Ashmore Group plc
Interim Report
Six months ended 31 December 2010

Ashmore

Contents

Ashmore Group is a leading specialist emerging markets fund manager with long experience of investment outperformance through active management across six core investment themes: external debt, local currency, special situations, equity, corporate debt and multi-strategy.

More information is available on the Group's website www.ashmoregroup.com

Highlights

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

"The Group has continued to deliver satisfactory financial performance for the six months to 31 December 2010, with assets under management increasing by 32% to US$46.7 billion as a result of net inflows and positive investment performance. Higher levels of average AuM resulted in growth of management fee income and strong investment performance lead to an increase in performance fee income. Both contributed to a 17% increase in net revenue, whilst operating margins were maintained at 72%."

"Events of the last six months have continued to underline the increasing importance of the emerging markets. We believe that Ashmore's positioning, based on its long established investment processes and expertise gained over a long history focused exclusively on emerging markets, leaves us well placed to perform, enabling further growth in AuM levels from existing and new clients in line with the Group's stated strategy."

- → Profit before tax up 14% to £127.6 million (H1 2009/10: £112.4 million)
- → Total net revenue up 17% to £173.7 million (H1 2009/10: £148.8 million)
- → Net management fees up 31% to £116.1 million (H1 2009/10: £88.4 million)
- → Performance fees up 13% to £60.1 million (H1 2009/10: £53.3 million)
- → Operating margin of 72% (H1 2009/10: 72%)
- → Assets under management ("AuM") of US$46.7 billion at 31 December 2010, an increase of US$11.4 billion (32%) from 30 June 2010
- → Basic EPS of 14.30p (H1 2009/10: 12.51p)
- → An interim dividend of 4.16p per share will be paid on 4 April 2011 (H1 2009/10: 3.66p)
- → Announcement of conditional agreement to acquire a majority interest in Emerging Markets Management, L.L.C.

Chief Executive Officer's Statement

During the six months ended 31 December 2010 Ashmore Group plc ("Ashmore" the "Group") achieved a satisfactory financial performance with assets under management ("AuM") increasing by 32% to US$46.7 billion during the period. The profit before tax increased by 14% to £127.6 million (H1 2009/10: £112.4 million) resulting in basic earnings per share of 14.30p (H1 2009/10: 12.51p). We have announced the proposed acquisition of Emerging Markets Management, L.L.C. an emerging markets equity manager which represents an attractive business fit in line with our strategy of developing the Ashmore brand and further diversifying our revenue streams.

AuM and financial performance

AuM development

The overall increase of US$11.4 billion in AuM comprised net subscriptions of US$8.6 billion, and positive investment performance of US$2.8 billion. Gross subscriptions were US$11.4 billion which included further subscriptions from existing clients and new segregated mandate and fund launches, which will be outlined in the investment theme reviews below, whilst gross redemptions increased to a level of US$2.8 billion (H1 2009/10: US$1.7 billion) being 7% of the average AuM (H1 2009/10: 6%).

Revenue analysis

The Group's management fee income (net of distribution costs) increased due to the higher levels of average AuM compared to a year ago and a stronger US dollar, offset by some anticipated reduction in average revenue margins to 88 bps (FY 2009/10: 97 bps) arising principally from theme and client mix effects. Performance fee income increased to £60.1 million, arising particularly from the strong investment performance for funds with a 31 August 2010 year end. Overall the Group's net revenue increased by 17%, from £148.8 million to £173.7 million.

Operating costs and margins

The Group continues to maintain a tightly controlled cost structure, with a low proportion of recurring costs and high proportion of variable performance-related costs. Recurring personnel costs have increased in line with the planned growth in headcount, bringing total employee numbers within the Group to 173 (30 June 2010: 165; 31 December 2009: 156). Variable compensation which includes performance-related bonuses, share based payments and associated social security costs is calculated as a percentage of earnings before variable compensation, interest and tax "EBVCIT". This has been accrued at a rate of 20% (H1 2009/10: 20%; FY 2009/10: 18%). The overall operating margin has been maintained at 72% (H1 2009/10: 72%).

Investment theme reviews

External debt

External debt, our longest established and largest theme, comprises principally US dollar and other hard currency-denominated instruments, which may include derivatives, investing in three sub-themes: a) sovereign investment grade only; b) sovereign; and/or c) blended mandates incorporating differing proportions of external debt, local currency and corporate debt and in some cases special situations.

AuM at 31 December 2010 were US$20.7 billion, an increase of US$1.3 billion (7%) from 30 June 2010. As expected at this stage in the cycle, following an earlier period of strong inflows as we emerged from the credit crisis, this latest period saw small net redemptions of US$0.3 billion. The absolute level of investment returns was lower in external debt, in line with our expectation and experience in earlier cycles but the period still saw overall positive investment performance of US$1.6 billion. The theme contributed £41.9 million in management fees at an average margin of 64 bps, and £55.3 million of performance fees (H1 2009/10: £37.5 million; 73 bps; and £33.5 million respectively).

Local currency

The local currency investment theme comprises local currency and local-currency-denominated debt instruments which may include derivatives, ranging from purely foreign exchange (short-term/money markets) to local currency bonds (long-term/interest rate duration) to a blend of both.

AuM at 31 December 2010 were US$7.9 billion; an increase of US$0.9 billion (13%) from 30 June 2010, with net subscriptions of US$0.2 billion and positive performance of US$0.7 billion. A number of the largest emerging markets have undertaken steps to contain currency appreciation in the short term which coupled with continued volatility within the US dollar and euro have provided for challenging investment conditions. During the period the theme contributed £21.4 million in management fees at an average margin of 89 bps, and £1.8 million of performance fees (H1 2009/10: £15.3 million; 96 bps; and £12.8 million).

Special situations

The special situations theme comprises investments in both distressed debt (principally for control) and/or private equity.

Dedicated AuM at 31 December 2010 were US$3.3 billion, a slight decrease of US$0.1 billion (3%) from 30 June 2010. There were no subscriptions or redemptions and there was negative investment performance of US$0.1 billion. During the period the theme contributed £24.7 million in management fees at an average margin of 226 bps, and £0.4 million of performance fees (H1 2009/10: £21.2 million; 215 bps; and £4.5 million).

Equity

The equity investment theme comprises public equity and equity-related securities. The instruments invested in by the funds can include equities, warrants and equity derivatives.

AuM at 31 December 2010 were US$0.2 billion, no movement from 30 June 2010 with flat investment performance. During the period the theme contributed £0.9 million in management fees at an average margin of 140 bps, and £2.2 million of performance fees (H1 2009/10: £0.8 million; 186 bps; and £2.4 million).

Corporate debt

The corporate debt theme comprises investments in corporate debt within emerging markets. This asset class offers investors a risk-return profile distinct from other segments of emerging markets fixed income with sub-themes of investment grade, non-investment grade or a blend.

Dedicated AuM at 31 December 2010 had increased by 11% to US$1.0 billion from US$0.9 billion at 30 June 2010 including net subscriptions of US$0.1 billion with flat investment performance. During the period the theme contributed £4.7 million in management fees at an average margin of 163 bps, and £0.3 million of performance fees (H1 2009/10: £3.4 million; 173 bps; and £0.1 million).

Multi-strategy

The multi-strategy funds supplement the core product range, investing into the five core themes and any new themes where appropriate.

AuM at 31 December 2010 had increased by 300% to US$8.0 billion from US$2.0 billion at 30 June 2010 including net subscriptions of US$5.4 billion and positive investment performance of US$0.6 billion. The principal subscriptions into the theme were in respect of a dual branded fund incorporating three different principal asset classes (corporate debt, equities and local currency), distributed to Asian retail investors. During the period the theme contributed £20.1 million in management fees at an average margin of 131 bps, and £0.1 million performance fees (H1 2009/10: £9.2 million; 145 bps; and nil).

Other

This includes new themes developed in line with our strategy to diversify our capabilities and investor base. At 31 December 2010 this included fund of third party funds, real estate, overlay/hedging strategies and liquidity management including the liquidity fund, with its Standard & Poor's "AAAm" rating, which is available to clients, but principally used to manage the cash components of the underlying Ashmore funds retained for liquidity purposes.

AuM at 31 December 2010 were US$5.6 billion up 133% from US$2.4 billion at 30 June 2010. Net subscriptions were US$3.2 billion which included further significant inflows into the currency hedging/overlay strategy and a first close of a dedicated Colombian infrastructure fund in July. During the period the theme contributed £2.4 million in management fees at an average margin of 20 bps (H1 2009/10: £1.0 million; 22 bps).

In addition to the investment theme classification by mandate detailed above and in the tables on page 4, the alternative "as invested" theme analysis takes into account the effects of allocating into themes from the Multi strategy and Other themes funds and cross over investment between the larger liquid themes. Whilst this analysis represents the position at single points in time and it can change with our views on different classes, it demonstrates the extent to which the scale of local currency, corporate debt and equity assets are increasing and external debt reducing as a percentage of total assets on an as invested basis, and more directly reflects the assets managed in these themes on a daily basis.

AuM movements by investment theme as classified by mandate

Investment theme	AuM at 30 June 2010 US$bn	Net subs (reds) US$bn	Net performance US$bn	**AuM at 31 December 2010 US$bn**	Av mgt fee margin bps
External debt	19.4	(0.3)	1.6	**20.7**	64
Local currency	7.0	0.2	0.7	**7.9**	89
Special situations	3.4	–	(0.1)	**3.3**	226
Equity	0.2	–	–	**0.2**	140
Corporate debt	0.9	0.1	–	**1.0**	163
Multi-strategy	2.0	5.4	0.6	**8.0**	131
Other	2.4	3.2	–	**5.6**	20
Total	35.3	8.6	2.8	**46.7**	88

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

Investment theme	**AuM at 31 December 2010**		AuM at 30 June 2010		AuM at 31 December 2009	
	Classified by mandate %	**Classified as invested %**	Classified by mandate %	Classified as invested %	Classified by mandate %	Classified as invested %
External debt	**44.4**	**35.3**	55.1	49.6	55.7	51.4
Local currency	**16.9**	**31.0**	19.8	25.4	18.1	22.8
Special situations	**7.1**	**12.1**	9.6	17.5	9.8	18.1
Equity	**0.4**	**5.7**	0.4	1.1	0.6	1.5
Corporate debt	**2.1**	**15.1**	2.4	6.3	2.2	6.2
Multi-strategy	**17.1**	**–**	5.9	–	6.3	–
Other	**12.0**	**0.8**	6.8	0.1	7.3	–
Total	**100.0**	**100.0**	100.0	100.0	100.0	100.0

Balance sheet management and cash flow

It remains 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 the development needs across the business which include funding establishment costs of distribution offices and local asset management ventures, seeding new funds, trading or investment in funds or other assets and other strategic initiatives. As at 31 December 2010, total equity attributable to shareholders of the parent was £422.9 million (31 December 2009: £331.9 million; 30 June 2010: £370.5 million). There is no debt on the Group's balance sheet and information regarding the principal risks, uncertainties and related party transactions is provided in the accompanying notes to the financial statements. The Group's cash and cash equivalents balance reduced by £38.9 million in the period to £305.5 million.

The Group continues to generate significant cash from operations, totalling £103.9 million in the period (H1 2009/10: £73.4 million), from which it paid the following significant items: £64.4 million in cash dividends (H1 2009/10: £57.5 million); £30.7 million of taxation (H1 2009/10: £26.0 million); and £42.6 million for new seed capital investments (H1 2009/10: £8.6 million).

The proposed acquisition of Emerging Markets Management will be financed from Ashmore's existing cash resources as well as new Ashmore ordinary shares. The Group expects to continue to maintain a strong balance sheet.

Seed capital investments

As at 31 December 2010 the amount invested was £97.9 million (at cost), with a market value of £116.8 million (31 December 2009: cost £24.9 million; market value £40.3 million). During the period seed capital investments were made in funds managed by the Group's global asset management business and its local asset management subsidiaries and associates in China and Colombia. The principal seeding undertaken was of the launch of a US mutual fund complex having five sub funds in external debt, local currency, local currency bonds, corporate debt and a total return fund. These will provide Ashmore with products available in the United States to smaller institutional and ultimately retail clients as we develop further the infrastructure and resources of distribution in line with our stated strategy to increase our flows.

Foreign exchange management

The Group's long-standing policy is to hedge between a quarter and two-thirds of the foreign exchange exposure in connection with its net management fee cash flows, using either forward foreign exchange contracts or options for up to two years forward. The GBP/USD exchange rate to 31 December 2010 was relatively stable, with the GBP/USD exchange rate ranging between GBP1.00: 1.49-1.62USD.

The Group experienced an overall foreign exchange loss for the period to 31 December 2010 of £4.6 million (H1 2009/10: £2.7 million gain), comprising a loss of £5.6 million (H1 2009/10: £3.8 million gain) on translation of non-sterling denominated assets and liabilities, partially offset by a gain of £1.0 million (H1 2009/10: £1.1 million loss) on realised and unrealised hedging transactions. The level of foreign exchange hedges in place at 31 December 2010 is US$115 million. This consists entirely of options in respect of H2 2010/11 and FY 2011/12 net management fee cash flows. The options effectively operate as collars, protecting the sterling value of the Group's forecast management fee revenue cash flows from being impacted by currency movements outside the contracted ranges. The options have been marked-to-market at the period-end rate of GBP1:1.56USD but as designated hedges the mark-to-market value of the options will be taken through reserves, until such time as the contracts associated with the hedged revenues mature.

Dividend

The Board has determined that an interim dividend of 4.16 pence per share (2009: 3.66 pence per share) will be paid on 4 April 2011 to all shareholders who are on the register on 11 March 2011.

Outlook

Events of the last six months have continued to underline the increasing importance of the emerging markets. They are acknowledged to represent one of the principal drivers of global economic growth over the long term, and inter-emerging market trade flows are now growing significantly at the expense of the market shares of the traditional advanced economies. As deleveraging continues in the developed world following the crisis, the further quantitative easing and other stimuli being applied result in the increased demand for emerging market assets.

In this environment a number of emerging market governments have understandably implemented or increased short term controls over foreign exchange rates, inward investment taxes or bank reserve policies. These measures demonstrate that policy makers in emerging markets have steadily gained experience in managing their economies with the tools of modern macro economics and are highly vigilant around the threats to, and associated with, growth, such as inflation.

We believe that the vast majority of such economies continue to embrace the free flow of capital and in the context of global rebalancing will revert as soon as practicable to less controlled environments. However, these conditions require careful management and we believe that Ashmore's positioning based on its long established investment processes and expertise gained over a long history focused exclusively on emerging markets, leave us well placed to perform, enabling further growth in AuM levels from existing and new clients in line with the Group's stated strategy. The Emerging Markets Management acquisition should enable us to do so across a broader range of both assets and clients.

Mark Coombs
Chief Executive Officer

23 February 2011

Consolidated Statement of Comprehensive Income

	Note	**Unaudited 6 months to 31 December 2010 £m**	Unaudited 6 months to 31 December 2009 £m	Audited 12 months to 30 June 2010 £m
Management fees		**117.2**	89.4	192.1
Performance fees		**60.1**	53.3	82.9
Other revenue		**2.1**	4.4	6.4
Total revenue	2	**179.4**	147.1	281.4
Less: Distribution costs		**(1.1)**	(1.0)	(2.2)
Add: Foreign exchange	3	**(4.6)**	2.7	7.0
Net revenue		**173.7**	148.8	286.2
Personnel expenses		**(38.5)**	(32.9)	(58.8)
Other expenses		**(9.4)**	(9.2)	(18.1)
Operating profit		**125.8**	106.7	209.3
Finance income	4	**1.8**	5.7	7.9
Share of profit of associates		**–**	–	–
Profit before tax		**127.6**	112.4	217.2
Tax expense		**(31.6)**	(28.1)	(56.6)
Profit for the period		**96.0**	84.3	160.6
Other comprehensive income:				
Exchange adjustments on translation of foreign operations		**0.2**	–	0.4
Net gains on available-for-sale and held-for-sale financial assets including deferred tax		**8.1**	6.2	7.3
Gains on available-for-sale and held-for-sale financial assets previously recognised directly in equity		**(0.9)**	(4.6)	(5.9)
Cash flow hedge intrinsic value movements		**0.6**	–	(0.6)
Total comprehensive income for the period		**104.0**	85.9	161.8
Profit attributable to:				
Equity holders of the parent		**95.7**	83.9	160.0
Non-controlling interests		**0.3**	0.4	0.6
Profit for the year		**96.0**	84.3	160.6
Total comprehensive income attributable to:				
Equity holders of the parent		**103.7**	85.5	161.2
Non-controlling interests		**0.3**	0.4	0.6
Total comprehensive income for the period		**104.0**	85.9	161.8
Earnings per share:				
Basic	5	**14.30p**	12.51p	23.87p
Diluted	5	**13.52p**	11.74p	22.51p

Consolidated Balance Sheet

	Note	Unaudited As at 31 December 2010 £m	Unaudited As at 31 December 2009 £m	Audited As at 30 June 2010 £m
Assets				
Property, plant and equipment		**3.4**	4.3	3.8
Intangible assets		**6.7**	6.7	6.7
Deferred acquisition costs		**8.2**	10.3	9.3
Investment in associate		**2.3**	–	2.3
Non-current asset investments		**3.6**	–	2.0
Other receivables		**0.7**	0.7	0.7
Deferred tax assets		**17.1**	18.1	14.4
Total non-current assets		**42.0**	40.1	39.2
Trade and other receivables		**109.4**	157.4	45.7
Available-for-sale financial assets	7	**49.1**	36.2	39.9
Derivative financial instruments		**–**	0.2	–
Cash and cash equivalents		**305.5**	269.3	344.4
Total current assets		**464.0**	463.1	430.0
Non-current assets held-for-sale	8	**76.1**	16.9	35.9
Total assets		**582.1**	520.1	505.1
Equity				
Issued capital		**–**	–	–
Share premium		**0.3**	0.3	0.3
Retained earnings		**410.2**	326.8	365.8
Foreign exchange reserve		**1.1**	0.5	0.9
Available-for-sale and held-for-sale fair value reserve		**11.3**	4.3	4.1
Cash flow hedging reserve		**–**	–	(0.6)
Total equity attributable to equity holders of the parent		**422.9**	331.9	370.5
Non-controlling interests		**2.4**	2.1	2.2
Total equity		**425.3**	334.0	372.7
Liabilities				
Deferred tax liabilities		**1.9**	4.1	1.3
Total non-current liabilities		**1.9**	4.1	1.3
Current tax		**32.4**	24.9	30.3
Derivative financial instruments		**0.3**	2.6	1.8
Trade and other payables		**110.2**	149.2	89.8
Total current liabilities		**142.9**	176.7	121.9
Non-current liabilities held-for-sale	8	**12.0**	5.3	9.2
Total liabilities		**156.8**	186.1	132.4
Total equity and liabilities		**582.1**	520.1	505.1

Consolidated Statement of Changes in Equity

	Issued capital £m	Share premium £m	Retained earnings £m
Audited balance at 1 July 2009	–	0.3	305.0
Profit for the period	–	–	83.9
Other comprehensive income			
Net gains on available-for-sale financial assets including deferred tax	–	–	–
Gains on available-for-sale financial assets previously recognised directly in equity	–	–	–
Share-based payments	–	–	4.3
Deferred tax related to share-based payments	–	–	3.2
Own shares	–	–	(12.4)
Dividends to non-controlling interests	–	–	–
Dividends to equity holders	–	–	(57.2)
Unaudited balance at 31 December 2009	–	0.3	326.8
Profit for the period	–	–	76.1
Other comprehensive income			
Exchange adjustments on translation of foreign operations	–	–	–
Net gains on available-for-sale financial assets including deferred tax	–	–	–
Gains on available-for-sale financial assets previously recognised directly in equity	–	–	–
Cash flow hedge intrinsic value movements	–	–	–
Share-based payments	–	–	14.8
Deferred tax related to share-based payments	–	–	(5.3)
Own shares	–	–	(21.6)
Dividends to non-controlling interests	–	–	–
Dividends to equity holders	–	–	(25.0)
Audited balance at 30 June 2010	–	0.3	365.8
Profit for the period	–	–	95.7
Other comprehensive income			
Exchange adjustments on translation of foreign operations	–	–	–
Net gains on available-for-sale financial assets including deferred tax	–	–	–
Gains on available-for-sale financial assets previously recognised directly in equity	–	–	–
Cash flow hedge intrinsic value movements	–	–	–
Share-based payments	–	–	11.0
Deferred tax related to share-based payments	–	–	2.0
Dividends to non-controlling interests	–	–	–
Dividends to equity holders	–	–	(64.3)
Unaudited balance at 31 December 2010	–	0.3	410.2

Foreign exchange reserve	Available-for-sale and Held-for-sale fair value reserve £m	Cash flow hedging reserve	Total equity attributable to equity holders of the parent £m	Non-controlling interests £m	Total equity £m
0.5	2.7	–	308.5	2.0	310.5
–	–	–	83.9	0.4	84.3
–	6.2	–	6.2	–	6.2
–	(4.6)	–	(4.6)	–	(4.6)
–	–	–	4.3	–	4.3
–	–	–	3.2	–	3.2
–	–	–	(12.4)	–	(12.4)
–	–	–	–	(0.3)	(0.3)
–	–	–	(57.2)	–	(57.2)
0.5	4.3	–	331.9	2.1	334.0
–	–	–	76.1	0.2	76.3
0.4	–	–	0.4	–	0.4
–	1.1	–	1.1	–	1.1
–	(1.3)	–	(1.3)	–	(1.3)
–	–	(0.6)	(0.6)	–	(0.6)
–	–	–	14.8	–	14.8
–	–	–	(5.3)	–	(5.3)
–	–	–	(21.6)	–	(21.6)
–	–	–	–	(0.1)	(0.1)
–	–	–	(25.0)	–	(25.0)
0.9	4.1	(0.6)	370.5	2.2	372.7
–	–	–	95.7	0.3	96.0
0.2	–	–	0.2	–	0.2
–	8.1	–	8.1	–	8.1
–	(0.9)	–	(0.9)	–	(0.9)
–	–	0.6	0.6	–	0.6
–	–	–	11.0	–	11.0
–	–	–	2.0	–	2.0
–	–	–	–	(0.1)	(0.1)
–	–	–	(64.3)	–	(64.3)
1.1	11.3	–	422.9	2.4	425.3

Consolidated Cash Flow Statement

	Unaudited 6 months to 31 December 2010 £m	Unaudited 6 months to 31 December 2009 £m	Audited 12 months to 30 June 2010 £m
Operating activities			
Cash receipts from customers	**130.4**	100.6	305.4
Cash paid to suppliers and employees	**(26.5)**	(27.2)	(54.5)
Cash generated from operations	**103.9**	73.4	250.9
Taxes paid	**(30.7)**	(26.0)	(52.9)
Net cash from operating activities	**73.2**	47.4	198.0
Investing activities			
Interest received	**0.4**	1.2	1.5
Investment in associate	**–**	–	(2.3)
Purchase of non-current asset investments	**(3.1)**	–	(2.0)
Net purchase of non-current assets held-for-sale	**(38.3)**	(3.0)	(23.1)
Net purchase of available-for-sale financial assets	**(1.2)**	(5.6)	(1.8)
Purchase of property, plant and equipment	**(0.1)**	(0.4)	(0.5)
Net cash used in investing activities	**(42.3)**	(7.8)	(28.2)
Financing activities			
Dividends paid to equity holders	**(64.3)**	(57.2)	(82.2)
Dividends paid to non-controlling interests	**(0.1)**	(0.3)	(0.4)
Net purchase of own shares	**–**	(5.1)	(34.0)
Net cash used in financing activities	**(64.4)**	(62.6)	(116.6)
Net (decrease)/increase in cash and cash equivalents	**(33.5)**	(23.0)	53.2
Cash and cash equivalents at beginning of period	**344.4**	288.4	288.4
Effect of exchange rate changes on cash and cash equivalents	**(5.4)**	3.9	2.8
Cash and cash equivalents at end of period	**305.5**	269.3	344.4
Cash and cash equivalents comprise:			
Cash at bank and in hand	**305.5**	269.3	344.4
	305.5	269.3	344.4

Notes to the Financial Statements

1) Basis of preparation and significant accounting policies

The interim report is unaudited and does not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006. The financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and the Disclosure Rules and Transparency Rules of the Financial Services Authority ("FSA").

The comparative figures for the financial year ended 30 June 2010 are not the company's statutory accounts for that financial year. Those accounts have been reported on by the company's auditors and delivered to the registrar of companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The accounting policies applied in these interim financial statements are consistent with those applied in the Group's Annual Report and accounts for the year ended 30 June 2010. The Annual Report and accounts are available on the Group's website.

2) Revenue

Management fees are accrued throughout the period in line with fluctuations in the levels of assets under management. Periodic performance fees are recognised only if performance hurdles have been achieved in a period. The Group is not reliant on any single source of revenue. During the period, two funds managed by the Group provided 5.7% and 6.0% of total revenue through management fees. When considering management fees and performance fees on a combined basis, the same two funds provided 31.6% and 6.0% of total revenue in the reporting period.

3) Foreign exchange

The only foreign exchange rate which has a material impact on the reporting of the Group's results is the US dollar.

	Closing rate as at 31 December 2010	Closing rate as at 31 December 2009	Closing rate as at 30 June 2010	**Average rate six months ended 31 December 2010**	Average rate six months ended 31 December 2009	Average rate year ended 30 June 2010
US dollar	**1.5612**	1.6170	1.4945	**1.5559**	1.6338	1.5804

Analysis of foreign exchange

	6 months to 31 December 2010 £m	6 months to 31 December 2009 £m	12 months to 30 June 2010 £m
Realised and unrealised hedging gains/(losses)	**1.0**	(1.1)	(4.8)
Translation (losses)/gains on non-sterling denominated monetary assets and liabilities	**(5.6)**	3.8	11.8
Total foreign exchange (losses)/gains	**(4.6)**	2.7	7.0

4) Finance income

	6 months to 31 December 2010 £m	6 months to 31 December 2009 £m	12 months to 30 June 2010 £m
Interest on cash and cash equivalents	**0.5**	0.8	1.5
Finance income	**1.3**	4.9	6.4
Total finance income	**1.8**	5.7	7.9

Included within finance income is £0.9 million in relation to the crystallisation of gains on available-for-sale assets which had previously been recognised through other comprehensive income (note 7) and £0.3 million of net unrealised gains on the Group's non-current asset investments.

5) Earnings per share

Basic earnings per share is calculated by dividing the profit for the period attributable to equity holders of the parent of £95.7 million (six months to 31 December 2009: £83.9 million) by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share is calculated as for basic earnings per share with an adjustment to the weighted average number of ordinary shares to reflect the effects of all dilutive potential ordinary shares. There is no difference between the profit for the period attributable to equity holders of the parent used in the basic and diluted earnings per share calculations.

A reconciliation of the figures used in calculating basic and diluted earnings per share is shown below:

	6 months to 31 December 2010 £m	6 months to 31 December 2009 £m	12 months to 30 June 2010 £m
Weighted average number of ordinary shares used in calculation of basic earnings per share	**668,663,949**	670,680,026	669,926,744
Effect of dilutive potential ordinary shares – share options	**38,785,247**	44,151,164	40,484,600
Weighted average number of ordinary shares used in calculation of diluted earnings per share	**707,449,196**	714,831,190	710,411,344

6) Dividends

An analysis of dividends is as follows:

	6 months to 31 December 2010 £m	6 months to 31 December 2009 £m	12 months to 30 June 2010 £m
Dividends declared/proposed in respect of the period:			
Interim dividend declared per share (p)	**4.16**	3.66	3.66
Final dividend proposed/declared per share (p)	**–**	–	9.34
Dividends paid in the period:			
Interim dividend paid (£m)	**–**	–	25.0
Interim dividend per share (p)	**–**	–	3.66
Final dividend paid (£m)	**64.3**	57.2	57.2
Final dividend per share (p)	**9.34**	8.34	8.34

Dividends are recognised in the accounts in the year in which they are paid, or in the case of a final dividend when approved by the shareholders.

The Board has approved an interim dividend for the six months to 31 December 2010 of 4.16p per share (six months to 31 December 2009: 3.66p). This will be payable on 4 April 2011 to shareholders on the register on 11 March 2011.

7) Available-for-sale financial assets

	31 December 2010 £m	31 December 2009 £m	30 June 2010 £m
Equities – listed	**10.1**	7.4	6.0
Equities – unlisted	**15.4**	7.4	9.9
Debt securities – unlisted	**23.6**	21.4	24.0
Total	**49.1**	36.2	39.9

In the six months ended 31 December 2010, the Group made redemptions from two funds in which it held seed capital investments. The redemptions crystallised gains of £0.9m which have been recognised in the statement of comprehensive income within finance income. The £0.9m of gains had previously been recognised directly in equity.

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

Where Group companies inject seed capital into funds operated and controlled by the Group, then the fund is classified as being held-for-sale. Typically, if the fund remains under the control of the Group for more than one year from the original investment date it will cease to be classified as held-for-sale, and will be consolidated line-by-line. In determining whether to execute the reclassification, the Group will have regard to the proximity of loss of control, and the extent to which consolidation of the fund on a line-by-line basis would be material to the presentation of the Group's financial statements.

	31 December 2010 £m	31 December 2009 £m	30 June 2010 £m
Non-current assets held-for-sale	**76.1**	16.9	35.9
Non-current liabilities held-for-sale	**(12.0)**	(5.3)	(9.2)
Seed capital classified as being held-for-sale	**64.1**	11.6	26.7

Investments cease to be classified as held-for-sale when they are no longer controlled by the Group or have been held for more than one year. A loss of control may happen either through sale of the investment and/or dilution of the Group's holding. When investments cease to be classified as held-for-sale they are reclassified to available-for-sale financial assets in accordance with IAS 39 (note 7).

The Group's maximum exposure to credit, liquidity, interest rate, foreign exchange and price risk in respect of these assets and liabilities is represented by their carrying value.

9) Group risks

The Group's principal risks remain as detailed within the Business review and Corporate governance report in the Group's Annual Report and are categorised as strategic and business, investment, and operational.

10) Related party transactions

There were no material changes to the related party transactions during the six months to 31 December 2010.

11) Post balance sheet events

Save as described below there are no post balance sheet events for the six months to 31 December 2010.

On 23 February 2011, Ashmore Group plc entered into a conditional agreement to acquire a majority stake in Emerging Markets Management, L.L.C. This is not an adjusting post balance sheet event.

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

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU;
- 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 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.

Graeme Dell
Director

23 February 2011

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 2010 which comprises the consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Services Authority ("the UK FSA"). Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

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

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

Our responsibility

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2010 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

Paul Furneaux
for and on behalf of KPMG Audit Plc

Chartered Accountants

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23 February 2011

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