	81.0	–	39.1	–	39.1
Fair value through profit or loss investments	**–**	**16.8**	**–**	**16.8**	–	11.7	–	11.7	–	8.4	–	8.4
Available-for-sale financial assets	**0.7**	**15.1**	**–**	**15.8**	1.0	18.5	–	19.5	0.8	28.6	–	29.4
Non-current asset investments	**–**	**9.6**	**–**	**9.6**	–	11.2	–	11.2	–	11.7	–	11.7
Derivative financial instruments	**–**	**0.1**	**–**	**0.1**	–	1.9	–	1.9	–	2.5	–	2.5
	140.5	**154.3**	**–**	**294.8**	70.9	182.3	–	253.2	123.8	140.5	–	264.3
Financial liabilities												
Third-party interests in consolidated funds	**76.5**	**30.2**	**–**	**106.7**	28.1	23.3	–	51.4	49.5	20.2	–	69.7
Derivative financial instruments	**–**	**4.0**	**–**	**4.0**	–	–	–	–	–	0.1	–	0.1
Non-current financial liabilities held-for-sale	**–**	**26.8**	**–**	**26.8**	–	18.7	–	18.7	–	2.7	–	2.7
	76.5	**61.0**	**–**	**137.5**	28.1	42.0	–	70.1	49.5	23.0	–	72.5

Comparative information has been restated to reflect the adoption of IFRS 10 Consolidated Financial Statements: see notes 2 and 20.

Financial instruments not measured at fair value

Financial assets and liabilities that are not measured at fair value include cash and cash equivalents, trade and other receivables, and trade and other payables. The carrying value of financial assets and financial liabilities not measured at fair value is considered a reasonable approximation of fair value as at 31 December 2014, 30 June 2014 and 31 December 2013.

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. Where appropriate, comparative information has been restated to reflect the adoption of IFRS 10 Consolidated Financial Statements: see notes 2 and 20.

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

Where Group companies invest seed capital into funds operated and controlled by the Group and 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 the funds are treated as held-for-sale and are recognised as financial assets and liabilities held-for-sale. During the period, three funds (H1 2013/14: five; FY2013/14: nine) 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 2014 were as follows:

	31 December 2014 £m	31 December 2013 £m	30 June 2014 £m
Non-current financial assets held-for-sale	**57.6**	81.0	39.1
Non-current financial liabilities held-for-sale	**(26.8)**	(18.7)	(2.7)
Seed capital investments classified as held-for-sale	**30.8**	62.3	36.4

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 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 investments. During the period, no funds (H1 2013/14: one; FY2013/14: two) were transferred to fair value through profit or loss investments after the Group reduced its interests following investment inflows from third parties.

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 level of stake held 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, five such funds (H1 2013/14: one; FY2013/14: four) with an aggregate carrying amount of £16.2 million (H1 2013/14: £6.6 million; FY2013/14: £40.6 million) were transferred to consolidated funds. There was no impact on net assets or total comprehensive income 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.

Included within finance income/expense are net gains of £1.8 million (H1 2013/14: net losses of £13.7 million; FY2013/14: net losses of £10.7 million) in relation to held-for-sale investments (refer to note 7).

14) Seed capital investments continued

b) Available-for-sale financial assets

Available-for-sale financial assets held at fair value at 31 December 2014 comprise equities held as follows:

	31 December 2014 £m	Restated 31 December 2013 £m	Restated 30 June 2014 £m
Equities listed on stock exchange	**0.7**	1.0	0.8
Equity funds	**13.0**	16.4	10.9
Debt funds	**2.1**	2.1	17.7
Seed capital classified as available-for-sale	**15.8**	19.5	29.4

c) Fair value through profit or loss investments

Fair value through profit or loss investments at 31 December 2014 comprise equities held in equity funds.

	31 December 2014 £m	31 December 2013 £m	Restated 30 June 2014 £m
Seed capital classified as fair value through profit or loss investments	**16.8**	11.7	8.4

d) 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 2014 £m	Restated 31 December 2013 £m	Restated 30 June 2014 £m
Investment securities	**194.9**	127.9	173.2
Cash and cash equivalents	**12.1**	2.4	7.9
Other	**(2.9)**	(17.4)	(9.5)
Third-party interests in consolidated funds	**(106.7)**	(51.4)	(69.7)
Consolidated seed capital investments	**97.4**	61.5	101.9

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

Included within the interim condensed consolidated statement of comprehensive income are net losses of £2.4 million (H1 FY2013/14: net gains of £6.3 million; FY2013/14: net gains of £9.1 million) relating to the Group's share of the results of the individual statements of comprehensive income for each of the consolidated funds, as follows:

	31 December 2014 £m	Restated 31 December 2013 £m	Restated 30 June 2014 £m
Finance income	**2.3**	0.2	3.8
Gains on investment securities	**(5.2)**	7.5	14.9
Change in third-party interests in consolidated funds	**1.7**	(0.7)	(6.1)
Other expenses	**(1.2)**	(0.7)	(3.5)
Net gains/(losses) on consolidated funds	**(2.4)**	6.3	9.1

As of 31 December 2014, the Group's consolidated funds were domiciled in Brazil, Indonesia, Luxembourg and the United States.

e) Non-current asset investments

Non-current asset investments relate to the Group's holding in closed-end funds and are designated as 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.

	31 December 2014 £m	31 December 2013 £m	30 June 2014 £m
Non-current asset investments at fair value	**9.6**	11.2	11.7

Included within finance income are net losses of £2.1 million (H1 2013/14: net gains of £1.8 million; FY2013/14: net gains of £3.2 million) on the Group's non-current asset investments.

15) Financial risk management

The Group is subject to strategic and 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 2014, 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 2014.

16) Share capital

Authorised share capital

	Number of shares	**Nominal value £'000**
Ordinary shares of 0.01p each at 31 December 2014, 30 June 2014 and 31 December 2013	**900,000,000**	**90**

16) Share capital continued

Issued share capital – allotted and fully paid

	As at 31 December 2014 Number of shares	**As at 31 December 2014 Nominal value £'000**	As at 31 December 2013 Number of shares	As at 31 December 2013 Nominal value £'000	As at 30 June 2014 Number of shares	As at 30 June 2014 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.

At 31 December 2014, there were 175,000 options (31 December 2013: 503,750 options; 30 June 2014: 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 31,767,278 shares (31 December 2013: 30,917,900 shares; 30 June 2014: 29,315,890 shares) that have release dates ranging from September 2015 to December 2019.

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 employees. As at 31 December 2014, the EBT owned 37,796,518 (31 December 2013: 29,727,178; 30 June 2014: 37,962,631) ordinary shares of 0.01p with a nominal value of £3,780 (31 December 2014: £2,972; 30 June 2014: £3,796) and shareholders' funds are reduced by £124.9 million (31 December 2014: £119.3 million; 30 June 2014: £124.6 million) in this respect. It is the intention of the Directors to make these shares available to employees 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 2014 £m	6 months to 31 December 2013 £m	12 months to 30 June 2014 £m
Short-term employee benefits	**0.1**	0.1	0.9
Defined contribution pension costs	**–**	–	–
Share-based payment benefits	**–**	–	(0.4)
	0.1	0.1	0.5

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

During the period, there were no other transactions entered into with key management personnel (H1 2013/14 and FY2013/14: none). Aggregate key management personnel interests in consolidated funds at 31 December 2014 was £8.4 million (31 December 2014: £9.2 million; 30 June 2014: £3.3 million).

Transactions with Ashmore Funds

During the period, the Group received £66.1 million of gross management fees and performance fees (H1 2013/14: £118.5 million; FY2013/14: £158.5 million) from the 83 funds (H1 2013/14: 77 funds; FY2013/14: 90 funds) it manages and which are classified as related parties. As at 31 December 2014, the Group had receivables due from funds of £61.2 million (31 December 2014: £23.4 million; 30 June 2014: £55.3 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 with a loan facility to allow it to acquire Ashmore shares in order to satisfy outstanding unvested share awards. The EBT is included within the results of the Group. As at 31 December 2014, the loan outstanding was £148.6 million (31 December 2014: £114.7 million; 30 June 2014: £137.6 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 made donations of £25,000 to the Foundation during the period (H1 2013/14: £20,000; FY2013/14: £35,000).

19) Commitments

Undrawn investment commitments

	As at 31 December 2014 £m	As at 31 December 2013 £m	As at 30 June 2014 £m
VTBC-Ashmore Real Estate Partners I, L.P.	**3.4**	3.4	3.5
Everbright Ashmore China Real Estate Fund	**1.6**	1.6	1.6
Ashmore I – FCP Colombia Infrastructure Fund	**2.9**	3.9	2.9
Ashmore Special Opportunities Fund LP	**15.4**	–	–

20) Restatements on adoption of IFRS 10

As explained in note 2, the Group has adopted IFRS 10 in the period and has reassessed its consolidation conclusions as at 1 July 2014. As a result, the Group has concluded that it has control and, therefore, has consolidated four additional funds retrospectively from the date of acquiring a controlling stake, with the impact of increasing consolidated total assets and liabilities by £73.9 million as at 1 July 2014. These funds were previously accounted for as financial assets and classified as available-for-sale financial assets or investments held at fair value through profit and loss. The Group has restated comparative information where relevant, as shown below. The Group's cash flow statement has also been restated, with the effect of increasing reported subscriptions and redemptions in consolidated funds by £17.3 million and £14.7 million, respectively, for H1 2013/14 (FY2013/14: subscriptions and redemptions in consolidated funds increased by £44.6 million and £40.2 million, respectively).

Impact on consolidated statement of comprehensive income

	Unaudited Six months to 31 December 2013			Audited 12 months to 30 June 2014		
	As previously reported £m	IFRS 10 restatement £m	**As restated £m**	As previously reported £m	IFRS 10 restatement £m	**As restated £m**
Net revenue	134.6	–	**134.6**	262.9	–	**262.9**
Operating profit	89.7	1.6	**91.3**	169.7	1.6	**171.3**
Profit before tax	79.5	1.3	**80.8**	170.3	1.3	**171.6**
Profit for the period	64.1	1.3	**65.4**	133.4	1.3	**134.7**
Other comprehensive income, net of related tax effect	(17.5)	(1.3)	**(18.8)**	(21.9)	(1.3)	**(23.2)**
Total comprehensive income for the period	46.6	–	**46.6**	111.5	–	**111.5**
Profit attributable to:						
Equity holders of the parent	62.8	1.3	**64.1**	130.8	1.3	**132.1**
Non-controlling interests	1.3	–	**1.3**	2.6	–	**2.6**
Profit for the period	64.1	1.3	**65.4**	133.4	1.3	**134.7**
Earnings per share						
Basic	9.23p	0.19p	**9.42p**	19.29p	0.19p	**19.48p**
Diluted	8.83p	0.18p	**9.01p**	18.44p	0.19p	**18.63p**

20) Restatements on adoption of IFRS 10 continued

Impact on consolidated balance sheets

	Audited 30 June 2014			Unaudited 31 December 2013			Audited 30 June 2013		
Condensed consolidated balance sheet	As previously reported £m	IFRS 10 restatement £m	**As restated £m**	As previously reported £m	IFRS 10 restatement £m	**As restated £m**	As previously reported £m	IFRS 10 restatement £m	**As restated £m**
Non-current assets	118.1	–	**118.1**	122.1	–	**122.1**	130.6	–	**130.6**
Investment securities	70.7	102.5	**173.2**	63.9	64.0	**127.9**	49.7	57.8	**107.5**
Available-for-sale financial assets	48.5	(19.1)	**29.4**	38.1	(18.6)	**19.5**	55.6	(19.2)	**36.4**
Fair value through profit or loss investments	25.3	(16.9)	**8.4**	11.7	–	**11.7**	–	–	**–**
Trade and other receivables	64.0	5.7	**69.7**	72.3	7.5	**79.8**	77.3	5.2	**82.5**
Derivative financial instruments	2.4	0.1	**2.5**	1.9	–	**1.9**	–	–	**–**
Cash and cash equivalents	370.6	1.6	**372.2**	346.8	0.1	**346.9**	395.5	0.2	**395.7**
Non-current assets held-for-sale	39.1	–	**39.1**	81.0	–	**81.0**	104.9	–	**104.9**
Total assets	738.7	73.9	**812.6**	737.8	53.0	**790.8**	813.6	44.0	**857.6**
Non-current liabilities	4.5	–	**4.5**	3.3	–	**3.3**	3.0	–	**3.0**
Current tax	16.4	–	**16.4**	14.1	–	**14.1**	28.9	–	**28.9**
Third-party interests in consolidated funds	13.5	56.2	**69.7**	22.0	29.4	**51.4**	12.8	28.0	**40.8**
Derivative financial instruments	–	0.1	**0.1**	–	–	**–**	2.1	0.1	**2.2**
Trade and other payables	69.4	17.6	**87.0**	65.3	23.6	**88.9**	94.1	15.9	**110.0**
Non-current liabilities held-for-sale	2.7	–	**2.7**	18.7	–	**18.7**	26.9	–	**26.9**
Total liabilities	106.5	73.9	**180.4**	123.4	53.0	**176.4**	167.8	44.0	**211.8**
Share capital	15.7	–	**15.7**	15.7	–	**15.7**	15.7	–	**15.7**
Retained earnings	616.4	1.8	**618.2**	594.8	1.8	**596.6**	608.0	0.5	**608.5**
Foreign exchange reserve	(12.8)	(1.8)	**(14.6)**	(7.8)	(2.4)	**(10.2)**	5.3	(0.3)	**5.0**
Available-for-sale fair value reserve	(5.3)	–	**(5.3)**	(5.2)	0.6	**(4.6)**	0.7	(0.2)	**0.5**
Cash flow hedging reserve	1.8	–	**1.8**	1.3	–	**1.3**	(1.0)	–	**(1.0)**
Non-controlling interests	16.4	–	**16.4**	15.6	–	**15.6**	17.1	–	**17.1**
Total equity	632.2	–	**632.2**	614.4	–	**614.4**	645.8	–	**645.8**

21) Post-balance sheet events

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

22) 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 2014.

23) 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

23 February 2015

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 2014 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 2014 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.

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

23 February 2015

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