THINK EMERGING MARKETS.
THINK ASHMORE.

Ashmore

Annual Report and Accounts 2013

EMERGING MARKET
ECONOMIES HOLD SIGNIFICANT POTENTIAL FOR WEALTH AND VALUE CREATION.

Expanding urbanisation and the growing savings pools of ever-increasing Emerging Markets populations are catalysts for innovation in asset management. The opportunities we have today to create wealth and value are as diverse as Emerging Markets themselves.

Over the past two decades we have developed and built up a secure foothold in Emerging Markets across the globe because we recognised early on that they would become the engine room of global growth. Today, we are strongly positioned to capitalise on these opportunities and translate them into real value for our investors, our shareholders, our people and the communities close to our hearts.

Take a look at what we've achieved over the past two decades

A TRACK RECORD OF DELIVERY. A PLATFORM FOR GROWTH.

World events

1989 – Fall of the Berlin Wall
1990 – Nelson Mandela released
1991 – Fall of Soviet Union / Gulf War I ends
1994 – End of apartheid in South Africa
1997 – Transfer of sovereignty over Hong Kong from UK to China
1999 – World population reaches 6 billion
2000 – Putin becomes President of Russia
2001 – 9/11

1988
- First EM equity fund launched, Emerging Markets Investors Fund

1989
- First Brady deals in Mexico and Costa Rica

1990

1991
- Taiwan and Brazil markets open to foreign direct investment

1992
- Launch of first EM Debt fund, Emerging Markets Liquid Investment Portfolio
- South Korea and India markets open to foreign direct investment
- Maastricht Treaty creates the European Union

1993
- Launch of Africa Emerging Markets Fund
- JP Morgan launch EMBI index

1994
- Launch of Latin American Small Cap Fund
- Mexico Tesobono crisis following rise in US interest rates

1995

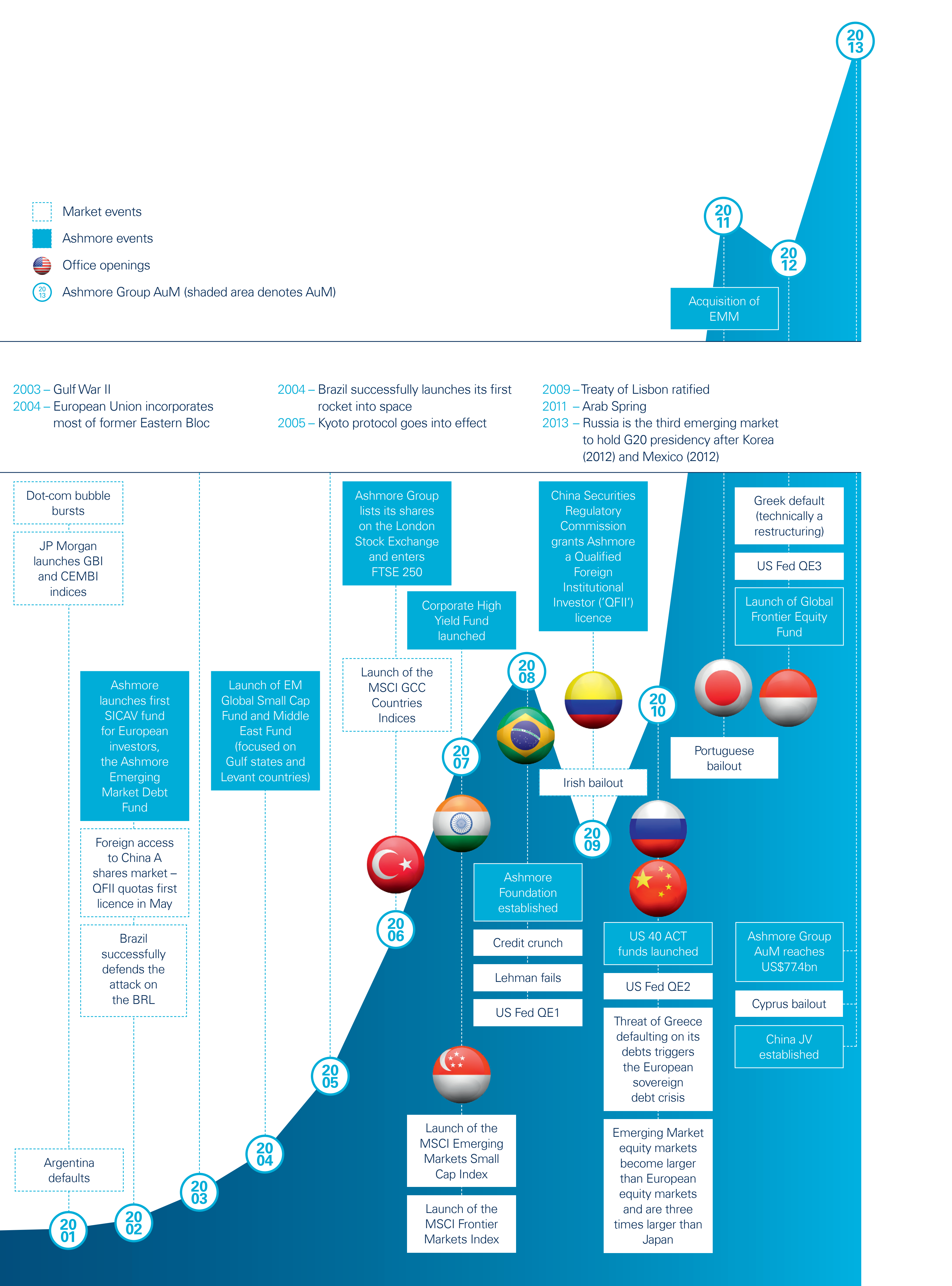
1996
- South Africa markets open to foreign direct investment
- IMF and World Bank launch HIPC (Heavily Indebted Poor Countries) Initiative
- Brazil banking sector restructuring and privatisation

1997
- Local Currency Fund launched
- Asia Currency Crisis opens up new opportunities in Asia

1998
- Russia Crisis transforms investor base – last instance of EM contagion BRL is allowed to float

1999
- Buyout of ANZ Emerging Markets Fund Management Limited completed and company renamed Ashmore Investment Management Limited
- EM local currency debt market surpasses US$1tr
- Brazil inflation target regime implemented
- Introduction of the Euro

2000
- Brazilian fiscal responsibility law amended



Market events
Ashmore events
Office openings
Ashmore Group AuM (shaded area denotes AuM)
2003 – Gulf War II
2004 – European Union incorporates most of former Eastern Bloc
2004 – Brazil successfully launches its first rocket into space
2005 – Kyoto protocol goes into effect
2009 – Treaty of Lisbon ratified
2011 – Arab Spring
2013 – Russia is the third emerging market to hold G20 presidency after Korea (2012) and Mexico (2012)
2001
Dot-com bubble bursts
JP Morgan launches GBI and CEMBI indices
Argentina defaults
2002
Ashmore launches first SICAV fund for European investors, the Ashmore Emerging Market Debt Fund
Foreign access to China A shares market – QFII quotas first licence in May
Brazil successfully defends the attack on the BRL
2003
2004
Launch of EM Global Small Cap Fund and Middle East Fund (focused on Gulf states and Levant countries)
2005
2006
Ashmore Group lists its shares on the London Stock Exchange and enters FTSE 250
Launch of the MSCI GCC Countries Indices
2007
Corporate High Yield Fund launched
Launch of the MSCI Emerging Markets Small Cap Index
Launch of the MSCI Frontier Markets Index
2008
Ashmore Foundation established
Credit crunch
Lehman fails
US Fed QE1
China Securities Regulatory Commission grants Ashmore a Qualified Foreign Institutional Investor ('QFII') licence
Irish bailout
2009
2010
US 40 ACT funds launched
US Fed QE2
Threat of Greece defaulting on its debts triggers the European sovereign debt crisis
Emerging Market equity markets become larger than European equity markets and are three times larger than Japan
2011
Acquisition of EMM
Portuguese bailout
2012
Greek default (technically a restructuring)
US Fed QE3
Launch of Global Frontier Equity Fund
2013
Ashmore Group AuM reaches US$77.4bn
Cyprus bailout
China JV established

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For the online version of the annual report, other announcements and details of up-coming events, please visit the Investor Relations section of our website at **www.ashmoregroup.com**

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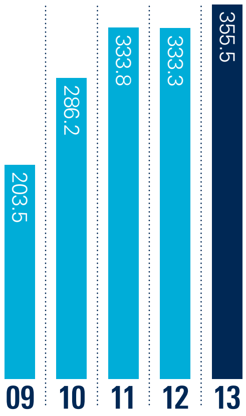
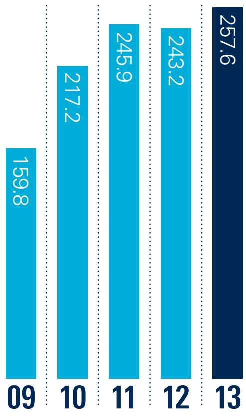
ANOTHER YEAR OF STRONG PERFORMANCE

Net revenue (£m)

£355.5m

up 7%





Profit before tax (£m)

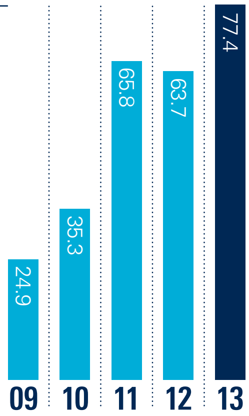
£257.6m

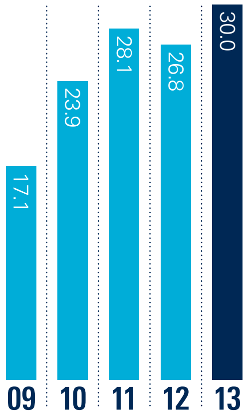
up 6%

Assets under Management (AuM) (US$bn)

US$77.4bn

up 22%





EPS basic (p)

30.0p

up 12%

A YEAR OF SUBSTANTIAL PROGRESS

Solid performance and resilience in the face of tougher market conditions towards the end of the year

Market conditions were buoyant for most of the year, though in the last months there was a sharp and largely indiscriminate sell-off in risk assets across most of the Emerging Markets, largely caused by concerns over the timing of the withdrawal of quantitative easing by the US Federal Reserve. Ashmore's specialist knowledge and active investment management style come to the fore in such difficult periods.

Overall the Group has had a successful year with strong growth in assets under management, up by 22% to stand at US$77.4 billion, coming from both new and existing clients, and is a direct result of the investment we have made in our distribution activities. We have also continued to build our domestic asset management presence within Emerging Markets, establishing offices in Indonesia and in China.

The Group's financial performance was solid. Profitability was maintained at an industry-leading level, with an EBITDA margin of 71%. Profit before tax increased 6% to £257.6 million and diluted earnings per share rose 11% to 28.69p.

Recognising the financial performance achieved during the year, and the Board's confidence in future growth, the Directors are recommending a final dividend of 11.75p per share for the year ended 30 June 2013, which, subject to shareholders' approval, will be paid on 6 December, to those shareholders on the register on 8 November. The Board intends to pay a progressive dividend over time, taking into consideration factors such as prospects for the Group's earnings, demands on the Group's financial resources, and the markets in which the Group operates.

Corporate governance

The Board considers corporate governance matters and adherence to codes of best practice to be of upmost importance. As Chairman of the Board, I believe that it has operated effectively through the year and that its role and its composition are well defined, appropriate and support the long-term development of the Group. As a unitary Board, one of our principal tasks is to ensure that our membership has the right skills and knowledge base relevant to our business, and to plan for succession, as existing directors come to the end of their tenures. These issues are a regular topic of discussion during the Board evaluation process, and where we have a specific vacancy to fill or where we have decided to add further to the Board, the Nominations Committee will engage an independent search consultant, with no connection to the Group, to assist us in this process.

Jonathan Asquith retired at the Group's AGM in October and I should like to thank him for the contribution he made to the Board over four years. In February the Group announced the appointment to the Board of two Non-executive Directors: Dame Anne Pringle DCMG, and Charles Outhwaite. Dame Anne has considerable and valuable experience as a diplomat with the Foreign and Commonwealth Office, focusing in particular on the EU, Russia and Eastern Europe, including serving as Ambassador to the Russian Federation from 2008 to 2011. Charles has over 25 years of experience in corporate finance, with a particular focus on financial services. He is currently a senior advisor to Evercore Partners.

Both the new Directors have undertaken a full induction programme, with the support of the Board and senior management, to familiarise them with their duties and responsibilities and all relevant aspects of the Group's business. In due course they will be appointed to Board committees to suit their particular experience and expertise.

Good business momentum as a result of prior investment, and an enhanced Board to support future growth.

The Board now comprises eight members of whom six are non-executive and two are female; I am therefore pleased to report that the Board complies with the best practice recommendations of the Davies Report in respect of its composition. The Nominations Committee considers diversity, including the balance of skills, experience, gender and nationality amongst many other factors when reviewing the appointment of new Directors, but does not consider it appropriate to establish quotas or targets in this regard. Furthermore, and consistent with the emphasis the Board places on maintaining high standards of corporate governance, I am delighted that in May this year the Group became a signatory to the UN Principles for Responsible Investment. A more detailed report on corporate governance is provided on pages 40 to 46.

Ashmore's investment processes, distribution platform and operational infrastructure are well placed to cope with the prevailing uncertain market conditions. Notwithstanding the accomplishments of the year, there remains much to do, to build out the Group's access to capital and investment opportunities around the world, and the Group faces this task with confidence.

The Board recognises and is grateful for the hard work and commitment of everyone across the Group's operations over the past year.

Michael Benson
Chairman

A CONSISTENT AND COMPELLING STRATEGY

1. Establish Emerging Markets asset class

Status: Mostly completed

Description

- Establish Ashmore Emerging Markets investment processes
- Enhance understanding of Emerging Markets in the developed world
- Provide access to Emerging Markets and their rapid development opportunities
- Develop strong performance track record
- Increase developed world investor base

2. Diversify developed world capital sources and themes

Status: Underway – significant growth available

Description

- Establish new investment themes to diversify Emerging Markets product offerings
- Develop new product structures and capabilities
- Establish Ashmore as trusted allocator
- Broaden and deepen developed world investor base
- Deliver strong performance consistently

3. Mobilise Emerging Markets capital

Status: Commenced – enormous future growth opportunities

Description

- Mobilise Emerging Markets capital managed offshore
- Capital sourced initially from largest pools, i.e. central banks, governments, reserve managers and sovereign wealth funds
- Develop network of domestic asset management businesses
- Manage domestic capital locally
- Create strong local performance track record

More info pg 20

For more information on our financial performance see pages 20-31

OVER TWO DECADES OF EMERGING MARKETS INVESTMENT EXPERIENCE

Emerging Markets GDP will be the driving force of global economic growth over the next 30 years. Ashmore is positioned at the heart of this growth

The results for the year ended 30 June 2013 illustrate the substantial progress made in building a more diversified business, with strong performance across the Group, record subscriptions following a period of investment in distribution, and an operational platform that is capable of processing and managing far higher levels of AuM. The experience of over two decades of investing solely in Emerging Markets, across equities, fixed income and alternatives, is invaluable in assessing the risks and opportunities inevitably presented by a period of market turbulence such as we witnessed towards the end of the financial year. During this period, Ashmore continued to outperform and to achieve strong client flows.

AuM development

Assets under management increased 22% from US$63.7 billion to US$77.4 billion during the year, with average AuM rising 13%, principally the result of strong net inflows of US$13.4 billion. Good investment performance over most of the year was offset by pronounced market weakness in late May and June.

Record gross subscriptions of US$27.2 billion (FY2011/12: US$13.0 billion) were primarily into the debt themes, and particularly local currency and corporate debt where the investment universe and potential investment returns are both attractive. Demand for blended debt is also strong, as it represents a natural first step for an Emerging Markets allocation as well as satisfying the increasing trend for clients to specify bespoke benchmarks against which to measure investment performance. Pleasingly, the Group's equities theme achieved gross subscriptions in each of the four quarters during the year.

Gross redemptions increased in absolute terms to US$13.8 billion (FY2011/12: US$11.7 billion) but at 19% of average AuM (FY2011/12: 18%) remained at a reasonable level and low by industry standards.

Investment performance

Investment performance contributed US$0.3 billion; however, this masks good performance for the majority of the year negated by the sharp market declines in the fourth quarter, catalysed primarily by concerns over a reduction in quantitative easing (QE) in the United States. Local currency assets were particularly affected in the sell-off, as technical factors, such as the presence of leveraged and speculative positions that were particularly sensitive to the Federal Reserve's tapering message in May, outweighed the largely benign fundamental backdrop. This served as a reminder that Emerging Markets still comprise a broad spread of relatively inefficient asset classes, where misconceptions abound. However, historically such a divergence between market movements and underlying fundamentals has provided good opportunities for Ashmore's value-based investment approach.

For the Group overall, the percentage of AuM outperforming benchmarks at 30 June 2013 was very good, at 92% over three years (30 June 2012: 86%) and 96% over one year (30 June 2012: 23%). It is particularly pleasing to note the improvement in the equities theme, with 39% of AuM outperforming over three years (30 June 2012: 21%) and 87% over one year (30 June 2012: 22%) as the specialist funds have continued to perform and the actions implemented to refine the Broad Global Active investment process have delivered.

The recent volatile market environment highlights once again the benefits of being a specialist active manager in Emerging Markets, and the investment returns described above demonstrate the benefits of bringing to bear over two decades of investment experience for the Group's clients.

Financial performance

Revenue

Net revenue for the year of £355.5 million was 7% higher than in the prior year. This resulted from a 4% increase in management fee income net of distribution costs to £311.2 million, driven by an increase in average AuM levels offset by a reduction of average net management fee margins by 6bps to 68bps.

The margin reduction was primarily the result of theme and client mix effects, together with notable success in winning relatively large mandates, particularly in the local currency theme, which naturally attract a lower revenue margin. Specifically, among the local currency mandate wins during the period was a number of segregated accounts over US$500 million in size. These funds earn an appropriate management fee margin and are efficient to manage. Some competition is also evident, although its nature and intensity varies by theme, and in the context of an asset class that is growing rapidly and where many investors, particularly those in the developed world, are profoundly underweight, the presence of other Emerging Markets advocates is welcome.

Performance fees increased to £33.4 million (FY2011/12: £25.4 million), with the second half contribution slightly stronger than expected due to continued market strength in the third quarter. Performance fees represented 9% of net revenues for the period, broadly in line with the prior year (FY2011/12: 8%).

Cost structure

Ashmore keeps a firm control over its cost base, while continuing to invest appropriately, including in the expansion of the international office network.

The structure of staff costs is a defining characteristic of the Group's business model, with a relatively low cap on basic salaries across the Group and a strong bias to performance-related variable compensation. The latter element places an emphasis on long-term equity ownership. In the year to 30 June 2013, variable compensation as a percentage of earnings before variable compensation, interest and tax (VC/EBVCIT) was 20% (FY2011/12: 18%).

Profitability

Operating profit for the year was £232.0 million (FY2011/12: £225.1 million).

EBITDA, defined as operating profit excluding depreciation and amortisation, for the year was £252.2 million (FY2011/12: £236.2 million). The EBITDA margin of 71% for the year was unchanged (FY2011/12: 71%) and, consistent with the view expressed in previous years, our expectation is that the Group's margin will move into the '60s' over time.

Net finance income increased from £18.1 million to £25.7 million. As in the prior year, it includes several items relating to acquisition of AshmoreEMM, now operating under the Ashmore brand, and seed capital, on which more detail is provided in the Business review.

Profit before tax for the year increased 6% to £257.6 million (FY2011/12: £243.2 million). Earnings per share for the year were 29.98p (FY2011/12: 26.82p).

Strategic progress

Distribution

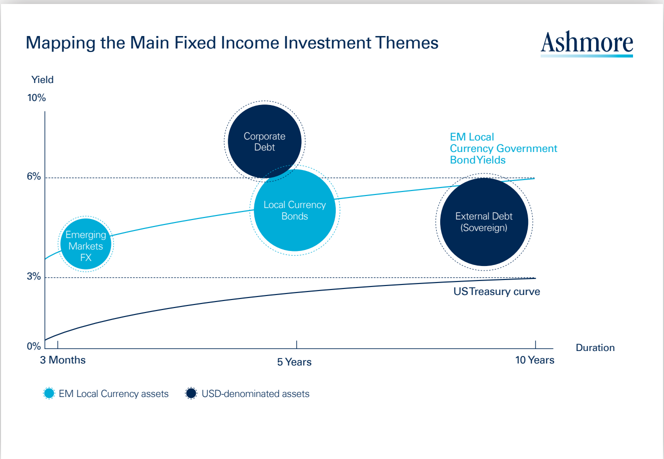
In previous periods we have invested to expand the Group's product range and to support rapid growth in distribution headcount. This year we demonstrated success from this investment through stronger gross and net subscriptions.

Gross subscriptions of US$27.2 billion represent a record for the Group and were sourced from a diversified range of clients, both existing and new, and were invested efficiently in a range of fixed income and equity products. The nature of our largely institutional business is that the pattern of client flows can be irregular, but the flows generated during the period are testament to the relationships established and developed by an enhanced distribution team, some of which can take many months, if not years, to come to fruition. Many of our clients are making

Capital Markets Day

In April, the Group held a capital markets event to enhance understanding of our strategy, the business, and the drivers of its future growth, as well as to introduce members of the investment, research and distribution teams to investors and analysts. The presentations were positively received and we will continue to pursue similar opportunities to further the understanding among stakeholders of Emerging Markets and our business.

View the presentation of our Capital Markets day on our website **ashmoregroup.com**



long-term allocations to the Emerging Markets asset class, providing us with high-quality resilient assets to manage, and therefore we experienced relatively limited impact from the market weakness at the end of the year. Understandably in our view, some clients saw this re-pricing of assets as an investment opportunity and increased allocations accordingly.

To target particularly the third-party intermediary business, the Group established and expanded a range of open-ended fund conduits in late 2010 and through 2011, in the US and Europe, which over the course of the next financial year will establish three-year investment performance track records. This is of particular relevance to the US 40-Act mutual funds, which rely heavily on this factor to stimulate demand. Nonetheless, with a relatively small and focused distribution team, we are pleased to have raised AuM of nearly US$1 billion in the US intermediary market to date. We plan to modestly and steadily increase the headcount in our intermediary distribution teams to support growth in the 40-Act and SICAV funds as they reach their three-year milestones.

The distribution team's headcount at the end of the period was 45 (30 June 2012: 41) and while we will invest further in distribution on a selective basis, headcount increases in the foreseeable future are unlikely to be as marked as in previous periods. The Group's distribution priority is to continue to deliver diversified, profitable AuM growth onto its scalable operating platform.

Local asset management

The third phase of the Group's strategy seeks to benefit from the rapidly growing pools of investment capital within Emerging Markets, which are growing at rates far in excess of the equivalent, though today larger, pools of capital in the developed world. The traditional investor preference for deposit-based products, typically manufactured and distributed by banks, is being challenged as real interest rates have declined and regulators scrutinise the services provided by the incumbents. There is a clear opportunity for independent managers such as Ashmore to offer credible and attractive investment opportunities to domestic Emerging Markets investors.

During the year we established businesses in Indonesia and China. The subsidiary operation in Jakarta, Indonesia was established in July 2012 and launched three funds in the second half of the financial year: two equity funds (all-cap and small-cap) and a fixed income fund. The Group's strategy is to combine local talent with Ashmore's global asset management expertise; this approach will enable us to grow a leading business in the Indonesian asset management market, and in support of this ambition the Group has committed seed capital to the three funds.

In China, we acquired the maximum permitted 49% stake in a Shanghai-based fund management joint venture with Central China Securities Co. (CCSC), and we launched two equity-related funds towards the year end.

Today we manage approximately US$1 billion in our local Emerging Markets businesses and we aim to grow this substantially in the coming years, as previously high barriers to entry are broken down and the merits of allocating to an independent manager with a strong investment pedigree become increasingly apparent. The Group has an ongoing focus to develop the scale of existing domestic businesses and also envisages supplementing this growth with opportunities in further markets over time.

Seed capital

The ability to seed funds is an important competitive advantage for Ashmore, as it supports both entry into new markets and the development of new product structures and distribution channels, such as the US 40-Act funds, and can be considered to underpin future AuM growth. During the second half of the year the Group committed seed capital to support the launch of three funds in Indonesia. Other seed capital investments made during the period enabled the launch of investment grade blended debt funds as well as providing greater scale to enhance the distribution potential of several equity funds on the SICAV platform.

The seed capital programme is actively managed, has inherent value with funds recycled back into cash when appropriate, and is subject to strict monitoring by the Board within a framework of set limits. Its scale has grown materially, nearly tripling from £61.0 million invested three years ago to £170.6 million at 30 June 2013; during the financial year, £149.0 million was invested in 15 different funds and £129.9 million was recycled from investments previously made in a similar number of funds. While not its primary purpose, the active management of seed capital has generated profits for shareholders. The accounting treatment for seed capital is explained fully in the notes to the accounts, but for clarity the aggregate income statement contribution from seed capital-related activity was £17.2 million (FY2011/12: £1.7 million).

People and culture

The Group's headcount has increased to 291 at the end of the year (30 June 2012: 257) reflecting further investment in support functions and the Group's local fund management businesses.

The commitment, expertise and motivation of colleagues across the Group were manifest in the ability to source, invest and control the strong asset flows that Ashmore generated during the year. I should like to thank everyone for their tremendous effort over the past year, and I am confident that as a team we will continue to deliver for our clients and shareholders during the current financial year and beyond.

Outlook

The fundamental Emerging Markets story remains strong and resilient, and is represented by the established and powerful GDP per capita convergence trend. While Emerging Markets GDP per capita has grown rapidly, in absolute terms it is still only comparable to Developed Markets in 1980, with many economies at a far earlier stage of development. Across Emerging Markets, political and fiscal accountability is leading to improved economic stability, and capital markets and domestic pools of capital continue to deepen. As a consequence, the balance of world economic power is shifting in favour of Emerging Markets, such that it is increasingly difficult for investors to justify ignoring the asset class or to persist with a profoundly underweight position.

The factors behind this positive long-term view should not be confused with the noise that arises from the inevitable, but shorter-lived, volatility associated with the business cycle. In recent months, the cyclical slowdown in certain Emerging Markets has been extrapolated by the market into something abysmal; and at the same time, expectations of a sustained and inflation-less US economic recovery have increased, influenced by the Federal Reserve's signal in May of imminent QE tapering. Our expectation is that both of these projections will be wrong.

Developed markets remain structurally challenged. Their immense indebtedness will dampen economic recovery and will have to be addressed in due course through inflation and currency devaluation, with the US furthest down this path, albeit still with total public and private sector debt in excess of 400% of GDP.

In contrast, the ability of Emerging Markets to withstand cyclical and external stresses has improved dramatically over the past two decades. They have on average one-tenth the leverage of the US economy; the debt they have is overwhelmingly in local currency and owned by domestic institutions; they operate with increasingly orthodox and effective inflation policies; they control 80% of the world's foreign exchange reserves; and where it occurs, currency depreciation restores competitiveness.

Yet inefficiencies, misconceptions and prejudices still abound. Developments in one country or region are often extrapolated across the Emerging Markets asset class. The price volatility induced by these myopic swings in sentiment should not be mistaken for higher risk; economic fundamentals ultimately reassert themselves. Emerging Markets are not homogeneous, and the presence of idiosyncratic risks and rewards across more than 65 countries provides tremendous opportunities for a specialist, active investment manager.

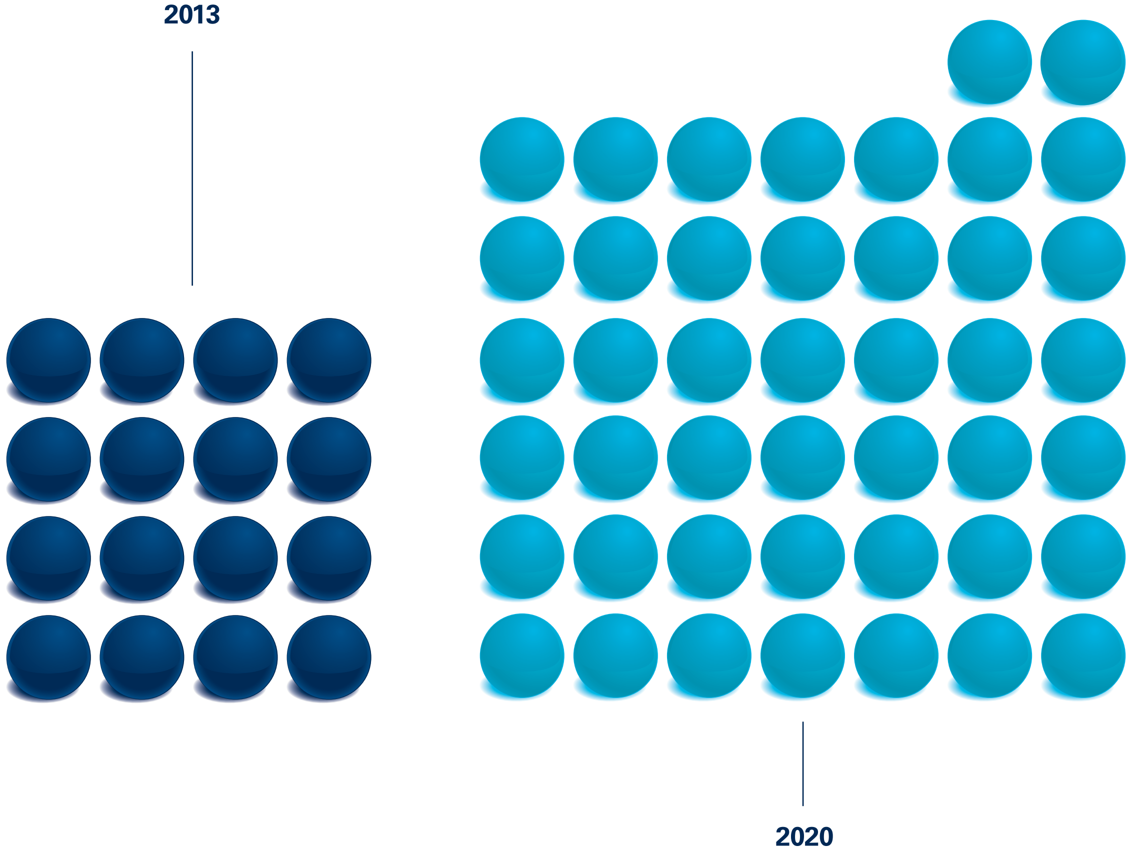
Dedicated long-term investors recognise these characteristics of the Emerging Markets asset class, and can take advantage of the asset re-pricing that results from technical factors rather than a change in fundamentals. Demand for Emerging Markets themes with relatively low correlation to the US treasury market will continue: equities, local currency assets, blended debt and shorter duration, higher yielding corporate debt offer attractive prospective returns.

The market volatility of recent months should not mask the fact that the Emerging Markets opportunity is undiminished, and one that Ashmore purposefully seeks to capture on behalf of clients. The Group's investment experience over more than two decades is a powerful tool in this regard, and our long-term investment experience is strong. However, we are not complacent; we will continue to strive to generate outperformance for our clients, and to deliver profitable growth for our shareholders.

Mark Coombs
Chief Executive Officer

THINK EMERGING MARKETS.

The engine room of global growth.

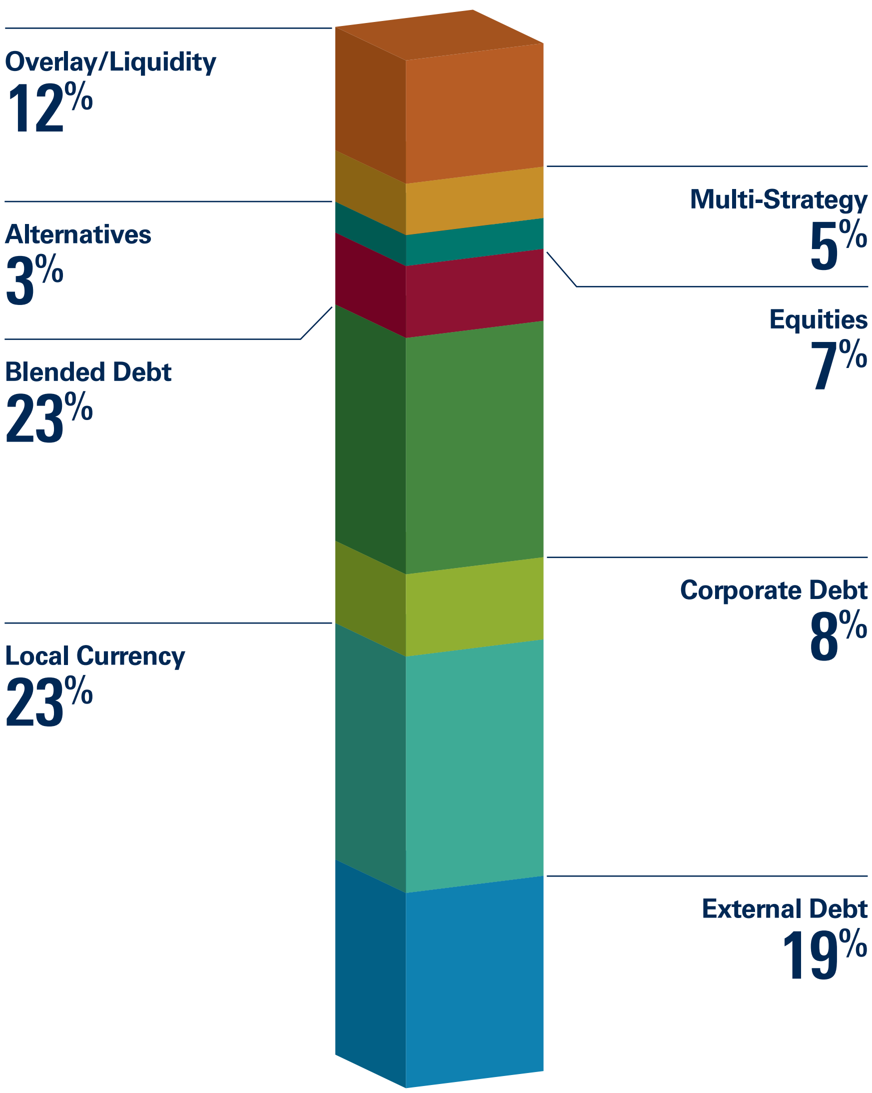


It is expected that the Emerging Markets equity and debt universe will grow to US$79 trillion by 2020 compared to US$28.5 trillion today.

Source: Bloomberg (equity data), Bank of America, Merrill Lynch, BIS Size and Structure of Emerging Market Debt, July 2013.

THINK ASHMORE.

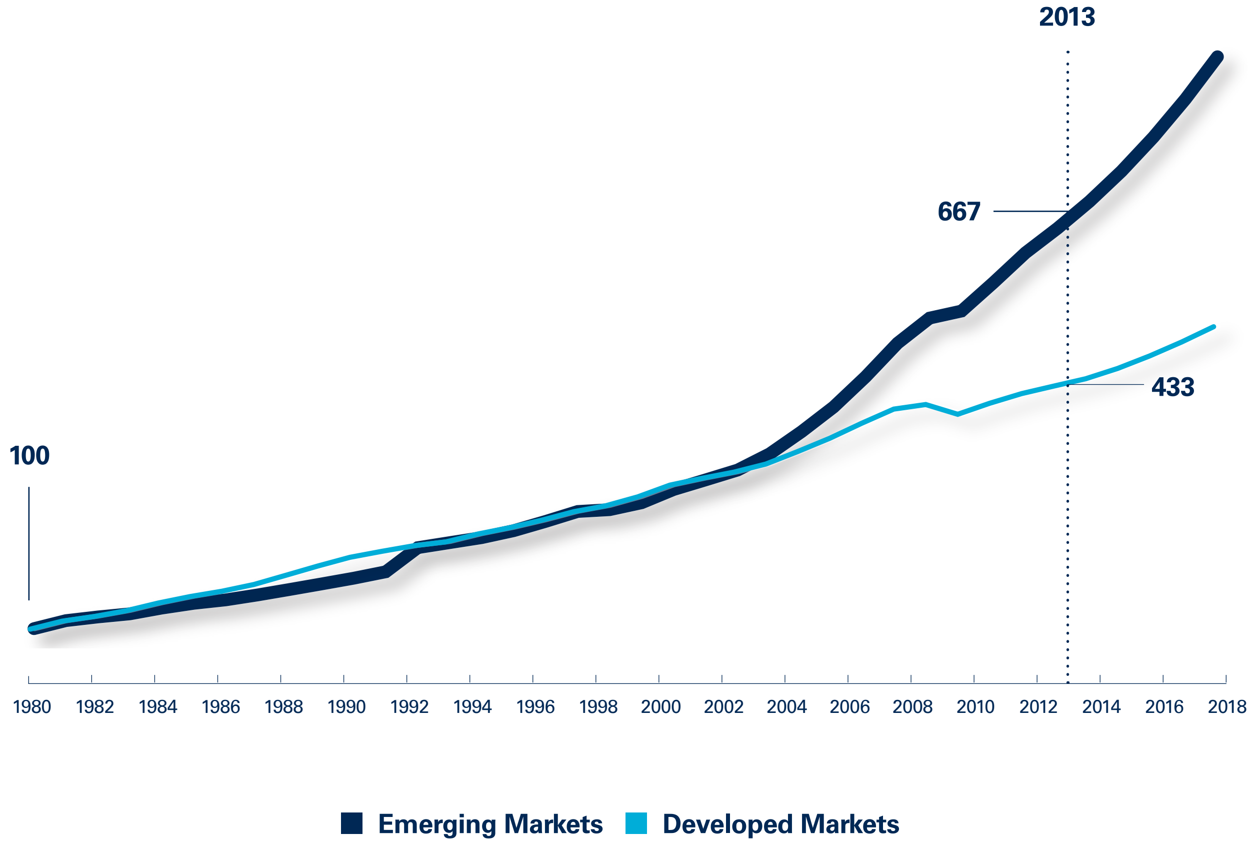
A wide range of Emerging Markets asset classes.



Ashmore manages assets across a wide range of Emerging Markets asset classes with AuM totalling US$77.4 billion as at 30 June 2013.

THINK EMERGING MARKETS.

GDP per capita is outpacing Developed Markets.



The convergence of emerging economies with developed economies is still only in its infancy.

Source: IMF, WEO April 2013. GDP growth re-based to 100 as at 1980, based on PPP per capita.

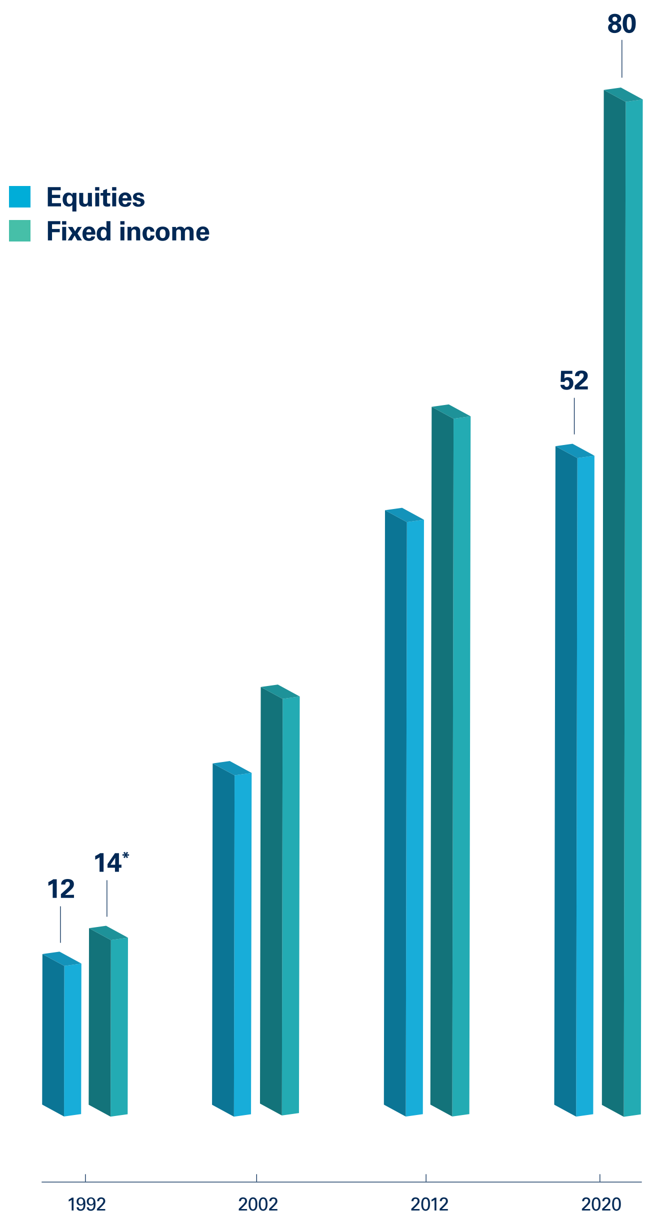
THINK ASHMORE.

A diverse investor base.

As at 30 June 2013 Ashmore managed US$77.4bn on behalf of a diverse investor base, both by type and location.

THINK EMERGING MARKETS.

An increasingly diverse investment universe.

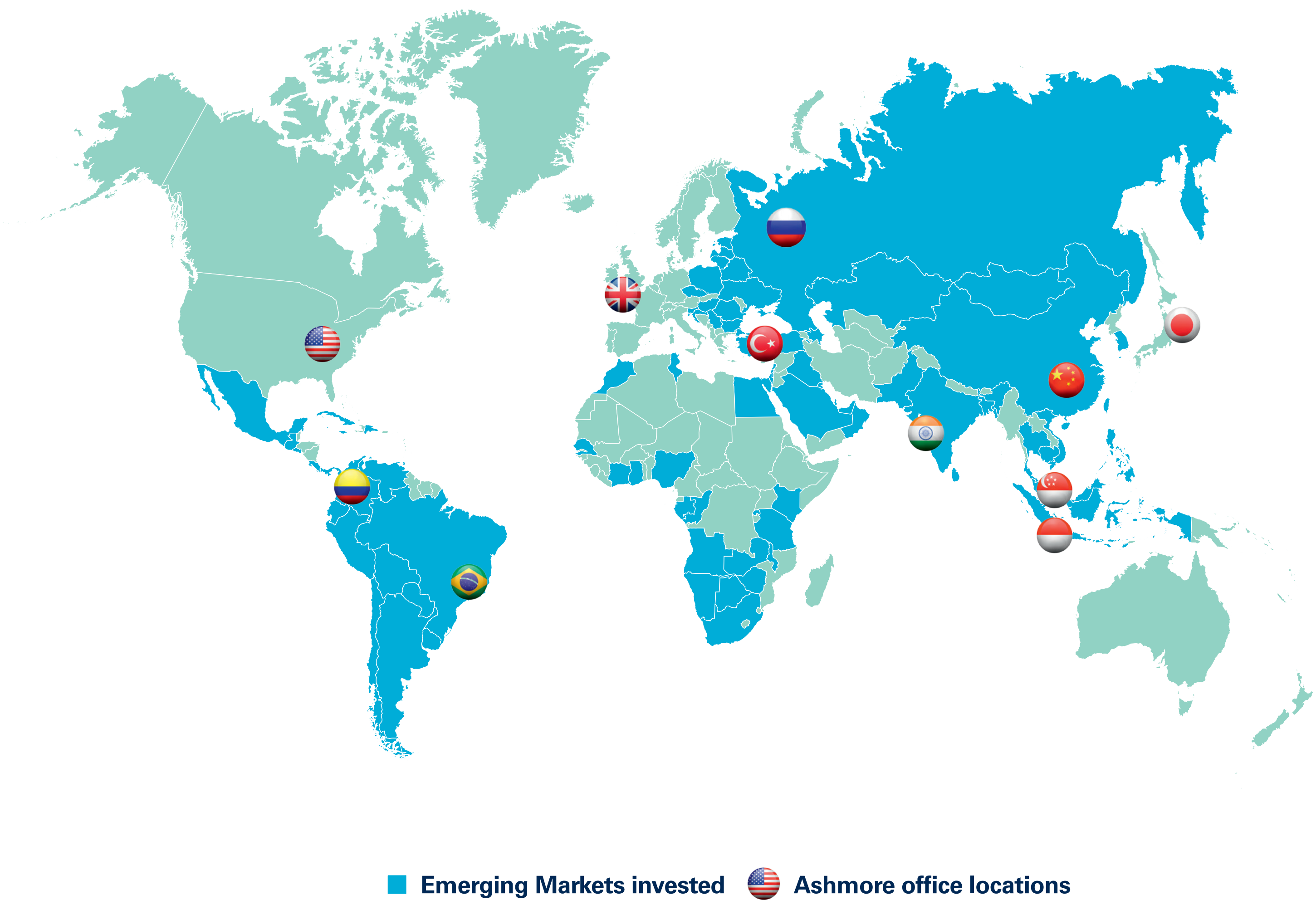


The rapid growth and the investment opportunities in Emerging Markets are clearly demonstrated by the growth in the number of countries included in these indices.

*Please note JP Morgan index was launched in 1993.
Source: JP Morgan, MSCI, Ashmore forecast (2014-2020).

THINK ASHMORE.

A global network investing across Emerging Markets.



Ashmore has offices in 11 countries and invests across a significant number of Emerging Markets.

HIGH-QUALITY PROFITS FROM A SCALABLE PLATFORM

Investors

The majority of investors in Ashmore's funds are from Developed Markets, but an increasing proportion will originate from Emerging Markets as Phase 3 of Ashmore's strategy grows.

Investor type

Institutional:

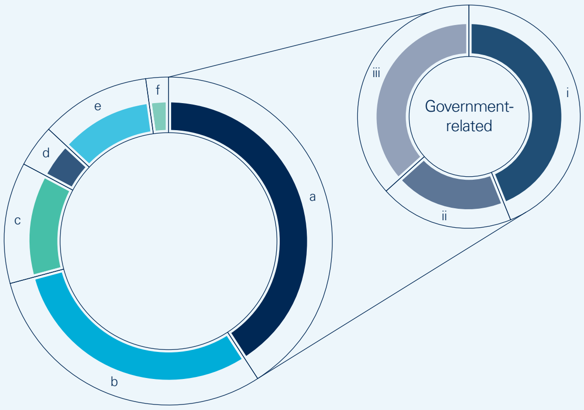
- Central banks
- Government sponsored pension plans
- Sovereign wealth funds
- Supranationals
- Governments
- Public pension plans
- Private pension plans
- Corporates
- Banks
- Insurance
- Funds/Sub-advisers

Intermediary:

As we develop our distribution platform we will focus on increasing the AuM sourced through intermediaries such as:

- Private banks
- Brokers
- Other retail distributors

AuM by investor type (%)



a	Government-related	41%
b	Pension plans	30%
c	Corporates/ Financial institutions	12%
d	Funds/Sub-advisers	4%
e	Third-party intermediaries	11%
f	Foundation/Endowments	2%

i	Central banks	18%
ii	Sovereign wealth funds	8%
iii	Governments	15%

Investment themes

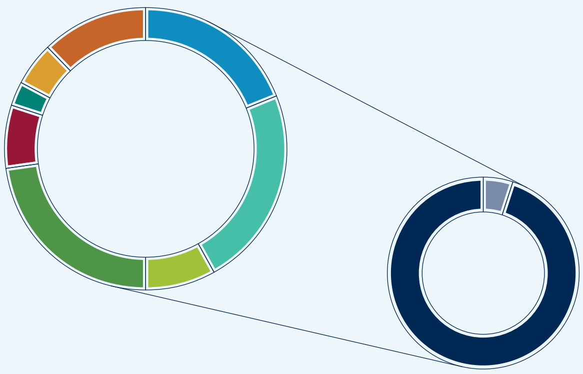
Ashmore invests the funds in a diverse range of investment themes.

Investment theme

- External debt
- Local currency
- Corporate debt
- Blended debt
- Equities
- Alternatives
- Multi-strategy
- Overlay/Liquidity

More info pg 18
For more information on our investment themes see pages 18-19

AuM by theme (%)



External debt	19%
Local currency	23%
Corporate debt	8%
Blended debt	23%
Equities	7%
Alternatives	3%
Multi-strategy	5%
Overlay/Liquidity	12%

Investment grade	5%
Non-investment grade	95%

Maximising the Ashmore advantage

Ashmore delivers superior long-term investment performance through the expertise of its people, through its relationships and by rigorous adherence to a proven investment philosophy and a continuous commitment to Emerging Markets.

Expertise and commitment

- Two decades' experience of investing in Emerging Markets
- Team-based approach, not a star culture
- Quality of Ashmore's employees, depth, breadth and experience in Emerging Markets
- Relationships with investors, investees and other contacts in over 60 Emerging Markets countries

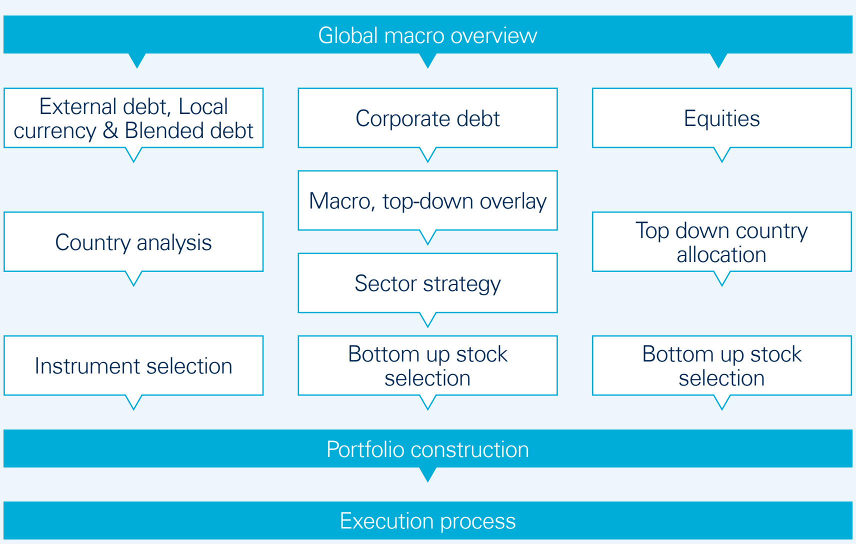
Underpinned by

A risk aware culture throughout the organisation

- Investment teams and support departments follow robust and controlled processes
- Risk and Compliance ensure appropriate governance
- Internal audit provides independent assurance

Investment philosophy and process

- Global and local asset management bringing together macro views and deep analysis of individual investments
- Disciplined investment committees with specialist long-term approach
- Proven across a wide range of market conditions
- Active forward-looking fund management of portfolios over market cycles



Outperformance

By applying this unique business model, Ashmore continues to outperform.

Assets under management (AuM) at period end

US$77.4bn

2012: US$63.7bn

EBITDA margin

71%

2012: 71%

AuM outperforming benchmark over three years

92%

2012: 86%

EMERGING MARKETS DIVERSITY

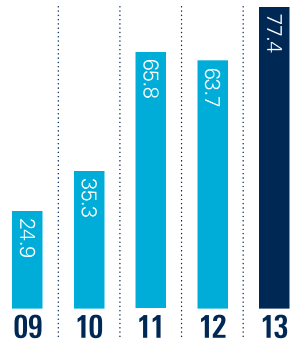
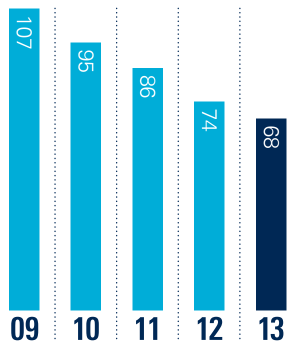
Themes	External debt	Local currency	Corporate debt
Theme premise	Accesses an established and diverse range of typically US dollar-denominated Emerging Markets debt instruments.	Takes advantage of the rapidly expanding local currency and local currency denominated debt market with low correlations to other asset classes.	Focuses on the developing corporate debt asset class in Emerging Markets.
Global Emerging Markets sub-themes	– Broad – Sovereign – Sovereign, investment grade	– Broad – FX – Bonds – Inflation-linked – Investment grade	– Broad – High yield – Investment grade – Local currency – Private debt
Theme	Blended debt		
Theme premise	Mandates specifically combine external, local currency and corporate debt measured against tailor-made blended indices.		
Regional/ country focused sub-theme	Russia	Asia, Brazil, China, Indonesia, Turkey	Latin America, Asia
Theme	Multi-strategy		
Theme premise	Dynamic asset allocation across all investment themes.		

Themes	Equities	Alternatives	Overlay/Liquidity
Theme premise	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 them effectively and efficiently.

Global Emerging Markets sub-themes	– Broad global active
	– Global small cap
	– Fund of listed funds
	– Global frontier
		– Special situations
		  – Distressed debt
		  – Private equity
		– Infrastructure
		– Real estate
			– Overlay
			– Hedging
			– Cash management

Regional/ country focused sub-theme	Africa, Brazil, China, Indonesia, Latin America, Middle East, Russia, South Asia, Turkey	Asia, China, Colombia, India, Russia, Turkey	

MEASURING OUTPERFORMANCE

Measure	Year end AuM/ Average AuM	Average net management fee margins
Definition	The movement between opening and closing AuM provides a good indication of the overall success of the business during the period, both in terms of net subscriptions/redemptions and investment performance. The average AuM balance during the period, along with the average margins achieved, determine the level of management fee revenues. The AuM and margin trends are lead indicators for short-term profitability.	The average net management fee margin is calculated in US dollars, and is assessed after management fee rebates. The average is affected by changes in the product and investor mix. Certain themes attract higher gross fee levels, generally where investment return opportunities are higher.
Relevance to strategy	Ashmore's strategy as a specialist Emerging Markets fund manager is to grow AuM; firstly by establishing the asset class, secondly by diversifying developed world capital and thirdly by mobilising Emerging Markets capital.	Ashmore aims to maintain high revenue margins reflecting the specialist characteristics of many of the investment themes it manages.
Long-term achievements	**US$77.4bn** 2012: US$63.7bn  AuM increased by 22% and average AuM increased 13%, through strong net inflows of US$13.4 billion and positive performance of US$0.3 billion. Record gross inflows were driven by strong client demand across all of the Group's fixed income themes and specialist equity funds. Institutional investors account for 89% of AuM.	**68bps** 2012: 74bps  The reduction in management fee margin was the result of client and theme mix effects and the influence of large segregated mandate wins, particularly in the local currency theme.

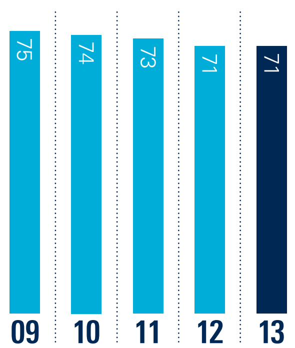
EBITDA margin

EBITDA margin measures operating profit (excluding depreciation and amortisation) against net revenues. Net revenues are calculated after deducting distribution costs and any rebates. Included within costs are both fixed and variable personnel expenses as well as other operating costs.

Ashmore aims to maintain an industry leading EBITDA margin while growing the scale of the business.

71%

2012: 71%



Ashmore has maintained an EBITDA margin above 70% for each of the last five years. Consistent with the view expressed in previous years, our expectation is that the Group's EBITDA margin will maintain an industry leading level but will move into the '60s' over time.

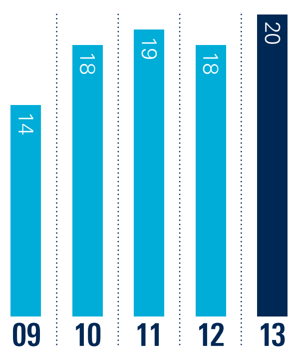
Variable compensation (VC)/EBVCIT

The Group's variable compensation represents the majority of the overall personnel expenses payable, and is assessed as a percentage of earnings before variable compensation, interest and tax. The amount includes performance-related bonuses, and share-based payments and associated social security costs.

The Group maintains a tightly controlled cost structure, with a low proportion of recurring costs and a large proportion of variable performance-related costs. This enables the Group to achieve an industry leading EBITDA margin.

20%

2012: 18%



The Group's (VC)/EBVCIT ratio is determined by performance in the period. The ratio increased for FY2012/13 to 20% to reflect continued good performance of the overall business over the year, and particularly strong relative investment performance and net asset raising.

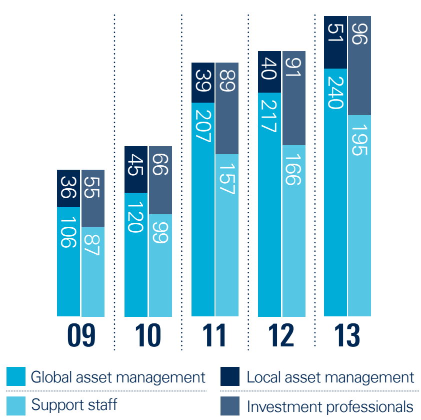
Year end headcount

The Group analyses its headcount by function (investment vs support) and by business (global asset management vs local asset management subsidiaries).

The year end headcount highlights the overall scalability of the business platform. The local asset management headcount is a vital part of the third phase of the Group's strategy – mobilising Emerging Markets capital managed domestically.

291

2012: 257



The increase in headcount is in line with the Group's strategic initiatives surrounding domestic Emerging Markets fund management and operational support functions.

ASHMORE'S PROFITABLE OPERATING MODEL HAS BEEN MAINTAINED

The Group recorded operating profit before tax for the year ended 30 June 2013 of £232.0 million (FY2011/12: £225.1 million); EBITDA of £252.2 million (FY2011/12: £236.2 million); an EBITDA margin of 71% (FY2011/12: 71%); a profit before tax of £257.6 million (FY2011/12: £243.2 million); and a profit after tax of £201.6 million (FY2011/12: £185.7 million).

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

Summary non-GAAP financial performance

	FY2012/13 £m	FY2011/12 £m
Net revenue	**355.5**	333.3
Adjusted EBITDA	**249.2**	237.0
Adjusted operating profit	**240.0**	227.1
Net interest income	**1.6**	2.5
Seed capital-related items	**17.2**	1.7
Acquisition-related items	**(1.1)**	11.9
Profit before tax	**257.6**	243.2

Adjusted EBITDA has been arrived at after deducting net gains on investment securities of £4.9 million (FY2011/12: £0.4 million loss), other expenses of £0.7 million (FY2011/12: £nil) and £1.2 million of changes in third-party interests in consolidated funds (FY2011/12: £0.4 million) from EBITDA. Adjusted operating profit is based on adjusted EBITDA less depreciation and amortisation, but excluding impairment of intangible assets relating to acquisitions.

The financial results, including the reclassified items, are analysed further below.

Assets under management and fund flows

During the year AuM increased by 22% from US$63.7 billion to US$77.4 billion, comprising net inflows of US$13.4 billion and a small contribution from investment performance of US$0.3 billion.

Ashmore achieved strong levels of gross subscriptions which totalled US$27.2 billion (FY2011/12: US$13.0 billion). Inflows from new and existing clients reflected in the main the investment the Group has made in its distribution platform over the previous few years, and the institutional nature of the majority of the Group's clients provided some resilience when markets weakened towards the end of the period.

During the financial year there was continued strong demand for local currency mandates, particularly, though not exclusively, from government-related institutions such as central banks and sovereign wealth funds. We believe this growth has a structural element to it in that such institutions will seek to diversify substantial US dollar-based asset holdings over time, and the strong fundamentals, growing issuance volumes and attractive yields available in Emerging Markets local currency markets will continue to influence allocations positively.

Similarly, corporate debt experienced strong AuM growth through net subscriptions, from a diversified range of new and existing clients. Strong new issuance levels, a benign default environment, and an appreciable yield pick-up versus equivalent-rated credits in Developed Markets all underpin continued growth in this asset class. Demand is concentrated in US dollar-denominated assets, but the Group can access the much larger local currency corporate debt market, which has had relatively little invested in it to date from international investors. The Group is also in the process of launching a private debt fund, thereby providing to clients one of the most comprehensive opportunity sets in this asset class.

Blended debt continues to be a natural starting point for new allocations to Emerging Markets fixed income, and is the most popular theme on the US 40-Act mutual fund platform. The theme is also attractive to clients that are invested elsewhere in the Emerging Markets universe and wish to define a bespoke performance benchmark or to extend their investments beyond a pure external debt mandate. These factors were evident during the period in some of the outflows we experienced from external debt, that returned as subscriptions to blended debt funds.

During the period there was ongoing client demand for external debt exposure, across both public funds and segregated accounts. A proportion of the gross subscriptions reported in this theme arose from clients moving from public funds to segregated accounts, with corresponding gross redemptions also being recorded in the theme.

It is pleasing to report that demand for high-performing and higher-margin specialist equity funds was strong throughout the period from a wide range of clients, including public pensions and government-related entities.

The absolute levels of gross redemptions increased to US$13.8 billion (FY2011/12 US$11.7 billion) but were at a reasonable level of 19% of average AuM (FY2011/12: 18%) and remain low by industry standards.

Equities outflows were lower in the second half of the year compared with the first six months, as focus on and improvements to the Broad Global Active investment process have increasingly led to outperformance against the funds' benchmark.

Outflows from Japanese retail multi-strategy funds were also biased towards the first half of the year. Redemptions in the second half of the year were lower as Yen weakness benefited investment performance and quantitative easing led to greater investor risk appetite. However, this remains a market that is highly cyclical.

New funds and accounts

With record gross subscriptions, the year was a busy one for new account openings and fund launches. There were more than 30 segregated accounts and white label/dual brand mandates won during the period, across all debt themes and also equity and multi-strategy themes. The greater number of segregated mandates reflects increasing client demand for this structure, and we have seen a number of clients move existing capital from public funds to new segregated accounts. The investment made in operational support in recent periods ensured we were able to deliver the additional complexity that typically accompanies such funds. We also increased the public fund range, including three funds in Indonesia, and additional equity, local currency, corporate debt and blended debt funds on the SICAV platform. The Group ended the period with 177 funds (FY2011/12: 136 funds).

There continues to be client demand for investment grade assets, driven in some cases by regulatory requirements and therefore this is a trend that can be expected to persist. On a dedicated basis, such funds now represent 5% of the Group's AuM.

AuM movements by investment theme

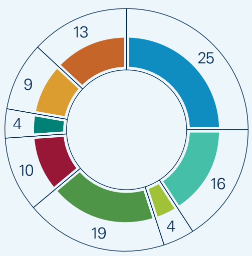
In line with the interim results and the historically reported quarterly updates, the AuM by theme as classified by mandate is shown in the table below. This details gross subscriptions and redemptions, investment performance and average net management fee margins for each theme.

Reclassifications typically occur when a fund's investment objectives, investment guidelines or performance benchmark change such that its characteristics cause it to be included in a different theme. During the period this was particularly the case with clients that were previously invested in external debt funds and chose to define bespoke benchmarks incorporating other fixed income themes; these funds are then classified as blended debt.

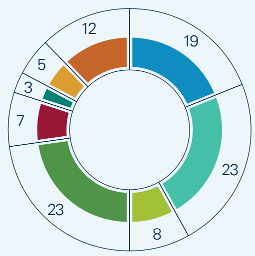
AuM movements by investment theme as mandated

Theme	AuM 30 June 2012 (US$bn)	Performance (US$bn)	Gross subscriptions (US$bn)	Gross redemptions (US$bn)	Net flows (US$bn)	Reclassification (US$bn)	AuM 30 June 2013 (US$bn)	Average net management fee margins (bps)
External debt	15.9	0.1	4.1	(4.5)	(0.4)	(1.1)	14.5	65
Local currency	10.0	(0.4)	9.5	(1.5)	8.0	–	17.6	60
Corporate debt	2.4	(0.1)	4.7	(0.9)	3.8	–	6.1	93
Blended debt	12.4	0.1	3.5	(0.5)	3.0	2.1	17.6	55
Equities	6.2	0.6	1.0	(2.3)	(1.3)	–	5.5	73
Alternatives	2.6	(0.1)	0.3	(0.5)	(0.2)	0.4	2.7	240
Multi-strategy	5.6	0.0	1.9	(2.4)	(0.5)	(1.4)	3.7	118
Overlay/Liquidity	8.6	0.1	2.2	(1.2)	1.0	–	9.7	17
Total	**63.7**	**0.3**	**27.2**	**(13.8)**	**13.4**	**–**	**77.4**	**68**

AuM classified by mandate 2012 (%)

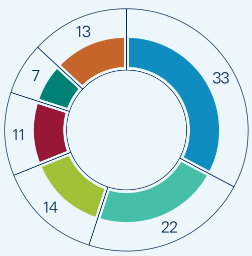


AuM classified by mandate 2013 (%)

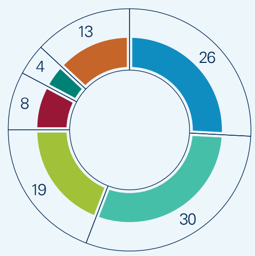


- External debt
- Local currency
- Corporate debt
- Blended debt
- Equities
- Alternatives
- Multi-strategy
- Overlay/Liquidity

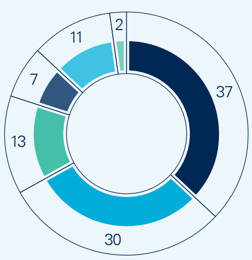
AuM as invested 2012 (%)



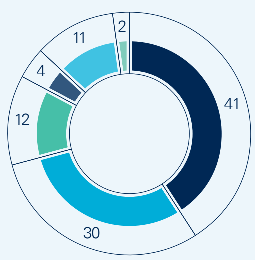
AuM as invested 2013 (%)



AuM by investor type 2012 (%)

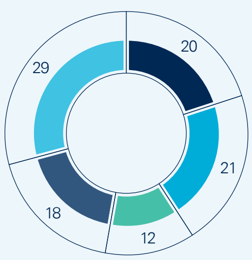


AuM by investor type 2013 (%)

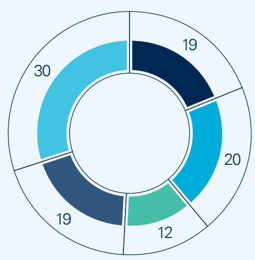


- Government-related
- Pension plans
- Corporates/Financial institutions
- Funds/Sub-advisers
- Third-party intermediaries
- Foundations/Endowments

AuM by investor geography 2012 (%)



AuM by investor geography 2013 (%)



- Americas
- Europe ex UK
- UK
- Middle East & Africa
- Asia Pacific

AuM – as invested

The charts on page 24 show AuM 'as invested' by underlying asset class which adjusts from 'by mandate' to take account of the allocation into the underlying asset class of the multi-strategy and blended debt themes; and of cross-over investment from within certain external debt funds. This analysis continues to demonstrate the greater significance of the local currency and corporate debt themes, with the former being the largest single theme on an 'as invested' basis.

The Group's AuM 'as invested' remains diversified by geography, with 29% invested in Latin America, 29% in Asia Pacific, 12% in the Middle East and Africa, and 30% in Eastern Europe. The Emerging Markets universe comprises more than 65 countries and with substantial opportunities not covered by benchmarks, thus highlighting the benefits of being a specialist, active manager capable of investing with the support of a network of domestic platforms.

Investor profile

Investor type

The Group's AuM is predominantly institutional in nature (30 June 2013: 89%; 30 June 2012: 89%) and the most significant sub-categories of institutional investor are government-related entities and private and public pension plans, together accounting for 71% (30 June 2012: 67%) of AuM. Government-related entities account for 41% of Group AuM but this is diversified across central banks (18% of Group AuM), sovereign wealth funds (8% of Group AuM) and governments (15% of Group AuM).

The proportion of Group AuM sourced through third-party intermediaries – including electronic platforms, brokers and other distributors – was stable at 11%, and increased by US$1.4 billion to US$8.2 billion in absolute terms, notwithstanding the cyclical headwind from Japanese redemptions described above. Developing AuM sourced through such intermediaries, where the end customers are typically retail/high net worth individuals, is one of the Group's strategic objectives.

The appeal of the Emerging Markets asset class to investors globally is demonstrated by the Group's continued diverse geographic investor profile, in line with the prior period.

Management fees and performance fees

As the Group's AuM are predominantly US dollar-based, the majority of management and performance fees are also US dollar-denominated. The table below sets out AuM, net management fees, net management fee margins, and performance fees, by theme in US dollars.

Underlying US dollar management and performance fees

Theme	AuM 30 June 2012 (US$bn)	AuM 30 June 2013 (US$bn)	Net management fees FY2012/13 (US$m)	Average management fee margin (bps)	Performance fees FY2012/13 (US$m)
External debt	15.9	14.5	100.8	65	25.2
Local currency	10.0	17.6	85.0	60	10.8
Corporate debt	2.4	6.1	34.7	93	4.9
Blended debt	12.4	17.6	87.2	55	2.2
Equities	6.2	5.5	43.9	73	1.5
Alternatives	2.6	2.7	61.8	240	0.6
Multi-strategy	5.6	3.7	58.7	118	7.5
Overlay/Liquidity	8.6	9.7	15.7	17	–
Total	**63.7**	**77.4**	**487.8**	**68**	**52.7**

Management fees

Management fee income net of distribution costs in Sterling terms increased by 4% to £311.2 million as a function of increased levels of average AuM (FY2012/13: US$72.2 billion; FY2011/12: US$63.9 billion), stable GBP/USD foreign exchange rates (FY2012/13: 1.57 effective; FY2011/12: 1.59 effective) and a reduction in average net management fee margins (FY2012/13: 68 bps; FY2011/12: 74 bps). The average net management fee margin reduction was the result of a number of factors. Theme and mix effects, including the respective weighting of the Group's higher and lower margin themes as they were differently affected by flows and performance, accounted for 2.5bps of the 6bps movement. The margin was also influenced by the winning of several relatively large mandates, particularly in the local currency theme, which naturally attract a lower revenue margin. Specifically, among the local currency mandate wins during the period was a number of segregated accounts over US$500 million in size. These funds earn an appropriate management fee margin and are efficient to manage.

Performance fees

Total performance fee income for the year was £33.4 million (FY2011/12: £25.4 million), earned across the investment themes and throughout the financial year, as the market correction occurred late in the period, thus not having an impact on the performance fees generated.

At the year end the Group was eligible to earn performance fees on only 18% of AuM (30 June 2012: 30%), or 31% of funds (30 June 2012: 37%). Of these funds, 56% (30 June 2012: 54%) of them, while able to generate performance fees in the future, were ineligible to do so in FY2012/13 either as a result of such fees only being available at the end of the multi-year fund life, such funds not earning a fee in the performance year, or as a result of rebate agreements.

Operating costs and EBITDA margin

The Group has maintained its tightly controlled cost structure, with a low proportion of recurring costs and a large proportion of variable performance-related costs. Closing headcount increased from 257 at 30 June 2012 to 291 at 30 June 2013, with the average headcount rising from 251 to 280. The 11% increase in wages and salaries to £20.0 million (FY2011/12: £18.0 million) is consistent with the increase in average headcount. There has been further recruitment this year to facilitate the future growth of the business, with continued focus on the expansion and development of our local fund management and operational support teams.

Variable compensation costs represent the majority of overall personnel expenses and consist of performance-related cash bonuses, share-based payments and associated social security costs. Variable compensation is calculated as a percentage of earnings before variable compensation, interest and tax. The rate of variable compensation applied in the year to 30 June 2013 increased to 20% (FY2011/12: 18%). The higher level of variable compensation from the prior year reflects continued good performance of the overall business over the year, and particularly strong relative investment performance and net asset raising.

The five-year trend graphs of total employee numbers and total employment costs are shown opposite. These demonstrate how the Group's operating model has been maintained.

The overall total for other expenses for the year to 30 June 2013 was £44.9 million (FY2011/12: £34.4 million) with the principal factor behind the year-on-year increase being a higher combined charge for amortisation and impairment of intangible assets of £16.1 million, described in the Goodwill and intangible assets section below, as other costs were broadly unchanged. The intangibles impairment charge was partially offset by a £10.8 million credit resulting from an adjustment to the contingent consideration payable for the equities acquisition, as described in the Finance income section below.

EBITDA of £252.2 million increased 7% compared with the prior year (FY2011/12: £236.2 million), and results in an EBITDA margin of 71% (FY2011/12: 71%). Reclassification of items relating to acquisitions and seed capital investments adds clarity and aids comprehension, and leads to adjusted EBITDA of £249.2 million, an increase of 5% compared with the prior year (FY2011/12: £237.0 million). The adjusted EBITDA margin is 70% (FY2011/12: 71%).

Finance income

Included in finance income are items relating to the equities acquisition. The main item is a £10.8 million credit (FY2011/12: £16.8 million) following an adjustment to the contingent consideration payable to reflect its fair value at the period end. The undiscounted value of the estimated payments in respect of the acquisition of AshmoreEMM has fallen to £0.6 million (30 June 2012: £12.5 million). The amount to be paid for the business will therefore be some £85 million less than the maximum possible under the terms of the acquisition, reflecting that the transaction structure, with its substantial emphasis on contingent consideration, provided significant protection for the Group and its shareholders.

Also included in finance income are items relating to seed capital investments, described in detail below.

Excluding the seed capital and acquisition-related items, the Group's net finance income was £1.6 million (FY2011/12: £2.5 million).

Taxation

Ashmore is committed to paying tax in accordance with all relevant laws and regulations and complying with all fiscal obligations in the territories in which we operate. To facilitate this, we work to create and maintain transparent and open working relationships with all tax authorities. As a Group, we aim to maximise value for our shareholders and customers by managing our businesses in a tax efficient and transparent manner, within the remit of the applicable tax rules.

The majority of the Group's profit is subject to UK taxation; of the total current tax charge for the year of £60.6 million, £56.7 million relates to UK corporation tax. The Group's effective tax rate for the year is 21.74% (FY2011/12: 23.7%) which is less than the blended UK corporation tax rate of 23.75% (FY2011/12: 25.5%). Account Note 12 provides a full reconciliation of this deviation from the blended UK corporation tax rate. Key reconciling items relate to (i) disallowable expenses relating to accounting entries that are not tax deductible; (ii) deferred tax credits arising on temporary differences between the accumulated amortisation and impairment charges booked in relation to certain intangible assets and the related tax deductions available; and (iii) current tax deductions in respect of share-based awards vesting during the period.

There is a £21.0 million deferred tax asset on the Group's balance sheet at 30 June 2013 (30 June 2012: £15.1 million), principally arising as a result of timing differences in the recognition of the accounting expense and actual tax deductions in connection with share price appreciation on share-based awards.

Balance sheet management and cash flow

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 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.

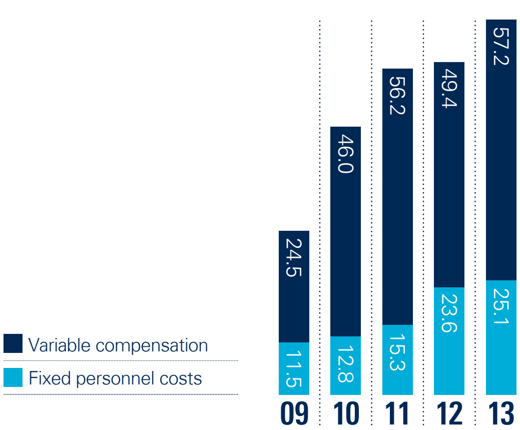
As at 30 June 2013, total equity attributable to shareholders of the parent was £628.7 million, as compared to £537.3 million at 30 June 2012. There is no debt on the Group's balance sheet.

Cash

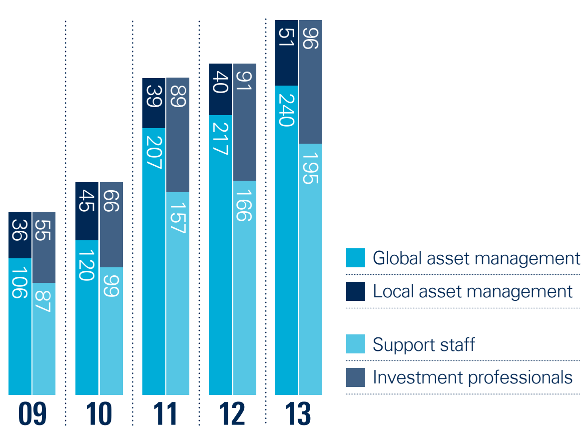
The Group's cash and cash equivalents balance increased by £48.9 million in the year to £395.5 million. The Group continues to generate significant cash from operations, totalling £280.2 million in the year (FY2011/12: £238.8 million), from which it paid the following significant items: £110.9 million in cash dividends (FY2011/12: £106.9 million); £59.4 million of taxation (FY2011/12: £58.2 million); £21.2 million for net new seed capital investments (FY2011/12: £6.2 million); and £30.8 million for purchase of own shares to satisfy share awards (FY2011/12: £40.8 million).

The Group's cash balances are invested with the objective of optimising returns within a strict framework which emphasises capital preservation, security, liquidity and counterparty risk. The Group's cash and cash equivalents, comprised of short-term deposits with banks and liquidity funds, are predominantly held with counterparties with credit ratings ranging from A- to AAAm as at 30 June 2013 (2012: A to AAAm).

Employee costs (£m)



Year end headcount



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Seed capital investments

As at 30 June 2013 the amount invested was £170.6 million (at cost), with a market value of £182.2 million (30 June 2012: £140.1 million and £148.9 million, respectively). The at-cost investment represents 31% of Group tangible equity (30 June 2012: 32%). During the period the largest seed capital investments were made in support of the launch of three funds in Indonesia. Several seed capital investments made previously were recycled profitably during the year.

Further details of the movements of seed capital items during the year can be found in note 21 to the accounts. In aggregate, taking into account consolidated funds, held-for-sale assets, available-for-sale assets and non-current asset investments, the income statement includes total profits of £17.2 million (FY2011/12: £1.7 million) related to seed capital investments. This comprises operating expenses of £0.7 million (FY2011/12: £nil), gains on investment securities of £4.9 million (£0.4 million loss), third-party interests in consolidated funds of £1.2 million (£0.4 million), finance income of £1.6 million (£1.3 million) and other gains on seed capital investments of £12.6 million (£1.2 million).

Purchase of own shares

The Group purchases and holds shares through an Employee Benefit Trust (EBT) in anticipation of the exercise of outstanding share options and the vesting of share awards. At 30 June 2013 the EBT owned 35,205,106 (30 June 2012: 32,668,764) ordinary shares.

Goodwill and intangible assets

Total goodwill and intangible assets on the Group's balance sheet at 30 June 2013 are £84.3 million (30 June 2012: £98.1 million). The year-on-year decrease of £13.8 million is explained by amortisation charges of £5.1 million (FY2011/12: £6.2 million), combined with an intangibles impairment charge of £11.0 million (FY2011/12: £1.2 million), partly offset by FX retranslation gains of £2.3 million arising on non-Sterling denominated goodwill and intangible assets (FY2011/12: £2.3 million). This gain is included within the Group's other comprehensive income.

As described in note 15 to the accounts, the intangibles impairment charge comprises £1.6 million in respect of the interim AshmoreEMM brand which was replaced in January 2013 by the Ashmore brand for the Group's equities business; and a £9.4 million charge in respect of the intangible value of fund management relationships to reflect the redemptions experienced in the equities theme.

Deferred acquisition costs (DAC)

The Group carries on its balance sheet unamortised deferred acquisition costs of £0.6 million (FY2011/12: £4.7 million) in respect of the launch of Ashmore Global Opportunities Limited (AGOL), a publicly listed closed-ended investment company incorporated in 2007.

Market sentiment towards listed vehicles with illiquid underlying assets such as AGOL remained weak during the year and AGOL's shares continued to trade at a discount to their NAV. In the light of these factors, Ashmore, the AGOL Board and its advisers consulted with AGOL shareholders upon a range of proposals with the objective of resolving the discount issue and delivering a positive outcome for shareholders. Subsequently a managed wind down of AGOL was proposed and approved by AGOL shareholders in March 2013. AGOL has since returned over US$100 million to shareholders representing over 20% of its NAV as at 31 December 2012. Under the terms of the wind down, Ashmore is entitled to receive a reimbursement of certain launch costs which were borne at the time of AGOL's IPO in 2007. As at 30 June 2013, US$3.7 million of such costs had been reimbursed.

Foreign exchange management

The Group's long-standing policy is to hedge up to two-thirds of the notional value of foreign exchange exposure in connection with its net management fee cash flows, using either forward foreign exchange contracts or options for up to two years forward. The GBP/USD exchange rate to 30 June 2013 ranged between GBP1.00:1.4979 – 1.6228USD.

The Group experienced an overall foreign exchange gain for the year to 30 June 2013 of £4.7 million (FY2011/12: £2.8 million gain), comprising a gain of £5.9 million (FY2011/12: gain of £2.7 million) on the translation of non-Sterling denominated assets and liabilities combined with a loss of £1.2 million (FY2011/12: gain of £0.1 million) on realised and unrealised hedging transactions.

The notional level of foreign exchange hedges in place at 30 June 2013 is US$141.0 million. This consists of options (US$136.0 million) and forwards (US$5.0 million) in respect of FY2013/14 and FY2014/15 net management fee cash flows.

The foreign exchange hedges protect the Sterling value of US$141.0 million of the Group's forecast management fee revenue cash flows for FY2013/14 and FY2014/15 from being impacted by currency movements (outside the contracted ranges for the nil-cost option collars).

The options and forwards have been marked-to-market at the year-end rate of GBP1:1.5213USD.

As designated hedges, the mark-to-market movement in the value of the options and forwards will be taken through reserves, until such time as they and the associated hedged revenues mature, so long as the hedges are assessed as being effective. If assessed as ineffective, the mark-to-market of the options and forwards will be taken through the income statement.

Regulatory capital

As a UK listed asset management group, Ashmore is subject to regulatory supervision by the Financial Conduct Authority (FCA) under the Prudential Sourcebook for Banks, Building Societies and Investment Firms. The Group has one UK-regulated entity, Ashmore Investment Management Limited (AIML), on behalf of which half-yearly capital adequacy returns are filed. AIML held surplus capital resources relative to its requirements at all times during the period under review.

Further, since 1 January 2007, the Group has been subject to consolidated regulatory capital requirements, whereby the Board is required to assess the degree of risk across the Group's business, and hold sufficient capital against these.

The Board has assessed the amount of Pillar II capital required to cover such risks as £87.0 million (FY2011/12: £65.6 million). Thus, given the considerable balance sheet resources available to the Group, the Board is satisfied that the Group is adequately capitalised to continue its operations effectively.

Further information regarding the Group's capital adequacy status and Internal Capital Adequacy Assessment Process (ICAAP) can be found in the Group's Pillar III disclosures, which are available on our website at www.ashmoregroup.com.

Risk

Risk is inherent in all businesses and is therefore present within the Group's activities. The Group seeks to identify, quantify, monitor and manage each of its risks effectively. The ultimate responsibility for risk management rests with the Board. However, from a practical perspective some of this activity is delegated and the Group actively promotes a risk awareness culture throughout the organisation.

The principal risks, their mitigants, and their delegated owners are set out on pages 32 and 33 for each of the four risk categories that Ashmore considers most important: strategic and business, investment, operational, and treasury – with reputational risk being a common characteristic across all four categories.

During the year the Group's risk control framework has been enhanced to take account of changing business and market conditions, with refinement of the Group Risk Matrix, which seeks to identify the principal risks to the Group, as well as current mitigants and forward-looking action plans.

Further details of the Group's risk management and internal control systems and reporting are described in the Corporate governance report on pages 40 to 46.

Dividend

In recognition of the Group's financial performance during the period, and of our confidence in the Group's future prospects, the Directors are recommending a final dividend of 11.75p per share for the year ended 30 June 2013, which, subject to shareholder approval, will be paid on 6 December 2013 to those shareholders who are on the register on 8 November 2013.

An interim dividend for the six-month period to 31 December 2012 of 4.35p per share (31 December 2011: 4.25p per share) was paid on 12 April 2013. Together, these result in a full-year dividend of 16.10p per share (2012: 15.00p per share), an increase of 7%.

Graeme Dell
Group Finance Director

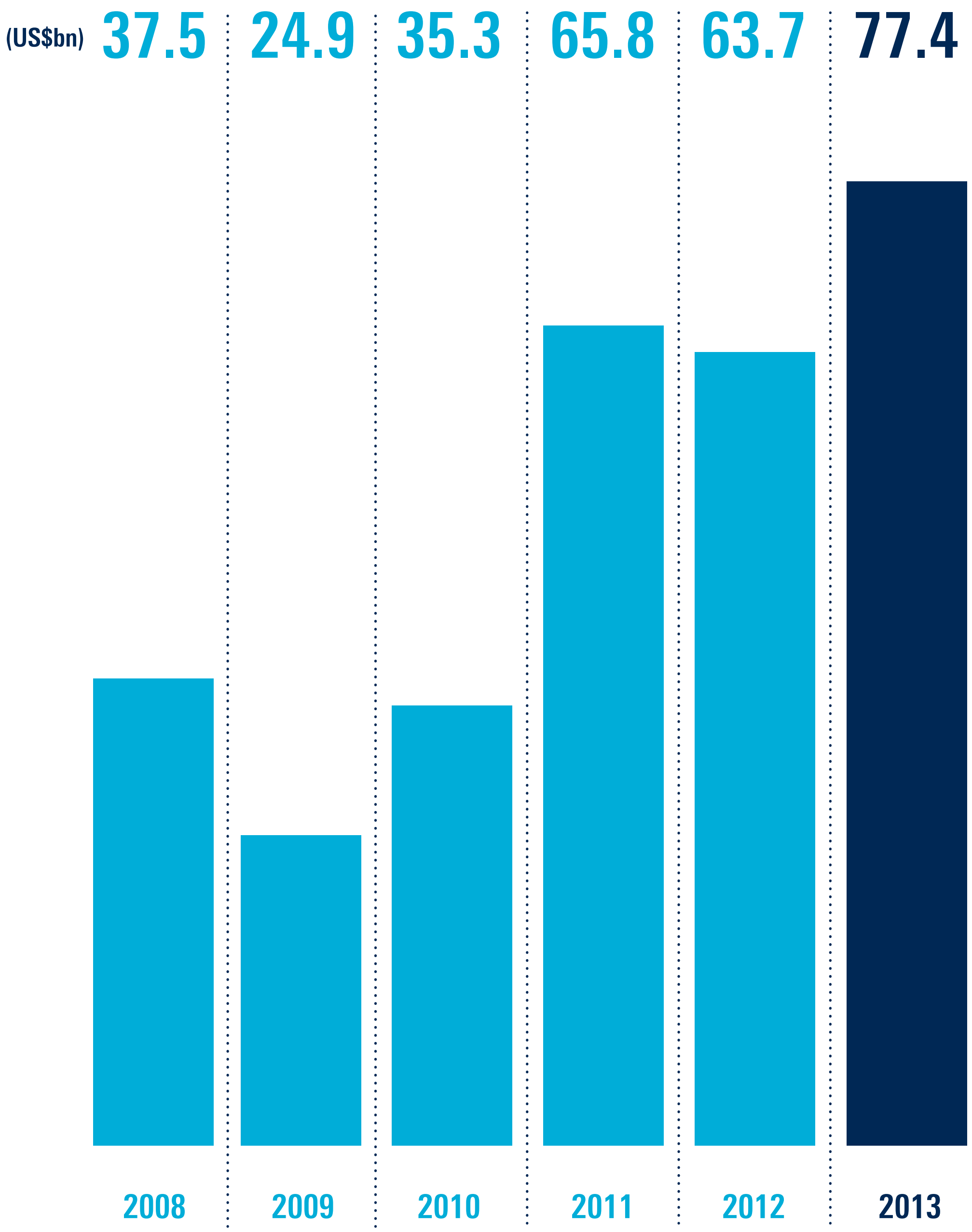
LONG-TERM GROWTH IN ASSETS UNDER MANAGEMENT

Assets under Management

Over the past five years Ashmore has increased its AuM by 106%. Net inflows account for 76% of the growth in AuM over this period.

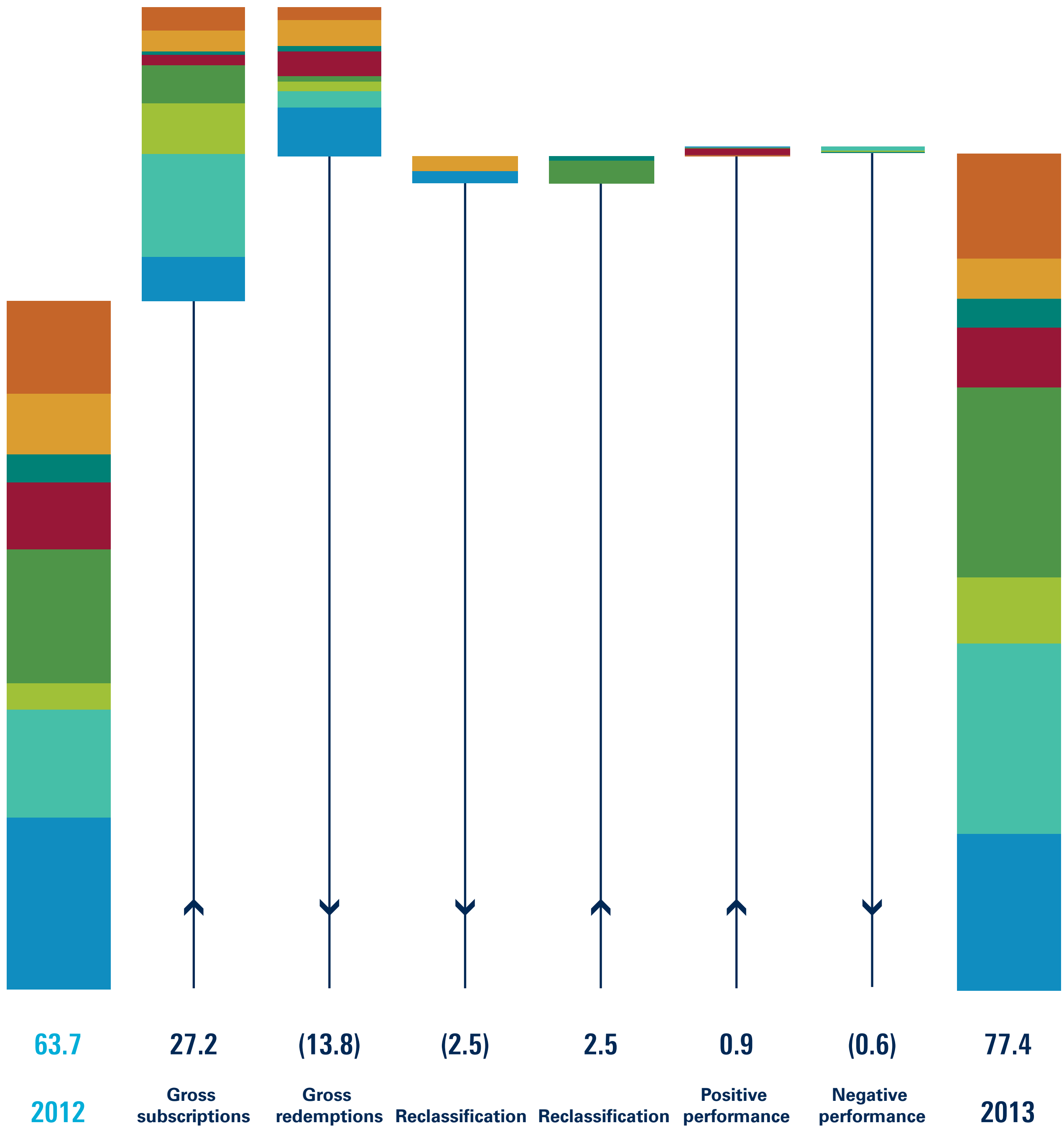
Assets under Management bridge

During the year AuM increased 22% from US$63.7 billion to US$77.4 billion, comprising net inflows of US$13.4 billion and positive investment performance of US$0.3 billion.



Key

- External debt
- Local currency
- Corporate debt
- Blended debt
- Equities
- Alternatives
- Multi-strategy
- Overlay/Liquidity



63.7
27.2
(13.8)
(2.5)
2.5
0.9
(0.6)
77.4
2012
Gross subscriptions
Gross redemptions
Reclassification
Reclassification
Positive performance
Negative performance
2013

Risk type/owner	Description of risk	Mitigation
Strategic and Business risk The risk that the medium and long-term profitability of the Group could be adversely impacted by the failure either to identify and implement the correct strategy, or to react appropriately to changes in the business environment. Delegated to: *Ashmore Group plc Board*	These include: – A long-term downturn in the fundamental and technical dynamics of emerging markets; – Ineffective marketing and distribution strategy; – Expansion into unsuccessful themes; – Potential market capacity issues and increased competition; – Impact of negative or inaccurate press comments.	These include: – The Board's long investment management experience; – A clearly defined Group strategy, understood throughout the organisation and actively monitored; – A diverse range of Emerging Markets investment themes across asset classes; – Experienced, centrally managed and globally located distribution team to access increasingly diversified sources of AuM; – Product Committee with knowledge of the markets in place; – Defined Media and Reputation Management Policy in place.
Investment risk The risk of non-performance or manager neglect, including the risk that long-term investment outperformance is not delivered thereby damaging prospects for winning and retaining clients, and putting average management fee margins under increased pressure; and decreased market liquidity provided by counterparties that the Group and its Funds rely on. Delegated to: *Ashmore Group Investment Committees*	These include: – That the investment manager does not adhere to policies; – A downturn in long-term investment performance; – Insufficient counterparties.	These include: – Experienced Investment Committees meet weekly ensuring consistent core investment processes are applied; – Dedicated Emerging Markets research and investment focus, with frequent country visits as well as a physical presence in key Emerging Markets; – Diversification of investment capabilities by theme, asset class and location; – Strong Compliance and Risk Management oversight of policies, restrictions, limits and other related controls; – Formal counterparty policy with reviews held at least quarterly.

Risk type/owner	Description of risk	Mitigation
Operational risk Risks in this category are broad in nature and inherent in most businesses and processes. They include the risk that operational flaws result from a lack of resources or planning, error or fraud, or weaknesses in systems and controls. Delegated to: *Ashmore Group Risk & Compliance Committee*	These include: – Compliance with regulatory requirements as well as with respect to the monitoring of investment breaches; – The oversight of overseas subsidiaries; – Availability and retention of staff; – Fraud by an employee or third-party service provider; – Accuracy and integrity of data, including over-reliance on manual processes; – Errors resulting from trade execution and settlement process; – Oversight of third-party providers, including Fund Administrators; – New fund set-up or material changes to existing funds are incorrectly implemented; – Business and systems disruption; – Set-up and maintenance of trading counterparties.	These include: – A Risk and Compliance Committee meets on a monthly basis to consider the Group's Key Risk Indicators (KRIs); – Experienced Compliance, Legal and Finance departments to identify, quantify, monitor and manage regulatory changes; – An integrated control and management framework is in place to ensure day-to-day global operations are managed effectively; – Resources are regularly reviewed and also career development and succession planning is in place; – IT Steering Group in place to approve and monitor progress of projects to reduce significant manual dependencies; – Fully integrated trade order management and portfolio accounting platforms; – Engagement letters or service level agreements are in place with all significant service providers; – Formal procedures and sign-off in place for launch of new funds or material changes to existing funds; – a BCP and Disaster Recovery policy and related procedures exist, and is tested regularly; – All trading counterparties are subject to strict risk, legal, compliance and operational sign-off prior to set-up.
Treasury risk These are risks that the Management does not appropriately mitigate balance sheet risks or exposures which could ultimately impact the financial performance or position of the Group. Delegated to: *Chief Executive Officer and Finance Director*	These include: – Group revenues are primarily US dollar-based, whereas financial results are denominated in Sterling; – The Group invests in its own funds from time to time, exposing it to price risk, credit risk and foreign exchange risk; – Liquidity management; – The Group is exposed to credit risk and interest rate risk in respect of its cash balances.	These include: – Monthly reporting of all balance sheet exposures to the Executive; – Oversight and management of the Group's foreign exchange balances is the responsibility of the FX Management Committee which determines the appropriate level of hedging required; – Seed capital is subject to strict monitoring by the Board within a framework of set limits including diversification; – Cash flows are forecast and monitored on a regular basis and managed in line with approved policy; – Group Liquidity Policy in place; – The availability of GBP and USD S&P AAA-rated liquidity funds managed by experienced cash managers; – Defined risk appetite in place.

A COMBINATION OF ETHICAL INVESTING WITH SOUND BUSINESS PRACTICE

Investment

Business Conduct and Integrity

We believe that our reputation as an ethical, trustworthy provider of investment services is essential to our core purpose of helping our clients to build their financial security. We seek to establish and maintain long-term relationships with our clients and intermediaries. We believe this to be a fundamental pre-requisite for the growth of our business.

Responsible investing across our themes

We aim to ensure that investments we make comply with their own industry standards and best practice, treat their employees fairly, have active community programmes and operate with sensitivity to the environment. Ashmore has made investments in a number of renewable energy projects in different countries including hydro-electricity, geothermal energy and sugar-based ethanol production. Investments have also been made in a Middle East based technology company which provides systems products and services for the reduction and recycling of waste and the preservation, protection and restoration of the environment; and, in China, in a company which makes batteries for electric vehicles, principally for use in buses. These investments on behalf of our clients reflect our overall approach to combining ethical investing with sound business practice.

Amongst the initiatives we are undertaking in South America, we have established an Environmental and Social Management System (ESMS) for the management of investments of a new investor fund in Colombia within the Alternatives investment theme. This fund has been developed in a form and substance acceptable to the Inter-American Development Bank (IDB) and International Finance Corporation (IFC).

Our funds and segregated accounts each have a specific investment mandate which sets out the parameters for investment. Within our Equities and Corporate debt themes we are able to screen our client portfolios to meet client requirements for geographic, sector and stock specific restrictions. Stock specific restrictions may include securities which meet clients' own ESG criteria.

Examples of investment areas where we can offer screening of portfolios based on (or informed by) client requirements (using recognised investment industry identifiers and coding into our portfolio management system) include:

- Alcohol
- Animal/Food products
- Armaments manufacturers or dealers
- Gambling
- Pornography
- Tobacco

At a geographical level, we also screen across all of our investment themes for countries which are on the United Nations Sanctions and the US Office of Foreign Assets and Control (OFAC) lists.

Environmental, Social and Governance (ESG) philosophy

Public equities

ESG criteria tend to be focused primarily on equity investing because of the influence which shareholder interests are able to exert on the management of a particular company.

Ashmore believes that the way in which companies manage their relations with stakeholders can have an impact on business performance. These stakeholders encompass employees, local communities, wider society, governments, supply chains, customers and the natural environment. There is a wide range of environmental and social issues which could be relevant for a company depending on the industry in which it operates and its specific business profile. Environmental and social issues can become new sources of risk or opportunities for companies and a company's ability to respond to these issues can therefore act as an early signal of long-term competitiveness. To the extent practicable, Ashmore monitors the environmental, social and corporate governance performance of the companies in which it invests through ongoing company visits and other information channels.

Generally, companies disclose corporate governance practices through corporate policies, stock market listings (for example, Brazil's stock exchange has a separate category for companies committed to corporate governance best practice) and market press releases. They disclose environmental and social practices in annual reports and other reports to investors.

As a global investor, Ashmore recognises that legislation and best practice standards vary among countries and regions, and that they must remain sensitive to these differences. However, at a minimum, Ashmore expects the companies in which it invests to comply with the national legislation that applies to them.

Alternatives

Ashmore's Alternatives investment theme often involves our funds taking significant controlling stakes in investee companies. In such circumstances we are in a position to positively engage with the management of these companies. In many cases we believe it to be beneficial to our investors to be proactive in promoting our brand locally by improving the livelihoods of the employees in those companies where we have a controlling stake. When undertaking initial due diligence on any investments within our Alternatives theme our deal memorandum checklist takes into account the consideration of ESG issues within the investment analysis and decision making process, and the investee company's own ESG practices.

Fixed income

Within our Emerging Market debt segregated accounts, we offer clients the flexibility to implement their ESG constraints related to specific countries, sectors and securities (for example – restricted lists, concentration limits etc).

Engagement

Within mature markets, ethical investing has often been portrayed as a 'negative' concept i.e., it involves a decision not to invest in a certain way. Whilst these concepts are well accepted in mature markets we believe that they are not necessarily conducive to helping emerging economies develop. In the context of developing countries we believe that it is also possible to apply other concepts such as engagement with the ethical investment debate.

In our public equities theme we believe that good corporate governance helps to align the interests of company management with those of its shareholders. Where possible, we seek to maintain constructive dialogue with company management. We consider whether companies have corporate governance frameworks that are in line with applicable country codes and serve shareholder interests. Views on corporate governance do not constrain investment decisions however; often the best investments can be in companies where we anticipate an improvement in corporate governance practices. In many jurisdictions, and to the extent consistent with our fiduciary duty to our clients, we exercise our voting rights as a means to signal our views to company management. We have developed detailed guidelines to guide our voting decisions, but will, as appropriate, consider resolutions on a case-by-case basis taking into account all available information.

As a global investor, Ashmore recognises that legislation and best practice standards vary among countries and regions, and that they must remain sensitive to these differences. However, at a minimum, Ashmore expects the companies in which it invests to comply with the national legislation that applies to them.

The majority of our assets continue to be invested in either external debt (the majority of which is sovereign) or local currencies. In the case of external debt investments, our ability to have an influence is generally limited to a decision whether or not to invest. However, at a country level we believe that we are able to exert an influence through dialogue with governments and central banks. Engagement with a country, as opposed to disengagement, is akin to many small pressures every day as opposed to one 'big stick'. By remaining engaged over an extended period of time it is often possible to have a positive influence and to add credibility.

Where Emerging Markets are concerned therefore, we believe that in certain circumstances it may be more beneficial to keep investment flowing combined with the influence which accompanies it in order to continue being able to help a country's population. In country specific terms at the extreme, being cut off from capital may allow undemocratic rulers to control their people by attributing blame for economic problems to foreign actions. Sanctions may be counter-productive and may reduce the welfare of the population considerably. Hence we take investment and engagement/disengagement decisions on a case-by-case basis relative to the specific circumstances and investment criteria in the best interests of our clients.

Proxy Voting and Corporate Actions

Subject to specific mandate restrictions, Ashmore is generally responsible for voting proxies and taking decisions in connection with proxy voting with respect to equities, bonds, loans or other debt instruments held by or held on behalf of the clients for which it serves as investment manager/adviser.

Where Ashmore is given responsibility for proxy voting and corporate actions, it will take reasonable steps under the circumstances to ensure that proxies are voted in the best interests of its clients. Protecting the financial interests of its clients is the primary consideration for Ashmore in determining how to protect such interests. This generally means proxy voting with a view to enhancing the value of the securities held by or on behalf of Ashmore's clients, through maximising the value of securities, taken either individually or as a whole.

UK Stewardship Code

Details on how, and the extent to which, Ashmore complies with the principles of the UK Stewardship Code are described separately on the Ashmore website at:

https://www.ashmoregroup.com/investor-relations/corporate-governance

The Ashmore Foundation: Making a positive difference

The Ashmore Foundation currently has seven priority countries (Brazil, Colombia, Mexico, India, Indonesia, Philippines and Turkey) based on the location of Ashmore offices and significant investments, as well as the existence of a strong civil sector and clear social needs on which the Foundation can focus. Supporting locally based NGOs in the Emerging Markets reflects Ashmore's desire to 'give back' to the countries that have contributed to its profitability, supporting empowerment and local capacity in the Emerging Markets.

The Foundation channels financial support through two schemes:

1. Small Grants scheme, providing grants of up to £5,000 to a range of eligible charities, throughout the Emerging Markets (prioritising Ashmore employee recommendations), and
2. Partnership Grants scheme for larger grants and longer-term relationships with strong organisations based in priority countries, where their missions are clearly aligned with our focus and where there is demonstrable evidence of an effective approach.

Whilst the Foundation does review unsolicited proposals which fulfil the eligibility criteria, grantees – particularly at partnership level – are primarily sourced or recommended and invited to apply following research to ensure a strong match. All organisations are assessed using a standard process as outlined below:

The Ashmore Foundation's assessment process is designed to review a whole organisation – taking into consideration management, strategies, activities, results, resources and accountability – before considering any specific projects proposed for funding. The level and depth of due diligence is proportionate to the size of the grant under consideration.

In addition to the Ashmore Foundation's Small and Partnership Grants programme, the Ashmore Foundation supports through a funding partnership the STARS Foundation, which provides awards to a handful of exceptional frontline NGOs changing the lives of children in developing countries each year from thousands of applications. This strategic partnership brings together the resources of the Ashmore Foundation with the expertise of the STARS Foundation in sourcing, assessing and awarding 'the best' local NGOs working worldwide to solve global challenges, and shining a light on the hallmarks of effective NGO practice. The collaboration has enabled the sharing of methodologies, capabilities and resources and has highlighted new co-funding opportunities. We are delighted that this partnership which began in 2012 has enabled both the STARS Foundation and the Ashmore Foundation to reach more outstanding organisations in more locations, impacting more lives.

The Foundation is supported solely by Ashmore and its employees globally. Crucially, this support from employees extends beyond financial aid through to active engagement in fundraising and a network of support which includes mentoring and helping NGOs expand their network of contacts.

Through the Ashmore Foundation, close to £1.85 million has been donated/committed to more than 45 charitable causes throughout the Emerging Markets since inception in 2008. In 2012 alone, grants from the Ashmore Foundation benefited more than 40,000 underprivileged community members with a range of services and support.

Employees

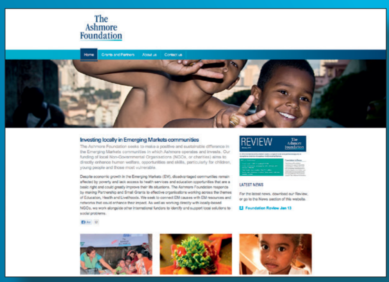
At year end Ashmore employed approximately 300 people in 11 countries worldwide. Ashmore's people have always been its most important asset, at the heart of everything it does. Ashmore has many talented people and it remains a priority to develop, manage and retain this talent in order to deliver the potential of the organisation. Ashmore wants to be an employer which the most talented people aspire to join wherever it operates.

New website for the Ashmore Foundation

2013 saw the launch of a dedicated Ashmore Foundation website. The site is designed to help increase the efficiency of the grant process by explaining the different application stages and by providing a simple online form for potential grantees.

Importantly the site also allows the Foundation to showcase its grantees. We hope that the short case studies of beneficiaries will help NGOs to share best practices and also hopeful applicants will better understand the types of projects funded by the Foundation.

www.ashmorefoundation.org



Ashmore seeks to ensure that its workforce reflects, as far as practicable, the diversity of the many communities in which it is located. Ashmore also recognises the diverse needs of its employees in managing the responsibilities of their work and personal lives, and believes that achieving an effective balance in these areas is beneficial to both the Company and the individual.

Ashmore encourages employees to act ethically and to clearly uphold the standards of practice which its clients have come to expect. It also means ensuring that its employees understand the strategic aims and objectives of the Group and are clear about their role in achieving them.

The Group recognises that the involvement of its employees is key to the future success of the business and adopts a practice of keeping employees informed on significant matters affecting them, via email and in meetings arranged for the purpose. The Group has consistently operated a remuneration strategy that recognises both corporate and individual performance.

The Group is also committed to following good practice in employment matters, recognising the part this plays in attracting and retaining staff. The Group promotes the importance of high ethical standards to all employees and staff have the opportunity to voice any concerns they may have, either direct with management or on a confidential basis via the whistle-blowing process.

Equal opportunities

The Group is committed to ensuring that all employees are treated fairly and with dignity and respect. This commitment is reflected in the Staff Handbook that all employees receive on joining.

The policies and practices in place within the Group to deter acts of harassment and discrimination are regularly monitored.

It is the Group's policy that no employee shall be treated less favourably on the grounds of their age, sex, sexual orientation, race, religion, nationality or marital status or on the grounds of disability. This policy applies, without limitation, to promotion, training, placement, transfer, dismissal, remuneration, grievance and disciplinary procedures and decisions. This policy also applies to persons from outside the workplace and the treatment of contract workers.

Health and safety

The Group has in place a global health and safety policy which can be accessed by all staff via an internal database. The aim of this policy is to provide both staff and visitors with a safe and healthy working environment. The Group is committed to adhering to the high standards of health and safety set out by its policies and procedures and to providing training as necessary.

Environment

As an investment manager, Ashmore has a limited direct impact upon the environment and there are few environmental risks associated with the Group's activities. Ashmore does not own any of the buildings where it occupies floorspace and invariably buildings in which it does have a lease are multi-tenanted and costs are apportioned to each tenant pro-rated according to occupancy. Ashmore's largest property occupancy is at its headquarters at 61 Aldwych, London, and where it occupies a single floor of approximately 19,000 square feet in a nine storey multi-tenanted building.

Water and gas supplied into the building are metered centrally by the building management and costs apportioned to each tenant pro rata according to floor occupancy.

Electricity usage in London is separately monitored by floor with renewable energy accounting for a minimum of 10% of supply. Energy efficient lighting is installed in the building with sensors which turn lights off when no movement is detected. The building has received an Energy Performance Certificate with an Asset Rating of 98.

Emissions reporting

As of 1 October 2013 all companies listed on the Main Market of the London Stock Exchange will have to report their Greenhouse Gas emissions (GHGs) in their Annual Report after 30 September 2013.

Ashmore will be one of the organisations required to report Scope 1 and 2 emissions for its reporting year 1 July 2013-30 June 2014. Ashmore has however chosen to present the required emissions data in this report for the current reporting year in advance of the obligations coming into effect. Further details on emissions reporting can be found in the CSR report on our website at www.ashmoregroup.com.

Air travel accounts for the greatest amount of overall emissions (2,099 tonnes CO_2e, 78%). Nearly 20% of Ashmore's emissions come from purchased electricity across the business (543 tonnes CO_2e). Natural gas, refrigerants, water and waste account for the lowest level of emissions, though it is noted that data was not available for all offices for these categories.

Ashmore Group's emissions by scope:

Scope	Source	Tonnes CO_2e[1] 2012/13	Absolute totals Tonnes CO_2e
Scope 1	Natural gas	46.9	53.1
	Refrigerants	6.2	
Scope 2	Electricity	542.5	542.5
Scope 3	Air travel	2,098.8	
	Water	5.3	2,105.0
	Waste	0.9	
Total			**2,700.6**

1. UK emissions factors have been used for all data, except for electricity emissions where the relevant international emissions factors have been applied. All emissions factors have been selected from the emissions conversion factors published annually by Defra. https://www.gov.uk/measuring-and-reporting-environmental-impacts-guidance-for-businesses

Ashmore has published a separate corporate responsibility report which can be found on its website at:

www.ashmoregroup.com

Emissions have also been calculated using an 'intensity metric', which will enable Ashmore to monitor how well we are controlling emissions on an annual basis, independent of fluctuations in the levels of their activity. As Ashmore is a 'people' business, the most suitable metric is 'emissions per full-time equivalent (FTE) employee'. Ashmore's emissions per person are shown in the table below.

Emissions per FTE

	Tonnes CO_2e/employee (FY2012/13)
Scope 1	0.2
Scope 2	2.0
Scope 3	7.6
Total	**9.8**

Travel

Although we endeavour to make maximum use of available technology, such as video conferencing, our business model as an investor in Emerging Markets inevitably requires that our investment professionals and other members of staff travel frequently to these countries to investigate and monitor opportunities.

Recycling

Ashmore has in place recycling programmes for waste paper, photocopier toners and other disposable materials.We seek to minimise the use of paper as part of our clear desk policy and electronic scanning is actively encouraged. All printing is two sided by default.

At Ashmore we are conscious of minimising our impact on the environment. For this reason, wherever possible we choose paper stocks that have been sustainably sourced and which are Forest Stewardship Council© (FSC) accredited (or equivalent) for our marketing materials and business stationery.

Ashmore provides obsolescent computers to Computer Aid International (Computer Aid), a UK registered charity that aims to reduce poverty through practical ICT solutions. Computer Aid sends these PCs to various projects across Africa and South America and furnishes Ashmore with details of where they are used. Any units that are not usable are disposed of in an environmentally friendly fashion.

By order of the Board

Michael Perman
Company Secretary

9 September 2013

The Hon. Michael Benson

Non-executive Chairman (Age 70)

Michael Benson was appointed to the Ashmore Group plc Board as non-executive Chairman on 3 July 2006. He is Chairman of the Company's nominations committee. Michael began his career in the City in 1963 and, after a series of senior positions in the investment management industry, was, from 2002 to March 2005, Chairman of Invesco and Vice Chairman of Amvescap plc. Prior to that he was CEO of Invesco Global (1997-2002). Michael is Chairman of Hayaat Group, a Non-executive Director of Trinity Street Asset Management and is the director of the York Minster Fund.

Committee membership: N, R

Mark Coombs

Chief Executive Officer (Age 53)

Mark Coombs was appointed a Director on the incorporation of the Company in December 1998, and has served as its Chief Executive Officer since then. He held a number of positions at Australia and New Zealand Banking Group (ANZ) and led Ashmore's buyout from ANZ in early 1999. He is Co-Chair of EMTA, the trade association for Emerging Markets, having been on the Board since 1993. Mark has an MA in Law from Cambridge University.

Graeme Dell

Group Finance Director (Age 47)

Graeme Dell was appointed to the Board as Group Finance Director in December 2007. Prior to joining Ashmore, Graeme was Group Finance Director of Evolution Group plc from 2001 to 2007, where he had group-wide responsibility for finance, operations, technology, compliance, risk and HR which included playing a significant role in the foundation and development of Evolution's Chinese securities business. Graeme previously worked for Deutsche Bank and Goldman Sachs in a range of business management, finance and operations roles both in Europe and in Asia Pacific. Graeme qualified as a chartered accountant with Coopers & Lybrand and is a graduate of Hertford College, Oxford University.

Nick Land

Senior Independent Non-executive Director (Age 65)

Nick Land was appointed to the Board as Senior Independent Non-executive Director and Chairman of the Audit Committee on 3 July 2006. He is a qualified accountant and was a partner of Ernst & Young LLP from 1978 to 2006 and its Chairman from 1995 to 2006. Nick is a Non-executive Director of BBA Aviation plc, Alliance Boots GmbH and Vodafone Group plc and a trustee of the Vodafone Group Foundation. He is a Board member of the Financial Reporting Council, a member of the Finance and Audit Committees of the National Gallery and is Chairman of the Board of Trustees of Farnham Castle.

Committee membership: A, N, R

Melda Donnelly

Non-executive Director (Age 63)

Melda Donnelly joined the Ashmore Group Plc Board as a Non-executive Director in July 2009, and is also a member of the audit committee. Melda is an Australian citizen and Chartered Accountant. She was the Founder and Chairperson of the Centre for Investor Education. Current directorships include Treasury Group Limited and UniSuper Pty Limited. Melda's past investment experience includes being CEO of Queensland Investment Corporation and Deputy Managing Director of ANZ Funds Management and Managing Director of ANZ Trustees. She is currently a member of the Advisory Committee of the Oxford University Centre for Ageing.

Committee membership: A, N

Simon Fraser

Non-executive Director (Age 54)

Simon Fraser joined the Board on 10 February 2012. Simon has extensive experience of the fund management industry, having worked at Fidelity International from 1981 to 2008. At Fidelity he held a number of positions during his career, including President, European & UK Institutional Business, Global Chief Investment Officer, Chief Investment Officer for Asia Pacific and Chief Investment Officer of the European Investment Group. He is a Non-executive Director of Barclays Bank plc and Barclays plc, Chairman of Foreign & Colonial Investment Trust plc, The Merchants Trust plc and a Non-executive Director of Fidelity European Values Plc and Fidelity Japanese Values Plc.

Committee membership: A, N, R

Charles Outhwaite

Non-executive Director (Age 48)

Charles Outhwaite joined the Board on 19 February 2013. Charles is a graduate in modern history from Oxford University and also holds an MBA from Warwick business school. He has over 25 years' experience in corporate finance with a particular focus on the financial services sector. He is currently a Senior Advisor to Evercore Partners and was a Partner and Managing Director of Lexicon Partners prior to its acquisition by Evercore in 2011. Charles began his investment banking career with J Henry Schroder Wagg & Co and was a Managing Director of Donaldson Lufkin and Jenrette (DLJ), and, until 2001, of Credit Suisse First Boston's Financial Institutions Group following its acquisition of DLJ in 2000.

Dame Anne Pringle DCMG

Non-executive Director (Age 58)

Dame Anne Pringle joined the Board on 19 February 2013. Dame Anne graduated from St Andrews University with an MA in French and German. She has over 30 years' experience as a career diplomat with the Foreign and Commonwealth Office, focusing in particular on the EU, Russia and Eastern Europe. Between 2001 to 2004, Dame Anne was the British Ambassador to the Czech Republic and from 2004 to 2007 Director of Strategy and Information at the FCO and a member of the FCO Board. From 2008-2011 she served as Ambassador to the Russian Federation. Dame Anne was appointed Dame Commander of the Order of St Michael and St George (DCMG) in the 2010 New Year Honours List. She is a Public Appointments Assessor and a Member of St Andrews University Court.

Key to membership of committees

A – Audit and Risk
N – Nominations
R – Remuneration

Chairman's introduction

In May 2010 the FRC published a new edition of the UK Corporate Governance Code which applies to financial years beginning on or after 29 June 2010.

The Group has been in compliance with the Code and its predecessor versions since Admission to listing on the London Stock Exchange on 17 October 2006, except where the Directors consider that in particular limited circumstances, departure may be justified and explained.

No departures from the Code occurred during the year under review.

A new edition of the Code was published in September 2012 and applies to reporting periods beginning on or after 1 October 2012.

The Group has chosen to adopt the new provisions in the revised Code for the year under review and references to 'the Code' in this Annual Report are to the 2012 version of the UK Corporate Governance Code.

This report describes the Group's corporate governance arrangements, explaining how it has applied the principles of the Code.

Michael Benson
Chairman

Directors

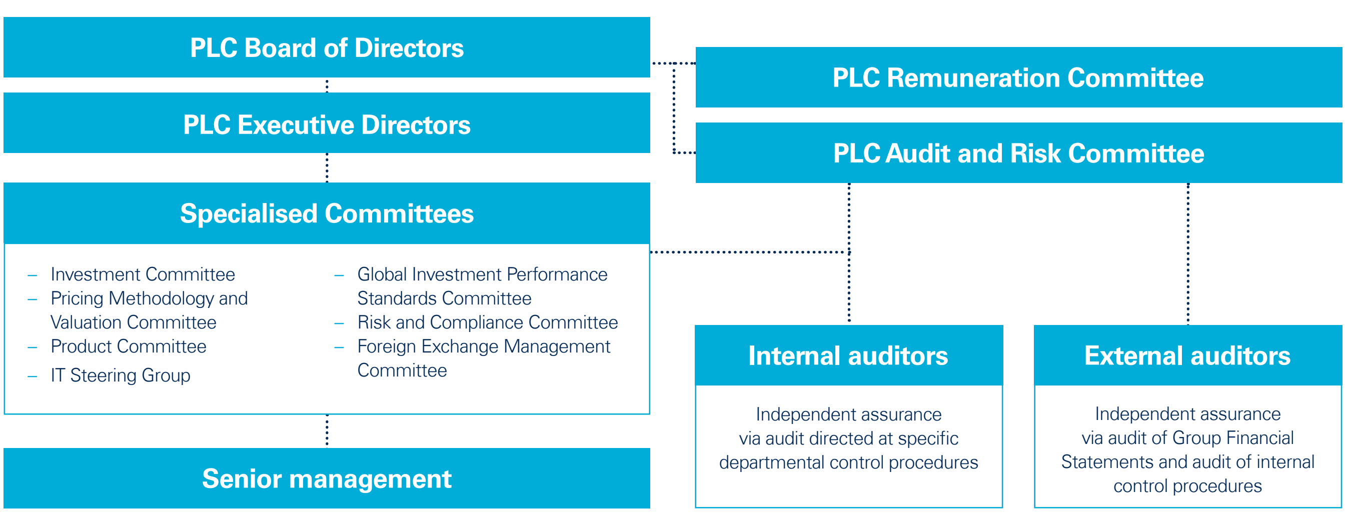
The Board of Directors comprises two Executive Directors and six Non-executive Directors. The two Executive Directors are Mark Coombs, the Chief Executive Officer, and Graeme Dell, the Group Finance Director. The Non-executive Directors are Michael Benson, Chairman; Nick Land, Senior Independent Director; Melda Donnelly, Simon Fraser, Charles Outhwaite and Dame Anne Pringle. With the exception of Charles Outhwaite and Dame Anne Pringle, who both joined the Board on 19 February 2013, all Directors served throughout the year.

The Board has a schedule of matters specifically reserved to it for decision and approval, which include, but are not limited to:

- the Group's long-term commercial objectives and strategy;
- major acquisitions, disposals and investments;
- the Group's annual and interim reports and financial statements;
- interim dividend and recommendation of final dividend;
- annual budgets and forecast updates;
- significant capital expenditure; and
- the effectiveness of internal controls.

The roles of the Chairman and Chief Executive Officer are separate, clearly defined and have been approved by the Board. The Chairman is responsible for the effective conduct of the Board, while the Chief Executive Officer is responsible for execution of strategy and for the day-to-day management of the Group.

Our governance framework



In considering Non-executive Director independence, the Board has taken into consideration the guidance provided by the Code. The Board considers Michael Benson, Nick Land, Melda Donnelly, Simon Fraser, Charles Outhwaite and Dame Anne Pringle to be independent. Nick Land is the Senior Independent Director.

During the year under review the Group complied with the Code requirement that at least half of the Board consist of independent Directors (excluding the Chairman).

Biographical details of the Directors are given on page 39.

The Board meets a minimum of six times during the year to review financial performance and strategy and to follow the formal schedule of matters reserved for its decision. Comprehensive Board papers, comprising an agenda and formal reports and briefing papers, are sent to Directors in advance of each meeting. Throughout their period in office, Directors are continually updated by means of written and verbal reports from senior executives and external advisers on the Group's business, and the competitive and regulatory environments in which it operates, as well as on legal, corporate governance, corporate social responsibility and other relevant matters.

In addition to its formal business, the Board received a number of briefings and presentations from executive management during the year covering a wide range of topics across the range of the Group's business. All Directors have access to independent professional advice, if required, at the Company's expense as well as to the advice and services of the Company Secretary. New Directors appointed to the Board will receive advice as to the legal and other duties and obligations arising from the role of a director of a UK listed company within a full, formal and tailored induction programme. The Company Secretary, under the direction of the Chairman, is responsible for maintaining an adequate continuing education programme, reminding the Directors of their duties and obligations on a regular basis, ensuring good information flows between the Board, its committees and management and assisting with Directors' continuing professional development needs.

The Company's Nominations Committee considers the appointment and replacement of Directors subject to the rules set out in the Articles, a summary of which is set out below.

Under the Articles, the minimum number of Directors shall be two and the maximum shall be nine. Directors may be appointed by the Company by ordinary resolution or by the Board. A Director appointed by the Board must offer himself/herself for election at the next Annual General Meeting of the Company following his appointment but he is not taken into account in determining the Directors or the number of Directors who are to retire by rotation at that meeting.

The Directors to retire by rotation must be those who held office at the time of the two preceding Annual General Meetings and did not retire at either of them or if they have held office with the Company for a continuous period of nine years or more at the date of the Annual General Meeting. The office of Director shall be vacated in other circumstances, including where (i) that Director resigns or is asked to resign; (ii) they are or have been suffering from mental ill health; (iii) they are absent without permission of the Board from meetings of the Board for six consecutive months; (iv) they become bankrupt or compound with their creditors generally; or (v) they are prohibited by law from being a Director. Notwithstanding these provisions the Board has adopted provision B.7.1 of the Code and therefore all Directors will retire and seek re-election at the Annual General Meeting on 30 October 2013.

Powers of the Directors

Subject to the Company's Articles, the Companies Acts and any directions given by the Company by special resolution, the business of the Company is managed by the Board, who may exercise all powers of the Company, whether relating to the management of the business of the Company or not.

Annual performance evaluation

The Code recommends that the Board should undertake a formal annual evaluation of its own performance and that of its committees and individual Directors and that an externally facilitated evaluation should be undertaken at least once every three years. An independent externally facilitated evaluation was undertaken by Condign Board Consulting (which has no other connection with the Company) in the reporting year FY2011/12. For the year under review the Board conducted an internal evaluation of its own performance and that of its committees and individual Directors led by the Chairman and assisted by the Company Secretary. Meetings were held between each Director and the Chairman in which issues and developments over the year were discussed and performance was considered by reference to the objectives of the Board and its committees. The issues raised during this process were discussed by the Board together. The Non-executive Directors, led by the Senior Independent Non-executive Director also evaluated the performance of the Chairman and gave feedback which was also reflected in the Board discussion.

Board and committee attendance

The table below sets out the number of pre-scheduled meetings of the Board and its committees and individual attendance by the Directors.

Board and committee attendance

	Board	Nominations Committee	Audit and Risk Committee	Remuneration Committee
Total number of scheduled meetings between 1 July 2012 and 30 June 2013	6	2	4	4
Michael Benson	100%	100%	–	100%
Mark Coombs [1]	100%	–	–	–
Graeme Dell [1]	100%	–	–	–
Nick Land	100%	100%	100%	100%
Melda Donnelly [2]	100%	100%	100%	–
Simon Fraser [3]	83%	100%	100%	100%
Charles Outhwaite [4]	100%	–	–	–
Dame Anne Pringle [4]	100%	–	–	–

1. Members of executive management are invited to attend Board Committee meetings as required but do not attend as members of those committees.
2. Melda Donnelly was appointed to the Nominations Committee on 31 October 2012.
3. Simon Fraser was appointed to the Audit and Risk, Remuneration and Nominations Committees on 31 October 2012.
4. Charles Outhwaite and Dame Anne Pringle joined the Board on 19 February 2013 and have attended all Board meetings since that date.

The Board believes that, following the completion of the performance evaluation, the performance of the Directors continues to be effective and that they continue to demonstrate commitment to their roles.

Any Directors who are not members of Board Committees are also invited to attend meetings of such Committees as necessary.

Board committees

The Board has appointed Audit and Risk, Remuneration and Nominations Committees to assist in the execution of its duties.

All of these committees operate within written terms of reference, which are reviewed annually. The terms of reference of the committees are reviewed annually consistent with changes in legislation and best practice.

The chairman of each committee reports regularly to the Board.

Each of the committees is authorised, at the Company's expense, to obtain external legal or other professional advice to assist in carrying out its duties. Only the members of each committee are entitled to attend its meetings but others, such as senior management and external advisors, may be invited to attend as appropriate.

Current membership of the committees is shown in the relevant sections below. The composition of these committees is reviewed annually, taking into consideration the recommendations of the Nominations Committee.

Audit and Risk Committee

During the year under review the Audit and Risk Committee comprised the following Non-executive Directors and was fully compliant with the Code:

Nick Land (Chairman)
Melda Donnelly
Simon Fraser

The Board is satisfied that for the year under review and thereafter Nick Land, Melda Donnelly and Simon Fraser had and have recent and relevant commercial and financial knowledge and experience to satisfy the provisions of the Code. Nick Land and Melda Donnelly are Chartered Accountants and Simon Fraser has previously served as Global Chief Investment Officer with Fidelity International.

A report on the activities of the Audit and Risk Committee is set out below. The terms of reference for the committee take into account the requirements of the Code and are available for inspection at the registered office and at the Annual General Meeting and can also be found on the Company website at www.ashmoregroup.com.

The terms of reference for the Audit and Risk Committee include:

- monitoring the integrity of the financial statements of the Company, any formal announcements relating to the Company's financial performance and any significant financial issues and judgements contained in them;
- reviewing the Group's draft annual financial statements and interim results statement prior to

discussion and approval by the Board and reviewing the external auditor's detailed reports thereon;

- reviewing the external auditor's plan for the audit of the Group's financial statements, receiving and reviewing confirmations of auditor independence and approving the terms of engagement and proposed fees for the audit;
- making recommendations to the Board for a resolution to be put to shareholders to approve the re-appointment of the external auditor;
- reviewing the level and amount of external auditor non-audit services;
- reviewing the Group's internal control and risk management systems, reporting to the Board on the results of this review and receiving updates on key risks and controls;
- overseeing and challenging the day-to-day risk management and oversight arrangements of the executive and the design and execution of stress and scenario testing;
- overseeing and challenging due diligence on risk issues relating to material transactions and strategic proposals that are subject to approval by the Board;
- considering and approving the remit of the risk management function and ensuring that it has adequate independence;
- reviewing the Audit and Risk Committee's terms of reference, carrying out an annual performance evaluation exercise and noting the satisfactory operation of the Committee; and
- reporting to the Board on how it has discharged its responsibilities.

The Audit and Risk Committee has requested and received reports from management to enable it to fulfil its duties under its terms of reference.

The Audit and Risk Committee also has responsibility for reviewing the Company's arrangements on whistle-blowing, ensuring that appropriate arrangements are in place for employees to be able to raise, in confidence, matters of possible impropriety, with suitable subsequent follow-up action.

The Audit and Risk Committee has the authority to seek any information it requires to perform its duties from any employee of the Company and to obtain outside legal or other independent professional advice as appropriate.

The number of Audit and Risk Committee meetings and their attendance by the Directors are set out in the table on page 42. Representatives of KPMG Audit Plc, the Group Finance Director, Group Head of Risk and Group Internal Auditor attend each meeting as a matter of practice and presentations are made by the executive management as required.

Remuneration Committee

The Group complied during the year with the Code requirement that the Remuneration Committee should consist of at least three independent Non-executive Directors. The Remuneration Committee was chaired until 10 September 2012 by Jonathan Asquith with Michael Benson and Nick Land as members, Michael Benson and Nick Land served on the Remuneration Committee throughout the year. Nick Land assumed the role of the Chairman of the Remuneration Committee on 10 September 2012 and Simon Fraser joined the Committee on 31 October 2012.

A report on the activities of the Remuneration Committee is included in the Remuneration report on pages 56 to 66. The terms of reference for the Remuneration Committee take into account the requirements of the Code and are available for inspection at the registered office, at the Annual General Meeting and can also be found on the Company website at www.ashmoregroup.com.

The terms of reference for the Remuneration Committee include:

- reviewing the ongoing appropriateness and relevance of the remuneration policy;
- reviewing the design of all share incentive plans for approval by the Board and shareholders;
- ensuring that members of the executive management of the Company are provided with appropriate incentives to encourage enhanced performance and that remuneration incentives are compatible with the Company's risk policies and systems;
- making recommendations to the Board as to the Company's framework or broad policy for the remuneration of the Chairman, the Executive Directors and the Company Secretary and to determine their total individual remuneration packages including bonuses, incentive payments and share options or other share awards;
- ensuring that a significant proportion of Executive Directors' remuneration is structured so as to link rewards to corporate and individual performance and that performance conditions are stretching and designed to promote the long-term success of the Company; and
- ensuring that contractual terms on termination, and any payments made, are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised.

The number of Remuneration Committee meetings and their attendance by the Directors are set out in the table on page 42. In addition, and in accordance with the terms of reference, the members of the Remuneration Committee were also consulted on a range of issues during the year, including specific matters related to recruitment.

Nominations Committee

The Nominations Committee comprises four Non-executive Directors, Michael Benson as Chairman, Nick Land, Melda Donnelly and Simon Fraser. Michael Benson and Nick Land served on the Nominations Committee throughout the year and Melda Donnelly and Simon Fraser joined the Committee on 31 October 2012.

The terms of reference for the Committee take into account the requirements of the Code and are available for inspection at the registered office and at the Annual General Meeting and can also be found on the Company website at www.ashmoregroup.com.

The terms of reference for the Nominations Committee include:

- reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and its committees;
- reviewing annually the time required from each Non-executive Director, using performance evaluation to assess whether the Non-executive Director is giving sufficient commitment to the role;
- giving full consideration to succession planning in the course of its work, taking into account the challenges and opportunities facing the Company and what skills and expertise are needed on the Board in the future;
- ensuring that on appointment to the Board, Non-executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside Board meetings.

During the year the activities of the Nominations Committee have included reviewing the requirements for potential independent Non-executive candidates for appointment to the Board, proposals for re-election of Directors at the Annual General Meeting, and reviewing its terms of reference. For the recent Board recruitments the Nominations Committee engaged Blackwood Recruitment LLP who have no connection to the Group.

The number of Nominations Committee meetings and their attendance by the Directors are set out in the table on page 42.

Relations with shareholders

The Company places great importance on communication with its investors and aims to keep shareholders informed by means of regular communication with institutional shareholders, analysts and the financial press throughout the year.

Annual and interim reports and trading updates are widely distributed to other parties who may have an interest in the Group's performance. These documents are also made available on the Company's website where formal regulatory information service announcements are also posted. The Chief Executive Officer and Group Finance Director make regular reports to the Board on investor relations and on specific discussions with major shareholders and the Board receives copies of all research published on the Company.

The 2013 Annual General Meeting will be attended by all Directors, and the Chairmen of the Audit and Risk, Nominations and Remuneration Committees will be available to answer questions. Private investors are encouraged to attend the Annual General Meeting.

The Senior Independent Director is available to shareholders if they have concerns which contact through the normal channels of Chairman, Chief Executive Officer or Group Finance Director has failed to resolve or for which such contact is inappropriate. The Company continues to offer major shareholders the opportunity to meet any or all of the Chairman, the Senior Independent Director and any new Directors.

The Group will announce via a regulatory information service the number of proxy votes cast on resolutions at the Annual General Meeting and any other general meetings.

Internal control and risk management

In accordance with the principles of the Code, the Board is ultimately responsible for the Group's risk management and internal control systems and for reviewing their effectiveness. Such systems and their review are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Within the Group's over-arching corporate governance framework, through which the Board aims to maintain full and effective control over appropriate strategic, financial, operational and compliance issues, an internal control framework has been established, against which the Company is able to assess the effectiveness of its risk management and internal control systems. The Group's system of internal control is embedded within its routine operations, and a strong control culture is combined with clear management responsibility and accountabilities for individual control. The internal control framework provides an on-going process for identifying, evaluating and managing the Group's principal risks, and has been in place for the year under review and up to the date of approval of the annual report and accounts. The process is regularly reviewed by the Board, and accords with the guidance in the document 'Internal Control: Revised

Guidance for Directors on the Combined Code, October 2005' (Turnbull Guidance) published by the Financial Reporting Council.

The Executive Directors oversee the key risks and controls and the risk management process on a day-to-day basis, and have put in place an organisational structure with clearly defined lines of responsibility and delegation of authority.

The Group's Risk and Compliance Committee (RCC), which meets monthly, is responsible for maintaining a sound risk management and internal control environment and for assessing the impact of the Group's ongoing activities on its regulatory and operational exposures. The RCC is chaired by the Group Head of Risk Management and Control – the other members are the Chief Executive, the Group Finance Director, the Group Head of IT, Operations and Performance Management, the Group Head of Compliance, the Group Head of Information Technology, the Group Head of Legal and Transaction Management the Group Head of Finance, the Group Head of Distribution and the Group Head of Internal Audit. Responsibility for risk identification is shared amongst these senior management personnel, with each such individual being responsible for day-to-day control of risk in their business area.

There are established policies and procedures to enable the Board, through its regular meetings, to monitor the effectiveness of the risk management and internal control systems, which cover all significant identified internal and external strategic, operational, financial, compliance and other risks, including the Group's ability to comply with all applicable laws, regulations and clients' requirements.

The Board receives regular financial and other management information related to the control of expenditure against budget and the making of investments, and for monitoring the Group's business and its performance, and regular compliance and risk reports.

The Board has conducted an annual review and assessment of the effectiveness of the risk management and internal control systems, and has identified no significant failings or weaknesses during this review. In conducting this review, the Board has considered the periodic reports received throughout the year on compliance and risk matters, including reports provided by the internal audit function, and the annual report on risk management and internal control processes from the RCC. The Board is satisfied that appropriate planned actions continue to be effective in improving controls as the Group develops, and its overall assessment of the control framework continues to be satisfactory.

The main features of the Group's risk management and internal control systems are as follows:

Policies

- core values and policies together comprising the Group's high level principles and controls, with which all staff are expected to comply;
- manuals of policies and procedures, applicable to all business units, with procedures for reporting weaknesses and for monitoring corrective action;
- a code of business conduct, with procedures for reporting compliance therewith; and
- a defined operational framework and organisational structure with appropriate delegation of authority with accountability that has regard to acceptable levels of risk.

Processes

- a planning framework is maintained, which incorporates a Board approved strategic plan, with objectives for each business unit;
- an in-depth annual budget is reviewed and approved by the Board and is regularly subject to update through a formal re-forecasting process;
- regular reviews of the performance of the Company and its subsidiaries are undertaken by senior management to proactively manage progress against the delivery of the Group's strategic plan;
- detailed investment reports are prepared and discussed at each of the sub-committee meetings of the Group's Investment Committee, which take place weekly or monthly depending on investment theme, with follow up actions agreed and implemented within a strict operational framework;
- oversight of the valuation methodologies used for clients' fund investments that cannot be readily externally priced is the responsibility of the Group's Pricing Methodology and Valuation Committee (PMVC) which meets monthly to review the current valuation methodology for each of these investments and to propose an updated valuation methodology where appropriate;
- quarterly senior management systems and controls reviews are undertaken by the Group Finance Director with the Group Head of Compliance, and the Group Head of Risk Management and Control in which the Chief Executive Officer participates at least annually and which are also coordinated and documented by the Group Company Secretary. These reviews include evaluation of the potential impact and likelihood of identified risks and possible new risk areas;

- a matrix of top risks identifies key business, operational, financial and compliance risks, and considers the likelihood of those risks crystallising and the resultant impact. The inherent risk within each business activity has been identified, with the adequacy and mitigating effect of existing processes being assessed to determine a current residual risk level for each such activity. On the basis that further mitigants may be employed over time, a target residual risk for each activity after one to two years has been defined and progress to target is formally tracked;
- key risk indicator (KRI) statistics are reported to and analysed by the RCC. The KRIs indicate trends in the Group's risk profile, assist in the reduction of errors and potential financial losses and seek to prevent exposure by proactively dealing with a potential risk situation before an event actually occurs;
- strong financial controls are maintained to ensure accurate accounting for transactions, appropriate authorisation limits to contain exposures, and reliability of data processing and integrity of information generated;
- Board members receive monthly management information including accounts and other relevant reports, which highlight actual financial performance against budget/forecast and prior year period;
- there are well-defined procedures governing the appraisal and approval of corporate investments, including seeding of funds and purchase of own shares, with detailed investment and divestment approval procedures, incorporating appropriate levels of authority within a framework of set limits, and regular post-investment reviews;
- oversight and management of the Group's foreign currency cash flows and balance sheet exposures are the responsibility of the FX Management Committee which determines the appropriate level of hedging required and appropriate accounting treatment;
- the Group has secure information and communication systems capable of capturing relevant and up to date information by relevant personnel, with oversight and direction provided by the Group's IT Steering Group, which implements the IT strategy, establishing and overseeing the operation of all IT projects;
- the Group Compliance function, whose responsibility is to ensure that the Group at all times meets its regulatory obligations, and to integrate regulatory compliance procedures and best practices within the Group, undertakes an on-going compliance monitoring programme covering all the relevant areas of the Group's operations, to seek to identify any breach of compliance with applicable financial services regulation, which includes real-time investment restrictions monitoring of client mandate requirements. Results of the compliance monitoring programme are reported to the RCC in support of the overall risk management framework;
- the development of new products is an important part of the Group's business in responding to clients' needs and changes in the financial markets and is the responsibility of the Products Committee which approves new product launches;
- a Global Investment Performance Standards (GIPS) Committee which acts as the primary decision making body within the Group in relation to any changes to the existing set of composites, and approving the creation of new composites.

Verification

- the external auditors are engaged to express an opinion on the annual financial statements, the half year review and also independently and objectively review the approach of management to reporting operating results and financial condition;
- the Board, through the Audit and Risk Committee, receives half-yearly updates from the Group's external auditor which include any control matters that have come to their attention;
- annual control reports are reviewed independently by the Group's external auditor pursuant to the International Standards on Assurance Engagements 3402 (ISAE 3402);
- the internal audit function undertakes a programme of reviews of systems, processes and procedures as determined by the Audit and Risk Committee, reporting the results together with their advice and recommendations, and assisting in the presentation of their findings to the Committee. The internal audit function has been, until July 2013, provided under an outsourcing arrangement by Ernst & Young but since that date has been internally resourced by the Company.

Ashmore has non-majority interests in three joint ventures/associates which operate risk management and internal control systems that are not dealt with as part of the Group for the purposes of this statement. These are:

- Ashmore CCSC Fund Management Company Limited
- Everbright Ashmore (Hong Kong) Limited
- VTB-Ashmore Capital Holdings Limited

By order of the Board:

Michael Perman
Company Secretary

9 September 2013

The composition and summary terms of reference of the Audit and Risk Committee are set out on pages 42 and 43.

The principal activities of the Audit and Risk Committee through the year, and the manner in which it discharged its responsibilities, were as follows:

Financial statements

The Audit and Risk Committee reviewed the FY2012/13 Annual Report, Interim Results, Preliminary Results and reports from the external auditor, KPMG Audit Plc, on the outcome of their reviews and audits in 2013.

Significant accounting matters

During the year the Committee considered key accounting issues matters and judgements in relation to the Group's financial statements and disclosures relating to:

i) The carrying value of goodwill and intangible assets.

As more fully explained in note 15 on page 91 the goodwill balance within the Group relates principally to the acquisition of Emerging Markets Management LLC (EMM) in May 2011. During the year ended 30 June 2013 the Committee critically reviewed the analyses performed by management on goodwill and intangibles and agreed with the adjustments made to intangibles and that no impairment to goodwill was necessary.

ii) Assessment of contingent consideration in relation to EMM.

Ashmore acquired a 62.94% equity stake in EMM in May 2011 for which initial and future consideration was payable under an earnout provision contingent on the achievement of agreed milestone targets. The Committee has reviewed the accounting valuations of the contingent consideration and assessed it to be nil as measured at 31 May 2013.

iii) The accounting treatment relating to the acquisition of a minority interest in China

Following the acquisition of a 49% stake in Ashmore-CCSC Fund Management based in China, the Committee considered IAS 28 (Investments in Associates and Joint Ventures) and determined that the newly formed entity would be treated as a joint venture using the equity method of accounting.

iv) Seed capital investments

The Committee reviewed and considered a report from management on the change in treatment of seed capital classified as held-for-sale investments as defined by IAS 39 (Financial Instruments: Recognition and Measurement). Gains and losses associated with seed capital classified as held for sale are reflected in the Consolidated Statement of Comprehensive Income.

v) Share-based payments

It is the responsibility of the Remuneration Committee to address, and report upon, compensation matters including share-based payments made to directors and employees of the Group. The Audit and Risk Committee considers in its review of the financial statements and receives a report from the external auditors on the quantification and accounting treatment related to such payments which are explained in note 10 of the accounts.

vi) Future IFRS and UK GAAP developments

The Committee has received a report from management and discussed future accounting developments likely to affect the presentation of the Group's financial statements.

vii) Revenue recognition

During the year the Committee received a management report from the external auditors regarding the processing of fee rebates and its treatment on revenue recognition. The method of accounting for revenue recognition is described more fully on pages 81 and 83 in the notes to the accounts.

viii) Other accounting matters

During the year, the Committee received communications from management and from the external auditor on other accounting matters including tax strategy, revenue recognition and overseas reporting.

UK Corporate Governance Code

Following the early adoption by the Company of the revised version of the UK Corporate Governance Code, which applies to financial years commencing on or after 1 October 2012, the Board requested that the Committee advise them on whether it believes the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

External auditor

The external auditors attend all meetings of the Committee. It is the responsibility of the Committee to monitor the performance, objectivity and independence of the external auditor. The Committee discusses and agrees the scope of the audit plan for the full year and the review plan for the interim statement with the auditors.

The external auditors provide reports at each Committee meeting on topics such as the control environment, key accounting matters and mandatory communications. The Committee also received a comprehensive presentation from the auditor demonstrating to its satisfaction how their independence and objectivity is maintained when providing non-audit services.

The Committee has agreed the types of permitted and non-permitted non-audit services and those which require explicit prior approval. All contracts for non-audit services in excess of £25,000 must be notified to the Chairman of the Audit and Risk Committee and approved by him.

During the year the value of non-audit services provided by KPMG amounted to £0.6 million (FY2011/12: £0.5 million). Whilst non-audit services as a proportion of audit services amount to approximately 120%, the overall quantum of non-audit services is not considered to be material given that Ashmore operates within a highly regulated market and that a significant proportion of the non-audit services provided relate to the following matters:

- reporting on our half-year financial statements;
- providing regular assurance reports to the FCA (as the regulator of Ashmore Investment Management Limited);
- the provision of tax compliance services;
- acting as reporting accountant in appropriate circumstances provided there is no element of valuation work involved;
- reporting on internal controls as required under ISAE 3402 pursuant to investment management industry standards;
- auditing the controls and procedures employed by the Company relating to the production of investment performance figures over one, three and five year periods to conform to the investment management industry's Global Investment Performance Standards.

The assurance provided by the Group auditor on the items listed above are considered by the Committee to be strictly necessary in the interests of the business and, by their nature, these services could not easily be provided by another professional auditing firm.

The provision of tax advisory services, due diligence/transaction services and litigation services may be permitted with the Committee's prior approval. The provision of internal audit services, valuation work and any other activity that may give rise to any possibility of self-review are not permitted under any circumstance. During the year there were no circumstances where KPMG Audit Plc was engaged to provide services which might have led to a conflict of interests.

From time to time during the year the Non-executives met with the external and internal auditors without the Executive Directors being present so as to provide a forum to raise any matters of concern in confidence. The Committee also received a report from the independent KPMG team responsible for the audits of the Ashmore publicly traded funds.

KPMG have acted as the auditor to the Company since the IPO in October 2006 and the lead audit partner rotates every five years to assure independence. The Committee recognises the new requirement in the Code that the external audit contract be put out to tender at least every ten years. The Committee continues to be satisfied with the work of KPMG and that they continue to remain objective and independent. The Committee has therefore recommended to the Board that a resolution be put to shareholders for the re-appointment of the auditor, and their remuneration and terms of engagement, at the Annual General Meeting of the Company.

Internal controls and risk management

The Group Head of Risk Management and Control attends each meeting of the Committee and provides reports to each. These reports have addressed a number of risk related topics and have demonstrated how the output of the different Investment, Risk & Compliance and Pricing and Valuation Methodology Committee discussions throughout the period have been effective in highlighting, tracking and contributing towards managing key market, counterparty risk and operational risk. In particular, in relation to operational risk, the Committee has also reviewed and discussed the Group's Top Risk Matrix which continues to serve as an effective tool to highlight and monitor the principal risks of the Group and its continued evolution, and reflects changes in the business profile of the Group and the corresponding impact to internal controls and related processes.

The Committee also received an interim report on, and conducted a review and evaluation of, the system of internal controls and risk management operated within the Company pursuant to the Financial Reporting Council guidance, 'Internal Controls: Revised Guidance for Directors on the Combined Code' (formerly the Turnbull Guidance), prior to review by the Board.

Internal audit

Ernst & Young have acted as internal auditor since 1 July 2009 reporting directly to the Committee. The Committee has received reports on its findings and programme of reviews at each of its meetings during the course of the year. During the year the Committee decided to move to an internally resourced Internal Audit function and this was completed in July 2013 with a handover process and timetable agreed with Ernst & Young.

Audit and Risk Committee effectiveness

The members of the Committee conducted a review of its effectiveness and concluded that it was working effectively. In FY2011/12 an independently facilitated review of the effectiveness of the Board, its Committees and the Directors was conducted in accordance with provision B.6.2 of the Code.

Nick Land
Chairman of the Audit and Risk Committee

9 September 2013

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent company financial statements on the same basis.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of their profit and loss for that period. In preparing each of the Group and parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' report, Directors' remuneration report and corporate governance statement that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the applicable set of accounting standards give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- The annual report and financial statements, taken as a whole, provides the information necessary to assess the Company's performance, business model and strategy and is fair, balanced and understandable; and
- The Directors' report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Michael Benson
Chairman

9 September 2013

The Directors present their Annual Report and financial statements for the year ended 30 June 2013.

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS).

Principal activity and business review

The principal activity of the Group is the provision of investment management services. The Company is required to set out in this report a fair review of the business of the Group during the financial year ended 30 June 2013 and of the position of the Group at the end of that financial year and a description of the principal risks and uncertainties facing the Group (referred to as the business review). The information that fulfils the requirements of the business review can be found in the financial and operational highlights on page 2, the Chief Executive Officer's report on pages 6 to 9, the Business review on pages 22 to 29 and the Corporate governance report on pages 40 to 46.

The principal risks facing the business are detailed on pages 32 and 33 and in the Corporate governance report on pages 40 to 46.

Results and dividends

The results of the Group for the year are set out in the consolidated statement of comprehensive income on page 70.

The Directors recommend a final dividend of 11.75 pence per share (2012: 10.75 pence) which, together with the interim dividend of 4.35 pence per share (2012: 4.25 pence) already declared, makes a total for the year ended 30 June 2013 of 16.10 pence per share (2012: 15.00 pence). Details of the interim dividend payment are set out in note 14 to the financial statements.

Subject to approval at the Annual General Meeting, the final dividend will be paid on 6 December 2013 to shareholders on the register on 8 November 2013 (ex-dividend date being 6 November 2013).

Related party transactions

Details of related party transactions are set out in note 29 to the financial statements.

Post-balance sheet events

As set out in note 31 to the financial statements there were no post-balance sheet events that required adjustment or disclosure herein.

Directors

The members of the Board together with biographical details are shown on page 39. Charles Outhwaite and Dame Anne Pringle were appointed to the Board on 19 February 2013. All other members of the Board served as Directors throughout the year.

Details of the service contracts of the current Directors are shown in the Remuneration report on page 58.

Details of the constitution and powers of the Board and its committees are set out in the Corporate governance report on pages 40 to 46. The Corporate governance report also summarises the Company's rules concerning appointment and replacement of Directors.

Directors' conflicts of interests

Since October 2008, the Companies Act 2006 has imposed upon Directors a new statutory duty to avoid unauthorised conflicts of interest with the Company. The Company has adopted revisions to its Articles of Association which enable Directors to approve conflicts of interest and which also include other conflict of interest provisions. The Company has implemented processes to identify potential and actual conflicts of interest. Such conflicts are then considered for approval by the Board, subject, where necessary, to appropriate conditions.

Executive Directors do not presently hold any external appointments with any non-Ashmore related companies.

Directors' share interests

The interests of Directors in the Company's shares are shown on page 64 within the remuneration report.

Significant agreements with provisions applicable to a change in control of the Company

Save as described, there are no agreements in place applicable to a change in control of the Company.

Resolution 18 in the Notice of Annual General Meeting will seek approval from shareholders to a waiver of the provisions of Rule 9 of the Takeover Code in respect of the obligation that could arise for Mark Coombs to make a mandatory offer for the Company in the event that the Company exercises the authority to make market purchases of its own shares. Further details are contained in the separate Notice of AGM.

Substantial shareholdings (disclosed in accordance with DTR5)

	Number of voting rights disclosed as at 30 June 2013	Percentage interests[2]	Number of voting rights disclosed as at 9 September 2013	Percentage interests[3]
Jerome Paul Booth	48,355,024	6.83	48,355,024	6.83
Carey Pensions and Benefits Limited as Trustees of the Ashmore 2004 Employee Benefit Trust[1]	35,607,090	4.89	34,985,224	4.94
Highfields Capital Management LP	22,291,471	3.24	22,291,471	3.24
Schroders plc	–	–	35,641,098	5.04

1. In addition to the interests in the Company's ordinary shares referred to above, each Director and senior manager who is an employee of the Group has an interest in the Company's ordinary shares held by Carey Pensions and Benefits Limited under the terms of the Ashmore 2004 Employee Benefit Trust.
2. The shareholding of Mr Mark Coombs, a Director and substantial shareholder, is disclosed separately on page 64.
3. Percentage interests are based upon 707,372,473 shares in issue (which excludes 5,368,331 shares held in Treasury) (2011: 707,916,106 shares in issue which excluded 5,368,331 in Treasury).

Restrictions on transfer of shares

On 31 May 2011 the Company completed the acquisition of Emerging Markets Management LLC (now renamed Ashmore Equities Investment Management (US) LLC ("AEIMUS")). A proportion of the initial and earnout consideration paid and to be paid to the selling shareholders of AEIMUS is in Ashmore Group plc shares which are subject to certain restrictions on sale for a period of up to three years from either completion or the date of earnout.

Dealings in the Company's ordinary shares by persons discharging managerial responsibilities, employees of the Company and, in each case, their connected persons, are subject to the Group's Dealing Code which adopts the Model Code of the Listing Rules contained in the Financial Services Authority's Handbook.

Certain restrictions, customary for a listed company, apply to transfers of shares in the Company.

The Board may, at its absolute discretion, decline to register any transfer of a share which is not fully paid or where there are more than four joint holders.

In the case of certificated shares, registration of a transfer may also be refused where (i) the instrument of transfer is not duly stamped (unless exempt from stamping); (ii) insufficient evidence of title is produced in respect of a transfer; or (iii) the transferor has been served with a restriction notice (as defined in the Articles) after failure to provide the Company with information concerning interests in those shares required to be provided under the Companies Acts, unless the transfer is shown to the Board to be pursuant to an arm's length sale. Registration of a transfer of shares may be refused in the case of uncertificated shares in the circumstances set out in the Uncertificated Securities Regulations (as defined in the Articles).

Substantial shareholdings

The Company has been notified of the following significant interests (over 3%) in accordance with the Financial Conduct Authority's ("FCA") Disclosure and Transparency Rules (other than those of the Directors which are disclosed separately on page 66) in the Company's ordinary shares of 0.01 pence each as set out in the table below.

Share capital

The Company has a single class of share capital which is divided into ordinary shares of 0.01 pence, each of which rank pari passu in respect of participation and voting rights. The shares are in registered form. The issued share capital of the Company at 30 June 2013 is 712,740,804 shares in issue (of which 5,368,331 shares are held in Treasury).

Details of the structure of and changes in share capital are set out in note 23 to the financial statements.

Restrictions on voting rights

A member shall not be entitled to vote at any general meeting or class meeting in respect of any share held by him if any call or other sum then payable by him in respect of that share remains unpaid or if a member has been served with a restriction notice (as defined in the Articles) after failure to provide the Company with information concerning interests in those shares required to be provided under the Companies Acts. Votes may be exercised in person or by proxy. The Articles currently provide a deadline for submission of proxy forms of 48 hours before the meeting.

Purchase of own shares

In the year under review the Company did not purchase any of its own shares for treasury. The Company is, until the date of the next Annual General Meeting, generally and unconditionally authorised to buy back up to 70,666,510 of its own issued shares. The Company retains a total of 5,368,331 shares for Treasury which were acquired at an average price of 129 pence per share. The Company is seeking a renewal of this authority at the 2013 Annual General Meeting.

Power to issue and allot shares

The Directors are generally and unconditionally authorised to allot unissued shares in the Company up to a maximum nominal amount of £23,579.08 (and £47,158.16 in connection with an offer by way of a rights issue).

A further authority has been granted to the Directors to allot the Company's shares for cash, up to a maximum nominal amount of £3,556.58, without regard to the pre-emption provisions of the Companies Acts. No such shares have been issued or allotted under these authorities, nor is there any current intention to do so, other than to satisfy outstanding obligations under the employee share schemes where necessary.

These authorities are valid until the date of the next Annual General Meeting. A resolution for the renewal of such authorities will be proposed at the 2013 Annual General Meeting.

Employees

Details of the Company's employment practices (including the employment of disabled persons) can be found in the CSR Report on pages 34 to 38.

Carey Pensions and Benefits Limited as trustee of the Ashmore 2004 Employee Benefit Trust (EBT) has discretion as to the exercise of voting rights over shares which it holds in respect of unallocated shares, namely those shares in which no employee beneficial interests exist. The current arrangement is that the EBT will consider a recommendation(s) before voting such shares at a general meeting of the Company, subject to an overriding duty to act in the interests of the class of beneficiaries of the EBT.

Corporate governance

The Company is governed according to the applicable provisions of company law and by the Company's Articles. As a listed company, the Company must also comply with the Listing Rules and the Disclosure and Transparency Rules issued by the United Kingdom Listing Authority (UKLA). Listed companies are expected to comply as far as possible with the Financial Reporting Council's UK Corporate Governance Code, and to state how its principles have been applied. A report on corporate governance and compliance with the provisions of the Code is set out on pages 40 to 46.

Board diversity

The Board has noted the recommendations of the Davies Report issued in February 2011 relating to Board diversity. The Nominations Committee considers diversity, including the balance of skills, experience, gender and nationality, amongst many other factors, when reviewing the appointment of new Directors but does not consider it appropriate to establish targets or quotas in this regard. The Board currently consists of two executive and six non-executive directors of whom two are women thereby constituting 25% female representation.

The Nominations Committee may from time to time engage the services of an external search consultant for the purpose of seeking new candidates for Board membership, conditional upon such consultant having no connection to the Company.

Charitable and political contributions

During the year, the Group made charitable donations of £0.1 million (FY2011/2012: £0.1 million). The work of the Ashmore Foundation is described in the corporate social responsibility section of this report on page 36. It is the Group's policy not to make contributions for political purposes.

Creditor payment policy

The Group's policy and practice in the UK is to follow its suppliers' terms of payment and to make payment in accordance with those terms subject to receipt of satisfactory invoicing. Unless otherwise agreed payments to creditors are made within 30 days of receipt of an invoice. At 30 June 2013, the amount owed to the Group's trade creditors in the UK represented approximately 26 days' average purchases from suppliers (FY2011/12: 30 days).

Auditors and the disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that they ought to have taken as Directors to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Resolutions will be proposed at the Annual General Meeting to reappoint KPMG Audit Plc as auditor and to authorise the Directors to agree their remuneration. Note 11 to the financial statements sets out details of the auditor's remuneration.

2013 Annual General Meeting

The 2013 Annual General Meeting of the Company will be held at 12.00 noon on Wednesday 30 October 2013 at Kingsway Hall Hotel, 66 Great Queen Street, London WC2B 5BX. Details of the resolutions to be proposed at the Annual General Meeting are given in the separate circular and notice of meeting.

Going concern

The Company and Group have considerable financial resources and the Directors believe that both are well placed to manage their business risks successfully. Further information regarding the Group's business activities, together with the factors likely to affect its future development, performance and position is set out on pages 20 to 33.

After making enquiries, the Directors are satisfied that the Company and the Group have adequate resources to continue to operate for the foreseeable future and confirm that the Company and the Group are going concerns. For this reason they continue to adopt the going concern basis in preparing these financial statements.

Companies Act 2006

This Directors' report on pages 50 to 53 inclusive has been drawn up and presented in accordance with and in reliance on English company law and the liabilities of the Directors in connection with that report shall be subject to the limitations and restrictions provided by such law.

References in this Directors' report to the financial highlights, the Business review, the Corporate governance report and the Remuneration report are deemed to be included by reference in this Directors' report.

Approved by the Board and signed on its behalf by:

Michael Perman
Company Secretary

9 September 2013

Remuneration Committee Chairman's summary statement

I am pleased to present the Remuneration report for the year to 30 June 2013.

As shareholders will be aware, Ashmore has a 30 June year end, and as a result is not required to comply with the new regulations governing disclosure of Directors' remuneration until 2014. However, the Remuneration Committee has chosen to present this year's report in accordance with the disclosure requirements under the new regulations.

Ashmore's successful team-based approach to investment management is well supported by our Remuneration Policy; Executive Directors, members of the investment team, and indeed all other employees, participate in a single capped incentive pool and all employees are long-term shareholders in the business. Ashmore's Remuneration Policy has remained unchanged since the listing of the business in 2006, and has always been closely aligned to the interests of both clients and shareholders. The policy includes:

- A capped basic salary, at £100,000 for Executive Directors, to contain the fixed cost base;
- A cap on the total variable compensation available for all employees as a percentage of profits, which has yet to be fully utilised; and,
- A deferral for five years of a substantial portion of variable compensation into Company shares (or equivalent), which, in the case of Executive Directors are also subject to additional performance conditions measured over five years.

As described in detail in other sections of the Annual Report, Ashmore has made substantial progress during the year in building a more diversified business, with solid performance across the Group. AuM increased by 22% to US$77.4 billion, and despite tougher market conditions towards the year end, investment performance remains very good with 92% of AuM outperforming benchmarks over three years. The combination of these results has led to solid financial performance, with an EBITDA margin of 71% and profit before tax increasing by 6% to £257.6 million. We are also continuing to make progress in developing our support functions, although there is still more to do in this area. Notwithstanding the progress made over the year, there is much to do to capture the diverse growth opportunities presented by Emerging Markets.

This performance is reflected in the variable compensation received by employees including the Executive Directors for the year under review, with variable compensation as a percentage of earnings before variable compensation, interest and tax (VC/EBVCIT) being 20% (FY 2011/12: 18%).

Annual bonuses for Executive Directors were on average 45% higher than in the prior year.

As in previous years, there have been no increases in base salary for the two Executive Directors – they remain capped at £100,000.

The Directors Remuneration Policy for the forthcoming year is set out in the first section of the report.

The Committee would welcome your support for our Remuneration report.

Yours sincerely

Nick Land
Chairman of the Remuneration Committee

Directors Remuneration Policy

This section of the Remuneration report has been prepared in accordance with Part 4 of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. It sets out the Remuneration Policy for the Company. The Policy has been developed taking into account the principles of the UK Corporate Governance Code 2012 and shareholders' executive remuneration guidelines. The Policy Report is not required to be subject to a binding shareholder vote in 2013; the first binding vote on Ashmore's remuneration policy will take place in 2014.

Policy overview

The Remuneration Committee (the Committee) determines and agrees with the Board, the Company's policy on the remuneration of the Board Chairman, Executive Directors and other members of executive management including employees designated as Code Staff under the FCA's Remuneration Code. The Committee's terms of reference are available on the Company's website.

In determining the Remuneration Policy, the Committee takes into account the following:

- the need to attract, retain and motivate talented Executive Directors and senior management
- consistency with the remuneration approach applied to Ashmore employees as a whole
- external comparisons to examine current market trends and practices and equivalent roles in similar companies taking into account their size, business complexity, international scope and relative performance;
- the requirements of the Remuneration Code of the UK financial services regulator

How the views of shareholders are taken into account

The Committee regularly compares the Company's Remuneration Policy with shareholder guidelines, and takes account of the results of shareholder votes on remuneration.

If any material changes to the Remuneration Policy are contemplated, the Committee chairman consults with major shareholders about these in advance.

Details of votes cast for and against the resolution to approve last year's Remuneration report are provided in the annual report on remuneration section of this report.

Considerations elsewhere in the company

The Company applies a consistent remuneration philosophy for employees at all levels.

The cap on base salary means that Executive Directors' base salaries are set at the same level as other senior investment and professional employees in the Company, and the base salary range from lowest to highest in the Company is considerably narrower than the market norm.

All employees are eligible for a performance-related annual bonus, and the principle of bonus deferral into Company shares or equivalent applies to annual bonuses for all employees who have at least one full year's service.

Rates of pension contribution and fringe benefit provisions are consistent between executives and other employees within each country where the Company operates.

The Company does not operate formal employee consultation on remuneration. However, employees are able to provide direct feedback on Remuneration Policy to their line managers or the Human Resources department. The Committee monitors the effectiveness of the Company's Remuneration Policy in recruiting, retaining, engaging and motivating employees, and receives reports from the Chief Executive Officer on how the Company's remuneration policies are viewed by employees and whether they are meeting business needs.

The Committee does not seek to apply fixed ratios between the total remuneration levels of different roles in the Company, as this would prevent it from recruiting and retaining the necessary talent in a highly-competitive employment market. However, the base salary multiple between highest and lowest paid UK-based employee in the Company is less than 4x (pre-tax).

Future policy table

The table overleaf summarises the key aspects of the Company's Remuneration Policy for Executive Directors effective from 1 July 2013. This policy remains unchanged from the year ended 30 June 2013.

Figure 1

Remuneration Policy (the Policy) for Executive Directors

Element	Purpose and link to short and long-term strategy	Operation, performance measures and periods, deferral and clawback	Maximum opportunity
Base salary (Fixed pay)	Provides a level of fixed remuneration sufficient to permit a zero bonus payment should that be appropriate. The cap on base salary helps to contain fixed costs.	Base salaries are capped.	The current cap is £100,000. The cap is reviewed periodically; the Policy permits the cap to be changed if this is deemed necessary to meet business, legislative or regulatory requirements.
Fringe benefits (Fixed pay)	Provide cost-effective benefits, to support the wellbeing of employees.	The Company currently provides fringe benefits such as medical insurance and life insurance. In the event of relocation of an executive, the Company could consider appropriate relocation assistance. Specific benefits provision may be subject to minor change from time to time, within this policy.	Fringe benefits are not subject to a specific cap, but represent only a small percentage of total remuneration.
Pension (Fixed pay)	Provides a basic level of Company contribution, which employees can supplement with their contributions.	Company contributions are made, normally on a defined contribution basis, either to a pension plan or in the form of an equivalent cash allowance.	The current level of Company contribution is 7% of base salary. The contribution level is reviewed periodically; the Policy permits the contribution rate to be amended if necessary.
Variable compensation (Discretionary)	Rewards performance and aligns executives closely with other shareholders.	Executive Directors are considered each year for a discretionary variable pay award[1] depending on personal and Company performance, by applying a range of performance indicators such as growth in AuM, investment performance, profits, and strategic and operational achievements. The variable pay award comprises: a cash bonus (part of which may be voluntarily deferred); and a long-term incentive in the form of both a restricted share award and a matching share award on any voluntarily deferred cash bonus: 1. **Cash bonus (60% of total award).** The executive may voluntarily commute up to half the cash bonus in return for the same value in a Bonus Shares award (or phantom equivalent) deferred for five years. The deferred shares are eligible for matching shares subject to performance conditions (see 3 opposite).	

1. Executives may request to waive any portion of their total award, and the Committee will then consider a request from the executive for an appropriate equivalent donation to a registered charity or charities.

Element	Purpose and link to short and long-term strategy	Operation, performance measures and periods, deferral and clawback	Maximum opportunity
Variable compensation continued (Discretionary)	Rewards performance and aligns executives closely with other shareholders.	**Long-term incentives under The Company Executive Omnibus Incentive Plan – (Omnibus Plan):** 2. **Restricted shares award (40% of total award).** This is compulsorily deferred into Company shares (or phantom equivalent) for a period of five years. This deferred portion is subject to performance conditions on vesting, and does not qualify for matching. The Policy permits the Committee to set the performance conditions for each award. The performance condition for the most recent award was relative total shareholder return (TSR) measured against an asset management peer group, measured over five years. Zero vests below median TSR; 25% of the award vests at median; 100% vests at upper quartile (straight-line proportionate vesting between median and upper quartile). 3. **Matching shares awarded on the voluntarily commuted cash bonus (from 1 above).** Matching is provided on the voluntarily commuted cash bonus, subject to the same performance condition as that described in 2 above. The maximum match used to date on any award made under the current policy was one-for-one; the policy permits the matching level to be changed for future awards but not to exceed three-for-one. Dividends or dividend equivalents on the total number of Restricted, Matching and Bonus share (or phantom equivalent) awards will be accrued and paid out at the time the award vests and to the extent of vesting. For awards made prior to 2013 the dividend or dividend equivalent payments are made on shares in full, under previous commitments made to participants; this policy was changed by the committee with effect from awards made in 2013. In addition to the TSR condition described above, 'claw-back' can be applied to the long-term incentive components during the five-year deferral period, if performance has been materially misstated or there is gross misconduct. The Remuneration Policy permits the award of deferred remuneration in alternative forms such as share options, although none has been granted in recent years, and to vary the percentage split of award between cash and share awards to meet business, legislative or regulatory requirements.	The aggregate variable compensation pool for all employees including executives is capped, currently at 25% of earnings before variable compensation, interest and tax (EBVCIT). The policy permits the Committee to vary this cap if necessary to meet business needs. The policy is not to cap individual variable compensation awards (other than indirectly through the impact of the aggregate pool cap), as this is not market practice for most of the Company's peer group and would make the Company uncompetitive. The high proportion of variable compensation deferral, with vesting after five years and subject to on-going performance conditions, encourages a prudent approach to risk management, in support of the Company's risk and compliance controls.

Differences in Remuneration Policy for Executive Directors compared to other employees

The Remuneration Policy for the Executive Directors is generally consistent with that for employees across the Company as a whole. However, there are some differences which the Committee believes are necessary to reflect the different responsibilities of employees across the Company. Below executive director level, whilst the same deferral policy applies, the deferred portion of the variable pay award and any matching shares on the voluntarily commuted cash bonus, are not subject to the relative TSR performance condition.

External Non-executive Director positions

Executive directors are permitted to serve as Non-executive Directors of other companies where there is no competition with the Company's business activities and where these duties do not interfere with the individual's ability to perform his duties for the Company. Neither of the Executive Directors currently has such appointments.

Where an outside appointment is accepted in furtherance of the Company's business, any fees received are remitted to the Company. If the appointment is not connected to the Company's business, the Executive Director is entitled to retain any fees received.

Approach to remuneration for new executive director appointments

The remuneration package for an externally recruited new executive director would be set in accordance with the terms and maximum levels of the Company's approved remuneration policy in force at the time of appointment.

In addition, the Committee may offer additional cash and/or share-based elements when it considers these to be in the best interests of the Company (and therefore shareholders). In considering any such payments the Committee would take account of remuneration relinquished when leaving the former employer and the nature, vesting dates and any performance requirements attached to the relinquished remuneration. Shareholders will be informed of any such payments at the time of appointment.

For an internal appointment, any variable pay element awarded in respect of the prior role may be allowed to pay out according to its terms, adjusted as relevant to take into account the appointment. In addition, any other ongoing remuneration obligations existing prior to appointment may continue, provided that they are put to shareholders for approval at the earliest opportunity.

For external and internal appointments, the Company may meet certain relocation expenses as appropriate.

Service contracts and loss of office payment policy

Service contracts normally continue until the director's agreed retirement date or such other date as the parties agree. The service contracts contain provision for early termination. Notice periods are limited to 12 months by either party. Service agreements contain no contractual entitlement to receive variable pay; participation in these arrangements is at the Committee's discretion.

If the employing company terminates the employment of an executive director without giving the period of notice required under the contract, the executive director would be entitled to claim recompense for up to one year's remuneration subject to consideration of the director's obligation to mitigate the loss. Such recompense is expected to be limited to: base salary due for any unexpired notice period; any amount assessed by the Committee as representing the value of other contractual benefits, and pension, which would have been received during the period. In the event of a change of control of the Company there is no enhancement to these terms.

In summary, the contractual provisions are as follows:

Provision	Detailed terms
Notice period	12 months
Termination payment in the event of termination by the Company without due notice	Base salary plus value of benefits (including pension) paid monthly and subject to mitigation.
Change of control	Same terms as above on termination.

Any outstanding share-based entitlements granted to an executive director under the Company's share plans will be determined based on the relevant plan rules. The default treatment is that any outstanding awards lapse on cessation of employment. However, in certain prescribed circumstances, such as death, disability, retirement or other circumstances at the discretion of the Committee (taking into account the individual's performance and the reasons for their departure) 'good leaver' status can be applied.

An Executive Director's service contract may be terminated without notice and without any further payment or compensation, except for sums accrued up to the date of termination, on the occurrence of certain events such as gross misconduct.

Legacy arrangements

For the avoidance of doubt, this Policy report includes authority for the Company to honour any commitments entered into with current or former directors that have been disclosed to shareholders in previous Remuneration reports. Details of any payments to former directors will be set out in the implementation section of this report as they arise.

Reward scenarios

The Company's Policy results in the majority of the remuneration received by the Executive Directors being dependent on Company performance.

As noted earlier, the policy is not to cap individual awards, but rather the aggregate pool. As such it is not possible to demonstrate minimum, target and maximum remuneration levels. In lieu of this, Figure 2 illustrates the minimum (fixed) remuneration, and provides an indication of the potential range of total remuneration using the highest and lowest variable pay awards in a rolling five-year period and assuming full vesting, five years later, of the long-term incentive components based on upper quartile TSR.

Figure 2

Executive Director total remuneration at different levels of performance (£'000)

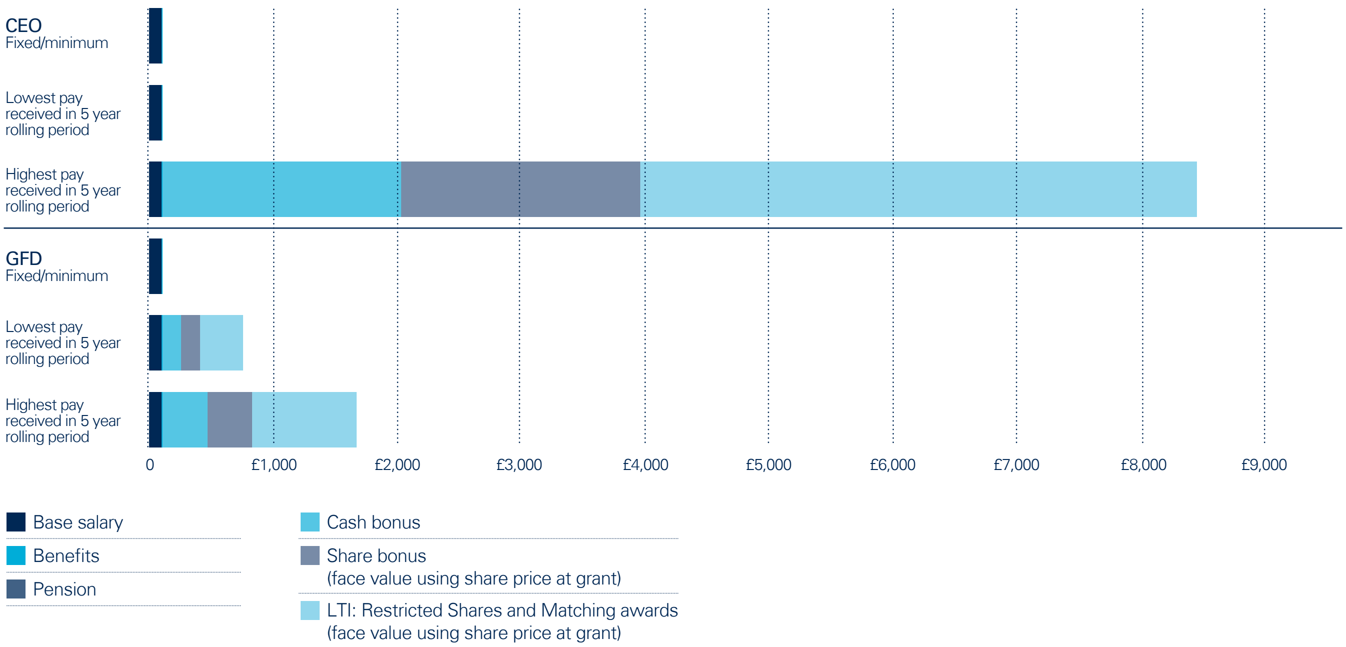


Figure 3

Fees policy for the Board Chairman and other Non-executive Directors

Element	Purpose and link to strategy	Operation	Maximum
Board Chairman fee	To pay an all-inclusive basic fee that takes account of the role and responsibilities.	The Board Chairman is paid a single fee for all his responsibilities. The level of the fee is reviewed periodically by the Committee, with reference to market levels in comparably sized FTSE companies, and a recommendation is then made to the Board (without the Chairman being present).	The current fee for the Chairman is £150,000 but is subject to review periodically under this Policy.
Non-executive Director fees	To pay an all-inclusive basic fee that takes account of the role and responsibilities.	The Non-executives are paid a single inclusive basic fee. There are no supplements for Committee Chairmanships or memberships. The fee levels are reviewed periodically by the Chairman and Executive Directors.	The current fee for Non-executive Directors is £60,000, but is subject to review periodically under this Policy.

Non-executive Directors are engaged under letters of appointment and they do not have contracts of service. They are appointed for an initial three-year period, subject to annual shareholder re-election. Their continued engagement is subject to the requirements of the Company's Articles relating to the retirement of directors by rotation. The letters of appointment are available for inspection at the Company's registered office during normal business hours.

There is an aggregate cap on fees for the Chairman and Non-executive Directors which is currently set at £500,000. As a result of the increased number of Non-executive Directors on the board, it is the Company's intention to increase this cap to £750,000 at the 2013 AGM.

Compliance with the Remuneration Code

The Committee regularly reviews its remuneration policy's compliance with the principles of the Remuneration Code of the UK financial services regulator, as applicable to Ashmore. The remuneration policy is designed to be consistent with the prudent management of risk, and the sustained, long-term performance of the Company.

This part of the report has been prepared in accordance with Part 3 of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 and 9.8.6R of the Listing Rules.

Figure 4

Remuneration for the year ending 30 June 2013 – audited information

The table below sets out the remuneration received by the Directors in the year ending 30 June 2013.

	Salary & fees		Taxable benefits[1]		Pensions	
	2013	2012	**2013**	2012	**2013**	2012
Executive Directors						
Mark Coombs [1, 3, 4, 5, 6, 7, 8]	**100,000**	100,000	**2,698**	2,832	**7,000**	7,000
Graeme Dell [1, 4, 5, 6, 7]	**100,000**	100,000	**2,698**	2,832	**7,000**	7,000
Non-executive Directors						
Hon. Michael Benson [9]	**150,000**	150,000	**–**	–	**–**	–
Jonathan Asquith [9]	**20,000**	60,000	**–**	–	**–**	–
Nick Land [9]	**60,000**	60,000	**–**	–	**–**	–
Melda Donnelly [9]	**60,000**	60,000	**–**	–	**–**	–
Simon Fraser [9]	**60,000**	23,231	**–**	–	**–**	–
Charles Outhwaite [9]	**21,846**	–	**–**	–	**–**	–
Dame Anne Pringle DCMG [9]	**21,846**	–	**–**	–	**–**	–

1. Benefits for Executive Directors include membership of the Company medical scheme.
2. Long-term incentives vesting relates to awards with performance conditions where the performance period has ended in the relevant financial year and payments of dividends or dividend equivalents on such awards.
3. In respect of the year ended 30 June 2012, Mark Coombs chose to waive 10% of any element of his potential variable remuneration award in return for the Remuneration Committee considering and approving a contribution to charity or charities nominated by himself. The 'Cash bonus', 'Voluntarily deferred share bonus' and 'Total bonus' figures are shown excluding the amount waived.
4. Mark Coombs' and Graeme Dell's variable compensation is made up of 60% cash bonus and 40% deferred restricted share or restricted phantom awards. They may commute up to 50% of their cash bonus in favour of an equivalent amount of bonus share or bonus phantom awards and an equivalent value in matching share or matching phantom awards. All share or phantom awards will be reported in the Directors' share award and phantom award tables in the year of grant.

Total bonus award for the year ending 30 June 2013

Chief Executive Officer and Group Finance Director (GFD) performance measures

The total bonus award for the year under review for the CEO was based on annual performance against financial objectives (75%) and achievement of non-financial, business development and management objectives (25%).

The total bonus award for the year under review for the GFD was based on annual performance against operational objectives related to the departments he manages (70%), contribution to business strategy (15%) and communication with stakeholders (15%). The performance criteria and performance outcomes for both the CEO and the GFD, as assessed by the Committee are shown in the table opposite.

As described in detail in other sections of the Annual Report, Ashmore has made substantial progress during the year ending 30 June 2013 in building a more diversified business, with solid performance across the Group. AuM increased by 22% to US$77.4 billion,and despite tougher market conditions towards the year end investment performance remains very good with 92% of AuM outperforming their benchmarks over three years. The combination of these results has led to solid financial performance, with an EBITDA margin of 70% and profit before tax increasing by 6% to £257.6 million.

For additional information, Figure 6 shows the history of financial results for the last five years.

Cash bonus 2013	Cash bonus 2012	Voluntarily deferred share bonus 2013	Voluntarily deferred share bonus 2012	Total bonus 2013	Total bonus 2012	Long-term incentives vesting[2] 2013	Long-term incentives vesting[2] 2012	**Total for year ended 30 June 2013**	Total for year ended 30 June 2012
2,430,000	810,000	**–**	810,000	**2,430,000**	1,620,000	**421,668**	323,677	**2,961,366**	2,053,509
420,000	150,000	**–**	150,000	**420,000**	300,000	**212,838**	201,593	**742,536**	611,425
–	–	**–**	–	**–**	–	**–**	–	**150,000**	150,000
–	–	**–**	–	**–**	–	**–**	–	**20,000**	60,000
–	–	**–**	–	**–**	–	**–**	–	**60,000**	60,000
–	–	**–**	–	**–**	–	**–**	–	**60,000**	60,000
–	–	**–**	–	**–**	–	**–**	–	**60,000**	23,231
–	–	**–**	–	**–**	–	**–**	–	**21,846**	0
–	–	**–**	–	**–**	–	**–**	–	**21,846**	0

5. In respect to deferred share awards which have been waived to charity, any dividend equivalents associated with the amounts waived are paid directly to the nominated charities. The figures shown exclude the amounts waived.
6. In respect of the year ended 30 June 2012, both Mark Coombs and Graeme Dell chose to commute 50% their cash bonus, and received a share bonus in respect of this amount. The share bonus amount is shown in the "Voluntarily deferred share bonus" column, and the residual cash bonus is shown in the "cash bonus" column.
7. Dividend equivalents were paid relating to voluntarily deferred Share or Phantom Share Awards in the period.
8. In the year ended 30 June 2013, Mark Coombs chose to waive 10% of any element of his potential variable remuneration award in return for the Remuneration Committee considering and approving a contribution to charity or charities nominated by himself. The 'Cash bonus' and 'Total bonus' figures exclude any amounts waived to charity.
9. Non-executive Directors do not receive any additional fees for committee memberships.

Figure 5
CEO and GFD performance measures

Executive Director	KPI	Areas considered within KPI	Weighting	Committee Assessment
CEO	Business financial performance	To achieve higher than budgeted EBIT (minus performance fees), to achieve higher than budgeted growth in AuM and to effectively manage investment performance to deliver consistent growth relative to each unblended investment theme	75%	Good
CEO	Non-financial management performance	Strategy development and implementation, recruitment, staff turnover and succession planning and regulatory and compliance adherence	25%	Good
GFD	Operational department management	Department performance assessed for Finance, Compliance, Operations, IT & Communications, Company Secretarial and Facilities	70%	Satisfactory
GFD	Business strategy	Contribution to the development and implementation of strategic goals	15%	Satisfactory
GFD	Communication	With the Board and internal and external stakeholders	15%	Satisfactory

Figure 6
Five-year summary of financial results

	2013	2012	2011	2010	2009
AuM US$bn (at period end)	**77.4**	63.7	65.8	35.3	24.9
Operating profit	**232.0**	225.1	239.4	209.3	150.6

Long-term incentive scheme interests awarded during the year ended 30 June 2013

Figure 7 below provides details of the long-term incentive awards that were made during the year. These were made within the Directors Remuneration Policy, and represent the mandatory deferral of 40 per cent of Executive Directors' bonus award for the year ended 30 June 2012 into Restricted Shares award, and the Matching Award on the voluntarily commuted portion of cash bonus in respect of year ended 30 June 2012.

Both the Restricted shares and Matching shares awards vest on the fifth anniversary of the award date, to the extent that the relative total shareholder return (TSR) performance condition is met. TSR is measured relative to an asset management peer group. The TSR vesting scale and peer group are shown in Figures 8 and 9 respectively. TSR is a well established and recognised performance measure, which aligns the interests of the Executive Directors with those of shareholders. In the absence of any other dedicated emerging markets investment management companies, a comparator group of 18 companies has been selected from the global investment management sector. The Committee reviews the peer group periodically to take account of de-listings, new listings or other sector changes that are relevant.

Figure 7

Long-term incentive awards made during the year ended 30 June 2013 – audited information

Name	Type of award	No. of shares	Date of award	Share price on date of award (£)	Face Value (£)	Performance period end date
Mark Coombs	Phantom[1] Restricted shares	328,009	18 September 2012	£3.2926	£1,080,002	17 September 2017
	Phantom Matching shares	246,007	18 September 2012	£3.2926	£810,003	17 September 2017
Graeme Dell	Restricted shares	60,743	18 September 2012	£3.2926	£200,002	17 September 2017
	Matching shares	45,557	18 September 2012	£3.2926	£150,001	17 September 2017

1. In view of Mark Coombs' substantial existing shareholding, and taking account of the requirements of the Takeover Code, the Committee has elected to date to make phantom awards to Mark Coombs, which have the same terms as Restricted shares and Matching shares but are settled in cash. In respect of the year ended 30 June 2012, Mark Coombs chose to waive 10 per cent of any element of his potential variable remuneration award in return for the Remuneration Committee considering and approving a contribution to charity or charities nominated by himself. The 'No. of shares' and 'Face Value' figures are shown excluding the amount waived.

Figure 8

TSR vesting scale

Performance	% of award vesting
Below median of peer group	Zero
Median	25%
Upper quartile	100% (linear interpolation between median and UQ)

Figure 9

TSR peer group[1]

Company	Country of Listing
Aberdeen Asset Management	UK
Affiliated Managers	USA
AGF	Canada
Alliance Bernstein	USA
Azimut Holding	Italy
Blackrock	USA
CI Financial Income Fund	Canada
Eaton Vance	USA
Federated Investors	USA

Company	Country of Listing
Franklin Templeton	USA
Henderson Group	UK
Invesco	USA
Janus Capital	USA
Partners Group Holdings	Switzerland
Schroders	UK
SEI Investments	USA
T-Rowe Price	USA
Waddell and Reed	USA

1. The peer group for the award made to Graeme Dell in 2008 was expanded for awards made from 2009 forward to include Blackrock, Franklin Templeton, Invesco, T-Rowe Price and Waddell and Reed. This was as a result of four members of the initial peer group ceasing to trade or de-listing, these firms were Bluebay, Allco Finance Group, New Star and Babcock and Brown.

Outstanding share awards

The table below sets out details of Executive Directors' outstanding share awards

Figure 10
Outstanding share awards – audited information

Executive	Type of Omnibus award	Date of award	Market price on date of award	Number of shares at 30 June 2012	Granted during year	Vested during year	Lapsed during year	Number of shares at 30 June 2013	Performance period	Vesting/release date
Mark Coombs	PRS	29 October 2010	£3.1724	617,829	–	–	–	617,829	5 years	21 September 2015
	PBS	29 October 2010	£3.1724	463,371	–	–	–	463,371	5 years	21 September 2015
	PMS	29 October 2010	£3.1724	463,371	–	–	–	463,371	5 years	21 September 2015
	PRS	20 September 2011	£3.9392	649,878	–	–	–	649,878	5 years	19 September 2016
	PBS	20 September 2011	£3.9392	487,409	–	–	–	487,409	5 years	19 September 2016
	PMS	20 September 2011	£3.9392	487,409	–	–	–	487,409	5 years	19 September 2016
	PRS	18 September 2012	£3.2926	–	328,009	–	–	328,009	5 years	17 September 2017
	PBS	18 September 2012	£3.2926	–	246,007	–	–	246,007	5 years	17 September 2017
	PMS	18 September 2012	£3.2926	–	246,007	–	–	246,007	5 years	17 September 2017
Total				**3,169,267**	**820,023**	**–**	**–**	**3,989,290**		
Graeme Dell	RS	3 December 2007	£2.7525	272,480	–	272,480	–	–	5 years	2 December 2012
	RS	17 October 2008	£1.6210	296,114	–	–	–	296,114	5 years	16 October 2013
	BS	17 October 2008	£1.6210	222,085	–	–	–	222,085	5 years	16 October 2013
	MS	17 October 2008	£1.6210	222,085	–	–	–	222,085	5 years	16 October 2013
	RS	15 October 2009	£2.7342	102,406	–	–	–	102,406	5 years	15 October 2014
	BS	15 October 2009	£2.7342	76,805	–	–	–	76,805	5 years	15 October 2014
	MS	15 October 2009	£2.7342	76,805	–	–	–	76,805	5 years	15 October 2014
	RS	21 September 2010	£3.1724	113,479	–	–	–	113,479	5 years	21 September 2015
	BS	21 September 2010	£3.1724	85,109	–	–	–	85,109	5 years	21 September 2015
	MS	21 September 2010	£3.1724	85,109	–	–	–	85,109	5 years	21 September 2015
	RS	20 September 2011	£3.9392	121,853	–	–	–	121,853	5 years	19 September 2016
	BS	20 September 2011	£3.9392	91,390	–	–	–	91,390	5 years	19 September 2016
	MS	20 September 2011	£3.9392	91,390	–	–	–	91,390	5 years	19 September 2016
	RS	18 September 2012	£3.2926	–	60,743	–	–	60,743	5 years	17 September 2017
	BS	18 September 2012	£3.2926	–	45,557	–	–	45,557	5 years	17 September 2017
	MS	18 September 2012	£3.2926	–	45,557	–	–	45,557	5 years	17 September 2017
Total				**1,857,110**	**151,857**	**272,480**	**–**	**1,736,487**		

1. In view of Mark Coombs' substantial existing shareholding, and taking account of the requirements of the Takeover Code, the Committee has elected to date to make phantom awards to Mark Coombs, which have the same terms as Restricted shares and Matching shares but are settled in cash. In respect of the years ending 30 June 2010, 30 June 2011 and 30 June 2012, Mark Coombs chose to waive 30 per cent, 20 per cent and 10 per cent respectively of any element of his potential variable remuneration award in return for the Remuneration Committee considering and approving a contribution to charity or charities nominated by himself. The 'Number of shares at 30 June 2012', 'Granted during year' and 'Number of shares at 30 June 2013' figures are shown excluding the amounts waived. On the vesting/release date any shares waived to charity will vest to them to the extent that any relevant performance conditions have been satisfied.

Key

RS Restricted shares
BS Bonus shares
MS Matching shares

PRS Phantom Restricted shares
PBS Phantom Bonus shares
PMS Phantom Matching shares

The Company's obligations under its employee share plans can be met by newly issued shares in the Company, or shares purchased in the market by the trustees of an employee benefit trust (EBT). As detailed in the financial statements, the EBT continues to make market purchases of shares to satisfy awards.

The overall limits on new issuance operated under the existing share plans were established on the listing of the Company in 2006. Under these agreed limits, the number of shares which may be issued in aggregate under employee share plans of the Company over any 10-year period following the date of the Company's Admission in 2006 is limited to 15 per cent of the Company's issued share capital. As at 30 June 2013, the Company had 4 per cent of the Company's issued share capital outstanding under employee share plans to its staff.

Defined benefit pension entitlements

None of the Directors has any entitlements under Company defined benefit pension plans.

Directors' shareholding and share interests

Details of the Directors' interests in shares are shown in the table below. Although there is no formal shareholding requirement, the Executive Directors have substantial interests in Company shares.

Figure 11

Share interests of Directors and connected persons at 30 June 2013 – audited information

	Beneficially Owned	Outstanding restricted and matching share awards[1]	Outstanding voluntarily deferred share bonus awards	Total interest in shares
Executive Directors				
Mark Coombs[2]	291,574,200	2,792,503	1,196,787	295,563,490
Graeme Dell	–	1,215,541	520,946	1,736,487
Non-executive Directors				
The Hon. Michael Benson	29,000	–	–	29,000
Nick Land	43,000	–	–	43,000
Melda Donnelly	43,000	–	–	43,000
Simon Fraser	25,000	–	–	25,000
Charles Outhwaite[3]	–	–	–	–
Dame Anne Pringle DCMG	–	–	–	–

1. Outstanding restricted shares and matching shares are subject to performance conditions.
2. Outstanding restricted and matching share awards to Mark Coombs are in the form of phantom shares.
3. Mr. Charles Outhwaite acquired 40,000 shares on 3 July 2013.

Save as described above there have been no other changes in the shareholdings of the Directors between 30 June and 9 September 2013. The Directors are not permitted to hold their shares in hedging arrangements or as collateral for loans without the express permission of the Board. None of the Directors currently holds their shares in such as an arrangement.

Percentage change in the remuneration of the Chief Executive Officer

Figure 12

Percentage change in total remuneration levels

	Total Remuneration		
	Year ended 30 June 2013	Year ended 30 June 2012	% change
Chief Executive base salary	**100,000**	100,000	0%
Relevant comparator employees base salary	**71,114**	72,566	-2%
Chief Executive taxable benefits	**2,698**	2,832	-5%
Relevant comparator employees average taxable benefits	**2,698**	2,832	-5%
Chief Executive annual bonus	**2,430,000**	1,620,000	50%
Relevant comparator employees average annual bonus	**172,794**	153,937	12%

Figure 12 shows the movement in the total remuneration for the Chief Executive between the current and previous financial year compared to that of the total remuneration costs relevant comparator employees as a whole. Relevant employees are employees of Ashmore Group who have been employed throughout the full performance year. Figures do not include amounts of cash waived to charity.

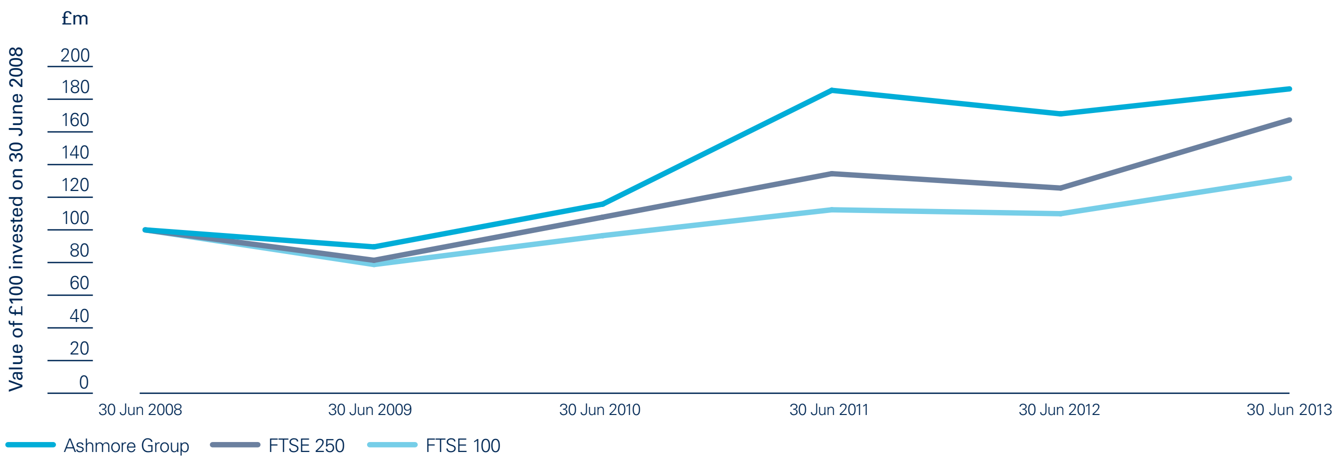
Performance chart

The chart below (Figure 13) shows the Company's TSR performance (with dividends re-invested) against the performance of the relevant indices for the last five years. As the chart indicates, £100 invested in Ashmore on 30 June 2008 was worth over £186 five years later, compared with £131 for the same investment in the FTSE 100 index.

Figure 13
TSR chart

Total Return Performance Chart to 30 June 2013

Source: Thomson Reuters



The chart shows the value, by 30 June 2013, of £100 invested in Ashmore Group on 30 June 2008 compared to the value of £100 invested in the FTSE 250 Index and the FTSE 100 Index. The other points are the values at intervening financial year ends. Each point at a financial year end is calculated using an average total shareholder return value over June (i.e. 1 June to 30 June inclusive).

Figure 14 shows the total remuneration figure for the Chief Executive Officer during each of the financial years shown in the TSR chart. The total remuneration figure includes the annual bonus and LTI awards which vested based on performance in those years. As there is no cap on the maximum individual bonus award, a percentage of maximum annual bonus is not shown.

Figure 14
Chief Executive – audited information

Year ended 30 June	Salary	Benefits	Pension	Annual bonus [1,2]	Performance – related Restricted and Matching Phantom shares vested [3]	Percentage of Restricted and Matching Phantom shares vested [3]	Total
2013	£100,000	£2,698	£7,000	£2,430,000	£421,668	N/A	£2,961,366
2012	£100,000	£2,832	£7,000	£1,620,000	£323,677	N/A	£2,053,509
2011	£100,000	£2,023	£7,000	£3,840,000	£145,962	N/A	£4,094,985
2010	£100,000	£1,689	£7,000	£2,940,000	£0	N/A	£3,048,689
2009	£100,000	£1,636	£7,000	£0	£0	N/A	£108,636

1. Figures do not include amounts of cash, voluntarily deferred share bonus or dividend equivalents waived to charity. A voluntarily deferred share bonus which is waived to charity will result in a cash payment to the charity on the vesting date, of a sum equivalent to the market value of the number of waived Phantom Bonus shares vesting on that date. During the restricted period the charity will receive any dividend equivalents associated with the waived Phantom Bonus shares.
2. Mark Coombs' variable compensation is made up of 60% cash bonus and 40% deferred Phantom Restricted share awards. He may commute up to 50% of his cash bonus in favour of an equivalent amount of Phantom Bonus share awards and an equivalent value in Phantom Matching share awards. All Phantom share awards will be reported in the Directors' share and Phantom share award tables in the year of grant. Mark Coombs received dividend equivalents related to his Phantom Bonus share awards.
3. No performance related Phantom Restricted and Matching share awards have vested during the periods shown, the sums shown relate to dividends paid on share awards.

Figure 15 shows the relative movement in profits, total staff costs and dividends to shareholders, year-on-year.

Figure 15
Relative importance of the spend on pay

Metric	**2013**	2012	% change
Remuneration paid to or receivable by all employees of the Group (i.e. accounting cost)	**79.7**	70.1	14%
Average headcount	**280**	251	12%
Distributions to shareholders (dividends and/or share buy backs)	**105.2**	101.0	4%

Statement of implementation of Remuneration Policy in the year commencing 1 July 2013

The Committee intends to continue to apply broadly the same metrics and weightings to annual variable remuneration as in the year ended 30 June 2013.

For long-term incentive awards (Restricted Shares, Matching Shares and their Phantom equivalents), the Committee intends to apply the same relative TSR performance metric as used the previous year, subject to any changes to the peer group that may be necessary to take account of de-listings, new listings or other sector changes that are relevant.

Membership of the Remuneration Committee

The members of the Committee are listed in the table below. All of these are independent Non-executive Directors, as defined under the Corporate Governance Code, with the exception of the Company Chairman who was independent on his appointment.

Remuneration Committee attendance

	Number of meetings attended out of potential maximum
Nick Land	100%
Simon Fraser	100%
The Hon. Michael Benson	100%

The Company's CEO attends the meeting by invitation and assists the Committee in its deliberations, except when his personal remuneration is discussed. No Directors are involved in deciding their own remuneration. The Company Secretary acts as Secretary to the Committee. Other executives may be invited to attend as the Committee requests.

External advisors

The Remuneration Committee received independent advice from New Bridge Street (NBS) consultants throughout the period from 1 July 2012 to 30 June 2013. NBS abides by the Remuneration Consultants' Code of Conduct, which requires it to provide objective and impartial advice. NBS fees for the year ending 30 June 2013 were £30,344. The Company participates in the McLagan Partners compensation survey from which relevant data is provided to the Remuneration committee. Neither of the above provide other services to the Company.

Statement of shareholder voting

At last year's AGM, the Directors' Remuneration report received the following votes from shareholders:

Figure 16
Shareholder voting

	2012 AGM resolution to approve the Directors' Remuneration Report for the year ended 30 June 2012	% of votes cast
Votes cast in favour	540,550,935	94.97%
Votes cast against	28,635,810	5.03%
Total votes cast	569,186,745	100.00%
Abstentions	1,778,153	

Approval

This Directors' Remuneration report, including both the Directors' Remuneration Policy and the Annual report on remuneration have been approved by the Board of Directors.

Signed on behalf of the Board of Directors.

Nick Land
Chairman of the Remuneration Committee

9 September 2013

Opinions and conclusions arising from our audit

Opinion on financial statements

We have audited the financial statements of Ashmore Group plc for the year ended 30 June 2013 set out on pages 70 to 109. In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 June 2013 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Our assessment of risks of material misstatement

In arriving at our audit opinion above on the Group financial statements the risks of material misstatement that had the greatest effect on our Group audit were as follows:

- Revenue – as detailed in the summary of significant accounting policies in page 81 and the Audit and Risk Committee report on pages 47 to 48, revenue consists of primarily management fees and performance fees, both net of rebates to investors. Performance fees and fee rebates are considered significant audit risks due to the quantum and the complexity of some performance fees and fee rebates agreements and calculations.

  We performed a recalculation of performance fees earned during the year on a sample basis to determine whether they had been calculated in accordance with the fee agreements. This included determining the basis for actual and benchmark performance data used in the calculation. We inspected the investment management agreements for a selection of clients and funds to test whether the information in the fee database, used to calculate fees, was complete and accurate.

  For rebates, we assessed the controls around the maintenance of terms sheets used to record all clients' entitlement to fee rebates. We also performed a recalculation of fee rebates on a sample basis.
- Seed capital investments – as set out in the summary of accounting policies on page 78 and 79, the Group may, from time to time, invest in funds that are managed by a Group subsidiary. As described in the report from the Audit and Risk Committee on pages 47 to 48, the seed capital investments may be consolidated or classified as either held-for-sale (HFS) or as one of two types of financial assets – available-for-sale (AFS) or fair-value-through-profit-and-loss (FVTPL).

  The classifications, which depend on judgments about subjective matters particularly in relation to HFS, may make a material difference to the financial statements. If a fund is consolidated, the fund's gross assets are included in the Group financial statements on a line-by-line basis and a liability is also recognised representing the third party investors' interests. If classified as HFS, the gross assets would be shown as a single line and third party investors' interests are shown as liabilities. If an asset is classified as AFS or FVTPL the Group's holding in the funds is shown as an investment. Gains and losses would also be recognised on different basis and be presented differently. Appropriate classification is therefore a key audit risk.

  We critically assessed the Directors' rationale for classifying seed capital investments as HFS. We considered their plans, to reduce Group's holding in the 12 months following acquisition to below the consolidation threshold, against the pattern of reduction of Group's seed capital investments to the year end and against our own expectations based on our experience. Where, as at the year end, an HFS fund had already been held for a significant period we examined the changes in holding that occurred in the period and the Directors' specific plans to further reduce the Group's holding against the particular requirements of accounting standards.

  For all investments, we tested Ashmore's holding in absolute and percentage terms to independent third party confirmations. We independently priced all the underlying investment securities consolidated into the Group financial statements using our in-house valuation tool. For HFS investments and consolidated funds we also recalculated the interest of external investors which is classified as liabilities.
- Goodwill and intangibles – as detailed in the summary of significant accounting policies on pages 78 and 79 and the Audit and Risk Committee report on pages 47 to 48, goodwill and intangibles are reviewed for impairment using a value in use model. Goodwill remained unimpaired; the assessment showed there is significant headroom, as set out in note 15 on page 91. There is less headroom in the intangible asset assessment, the outcome of which could vary significantly if different assumptions were applied in the model. Therefore this is considered a key audit risk.

  Our audit procedures included, among others, testing the principles and integrity of the model used, comparison of the input assumptions to externally and internally derived data as well as our own assessments in relation to key inputs such as market performance, subscription/redemption levels and fee rates. We assessed the overall consistency of the assumptions and of the estimated inputs, including the potential risk management bias. We considered the adequacy of the Group's disclosures (see Note15) in respect of impairment testing and whether disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions properly reflected the risks inherent in the key assumptions and the requirements of accounting standards.

- Share-based payments – The Group issues share awards to employees under share-based compensation plans. As explained in the report of the Audit and Risk Committee on pages 47 to 48, the key risk associated with share-based compensation arrangements is the quantification of such arrangements, as certain assumptions need to be taken into account in determining the fair value of those share-based compensations that are subject to market-based performance conditions. This is therefore the key area we focused on during our audit.

  We assessed the Directors' basis for determining the impact of market-based conditions at the start of the vesting period (and both equity and cash-settled share-based schemes) and at the end of the period (applicable only to the cash-settled scheme). We evaluated those assessments (particularly those in respect of the cash-settled scheme, which have the greater financial effect) in the light of the movement in the share price from the start of the relevant vesting period to the year end and the total shareholders return of the peer Group over the same period.

  For all share-based payments we agreed on a sample basis shares granted, exercised and forfeited in the year to supporting documentation and, based on that together with the assessed market-based performance conditions and other inputs, tested the calculation of charges and liabilities. We also considered the disclosures in note 10 in relation to the schemes.

Our application of materiality and an overview of the scope of our audit

The materiality for the Group financial statements as a whole was set at £13.0 million. This has been calculated using a benchmark of Group profit before taxation which we believe is the key benchmark used by members of the company in assessing financial performance.

We agreed with the audit committee to report to it all corrected and uncorrected misstatements we identified through our audit with a value in excess of £0.65 million, in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Audits for Group reporting purposes were performed at the key reporting components in the following countries: UK (2 entities) and US (1 entity). These audits covered 96% of total Group revenue; 94% of Group profit before taxation; and 98% of total Group assets.

The Group audit team performed the audits of the Group reporting packs of the UK and the US components in accordance with the materiality levels used for local audits, which ranged from £0.6 million to £10.1 million.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the terms of our engagement we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading. In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the Directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy; or
- the section of the annual report describing the work of the Group Audit and Risk Committee does not appropriately address matters communicated by us to the Audit and Risk Committee.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 53, in relation to going concern;
- the part of the Corporate Governance Statement on pages 40 and 46 relating to the company's compliance with the nine provisions of the UK Corporate Governance Code (2010) specified for our review; and
- certain elements of the report to shareholders by the Board on Directors' remuneration marked as audited.

We have nothing to report in respect of the above responsibilities.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 49, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the UK Ethical Standards for Auditors.

Scope of an audit of financial statements performed in accordance with ISAs (UK and Ireland)

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

The risks of material misstatement detailed in the section of this report titled "Our assessment of risks of material misstatement", are those risks that we have deemed, in our professional judgment, had the greatest effect on: the overall audit strategy; the allocation of resources in our audit; and directing the efforts of the engagement team. Our audit procedures relating to these risks were designed in the context of our audit of the financial statements as a whole. Our opinion on the financial statements is not modified with respect to any of these risks, and we do not express an opinion on these individual risks.

Materiality is a term used to describe the acceptable level of precision in financial statements. Auditing standards describe a misstatement or an omission as "material" if it could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The auditor has to apply judgment in identifying whether a misstatement or omission is material and to do so the auditor identifies a monetary amount as "materiality for the financial statements as a whole".

Whilst the audit process is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather the auditor plans the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant depth of work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the senior statutory auditor, to subjective areas of the accounting and reporting process.

The purpose of this report and restrictions on its use by persons other than the members of the Company, as a body

Our report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and, in respect of the reporting as if ISA (UK and Ireland) 700 (revised June 2013) applied to this reporting period, on terms we have agreed with the company. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and, in respect of the reporting as if ISA (UK and Ireland) 700 (revised June 2013) applied to this reporting period, we have expressly agreed to state to them in our 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 and the company's members, as a body, for our audit work, for our report, or for the opinions we have formed.

Gareth Horner (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL
9 September 2013

Consolidated statement of comprehensive income

Year ended 30 June 2013

	Notes	**2013 £m**	2012 £m
Management fees		**316.0**	302.6
Performance fees		**33.4**	25.4
Other revenue		**6.2**	6.2
Total revenue		**355.6**	334.2
Distribution costs		**(4.8)**	(3.7)
Foreign exchange	7	**4.7**	2.8
Net revenue		**355.5**	333.3
Gains/(losses) on investment securities	21	**4.9**	(0.4)
Change in third-party interests in consolidated funds	21	**(1.2)**	(0.4)
Personnel expenses	9	**(82.3)**	(73.0)
Other expenses	11	**(44.9)**	(34.4)
Operating profit		**232.0**	225.1
Finance income	8	**26.6**	22.2
Finance expense	8	**(0.9)**	(4.1)
Share of profit from associates and a joint venture	28	**(0.1)**	–
Profit before tax		**257.6**	243.2
Tax expense	12	**(56.0)**	(57.5)
Profit for the year		**201.6**	185.7
Other comprehensive income, net of related tax effect			
Items that may be reclassified subsequently to profit or loss:			
Exchange adjustments on translation of foreign operations		**2.6**	0.1
Net fair value movements on available-for-sale financial assets including tax		**(1.8)**	(4.2)
Cash flow hedge intrinsic value (losses)/gains including tax		**(0.4)**	0.1
Total comprehensive income for the year		**202.0**	181.7
Profit attributable to:			
Equity holders of the parent		**202.2**	181.5
Non-controlling interests		**(0.6)**	4.2
Profit for the year		**201.6**	185.7
Total comprehensive income attributable to:			
Equity holders of the parent		**202.2**	177.2
Non-controlling interests		**(0.2)**	4.5
Total comprehensive income for the year		**202.0**	181.7
Earnings per share			
Basic	13	**29.98p**	26.82p
Diluted	13	**28.69p**	25.80p

The notes on pages 77 to 109 form an integral part of these financial statements.

Consolidated balance sheet

As at June 2013

	Notes	2013 £m	2012 £m
Assets			
Non-current assets			
Goodwill and intangible assets	15	**84.3**	98.1
Property, plant and equipment	16	**3.7**	4.2
Investment in associates and joint ventures	28	**11.8**	2.3
Non-current asset investments	21	**9.1**	5.6
Other receivables		**0.1**	0.7
Deferred acquisition costs	17	**0.6**	4.7
Deferred tax assets	19	**21.0**	15.1
		130.6	130.7
Current assets			
Investment securities	21	**49.7**	60.6
Available-for-sale financial assets	21	**55.6**	54.6
Trade and other receivables	18	**77.3**	64.1
Derivative financial instruments	22	**–**	0.5
Cash and cash equivalents		**395.5**	346.6
		578.1	526.4
Non-current assets held-for-sale	21	**104.9**	49.9
Total assets		**813.6**	707.0
Equity and liabilities			
Capital and reserves – attributable to equity holders of the parent			
Issued capital	23	**–**	–
Share premium		**15.7**	15.7
Retained earnings		**608.0**	516.6
Foreign exchange reserve		**5.3**	3.1
Available-for-sale fair value reserve		**0.7**	2.5
Cash flow hedging reserve		**(1.0)**	(0.6)
		628.7	537.3
Non-controlling interests		**17.1**	20.8
Total equity		**645.8**	558.1
Liabilities			
Non-current liabilities			
Trade and other payables	26	**–**	5.8
Deferred tax liabilities	19	**3.0**	1.0
		3.0	6.8
Current liabilities			
Current tax		**28.9**	27.9
Third-party interests in consolidated funds	21	**12.8**	10.5
Derivative financial instruments	22	**2.1**	1.5
Trade and other payables	26	**94.1**	87.1
		137.9	127.0
Non-current liabilities held-for-sale	21	**26.9**	15.1
Total liabilities		**167.8**	148.9
Total equity and liabilities		**813.6**	707.0

The notes on pages 77 to 109 form an integral part of these financial statements.

Approved by the Board on 9 September 2013 and signed on its behalf by:

Mark Coombs
Chief Executive Officer

Graeme Dell
Group Finance Director

Consolidated Statement of changes in equity

For the year ended 30 June 2013

	Attributable to equity holders of the parent								
	Issued capital £m	Share premium £m	Retained earnings £m	Foreign exchange reserve £m	Available-for-sale (AFS) reserve £m	Cash flow hedging reserve £m	Total £m	Non-controlling interests £m	Total equity £m
Balance at 30 June 2011	–	15.7	473.5	3.3	6.7	(0.7)	498.5	16.4	514.9
Non-controlling interests arising on establishment of a subsidiary	–	–	–	–	–	–	–	0.1	0.1
Profit for the year	–	–	181.5	–	–	–	181.5	4.2	185.7
Other comprehensive income:									
Translation adjustments on foreign operations	–	–	–	(0.2)	–	–	(0.2)	0.3	0.1
Net loss on AFS assets including tax	–	–	–	–	(3.8)	–	(3.8)	–	(3.8)
Gains on AFS previously recognised in equity	–	–	–	–	(0.4)	–	(0.4)	–	(0.4)
Cash flow hedge intrinsic value gains	–	–	–	–	–	0.1	0.1	–	0.1
Purchase of own shares	–	–	(40.8)	–	–	–	(40.8)	–	(40.8)
Share-based payments	–	–	4.6	–	–	–	4.6	5.7	10.3
Deferred tax related to share-based payments	–	–	(1.7)	–	–	–	(1.7)	–	(1.7)
Proceeds received on exercise of vested options	–	–	0.5	–	–	–	0.5	–	0.5
Dividends to equity holders	–	–	(101.0)	–	–	–	(101.0)	–	(101.0)
Dividends to non-controlling interests	–	–	–	–	–	–	–	(5.9)	(5.9)
Balance at 30 June 2012	–	15.7	516.6	3.1	2.5	(0.6)	537.3	20.8	558.1
Profit for the year	**–**	**–**	**202.2**	**–**	**–**	**–**	**202.2**	**(0.6)**	**201.6**
Other comprehensive income:									
Translation adjustments on foreign operations	**–**	**–**	**–**	**2.2**	**–**	**–**	**2.2**	**0.4**	**2.6**
Net gain on AFS assets including tax	**–**	**–**	**–**	**–**	**0.1**	**–**	**0.1**	**–**	**0.1**
Gains on AFS previously recognised in equity	**–**	**–**	**–**	**–**	**(1.9)**	**–**	**(1.9)**	**–**	**(1.9)**
Cash flow hedge intrinsic value losses	**–**	**–**	**–**	**–**	**–**	**(0.4)**	**(0.4)**	**–**	**(0.4)**
Purchase of own shares	**–**	**–**	**(30.8)**	**–**	**–**	**–**	**(30.8)**	**(1.3)**	**(32.1)**
Share-based payments	**–**	**–**	**25.5**	**–**	**–**	**–**	**25.5**	**3.5**	**29.0**
Deferred tax related to share-based payments	**–**	**–**	**(0.7)**	**–**	**–**	**–**	**(0.7)**	**–**	**(0.7)**
Proceeds received on exercise of vested options	**–**	**–**	**0.4**	**–**	**–**	**–**	**0.4**	**–**	**0.4**
Dividends to equity holders	**–**	**–**	**(105.2)**	**–**	**–**	**–**	**(105.2)**	**–**	**(105.2)**
Dividends to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(5.7)**	**(5.7)**
Balance at 30 June 2013	**–**	**15.7**	**608.0**	**5.3**	**0.7**	**(1.0)**	**628.7**	**17.1**	**645.8**

The notes on pages 77 to 109 form an integral part of these financial statements.

Consolidated cash flow statement

For the year ended 30 June 2013

	2013 £m	2012 £m
Operating activities		
Cash receipts from customers	**358.7**	329.1
Cash paid to suppliers and employees	**(78.5)**	(90.3)
Cash generated from operations	**280.2**	238.8
Taxes paid	**(59.4)**	(58.2)
Net cash from operating activities	**220.8**	180.6
Investing activities		
Interest received	**2.7**	3.3
Dividends received	**1.7**	0.3
Acquisitions	**(9.0)**	–
Contingent consideration payments	**(8.6)**	–
Changes in upfront consideration relating to acquisitions	**–**	0.4
Purchase of non-current asset investments	**(3.5)**	(10.3)
Purchase of non-current financial assets held-for-sale	**(102.6)**	(59.9)
Purchase of available-for-sale financial assets	**(42.9)**	(5.5)
Purchase of investment securities	**(62.0)**	(161.3)
Sale of non-current asset investments	**0.2**	–
Sale of held-for-sale financial assets	**32.5**	–
Sale of available-for-sale financial assets	**73.5**	13.5
Sale of investment securities	**51.1**	160.0
Net cash flow arising on initial consolidation/deconsolidation of seed capital investments	**(0.9)**	1.9
Purchase of property, plant and equipment	**(1.9)**	(2.6)
Net cash used in investing activities	**(69.7)**	(60.2)
Financing activities		
Dividends paid to equity holders	**(105.2)**	(101.0)
Dividends paid to non-controlling interests	**(5.7)**	(5.9)
Subscriptions into consolidated funds	**42.3**	6.3
Redemptions from consolidated funds	**(7.9)**	(5.2)
Distributions paid by consolidated funds	**(1.0)**	–
Purchase of own shares	**(30.8)**	(40.8)
Net cash used in financing activities	**(108.3)**	(146.6)
Net increase/(decrease) in cash and cash equivalents	**42.8**	(26.2)
Cash and cash equivalents at beginning of year	**346.6**	369.0
Effect of exchange rate changes on cash and cash equivalents	**6.1**	3.8
Cash and cash equivalents at end of year	**395.5**	346.6
Cash and cash equivalents at end of year comprise:		
Cash at bank and in hand	**78.4**	157.0
Daily dealing liquidity funds	**317.1**	189.6
	395.5	346.6

The notes on pages 77 to 109 form an integral part of these financial statements.

Company balance sheet

As at 30 June 2013

	Notes	**2013 £m**	2012 £m
Assets			
Non-current assets			
Goodwill and intangible assets	15	**4.1**	4.1
Property, plant and equipment	16	**1.4**	2.5
Investment in subsidiaries	27	**20.1**	20.1
Loans due from subsidiaries	18	**18.9**	17.3
Deferred tax assets	19	**13.7**	13.7
		58.2	57.7
Current assets			
Trade and other receivables	18	**257.8**	215.2
Cash and cash equivalents		**271.7**	210.6
		529.5	425.8
Total assets		**587.7**	483.5
Equity and liabilities			
Capital and reserves			
Issued capital	23	**–**	–
Share premium		**15.7**	15.7
Retained earnings		**526.2**	419.5
Total equity attributable to equity holders of the Company		**541.9**	435.2
Liabilities			
Current liabilities			
Current tax		**–**	1.8
Trade and other payables	26	**45.8**	46.5
		45.8	48.3
Total liabilities		**45.8**	48.3
Total equity and liabilities		**587.7**	483.5

The notes on pages 77 to 109 form an integral part of these financial statements.

Approved by the Board on 9 September 2013 and signed on its behalf by:

Mark Coombs
Chief Executive Officer

Graeme Dell
Group Finance Director

Company statement of changes in equity

For the year ended 30 June 2013

	Issued capital £m	Share premium £m	Retained earnings £m	Total equity attributable to equity holders of the parent £m
Balance at 30 June 2011	–	15.7	356.4	372.1
Profit for the year	–	–	201.7	201.7
Purchase of own shares	–	–	(40.8)	(40.8)
Share-based payments	–	–	4.6	4.6
Deferred tax related to share-based payments	–	–	(1.9)	(1.9)
Proceeds received on exercise of vested options	–	–	0.5	0.5
Dividends to equity holders	–	–	(101.0)	(101.0)
Balance at 30 June 2012	–	15.7	419.5	435.2
Profit for the year	–	–	**220.1**	**220.1**
Purchase of own shares	–	–	**(30.8)**	**(30.8)**
Share-based payments	–	–	**22.9**	**22.9**
Deferred tax related to share-based payments	–	–	**(0.7)**	**(0.7)**
Proceeds received on exercise of vested options	–	–	**0.4**	**0.4**
Dividends to equity holders	–	–	**(105.2)**	**(105.2)**
Balance at 30 June 2013	–	15.7	**526.2**	**541.9**

The notes on pages 77 to 109 form an integral part of these financial statements.

Company cash flow statement

As at 30 June 2013

	2013 £m	2012 £m
Operating activities		
Cash receipts from customers and other Group companies	**79.7**	66.8
Cash paid to suppliers and employees and other Group companies	**(47.6)**	(54.8)
Net cash from operating activities	**32.1**	12.0
Investing activities		
Interest received	**0.8**	1.2
Loans to subsidiaries	**(34.6)**	(85.5)
Dividends received from subsidiaries	**196.7**	194.8
Purchase of property, plant and equipment	**(0.7)**	(1.3)
Net cash from investing activities	**162.2**	109.2
Financing activities		
Dividends paid	**(105.2)**	(101.0)
Purchase of own shares	**(30.8)**	(40.8)
Net cash used in financing activities	**(136.0)**	(141.8)
Net increase/(decrease) in cash and cash equivalents	**58.3**	(20.6)
Cash and cash equivalents at beginning of year	**210.6**	231.2
Effect of exchange rate changes on cash and cash equivalents	**2.8**	–
Cash and cash equivalents at end of year	**271.7**	210.6
Cash and cash equivalents at end of year comprise:		
Cash at bank and in hand	**7.6**	54.1
Daily dealing liquidity funds	**264.1**	156.5
	271.7	210.6

The notes on pages 77 to 109 form an integral part of these financial statements.

1) General information

Ashmore Group plc (the Company) is a public limited company listed on the London Stock Exchange and incorporated and domiciled in the United Kingdom. The consolidated financial statements of the Company and its subsidiaries (together the Group) for the year ended 30 June 2013 were authorised for issue by the Board of Directors on 9 September 2013. The principal activity of the Group is described in the Directors' report on page 50.

2) Basis of preparation

The Group and Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) effective for the Group's reporting for the year ended 30 June 2013 and applied in accordance with the provisions of the Companies Act 2006.

The financial statements have been prepared on a going concern basis under the historical cost convention, except for the measurement at fair value of certain financial assets that are available-for-sale or classified as fair value through profit or loss.

The Company has taken advantage of the exemption in section 408 of the Companies Act 2006 which allows it not to present its individual statement of comprehensive income and related notes.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Further information about key assumptions and other key sources of estimation and areas of judgement are set out in note 32.

3) Effects of new and amended IFRSs

New standard applied

The following amended IFRS has been adopted by the Group and the Company during the year:

- Amendment to IAS 1 *Presentation of Items of Other Comprehensive Income* impacts the Group's and Company's statements of comprehensive income by requiring the grouping of items presented in other comprehensive income based on whether or not they will be reclassified to profit or loss in future. Adoption of the amendment did not impact earnings per share.

New standards and interpretations not yet adopted

The International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee has recently issued the following new standards and amendments which are effective for annual periods beginning on or after 1 January 2014, unless stated otherwise, and have not been applied in preparing these consolidated financial statements.

- IFRS 9 *Financial Instruments: Classification and Measurement* which is the first phase of a wider project to replace IAS 39 *Financial Instruments: Recognition and Measurement*, replaces the current models for classification and measurement of financial instruments. Financial assets are to be classified into two measurement categories: fair value and amortised cost. Classification will depend on an entity's business model and the characteristics of contractual cash flow of the financial instrument. The standard is effective for annual periods beginning on or after 1 January 2015.

  The Group will continue to measure all equity investments at fair value with an irrevocable option to recognise through equity fair value, gains and losses on equity investments that are not held for trading. However, gains and losses recognised through equity cannot be subsequently recycled to profit or loss on impairment or disposal of the investments as is the case for equity investments currently classified as available-for-sale.

  As at the time of publication of these financial statements, the IASB is re-deliberating the requirements for classification and measurement in IFRS 9 while the requirements of latter phases of IFRS 9 are in development and therefore remain uncertain. The Group continues to monitor developments and will provide an impact assessment once the IASB has completed the project subject to endorsement by the EU.
- IFRS 10 *Consolidated Financial Statements* revises the concept of control to relate it to whether an investor has exercisable power over an investee and consequently has exposure or rights to variable returns. Consolidation procedures remain unchanged.

  The expected impact of IFRS 10 is that some funds managed by the Group may have to be consolidated, resulting in a grossing up of the Group's assets and liabilities, but with minimal net impact on profit or net assets. The Group is currently assessing the full impact of the new standard.
- IFRS 12 *Disclosure of Interests in Other Entities* consolidates and enhances disclosure requirements relating to interests of an entity in other entities. It includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and unconsolidated structures.

  The new standard is likely to result in increased disclosures regarding interests in other entities particularly in respect of significant judgments and assumptions made in determining control and the nature of, and changes in, the risks associated with such interests. The Group is currently assessing the full impact of the new standard.

The following new standards which are relevant for the Group are not expected to have a material impact.

- Amendment to IAS 32 *Financial instruments: Presentation* provides additional guidance for offsetting financial assets and liabilities while amendments to IFRS 7 *Financial instruments: Disclosures* set out corresponding new disclosure requirements. The amendment is effective for annual periods beginning on or after 1 January 2013.

3) Effects of new and amended IFRSs continued

- IFRS 11 *Joint Arrangements* requires joint ventures to be accounted for using the equity accounting method while joint operations are accounted for based on the rights and obligations of each party in the arrangement.
- IFRS 13 *Fair Value Measurement* aims to improve consistency and reduce complexity by providing guidance on how to measure fair value where fair value is required or permitted across IFRSs and enhances disclosures requirements (effective for annual periods beginning on or after 1 January 2013).

4) Significant accounting policies

The following principal accounting policies have been applied consistently where applicable to all years presented in dealing with items which are considered material in relation to the Group and Company financial statements, unless otherwise stated.

Basis of consolidation

These financial statements consolidate the financial statements of the Company and its subsidiaries. Subsidiaries are those entities, including investment funds, over which the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control is transferred to the Group until the date that control ceases. Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. The results of subsidiaries acquired during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition.

Based on their nature, the interests of third-parties in funds that are consolidated (consolidated funds) are classified as liabilities and appear as 'Third-party interests in consolidated funds' in the Group's balance sheet.

The Group has an Employee Benefit Trust (EBT) that acts as an agent for the purpose of the employee share-based compensation plans. Accordingly, the EBT is included within the Group and Company financial statements.

Associates and joint ventures

Associates are partly owned entities over which the Group has significant influence but no control. Joint ventures are entities through which the Group and other parties undertake an economic activity which is subject to joint control.

Investments in associates and interests in joint ventures are recognised using the equity method of accounting. Under this method, the investments are initially recognised at cost, including attributable goodwill, and are adjusted thereafter for the post-acquisition changes in the Group's share of net assets. The Group's share of post-acquisition profit or loss is recognised in the statement of comprehensive income.

Where the Group's financial year is not coterminous with those of its associates or joint ventures, unaudited interim financial information is used after appropriate adjustments have been made.

Foreign currency translation

The Group's financial statements are presented in Pounds Sterling (Sterling), which is also the Company's functional and presentation currency. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates; the functional currency. Transactions in foreign currencies are translated by the Group's entities at the foreign exchange rates ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the prevailing exchange rate. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated into Sterling at the foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated into Sterling at rates approximating to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on translation are recognised directly in other comprehensive income.

Business combinations

Business combinations are accounted for using the purchase method (acquisition accounting). The cost of a business combination is the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, equity instruments issued by the acquirer and the amount of non-controlling interest in the acquiree. The fair value of a business combination is calculated at the acquisition date by recognising the acquiree's identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria, at their fair values at that date. Acquisition-related costs are expensed as incurred. The acquisition date is the date on which the acquirer effectively obtains control of the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequently, changes to the fair value of the contingent consideration that is deemed to be a liability will be recognised in accordance with IAS 39 in profit or loss. If the contingent consideration is classified as equity, it will not be re-measured.

Goodwill

The cost of a business combination in excess of the fair value of net identifiable assets or liabilities acquired, including intangible assets identified, is recognised as goodwill and stated at cost less any accumulated impairment losses. Goodwill has an indefinite useful life, is not subject to amortisation and is tested annually for impairment or when there is an indication of impairment.

Intangible assets

The cost of intangible assets, such as management contracts and brand names, acquired as part of a business combination are their fair value as at the date of acquisition. The fair value at the date of acquisition is calculated using the discounted cash flow methodology and represents the valuation of the net residual revenue stream arising from the management contracts and brand name in place at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and impairment losses. Intangible assets are amortised, if appropriate, over their useful lives which have been assessed as being between 31 months and 10 years.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses.

Cost is determined on the basis of the direct and indirect costs that are directly attributable. Property, plant and equipment is depreciated using the straight-line method over the estimated useful lives, assessed to be five years for office equipment and four years for IT equipment. The residual values and useful lives of assets are reviewed at least annually.

Deferred acquisition costs

Costs that are directly attributable to securing an investment management contract are deferred if they can be identified separately and measured reliably and it is probable that they will be recovered. Deferred acquisition costs represent the contractual right to benefit from providing investment management services and are charged as the related revenue is recognised.

Financial instruments

Recognition and initial measurement

Financial instruments are recognised when the Group becomes party to the contractual provisions of an instrument, initially at fair value plus transaction costs except for financial assets classified at fair value through profit or loss. Purchases or sales of financial assets are recognised on the trade date, being the date that the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or been transferred or when the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liability has been discharged, cancelled or expires.

Subsequent measurement

The subsequent measurement of financial instruments depends on their classification in accordance with IAS 39.

Financial assets

The Group may, from time to time, invest in funds where an Ashmore Group subsidiary is the investment manager or an advisor (seeding). Where the holding in such investments is deemed to represent a controlling stake and is acquired exclusively with a view to subsequent disposal through sale or dilution, these seed capital investments are recognised as non-current financial assets held-for-sale in accordance with IFRS *5 Non-current assets held-for-sale* and discontinued operations. The Group recognises 100% of the investment in the fund as a "held-for-sale" asset and the interest held by other parties as a "liability held-for-sale". Where control is not deemed to exist, and the assets are readily realisable, they are recognised as available-for-sale financial assets. Where the assets are not readily realisable, they are recognised as non-current asset investments. If a seed capital investment remains under control of the Group for more than one year from the original investment date, the underlying fund is consolidated line by line.

Investment securities

Investment securities represent listed securities, other than derivatives, held by consolidated funds. These securities are held at fair value with gains and losses recognised through the consolidated statement of comprehensive income.

Non-current financial assets held-for-sale

Non-current financial assets held-for-sale are measured at the lower of their carrying amount and fair value less costs to sell except where measurement and re-measurement is outside the scope of IFRS 5. Where investments that have initially been recognised as non-current financial assets held-for-sale, because the Group has been deemed as holding a controlling stake, are subsequently disposed of or diluted such that the Group's holding is no longer deemed a controlling stake, the investment will subsequently be classified as an available-for-sale financial asset. Subsequent movements will be recognised in accordance with the Group's accounting policy for the newly adopted classification.

Available-for-sale financial assets

Available-for-sale financial assets are either financial assets allocated specifically to this category or are financial assets that cannot be assigned to any other category. They are carried at fair value and changes in fair values are recognised in other comprehensive income, until the asset is disposed of or impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is included in profit for the year as part of comprehensive income.

Other fair value through profit or loss (FVTPL) financial assets

FVTPL financial assets include non-current asset investments and derivatives.

(i) Non-current asset investments

Non-current asset investments include closed-end funds which are classified as FVTPL. They are held at fair value with changes in fair value being recognised through the consolidated statement of comprehensive income. 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.

(ii) Derivatives

Derivatives include foreign exchange forward contracts and options used by the Group to manage its foreign currency exposures and those held in consolidated funds.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered and subsequently re-measured at fair value. Transaction costs are recognised immediately in the statement of comprehensive income. All derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly in profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income.

4) Significant accounting policies continued

Trade and other receivables

Trade and other receivables are initially recorded at fair value plus transaction costs. The fair value on acquisition is normally the cost. Impairment losses with respect to the estimated irrecoverable amount are recognised through the statement of comprehensive income when there is appropriate evidence that trade and other receivables are impaired. However, if a longer-term receivable carries no interest, the fair value is estimated as the present value of all future cash payments or receipts discounted using the Group's weighted average cost of capital. The resulting adjustment is recognised as interest expense or interest income. Subsequent to initial recognition these assets are measured at amortised cost less any impairment.

Cash and cash equivalents

Cash represents cash at bank and in hand and cash equivalents comprise short-term deposits and investments in money market instruments with an original maturity of three months or less.

Financial liabilities

Non-current financial liabilities held-for-sale

Non-current financial liabilities represent interests held by other parties in funds in which the Group recognises 100% of the investment in the fund as a held-for-sale financial asset. These liabilities are carried at fair value with gain or losses recognised in the statement of comprehensive income within finance income or expenses.

Financial liabilities at FVTPL

Financial liabilities at FVTPL include derivative financial instruments and third-party interests in consolidated funds. They are carried at fair value with gains or losses recognised in the statement of comprehensive income within finance income or expense.

Other financial liabilities

Other financial liabilities including trade and other payables are subsequently measured at amortised cost using the effective interest rate method.

Fair value estimation

Securities listed on a recognised stock exchange or dealt on any other regulated market that operates regularly, recognised and open to the public, are valued at the last known available closing bid price. If a security is traded on several actively traded and organised financial markets, the valuation is made on the basis of the last known bid price on the main market on which the securities are traded. In the case of securities for which trading on an actively traded and organised financial market is not significant, but which are bought and sold on a secondary market with regulated trading among security dealers (with the effect that the price is set on a market basis), the valuation may be based on this secondary market.

Where instruments are not listed on any stock exchange or not traded on any regulated markets, valuation techniques are used by valuation specialists. These techniques include the market approach, the income approach or the cost approach for which sufficient and reliable data is available. The use of the market approach generally consists of using comparable market transactions or using techniques based on market observable inputs, while the use of the income approach generally consists of the net present value of estimated future cash flows, adjusted as deemed appropriate for liquidity, credit, market and/or other risk factors.

Investments in open-ended funds are valued on the basis of last available NAV of the units or shares of such funds.

The fair value of the derivatives is their quoted market price at the balance sheet date.

Hedge accounting

The Group applies cash flow hedge accounting when the transactions meet the specified hedge accounting criteria. To qualify, the following conditions must be met:

– formal documentation of the relationship between the hedging instrument(s) and hedged item(s) must exist at inception;
– the hedged cash flows must be highly probable and must present an exposure to variations in cash flows that could ultimately affect profit and loss;
– the effectiveness of the hedge can be reliably measured; and
– the hedge must be highly effective, with effectiveness assessed on an ongoing basis.

For qualifying cash flow hedges, the change in fair value of the effective hedging instrument is initially recognised in other comprehensive income and is released to profit for the year as part of comprehensive income in the same period during which the relevant financial asset or liability affects profit or loss.

Where the hedge is highly effective overall, any ineffective portion of the hedge is immediately recognised in profit and loss. Where the instrument ceases to be highly effective as a hedge, or is sold, terminated or exercised, hedge accounting is discontinued.

Impairment

General

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

The recoverable amount of assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using the Group's weighted average cost of capital. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In respect of assets other than goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill
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. When assessing the appropriateness of the carrying value of goodwill at year end, the recoverable amount is considered to be the greater of fair value less costs to sell or value in use. The pre-tax discount rate applied is based on the Group's weighted average cost of capital after making allowances for specific risks.

The business of the Group is managed as a single unit, with asset allocations, research and other such operational practices reflecting the commonality of approach across all fund themes. Therefore, for the purpose of testing goodwill for impairment, the Group is considered to have one cash-generating unit to which all goodwill is allocated and, as a result, no further split of goodwill into smaller cash-generating units is possible and the impairment review is conducted for the Group as a whole.

An impairment loss in respect of goodwill is not reversed.

Revenue
Revenue comprises management fees, performance fees and other revenue. Revenue is recognised in the statement of comprehensive income as and when the related services are provided. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Specific revenue recognition policies are:

Management fees
Management fees net of rebates are accrued over the period for which the service is provided. Where management fees are received in advance these are recognised over the period of the provision of the asset management service.

Performance fees
Performance fees net of rebates relate to the performance of funds managed during the period and are recognised when the quantum of the fee can be estimated reliably and it is probable that the fee will crystallise. This is usually at the end of the performance period or upon early redemption by a client.

Other revenue
Other revenue includes transaction, structuring and administration fees, and reimbursement by funds of costs incurred by the Group. This revenue is recognised when the related services are provided.

Distribution costs
Distribution costs are cost of sales payable to third parties and are recognised over the period for which the service is provided.

Employee benefits
Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income when payable in accordance with the scheme particulars.

Share-based payments
The Group issues share awards to its employees under share-based compensation plans.

For equity-settled awards the fair value of the amounts payable to employees is recognised as an expense with a corresponding increase in equity, over the vesting period after adjusting for estimated number of shares that are expected to vest. The fair value is measured at grant date using an appropriate valuation model, taking into account the terms and conditions upon which the instruments were granted. At each balance sheet date prior to vesting, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards that are ultimately expected to vest is computed. The movement in cumulative expense is recognised in the statement of comprehensive income with a corresponding entry within equity.

For cash-settled awards the fair value of the amounts payable to employees is recognised as an expense with a corresponding liability on the Group's balance sheet. The fair value is measured using an appropriate valuation model, taking into account the estimated number of awards that are expected to vest and the terms and conditions upon which the instruments were granted. During the vesting period, the liability recognised represents the portion of the vesting period that has expired at balance sheet date multiplied by the fair value of the awards at that date. Movements in the liability are recognised in the statement of comprehensive income.

Operating leases
Payments payable under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised on a straight-line basis over the lease term and are recorded as a reduction in premises costs.

Finance income and expense
Finance income includes interest receivable on the Group's cash and cash equivalents, realised gains on available-for-sale financial assets and both realised and unrealised gains on held-for-sale assets.

Finance income also includes adjustments in relation to the Group's contingent consideration liabilities related to acquisitions and charges in respect of unwinding of net present value discounts.

Finance expense includes the unwind of the discounts applied to contingent consideration liabilities on the Group's balance sheet using the effective interest method.

4) Significant accounting policies continued

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date in the countries where the Group operates, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following differences are not provided for:

- goodwill not deductible for tax purposes; and
- differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Dividends

Dividends are recognised when shareholders' rights to receive payments have been established.

Equity shares

The Company's ordinary shares of 0.01 pence each are classified as equity instruments. Ordinary shares issued by the Company are recorded at the fair value of the consideration received or the market price at the day of issue. Direct issue costs, net of tax, are deducted from equity through share premium. When share capital is repurchased, the amount of consideration paid, including directly attributable costs, is recognised as a change in equity.

Own shares

Own shares are held by the EBT. The holding of the EBT comprises own shares that have not vested unconditionally to employees of the Group. In both the Group and Company, own shares are recorded at cost and are deducted from retained earnings.

Treasury shares

Treasury shares are recognised in equity and are measured at cost. Consideration received for the sale of such shares is also recognised in equity, with any difference between the proceeds from the sale and original cost being taken to retained earnings.

Segmental information

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

Company-only accounting policies

In addition to the above accounting policies, the following specifically relate to the Company.

Investment in subsidiaries

Investments by the Company in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

5) Segmental information

The location of the Group's non-current assets at year end other than financial instruments, deferred tax assets and post-employment benefit assets is shown in the table below. Disclosures relating to revenue are in note 6.

Analysis of non-current assets by geography

	2013 £m	2012 £m
United Kingdom	**16.9**	12.3
United States	**82.6**	96.8
Other	**0.9**	0.9

6) Revenue

Management fees are accrued throughout the year in line with fluctuations in the levels of assets under management and performance fees are recognised when they can be estimated reliably and it is probable that they will crystallise. The Group is not considered to be reliant on any single source of revenue. During the year, none of the Group's funds provided more than 10% (FY2011/12: two funds provided 11.3% and 10.5%) of total revenue in the year respectively when considering management fees and performance fees on a combined basis.

Analysis of revenue by geography

	2013 £m	2012 £m
United Kingdom earned revenue	**320.1**	294.8
United States earned revenue	**27.9**	34.7
Other revenue	**7.6**	3.8

7) Foreign exchange

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

	Closing rate as at 30 June 2013	Closing rate as at 30 June 2012	**Average rate year ended 30 June 2013**	Average rate year ended 30 June 2012
US dollar	**1.5213**	1.5707	**1.5690**	1.5901
Brazilian real	**3.3907**	n/a	**3.2216**	n/a
Indonesian rupiah	**15,258**	n/a	**15,183**	n/a

The Brazilian real and Indonesian rupiah did not have a material impact on the Group's results for the year ended 30 June 2012.

Foreign exchange differences arose as shown below.

	2013 £m	2012 £m
Net realised and unrealised hedging (losses)/gains	**(1.2)**	0.1
Translation gains on non-Sterling denominated monetary assets and liabilities	**5.9**	2.7
Total foreign exchange gains	**4.7**	2.8

8) Finance income and expense

	2013 £m	2012 £m
Finance income		
Interest on cash and cash equivalents	**3.2**	3.7
Finance income	**23.4**	18.5
	26.6	22.2
Finance expense	**(0.9)**	(4.1)
Net finance income	**25.7**	18.1

Included within finance income is £10.8 million (FY2011/12: £16.8 million) in relation to the downward adjustment of the Group's contingent consideration liabilities, £nil (FY2011/12: £0.4 million) received as part of an acquisition-related purchase price adjustment and £12.6 million (FY2011/12: £0.4 million) in relation to realised gains on available-for-sale and both realised and unrealised gains on held-for-sale seed capital and non-current financial asset investments.

Included within finance expense is £0.9 million (FY2011/12: £4.1 million) in relation to the unwind of the discounts applied to contingent consideration liabilities on the Group's balance sheet.

9) Personnel expenses

Personnel expenses during the year comprised the following:

	2013 £m	2012 £m
Wages and salaries	**20.0**	18.0
Performance-related cash bonuses	**25.9**	34.1
Share-based payments	**28.4**	14.3
Social security costs	**4.2**	2.2
Pension costs	**1.2**	1.5
Other costs	**2.6**	2.9
Total personnel expenses	**82.3**	73.0

Personnel expenses in respect of the year ended 30 June 2013 include an amount of £0.6 million (FY2011/12: £0.6 million) that has been waived by Directors and employees in earlier periods with an equivalent amount to be paid to charity in the financial year to 30 June 2013.

Number of employees

The number of employees of the Group (including Directors) during the reporting year, all categorised as investment management personnel, was as follows:

	Average for the year ended 30 June 2013 Number	Average for the year ended 30 June 2012 Number	**At 30 June 2013 Number**	At 30 June 2012 Number
Total employees	**280**	251	**291**	257

Directors' remuneration

Disclosures of Directors' remuneration during the year as required by the Companies Act 2006 are included in the Remuneration report on pages 54 to 66.

There are retirement benefits accruing to two Directors under a defined contribution scheme (FY2011/12: two).

10) Share-based payments

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

Group	**2013 £m**	2012 £m
Omnibus Plan	**24.8**	8.9
US subsidiary operating agreement	**0.3**	–
Total related to compensation awards	**25.1**	8.9
Related to acquisition of Ashmore Equities Investment Management (US) L.L.C. (formerly Ashmore EMM L.L.C.)	**3.3**	5.4
Total share-based payments expense	**28.4**	14.3

The total expense recognised for the year in respect of equity-settled share-based payment transactions was £29.0 million (FY2011/12: £10.4 million).

The Ashmore First Discretionary Share Option Scheme (Option Scheme)

The Option Scheme was set up in October 2000. Options issued under the Option Scheme typically have a life of ten years and vest after five years from date of grant. The pro rata proportion of the fair value of options at each reporting year end has been accounted for on an equity-settled basis. No further options will be issued under the Option Scheme.

Share options outstanding under the Option Scheme were as follows:

Group and Company	**2013 Number of options**	**Weighted average exercise price pence**	2012 Number of options	Weighted average exercise price pence
At the beginning of the year	**1,898,221**	**33.20**	4,229,071	26.15
Exercised	**(1,394,471)**	**32.51**	(2,330,850)	20.42
Forfeited	**–**	**–**	–	–
Options outstanding at year end	**503,750**	**35.11**	1,898,221	33.20
Options exercisable	**503,750**	**35.11**	1,898,221	33.20

The weighted average share price on the date options were exercised during the year ended 30 June 2013 was 363.48p (FY2011/12: 369.92p).

Weighted average remaining contractual life of outstanding options

Group and Company	**At 30 June 2013**	At 30 June 2012
Outstanding options	**503,750**	1,898,221
Weighted average exercise price	**35.11p**	33.20p
Weighted average remaining contracted life (years)	**2.63**	3.56

Range of exercise prices for share options outstanding at the end of the year

Group and Company Exercise price per share (p)	Exercise periods	**2013 Number**	2012 Number
10.00-20.00	9 December 2010 – 8 December 2015	**328,750**	1,578,750
20.00-30.00	27 April 2011 – 26 April 2016	**125,000**	143,000
170.00-180.00	8 December 2011 – 7 December 2016	**50,000**	176,471
		503,750	1,898,221

There were no new share options granted during the year ended 30 June 2013 (FY2011/12: none).

The Executive Omnibus Incentive Plan (Omnibus Plan)

The Omnibus Plan was introduced prior to the Company listing in October 2006 and provides for the grant of share awards, market value options, premium cost options, discounted options, linked options, phantoms and/or nil cost options to employees. The Omnibus Plan will also allow bonuses to be deferred in the form of share awards with or without matching shares. These elements can be used singly or in combination. Awards granted under the Omnibus Plan typically vest after five years from date of grant, with the exception of bonus awards which vest after the shorter of five years from date of grant or on the date of termination of employment. Awards under the Omnibus Plan are accounted for as equity-settled, with the exception of phantoms which are classified as cash-settled.

The share-based payments relating to the Omnibus Plan represent the combined cash and equity-settled payments.

Total expense by year awards were granted

Group and Company Year of grant	**2013 £m**	2012 £m
2007	**–**	(2.4)
2008	**1.0**	(1.1)
2009	**1.0**	0.5
2010	**1.8**	1.7
2011	**3.3**	(2.1)
2012	**1.8**	12.3
2013	**15.9**	–
	24.8	8.9

10) Share-based payments continued

Awards outstanding under the Omnibus Plan were as follows:

i) Equity-settled awards

Group and Company	2013 Number of shares subject to awards	2013 Weighted average share price	2012 Number of shares subject to awards	2012 Weighted average share price
Restricted share awards				
At the beginning of the year	**15,877,630**	**£2.90**	15,988,966	£2.42
Granted	**4,836,236**	**£3.29**	4,834,808	£3.93
Vested	**(2,333,276)**	**£3.72**	(1,108,813)	£3.33
Forfeited	**(309,784)**	**£3.45**	(3,837,331)	£2.39
Awards outstanding at year end	**18,070,806**	**£2.98**	15,877,630	£2.90
Bonus share awards				
At the beginning of the year	**4,906,912**	**£3.01**	3,450,279	£2.61
Granted	**1,430,420**	**£3.29**	1,559,408	£3.93
Vested	**(1,203,234)**	**£3.80**	(102,775)	£3.73
Forfeited	**–**	**–**	–	–
Awards outstanding at year end	**5,134,098**	**£3.10**	4,906,912	£3.01
Matching share awards				
At the beginning of the year	**4,906,912**	**£3.01**	3,450,279	£2.61
Granted	**1,430,420**	**£3.29**	1,559,408	£3.93
Vested	**(1,162,885)**	**£3.81**	(5,213)	£3.61
Forfeited	**(40,349)**	**£2.95**	(97,562)	£3.34
Awards outstanding at year end	**5,134,098**	**£3.10**	4,906,912	£3.01
Total	**28,339,002**	**£3.02**	25,691,454	£2.95

ii) Cash-settled awards

Group and Company	2013 Number of shares subject to awards	2013 Weighted average share price	2012 Number of shares subject to awards	2012 Weighted average share price
Restricted share awards				
At the beginning of the year	**1,806,068**	**£3.54**	1,265,622	£2.92
Granted	**409,405**	**£3.29**	908,239	£3.93
Vested	**(1,985)**	**£3.31**	(108,225)	£3.29
Forfeited	**(8,170)**	**£3.94**	(259,568)	£2.54
Awards outstanding at year end	**2,205,318**	**£3.49**	1,806,068	£3.54
Bonus share awards				
At the beginning of the year	**1,300,075**	**£3.55**	700,151	£3.15
Granted	**296,120**	**£3.29**	638,116	£3.93
Vested	**–**	**–**	–	–
Forfeited	**–**	**–**	(38,192)	£2.70
Awards outstanding at year end	**1,596,195**	**£3.50**	1,300,075	£3.55
Matching share awards				
At the beginning of the year	**1,300,075**	**£3.55**	700,151	£3.15
Granted	**296,120**	**£3.29**	638,116	£3.93
Vested	**–**	**–**	–	–
Forfeited	**–**	**–**	(38,192)	£2.70
Awards outstanding at year end	**1,596,195**	**£3.50**	1,300,075	£3.55
Total	**5,397,708**	**£3.50**	4,406,218	£3.55

iii) Total awards

Group and Company	2013 Number of shares subject to awards	2013 Weighted average share price	2012 Number of shares subject to awards	2012 Weighted average share price
Restricted share awards				
At the beginning of the year	**17,683,698**	**£2.96**	17,254,588	£2.46
Granted	**5,245,641**	**£3.29**	5,743,047	£3.93
Vested	**(2,335,261)**	**£2.72**	(1,217,038)	£3.33
Forfeited	**(317,954)**	**£3.46**	(4,096,899)	£2.40
Awards outstanding at year end	**20,276,124**	**£3.04**	17,683,698	£2.96
Bonus share awards				
At the beginning of the year	**6,206,987**	**£3.12**	4,150,430	£2.70
Granted	**1,726,540**	**£3.29**	2,197,524	£3.93
Vested	**(1,203,234)**	**£3.80**	(102,775)	£3.73
Forfeited	**–**	**–**	(38,192)	£2.70
Awards outstanding at year end	**6,730,293**	**£3.19**	6,206,987	£3.12
Matching share awards				
At the beginning of the year	**6,206,987**	**£3.12**	4,150,430	£2.70
Granted	**1,726,540**	**£3.29**	2,197,524	£3.93
Vested	**(1,162,885)**	**£3.81**	(5,213)	£3.61
Forfeited	**(40,349)**	**£2.95**	(135,754)	£3.16
Awards outstanding at year end	**6,730,293**	**£3.19**	6,206,987	£3.12
Total	**33,736,710**	**£3.10**	30,097,672	£3.04

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.

Where the grant of restricted and matching share awards is linked to the annual bonus process the fair value of the awards is spread over a period including the current financial year and the subsequent five years to their release date when the grantee becomes unconditionally entitled to the underlying shares. The fair value of the remaining awards is spread over the period from date of grant to the release date.

The liability arising from cash-settled awards under the Omnibus Plan at the end of the year and reported within trade and other payables in the consolidated balance sheet is £12.0million (30 June 2012: £8.7 million) of which £nil (30 June 2012: £nil) relates to vested awards.

The Approved Company Share Option Plan (CSOP)

The CSOP was also introduced prior to the Company listing in October 2006 and is an option scheme providing for the grant of market value options to employees with the aggregate value of outstanding options not exceeding £30,000 per employee. The CSOP qualifies as a UK tax approved company share option plan and approval thereto has been obtained from HMRC. To date, there have been no awards made under the CSOP.

10) Share-based payments continued

Other arrangements

US subsidiary operating agreement

Under the terms of a US subsidiary's operating agreement, certain employees are eligible to receive part of their variable compensation in the form of partnership units. These awards, which typically vest five years from the date of grant depending on the satisfaction of service conditions, are accounted for as equity-settled share-based payments. The fair value of awards granted is based on the equity valuation of the subsidiary at the date of grant. Upon vesting, the holders are entitled to receive units in the subsidiary.

Share awards outstanding at year end under the operating arrangement were as follows:

Group	**2013 Number of shares subject to awards**	**2013 Weighted average share price (US dollars)**	2012 Number of shares subject to awards	2012 Weighted average share price (US dollars)
At the beginning of the year	**–**	**–**	–	–
Granted	**54,352**	**$32.05**	–	–
Vested	**–**	**–**	–	–
Forfeited	**–**	**–**	–	–
Awards outstanding at year end	**54,352**	**$32.05**	–	–

Phantom Bonus Plan

In August 2012, the Phantom Bonus Plan, a cash-settled share-based payment plan, was set up to provide long-term incentives to certain employees. The units typically vest after 5 years from date of grant, contingent upon continued employment. Units awarded under the plan carry no voting rights. The fair value of units granted under the plan is determined with reference to the equity valuation of the underlying employing entity.

13,229 awards were granted during the year and none were forfeited or vested during the year. As at 30 June 2013, 13,229 awards were outstanding and the related liability reported within trade and other payables in the consolidated and Company balance sheet is £0.1 million of which £nil relates to vested awards.

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

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

During the year, no awards were granted (FY2011/12: none), 5,463 awards vested (FY2011/12: none) and 71,587 awards (FY2011/12: 16,760 awards) were forfeited. 317,400 awards (30 June 2012: 394,450 awards) are outstanding as at year end.

11) Other expenses

Other expenses consist of the following:

	2013 £m	2012 £m
Travel	**6.0**	5.9
Professional fees	**2.9**	4.0
Information technology and communications	**5.2**	4.3
Deferred acquisition costs (note 17)	**1.7**	2.1
Amortisation of intangible assets (note 15)	**5.1**	6.2
Impairment of intangible assets (note 15)	**11.0**	1.2
Operating leases	**3.5**	2.8
Premises-related costs	**1.2**	1.7
Insurance	**0.9**	0.9
Auditors' remuneration (see below)	**1.1**	0.9
Depreciation of property, plant and equipment (note 16)	**2.4**	1.6
Other expenses	**3.9**	2.8
	44.9	34.4

Auditors' remuneration

	2013 £m	2012 £m
Fees for statutory audit services:		
– Fees payable to the Company's auditor for the audit of the Group's accounts	**0.2**	0.2
– Fees payable to the Company's auditor and its associates for the audit of the Company's subsidiaries pursuant to legislation	**0.3**	0.2
Fees for non-audit services:		
– Fees payable to the Company's auditor and its associates for tax services	**0.3**	0.2
– Fees payable to the Company's auditor and its associates for other services	**0.3**	0.3
	1.1	0.9

12) Taxation

Analysis of tax charge for the year

	2013 £m	2012 £m
Current tax		
UK corporation tax on profits for the year	**56.7**	56.5
Overseas corporation tax charge	**3.9**	2.4
Adjustments in respect of prior years	**–**	(1.6)
	60.6	57.3
Deferred tax		
Origination and reversal of temporary differences (see note 19)	**(5.2)**	–
Adjustments in respect of prior year		0.2
Effect of changes in corporation tax rates	**0.6**	–
Tax expense for the year	**56.0**	57.5

Factors affecting tax charge for the year

	2013 £m	2012 £m
Profit before tax	**257.6**	243.2
Profit on ordinary activities multiplied by the blended UK tax rate of 23.75% (FY2011/12: 25.5%)	**61.2**	62.0
Effects of:		
Non-deductible expenses	**10.6**	2.1
Deduction in respect of vested shares/exercised options (Part 12, Corporation Tax Act 2009)	**(4.1)**	(0.1)
Deferred tax arising from origination and reversal of temporary differences	**(5.2)**	–
Overseas taxes, net of overseas tax relief	**(1.3)**	2.4
Non-taxable income		
Write-off of contingent consideration	**(2.6)**	(5.9)
Other non-taxable income	**(2.2)**	–
Tax relief on amortisation and impairment of goodwill and intangibles	**(1.7)**	(1.6)
Effect of deferred tax balance from changes in the UK corporation tax rate	**0.6**	–
Other items	**0.7**	–
Adjustments in respect of prior years	**–**	(1.4)
Tax expense for the year	**56.0**	57.5

Non-deductible expenses mainly comprise non-deductible IFRS 2 accounting charges with respect to share-based compensation of £6.1 million and disallowable amortisation and impairment of intangibles charges of £4.0 million.

12) Taxation continued

Charge recognised in equity/other comprehensive income

	2013 £m	2012 £m
Current tax on available-for-sale financial assets	**–**	0.1
Deferred tax on available-for-sale financial assets	**–**	0.2
Deferred tax on share-based payments	**0.7**	1.7
	0.7	2.0

A reduction to the main rate of UK corporation tax from 24% to 23% was substantively enacted on 3 July 2012 and became effective from 1 April 2013. The effect of this rate reduction has been reflected in the figures set out above and the 23% rate used in the calculation of the UK's deferred tax assets and liabilities. The rate is set to fall to 21% with effect from 1 April 2014 and thereafter to 20% from 1 April 2015. These rate reductions were substantively enacted on 2 July 2013.

13) Earnings per share

Basic earnings per share is calculated by dividing the profit after tax for the financial period attributable to equity holders of the parent of £202.2 million (FY2011/12: £181.5 million) 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 year 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.

	2013 Number of ordinary shares	2012 Number of ordinary shares
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**674,777,956**	676,460,821
Effect of dilutive potential ordinary shares – share options/awards	**30,328,790**	26,845,937
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**705,106,746**	703,306,758

14) Dividends

Dividends paid in the year

Company	2013 £m	2012 £m
Final dividend for FY2011/12 – 10.75p (FY2010/11: 10.34p)	**75.0**	71.6
Interim dividend for FY2012/13 – 4.35p (FY2011/12: 4.25p)	**30.2**	29.4
	105.2	101.0

In addition, the Group paid £5.7 million (FY2011/12: £5.9 million) of dividends to non-controlling interests.

Dividends declared/proposed in respect of the year

Company	2013 pence	2012 pence
Interim dividend declared per share	**4.35**	4.25
Final dividend proposed per share	**11.75**	10.75
	16.10	15.00

On 9 September 2013 the Board proposed a final dividend of 11.75p per share for the year ended 30 June 2013. This has not been recognised as a liability of the Group at the year end as it has not yet been approved by shareholders. Based on the number of shares in issue at the year end which qualify to receive a dividend, the total amount payable would be £81.2 million.

15) Goodwill and intangible assets

Group	Goodwill £m	Fund management relationships £m	Brand name £m	Other intangible assets £m	Total £m
Cost					
At 30 June 2011, 30 June 2012 and 30 June 2013	**57.5**	**39.5**	**1.8**	**2.6**	**101.4**
Accumulated amortisation and impairment					
At 30 June 2011	–	(0.4)	–	(0.1)	(0.5)
Amortisation charge for year	–	(5.1)	(0.2)	(0.9)	(6.2)
Impairment charge for the year	–	–	–	(1.2)	(1.2)
At 30 June 2012	–	(5.5)	(0.2)	(2.2)	(7.9)
Amortisation charge for the year	**–**	**(4.8)**	**–**	**(0.3)**	**(5.1)**
Impairment charge for the year	**–**	**(9.4)**	**(1.6)**	**–**	**(11.0)**
At 30 June 2013		**(19.7)**	**(1.8)**	**(2.5)**	**(24.0)**
Net book value					
At 30 June 2011	58.7	40.1	1.8	2.6	103.2
Accumulated amortisation and impairment movement for the year	–	(5.1)	(0.2)	(2.1)	(7.4)
FX revaluation through reserves*	1.3	0.8	0.1	0.1	2.3
At 30 June 2012	60.0	35.8	1.7	0.6	98.1
Accumulated amortisation and impairment movement for the year	**–**	**(14.2)**	**(1.6)**	**(0.3)**	**(16.1)**
FX revaluation through reserves*	**1.7**	**0.7**	**(0.1)**	**–**	**2.3**
At 30 June 2013	**61.7**	**22.3**	**–**	**0.3**	**84.3**

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

Company	Goodwill £m
Cost	
At the beginning and end of the year	4.1
Net carrying amount at 30 June 2012 and 2013	4.1

Goodwill

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

The goodwill balance within the Company relates to the acquisition of the business from ANZ in 1999.

The annual impairment review of goodwill was undertaken for the year ending 30 June 2013. The recoverable amount of the cash-generating unit to which goodwill has been allocated was determined by a value in use calculation. The calculation was based on the forecast future profitability and cash flow projections of the cash-generating unit over a 10-year period which management believes is the most appropriate timescale to review and consider performance. Budgets and plans approved by management cover the first three years of the 10-year projections. A pre-tax discount rate of 13.0% based on the Group's cost weighted cost of capital was used in calculating value in use. Adjustments required in determining the discount rate from the weighted cost of capital were not considered to have a material impact. No growth was assumed in determining projected cash flows beyond the period covered by the approved budgets and plans.

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 5.0% (30 June 2012: 5.0%) would not result in the recoverable amount being lower than the carrying amount.

Fund management relationships and the brand name

Intangible assets are comprised of fund management relationships related to profit expected to be earned from clients of Ashmore Equities Investment Management (US) L.L.C. acquired in 2011 and its brand name.

During the year to 30 June 2013, as a result of the impairment indicator of the loss of certain historical fund management clients and rebranding of the equities business, it was identified that some of the Group's fund management relationships and brand name were likely to be impaired. As a result, a review of the recoverable amounts of the fund management relationships and the brand name intangible assets was undertaken during the year. The recoverable amount of each intangible asset was derived from the cumulative

15) Goodwill and intangible assets continued

pre-tax net earnings anticipated to be generated over the remaining useful economic life, discounted to present value using the Group's weighted average cost of capital of 13.0% per annum. Cumulative net earnings associated with the fund management relationships intangible asset were derived from the annual operating profit contribution that would arise as a result of the remaining fund management relationships, adjusted for investment performance and investor attrition. Cumulative net earnings associated with the brand name intangible asset were derived from the forecast annual royalties that would be earned as a result of the remaining assets under management, adjusted for investment performance and investor attrition.

Both intangible assets were determined to be impaired as a result of the recoverable amounts being lower than the carrying values at the date of the impairment test and consequently impaired.

A combined impairment charge of £11.0 million during the year (FY2011/12: £nil) has been included within other expenses in the Group's consolidated statement of comprehensive income. Individual impairment charges in the year for the fund management relationships and the brand name intangible assets were £9.4 million (FY2011/12: £nil) and £1.6 million (FY2011/12: £nil) respectively.

The remaining amortisation period for fund management relationships is six years (30 June 2012: seven years).

Other intangible assets

In addition, in order to incentivise Amundi, who were formerly a shareholder in Ashmore Equities Investment Management (US) L.L.C., to retain existing AuM within the business and to further increase AuM, there is an incentive fee payable after three years tied to the level of such AuM at that time. As the purpose of this is to benefit the Group going forward, a corresponding intangible asset was recognised. During the year to 30 June 2013 there has been no downward adjustment to the net present value of the incentive fee payable to Amundi at the end of the agreement. Consequently management have concluded that the associated intangible asset is not impaired. No impairment charge (FY2011/12: £1.2 million) has been included within other expenses in the Group's consolidated statement of comprehensive income, reducing the carrying value of the intangible asset to its recoverable amount. Other intangible assets are being amortised over a three-year period up to May 2014.

16) Property, plant and equipment

Group	**2013 Fixtures, fittings and equipment £m**	2012 Fixtures, fittings and equipment £m
Cost		
At the beginning of the year	**10.4**	8.1
Additions	**1.9**	2.6
Disposals	**(1.2)**	(0.3)
At the end of the year	**11.1**	10.4
Accumulated depreciation		
At the beginning of the year	**6.2**	4.7
Depreciation charge for the year	**2.4**	1.6
Disposals	**(1.2)**	(0.1)
At the end of the year	**7.4**	6.2
Net book value at 30 June	**3.7**	4.2

Company	**2013 Fixtures, fittings and equipment £m**	2012 Fixtures, fittings and equipment £m
Cost		
At the beginning of the year	**6.8**	5.5
Additions	**0.7**	1.3
At the end of the year	**7.5**	6.8
Accumulated depreciation		
At the beginning of the year	**4.3**	3.2
Depreciation charge for year	**1.8**	1.1
At the end of the year	**6.1**	4.3
Net book value at 30 June	**1.4**	2.5

17) Deferred acquisition costs

Group	2013 £m	2012 £m
Cost		
At the beginning of the year	**14.3**	14.4
Deferred acquisition costs recovered	**(2.4)**	(0.1)
At the end of the year	**11.9**	14.3
Accumulated charge		
At the beginning of the year	**9.6**	7.5
Charge for the year (note 11)	**1.7**	2.1
At the end of the year	**11.3**	9.6
Carrying value at the end of the year	**0.6**	4.7

The deferred acquisition costs shown above are in respect of the launch of Ashmore Global Opportunities Limited (AGOL), a publicly listed closed-ended investment company incorporated in 2007, and are being charged to the Group's statement of comprehensive income over seven years.

During the year, the Group recovered £2.4 million of deferred acquisition costs related to the managed wind down of AGOL which was proposed and approved by AGOL shareholders in March 2013. The wind down entitles the Group to receive a reimbursement of certain launch costs which were borne at the time of AGOL's IPO in 2007.

18) Trade and other receivables

	Group		Company	
	2013 £m	2012 £m	2013 £m	2012 £m
Current				
Trade debtors	**71.0**	55.8	**1.8**	2.6
Prepayments	**2.8**	2.1	**1.7**	1.0
Loans due from subsidiaries	**–**	–	**249.5**	199.8
Amounts due from subsidiaries	**–**	–	**2.0**	6.8
Other receivables	**3.5**	6.2	**2.8**	5.0
	77.3	64.1	**257.8**	215.2
Non-current				
Loans due from subsidiaries	**–**	–	**18.9**	17.3
	–	–	**18.9**	17.3
Total trade and other receivables	**77.3**	64.1	**276.7**	232.5

Group trade debtors include all billed and unbilled management fees due to the Group at 30 June 2013 in respect of investment management services provided to that date.

19) Deferred taxation

Deferred tax assets and liabilities recognised by the Group and Company at year end are attributable to the following:

	2013			2012		
Group	**Other temporary differences £m**	**Share-based payments £m**	**Total £m**	Other temporary differences £m	Share-based payments £m	Total £m
Deferred tax assets	**7.7**	**13.3**	**21.0**	1.4	13.7	15.1
Deferred tax liabilities	**(3.0)**	**–**	**(3.0)**	(1.0)	–	(1.0)
	4.7	**13.3**	**18.0**	0.4	13.7	14.1

	2013			2012		
Company	**Other temporary differences £m**	**Share-based payments £m**	**Total £m**	Other temporary differences £m	Share-based payments £m	Total £m
Deferred tax assets	**0.4**	**13.3**	**13.7**	–	13.7	13.7

Movement of deferred tax balances

The movement in the deferred tax balances between the balance sheet dates has been reflected in equity or the statement of comprehensive income as follows:

Group	Other temporary differences £m	Share-based payments £m	Total £m
At 1 July 2011	(1.6)	17.9	16.3
Credited/(charged) to the consolidated statement of comprehensive income	2.2	(2.5)	(0.3)
Charged to equity	(0.2)	(1.7)	(1.9)
At 30 June 2012	0.4	13.7	14.1
Credited to the consolidated statement of comprehensive income	**4.3**	**0.3**	**4.6**
Charged to equity	**–**	**(0.7)**	**(0.7)**
At 30 June 2013	**4.7**	**13.3**	**18.0**

Company	Other temporary differences £m	Share-based payments £m	Total £m
At 1 July 2011	–	17.9	17.9
Charged to the statement of comprehensive income	–	(2.3)	(2.3)
Charged to equity	–	(1.9)	(1.9)
At 30 June 2012	–	13.7	13.7
Credited to the statement of comprehensive income	**0.4**	**0.3**	**0.7**
Charged to equity	**–**	**(0.7)**	**(0.7)**
At 30 June 2013	**0.4**	**13.3**	**13.7**

Please refer to the details in note 12 in relation to future changes to the UK corporation tax rate. The overall effect of a further tax reduction in this rate from 23% to 20%, if applied to the deferred tax balance above as at 30 June 2013, would be to further decrease the Group deferred tax assets by approximately £1.8 million and the Company deferred tax assets by £1.8 million.

20) Fair value of financial instruments

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

Fair value hierarchy

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

- Level 1: Valuation is based upon a quoted market price in an active market for an identical instrument.
- Level 2: Valuation techniques are based upon observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Valuation techniques use significant unobservable inputs.

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

				2013				2012
	Level 1 £m	**Level 2 £m**	**Level 3 £m**	**Total £m**	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets								
Investment securities	**40.7**	**9.0**	**–**	**49.7**	27.8	32.8	–	60.6
Non-current financial assets held-for-sale	**–**	**104.9**	**–**	**104.9**	–	49.9	–	49.9
Available-for-sale financial assets	**0.4**	**55.2**	**–**	**55.6**	0.4	54.2	–	54.6
Non-current asset investments	**–**	**9.1**	**–**	**9.1**	–	5.6	–	5.6
Derivative financial instruments	**–**	**–**	**–**	**–**	–	0.5	–	0.5
	41.1	**178.2**	**–**	**219.3**	28.2	143.0	–	171.2
Financial liabilities								
Third-party interests in consolidated funds	**9.0**	**3.8**	**–**	**12.8**	4.8	5.7	–	10.5
Derivative financial instruments	**–**	**2.1**	**–**	**2.1**		1.5	–	1.5
Non-current financial liabilities held-for-sale	**–**	**26.9**	**–**	**26.9**	–	15.1	–	15.1
Contingent consideration	**–**	**–**	**0.5**	**0.5**	–	–	10.7	10.7
	9.0	**32.8**	**0.5**	**42.3**	4.8	22.3	10.7	37.8

Level 3 financial liabilities relate to contingent consideration payable in connection with the acquisition of Ashmore Equities Investment Management (US) L.L.C. in 2011. The movement and valuation techniques used to estimate its fair value is described in note 26.

There were no transfers between Level 1, Level 2 and Level 3 during the year (FY2011/12: none).

There were no material unlisted investment securities requiring use of valuation techniques.

21) 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. The movements of seed capital investments and related items during the year ended 30 June 2013 are as follows:

Group	Net non-current financial assets held-for-sale £m	Available-for-sale financial assets £m	Investment securities (relating to consolidated funds) £m	Other (relating to consolidated funds)* £m	Third-party interests in consolidated funds £m	Non-current investments £m
Carrying amount at 30 June 2011	46.2	41.4	–	–	–	3.5
Net transfers – held-for-sale to available-for-sale	(10.0)	10.0	–	–	–	–
Net transfers – held-for-sale to consolidated funds	(32.4)	–	36.1	3.8	(7.5)	–
Net purchases, disposals and fair value changes	31.0	3.2	24.5	–	(3.0)	2.1
Carrying amount at 30 June 2012	34.8	54.6	60.6	3.8	(10.5)	5.6
Net transfers – held-for-sale to consolidated funds	**(25.2)**	**–**	**29.3**	**0.7**	**(4.8)**	**–**
Net transfers – held-for-sale to available-for-sale	**(4.8)**	**4.8**	**–**	**–**	**–**	**–**
Net transfers – consolidated funds to available-for-sale	**–**	**23.6**	**(55.0)**	**(2.0)**	**33.4**	**–**
Net purchases, disposals and fair value changes	**73.2**	**(27.4)**	**14.8**	**0.7**	**(30.9)**	**3.5**
Carrying amount at 30 June 2013	**78.0**	**55.6**	**49.7**	**3.2**	**(12.8)**	**9.1**

* Relates to cash, derivatives and other assets contained in consolidated funds that are not investment securities.

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

Where Group companies inject seed capital into funds operated and controlled by the Group 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 year, six funds (FY2011/12: three) were seeded in this manner, 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 30 June 2013 were as follows:

	2013 £m	2012 £m
Non-current financial assets held-for-sale	**104.9**	49.9
Non-current financial liabilities held-for-sale	**(26.9)**	(15.1)
Seed capital investments classified as being held-for-sale	**78.0**	34.8

Investments held for less than a year cease to be classified as held-for-sale when they are no longer controlled by the Group. A loss of control may happen either through sale of the investment and/or dilution of the Group's holding. When investments cease to be classified as held-for-sale they are classified as available-for-sale financial assets (see below). One such investment (FY2011/12: two) was transferred to available-for-sale assets after the Group reduced its interests following investment inflows from third parties. There was no impact on net assets or profit or loss as a result of the reclassification.

If the fund remains under the control of the Group for more than one year from the original investment date it will cease to be classified as held-for-sale, and will be consolidated line-by-line after considering the proximity of loss of control and the extent to which consolidation of the fund on a line by line basis would be material to the presentation of the Group's financial statements. During the year, two such funds (FY2011/12: six) with an aggregate carrying amount of £25.2 million (FY2011/12: £32.4 million) were transferred to consolidated funds. There was no impact on net assets or profit or loss as a result of the transfer.

As the Group considers itself to have one segment (refer to note 1), no additional segmental disclosure of held-for-sale assets or liabilities is applicable.

Gains and losses in relation to held-for-sale investments are included within finance income and expenses respectively (refer to note 8).

b) Consolidated funds

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

	2013 £m	2012 £m
Investment securities	**49.7**	60.6
Cash and cash equivalents	**1.6**	2.6
Net derivative financial instruments	**–**	0.3
Other	**1.6**	0.9
Third-party interests in consolidated funds	**(12.8)**	(10.5)
Consolidated seed capital investments	**40.1**	53.9

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

Included within the consolidated statement of comprehensive income is a net gain of £4.6 million (FY2011/12: £0.5 million) relating to the Group's share of the results of the individual statements of comprehensive income for each of the consolidated funds. This includes finance income of £1.6 million (FY2011/12: £1.3 million) and £4.9 million gain (FY2011/12: £0.4 million loss) on investment securities offset by £1.2 million (FY2011/12: £0.4 million) allocated to third-party interests in consolidated funds and expenses of £0.7 million (FY2011/12: £nil).

As of 30 June 2013, the Group's consolidated funds were domiciled in Brazil, Luxembourg and the United States.

c) Available-for-sale financial assets

Available-for-sale financial assets held at fair value at 30 June 2013 comprised the following:

	2013 £m	2012 £m
Equities – listed	**0.4**	0.4
Equity funds – unlisted	**10.6**	3.0
Debt funds – unlisted	**44.6**	51.2
Seed capital classified as available-for-sale	**55.6**	54.6

d) Non-current asset investments

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

	2013 £m	2012 £m
Non-current asset investments at fair value	**9.1**	5.6

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

Included within finance income is £1.2 million (FY2011/12: £0.7 million) of gains on the Group's non-current asset investments.

22) Financial instrument risk management

Group

The Group is subject to strategic, business, investment, operational and treasury risks throughout its business as discussed in the Business Review. This note discusses the Group's exposure to and management of the following principal risks which arise from financial instruments it uses: credit risk, liquidity risk, interest rate risk, foreign exchange risk and price risk. Where the Group holds units in investment funds, classified as either held-for-sale, available-for-sale or non-current asset investment financial assets, the related financial instrument risk disclosures in the note below categorise exposures based on the Group's direct interest in those funds without looking through to the nature of underlying securities.

Risk management is the direct responsibility of the Group's senior management as noted in the Corporate Governance report on pages 44 to 46.

Capital management

It is the Group's policy that all entities within the Group have sufficient capital to meet regulatory and working capital requirements and conducts regular reviews of its capital requirements relative to its capital resources.

As the Group is regulated by the United Kingdom's Financial Conduct Authority (FCA), it is required to maintain appropriate capital and perform regular calculations of capital requirements. This includes development of an Internal Capital Adequacy Assessment Process (ICAAP), based upon the FCA's methodologies under the Capital Requirements Directive. An overview of the ICAAP can be found on our website at www.ashmoregroup.com. The Group's Pillar 3 disclosures covering the year to 30 June 2013 indicated that the Group had surplus capital of £453.6 million (year to 30 June 2012: surplus of £381.8 million) over the level of capital required to meet operational risks under a Pillar II assessment. The objective of the assessment is to check that the Group has adequate capital to manage identified risks and the process includes conducting stress tests to identify capital and liquidity requirements under different future scenarios including a potential downturn.

All regulated entities with the Group have complied with regulatory requirements and filings that apply in the jurisdictions they operate.

Equity, as referred to in the Group's balance sheet, is the capital for the business.

Credit risk

The Group has exposure to credit risk from its normal activities where the risk is that a counterparty will be unable to pay in full amounts when due.

Exposure to credit risk is monitored on an ongoing basis by senior management and the Group's Risk Management and Control team. The Group has a counterparty and cash management policy in place which, in addition to other controls, restricts exposure to any single counterparty by setting exposure limits and requiring approval and diversification of counterparty banks and other financial institutions. The Group's maximum exposure to credit risk is represented by the carrying value of its financial assets. The table below lists financial assets subject to credit risk.

	Notes	**2013 £m**	2012 £m
Investment securities	21	**49.7**	60.6
Non-current financial assets held-for-sale	21	**104.9**	49.9
Available-for-sale financial assets	21	**55.6**	54.6
Derivative financial instruments		**–**	0.5
Trade and other receivables	18	**77.3**	64.1
Cash and cash equivalents		**395.5**	346.6
Total		**683.0**	576.3

Investment securities, derivative financial instruments, non-current financial assets held-for-sale and available-for-sale financial assets expose the Group to credit risk from various counterparties which is monitored and reviewed by the Group.

The Group's cash and cash equivalents, comprised of short-term deposits with banks and liquidity funds, are predominantly held with counterparties with credit ratings ranging from A- to AAAm as at 30 June 2013 (30 June 2012: A to AAAm).

All trade and other receivables are considered to be fully recoverable and none were overdue at year end (30 June 2012: none). They include fee debtors that arise principally within the Group's investment management business. They are monitored regularly and, historically, default levels have been insignificant, and, unless a client has withdrawn funds, there is an ongoing relationship between the Group and the client. There is no significant concentration of credit risk in respect of fees owing from clients.

Liquidity risk

Liquidity risk is the risk that the Group cannot meet its obligations as they fall due or can only do so at a cost.

In order to manage inherent liquidity risk there is a liquidity policy within the Group to ensure that there is sufficient access to funds to cover all forecast committed requirements for the next 12 months.

The maturity profile of the Group's contractual undiscounted financial liabilities is as follows:

At 30 June 2013

	Within 1 year £m	1-5 years £m	More than 5 years £m	Total £m
Non-current liabilities held-for-sale	**26.9**	**–**	**–**	**26.9**
Third-party interests in consolidated funds	**12.8**	**–**	**–**	**12.8**
Derivative financial instruments	**2.1**	**–**	**–**	**2.1**
Non-current trade and other payables	**–**	**–**	**–**	**0.5**
Current trade and other payables	**94.1**	**–**	**–**	**94.1**
	135.9	**–**	**–**	**135.9**

At 30 June 2012

	Within 1 year £m	1-5 years £m	More than 5 years £m	Total £m
Non-current liabilities held-for-sale	15.1	–	–	15.1
Third-party interests in consolidated funds	10.5	–	–	10.5
Derivative financial instruments	1.5	–	–	1.5
Non-current trade and other payables	–	5.8	–	5.8
Current trade and other payables	87.1	–	–	87.1
	114.2	5.8	–	120.0

Details on leases and other commitments are provided in note 30.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates.

The principal interest rate risk is the risk that the Group will sustain a reduction in interest revenue through adverse movements in interest rates. This relates to bank deposits held in the ordinary course of business. The Group has a cash management policy which requires management to monitor cash levels and returns within set parameters on a continuing basis.

Bank and similar deposits held at year end are shown on the consolidated balance sheet as cash and cash equivalents. The effective interest earned on bank and similar deposits during the year is given in the table below:

Effective interest rates applicable to bank deposits

	2013 %	2012 %
Deposits with banks and liquidity funds	**0.85**	0.79

Deposits with banks and liquidity funds are repriced at intervals of less than one year.

At 30 June 2013, if interest rates over the year had been 50 basis points higher or 50 basis points lower (30 June 2012: 50 basis points higher or 50 basis points lower) with all other variables held constant, post-tax profit for the year would have been £1.5 million higher/£1.5 million lower (FY2011/12: £1.3 million higher/£1.3 million lower), mainly as a result of higher/lower interest on cash balances. An assumption that the fair value of assets and liabilities will not be affected by a change in interest rates was used in the model to calculate the effect on post-tax profits.

The Group is also exposed to interest rate risk from seed capital investments. The following table provides a summary of the Group's direct exposure to interest rate risk from investments held by the Group as investment securities in consolidated funds.

Investment securities

	Fixed rate £m	Floating rate £m	Other £m	Total £m
As at 30 June 2013	**–**	**–**	**49.7**	**49.7**
As at 30 June 2012	43.4	3.7	13.5	60.6

The Group is indirectly exposed to interest rate risk from units in funds which invest in debt securities and the Group holds seed capital investments in those funds.

22) Financial instrument risk management continued

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates.

The Group's revenue is almost entirely denominated in US dollars, whilst the majority of the Group's costs are Sterling-based. Consequently, the Group has an exposure to movements in the GBP/USD exchange rate. In addition, the Group operates globally which means that it may enter into contracts and other arrangements denominated in local currencies in various geographic areas. The Group also holds a number of seed capital investments which are denominated mainly in either US dollars, Brazilian real or Indonesian rupiah.

The Group's policy is to hedge the Group's revenue by using a combination of forward foreign exchange contracts and options for up to two years forward. The Group also sells US dollars at spot rates when opportunities arise.

The table below shows the Group's sensitivity to a 1.0% exchange movement in the US dollar, Brazilian real and Indonesian rupiah, net of hedging activities.

	2013		2012	
Currency sensitivity test	**Impact on profit before tax £m**	**Impact on equity £m**	Impact on profit before tax £m	Impact on equity £m
US dollar +/- 1%	**2.9**	**2.7**	1.1	1.8
Brazilian real +/- 1%	**0.1**	**0.2**	0.2	0.2
Indonesian rupiah +/-1%	**0.5**	**0.4**	n/a	n/a

Price risk

Price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of market changes.

Seed capital

The Group is exposed to the risk of changes in market prices in respect of seed capital investments. Such price risk is borne by the Group directly through interests in available-for-sale and non-current asset seed capital investments or indirectly either through line by line consolidation of underlying financial performance and positions held in certain funds or potential impairments when fair values less costs to sell of seed investments held-for-sale are less than carrying amounts. Details of seed capital investments held at year end are given in note 21.

The Group has well defined procedures governing the appraisal and approval as well monitoring the performance of seed capital investments.

At 30 June 2013, a 5% movement in the fair value of these investments would have had a £7.7 million (FY2011/12: £7.3 million) impact on net assets and impact on profit before tax would have been £4.9 million (FY2011/12: £3.3 million).

Management fees

The Group is also indirectly exposed to price risk in connection with the Group's management fees which are based on a percentage of value of AuM and fees based on performance. Movements in market prices, exchange and interest rates could cause the AuM to fluctuate which in turn could affect fees earned. Performance fee revenues could also be reduced in severe market conditions.

Management and performance fees are diversified across a range of investment themes and are not measurably correlated to any single market indices in Emerging Markets. In addition, throughout Ashmore's history, the policy of having funds with year ends staged throughout the financial year has meant that in periods of steep market decline, some performance fees have still been recorded. The profitability impact is likely to be less than this, as cost mitigation actions would apply, including the reduction of the variable compensation paid to employees.

Based on the year end AuM of US$77.4 billion and the year's average net management fee rate of 68bps, a 5% movement in assets under management would have a US$26.3 million impact on management fee revenues (FY2011/12: based on assets under management of $63.7 billion and an average net management fee rate of 74bps, a 5% movement in assets under management would have had a US$23.6 million impact on management fee revenues).

Hedging activities

The Group uses forward exchange contracts and options to hedge its exposure to foreign currency risk. These hedges, which have been assessed as effective cash flow hedges as at 30 June 2013, protect a proportion of the Group's revenue cash flows from foreign exchange movements and occur consistently throughout the year. The cumulative fair value of the outstanding foreign exchange hedges liability at 30 June 2013 was £2.1 million (30 June 2012: £1.3 million) and is included within the Group's derivative financial instrument liabilities.

	2013		2012	
	Notional amount £m	**Fair value assets/ (liabilities) £m**	Notional amount £m	Fair value assets/ (liabilities) £m
Cash flow hedges				
Foreign exchange nil-cost option collars	**89.4**	**(1.3)**	73.8	(0.7)
Foreign exchange forward contracts	**3.3**	**(0.1)**	30.3	(0.6)
	92.7	**(1.4)**	104.1	(1.3)

The maturity profile of the Group's outstanding hedges is shown below.

	Notional amount with maturity date (£m)					
	2013			2012		
	Collars	**Forward contracts**	**Total**	Collars	Forward contracts	Total
Within 6 months	**38.1**	**3.3**	**41.4**	34.3	13.6	47.9
6 –12 months	**41.4**	**–**	**41.4**	30.2	13.6	43.8
>12 months	**9.9**	**–**	**9.9**	9.3	3.1	12.4
	89.4	**3.3**	**92.7**	73.8	30.3	104.1

When hedges are assessed as effective, intrinsic value gains and losses are initially recognised in other comprehensive income and later reclassified to comprehensive income as the corresponding hedged cash flows crystallise. Time value in relation to the Group's hedges is excluded from being part of the hedging item and, as a result, the net unrealised loss related to the time value of the hedges is recognised in the consolidated statement of comprehensive income for the year.

A £0.4 million intrinsic loss (FY2011/12: £0.1 million gain) on the Group's hedges has been recognised through other comprehensive income and £nil intrinsic value (FY2011/12: £nil) was reclassified from equity to the statement of comprehensive income in the year.

Included within the realised and unrealised hedging loss of £1.2 million (note 7) recognised at 30 June 2013 (£0.1 million gain at 30 June 2012) are:

- a £0.5 million loss in respect of foreign exchange hedges covering net management fee income for the financial year ending 30 June 2014 (FY2011/12: £0.5 million loss in respect of foreign exchange hedges covering net management fee income for the financial year ended 30 June 2013); and
- a £0.7 million loss in respect of crystallised foreign exchange contracts (FY2011/12: £0.6 million gain).

Company

The risk management processes of the Company including those relating to the specific risk exposures covered below are aligned with those of the Group as a whole unless stated otherwise.

In addition, the risk definitions that apply to the Group are also relevant for the Company.

Credit risk

The Company's maximum exposure to credit risk is represented by the carrying value of its financial assets. The table below lists financial assets subject to credit risk by credit rating:

	2013 £m	2012 £m
Cash and cash equivalents	**271.7**	210.6
Trade and other receivables	**276.7**	232.5
Total	**548.4**	443.1

The Company's cash and cash equivalents comprise short-term deposits held with banks and liquidity funds which have credit ratings ranging from A to AAAm as at 30 June 2013 (30 June 2012: A to AAAm).

All trade and other receivables are considered to be fully recoverable and none were overdue at year end (30 June 2012: none).

Liquidity risk

The contractual undiscounted cash flows relating to the Company's financial liabilities all fall due within one year.

Details on leases and other commitments are provided in note 30.

22) Financial instrument risk management continued

Interest rate risk

The principal interest rate risk for the Company is that it could sustain a reduction in interest revenue from bank deposits held in the ordinary course of business through adverse movements in interest rates.

Bank and similar deposits held at year end are shown on the Company's balance sheet as cash and cash equivalents. The effective interest earned on bank and similar deposits during the year is given in the table below:

Effective interest rates applicable to bank deposits

	2013 %	2012 %
Deposits with banks and liquidity funds	**0.34**	0.61

Deposits with banks and liquidity funds are repriced at intervals of less than one year.

At 30 June 2013, if interest rates over the year had been 30 basis points higher/30 basis points lower (30 June 2012: 50 basis points higher/50 basis points lower) with all other variables held constant, post-tax profit for the year would have been £0.4 million higher/£0.4 million lower (FY2011/12: £0.6 million higher/£0.6 million lower), mainly as a result of higher/lower interest on cash balances. An assumption that the fair value of assets and liabilities will not be affected by a change in interest rates was used in the model to calculate the effect on post-tax profits.

Foreign exchange risk

The Company is exposed to foreign exchange risk in respect of US dollar cash balances and primarily US dollar-denominated intercompany balances. However, such risk is not hedged by the Company.

At 30 June 2013, if the US dollar had strengthened/weakened by 10 cents against Sterling with all other variables held constant, profit before tax for the year would have increased/decreased by £24.9 million/£21.8 million respectively (FY2011/12: increased/decreased by £11.6 million/£10.2 million).

23) Share capital

Authorised share capital

Group and Company	**2013 Number of shares**	**2013 Nominal value £'000**	2012 Number of shares	2012 Nominal value £'000
Ordinary shares of 0.01p each	**900,000,000**	**90**	900,000,000	90

Issued share capital – allotted and fully paid

Group and Company	**2013 Number of shares**	**2013 Nominal value £'000**	2012 Number of shares	2012 Nominal value £'000
Ordinary shares of 0.01p each	**712,740,804**	**71**	712,740,804	71

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

During the year, no (FY2011/12: 543,633) ordinary shares were cancelled as part of an acquisition-related purchase price adjustment. The nominal value of cancelled shares is credited to a capital redemption reserve which is not presented on the face of the consolidated balance sheet as it is de minimis.

At 30 June 2013 there were 503,750 (30 June 2012: 1,898,221) 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 28,339,002 (30 June 2012: 25,691,454) shares that have release dates ranging from October 2013 to October 2017. Further details are provided in note 10.

24) Own shares

The EBT was established to act as an agent to facilitate the acquisition and holding of shares in the Company with a view to facilitating the recruitment and motivation of the employees of the Company. As at the year end, the EBT owned 35,205,106 (30 June 2012: 32,668,764) ordinary shares of 0.01p with a nominal value of £3,520 (30 June 2012: £3,267) and shareholders' funds are reduced by £115.8 million (30 June 2012: £88.9 million) in this respect. It is the intention of the Directors to make these shares available to employees by way of sale through the share-based compensation plans. The EBT is periodically funded by the Company for these purposes.

25) Treasury shares

Treasury shares held by the Company

Group and Company	**2013 Number**	**2013 £m**	2012 Number	2012 £m
Ashmore Group plc ordinary shares	**5,368,331**	**6.9**	5,368,331	6.9

Reconciliation of treasury shares

	2013 Number	2012 Number
At the beginning and end of the year	**5,368,331**	5,368,331

The market value of treasury shares was £18.4 million (30 June 2012: £18.7 million) at year end.

26) Trade and other payables

	Group 2013 £m	Group 2012 £m	**Company 2013 £m**	Company 2012 £m
Current				
Trade and other payables	**45.5**	29.6	**40.3**	26.3
Accruals and deferred income	**48.1**	52.6	**5.3**	18.4
Amounts due to subsidiaries	**–**	–	**0.2**	1.8
Contingent consideration	**0.5**	4.9	**–**	–
	94.1	87.1	**45.8**	46.5
Non-current				
Contingent consideration	**–**	5.8	**–**	–
Other non-current liabilities	**–**	–	**–**	–
	–	5.8	**–**	–
Total trade and other payables	**94.1**	92.9	**45.8**	46.5

26) Trade and other payables continued

Contingent consideration

The Group's contingent consideration liabilities comprise amounts payable in future periods subject to achievement of agreed milestone targets by the relevant maturity date of 31 May 2014. The total contingent consideration liability of £0.5 million is considered to be payable in less than one year and classified as a current liability.

Movement of contingent consideration

	Contingent consideration £m
At 30 June 2011	32.0
Net present value discount unwind	4.1
Fair value adjustment	(16.8)
Consideration that crystallised during the year	(9.5)
FX revaluation	0.9
At 30 June 2012	10.7
Net present value discount unwind	**0.9**
Fair value adjustment	**(10.8)**
Consideration that crystallised during the year	**–**
FX revaluation	**(0.3)**
At 30 June 2013	**0.5**

The Group's contingent consideration liabilities were adjusted down at the end of the year, in line with accounting standards, to reflect its fair value. Such a movement in fair value was driven principally by the levels of equities AuM managed by Ashmore Equities Investment Management (US) L.L.C. at 30 June 2013, compared with the relatively higher levels forecast when the fair values of the contingent consideration liabilities were established.

The fall in the fair value of contingent consideration liabilities at 30 June 2013 resulted in a downward adjustment £10.8 million (FY2011/12: £16.8 million) at that date. The reduction of the discounted liability, the corresponding entry to which is reported within finance income, reflects a reduction in the Group's expected payments as a result of performance against contingent consideration milestones to date.

The potential undiscounted value of future annual payments that the Group could be required to make under contingent consideration arrangements is between £nil and a maximum of £40.7 million/US$61.9 million (30 June 2012: nil and £65.3 million/US$102.5 million). In addition to the annual earn-out payments, the Group could be required to pay a further £44.4 million/US$67.5 million (FY2011/12: £17.1 million/US$26.9 million) as a result of catch up provisions relating to prior periods. The fair value of the contingent consideration was calculated by reference to forecast management fee earnings over the remaining period to 31 May 2014 and discounted using the Group's weighted average cost of capital of 13.0%. The assumptions are reviewed on a regular basis to assess the potential sensitivities and impact on the Group. The undiscounted value of the estimated payments was £0.6 million/US$0.9 million (30 June 2012: £12.5 million/US$ 19.7 million). At maturity, contingent consideration will be settled using a combination of cash and new Ashmore ordinary shares at the prevailing market price. The current estimate of the undiscounted contingent consideration is all due to be settled in cash, with no further option for Ashmore to settle in equity (30 June 2012: £3.0 million/US$4.7 million of the then estimate of the undiscounted contingent consideration amount could be settled with equity). The discount applied to the contingent consideration will unwind until the time when the final payment is made in May 2014.

It is management's judgement that a 10.0% movement in key assumptions would not materially impact the value of contingent consideration liabilities.

27) Subsidiaries

Operating subsidiaries

Movements in investments in subsidiaries during the year were as follows:

Company	**2013 £m**	2012 £m
Cost		
At the beginning and end of the year	**20.1**	20.1

In the opinion of the directors, the following subsidiary undertakings principally affected the Group's results or financial position. A full list of subsidiary undertakings at 30 June 2013 will be annexed to the next annual return of Ashmore Group plc filed with the Registrar of Companies.

Name	Country of incorporation/formation and principal place of operation	**% of equity shares held by the Group**
Ashmore Investments (UK) Limited	England	**100.00**
Ashmore Investment Management Limited	England	**100.00**
Ashmore Management Company Limited	Guernsey	**100.00**
Ashmore Investment Management (Singapore) Pte. Ltd.	Singapore	**100.00**
AA Development Capital Investment Managers (Mauritius) LLC	Mauritius	**55.00**
Ashmore Investments (Brasil) Limited	Guernsey	**91.25**
Ashmore Investments (India) Limited	Mauritius	**100.00**
Ashmore Investments (Turkey) NV	Netherlands	**91.20**
Ashmore Investment Management (US) Corporation	USA	**100.00**
PT Ashmore Asset Management Indonesia (formerly PT Buana Megah Abadi)	Indonesia	**73.91**
Ashmore Investments (Colombia) SL	Spain	**100.00**
Ashmore Japan Co. Limited	Japan	**100.00**
Ashmore Investment Consulting (Beijing) Co. Limited	China	**100.00**
Ashmore EMM Holding Corp.*	USA	**100.00**
Ashmore EMM L.L.C.*	USA	**63.63**

* With effect from 1 July 2013, the names of Ashmore EMM Holding Corp. and Ashmore EMM L.L.C. changed to Ashmore Equities Holding Corporation and Ashmore Equities Investment Management (US) L.L.C. respectively.

Consolidated funds

The following investment funds, over which the Group is deemed to have control, have been consolidated into the Group's results.

Name	Type of fund	Country of incorporation/formation and principal place of operation	**% of net assets value held by the Group**
Ashmore Emerging Markets Equity Fund	Equity	USA	**65.7%**
Ashmore Emerging Markets Small-Cap Equity Fund	Equity	USA	**73.0%**
Ashmore Brasil Ações FIC FIA	Equity	Brazil	**72.3%**
Ashmore SICAV 3 Multi Strategy Fund	Multi-strategy	Luxembourg	**82.7%**

28) Investments in associates and joint ventures

Group

Movements in investments in associates and joint ventures during the year were as follows:

	2013			2012		
	Associates £m	**Joint ventures £m**	**Total £m**	Associates £m	Joint ventures £m	Total £m
At the beginning of the year	**2.3**	**–**	**2.3**	2.3	–	2.3
Additions	**–**	**9.9**	**9.9**	–	–	–
Share of profit	**0.3**	**(0.4)**	**(0.1)**			
Distributions	**(0.3)**		**(0.3)**	–	–	–
At the end of the year	**2.3**	**9.5**	**11.8**	2.3	–	2.3

During the year, the Group entered into an agreement to acquire a 49% interest in a fund management joint venture with Central China Securities Co. Ltd. in China. Under the terms of the agreement and upon being granted the required approvals by the China Securities Regulatory Commission and other relevant government authorities, the Group contributed its share of the initial capitalisation, equivalent to £9.9 million, by January 2013.

The list of associates and joint ventures in which the Group holds interests at year end are shown below.

Associates and joint ventures at 30 June 2013

Name	Type	Nature of business	Country of incorporation/ formation and principal place of operation	% of equity shares held by the Group
VTB-Ashmore Capital Holdings Limited	Associate	Investment management	Russia	50%
Everbright Ashmore	Associate	Investment management	China	30%
Central China Securities Co. Limited	Joint venture	Investment management	China	49%

The associates and the joint venture are unlisted.

Associates

The summarised aggregate financial information on associates is shown below.

Group	**2013 £m**	2012 £m
Total assets	**4.7**	4.4
Total liabilities	**(1.4)**	(1.4)
Net assets	**3.4**	3.0
Group's share of net assets	**1.1**	0.9
Revenue for the year to 30 June 2013	**4.9**	3.2
Profit for the year to 30 June 2013	**1.1**	0.4
Group's share of profit for the year	**0.3**	0.1

The carrying value of the investments in associates include attributable goodwill that arose on acquisition of the associates. Although the Group's share of net tangible assets of the associates is currently below the aggregate carrying value of the associates reflected on the consolidated balance sheet, the Group has considered that this position, which has arisen as the associates progress through initial establishment phases, is temporary. No permanent impairment is believed to exist relating to the associates.

The Group has undrawn capital commitments of £6.4 million (30 June 2012: £9.6 million) to investment funds managed by the associates.

Further details are provided in note 30.

Joint ventures
Summarised financial information on the Group's share in the joint venture is shown below:

	2013 £m	2012 £m
Current assets	**5.7**	–
Non-current assets	**0.1**	–
Current liabilities	**(0.1)**	–
Non-current liabilities	**–**	–
Total equity	**5.7**	–
Income	**0.4**	–
Expenses	**(0.8)**	–
Loss for the year	**(0.4)**	–

29) 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 Group and Company
The compensation paid to or payable to key management for employee services is shown below:

£m	2013 £m	2012 £m
Short-term employee benefits	**2.7**	2.7
Defined contribution pension costs	**–**	–
Share-based payment benefits	**1.7**	2.6
	4.4	5.2

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

Details of the remuneration of Directors are given in the Remuneration report on pages 54 to 66.

During the year, there were no other transactions entered into with key management personnel (FY2011/12: none). Aggregate key management personnel interests in consolidated funds at 30 June 2013 was £3.5 million (30 June 2012: £nil).

Transactions with subsidiaries – Company
Details of transactions between the Company and its subsidiaries are shown below:

	2013 £m	2012 £m
Transactions during the year		
Management fees received	**79.1**	65.4
Net dividends received	**196.7**	194.8
Loans given to subsidiaries	**51.3**	96.1

Amounts receivable or payable to subsidiaries are disclosed in notes 18 and 26.

Transactions with Ashmore Funds – Group
During the year, the Group received £337.0 million gross management fees and performance fees (FY2011/12: £270.4 million) from the 75 funds (FY2011/12: 72 funds) it manages and which are classified as related parties. As at 30 June the Group has receivables due from funds of £57.6 million (30 June 2012: £50.3 million).

29) Related party transactions continued

Transactions with the EBT– Group and Company

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

Transaction with the Ashmore Foundation – Group and Company

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 donated £0.1 million to the Foundation during the year (FY2011/12: £0.1 million).

30) Commitments

Operating lease commitments

The Group and Company have entered into certain property leases. The leases have no escalation clauses or renewal or purchase options, and no restrictions imposed on them. The future aggregate minimum lease payments under these non-cancellable operating leases fall due as follows:

Group

	2013 £m	2012 £m
Within 1 year	**2.9**	2.9
Between 1 and 5 years	**8.5**	9.2
Later than 5 years	**6.7**	7.9
	18.1	20.0

Company

	2013 £m	2012 £m
Within 1 year	**1.2**	1.2
Between 1 and 5 years	**4.6**	4.6
Later than 5 years	**6.3**	7.5
	12.1	13.3

Operating lease expenses are disclosed in note 11.

Undrawn investment commitments

	2013 £m	2012 £m
VTBC-Ashmore Real Estate Partners I, L.P.	**3.4**	3.4
Everbright Ashmore China Real Estate Fund	**3.0**	6.2
Ashmore I – FCP Colombia Infrastructure Fund	**4.9**	8.8

Company

The Company has undrawn loan commitments to other Group entities totalling £94.5 million (30 June 2012: £31.3 million) to support their investment activities but has no investment commitments of its own (30 June 2012: none).

31) Post-balance sheet events

There were no post-balance sheet events that required adjustment of or disclosure in the financial statements for the year ended 30 June 2013.

32) Accounting estimates and judgements

Estimates and judgements used in preparing the financial statements are regularly evaluated and are based upon management's assessment of current and future events. The principal estimates and judgements that have a significant effect on the carrying amounts of assets and liabilities are discussed below.

Goodwill

The Group tests goodwill and intangible assets annually for impairment. The recoverable amount is determined based upon value in use calculations prepared on the basis of management's assumptions and estimates. The carrying value of goodwill and intangibles on the Group's balance sheet at 30 June 2013 was £84.3 million (30 June 2012: £98.1 million). Management considers that reasonable possible changes in any of the key assumptions applied would not cause the carrying value of goodwill to materially exceed its recoverable value.

Performance fees

The Group assesses the recognition of performance fees to determine whether receipt of the fees is considered probable and the amount reliable. The assessment is made using management's judgement of the circumstances relevant to each performance fee entitlement.

There were no outstanding performance fees receivable at 30 June 2013 (30 June 2012: none).

Earnout arrangements

The Group assesses the expected payments to be made under earnout arrangements to determine whether the estimates are reasonable based on current information. The assessment is made using management's judgement of the likelihood of the conditions of the earnout being met taking into account the revenue earning capability of the underlying AuM. The fair value of the contingent consideration is then calculated by reference to those estimates, weighted according to management's estimates of their probabilities and discounted using the Group's weighted average cost of capital. The combined liability of all earnout arrangements on the Group's balance sheet at 30 June 2013 was £0.5 million (30 June 2012: £10.7 million) (refer to note 26).

Contingent consideration

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

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.

Five-year summary

	2013 £m	2012 £m	2011 £m	2010 £m	2009 £m
Management fees	**316.0**	302.6	250.9	192.1	186.8
Performance fees	**33.4**	25.4	85.4	82.9	52.5
Other revenue	**6.2**	6.2	6.5	6.4	6.4
Total revenue	**355.6**	334.2	342.8	281.4	245.7
Distribution costs	**(4.8)**	(3.7)	(1.6)	(2.2)	(3.6)
Foreign exchange	**4.7**	2.8	(7.4)	7.0	(38.6)
Net revenue	**355.5**	333.3	333.8	286.2	203.5
Gain/(Loss) on investment securities	**4.9**	(0.4)	–	–	–
Change in third-party interests in consolidated funds	**(1.2)**	(0.4)	–	–	–
Personnel expenses	**(25.1)**	(23.6)	(15.3)	(12.8)	(11.5)
Variable compensation	**(57.2)**	(49.4)	(56.2)	(46.0)	(24.5)
Other operating expenses	**(44.9)**	(34.4)	(22.9)	(18.1)	(16.9)
Total operating expenses	**(123.5)**	(108.2)	(94.4)	(76.9)	(52.9)
Operating profit	**232.0**	225.1	239.4	209.3	150.6
Finance income	**26.6**	22.2	6.5	7.9	9.2
Finance expenses	**(0.9)**	(4.1)	–	–	–
Share of profit from associates and joint venture	**(0.1)**	–	–	–	–
Profit before tax	**257.6**	243.2	245.9	217.2	159.8
Tax expense	**(56.0)**	(57.5)	(55.7)	(56.6)	(44.3)
Profit for the year	**201.6**	185.7	190.2	160.6	115.5

EPS (basic)	**30.0p**	26.8p	28.1p	23.9p	17.1p
Other operating data (unaudited)					
AuM at period end (US$bn)	**77.4**	63.7	65.8	35.3	24.9
AuM at period end (£bn)	**50.9**	40.6	41.0	23.6	15.1
Average AuM (£bn)	**46.0**	40.2	29.0	19.8	17.3
Average £/US$ exchange rate for the year	**1.57**	1.59	1.59	1.58	1.60
Period end £/US$ exchange rate for the year	**1.52**	1.57	1.61	1.49	1.65

Information for shareholders

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Company No. 3675683

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61 Aldwych
London WC2B 4AE
Tel: +44 (0) 20 3077 6000
Fax: +44 (0) 20 3077 6001

Principal UK trading subsidiary
Ashmore Investment Management Limited

Registered in England and Wales, Company No. 3344281.

Business address and registered office as above.

Further information on Ashmore Group plc can be found on the Company's website: www.ashmoregroup.com.

Financial calendar
Announcement of results for year ended 30 June 2013
10 September 2013

First quarter interim management statement
10 October 2013

Annual General Meeting
30 October 2013

Ex-dividend date
6 November 2013

Record date
8 November 2013

Final dividend payment date
6 December 2013

Second quarter AuM statement
January 2014

Announcement of unaudited interim results for the six months ended 31 December 2013
February 2014

Third quarter interim management statement
April 2014

Announcement of results for the year ended 30 June 2014
September 2014

Registrar
Equiniti Registrars
Aspect House
Spencer Road
West Sussex
BN99 6DA

UK shareholder helpline: 0871 384 2812 (Calls to this number cost 8p per minute from a BT landline, other providers' costs may vary. Lines are open 8.30am to 5.30pm, Monday to Friday.)

International shareholder helpline: +44 121 415 7047

Further information about the Registrar is available on their website www.equiniti.com.

Up-to-date information about current holdings on the register is also available at www.shareview.co.uk.

Shareholders will need their reference number (account number) and postcode to view information on their own holding.

Share price information
Share price information can be found at ww.ashmoregroup.com or through your broker.

Share dealing
Shares may be sold through a stockbroker or share dealing service. There are a variety of services available. Equiniti Registrars offer a secure, free and easy-to-use internet-based share dealing service known as Shareview Dealing.

You can log on at www.shareview.co.uk/dealing to access this service, or contact the helpline on 0845 603 7037 to deal by telephone.

You may also use the Shareview service to access and manage your share investments and view balance movements, indicative share prices, information on recent dividends, portfolio valuation and general information for shareholders.

Shareholders must register at www.shareview.co.uk entering the shareholder reference on the share certificate and other personal details.

Having selected a personal PIN, a user ID will be issued by the Registrar.

Electronic copies of the 2013 Annual Report and financial statements and other publications
Copies of the 2013 Annual Report and financial statements, the Notice of Annual General Meeting, other corporate publications, press releases and announcements are available on the Company's website at www.ashmoregroup.com.

Sharegift
Shareholders with only a small number of shares whose value makes them uneconomic to sell may wish to consider donating to charity through Sharegift, an independent charity share donation scheme.

For further information, please contact either the Registrar or see the Sharegift website at www.sharegift.org.

Frequent shareholder enquiries
Enquiries and notifications concerning dividends, share certificates or transfers and address changes should be sent to the Registrar; the Company's governance reports, corporate governance guidelines and the terms of reference of the Board committees can be found on the Company's website at www.ashmoregroup.com.

Notifying the Company of a change of address
You should notify Equiniti Registrars in writing.

If you hold shares in joint names, the notification to change address must be signed by the first-named shareholder. You may choose to do this online, by logging on to www.shareview.co.uk. You will need your shareholder reference number to access this service – this can be found on your share certificate or from a dividend counterfoil.

You will be asked to select your own PIN and a user ID will be posted to you.

Notifying the Company of a change of name
You should notify Equiniti Registrars in writing of your new name and previous name. You should attach a copy of your marriage certificate or your change of name deed, together with your share certificates and any un-cashed dividend cheques in your old name, so that the Registrar can reissue them.

Dividend payments directly into bank or building society accounts
We recommend that all dividend payments are made directly into a bank or building society account. Dividends are paid via BACS, providing tighter security and access to funds more quickly. To apply for a dividend mandate form, contact the Registrar, or you can find one by logging on to www.shareview.co.uk (under Frequently Asked Questions) or by calling the helpline on 0871 384 2812 (calls to this number cost 8p per minute from a BT landline, other providers' costs may vary. Lines are open 8.30am to 5.30pm, Monday to Friday).

International shareholder helpline: +44 121 415 7047

Transferring Ashmore Group plc shares
Transferring some or all of your shares to someone else (for example your partner or a member of your family) requires completion of a share transfer form, which is available from Equiniti Registrars. The form should be fully completed and returned with your share certificate representing at least the number of shares being transferred. The Registrar will then process the transfer and issue a balance share certificate to you if applicable. The Registrar will be able to help you with any questions you may have.

Lost share certificate(s)
Shareholders who lose their share certificate(s) or have their certificate(s) stolen should inform Equiniti Registrars immediately by calling the shareholder helpline on 0871 384 2812 (calls to this number cost 8p per minute from a BT landline, other providers' costs may vary. Lines are open 8.30am to 5.30pm, Monday to Friday).

International shareholder helpline: +44 121 415 7047

Disability helpline
For shareholders with hearing difficulties a special text phone number is available: +44 (0)871 384 2255.

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