Ashmore Group plc
Annual Report
for the year ended 30 June 2010

Ashmore

About us

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Who we are and our markets

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

Ashmore manages US$35.3 billion in 80 accounts for a broad range of predominantly institutional investors, from both developed world and emerging markets sources of capital.

Business and financial highlights

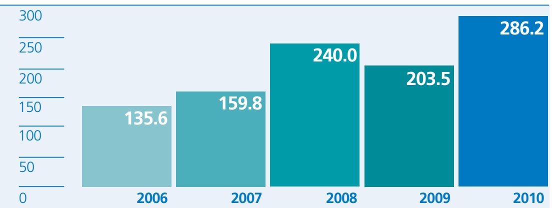
Business highlights

- Good financial performance and strong growth in AuM
- Of accounts managed to benchmarks, 97% by AuM outperformed benchmarks over 1 year
- Further progress in deepening and broadening distribution capability
- Increased AuM sourced from within the emerging markets

Financial highlights

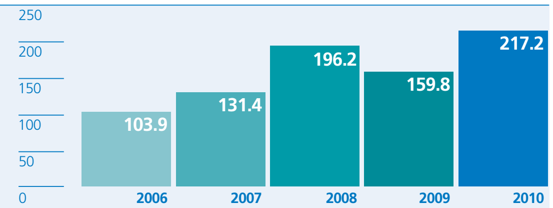
Net revenue

+41%
£286.2m



Profit before tax

+36%
£217.2m

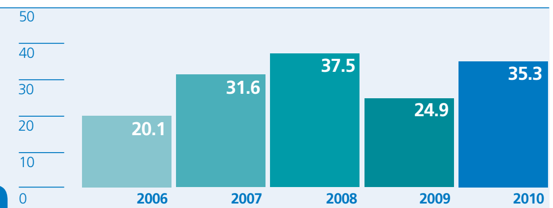


Performance fees

£52.5m (2009)
£82.9m

Assets under management (AuM) at period end

+42%
US$35.3bn

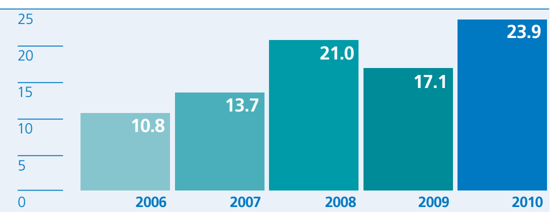


Operating margin

74% (2009)
73%

EPS basic

+40%
23.9p



Final dividend per share

8.34p (2009)
9.34p

We are one of the world's leading emerging market investment managers

Background

- First fund established 1992 within ANZ
- Established as an independent company through MBO 1999
- Listed on London Stock Exchange in October 2006, within FTSE 250

Financial and operational highlights

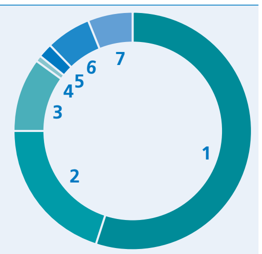
- Profit before tax £217.2 million (2009: £159.8 million)
- Operating margin 73% (2009: 74%)
- Average management fee margin 95bps (2009: 107bps)
- AuM of US$35.3 billion at 30 June 2010 (2009: US$24.9 billion)
- 80 emerging markets funds/accounts. 13 managed by local asset management ventures
- 165 employees (2009: 142 employees)
- Headquartered in London
- Other offices in Brazil, China, Colombia, India, Russia, Turkey, Australia, Japan, Singapore, and USA

Emerging markets opportunity

- Forecast growth in emerging markets significantly outstripping developed world levels
- Expansion of emerging markets role in setting international policy in G20

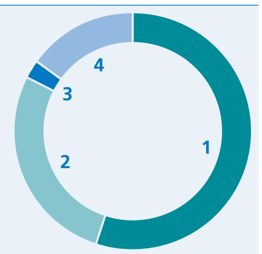
AuM as classified by mandate
(%)

1	External debt	55
2	Local currency	20
3	Special situations	10
4	Equity	1
5	Corporate debt	2
6	Multi-strategy	6
7	Other	6



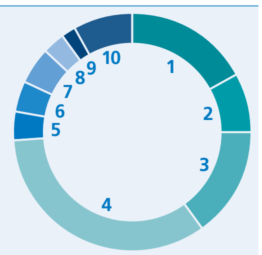
Fund classification
(No.)

1	Ashmore sponsored	44
2	Segregated	22
3	Structured product	2
4	White label/ dual branded	12



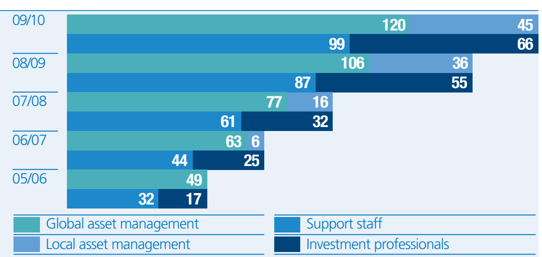
AuM by investor type
(%)

1	Corporate pension plans	17
2	Banks	8
3	Public pension plans	15
4	Governments	34
5	Fund of funds	4
6	Insurance	4
7	Fund/sub-advisor	5
8	Other	3
9	Permanent capital	2
10	HNWI/retail	8



Year-end headcount

142 (2009)
165



Capitalising on increasing investor allocations into and between emerging markets

Invests exclusively in emerging markets across six principal investment themes (external debt, local currency, special situations, equity, corporate debt, multi-strategy and other including currency hedging/overlay, real estate and infrastructure).

Where we operate and invest

- Offices
- Markets invested

"The Group has made significant progress in financial terms with strong growth in assets under management and good investment performance."

Events have emphasised the increasing importance of emerging markets within the global order

It gives me pleasure to present the results for the year ended 30 June 2010 in what has been a good year for Ashmore Group plc ("Ashmore", or the "Group"). The Group has made significant progress in financial terms, with strong growth in assets under management (AuM) and good investment performance producing management and performance fee growth. Through the maintenance of a robust and efficient business model, overall this results in an increase of 36% in profit before tax to £217.2 million (FY2008/09: £159.8 million).

The Group has also made further progress in operational terms with the development of new funds and investment themes, increased scale and geographical reach to its distribution team, and, as part of the third phase of its strategy – mobilising emerging market capital – by developing further local asset management businesses in some of the key emerging markets.

In recognition of this financial performance and underlining the Board's confidence in the future prospects of the Group, the Directors are recommending an increased final dividend of 9.34 pence per share for the year ended 30 June 2010 which, subject to shareholder approval, will be paid on 3 December 2010 to shareholders on the register on 5 November 2010. This makes a total dividend for the year of 13 pence per share (FY2008/09: 12.0 pence), an increase of 8.3%.

The Board continues to maintain its focus on good corporate governance and recognises the year has seen a new Corporate Governance Code released in May 2010 ("the 2010 Code"). Whilst the 2010 Code does not apply to Ashmore until the next financial year the Company intends to adopt it with immediate effect.

The team at Ashmore has had a year they can be proud of and I should like to thank them all for the efforts they have made in contributing to the achievement of these results. These remain challenging times in the global financial markets but the events of last year have emphasised the increasing importance of emerging markets within the global order. I am confident that Ashmore, with its long history and excellent track record of investment in emerging markets, is extremely well positioned to benefit from the growing opportunity.

Michael Benson
Chairman

13 September 2010

Chief Executive Officer's statement

The year has been marked by further enhancement of the relative positioning of emerging markets over developed markets

I am pleased to be able to report that in the year ended 30 June 2010 Ashmore Group plc performed well in respect of its key targets of overall investment performance of assets managed, growth of assets under management and the financial performance of the company. The Group also made good progress in its plans to deepen and broaden its distribution capability, and in advancing its local asset management ventures in key emerging markets. Meanwhile, the investment world is steadily getting our messages that emerging markets must become a core part of an investment portfolio in the future and that few have enough of their investable assets committed to those regions.

Assets under management and financial performance

AuM development

The Group's AuM increased by 42% from an opening level of US$24.9 billion to reach US$35.3 billion at the year end. This was achieved through net subscriptions of US$7.6 billion and positive investment performance of US$2.8 billion. Gross subscriptions were significantly higher than the prior year at US$11.3 billion (FY2008/09: US$3.8 billion) with the majority of the inflows going to the Group's most liquid investment themes of external debt and local currency, much as predicted at the time of last year's annual report and in line with our previous experience at this stage of the cycle after crisis. The principal sources of funds were larger segregated account mandates, including significant new funds from governments/reserve managers and sovereign wealth funds from the emerging markets themselves. In line with the overall secular shift that we have been predicting, such accounts are no longer moving simply into dollar-denominated instruments, but into local currency assets in emerging markets, and which now include currency overlay and hedging products in addition to active mandates in both currencies and bonds. Levels of gross redemptions were reduced sharply from the prior period at US$3.7 billion (FY2008/09: US$11.3 billion).

Financial performance

The Group achieved good growth in revenue in the year, with a 41% increase in net revenue to £286.2 million (FY2008/09: £203.5 million). Management fee income in sterling terms increased by 3% to £192.1 million (FY2008/09: £186.8 million) as a result of increased average AuM and improved foreign exchange conversion rates, offset by reduced average fee margins. This reduction in margins is as a result of the mix of subscriptions as the business and its asset classes grow and evolve, with larger segregated client inflows and the most liquid investment themes attracting lower pricing. Performance fee income grew strongly by 58% to £82.9 million (FY2008/09: £52.5 million), as a result of strong investment performance from funds across investment themes, principally this year from annual fees of funds with 31 December and 30 April year end dates. This again demonstrates the benefits of our performance fee model where annual fees are staggered across the financial year. Profit before tax increased 36%

For KPIs
please see page 14

Sub-themes introduced within external debt, local currency and corporate debt with different liquidity and risk characteristics

Final dividend per share

8.34p (2009)
9.34p

from £159.8 million to £217.2 million with earnings per share increasing to 23.9 pence (FY2008/09: 17.1 pence). In line with the increase in earnings per share, and in view of the positive outlook for the business, whilst maintaining a strong balance sheet to support seed capital for new products, we are delighted to be able to recommend an increase in the total dividend to 13.0 pence (FY2008/09: 12.0 pence).

Emerging markets: Developments and opportunities

The year has been marked by the further enhancement of the relative positioning of emerging markets over developed markets in several ways. Firstly, the forecast for economic growth in emerging markets remains a credible 6-7% in both 2010 and 2011, significantly outstripping the forecast growth levels for the developed world of just over 2% in each year. Developed markets will only recover slowly from the credit crisis as the effects of deleveraging will still be felt for some time and policy has to adjust to reflect the much less levered environment. Secondly, balance of payment fundamentals in many emerging markets remain strong and improving. A number of emerging economies already have the theoretical capacity to use reserves to pay off all of their debt and still be left with surpluses; an impossible dream for any major developed country. Thirdly, despite home country bias, the historic prejudices of investors towards the "safer" developed world over "riskier" emerging markets are steadily being dispelled by the recent events in the Eurozone, where downgrades have begun to contrast with the steady upgrades expected in emerging markets over coming years. Finally, the role of the emerging markets, and their importance within the G20 as it sets international policy, continues to expand, particularly in exploring the longer term reform of the international monetary system and the likely increased role of emerging markets' currencies.

In summary, there is a new structure to the global economy and in particular the bargaining power of the emerging world. Ashmore has a long history of successful investment across emerging markets and regards this long-term structural opportunity, coupled with an inexorable shift of investors' allocations to the emerging markets, as providing a platform for further development in shareholder value through the execution of our stated three-phase strategy.

For our strategy
please see page 08

Operational achievements

The key to the long-term success of any asset manager is to consistently produce strong investment performance and establish and distribute products that capture the requirements of a diverse and growing client base. Investment performance during the year was good overall with 97% by AuM of those accounts managed to benchmarks outperforming their benchmarks over one year, and 53% outperforming over three years. Hence the Group's well-established active investment processes, which have been tested during a number of of cycles, continued to generate alpha. Importantly, this alpha also came from where we expected and had predicted to clients, in the roll-down of risk through our investment themes from sovereign investment grade through non-investment grade to local currency, corporate debt, equity and, just beginning in this year and expected to continue over the next 1-2 years, special situations/private equity.

Recognising developments within emerging markets, availability of assets for investment and providing routes to invest in them is our core function. As more investors realise the opportunity of emerging market investing, and those markets grow and provide more diversified opportunities, our challenge is to provide suitable products to each potential client. This year saw us establish a variety of new products as we saw increasing opportunity to provide investors differing slices of emerging markets risk with different target returns and liquidity profiles.

As a result, and as our existing investors will know, we now provide sub-themes within each of the major public markets investment themes of external debt, local currency and corporate debt, with different liquidity and risk characteristics. If an investor wants a highly liquid, plain vanilla, single theme, daily dealing product, with lower targeted returns than the strategies that accept less liquidity, or than the more blended and complex investment packages, then we can now provide it, both in UK and Europe (and to some extent Asia), through a full suite of SICAV products. We also expect to be able to do so in the USA in this financial year.

Our strategy

Phase I: Establish emerging market asset class 1

Status:
Largely completed

Description

- → Establish Ashmore emerging markets investment processes
- → Enhance understanding of emerging markets debt in the developed world
- → Provide access to emerging markets, and their rapid development opportunities
- → Develop strong performance track record
- → Increase developed world investor allocations into emerging markets

Phase 1

Key recent achievements

- → Continued leading provider of emerging markets views and insights through Ashmore research and references within a wide range of financial publications such as the Financial Times
- → Regular discussion forums with central banks and influential investor groups
- → Growing recognition of emerging markets as an integral part of asset allocation

Phase 2: Diversify developed world capital sources and themes 2

Status:
Underway – significant growth available

Description

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

Phase 2

Key recent achievements

- → Development of new investment sub-themes including investment grade sovereign/sovereign (external debt), short-term/money markets, long-term/interest rate duration (local currency) and investment grade/high yield (corporate debt)
- → Launch of 8 new SICAV funds in February 2010 bringing total onshore retail-friendly funds to 12
- → Gained Qualified Foreign Institutional Investor (QFII) status in China, leading to the launch of Greater China equity and fixed income funds in April 2010
- → 97% of Ashmore's open-ended funds have outperformed their relevant benchmarks over a 1 year period

For new funds and accounts
please see page 13

Phase 3: Mobilise emerging markets capital 3

Status:
Commenced – enormous future growth opportunities

Description

- → Mobilise emerging markets capital managed offshore:
  - – Capital sourced initially from largest pools, ie 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

Phase 3

Key recent achievements

- → Global office network enhanced through establishment of offices in China, Colombia and Russia during the period. Approximately 25% of Ashmore's total employees are now based in local offices
- → Establishment of dedicated Chinese and Russian real estate platforms through local partnerships
- → Onshore capital raised through existing and new fund launches from Ashmore's Brazil, Colombia and Turkey local subsidiaries

For our locations
please see page 24 and 25

Assets under management (AuM) at period end

+42%
US$35.3bn

Profit before tax

+36%
£217.2m

Capitalising on increasing investor allocations into and between emerging markets

An external debt investor can now access the sub-themes of a) sovereign investment grade only; b) sovereign and/or c) blended mandates incorporating differing proportions of external debt, local currency and corporate debt and in some cases special situations. In all cases this can now be done on a daily dealing basis. The local currency investment theme also now sees increasing levels of investor interest and understanding of the diversity of the opportunity set, ranging from purely foreign exchange (short-term/money markets) to local currency bonds (long-term/interest rate duration) to a blend of both, optimising risk/return and liquidity. Again, we have established funds and accounts including SICAVs on a daily dealing basis for each. This variety of sub-themes of investment grade, non-investment grade or a blend is also now available in corporate debt, except where there is lesser liquidity, and, in addition, our global public equity investment theme is now available on a daily dealing basis in SICAV form, alongside the sub-theme investing in closed end funds. We are also delighted to have received QFII status from China during the year to run a monthly dealing set of funds providing China A share, domestic fixed income and blended products. Obtaining such scarce capacity from the Chinese authorities both provides our investors with access to the onshore market and demonstrates our growing involvement within the local asset management market.

We have made progress on building a broader distribution platform during the year and, in line with the plans we outlined last year, added headcount in institutional business development, client relationship management and marketing services. Total headcount across the three areas at year end has increased by 62% to 21. This additional resource was added in existing offices in London and New York, and through the recruitment of dedicated distribution resources in Beijing and Tokyo by year end and Melbourne shortly thereafter, as well as within the local asset management ventures in Brazil and Turkey. We have now begun to focus on the global retail markets as the next stage in the development of our distribution platform, and are finalising the establishment and infrastructure associated with our new geographic locations, so we expect to add further resources and product conduits globally in the current year.

The Group's local asset management operations in Turkey, Brazil and India were enhanced during the year and we expect that one or two additional local asset management platforms will be opened in the current year. In all such locations we are currently actively undertaking processes to raise AuM through a range of open-ended fixed income and equity products as well as infrastructure, private equity, real estate and distressed debt asset classes where we see talent and opportunity. Whilst these businesses are currently a small percentage of the overall Group AuM, we believe that the development of a network of domestic asset management businesses operating in a number of the world's key emerging markets gives us direct access to the extraordinary growth potential arising both within these markets and across border and are seeds planted for the Group's future growth.

People and culture

A core part of Ashmore's culture is the focus on, and a deep understanding of, all aspects of the emerging markets in a team-based approach. The year just past has seen significant events both within the emerging markets and within markets traditionally viewed as developed. Ashmore tries to capture value from its view of the world and the markets' reactions from such events, both impacting on and arising from the emerging markets, and the demographic, macroeconomic, political and cultural trends in operation across the globe. This means maximising the advantage our broad Ashmore platform can give us, encompassing our track record, history, product range and scale, the exchange of ideas within the investment processes as well as across the business from distribution to support areas, and within both global and local asset management businesses. Our headcount has grown further in the year to 165 at 30 June 2010 (30 June 2009: 142) and our geographical and cultural diversity continues to broaden as a result, but we all focus on emerging markets and are determined to maintain our ability to maximise the Ashmore advantage. This absolute focus on the emerging markets is our primary alignment with our clients. We believe it also aligns us with our shareholders, whose investment rationale ultimately relates back to the emerging market investment opportunity. It continues to be a pleasure to work with everyone at Ashmore and I should like

Investment philosophy and process

Top-down macro driven process

- Proprietary investment approach unchanged since inception of flagship emerging markets external debt fund EMLIP in 1992
- Strong focus on political, economic, financial and technical dynamics as well as behaviour of local issuers, domestic and international investors and policy-makers. Skill set different from that required in developed markets. Willingness to pay as critical as ability
- Rigorous analysis of global and local macroeconomics and currency dynamics to manage portfolio risk
- Highly adaptive and flexible forward-looking scenario planning; unlike traditional approaches based on modelling past performance and/or statistics which miss structural shifts

Liquidity-driven

- Preference for liquid instruments, enabling us to execute changes in strategy in a prompt and efficient manner; particularly important during periods of quickly changing fundamentals
- Accept illiquidity only where value and risk managed by tight limits
- Derivatives may be used where permitted for local access, hedging, efficient portfolio management and occasionally credit risk enhancement

Active management

- Portfolio managers are involved in the full cycle of an investment: analysis, execution, monitoring, management and exit
- A focus on diversification and risk management while aiming to avoid alpha dilution
- Index-aware, not index-driven: indices can be a relevant yardstick for measurement and analysis of our performance but do not play a primary role in portfolio construction
- Allows us to react fast in periods of rapidly changing market conditions and benefit from information asymmetries

Maximise "Ashmore advantage"

- Dedicated to emerging markets
- Depth, breadth and experience – numbers, diversification and longevity of people and themes
- Relationships – investors, investees, contacts
- Scale of firm – size and variety of capital sources
- Investment philosophy – process, active, liquidity focus
- Performance – track record of alpha generation across themes and cycles
- Risk, legal and operational management focused on minimising transactional risks
- Combination of global and local asset management resources

Performance fees	Net management fees
£52.5m (2009)	£183.2m (2009)
£82.9m	£189.9m

to thank everyone for their efforts which contributed to the achievement of our good results this year for both our fund investors and our shareholders.

For Employees
please see page 40

Outlook

In the new financial year, unaudited annual performance fees for the funds with performance years ended 31 August 2010 were £43.5 million (August 2009: £5.1 million) which will be recognised in the financial year ended 30 June 2011.

The opportunities for investment continue to be good across our investment themes although probably in a lower absolute return world than the last year in the more liquid markets. External and local currency debt benefit from the ongoing recognition by investors of the relative attractiveness of sovereign emerging market issuers over their developed world counterparts. Recent local currency volatility simply means that it is a trader's market for the moment and we are happy to adjust for that, whilst in the medium term we expect continued euro weakness and the structural decline of the dollar to strengthen the case for investing in emerging market currencies. Meanwhile currency nervousness and overstated predictions of near-term emerging markets inflation, without proper recognition of improved policy management by local monetary authorities, will provide great opportunities to add local currency bonds and interest rate exposure in the coming year. Corporate debt and equities both benefit from the strong fundamentals of many of the emerging markets companies, with steady growth of both debt and equity issuance creating deeper markets and more scope to add capital. Of these two themes, we expect corporate debt to have stronger near-term performance, and it is one of our more favoured themes. We believe equity markets will be held back somewhat by the outlook for equity in low growth developed world markets, and as fundamental investors take time to increase their weightings to the emerging markets until they finally see the impact of domestic growth. Special situations assets within our portfolio continue to see increased realisations from investments made in 2004-2006 at attractive premia to historic valuations. We expect more over the next couple of years as strategies reach maturity as usual at this time in the cycle.

In terms of asset raising, the last year has seen an increase in the levels of AuM sourced from the emerging markets themselves and their largest sources of capital ie central banks/reserve managers, governments and sovereign wealth managers, and this is a trend we expect to continue. It is likely that over the long-term the local currency asset class will be of steadily increasing focus to these institutions and Ashmore continues to pride itself on gaining early, direct access to trading in the local market instruments directly for both the globally and locally managed funds we provide. Our local custodial network and hence ability to invest without complete dependence on international bank balance sheets is another benefit of diversification in which we invest significant time. We will continue this focus as we continue to see this asset class growing over time to be our biggest volume theme. The steps taken in the past year toward enhancing and broadening the distribution of Ashmore's funds will continue, and we expect to undertake further product development and organisational alignment to develop a greater proportion of business from the retail distribution channel, alongside our established institutional business development team.

Although the problem of home country bias in investment will never be completely eliminated as it has strong tribal roots, it is at its weakest in the developed world after crisis and in recovery mode. Hence, this is a strong current positive for Ashmore as our continued and consistent message receives a broader hearing. However, an even stronger positive is that our growth target market for capital flows is from the emerging markets themselves, and so when these investors exhibit home country bias, we will be there to encourage it and channel it into their own markets and away from the developed world.

In summary, we believe we are steadily better positioned in emerging markets investing and well set to deal with the greater competition that a growing investable universe inevitably brings. Our investment and business thesis remains on track and we look forward to developing it further in the coming year.

Mark Coombs
Chief Executive Officer

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A detailed account of the Group's activities and their financial impact

The Group recorded an operating profit before tax for the year ended 30 June 2010 of £209.3 million (FY2008/09: £150.6 million), giving rise to an operating margin of 73 per cent (FY2008/09: 74 per cent); a profit before tax of £217.2 million (FY2008/09: £159.8 million); and a profit after tax of £160.6 million (FY2008/09: £115.5 million). The financial results are analysed further below.

Assets under management and fund flows

Gross subscriptions in the year increased significantly from the previous period to a level of US$11.3 billion, these subscriptions being received almost equally between the first and second half concentrated particularly in the first and fourth quarters. Subscriptions were weighted predominantly to the most liquid themes, external debt and local currency as well as currency hedging/overlay. The majority of subscriptions were into segregated mandates with a number of further subscriptions from existing clients.

Other notable gross subscriptions on a smaller scale were those into the corporate debt theme, as investors' appetite for this asset class began to gather momentum through the year, and at the end of the year, into a new segregated mandate in the special situations theme.

Gross redemptions declined sharply to US$3.7 billion and in line with our statement at the interims, these continue to arise principally from clients' continued needs for liquidity. Often, these are undertaken by clients through a rebalancing process following periods of strong emerging market performance relative to other asset classes.

	Year ended 30 June 2010 US$bn	Year ended 30 June 2009 US$bn
Opening AuM	**24.9**	37.5
Gross subscriptions	**11.3**	3.8
Gross redemptions	**(3.7)**	(11.3)
Net subscriptions/(redemptions)	**7.6**	(7.5)
Performance	**2.8**	(5.1)
Closing AuM	**35.3**	24.9

New funds and accounts

The year saw a marked increase in the level of new funds launched from earlier years in terms of both number and levels of AuM. In the public funds category 14 funds were launched including 8 sub-funds of the Ashmore SICAV within the external debt theme (Sovereign Investment Grade Debt Fund, Sovereign Debt Fund); local currency theme (Emerging Markets Local Markets Fund, Local Currency Bond Fund); corporate debt theme (Investment Grade Corporate Debt Fund, Corporate Debt Fund); and equity theme (Equity Fund, Equity Select Fund). The Ashmore SICAV 3 and Ashmore Institutional Multi-Strategy Fund were launched within the multi-strategy theme. In real estate the Ashmore Russian Real Estate Recovery Fund and Everbright Ashmore China Real Estate Fund. The Ashmore Greater China Fund focusing on equities and fixed income investing principally within the domestic Chinese market utilising the QFII quota and a local currency fund managed by our Brazilian local asset management subsidiary.

Additionally 10 new segregated and dual-branded mandates were won in the period within the external debt, local currency, special situations, multi-strategy and local currency hedging/overlay strategies.

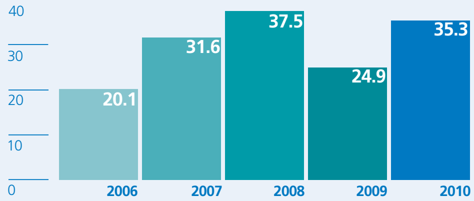
Our key performance indicators

The Group's progress towards achieving its strategic objectives is monitored by reference to a number of key performance indicators, as set out below:

Measure	Definition
Year-end AuM/ Average AuM	The movement between opening and closing assets under management 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.
Average net management fee margins (bps)	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.
Operating profit margin	The operating profit margin measures total operating profits against net revenues. Net revenues are calculated after deducting distribution costs and any rebates. Included within total operating costs are both fixed and variable personnel expenses, and other operating expenses.
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 profit before variable compensation, interest and tax. The amount includes performance-related bonuses, and share-based payments and associated social security costs.
Year-end headcount	The Group analyses its headcount by function (investment vs support), and by business (global asset management vs local asset management subsidiaries).

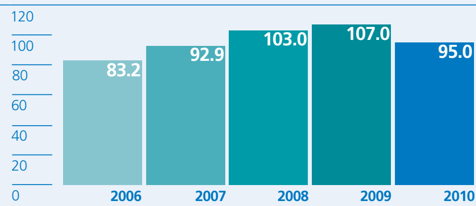
Long-term achievements

Assets under management



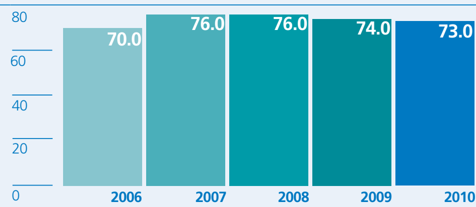
+42%
US$35.3bn

Average management fee margins



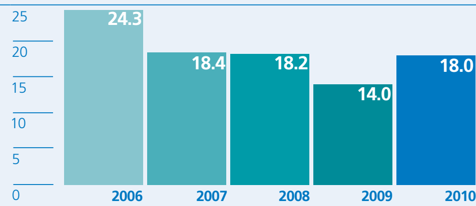
107.0bps (2009)
95.0bps

Operating profit margin



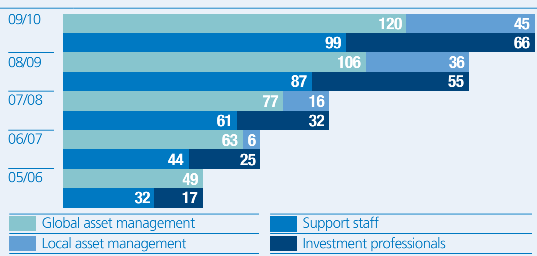
74.0% (2009)
73.0%

Variable compensation ratio



14.0% (2009)
18.0%

Year-end headcount



142 (2009)
165

2009/10 achievements

US$35.3bn/US$31.3bn

The increase in AuM in the period reflects the strong net inflows in the year with positive investment performance. Further subscriptions were received from existing clients and new segregated mandates and fund launches in the period. Inflows peaked in the first quarter before modest levels in the second and third quarters before a strong fourth quarter – reaching a closing level of AuM of US$35.3 billion at 30 June 2010.

95.0 basis points (bps)

During the period average net management fee margins decreased from 107bps in FY2008/09, largely driven by theme and client mix effects with the majority of new AuM being achieved within the lower margin liquid investment themes mainly from larger segregated mandates which typically have a lower management fee. The maintenance of high revenue margins, reflecting the specialist characteristics of many of the themes we manage and the active nature of our investment process, remains our aim.

73.0%

The Group has maintained a market-leading operating margin position. Whilst we have remained focused on growing our platform, we retain a significant degree of flexibility in our cost base, restricting fixed costs where possible. As we have outlined previously, we do expect this to normalise in the 60s over the long-term.

18.0%

The VC/EBVCIT percentage was increased in FY2009/10 to 18.0% (FY2008/09: 14.0%). This reflects the good performance in investment performance and raising of AuM in contrast with the negative performance for the prior period.

165

66 investment professionals and 99 support staff, 120 global asset management and 45 in local asset management subsidiaries
The Group's overall headcount has grown as planned in the period. The Group's principal areas of headcount increase in the period in its global asset management business were in the areas of investment and distribution together with targeted expansion of local asset management subsidiaries.

Our investment themes

Theme

External debt

Theme premise

Ashmore's longest established and largest theme. The external debt theme comprises principally US dollar and other hard currency denominated instruments, which may include derivatives, investing principally in sovereign bonds.

Overview

- → Launched 1992
- → Management fees £79.4m (FY2008/09: £74.5m)
- → Average mgmt fee margin: 71bps (FY2008/09: 79bps)
- → Performance fees: £43.0m (FY2008/09: £17.5m)
- → 7 public funds
- → AuM invested into 48 countries

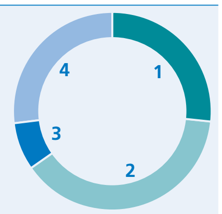
Assets under management (AuM)

Year ended 30 June 2010		US$bn
Opening AuM		14.7
Gross subscriptions	4.7	
Gross redemptions	(2.3)	
Net subscriptions/(redemptions)		2.4
Performance		2.3
Closing AuM		**19.4**

Accounts by theme

Fund classification
(No.)

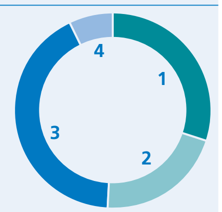
1 Ashmore sponsored	**7**
2 Segregated	**10**
3 Structured product	**2**
4 White label/dual-branded	**7**



Geography by theme

AuM as invested by geography
(%)

1 Eastern Europe	**30**
2 Asia Pacific	**21**
3 Latin America	**42**
4 Middle East and Africa	**7**



Current markets/ opportunities

- → Widely accepted as an asset class in fixed income
- → Sub-themes developed; investment grade-sovereign, sovereign and blended (exposure to other themes)
- → Strategic allocation benefits from improving fundamentals and global importance of emerging economies
- → Significant issuance and strong investor demand look set to continue

Local currency

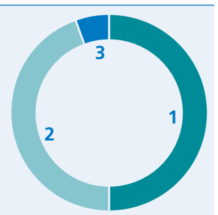
The local currency theme comprises local currency and local currency denominated debt instruments, which may include derivatives, investing in FX and mainly sovereign bonds.

- Launched 1997
- Management fees £35.9m (FY2008/09: £36.1m)
- Average mgmt fee margin: 99bps (FY2008/09: 106bps)
- Performance fees: £13.6m (FY2008/09: £16.0m)
- 9 public funds
- AuM invested in 30 countries

Year ended 30 June 2010		US$bn
Opening AuM		4.2
Gross subscriptions	3.0	
Gross redemptions	(0.6)	
Net subscriptions/(redemptions)		2.4
Performance		0.4
Closing AuM		**7.0**

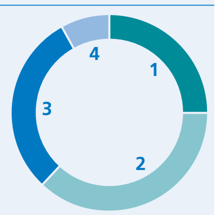
Fund classification
(No.)

1 Ashmore sponsored	**9**
2 Segregated	**8**
3 White label/dual-branded	**1**



AuM as invested by geography
(%)

1 Eastern Europe	**25**
2 Asia Pacific	**37**
3 Latin America	**30**
4 Middle East and Africa	**8**



- Rapidly growing asset class
- Sub-themes developed; foreign exchange (short-term/money markets), local currency bonds (long-term/interest rate duration) and blended, optimising risk/return and liquidity
- Best hedge against the long-term structural decline in the US dollar

Special situations

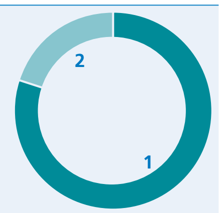
The special situations theme comprises both distressed debt (principally for control) and/or private equity.

- Launched 1998
- Management fees £44.1m (FY2008/09: £44.3m)
- Average mgmt fee margin: 217bps (FY2008/09: 196bps)
- Performance fees: £4.5m (FY2008/09: £16.4m)
- 8 public funds
- AuM invested in 30 countries

Year ended 30 June 2010		US$bn
Opening AuM		3.3
Gross subscriptions	0.5	
Gross redemptions	(0.2)	
Net subscriptions/(redemptions)		0.3
Performance		(0.2)
Closing AuM		**3.4**

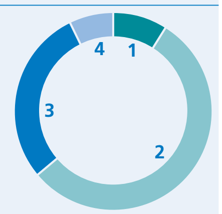
Fund classification
(No.)

1 Ashmore sponsored	**8**
2 Segregated	**2**



AuM as invested by geography
(%)

1 Eastern Europe	**9**
2 Asia Pacific	**55**
3 Latin America	**29**
4 Middle East and Africa	**7**



- Unique access to private investments in emerging markets which are often complex and difficult situations
- Aim to create value through events which transform the company, hence preference for "distressed for control"
- Provides investors with potentially high returns and low correlations to public markets
- Expect realisations from investments made in 2004 to 2006

Our investment themes continued

Theme: Equity

Theme premise

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

Overview

- Launched 2000
- Management fees £1.8m (FY2008/09: £1.4m)
- Average mgmt fee margin: 171bps (FY2008/09: 124bps)
- Performance fees: £3.4m (FY2008/09: £0.1m)
- 8 public funds
- AuM invested in 44 countries

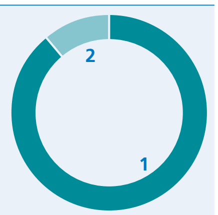
Assets under management (AuM)

Year ended 30 June 2010		US$bn
Opening AuM		0.1
Gross subscriptions	0.0	
Gross redemptions	0.0	
Net subscriptions/(redemptions)		0.0
Performance		0.1
Closing AuM		**0.2**

Accounts by theme

Fund classification
(No.)

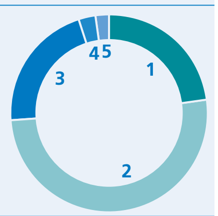
1 Ashmore sponsored	**8**
2 White label/dual-branded	**1**



Geography by theme

AuM as invested by geography
(%)

1 Eastern Europe	**23**
2 Asia Pacific	**51**
3 Latin America	**21**
4 Middle East and Africa	**3**
5 G7 & other	**2**



Current markets/opportunities

- Attractive, potentially high, returns from growing and deepening emerging equity markets
- Ashmore investment approach incorporates active management of country risk

Theme: Corporate debt

Theme premise

The corporate debt theme comprises investments in corporate debt within emerging markets.

Overview

- Launched 2007
- Management fees £8.2m (FY2008/09: £4.9m)
- Average mgmt fee margin: 172bps (FY2008/09: 183bps)
- Performance fees: £9.8m (FY2008/09: £0.1m)
- 3 public funds
- AuM invested in 37 countries

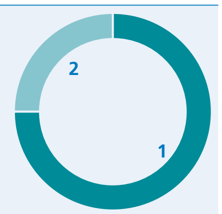
Assets under management (AuM)

Year ended 30 June 2010		US$bn
Opening AuM		0.5
Gross subscriptions	0.3	
Gross redemptions	0.0	
Net subscriptions/(redemptions)		0.3
Performance		0.1
Closing AuM		**0.9**

Accounts by theme

Fund classification
(No.)

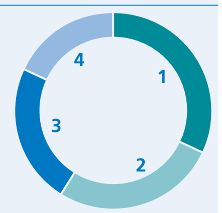
1 Ashmore sponsored	**3**
2 Segregated	**1**



Geography by theme

AuM as invested by geography
(%)

1 Eastern Europe	**32**
2 Asia Pacific	**27**
3 Latin America	**23**
4 Middle East and Africa	**18**



Current markets/opportunities

- Offers historically attractive risk-adjusted returns, and a strong alternative to G7 corporates
- Sub-themes developed; investment grade, high yield and blended (investment grade/high yield)
- A more favoured theme, strong near-term performance expected

Multi-strategy

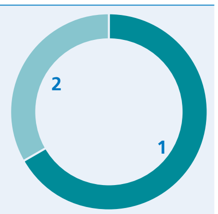
The multi-strategy funds supplement the core product range, investing into the five core Ashmore themes and any new themes where appropriate. This includes Ashmore Global Opportunities Limited, a permanent capital vehicle, listed on the LSE.

- Launched 2003
- Management fees £18.0m (FY2008/09: £21.6m)
- Average mgmt fee margin: 147bps (FY2008/09: 135bps)
- Performance fees: £8.6m (FY2008/09: £2.4m)
- 4 public funds
- AuM invested in underlying funds included in themes

Year ended 30 June 2010		US$bn
Opening AuM		2.0
Gross subscriptions	0.2	
Gross redemptions	(0.3)	
Net subscriptions/(redemptions)		(0.1)
Performance		0.1
Closing AuM		**2.0**

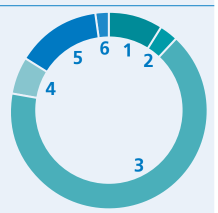
Fund classification
(No.)

1 Ashmore sponsored	**4**
2 White label/dual-branded	**2**



Allocation by investment theme (%)

1 External debt	**9**
2 Local currency	**3**
3 Special situations	**66**
4 Equity	**6**
5 Corporate debt	**14**
6 Cash/other	**2**



- An ideal strategy for investors who prefer to let Ashmore make the dynamic asset allocation decisions across our investment themes
- Early access to new asset classes as the number of themes increases

Other

New themes developed in line with strategy to diversify capabilities and investor base.

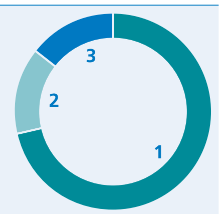
Existing
- Overlay/hedging strategies
- Liquidity management
- Real estate
- Fund of third-party funds

In development
- Infrastructure

Year ended 30 June 2010		US$bn
Opening AuM		0.1
Gross subscriptions	2.6	
Gross redemptions	(0.3)	
Net subscriptions/(redemptions)		2.3
Performance		0.0
Closing AuM		**2.4**

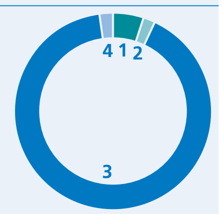
Fund classification
(No.)

1 Ashmore sponsored	**5**
2 Segregated	**1**
3 White label/dual-branded	**1**



Allocation by investment theme
(%)

1 Fund of third-party funds	**5**
2 Liquidity management	**2**
3 Overlay/hedging strategies	**91**
4 Real estate	**2**



- For every asset class in the developed world there is a potential asset class in the emerging world
- Strategic case for investing in the emerging world across a growing number of asset classes, particularly at their nascent stages

AuM movements by investment theme

In line with the quarterly presentation of AuM, by theme as classified by mandate, the following table breaks this down into net subscriptions/redemptions and investment performance by theme.

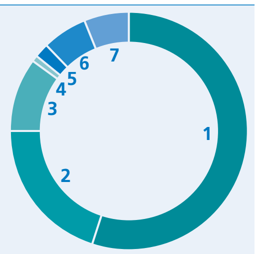
AuM movements by investment theme as mandated:

	AuM at 30 June 2009 US$bn	Net subs (reds) US$bn	Net performance US$bn	AuM at 31 December 2009 US$bn	Net subs (reds) US$bn	Net performance US$bn	**AuM at 30 June 2010 US$bn**
External debt	14.7	0.8	2.1	17.6	1.6	0.2	**19.4**
Local currency	4.2	0.9	0.6	5.7	1.5	(0.2)	**7.0**
Special situations	3.3	(0.1)	(0.1)	3.1	0.4	(0.1)	**3.4**
Equity	0.1	0.0	0.1	0.2	0.0	0.0	**0.2**
Corporate debt	0.5	0.2	0.0	0.7	0.1	0.1	**0.9**
Multi-strategy	2.0	(0.1)	0.1	2.0	0.0	0.0	**2.0**
Other	0.1	2.2	0.0	2.3	0.1	0.0	**2.4**
Closing AuM	24.9	3.9	2.8	31.6	3.7	0.0	**35.3**

The alternative analysis of AuM, "as invested by underlying asset class", adjusts the "classified by mandate" to take account of cross-over investment, the allocations into underlying themes of the multi-strategy funds and, where possible, the other investment theme. This analysis demonstrates the significance of the local currency asset class which has grown further in the period, the allocation of funds invested into corporate debt and the reduction of the percentage of special situations assets over the last year reflecting the strong inflows into the liquid themes. The charts below illustrate the impact of moving between the "as mandated" and the "as invested" analysis as at 30 June 2010, and the previous year:

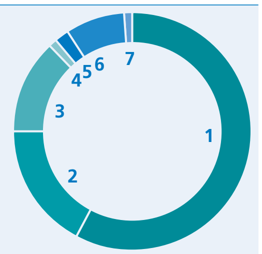
AuM as classified by mandate 2010
(%)

1 External debt	55	5 Corporate debt	2
2 Local currency	20	6 Multi-strategy	6
3 Special situations	10	7 Other	6
4 Equity	1		



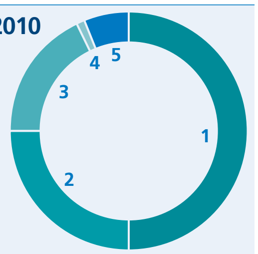
AuM as classified by mandate 2009
(%)

1 External debt	58	5 Corporate debt	2
2 Local currency	17	6 Multi-strategy	8
3 Special situations	13	7 Other	1
4 Equity	1		



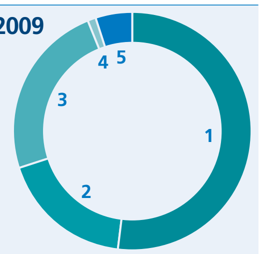
AuM as invested in underlying asset class 2010
(%)

1 External debt	50	4 Equity	1
2 Local currency	25	5 Corporate debt	6
3 Special situations	18		



AuM as invested in underlying asset class 2009
(%)

1 External debt	52	4 Equity	1
2 Local currency	18	5 Corporate debt	5
3 Special situations	24		



Investor profile – type and geography

The Group's AuM are sourced from a diverse range of investors, which are predominantly institutional in type (30 June 2010: 92%; 30 June 2009: 91%), including pension providers, government agencies, banks and insurers. The balance is retail in nature including high net worth individuals and some distributed products.

Within the institutional investor profile, the most significant trend during the period has been the increase in the government category of investors which include central banks, treasurers/reserve managers and sovereign wealth funds which have increased from 21% to 34% as a result of strong inflows from these investors.

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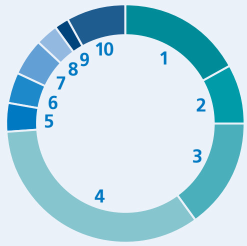
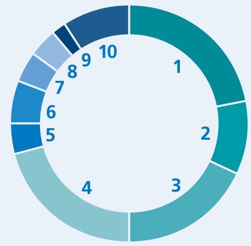
AuM by investor type 2010
(%)

1	Corporate pension plans	17
2	Banks	8
3	Public pension plans	15
4	Governments	34
5	Fund of funds	4
6	Insurance	4
7	Fund/sub-advisor	5
8	Other	3
9	Permanent capital	2
10	HNWI/retail	8



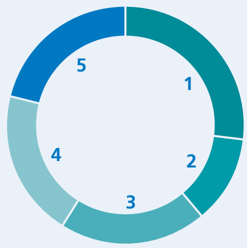
AuM by investor type 2009
(%)

1	Corporate pension plans	22
2	Banks	10
3	Public pension plans	18
4	Governments	21
5	Fund of funds	4
6	Insurance	6
7	Fund/sub-advisor	4
8	Other	4
9	Permanent capital	2
10	HNWI/retail	9



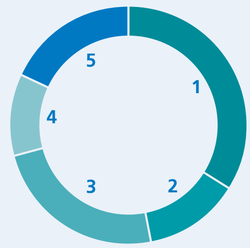
AuM by geography 2010
(%)

1	Europe	27
2	UK	12
3	Americas	20
4	Asia Pacific	21
5	Middle East	20



AuM by geography 2009
(%)

1	Europe	34
2	UK	13
3	Americas	24
4	Asia Pacific	11
5	Middle East	18



The regions demonstrating the strongest growth in AuM are Asia and the Middle East in line with the strong inflows outlined above from government type investors, most of which have been from emerging markets within these geographies, in line with the third phase of the Group's strategy – mobilising emerging market capital.

Management fees and performance fees

As the Group's AuM is 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

	AuM at 30 June 2009 US$bn	**AuM at 30 June 2010 US$bn**	**Net management fees to 30 June 2010 US$m**	Average management fee margin bps	**Performance fees to 30 June 2010 US$m**
External debt	14.7	**19.4**	**124.3**	71	**68.6**
Local currency	4.2	**7.0**	**56.2**	99	**21.9**
Special situations	3.3	**3.4**	**68.4**	217	**7.6**
Equity	0.1	**0.2**	**2.8**	171	**5.5**
Corporate debt	0.5	**0.9**	**12.5**	172	**14.7**
Multi-strategy	2.0	**2.0**	**30.0**	147	**13.2**
Other	0.1	**2.4**	**3.9**	20	**0.0**
Total (US$)	24.9	**35.3**	**298.1**	95	**131.5**
Total (GBP)	15.1	**23.6**	**189.9**	95	**82.9**

Management fees

Management fee income in sterling terms increased by 4% to £189.9 million as a function of increased levels of average AuM (FY2009/10: US$31.3 billion; FY2008/09: US$27.7 billion), improved GBP:USD foreign exchange rates (FY2009/10: 1.57 effective; FY2008/09: 1.62 effective) offset by a reduction in average management fee margins (FY2009/10: 95bps; FY2008/09: 107bps).

Management fee margins were reduced in line with the receipt of the strongest inflows within the most liquid themes, external debt and local currency, which have the lower margins. In addition the majority of inflows into these themes were received in the form of larger segregated mandates which are lower margin in nature. Likewise those flows into the currency hedging/overlay strategy attract a lower management fee in line with the hedging rather than active management nature of the mandate.

Performance fees

Total performance fee income for the year increased by 58% to £82.9 million (FY2008/09: £52.5 million) being earned across the investment themes. The majority of these fees were annual performance fees from funds having December and April year ends with the balance being made up of other annual performance fees and crystallised fees arising on redemptions during the period.

It is the Group's policy to maintain a good balance between those funds where the Group is eligible to earn performance fees and those that generate revenues for the Group solely through management fees. At the year end the Group was eligible to earn performance fees on 56% of AuM (30 June 2009: 67%), and 63% of funds (30 June 2009: 61%). Within those funds that are eligible to generate performance fees, 10% were ineligible in the year under review, either because such fees are earned at the end of the multi-year fund life or are subject to rebate agreements.

Operating costs and operating margin

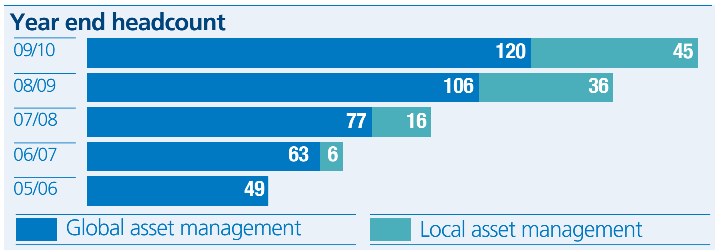
The Group has maintained its tightly controlled cost structure, with a low proportion of recurring costs and a large proportion of variable performance related costs. Headcount increased from 142 at 30 June 2009 to 165 at 30 June 2010, in line with which is the increase in wages and salaries to £9.7 million (FY2008/09: £8.9 million). There is continued recruitment to support the future growth of the business, principally within the distribution and investment teams and within the local asset management subsidiaries and associates.

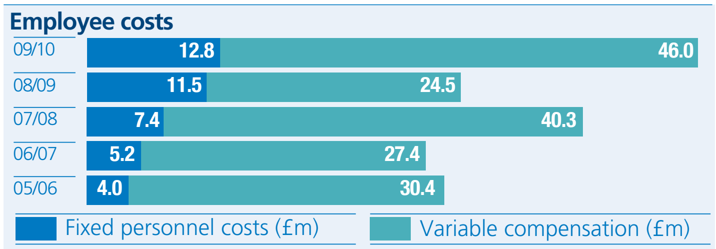
Variable compensation costs represent the majority of overall personnel expenses and consists of performance related bonuses, share-based payments and associated social security costs. Variable compensation is calculated as a percentage of profit before tax, interest and variable compensation. The rate of variable compensation applied in the year to 30 June 2010 was increased to 18.0% (FY2008/09: 14.0%) in recognition of the growth in AuM, good investment performance and financial results.

The Group continues to increase the number of geographic locations in which it has a presence through a combination of organic growth, which included the establishment of new offices in Colombia, Japan, China and Russia and through the investment in an associate in China, Everbright Ashmore.

The overall total for other expenses for the year to 30 June 2010 was £18.1 million (FY2008/09: £16.9 million) with key drivers for the year on year rise being increased travel costs of £4.1 million (2009: £3.3 million) and professional fees of £3.5 million (FY2008/09: £3.0 million), in line with the geographic expansion of the business and increased distribution activity. It is expected that other costs in aggregate will increase ahead of rate of growth of headcount over the next period taking into account a number of smaller locations being established for the first time.

The five year trend graphs of total employee numbers and total employment costs are shown below. These demonstrate how the Group's operating model has been maintained during a period of significant growth:





Taxation

The vast majority of the Group's profit is subject to UK taxation. The Group's effective tax rate for the year is 26.1% (FY2008/09: 27.7%). The tax rate for the year is less than the UK corporation tax rate (currently 28.0%) as a result of deductions in respect of share-based payments and movements in provisions.

There is a £14.4 million deferred tax asset on the Group's balance sheet at 30 June 2010, 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 the development needs across the business which include funding establishment costs of distribution offices and local asset management ventures, seeding new funds, trading or investment in funds or other assets and other strategic initiatives.

Regulatory capital requirements as outlined below and in the Group's Pillar III disclosures have increased reflecting the growth of the business and the increased levels of seeding capital investment.

As at 30 June 2010, total equity attributable to shareholders of the parent was £370.5 million, as compared to £308.5 million at 30 June 2009. There is no debt on the Group's balance sheet.

Cash

The Group's cash and cash equivalents balance increased by £56.0 million in the year to £344.4 million. The Group continues to generate significant cash from operations, totalling £250.9 million in the year (FY2008/09: £150.9 million), from which it paid the following significant items: £82.6 million in cash dividends (FY2008/09: £81.9 million); £52.9 million of taxation (FY2008/09: £47.7 million); £26.9 million for new seed capital investments (FY2008/09: £11.6 million); £34.0 million for purchase of our own shares (FY2008/09: £0.9 million); and £2.3 million to acquire a new associate (FY2008/09: nil).

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. Cash is invested only in institutions with approved credit ratings of A or better. Typically, during the financial year, investments have been in short-term cash deposits. Based on the level of cash balances at 30 June 2010, a 1 per cent change in UK interest rates would have a £3.4 million impact on the Group's profit before tax.

Seed capital investments

As at 30 June 2010 the amount invested was £61.0 million (at cost), with a market value of £68.6 million. During the period seed capital investments were made in funds managed by the Group's local asset management subsidiaries and associates and in the global asset management business to facilitate the launch of new funds.

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 variable compensation share awards. At 30 June 2010 the EBT owned 36,007,445 (30 June 2009: 34,293,185) ordinary shares.

Deferred acquisition costs (DAC)

As in prior years, the Group carries on its balance sheet unamortised DAC of £9.3 million (FY2008/09: £11.3 million) in respect of the launch of Ashmore Global Opportunities Limited (AGOL), a publicly listed closed-ended investment company, incorporated in 2007. This vehicle raised €500 million capital, for the purpose of investing in Ashmore funds, with a focus on special situations. During 2010, the shares of the Company have traded at a discount to the net asset value of its balance sheet.

Where this discount is in excess of 10 per cent for 12 consecutive months, an EGM is required to consider whether AGOL should be wound up. Such an EGM was held on 26 May 2010, with 99 per cent of the voting shareholders voting against the resolution. Should the discount continue to exceed 10 per cent for a further 12 consecutive months, an EGM would once again be required.

If as a result of any future vote, AGOL were to be wound up this would not result in full acceleration of the recognition of these costs, as an early termination of the Company would trigger the full recovery of the set-up costs including the portion previously amortised – £5.3 million cumulative to 30 June 2010.

Foreign exchange management

The Group's long-standing policy is to hedge up to two-thirds of the foreign exchange exposure in connection with its net management fee cash flows, using either forward foreign exchange contracts or options for up to two years forward. The GBP/USD exchange rate to 30 June 2010 was relatively stable in comparison to the prior year, with the GBP/USD exchange rate ranging between GBP1.00:1.42 – 1.70USD.

The Group experienced an overall foreign exchange gain for the year to 30 June 2010 of £7.0m (FY2008/09: £38.6m loss), comprising a gain of £11.8 million (FY2008/09: £3.8 million) on translation of non-sterling denominated assets and liabilities, partially offset by a loss of £4.8m (FY2008/09: £42.4 million) on realised and unrealised hedging transactions.

The level of foreign exchange hedges in place at 30 June 2010 is US$85 million. This consists entirely of options in respect of 2010/11 net management fee cash flows. The options effectively operate as a collar, protecting the sterling value of US$85 million of the Group's forecast management fee revenue cash flows for 2010/11 from being impacted by currency movements outside the contracted ranges. The options have been marked-to-market at the year-end rate of GBP1:1.49USD. Lower levels of hedging transactions were undertaken in the year as a result of the less attractive GBP/USD rates available compared with those forecast.

As designated hedges the mark-to-market movement in the value of the options 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 will be taken through the income statement.

Dividend

In recognition of the financial performance during the period, and our confidence in the Group's future prospects, the Directors are recommending a final dividend of 9.34 pence per share for the year ended 30 June 2010 which, subject to shareholder approval, will be paid on 5 December 2010 to all shareholders who are on the register on 3 November 2010.

An interim dividend for the six-month period to 31 December 2009 of 3.66 pence (FY2008/09: 3.66 pence) was paid on 1 April 2010. Together, these result in a full-year dividend of 13.0 pence (FY2008/09: 12.0 pence), an increase of 8.3%.

Global asset management

Offices

Number of staff

120

Themes/sub-themes

External debt	Local currency	Equity	Corporate debt	Special situations	Multi-strategy	Other
→ Investment-grade sovereign	→ Foreign exchange (short-term/money markets)	→ Global EM	→ Investment-grade	→ Distressed debt/private equity	→ Invests into five core themes and any new themes where appropriate	→ Fund of third-party funds
→ Sovereign	→ Bonds (long-term/interest rate duration)	→ Fund of closed-ended funds	→ High-yield			→ Liquidity management
→ Blended (exposure to other themes)	→ Blended	→ Country funds	→ Blended (investment-grade/high-yield)			→ Overlay/hedging strategies
						→ Real estate
						→ Infrastructure

AuM

US$34.7bn

Local asset management

Offices	Brazil	China	Colombia	India	Russia	Turkey
Location	 São Paulo	 Beijing	 Bogota	 Mumbai	 Moscow	 Istanbul
Number of staff	8	12[(1)]	8	10	4[(1)]	19
Themes	Equity Local currency	Real estate	Infrastructure	Private equity Infrastructure	Real estate	Equity Local currency Private equity
Description/ development	Local subsidiary office now managing a number of onshore and offshore funds investing in Brazilian fixed income and equities which are being marketed to both local and international institutional investors	Beijing-based real estate investment management joint venture with China Everbright currently managing one fund with an emphasis on residential and retail opportunities in second and third tier cities in China	Local subsidiary office established with a local partner, Inverlink, which is managing the Ashmore Colombia Infrastructure Fund, a fund focused on development of projects and companies related to the infrastructure sector in Colombia, which had a first close on 30 July 2010	In addition to advising Ashmore on its existing special situations investments in India, the team have established a joint venture platform with PTC India Limited and are currently marketing an energy infrastructure fund, as well as continuing to manage a fund investing in mid-cap private equity opportunities in India with Alchemy Partners	Joint venture investment management company established with VTB Capital from July 2010, currently managing a fund targeting investments in Russian real estate, with an emphasis on development opportunities in Moscow and St Petersburg	Local subsidiary office currently managing a series of onshore dual-branded mutual funds and offshore open-ended funds which are being marketed to local and international institutional investors, in addition to also managing funds investing in mid-cap private equity opportunities in Turkey
AuM	US$0.3bn	US$0.1bn[(1)]	US$0.2bn (post year end)	US$0.1bn	US$0.1bn[(1)] (post year end)	US$0.1bn

(1) Associate AuM proportionately accounted and headcount excluded in Group figures.

Regulatory capital

As a UK listed asset management group, Ashmore is subject to regulatory supervision by the Financial Services Authority (FSA) 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 capital required to cover such risks as £65.0 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 can be found in the Group's Internal Capital Adequacy Assessment Process (ICAAP) and Pillar III disclosures, which are available on our website at www.ashmoregroup.com

During the year the Group's risk control framework has been enhanced to take account of changing business and market conditions. This included reviews conducted by the Group's Internal Audit function which was established during the year. There has also been specific focus on the further refinement of the Group risk matrix, which seeks to identify the key risks to the Group, as well as current mitigants and forward-looking action plans.

Risk

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

The key risks, their mitigants, and their delegated owners are set out on the facing page 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.

Risk management and control

Risk management and control is one element of the Group's overall system of internal controls within its corporate governance framework – incorporating Risk, Compliance and Internal Audit. Further details of the Group's internal control environment are described in the Corporate governance report on pages 38 and 39.

Graeme Dell
Group Finance Director

Key risks and mitigants

Risk type/owner	Description of risk	Mitigation
Strategic and business risks The risk that the medium and long-term profitability of the Group could be adversely impacted by the failure to identify and implement the correct strategy, and to react smartly 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. → Reputational damage to Ashmore impacting marketing and distribution capabilities. → Market capacity issues constrain growth.	These include: → Board's long investment management experience. → Clearly defined Group strategy, understood throughout the organisation and actively monitored. → Diversification of investment capabilities to reduce single event/ product exposure. → Committee-based investment methodology creates a scalable business model.
Investment risks The risk that long-term investment outperformance is not delivered and/or manager non-performance, damaging prospects for winning and retaining clients, and putting average management fee margins under pressure. **Delegated to:** Ashmore Group Investment Committee	These include: → A downturn in investment performance. → Inadequate due diligence on an investment/deal. → Lack of financing, or an exit strategy for privately held investments. → Limited number of counterparties which may restrict access to market liquidity.	These include: → Experienced Investment Committee (IC) meets weekly ensuring consistent core investment processes are applied. → Dedicated emerging markets research and investment focus, with frequent country visits. → Dedicated investment teams with expertise centred around structuring of special situations deals. → Strong professional relationships developed with major counterparties over the years. → Compensation structure links investment professionals' remuneration to long-term performance of funds they manage, and the wider Group.
Operational risks Risks in this category are broad in nature and inherent in all businesses. They include the risk that operational flaws result in business losses – through error or fraud, the inability to capitalise on market opportunities, or weaknesses in systems and controls. **Delegated to:** Ashmore Group Risk and Compliance Committee	These include: → Information security and data integrity. → Oversight of offshore subsidiaries. → Compliance, including monitoring of investment breaches. → Execution and process management. → Business continuity and systems disruption. → Lack of resources.	These include: → Information security policy in place and enforced. → Valuations of all investments is the responsibility of the external fund administrator. Pricing Methodology Committee (PMC) also provides feedback on valuation of hard-to-price assets. → Integrated control and management framework to ensure day-to-day global operations are managed effectively. → Risk and Compliance Committee meets on a monthly basis and includes written reports from all relevant department heads in attendance. → A disaster recovery procedure exists and is tested regularly. → Engagement letters or service level agreements in place with all significant service providers. → Quarterly SYSC review includes assessment of resources.
Treasury risks These are the 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 Group Finance Director	These include: → Group revenues are primarily US dollar-based, whereas 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. → Hedging policy in place and FX management committee meets regularly to review the Group's currency exposures. → Counterparties utilised for corporate deposits or investments are approved by the Executive. → Significant corporate investments are approved by the Board, and all others by the Chief Executive Officer.

"The Board continues to maintain its focus on good corporate governance and recognises the year has seen a new Corporate Governance Code released in May 2010 ("the 2010 Code"). Whilst the 2010 Code does not apply to Ashmore until the next financial year the Company intends to adopt it with immediate effect."

Board of Directors

The Hon. Michael Benson,
Non-executive Chairman (Age 67)

Michael was appointed to the 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 a non-executive Director of Border Asset Management Limited, is a Trustee of the North Yorkshire Community Foundation and is the Director of the York Minster Fund.
(N, R)

Mark Coombs,
Chief Executive Officer (Age 50)

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 44)

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 62)

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 June 2006 and its Chairman from 1995 to June 2006. Nick is a non-executive Director of Royal Dutch Shell plc, BBA Aviation plc, Alliance Boots GmbH and Vodafone Group plc and a trustee of the Vodafone Group Foundation. He is a member of the Finance and Audit committees of the National Gallery and is Chairman of the Board of Trustees of Farnham Castle.
(A, N, R)

Jonathan Asquith,
Non-executive Director (Age 53)

Jonathan Asquith joined the Board on 1 September 2008 and is Chairman of the remuneration committee. He was formerly Vice Chairman of Schroders plc and held the position of Chief Financial Officer between 2002 and 2007. Prior to that he worked for Morgan Grenfell and was appointed as Chief Financial Officer of Deutsche Morgan Grenfell in 1995 and Chief Operating Officer in 1997. He is also a non-executive Director of AXA UK PLC and of AXA Investment Managers and a member of the Finance and Audit committees of the Tate galleries.
(A, N, R)

Melda Donnelly,
Non-executive Director (Age 60)

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 a chartered accountant. She is the Founder and Chairperson of the Centre for Investor Education. Current directorships include Development Fund Pty Ltd and Deputy Chairperson of Victorian Funds Management Corporation. Ms Donnelly's past investment experience includes being CEO of Queensland Investment Corporation, 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.
(A)

Key to membership of committees
A – Audit
N – Nominations
R – Remuneration

The Directors recommend a final dividend of 9.34 pence per share, a total for the year of 13.0 pence per share (FY2008/09: 12.0 pence)

The Directors present their Annual Report and financial statements for the year ended 30 June 2010.

The Company, formerly registered as a private company and named Ashmore Group Limited, was re-registered as a public limited company on 3 October 2006, changing its name on that date to Ashmore Group plc. The Company was admitted to the Official List of the London Stock Exchange (Admission) on 17 October 2006.

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 2010 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 highlights on the inside front cover, Group at a glance on page 2, the Chief Executive Officer's statement on pages 6 to 11, the Business review on pages 12 to 27 and the Corporate governance report on pages 34 to 39.

The principal risks facing the business are detailed in the Business review on pages 26 and 27 and in the Corporate governance statement, on pages 38 and 39.

Results and dividends

The results of the Group for the year are set out in the consolidated statement of comprehensive income on page 51.

The Directors recommend a final dividend of 9.34 pence per share (FY2008/09: 8.34 pence) which, together with the interim dividend of 3.66 pence per share (FY2008/09: 3.66 pence) already declared, makes a total for the year ended 30 June 2010 of 13 pence per share (FY2008/09: 12.0 pence). Details of the interim dividend payment are set out in note 10 to the financial statements.

Subject to approval at the Annual General Meeting, the final dividend will be paid on 3 December 2010 to shareholders on the register on 5 November 2010 (ex-dividend date being 3 November 2010).

Related party transactions

Details of related party transactions are set out in note 27 to the financial statements.

Post-balance sheet events

As set out in note 30 to the financial statements there were no post-balance sheet events.

Directors

The members of the Board together with biographical details are shown on page 29, all of whom served as Directors throughout the year.

Details of the service contracts of the current Directors are shown in the Remuneration report on page 43.

In May 2010 the Financial Reporting Council (FRC) published a new edition of the Combined Code (the Code) which will apply to financial years beginning on or after 29 June 2010. Although provision B.7.1 of the Code applies to the first annual general meeting falling after the first accounting period to which the revised Code applies, the Board of Ashmore will nevertheless be adopting this provision immediately and the Directors will therefore retire and seek re-election at the Annual General Meeting on 28 October 2010.

Details of the constitution and powers of the Board and its committees are set out in the Corporate governance report on pages 36 to 37. 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 and in options over the Company's shares are shown on page 48 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 16 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 to 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.

Restrictions on transfer of shares

Employees of the Company who held ordinary shares in the Company or who held options in respect of ordinary shares at the time of Admission were, subject to certain exceptions, restricted by lock-in arrangements from selling, pledging or otherwise disposing of their holding of or options in respect of such shares at the time immediately following Admission ("Lock-in Shares"). These restrictions came to an end in September 2009 and, save as described below, no other restrictions now exist.

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, in 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; and (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 per cent) in accordance with the FSA's Disclosure and Transparency Rules (other than those of the Directors which are disclosed separately on page 48), in the Company's ordinary shares of 0.01 pence each as set out in the table below.

	Number of shares as at 30 June 2010	Number of options	Percentage interests	Number of shares as at 13 September 2010	Number of options	Percentage interests
Jerome Paul Booth	43,247,733	3,500,000	6.64	43,247,733	3,500,000	6.64
Carey Pensions and Benefits Limited as Trustees of the Ashmore 2004 Employee Benefit Trust[1]	36,007,445	–	5.12	36,007,445	–	5.12
BlackRock Inc	35,640,801	–	5.07	35,640,801	–	5.07
Lone Pine Capital LLC	27,439,403	–	3.90	27,439,403	–	3.90
Seumas Dawes	21,440,000	–	3.04	21,440,000	–	3.04
Highfields Capital Management LLP[2]	21,675,450	–	3.08	–	–	Below 3%

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. Percentage interests are based upon 703,556,669 shares in issue (which excludes 5,368,331 shares held in Treasury).

2 Highfields Capital Management was interested at 30 June 2010 in 6,638,286 ordinary shares and Contracts for Differences representing voting rights over 15,037,164 ordinary shares. On 4 August 2010 Highfields notified the Company that it no longer had a notifiable interest.

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 2010 is 708,925,000 shares in issue (including 5,368,331 shares held in Treasury).

Details of the structure of and changes in share capital are set out in note 21 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

The Company is, until the date of the next Annual General Meeting, generally and unconditionally authorised to buy back up to 70,355,600 of its own issued shares. In the year under review the Company did not purchase any shares for Treasury. 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 2010 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 £23,451.89 (and £46,903.78 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 £3,540.00, 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 2010 Annual General Meeting.

Amendment of Articles of Association

Any amendments to the Articles of the Company may be made in accordance with the provisions of the Companies Acts by way of a special resolution of the Company's shareholders.

The Notice of AGM contains a resolution recommending a number of amendments to the Articles to bring them into line with best practice.

Employees

Details of the Company's employment practices (including the employment of disabled persons) can be found in the Corporate governance report on page 34.

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 employee share options that have not vested and other restricted share awards. The current arrangement is that the EBT considers the Company's 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 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 Combined Code on Corporate Governance, and to state how its principles have been applied. A report on corporate governance and compliance with the provisions of the Combined Code is set out on pages 34 to 39.

Charitable and political contributions

During the year, the Group made charitable donations of £nil (FY2008/09: £nil). Note 5 to the financial statements refers to charitable donations that will be made in the year to June 2011. The work of the Ashmore Foundation is described on page 40 in the Corporate social responsibility section of this report. 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 2010, the amount owed to the Group's trade creditors in the UK represented approximately 30 days' average purchases from suppliers (FY2008/09: 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 auditors and to authorise the Directors to agree their remuneration. Note 6 to the financial statements sets out details of the auditors' remuneration.

2010 Annual General Meeting

The 2010 Annual General Meeting of the Company will be held at 12.00 noon on Thursday 28 October 2010 at Kingsway Hall, 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 12 to 27.

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 30 to 32 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

13 September 2010

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 or 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 judgments 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; 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

13 September 2010

Corporate governance report

The Combined Code on Corporate Governance 2008 ("the 2008 Code") applies to listed companies with reporting years beginning on or after 29 June 2008. The Company adopted the principles of the predecessor 2006 Code from its admission to listing on the London Stock Exchange on 17 October 2006 ("Admission") and the principles of the 2008 Code thereafter. In May 2010 the FRC published a new edition of the Code ("the 2010 Code") which will apply to financial years beginning on or after 29 June 2010, the provisions of which will accordingly not apply until the Company's next financial year. The Company nevertheless intends to adopt the 2010 Code with immediate effect. Reference herein to the "Combined Code" means the 2006, 2008 and 2010 Codes, as applicable.

The Company has been in compliance with the Combined Code since Admission, except where the Directors consider that in particular limited circumstances departure may be justified and explained. No departures from the Combined Code occurred during the year under review.

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

The Company's corporate governance structure detailed further in this report is summarised in the diagram below.

Directors

The Board of Directors comprises two executive Directors and four 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, Jonathan Asquith and Melda Donnelly. 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
- effectiveness of internal controls.

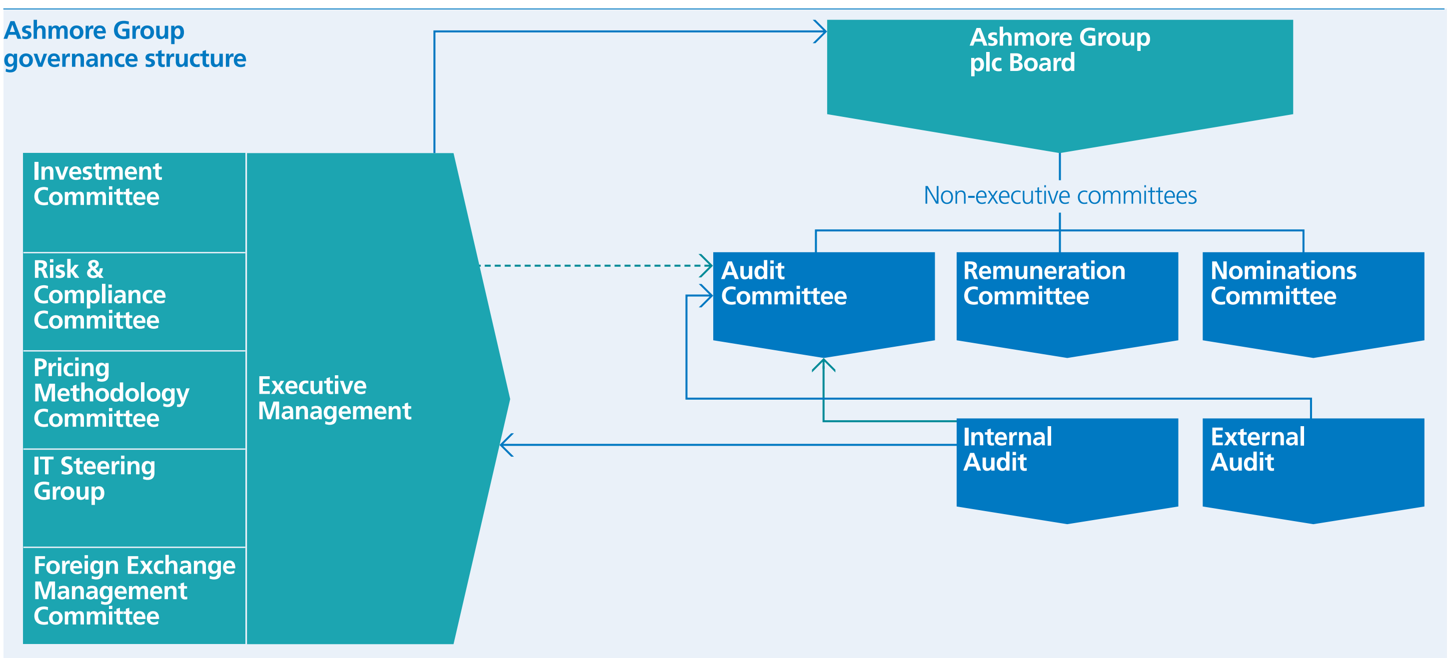
The roles of the Chairman and Chief Executive Officer are separate, clearly defined and have been approved by the Board. The Chairman is responsible for the effective conduct of the Board, while the Chief Executive Officer is responsible for execution of strategy and for the day-to-day management of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

In considering non-executive director independence, the Board has taken into consideration the guidance provided by the Combined Code. The Board considers Michael Benson, Nick Land, Jonathan Asquith and Melda Donnelly to be independent. Nick Land is the Senior Independent Director.

During the year under review the Group complied with the Combined 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 29.

The Board met 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 oral reports from senior executives and external advisors 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 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 will be immediately adopting provision B.7.1 of the 2010 Code and the Directors will therefore all retire and seek re-election at the Annual General Meeting on 28 October 2010.

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 Board has established a formal process, led by the Chairman and assisted by the Company Secretary, for the annual evaluation of the performance of the Board, its appointed committees and each Director, to ensure that they continue to act effectively and efficiently and to fulfil their respective duties, and to identify any training requirements. In doing so the Board has concluded that both the Board and its committees are functioning effectively.

Meetings were held between the Chairman and each individual Director 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. Each Director also completed a formal questionnaire and responses were collated by the Company Secretary. The results and issues raised were subsequently discussed by the Board together with progress against last year's evaluation. The Board also evaluated the Chairman's performance.

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 committee	Remuneration committee
Total number of meetings between 1 July 2009 and 30 June 2010	**6**	**2**	**3**	**4**
Michael Benson	100%	100%	100%	100%
Mark Coombs	100%	–	–	–
Graeme Dell	100%	–	–	–
Nick Land	100%	100%	100%	100%
Jonathan Asquith	100%	100%	100%	100%
Melda Donnelly	100%	100%	100%	100%

Board committees

The Board has appointed audit, 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 and were updated by the Board in June 2010. 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 committee

During the year under review the audit committee comprised the following non-executive Directors and was fully compliant with the Combined Code:

Nick Land (Chairman)
Melda Donnelly
Jonathan Asquith

The Board is satisfied that for the year under review and thereafter that Nick Land, Jonathan Asquith and Melda Donnelly had and have recent and relevant commercial and financial knowledge and experience to satisfy the provisions of the Combined Code. Nick Land and Melda Donnelly are chartered accountants and Jonathan Asquith has previously served as Chief Financial Officer of Schroders plc and Deutsche Morgan Grenfell.

A report on the activities of the audit committee is set out below. The terms of reference for the committee take into account the requirements of the Combined 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 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 auditors' detailed reports thereon;
- reviewing the external auditors' 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 reappointment of the external auditors;
- 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; and
- reviewing the committee's terms of reference, carrying out an annual performance evaluation exercise and noting the satisfactory operation of the committee.

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

The audit 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 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.

Internal Audit attend all audit committee meetings in full and report directly to the audit committee on its programme of review and findings.

The number of committee meetings and their attendance by the Directors are set out in the table on page 36. Representatives of KPMG Audit Plc, the Chief Executive Officer and the Group Finance Director 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 Combined Code requirement that the remuneration committee should consist of at least three independent non-executive Directors. The committee is chaired by Jonathan Asquith with Michael Benson and Nick Land as members, all of whom served on the committee throughout the year.

A report on the activities of the committee is included in the Remuneration report on pages 43 to 48. The terms of reference for the committee take into account the requirements of the Combined 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 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.

Details of the activities of the remuneration committee are set out in the Remuneration report on pages 43 to 48.

The number of committee meetings and their attendance by the Directors are set out in the table on page 36. In addition, and in accordance with the terms of reference, the members of the committee were also consulted on a range of issues during the year, including specific matters related to recruitment.

Nominations committee

The nominations committee comprises three non-executive Directors: Michael Benson as Chairman, Nick Land and Jonathan Asquith. All Directors served on the committee throughout the year.

The terms of reference for the committee take into account the requirements of the Combined 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 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; and
- 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 committee have included reviewing the requirements for potential independent non-executive candidates for appointment to the Board, proposals for rotation and re-election of Directors at the Annual General Meeting, and reviewing its terms of reference. The number of committee meetings and their attendance by the Directors are set out in the table on page 36.

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 2010 Annual General Meeting will be attended by all Directors, and the Chairmen of the audit, 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 UK Corporate Governance Code 2010, 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 ongoing process for identifying, evaluating and managing the Group's significant 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 Head of Risk Management and Control – the other members are the Chief Executive, the Group Finance Director, the Head of Operations, the Head of Compliance, the Head of Information Technology, the Head of Legal and Transaction Management and the Group Financial Controller. 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 has continued to receive 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.

Through the audit committee, 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 risk and compliance committee. 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;
- 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;
- regular business reviews of the Company and its subsidiaries are performed by senior management, which consider the ongoing effects of change and the short-, medium- and long-term operational requirements;
- quarterly senior management systems and controls reviews are undertaken by the Group Finance Director with the Head of Compliance, and Head of Risk Management and Control (from June 2010) in which the Chief Executive Officer participates at least annually, which 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;

- 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;
- 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 and regular post-investment reviews;
- the Group has secure information and communication systems capable of capturing relevant and up-to-date information by relevant personnel;
- strong financial controls are maintained to ensure accurate accounting for transactions, appropriate authorisation limits to contain exposures, and reliability of data processing and the integrity of information generated;
- an in-depth annual budget is reviewed and approved by the Board and is regularly subject to update through a formal re-forecasting process;
- Board members receive monthly management accounts and other relevant reports, which highlight actual financial performance against budget/ forecast and prior year period;
- 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 following 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 committee (PMC) which meets monthly to review the current valuation methodology for each of these investments and to propose an updated valuation methodology where appropriate;
- 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 ongoing 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.

Verification

- the external auditors are engaged to express an opinion on the annual financial statements, and also independently and objectively review the approach of management to reporting operating results and financial condition;
- the Internal Audit function undertakes a programme of reviews as determined by the Board, reporting the results together with its advice and recommendations to the audit committee. The Internal Audit function is currently provided under an outsourcing arrangement by Ernst & Young – this arrangement will be subject to periodic review;
- annual reports are reviewed independently by the Group's external auditors pursuant to the Statement of Auditing Standards No. 70, type II ("SAS 70");
- the Board, through the audit committee, receives half-yearly updates from the Group's external auditors which include any control matters that have come to their attention.

Corporate social responsibility

The Group recognises the importance of corporate social responsibility (CSR) incorporating transparency, fairness, accountability and integrity, and believes that these principles are fundamental to the Group's operations. The Group continues to monitor developments in all relevant areas of CSR, including environmental management, employees, health and safety, suppliers and the community to ensure that it meets best practice and sees CSR as a continually evolving process.

Investment

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

Ashmore's Board of Directors seeks to maintain a strong corporate culture employing high standards of integrity and fair dealing in the conduct of the firm's activities, compliance with both the letter and the spirit of relevant laws and regulations, and standards of good market practice in all jurisdictions where the firm's business is carried out. The Board's aim is to enable Ashmore to demonstrate that the firm is fit and proper to undertake its business, to safeguard the legitimate interests of Ashmore clients and protect Ashmore's reputation.

Social, ethical and environmental (SEE) 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's exposure to equity investments amounts to less than 15 per cent of total assets under management, whereas the majority of assets are invested in either external debt (the majority of which is sovereign) or local currency and local currency debt. In the case of external debt investments, the Group's ability to have an influence is generally limited to a decision whether or not to invest; however, at a country level. Ashmore believes that it may be able to exert an influence through dialogue with governments and central banks.

Ashmore's public equities business is a small part of its overall business and its shareholdings are unlikely ever to be large enough to have an influence over the policies of management in these companies.

Ashmore's special situations business involves its funds taking significant controlling stakes in investee companies and in such circumstances Ashmore is in a position to positively engage with the management of these companies. In many cases Ashmore believes it to be beneficial to its investors to be proactive in promoting the Ashmore brand locally by improving the livelihoods of the employees in the companies where the Group has a controlling stake.

Ashmore aims to avoid investing in companies that do not:

- respect human rights; and
- comply with local environmental, ethical or social legislation.

Ashmore does not invest in companies that manufacture or trade arms.

Ashmore also aims to ensure that any investments which it makes comply with the relevant 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, which reflects its overall approach to combining ethical investing with sound business practice on behalf of clients.

Additionally, Ashmore funds and segregated accounts each have a specific investment mandate which sets out the parameters for investment which may include requirements to screen for geographic, sector and stock-specific restrictions. Stock-specific restrictions may include securities which meet clients' own CSR criteria.

The Ashmore Foundation

Consistent with the Group's commitment to responsible corporate citizenship, the Ashmore Foundation was created in 2008 and is funded by personal financial contributions from employees of the Group. The Foundation reflects Ashmore's overall philosophy that it can make a difference and seeks to provide financial grants to worthwhile causes within the emerging markets in which Ashmore operates with a view to putting something back into the countries and communities in which it invests and which contribute to Ashmore's income and profitability. The Foundation's grant-making policy is wide-ranging but has a particular focus on education and healthcare, the former in particular being seen as the best way to help the long-term self-development of emerging market countries.

Employees

At year end Ashmore employed 165 people in ten 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.

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 in 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 moved into its premises at 61 Aldwych, London in May 2008 and 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.

As part of its ongoing commitment to the environment, Ashmore throughout its operations has adopted policies and programmes to promote energy conservation and the avoidance of waste through a number of initiatives, such as the recycling of paper, glass and other waste and the use of "green" energy. Electricity usage is separately monitored by floor with renewable energy accounting for a minimum of 10 per cent 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. Utilities are not monitored by the building management in terms of carbon emissions as no accurate data is available on the consumptive quality of each item. The registration and reporting obligations under the Carbon Reduction Commitment (CRC) Energy Efficient Scheme do not apply to the Company.

Ashmore endeavours to make maximum use of available technology such as video conferencing; however, its business model as an investor in emerging markets inevitably requires that its investment professionals and other members of staff travel frequently to these countries to assess and monitor opportunities. During 2009/10, our monitored staff air travel usage amounted to a total of 7.1 million kilometres (FY2008/09: 6.8 million kilometres). Using the DEFRA guidelines for company reporting on greenhouse gas emissions we have calculated that this amounted to 1,739.74 tonnes of CO_2 (FY2008/09: 1,722.77 tonnes of CO_2).

Ashmore recycling figures for paper and photocopier toners

	2010	2009
Cubic yards of landfill saved	56.1	60.2
Trees saved	305.2	315.8
Tonnes of CO_2 saved	8.23	8.73
Average recycling	100%	100%

Source: Viridor

Ashmore has published a separate Corporate responsibility report which can be found on its website at www.ashmoregroup.com

By order of the Board

Michael Perman
Company Secretary

13 September 2010

Report from the Chairman of the audit committee

The composition and summary terms of reference of the audit committee are set out on page 36.

The principal activities of the audit committee through the year were as follows:

Financial statements

The audit committee reviewed the 2010 annual report, interim results, preliminary results and reports from the external auditors, KPMG Audit Plc, on the outcome of their reviews and audits in 2010.

External auditors

The committee met with the external auditors during the year to review the scope of their audit and findings thereon for the interim and year-end financial statements.

The committee received a comprehensive presentation from the auditors 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 service 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 committee and approved by him. During the year the value of non-audit services provided by KPMG amounted to £0.4 million (FY2009: £0.5 million). The range of permitted non-audit services included the provision of tax compliance services, acting as reporting accountant in appropriate circumstances provided there is no element of valuation work involved, and reports on internal controls as required under SAS 70 pursuant to investment management industry standards. 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 were engaged to provide services which might have led to a conflict of interests.

The committee is satisfied that the external auditors remain independent and recommended to the Board that a resolution be put to shareholders for the reappointment of the auditors, and their remuneration and terms of engagement, at the Annual General Meeting of the Company.

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.

Internal controls and risk management

The committee reviewed and evaluated the system of internal controls and risk management operated within the Company.

Further details can be found on pages 26 and 27 and 38 and 39.

Internal audit

Ernst & Young were appointed as internal auditors effective 1 July 2009 reporting directly to the committee. The committee has received regular reports on its findings and programme of reviews at each of its meetings during the course of the year. Further details can be found in the Internal control section of the Corporate governance report on pages 38 and 39.

Audit committee effectiveness

The members of the committee conducted a review of its effectiveness and concluded that it was working effectively.

Nick Land
Chairman of the Audit committee

13 September 2010

Remuneration report

Unaudited information

Introduction

This report has been prepared on behalf of the Board in accordance with Schedule 8 to the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008 and the Combined Code 2008 (the 2008 Code). This report sets out the Company's remuneration policy and gives details of the compensation of Directors for the year ended 30 June 2010.

Remuneration committee

The remuneration committee comprises three non-executive Directors. Throughout the year Jonathan Asquith served as Chairman with Michael Benson and Nick Land as members.

The remuneration committee meets as often as required to discharge its duties and met four times during the period from 1 July 2009 to 30 June 2010. Details of attendance at all meetings for the financial year under review are contained in the table on page 36 of the Corporate governance report. The Chief Executive Officer, Group Finance Director, Company Secretary and the Head of Human Resources attended all or part of the meetings at the invitation of the remuneration committee but took no part in the determination of their own remuneration.

The primary role of the remuneration committee is to make recommendations to the Board as to the Company's framework or broad policy for the remuneration of the Chairman, the executive Directors of the Board and the Company Secretary, as well as decide on total individual remuneration packages for these positions.

Remuneration policy

The key objectives of the Company's remuneration policy are to ensure that:

- levels of remuneration are relative to the Company's market and sufficient to attract and retain executive Directors of the quality required to run the Company successfully;
- the executive Directors and the Company Secretary receive sufficient incentives to motivate enhanced performance;
- executive Directors and the Company Secretary are fairly rewarded for their individual contributions to the Company's overall performance; and
- effective risk management is promoted and encouraged by executive Directors and the Company Secretary.

In determining this policy, the remuneration committee takes into account a broad range of factors including the interests of the shareholders and the financial and commercial health of the Company.

In addition, the Heads of Risk and Compliance actively contribute to the annual reviews of all employees, and their feedback is taken into consideration when determining employee remuneration.

The terms of reference of the remuneration committee are available on the Company website at www.ashmoregroup.com

Advisors

The remuneration committee was advised, when considered appropriate, by Mercer Limited until 1 January 2010 and by Hewitt New Bridge Street (a trading name of Hewitt Associates Limited) from that date on. The Company participates in the McLagan Partners compensation survey from which relevant data is provided to the remuneration committee.

Neither of the above has any connection with the Company other than providing compensation advice and/or information.

Service agreements

Each executive Director has entered into a service agreement with the Company. The service agreements do not have a fixed term but include provisions for termination on 12 months' notice by either party. Service agreements contain no contractual entitlement to receive bonus payments or to participate in the Company's share plans. Participation in these arrangements is discretionary and subject to approval by the remuneration committee.

Non-executive Directors are appointed for an initial three-year period. Their continued engagement is subject to the requirements of the Company's Articles relating to the retirement of Directors by rotation.

The Company has maintained Directors' and officers' liability insurance cover throughout the period.

The table below provides details of the Directors' service agreements/letters of appointment for current Directors and Directors who served during the year.

Directors' service contracts	Date appointed Director	Contract date	Notice period	Expiry/review date
Executive Directors				
Mark Coombs	3 December 1998	21 September 2006	1 year	Rolling
Graeme Dell	19 December 2007	3 December 2007	1 year	Rolling
Non-executive Directors				
Michael Benson – Chairman	3 July 2006	3 July 2009	1 month	3 July 2012
Nick Land	3 July 2006	3 July 2009	1 month	3 July 2012
Jonathan Asquith	1 September 2008	1 September 2008	1 month	1 September 2011
Melda Donnelly	1 July 2009	1 July 2009	1 month	1 July 2012

Executive Directors are permitted to serve as non-executive Directors of other companies where there is no competition to the Company's business activities and where these duties do not interfere with the individual's ability to perform his duties for the Company. In the reporting year neither Mark Coombs nor Graeme Dell held any non-executive Directorships.

There are no provisions for compensation of executive Directors on early termination save as described below:

(a) the contracts for Mr Coombs and Mr Dell contain provisions entitling the Company to terminate employment without notice subject to making 12 monthly payments thereafter equivalent to monthly basic pay and benefits; and
(b) all Directors' contracts entitle the Company to give pay in lieu of notice.

Executive remuneration components

The Company rewards exceptional performance and so emphasises the variable components of the remuneration package.

The pay model adopted for the executive Directors is similar to that of employees more generally within the Group. All employees are subject to the same set salary cap and participate in a Group-wide bonus pool. Since performance related pay is based on the principle of profit sharing, all employees share in the success of the business with remuneration rising and falling as a result of Group profit performance. The extent that each individual shares in the actual profit of the Group varies by individual performance and the role undertaken within the business. Part of individual's bonuses are deferred for a period of 5 years for the majority of employees through participation in the Company's long-term incentive plans.

Fixed compensation

Fixed compensation components comprise basic salary and benefits in kind. Basic salaries are capped, as it is the Company's policy to maintain its fixed cost base at a low level.

Periodic reviews are undertaken in terms of an appropriate level at which to cap maximum annual salary. Both the Chief Executive Officer and Group Finance Director earn a basic salary of £100,000. There have been no increases to their base salary levels during the year under review.

Variable compensation

The Company's discretionary variable compensation provides for both an annual cash bonus, which is non-pensionable, and deferred share awards. The total variable compensation is determined by reference to the individual's performance against agreed criteria, the profitability of the Company and the external market. Performance criteria are established appropriate to the individual's role, to include such measures as growth in assets under management (AuM) and profitability where appropriate and other key areas of individual performance.

The Company's intention is to pay to members of staff an amount in total of up to 25% of earnings before variable compensation, interest and tax (EBVCIT) in respect of its total variable compensation comprising cash bonus, including social security obligations thereon, and share-based payments, including fair value and social security costs in this respect. For the financial year ending 30 June 2010 the provision for variable compensation is at 18% of EBVCIT. In view of the stringent salary controls which the Group operates the remuneration committee does not consider it necessary or appropriate to set a cap on individual discretionary bonus awards, although such awards will be made within the overall provision for variable compensation as set out above.

40% of any discretionary variable compensation earned by executive Directors is received in the form of a restricted share award (at the prevailing share price without enhancement) which is deferred and cliff vests after a period of five years subject to achieving a relative total shareholder return performance target. In addition, the opportunity exists to commute up to 50% of the annual cash bonus earned into the Company's shares (also at the prevailing share price without enhancement). If a deferral of bonus is voluntarily elected, the deferral period is also five years with deferred shares then subject to a matching award that is currently of equal value to the bonus deferred. Matching awards are subject to the same relative total shareholder return performance condition. Full details of restricted share awards, matching shares and the total shareholder return performance target are set out on pages 45 to 47.

The remuneration committee has considered the current guidance on remuneration in financial companies issued by the Financial Services Authority (FSA), Sir David Walker and the Financial Stability Board and in particular its emphasis on the need to ensure that remuneration plans do not incentivise excessive risk taking and short termism. The committee believe that the nature of the variable remuneration plans in place have been structured appropriately in light of the Company's business model and risk profile in light of these guidelines in regard to (i) the proportion of variable remuneration of executive Directors and senior staff across the business which is deferred (a minimum of 40% of any bonus earned for a five year period), (ii) the length of the deferral period (five years being well ahead of the period specified by the FSA and other relevant guidance) and (iii) the performance conditions attached to the deferred awards (ie the part of the bonus that is converted into a restricted share award is subject to a total shareholder return performance condition for executive Directors that acts as a form of 'claw-back' in that the shares will not ultimately vest in full unless the Company's total shareholder return is at upper quartile measured against other global investment management firms over a five year period). Since the remuneration committee set the pay arrangements for the year ending 30 June 2010, the FSA has proposed extending its Remuneration Code to asset management businesses from 1 January 2011 (and is currently consulting on potential changes to that Code). The committee will clearly comply with any additional obligations which it imposes.

Total compensation	Fixed	Variable – cash	Variable – deferred	Total
Mark Coombs	2%	59%	39%	100%
Graeme Dell	10%	54%	36%	100%

To date, for reasons related to Rule 9 of the Takeover Code, Mark Coombs has chosen to waive any shares offered to him as part of his variable remuneration as the issuance of further shares to him would increase his existing shareholdings to the extent that it would trigger a mandatory bid for all shares. During prior years he has therefore asked the remuneration committee to consider an appropriate equivalent donation to be made to a charity or charities nominated by him and the remuneration committee has agreed to this. Any such equivalent donation made to a charity is paid to the charity annually in instalments of one fifth of the value of the award over a period equivalent to the five year vesting period which would have otherwise applied to a share award. Ongoing payments to the charity are dependent on Mark Coombs continued employment.

Mark Coombs' performance measures include targets for EBIT and AuM growth as well as the progression of strategic opportunities and operational development. The committee is fully satisfied that these performance measurements were met or exceeded in the year ended 30 June 2010. Similar measurements will be applied in the financial year ending 30 June 2011.

Graeme Dell's performance measurements are a basket of operational, strategic and compliance related targets pertaining to his areas of responsibility, including finance, technology, compliance, operations, Ashmore's overseas operations and investor relations. The committee is satisfied that key targets were met in the year ended 30 June 2010. Similar performance measures will be applied to the financial year ending 30 June 2011.

The balance between the fixed and variable elements of total compensation for each of the executive Directors for the year ending 30 June 2010 is shown in the table opposite.

Mark Coombs has requested to waive 30% of any total bonus awarded to him. He asked the remuneration committee to consider an appropriate equivalent donation to be made to a charity or charities nominated by him and the remuneration committee has agreed to this. 50% of the amount waived will be donated to the Ashmore Foundation, more details of which can be found in the Corporate social responsibility section of this report on page 40, and 50% to a charity or charities of his choice.

Long-term share award plans

As a business which is completely reliant upon the intellectual capital of its people the Board considers it essential to have in place share incentive arrangements which provide a significant element of "at risk" compensation and which are designed to attract, motivate and retain highly qualified executives, investment management professionals, and other key employees who are critical to our long-term success and to align their interests with those of our clients and shareholders.

The overall limits operated under the live plans described below, which were established prior to the listing of the Company, are designed to fulfil these objectives. The number of shares which may be issued in aggregate under any employee share plan of the Company over any ten-year period following Admission is limited to 15% of the Company's issued share capital at that time. The Company's obligations under the 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"). During the period all of the awards that vested were met by shares from the EBT. As detailed in note 22 of the accounts, the EBT continues to make market purchases of shares to satisfy current and future awards.

At 30 June 2010 the Company had issued 2.5% of the Company's issued share capital under employee share plans to its staff.

The Company operates three share award plans. All employees, including executive Directors, are eligible to receive awards under the share award plans.

Deferred compensation

The Company Executive Omnibus Incentive Plan ("Omnibus Plan")

This plan was adopted on 11 October 2006.

As described in the Variable compensation section above, senior employees routinely receive a proportion of their remuneration in the form of restricted shares, which vest after five years but qualify for dividends from the date of award. Employees who receive an award of restricted shares under the Omnibus Plan may also be given the opportunity to commute cash bonus awarded into bonus shares. Should employees take up this option, the Company may match the award with matching shares. Bonus and matching awards are eligible for dividends or equivalent from the date of award. All share awards for employees who remain employed by the Company cliff vest at five years.

In the case of executive Directors, restricted and matching share awards will be subject to Total Shareholder Return (TSR) performance conditions. Bonus shares will not be subject to a TSR performance condition as the executive Directors will have waived cash bonus in order to receive them.

Awards under the Omnibus Plan are subject to good and bad leaver provisions. Should an award holder leave employment for reasons that would categorise them as a bad leaver, all restricted and matching share awards will be forfeited. Should an award holder leave employment for reasons that would categorise them as a good leaver, then restricted and matching share awards would vest on a pro-rated basis. Bonus shares will vest and be transferred to the award holder free of restrictions upon termination of employment for any reason other than dismissal for cause or personal bankruptcy.

The plan also allows the issue of option and share awards of different types. No options have been issued under this plan during the year and this is not current policy for executive Directors.

The Omnibus Plan includes individual limits in respect of option and share awards made to executive Directors in any annual period whereby an award will be limited and take effect so that (a) no participant who is an executive Director of the Company is granted market value options, discounted options or premium cost options in any annual period over more than 2,000,000 ordinary shares of 0.01 pence each, and (b) no participant who is an executive Director of the Company is granted share awards in any annual period over more than 1,000,000 ordinary shares of 0.01 pence each. If there are exceptional circumstances that the remuneration committee considers justify making awards in excess of these limits, the remuneration committee may, in respect of the relevant participant, apply double the limits above.

In order to allow awards to be made to executive Directors and Group employees to whom share awards cannot be made and better facilitate the wider operation of the Company's share plans in certain overseas countries where use of securities is complicated, the remuneration committee wishes to enable the making of phantom awards as well as actual shares.

To date deferred awards for employees have taken the form of restricted shares, and as noted above for reasons related to Rule 9 of the Takeover Code, Mark Coombs has waived any shares offered to him as part of his variable remuneration as the issue of further shares to him would increase his existing shareholdings to the extent that it would trigger a mandatory bid for all shares. This change will enable awards to be made to Mark Coombs in a manner which is consistent with other employees, and which it is anticipated complies with the planned changes to the FSA's Remuneration Code.

As a result of Ashmore's establishment of operating entities and the employment of associated personnel in a number of emerging market countries it has become apparent that making awards of restricted, bonus or matching shares to employees in certain jurisdictions is difficult due to the local regulatory treatment of share awards, exchange control issues or local tax treatment of such awards. Ashmore wish to be able to treat its global employees consistently from a remuneration perspective and value equally the retention and incentivisation of staff irrespective of the jurisdiction in which they are employed.

To overcome these restrictions, the remuneration committee will seek shareholders approval, at the AGM scheduled for 28 October 2010, for a change to be made to the Omnibus Plan to introduce phantom awards.

Phantom awards will only give a participant an entitlement to a cash amount equal to the market value of the shares that would have been issued or transferred to them if they had received the equivalent form of share award. In no circumstances will a holder of a phantom award have any entitlement to shares. The equivalent cash amount due on the vesting of a phantom award shall be the market value of the vested phantom shares on the relevant vesting or exercise date.

Participants holding Restricted Shares are entitled to any dividends paid on the shares prior to the vesting date. Dividend equivalents are paid to participants holding other forms of share award, unless the remuneration committee determines otherwise. Phantom awards will be entitled to dividend equivalents unless the remuneration committee determines otherwise.

Should shareholders not approve the proposed change to the Omnibus Scheme rules, international employees who are unable to receive shares as remuneration will receive awards of a similar value structured in a manner which complies with local securities regulations and Mark Coombs will receive an award of the same value as the proposed phantom award, on 24 November 2010 subject to remaining in continued employment at this time.

During the financial year share awards were granted to Graeme Dell from the Omnibus Plan on 15 October 2009 as set forth in the table below and as reported in the Remuneration Report for the year ended 30 June 2009. No share awards were made to Mark Coombs in the financial year.

The Ashmore First Discretionary Share Option Scheme ("Option Scheme")

This scheme was established on 23 October 2000. Subsequent to the Company's Admission in October 2006, it is not intended to issue any further options under this scheme.

Ashmore Executive Omnibus Incentive Plan

Number of restricted shares*	Number of bonus shares	Number of matching shares*	Market price at date of grant	Date of grant	Release date
102,406	76,805	76,805	273.42p	15 October 2009	15 October 2014

* Awards subject to TSR performance measures. Bonus shares relate to a proportion of cash bonus award voluntarily deferred into Ashmore shares by the recipient.

The Company Approved Share Option Plan ("CSOP")

This plan was adopted on 11 October 2006 and approved by HMRC on 1 June 2007. The CSOP provides for the granting of options up to a market value limit of £30,000 to each individual on the date of grant. No awards have been made under this plan to date.

Total Shareholder Return ("TSR") performance measure

Relative TSR is used as the performance measure for long-term incentive awards at Ashmore.

The remuneration committee has established a comparator group against which to measure TSR performance in respect of share awards to executive Directors under CSOP and the Omnibus Plan (for awards of both restricted shares and matching shares). Share awards will not vest at below median performance. 25% of share awards will vest for median performance rising to full vesting at upper quartile performance, with straight-line proportionate vesting between these two points. The performance period for awards under the Omnibus Plan is five years.

TSR is considered appropriate as a well established and recognised performance measure which aligns the interests of the executive Directors with that of the shareholders choosing to invest in other similar global investment management firms. In the absence of any other dedicated emerging markets investment management companies, a comparator group of 19 companies has been selected from global investment management companies of a similar size that are established and actively trading on stock markets.

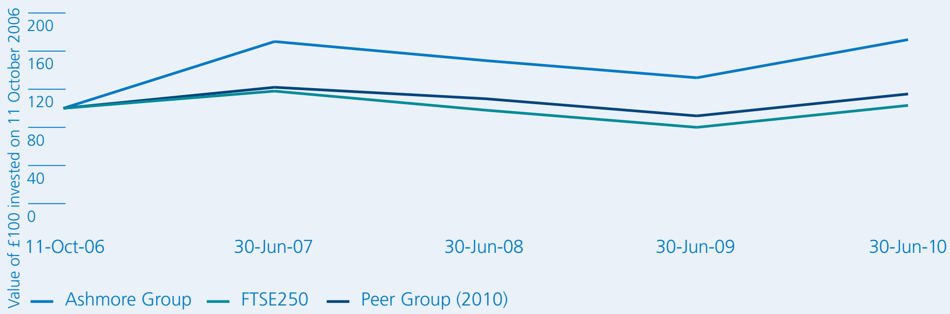
The remuneration committee decided to increase the number of companies used for TSR comparison purposes on 10 September 2009 from the original 16 comparator companies. This was prompted by the suspension from trading or acquisition of three of the original comparator group companies. The remuneration committee felt that in order to ensure that a sustainable peer group was selected; the group should be increased for awards made in relation to the year ended 30 June 2009 forward.

In measuring the extent to which the Company's TSR performance has met the relevant targets, the remuneration committee instructs its independent remuneration consultants to prepare a report for it to use as the basis for approving vesting of performance related share awards.

TSR performance graph

The graph below shows the growth in the Company's share price since Admission against the FTSE 250 (both on a TSR basis). The FTSE 250 index has been selected as the index in which the Company is currently listed.

Total return performance chart to 30 June 2010



Note: The chart shows the value by 30 June 2010 of £100 invested in Ashmore Group on 11 October 2006 (the date of listing) compared to the value of £100 invested in the FTSE 250 index and a bespoke index comprised of the 2010 Peer Group for the Ashmore Executive Omnibus Incentive Plan. 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 (ie 1 June to 30 June inclusive).

Source: Graph provided by HNBS using a methodology compliant with the requirements of Schedule 8 to the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008 to the Companies Act 2006.

Audited information

Pensions

The Company operates a Group Personal Pension scheme. Executive Directors are entitled to join the Group Personal Pension Scheme ("Pension Scheme") under which the Company makes contributions at 7% of basic salary. There is no mandatory requirement for executive Directors, or any employees, to contribute. Following the changes to pension legislation introduced from 6 April 2006, Mark Coombs has elected for employer contributions to cease and equivalent taxable cash payments have been made to him in lieu. Graeme Dell is a member of the Group Personal Pension Scheme.

Other benefits

Executive Directors are entitled to a lump sum death-in-service benefit of four times basic salary. In addition, executive Directors are entitled to membership of the Company medical insurance scheme, an annual health check and a number of other minor benefits to encourage and facilitate good health and a healthy work-life balance.

Directors' remuneration

The remuneration of the Directors of the Company for the year ended 30 June 2010 was as follows:

	Notes	Salaries £	Fees £	Benefits £	Cash bonus £	Year ended 30 June 2010 Total £	Year ended 30 June 2009 Total £
Executive Directors							
Mark Coombs[1, 2, 6]		100,000	–	8,689	4,200,000	**4,308,689**	108,636
Graeme Dell[1, 3, 7]		100,000	–	8,689	540,000	**648,689**	528,636
Non-Executive Directors							
Michael Benson[4, 5]		–	125,000	–	–	**125,000**	125,000
Jonathan Asquith[4]		–	50,000	–	–	**50,000**	41,666
Nick Land[4]		–	50,000	–	–	**50,000**	50,000
Melda Donnelly[4, 8]		–	50,000	–	–	**50,000**	–

1 Mark Coombs' and Graeme Dell's variable compensation is made up of 60% cash bonus and 40% deferred 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 phantom awards. All share or phantom awards will be reported in the Directors share awards table in the year of grant.
2 The making of phantom awards is subject to the proposed changes to the Omnibus Plan noted above, for which shareholders approval will be sought at the AGM. Should shareholders not approve the proposed changes to the Omnibus Plan, an award of the same value as the proposed phantom award will be made.
3 During the year ending 30 June 2009 Graeme Dell chose to commute 50% of his cash bonus thus reducing his cash compensation from £420,000 to £210,000.
4 Non-executive Directors do not receive any additional fees for committee memberships.
5 Michael Benson has waived his right to fees over £100,000 and has asked that any additional monies are paid to a charity or charities of his choice.
6 Mark Coombs' benefits include payment in lieu of pension equivalent to 7% of basic salary in the "Benefits" column. His benefits also include membership of the Company medical scheme.
7 Graeme Dell's benefits include a pension contribution of 7% of basic salary in the "Benefits" column. His benefits also include membership of the Company medical scheme.
8 Melda Donnelly was appointed on 1 July 2009 and so received no payments during the year ended 30 June 2009.

Directors' share awards
The Company Executive Omnibus Incentive Plan:

Executive Director	Omnibus Share Award	Date of Award	Release Date	Market Price on Date of Award	Shares held at 1 July 2009	Shares held at 30 June 2010
Graeme Dell	Restricted Shares	3 December 2007	2 December 2012	£2.7525	272,480	272,480
	Restricted Shares	17 October 2008	16 October 2013	£1.6210	296,114	296,114
	Bonus Shares	17 October 2008	16 October 2013	£1.6210	222,085	222,085
	Matching Shares	17 October 2008	16 October 2013	£1.6210	222,085	222,085
	Restricted Shares	15 October 2009	15 October 2014	£2.7342		102,406
	Bonus Shares	15 October 2009	15 October 2014	£2.7342		76,805
	Matching Shares	15 October 2009	15 October 2014	£2.7342		76,805

No share awards have been made to non-executive directors.

Directors' interests in ordinary shares of Ashmore Group plc

	30 June 2010	30 June 2009
Executive Directors		
Mark Coombs	301,574,200	303,324,200
Graeme Dell	1,268,780	1,012,764
Non-executive Directors		
Michael Benson	29,000	29,000
Nick Land	29,000	29,000
Jonathan Asquith	–	–
Melda Donnelly	–	–

The market price of the Company's shares as at 30 June 2010 was 243.30 pence. The highest share price during the financial year was 308.00 pence. The lowest share price was 186.25 pence per share.

By order of the Board

Jonathan Asquith
Chairman of the remuneration committee

13 September 2010

Financial statements

Independent auditors' report to the members of Ashmore Group plc

We have audited the Group and parent Company financial statements of Ashmore Group plc for the year ended 30 June 2010 set out on pages 51 to 85. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This 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. 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 auditors' 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 this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' responsibilities statement set out on page 33, 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKP.

Opinion on financial statements

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 2010 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union 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.

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 (which includes that specific information presented in the Business review that is cross referred from the Principal activity and business review section of the Directors' report) for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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 32, in relation to going concern; and
- the part of the Corporate governance statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

Paul Furneaux (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

13 September 2010

Consolidated statement of comprehensive income
Year ended 30 June 2010

	Notes	2010 £m	2009 £m
Management fees		**192.1**	186.8
Performance fees		**82.9**	52.5
Other revenue		**6.4**	6.4
Total revenue		**281.4**	245.7
Distribution costs		**(2.2)**	(3.6)
Foreign exchange	3	**7.0**	(38.6)
Net revenue		**286.2**	203.5
Personnel expenses	5	**(58.8)**	(36.0)
Other expenses	6	**(18.1)**	(16.9)
Operating profit		**209.3**	150.6
Finance income	4	**7.9**	9.2
Profit before tax		**217.2**	159.8
Tax expense	7	**(56.6)**	(44.3)
Profit for the year		**160.6**	115.5
Other comprehensive income:			
Exchange adjustments on translation of foreign operations		**0.4**	0.5
Net gains on available-for-sale and held-for-sale financial assets including deferred tax		**7.3**	2.3
Gains on available-for-sale and held-for-sale financial assets previously recognised directly in equity		**(5.9)**	–
Cash flow hedge intrinsic value losses		**(0.6)**	–
Total comprehensive income for the period		**161.8**	118.3
Profit attributable to:			
Equity holders of the parent		**160.0**	115.0
Non-controlling interests		**0.6**	0.5
Profit for the year		**160.6**	115.5
Total comprehensive income attributable to:			
Equity holders of the parent		**161.2**	117.8
Non-controlling interests		**0.6**	0.5
Total comprehensive income for the year		**161.8**	118.3
Earnings per share:			
Basic	8	**23.87p**	17.12p
Diluted	8	**22.51p**	15.99p

Consolidated balance sheet
Year ended 30 June 2010

	Notes	As at 30 June 2010 £m	As at 30 June 2009 £m
Assets			
Property, plant and equipment	11	**3.8**	4.6
Intangible assets	12	**6.7**	6.7
Deferred acquisition costs	13	**9.3**	11.3
Investment in associate	26	**2.3**	–
Non-current asset investments	16	**2.0**	–
Other receivables		**0.7**	0.9
Deferred tax assets	15	**14.4**	14.0
Total non-current assets		**39.2**	37.5
Trade and other receivables	14	**45.7**	33.1
Available-for-sale financial assets	18	**39.9**	4.8
Derivative financial instruments		**–**	0.8
Cash and cash equivalents		**344.4**	288.4
Total current assets		**430.0**	327.1
Non-current assets held-for-sale	17	**35.9**	34.8
Total assets		**505.1**	399.4
Equity			
Issued capital	21	**–**	–
Share premium		**0.3**	0.3
Retained earnings		**365.8**	305.0
Foreign exchange reserve		**0.9**	0.5
Available-for-sale and held-for-sale fair value reserve		**4.1**	2.7
Cash flow hedging reserve		**(0.6)**	–
Total equity attributable to equity holders of the parent		**370.5**	308.5
Non-controlling interests		**2.2**	2.0
Total equity		**372.7**	310.5
Liabilities			
Deferred tax liabilities	15	**1.3**	1.5
Total non-current liabilities		**1.3**	1.5
Current tax		**30.3**	24.0
Derivative financial instruments	19	**1.8**	5.0
Trade and other payables	24	**89.8**	51.0
Total current liabilities		**121.9**	80.0
Non-current liabilities held-for-sale	17	**9.2**	7.4
Total liabilities		**132.4**	88.9
Total equity and liabilities		**505.1**	399.4

Approved by the Board on 13 September 2010 and signed on its behalf by:

Mark Coombs
Chief Executive Officer

Graeme Dell
Group Finance Director

Consolidated statement of changes in equity
Year ended 30 June 2010

	Issued capital £m	Share premium £m	Retained earnings £m	Foreign exchange reserve £m	Available-for-sale (AFS) and held-for-sale (HFS) fair value reserve £m	Cash flow hedging reserve £m	Total equity attributable to equity holders of the parent £m	Non-controlling interests £m	Total equity £m
Balance at 1 July 2008	–	0.3	271.1	–	0.4	–	271.8	1.5	273.3
Profit for the year	–	–	115.0	–	–	–	115.0	0.5	115.5
Other comprehensive income:									
Exchange adjustments on translation of foreign operations	–	–	–	0.5	–	–	0.5	–	0.5
Net gains on AFS/HFS assets	–	–	–	–	2.3	–	2.3	–	2.3
Cash flow hedge intrinsic value movements	–	–	–	–	–	–	–	–	–
Own shares	–	–	(0.8)	–	–	–	(0.8)	–	(0.8)
Treasury shares	–	–	(6.9)	–	–	–	(6.9)	–	(6.9)
Share-based payments	–	–	8.2	–	–	–	8.2	–	8.2
Current tax related to share-based payments	–	–	0.2	–	–	–	0.2	–	0.2
Deferred tax related to share-based payments	–	–	0.1	–	–	–	0.1	–	0.1
Dividends to equity holders	–	–	(81.9)	–	–	–	(81.9)	–	(81.9)
Balance at 30 June 2009	–	0.3	305.0	0.5	2.7	–	308.5	2.0	310.5
Profit for the year	–	–	160.0	–	–	–	160.0	0.6	160.6
Other comprehensive income:									
Exchange adjustments on translation of foreign operations	–	–	–	0.4	–	–	0.4	–	0.4
Net gains on AFS/HFS assets	–	–	–	–	7.3	–	7.3	–	7.3
Gains on AFS previously recognised in equity	–	–	–	–	(5.9)	–	(5.9)	–	(5.9)
Cash flow hedge intrinsic value movements	–	–	–	–	–	(0.6)	(0.6)	–	(0.6)
Own shares	–	–	(34.0)	–	–	–	(34.0)	–	(34.0)
Share-based payments	–	–	19.1	–	–	–	19.1	–	19.1
Deferred tax related to share-based payments	–	–	(2.1)	–	–	–	(2.1)	–	(2.1)
Dividends to equity holders	–	–	(82.2)	–	–	–	(82.2)	–	(82.2)
Dividends to non-controlling interests	–	–	–	–	–	–	–	(0.4)	(0.4)
Balance at 30 June 2010	–	0.3	365.8	0.9	4.1	(0.6)	370.5	2.2	372.7

Consolidated cash flow statement
Year ended 30 June 2010

	2010 £m	2009 £m
Operating activities		
Cash receipts from customers	**305.4**	198.9
Cash paid to suppliers and employees	**(54.5)**	(48.0)
Cash generated from operations	**250.9**	150.9
Taxes paid	**(52.9)**	(47.7)
Net cash from operating activities	**198.0**	103.2
Investing activities		
Interest received	**1.5**	9.3
Acquisition of subsidiary	**–**	(3.7)
Investment in associate	**(2.3)**	–
Purchase of non-current asset investments	**(2.0)**	–
Net purchase of non-current assets held-for-sale	**(23.1)**	(6.9)
Net purchase of available-for-sale financial assets	**(1.8)**	(4.7)
Purchase of property, plant and equipment	**(0.5)**	(2.1)
Net cash used in investing activities	**(28.2)**	(8.1)
Financing activities		
Dividends paid to equity holders	**(82.2)**	(81.9)
Dividends paid to non-controlling interests	**(0.4)**	–
Purchase of own shares	**(34.0)**	(0.9)
Purchase of treasury shares	**–**	(6.9)
Net cash used in financing activities	**(116.6)**	(89.7)
Net increase in cash and cash equivalents	**53.2**	5.4
Cash and cash equivalents at beginning of year	**288.4**	279.2
Effect of exchange rate changes on cash and cash equivalents	**2.8**	3.8
Cash and cash equivalents at end of year	**344.4**	288.4
Cash and cash equivalents comprise:		
Cash at bank and in hand	**344.4**	288.4
	344.4	288.4

Company balance sheet
Year ended 30 June 2010

	Notes	As at 30 June 2010 £m	As at 30 June 2009 £m
Assets			
Property, plant and equipment	11	**3.2**	4.0
Intangible assets	12	**4.1**	4.1
Investment in subsidiaries	26	**4.7**	4.7
Deferred tax assets	15	**14.4**	14.0
Total non-current assets		**26.4**	26.8
Trade and other receivables	14	**69.0**	37.8
Cash and cash equivalents		**222.0**	207.0
Total current assets		**291.0**	244.8
Total assets		**317.4**	271.6
Equity			
Issued capital	21	**–**	–
Share premium		**0.3**	0.3
Retained earnings		**274.2**	227.9
Total equity attributable to equity holders of the Company		**274.5**	228.2
Liabilities			
Deferred tax liabilities	15	**0.2**	0.2
Total non-current liabilities		**0.2**	0.2
Current tax		**–**	10.9
Trade and other payables	24	**42.7**	32.3
Total current liabilities		**42.7**	43.2
Total liabilities		**42.9**	43.4
Total equity and liabilities		**317.4**	271.6

Approved by the Board on 13 September 2010 and signed on its behalf by:

Mark Coombs
Chief Executive Officer

Graeme Dell
Group Finance Director

Company statement of changes in equity
Year ended 30 June 2010

	Issued capital £m	Share premium £m	Retained earnings £m	Total equity attributable to equity holders of the parent £m
Balance at 1 July 2008	–	0.3	**177.2**	177.5
Profit for the year	–	–	**131.8**	131.8
Other comprehensive income	–	–	**–**	–
Own shares	–	–	**(0.8)**	(0.8)
Treasury shares	–	–	**(6.9)**	(6.9)
Share-based payments	–	–	**8.2**	8.2
Current tax related to share-based payments	–	–	**0.2**	0.2
Deferred tax related to share-based payments	–	–	**0.1**	0.1
Dividends to equity holders	–	–	**(81.9)**	(81.9)
Balance at 30 June 2009	–	0.3	**227.9**	228.2
Profit for the year	–	–	**145.5**	145.5
Other comprehensive income	–	–	**–**	–
Own shares	–	–	**(34.0)**	(34.0)
Share-based payments	–	–	**19.1**	19.1
Deferred tax related to share-based payments	–	–	**(2.1)**	(2.1)
Dividends to equity holders	–	–	**(82.2)**	(82.2)
Balance at 30 June 2010	–	0.3	**274.2**	274.5

Company cash flow statement
Year ended 30 June 2010

	2010 £m	2009 £m
Operating activities		
Cash receipts from customers	**71.0**	52.3
Cash paid to suppliers and employees	**(42.4)**	(34.6)
Cash generated from operations	**28.6**	17.7
Taxes paid	**–**	(0.2)
Net cash from operating activities	**28.6**	17.5
Investing activities		
Interest received	**1.0**	6.0
Investment in subsidiary	**–**	(3.7)
Loans to subsidiaries	**(24.9)**	(11.5)
Dividends received from subsidiaries	**126.8**	115.5
Purchase of property, plant and equipment	**(0.3)**	(1.7)
Net cash from investing activities	**102.6**	104.6
Financing activities		
Dividends paid	**(82.2)**	(81.9)
Purchase of own shares	**(34.0)**	(0.9)
Purchase of treasury shares	**–**	(6.9)
Net cash used in financing activities	**(116.2)**	(89.7)
Net increase in cash and cash equivalents	**15.0**	32.4
Cash and cash equivalents at beginning of year	**207.0**	174.6
Cash and cash equivalents at end of year	**222.0**	207.0
Cash and cash equivalents comprise:		
Cash at bank and in hand	**222.0**	207.0
	222.0	207.0

Notes to the financial statements

1) Significant accounting policies

The following accounting policies have been applied consistently to all years presented in dealing with items which are considered material in relation to the Group and Company financial statements, with the exception of new standards and interpretations which have been adopted with effect from 1 July 2009 as disclosed in policy note (a) below.

(a) Basis of preparation – Group and Company

The financial information has been prepared in accordance with IFRS as adopted by the EU, and applied in accordance with the provisions of the Companies Act 2006. Based on these adopted IFRS, the Directors have selected the accounting policies to be applied, which are set out below.

The financial information has been prepared under the historical cost convention, except for the measurement at fair value of derivative financial instruments and certain financial assets that are held as available-for-sale.

The Company is taking 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.

With effect from 1 July 2009, the Group adopted the following new standards and interpretations:

IFRS 1 and IAS 27 Amended: Cost of an investment in Subsidiary, Jointly-Controlled Entity or Associate
This standard has been amended to clarify the initial measurement of cost in the separate financial statements of a new parent formed as the result of a reorganisation. The adoption of this amendment has not had a material impact on the financial performance or position of the Group.

IFRS 2 Amended: Share-based Payments
This standard has been amended to clarify the definition of vesting conditions. The amended standard also requires a cancellation of a share-based award, whether by the entity or other parties, to be accounted for as an acceleration or modification of the vesting period. The adoption of this amendment has not had a material impact on the financial performance or position of the Group.

IFRS 3 Amended: Business Combinations
This amended standard changes the accounting applied to the acquisition of non-controlling interests and the loss of control of subsidiaries. Adoption of this amended standard has had no impact on the financial performance or position of the Group.

IFRS 7 Amended: Financial Instruments: Disclosures
The amended standard requires enhanced disclosures about fair value measurements and liquidity risk. Among other things, the new disclosures:

→ add disclosure of any change in the method for determining fair value and the reasons for the change
→ establish a three-level hierarchy for making fair value measurements:
   1. quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
   2. inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices) (Level 2); and
   3. inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).
→ add disclosure, for each fair value measurement in the statement of financial position, of which level in the hierarchy was used and any transfers between levels, with additional disclosures whenever Level 3 is used including a measure of sensitivity to a change in input data
→ add disclosure of a maturity analysis for derivative financial liabilities.

The adoption of this amendment has not had a material impact on the financial performance or position of the Group.

IFRS 8: Operating Segments
This standard requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary and secondary reporting segments of the Group. Additional disclosures are also required for single segment businesses, including information about major customers and the location of material non-current assets. Adoption of this standard had no material impact on the disclosure in the accounts since management continue to regard the Group's services as comprising one business segment (being provision of investment management services) and that its operations are not run on a discrete geographic basis. Disclosure regarding significant revenue sources is given in note 2. No additional disclosure is required for non-current assets on the basis that all material non-current assets are held in the UK.

IAS 1 Amended: Presentation of Financial Statements
This amended standard introduces the statement of comprehensive income, which presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present a single statement in the form a consolidated statement of comprehensive income.

IAS 27 Amended: Consolidated and Separate Financial Statements
Changes to IAS 27 and IFRS 3 work together such that a business combination leading to acquisition accounting applies only at the point where control is achieved. The amended standard also identifies that changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for within shareholders' equity. Adoption of this amended standard has had no impact on the financial performance or position of the Group.

IAS 39 Amended: Financial Instruments: Recognition and Measurement
The amendments make clear that the intrinsic value, not the time value, of an option reflects a one-sided risk and therefore an option designated in its entirety cannot be perfectly effective. The time value of a purchased option is not a component of the forecast transaction that impacts profit or loss. Therefore, if an entity designates an option in its entirety as a hedge of a one-sided risk arising from a forecast transaction, hedge ineffectiveness will arise. Adoption of this amended standard has had no impact on the financial performance or position of the Group as the Group excludes all time value from all hedges.

(b) Basis of consolidation
(i) Subsidiaries
Subsidiaries are entities controlled by the Company. Control exists when 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 commences until the date that control ceases. The results of subsidiaries acquired during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition.

(ii) Transactions eliminated on consolidation
Intragroup balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

(iii) Associates
Associates are entities over which the Group has significant influence. Significant influence exists when the Group has the power to participate in the financial and operating policy decisions of the investee but does not control those policies.

Associates are accounted for using the equity method as described under IAS 28, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the investee.

(iv) Employee Benefit Trust
An Employee Benefit Trust (EBT) acts as an agent for the purpose of the employee share-based compensation plans. Accordingly, the EBT is included within the Group's consolidated financial statements.

(c) Foreign currency translation
The Group's financial statements are presented in pounds sterling ("sterling"), which is 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).

(i) Foreign currency transactions
Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to sterling at the foreign exchange rate ruling at that date. 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.

(ii) Financial statements of foreign operations
The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to sterling at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to 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.

(d) Financial instruments

(i) Derivatives
The Group uses foreign exchange forward contracts and options to manage its foreign currency exposures.

Except when hedge accounting is applied, derivatives are initially recognised at cost on the date on which a contract is entered into unless fair value at acquisition is different to cost, in which case the fair value is recognised. Subsequently they are measured at fair value with gains and losses recognised in the statement of comprehensive income. Transaction costs are recognised immediately in the statement of comprehensive income. The fair value of the derivatives is their quoted market price at the balance sheet date.

All derivatives are carried as current assets when the fair value is positive and as current liabilities when the fair value is negative.

(ii) 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 investments are recognised as non-current assets held-for-sale in accordance with IFRS 5. 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. The recognition policy for the three categories is set out below:

- **Non-current asset investments**

Non-current asset investments, relating to closed-end funds, 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.

- **Financial assets held as non-current assets held-for-sale**

Non-current 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. The relevant policy is set out in (d)(i). Where investments that have initially been recognised as non-current 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 now insufficient to be deemed a controlling stake, the investment will subsequently be reclassified as an available-for-sale financial asset. Any such reclassification will crystallise any gain or loss previously recognised through other comprehensive income within profit for the year as part of comprehensive income. Subsequent movements will be recognised in accordance with the Group's accounting policy for the newly adopted classification.

- **Financial assets held as available-for-sale**

For available-for-sale financial assets, gains and losses arising from changes in their fair value are recognised in other comprehensive income, until the asset is disposed of or is 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.

(iii) Trade and other receivables and payables
Trade and other receivables and payables 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 loan or receivable carries no interest, the fair value is estimated as the present value of all future cash payments or receipts discounted using the prevailing market rates. The resulting adjustment is recognised as interest expense or interest income. Subsequent to initial recognition these assets and liabilities are measured at amortised cost less any impairment.

(iv) 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 highly effective, 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.

(e) Property, plant and equipment
Property, plant and equipment includes leasehold improvements and office equipment, and are stated at cost less accumulated depreciation and impairment losses.

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The useful life of office equipment is estimated to be five years. In respect of leasehold improvements depreciation is charged over the remaining life of the lease or over the useful life of the improvements, whichever is shorter. The residual values and useful lives of assets are reviewed at least annually.

(f) Intangible assets – goodwill
Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. Goodwill is tested annually for impairment and stated at cost less any accumulated impairment losses.

(g) Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

(h) 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.

(i) Impairment
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. For goodwill, the recoverable amount is estimated at each balance sheet date.

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 a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. 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.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, 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.

(j) Dividends payable
Interim dividends are recognised when paid and final dividends when approved by shareholders.

(k) 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.

(l) Share-based payments
The Group issues share awards to its employees under share-based compensation plans. The awards have been classified as equity settled under IFRS 2: *Share-Based Payments*.

The fair value of the amounts payable to employees is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the vesting period. The fair value is measured using an appropriate valuation model, taking into account the terms and conditions upon which the instruments were granted.

(m) 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.

(n) 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.

(o) 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:

(i) Management fees
Management fees 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, which is estimated based on experience of average holding periods for investments.

(ii) Performance fees
Performance fees relate to the performance of funds managed during the period and are recognised at the balance sheet date 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.

(iii) 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.

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

(q) 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.

(r) Finance income
Finance income includes interest receivable on the Group's cash and cash equivalents and gains on available-for-sale/held-for-sale assets. Gains on available-for-sale/held-for-sale assets recognised in the year arose either as a result of crystallisation on disposal of an available-for-sale asset or upon reclassification of financial assets previously held as non-current assets held-for-sale as described in policy note (d)(ii).

(s) 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.

(i) 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, and any adjustment to tax payable in respect of previous years.

(ii) 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.

(t) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Management regard the Group's services as comprising one business segment (being provision of investment management services) and that its operations are not run on a discrete geographic basis.

(u) Accounting estimates and judgements

The preparation of financial statements in conformity with IFRS 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment are described in note 31.

(v) Adopted IFRS not yet applied

The Group has adopted all IFRSs endorsed by the EU. Newly adopted IFRSs in the year have had no material impact on the financial statements of the Group.

Company

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

(w) Investment in subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when 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.

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

(x) Financial guarantees

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee or that guarantee expires for any reason.

2) Revenue

Management fees are accrued throughout the period in line with fluctuations in the levels of assets under management. Periodic performance fees are recognised only if performance hurdles have been achieved in a period. The Group is not considered to be reliant on any single source of revenue. During the year, four of the Group's funds provided between 5.0% and 7.5% of total revenue through management fees. One of the Group's funds provided 11.0% of total revenue in the year when considering management fees and performance fees on a combined basis.

3) Foreign exchange

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

	Closing rate as at 30 June 2010	Closing rate as at 30 June 2009	**Average rate year ended 30 June 2010**	Average rate year ended 30 June 2009
US dollar	**1.4945**	1.6458	**1.5804**	1.6044

Analysis of foreign exchange

	Year ended 30 June 2010 £m	Year ended 30 June 2009 £m
Realised and unrealised hedging (losses)	**(4.8)**	(42.4)
Translation gains on non-sterling denominated monetary assets and liabilities	**11.8**	3.8
Total foreign exchange gains/(losses)	**7.0**	(38.6)

4) Finance income

Analysis of finance income

	Year ended 30 June 2010 £m	Year ended 30 June 2009 £m
Interest on cash and cash equivalents	**1.5**	9.2
Finance income	**6.4**	–
Total finance income	**7.9**	9.2

Included within finance income is £5.9m in relation to the crystallisation of gains on available-for-sale and held-for-sale assets which had previously been recognised through other comprehensive income.

5) Personnel expenses

Number of employees

The number of employees of the Group (including Directors) during the reporting years, analysed by category, was as follows:

	Average for the year ended 30 June 2010 Number	Average for the year ended 30 June 2009 Number	**As at 30 June 2010 Number**	As at 30 June 2009 Number
Investment management	**152**	130	**165**	142
Total employees	**152**	130	**165**	142

Analysis of employee benefits expense

	Year ended 30 June 2010 £m	Year ended 30 June 2009 £m
Wages and salaries	**9.7**	8.9
Performance-related bonuses	**21.0**	10.1
Share-based payments	**21.3**	11.9
Social security costs	**4.6**	3.2
Pension costs	**0.6**	0.6
Other costs	**1.6**	1.3
Total employee benefits	**58.8**	36.0

Employee benefits included in the above table in respect of the year ended 30 June 2010 include an amount of £0.6m (FY2008/09: £0.5m) 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 2011.

6) Other expenses

	Year ended 30 June 2010 £m	Year ended 30 June 2009 £m
Travel	4.1	3.3
Professional fees	3.5	3.0
Information technology and communications	2.2	2.1
Deferred acquisition costs charges	2.0	2.1
Operating leases	2.0	1.9
Premises-related costs	0.8	0.8
Insurance	0.6	0.6
Auditors’ remuneration	0.6	0.6
Depreciation of property, plant and equipment	1.3	0.8
Other expenses	1.0	1.7
Total other expenses	18.1	16.9

Auditors’ remuneration

	Year ended 30 June 2010 £m	Year ended 30 June 2009 £m
Statutory audit services:		
– fees payable to the Company’s auditors for the audit of the Company’s accounts	**0.2**	0.1
Other non-audit services:		
– tax services	**0.2**	0.2
– other services	**0.2**	0.3
Total services	**0.6**	0.6

7) Taxation

	Year ended 30 June 2010 £m	Year ended 30 June 2009 £m
Current tax:		
Corporation tax on profits of the year	**55.2**	47.6
Adjustments in respect of prior years	**3.7**	0.1
Total current tax	**58.9**	47.7
Deferred tax arising from origination and reversal of temporary differences:		
Current year (see note 15)	**(2.3)**	(3.4)
Total tax charge for the year	**56.6**	44.3

Factors affecting tax charge for the year

	Year ended 30 June 2010 £m	Year ended 30 June 2009 £m
Profit before tax	**217.2**	159.8
Tax at the UK tax rate of 28% (2009: 28%)	**60.8**	44.7
Effects of:		
Expenses not deductible	**3.2**	3.4
Deduction in respect of exercised options (Schedule 23 Finance Act 2003)	**(7.1)**	(0.2)
Deferred tax arising from origination and reversal of temporary differences	**(2.3)**	(3.4)
Other	**(1.7)**	(0.1)
Adjustments in respect of prior years		
Current tax	**3.7**	(0.1)
Total tax charge for the year	**56.6**	44.3

	Year ended 30 June 2010 £m	Year ended 30 June 2009 £m
Current tax on share-based payments	**–**	(0.2)
Deferred tax on share-based payments	**2.1**	(0.1)
Deferred tax on available-for-sale assets	**(0.4)**	1.0
Total charge recognised in equity/other comprehensive income	**1.7**	0.7

Following the end of the financial year, it was announced that the rate of UK corporation tax will reduce from 28% to 27% with effect from 1 April 2011. The reduction in the corporation tax rate was not substantively enacted by 30 June 2010. As a result, the Group's deferred tax balances have been calculated using a rate of 28%. A change to 27% would not materially impact these financial statements.

8) Earnings per share

Basic earnings per share is calculated by dividing the profit for the financial year attributable to equity holders of the parent of £160.0m (FY2008/09: £115.0m) by the weighted average number of ordinary shares in issue during the year.

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

Reconciliation of the figures used in calculating basic and diluted earnings per share:

	Year ended 30 June 2010	Year ended 30 June 2009
Weighted average number of ordinary shares used in calculation of basic earnings per share	**669,926,744**	671,667,998
Effect of dilutive potential ordinary shares – share options/awards	**40,484,600**	47,330,538
Weighted average number of ordinary shares used in calculation of diluted earnings per share	**710,411,344**	718,998,536

9) Share-based payments

Group and Company share-based compensation plans

The following share-based compensation plans were in operation during the reporting year.

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 10 years and vest after 5 years from date of grant. 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.

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 and/or nil cost options to employees. The 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.

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.

Share-based payments through the statement of comprehensive income

Group and Company	Year ended 30 June 2010 £m	Year ended 30 June 2009 £m
Option Scheme	**0.2**	0.3
Omnibus Plan	**21.1**	11.6
Total expense	**21.3**	11.9

Group and Company

Year of grant	Year ended 30 June 2010 £m	Year ended 30 June 2009 £m
2005	–	0.1
2006	0.2	0.2
2007	2.0	2.1
2008	2.2	2.3
2009	1.5	7.2
2010	15.4	–
Total expense	21.3	11.9

Share options outstanding

Share options outstanding under the Option Scheme were as follows:

Group and Company	As at 30 June 2010 Number of options	Weighted average exercise price pence	As at 30 June 2009 Number of options	Weighted average exercise price pence
At the beginning of the year	**32,125,321**	**17.10**	32,670,946	16.96
Exercised	**(12,283,250)**	**11.33**	(462,500)	5.53
Forfeited	**(1,312,500)**	**20.82**	(83,125)	23.20
At the end of the year	**18,529,571**	**20.67**	32,125,321	17.10
Options exercisable	**48,000**	**12.40**	2,037,500	5.38

The weighted average share price on the date options were exercised during the year ended 30 June 2010 was 247.45p (FY2008/09: 172.27p).

Weighted average remaining contractual life of outstanding options

Group and Company	Year ended 30 June 2010	Year ended 30 June 2009
Outstanding options	**18,529,571**	32,125,321
Weighted average exercise price	**20.67p**	17.10p
Weighted average remaining contracted life (years)	**5.51**	5.49
Range of exercise prices for share options outstanding at the end of the year	**12.40p-170.00p**	0.52p-170.00p

Group and Company Exercise price per share (p)	Exercise periods	As at 2010 Number	Before 2009 Number
0.00-10.00	11 December 2005 – 11 December 2012	–	1,300,000
10.00-20.00	9 December 2008 – 8 December 2015	**16,598,000**	28,293,750
20.00-30.00	28 April 2011 – 10 September 2016	**1,755,100**	2,355,100
170.00-180.00	8 December 2011 – 7 December 2016	**176,471**	176,471
		18,529,571	32,125,321

There were no new share options granted during the year ended 30 June 2010 (FY2008/09: none).

Share awards outstanding

Share awards outstanding under the Omnibus Plan were as follows:

Group and Company	As at 30 June 2010 Number of shares subject to awards	Weighted average share price £	As at 30 June 2009 Number of shares subject to awards	Weighted average share price £
Restricted share awards				
At the beginning of the year	**10,991,247**	**1.99**	4,290,802	2.56
Granted	**2,638,413**	**2.73**	6,813,128	1.62
Vested	**(27,498)**	**2.70**	–	–
Forfeited	**(664,723)**	**2.09**	(112,683)	1.81
At the end of the year	**12,937,439**	**2.14**	10,991,247	1.99
Bonus share awards				
At the beginning of the year	**1,800,397**	**2.10**	761,076	2.75
Granted	**660,409**	**2.73**	1,044,231	1.62
Vested	**(37,367)**	**2.28**	(4,910)	2.75
At the end of the year	**2,423,439**	**2.27**	1,800,397	2.10
Matching share awards				
At the beginning of the year	**1,800,397**	**2.10**	761,076	2.75
Granted	**660,409**	**2.73**	1,044,231	1.62
Vested	**(4,644)**	**2.70**	–	–
Forfeited	**(32,723)**	**2.28**	(4,910)	2.75
At the end of the year	**2,423,439**	**2.27**	1,800,397	2.10
Total	**17,784,317**	**2.17**	14,592,041	2.01

The fair values of awards granted under the Omnibus Plan are determined by the average share price for the five business days prior to grant.

Where the grant of share awards is linked to the annual bonus process the fair value of the awards is spread over a period including the current financial year and the subsequent five years to their release date, when the grantee becomes unconditionally entitled to the underlying shares. Of the restricted share awards of 12,937,439 as at 30 June 2010 the amount of 10,857,224 were granted as part of the Group's variable compensation process. The fair value of the remaining awards is spread over the period from date of grant to the release date.

10) Dividends

An analysis of dividends is as follows:

Group and Company	2010	2009
Dividends declared/proposed in respect of the year:		
Interim dividend declared per share (p)	**3.66**	3.66
Final dividend proposed per share (p)	**9.34**	8.34
Dividends paid in the year:		
Interim dividend paid (£m)	**25.0**	24.9
Interim dividend per share (p)	**3.66**	3.66
Final dividend paid (£m)	**57.2**	57.0
Final dividend per share (p)	**8.34**	8.34

In addition to the £82.2m (FY2008/09: £81.9m) dividends paid to equity holders of the parent, the Group also paid £0.4m (FY2008/09: nil) of dividends to non-controlling interests.

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

On 13 September 2010 the Board proposed a final dividend of 9.34p per share for the year ended 30 June 2010. 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 £63.7m (FY2008/09: £57.0m).

11) Property, plant and equipment

Group	2010 £m	2009 £m
Cost		
At the beginning of the year	**5.8**	3.7
Additions	**0.5**	2.1
Disposals	**–**	–
At the end of the year	**6.3**	5.8
Accumulated depreciation		
At the beginning of the year	**1.2**	0.4
Depreciation charge for the year	**1.3**	0.8
Disposals	**–**	–
At the end of the year	**2.5**	1.2
Net book value at 30 June	**3.8**	4.6

Company	2010 £m	2009 £m
Cost		
At the beginning of the year	**5.1**	3.4
Additions	**0.3**	1.7
Disposals	**–**	–
At the end of the year	**5.4**	5.1
Accumulated depreciation		
At the beginning of the year	**1.1**	0.3
Depreciation charge for year	**1.1**	0.8
Disposals	**–**	–
At the end of the year	**2.2**	1.1
Net book value at 30 June	**3.2**	4.0

12) Intangible assets – goodwill

Group	2010 £m	2009 £m
Cost		
At the beginning of the year	**6.7**	4.1
Additions	**–**	2.6
At the end of the year	**6.7**	6.7
Net book value at 30 June	**6.7**	6.7

The annual impairment review of goodwill was undertaken at 30 June 2010. No impairment was deemed necessary.

The recoverable amounts of the business are determined based upon future forecast profitability and cash flow projections. The key assumptions on which management has based its projections are the expected fund flows and growth of AuM, which determine management and performance fee income.

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, no further split into smaller cash-generating units is possible, and the impairment review is conducted for the Group as a whole.

The goodwill balance within the Company at the beginning and end of the year is £4.1m and relates to the acquisition of the business from ANZ in 1999. Additional goodwill arising in the Group is in respect of the Dolomite acquisition in 2008.

There has been no gross impairment of goodwill to date.

13) Deferred acquisition costs

Group	2010 £m	2009 £m
Cost		
At the beginning of the year	**14.6**	14.6
At the end of the year	**14.6**	14.6
Accumulated charge		
At the beginning of the year	**3.3**	1.2
Charge for the year	**2.0**	2.1
At the end of the year	**5.3**	3.3
Carrying value at 30 June	**9.3**	11.3

The deferred acquisition costs shown above are in respect of the launch of AGOL, the Group's listed permanent capital vehicle during December 2007, and are being charged to the Group's statement of comprehensive income over seven years.

14) Trade and other receivables

	Group		Company	
Current	As at 30 June 2010 £m	As at 30 June 2009 £m	As at 30 June 2010 £m	As at 30 June 2009 £m
Trade debtors	**39.6**	32.0	**2.1**	0.9
Prepayments and accrued income	**0.7**	0.8	**0.7**	0.7
Loans to subsidiaries	**–**	–	**60.8**	35.9
Other receivables	**5.4**	0.3	**5.4**	0.3
	45.7	33.1	**69.0**	37.8

15) Deferred taxation

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

Group	Other temporary differences £m	Share-based payments £m	Total £m
At 30 June 2009			
(Assets)	–	(14.0)	(14.0)
Liabilities	1.5	–	1.5
Net	1.5	(14.0)	(12.5)
At 30 June 2010			
(Assets)	**–**	**(14.4)**	**(14.4)**
Liabilities	**1.3**	**–**	**1.3**
Net	**1.3**	**(14.4)**	**(13.1)**

Company	Other temporary differences £m	Share-based payments £m	Total £m
At 30 June 2009			
(Assets)	–	(14.0)	(14.0)
Liabilities	0.2	–	0.2
Net	0.2	(14.0)	(13.8)
At 30 June 2010			
(Assets)	**–**	**(14.4)**	**(14.4)**
Liabilities	**0.2**	**–**	**0.2**
Net	**0.2**	**(14.4)**	**(14.2)**

Movement in temporary differences 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 2008	3.8	(13.8)	(10.0)
Credited to the consolidated statement of comprehensive income	(3.3)	(0.1)	(3.4)
Charged to other comprehensive income	1.0	–	1.0
Credited to equity	–	(0.1)	(0.1)
At 30 June 2009	1.5	(14.0)	(12.5)
Charged/(credited) to the consolidated statement of comprehensive income	0.2	(2.5)	(2.3)
Credited to other comprehensive income	(0.4)	–	(0.4)
Charged to equity	–	2.1	2.1
At 30 June 2010	**1.3**	**(14.4)**	**(13.1)**

Company	Other temporary differences £m	Share-based payments £m	Total £m
At 1 July 2008	–	(13.8)	(13.8)
Charged/(credited) to the statement of comprehensive income	0.2	(0.1)	0.1
Credited to equity	–	(0.1)	(0.1)
At 30 June 2009	0.2	(14.0)	(13.8)
Credited to the statement of comprehensive income	–	(2.5)	(2.5)
Charged to equity	–	2.1	2.1
At 30 June 2010	**0.2**	**(14.4)**	**(14.2)**

16) Non-current asset investments

	Year ended 30 June 2010 £m	Year ended 30 June 2009 £m
Non-current asset investments at fair value	**2.0**	–

The fair value of non-current asset investments was assessed using Level 2 inputs under the three-level hierarchy introduced by IFRS 7.

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

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

	2010 £m	2009 £m
Non-current assets held-for-sale	**35.9**	34.8
Non-current liabilities held-for-sale	**(9.2)**	(7.4)
Seed capital classified as being held-for-sale	**26.7**	27.4

The Group's maximum exposure to credit, liquidity, interest rate, foreign exchange and price risk in respect of these assets and liabilities is represented by their carrying value. The fair value of non-current assets and liabilities held-for-sale was assessed using Level 2 inputs under the three-level hierarchy introduced by IFRS 7.

18) Available-for-sale financial assets

Investments at fair value

	2010 £m	2009 £m
Equities – listed	**6.0**	4.8
Equities – unlisted	**9.9**	–
Debt securities – unlisted	**24.0**	–
Seed capital classified as being available-for-sale	**39.9**	4.8

The fair value of unlisted available-for-sale financial assets was assessed using Level 2 inputs under the three-level hierarchy introduced by IFRS 7. Level 1 inputs were used to assess the fair value of the Group's listed equities.

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

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

20) Financial instrument risk management
Group
The Group is subject to business and strategy, investment and operational risk throughout its business as discussed in the Business review. Specific areas of financial instrument risk include credit, liquidity, interest rate, foreign exchange and price risk. The effectiveness of the Group's risk management process is, therefore, critical to its soundness and profitability and considerable resources are dedicated to this area.

Risk management is the direct responsibility of the Group's senior management. The Ashmore Group risk management and control department and the Group's risk & compliance committee (RCC) are responsible for monitoring the overall risk environment. The Group has established a control environment that ensures risks are reviewed regularly and that all risk controls operating throughout the Group are in accordance with regulatory requirements. In addition as a regulated business the Group is responsible for maintaining appropriate capital and performing regular calculations of capital requirements, including the development of an internal capital adequacy assessment process (ICAAP), based upon the Financial Services Authority's methodologies under the Capital Requirements Directive. An overview of the ICAAP can be found on our website at www.ashmoregroup.com.

- **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. The Group's maximum exposure to credit risk is represented by the carrying value of its financial assets.

Financial assets subject to credit risk at 30 June 2010 are as follows:

	Notes	2010 £m	2009 £m
Cash and cash equivalents		**344.4**	288.4
Available-for-sale financial assets	8	**39.9**	4.8
Derivative financial instruments		**–**	0.8
Non-current assets held-for-sale	17	**35.9**	34.8
Total excluding trade and other receivables		**420.2**	328.8
Trade and other receivables	14	**45.7**	33.1
Total trade and other receivables		**45.7**	33.1
Total		**465.9**	361.9

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Trade and other receivables at amortised cost
Financial assets at amortised cost principally comprise fee debtors, which are all less than 90 days old.

Fee debtors arise principally within the Group's investment management business and amounts are monitored regularly. 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.

Financial assets – available-for-sale
Such assets comprise cash and cash equivalents, and debt and equity instruments in seeded funds.

The Group's cash and cash equivalents are liquid short-term deposits with banks which have credit ratings ranging from A to A+ as at 30 June 2010 (2009: A to A+).

Financial assets and liabilities held at fair value
Such assets comprise derivative financial instruments with positive and negative fair values.

- **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. The liquidity policy is to ensure that the Group has sufficient access to funds to cover all forecast committed requirements for the next 12 months.

The table below analyses the Group's financial assets and liabilities. The amounts disclosed are the contractual undiscounted cash flows and are all due within one year, except for commitments which are greater than one year.

	Notes	2010 £m	2009 £m
Financial assets			
Trade and other receivables	14	**45.7**	33.1
Available-for-sale financial assets	18	**39.9**	4.8
Derivative financial instruments		**–**	0.8
Cash and cash equivalents		**344.4**	288.4
Non-current assets held-for-sale	17	**35.9**	34.8
Total financial assets		**465.9**	361.9

	Notes	2010 £m	2009 £m
Financial liabilities			
Derivative financial instruments		**1.8**	5.0
Trade and other payables	24	**89.8**	51.0
Non-current liabilities held-for-sale	17	**9.2**	7.4
Total financial liabilities		**100.8**	63.4

	Note	2010 £m	2009 £m
Commitments			
Operating lease commitments:	25		
Within one year		**1.9**	1.9
Over one year but not more than five years		**5.3**	5.7
Over five years		**9.8**	6.0
Total		**17.0**	13.6

- **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.

At 30 June 2010, if interest rates had been 200 basis points higher or 45 basis points lower (2009: 200 basis points higher/lower) with all other variables held constant, post-tax profit for the year would have been £6.6m higher/£1.5m lower (2009: £4.5m higher/£4.5m lower), mainly as a result of higher/lower interest on cash balances.

The assumption that the fair values 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.

Effective interest rates applicable to financial instruments are as follows:

	Year ended 30 June 2010 %	Year ended 30 June 2009 %
Deposits with banks	**0.45**	2.91

	Year ended 30 June 2010 £m	Year ended 30 June 2009 £m
Items repricing within one year:		
Deposits with banks	**344.4**	288.4

- **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 financial assets and liabilities are denominated in the following currencies:

Year ended 30 June 2010:

	Notes	Sterling £m	US dollar £m	Brazilian real £m	Other £m	Total £m
Financial assets						
Trade and other receivables	14	**8.1**	**35.5**	**0.2**	**1.9**	**45.7**
Available-for-sale financial assets	18	**3.3**	**14.0**	**20.6**	**2.0**	**39.9**
Cash and cash equivalents		**201.7**	**140.8**	**–**	**1.9**	**344.4**
Non-current assets held-for-sale	17	**–**	**20.5**	**15.4**	**–**	**35.9**
Total financial assets		**213.1**	**210.8**	**36.2**	**5.8**	**465.9**

	Notes	Sterling £m	US dollar £m	Brazilian real £m	Other £m	Total £m
Financial liabilities						
Derivative financial instruments		**–**	**1.8**	**–**	**–**	**1.8**
Trade and other payables	24	**36.1**	**52.8**	**0.9**	**–**	**89.8**
Non-current liabilities held-for-sale	17	**–**	**3.8**	**5.4**	**–**	**9.2**
Total financial liabilities		**36.1**	**58.4**	**6.3**	**–**	**100.8**

Year ended 30 June 2009:

	Notes	Sterling £m	US dollar £m	Brazilian real £m	Other £m	Total £m
Financial assets						
Trade and other receivables	14	7.6	24.8	0.6	0.1	33.1
Available-for-sale financial assets	18	0.2	–	–	4.6	4.8
Derivative financial instruments		–	0.8	–	–	0.8
Cash and cash equivalents		272.0	16.0	–	0.4	288.4
Non-current assets held-for-sale	17	–	4.6	30.2	–	34.8
Total financial assets		279.8	46.2	30.8	5.1	361.9

	Notes	Sterling £m	US dollar £m	Brazilian real £m	Other £m	Total £m
Financial liabilities						
Derivative financial instruments		–	5.0	–	–	5.0
Trade and other payables	24	29.9	21.0	0.1	–	51.0
Non-current liabilities held-for-sale	17	–	0.7	6.7	–	7.4
Total financial liabilities		29.9	26.7	6.8	–	63.4

The Group's revenue is almost entirely denominated in US dollars, while the Group's cost base is largely sterling-based. Consequently, the Group has an exposure to movements in the US$/£ exchange rate.

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

At 30 June 2010, 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 increased/decreased by £11.1m/£9.7m respectively (FY2008/09: £15.1m/£10.8m).

The Group also holds a number of seed capital investments, as shown on the balance sheet, which are denominated in Brazilian real or US dollars. Any such seed investments give rise to foreign exchange risk. At 30 June 2010, if the Brazilian real and US dollar had, in aggregate, strengthened/weakened by 1% against sterling with all other variables held constant, net assets and net revenue for the year would increased/decreased by £0.6m/£0.6m (FY2008/09: £0.3m/£0.3m).

- **Price risk**

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

The Group's direct exposure to price risk is in respect of the seed capital investments it holds on its balance sheet. These can be either debt or equity instruments, where the Group's exposure is restricted to the carrying value of the assets or liabilities. At 30 June 2010, a 5% movement in the fair value of these investments would have had a £3.3m (FY2008/09: £2.0m) impact on net assets.

There is also indirect price risk in connection with the Group's AuM and its associated management and performance fees. These are diversified across a range of investment themes and not measurably correlated to any single market indices in emerging markets. Based on the year end assets under management of US$35.3bn, and a sensible medium-term average net management fee rate of 1%, a 5% movement in AuM would have a US$17.7m impact in management fee revenues. Performance fee revenues could be reduced in severe market conditions, however throughout Ashmore's history the policy of having funds with year ends staged through 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 reduction in the variable compensation paid to employees.

- **Hedging activities**

Included within the realised and unrealised hedging losses of £4.8m recognised at 30 June 2010 are:

– a £1.6m loss in respect of foreign exchange options covering net management fee income for the financial year ending 30 June 2011; and

– a £3.1m loss in respect of crystallised forward foreign exchange contracts.

Financial year ending 30 June 2011: foreign exchange options
The options have been assessed as effective cash flow hedges at 30 June 2010. Time value in relation to the options is excluded from being part of the hedging item and, as a result, a net unrealised loss arising on the options of £1.6m (FY2008/09: £0.4m gain) has been recognised in the consolidated statement of comprehensive income for the year ended 30 June 2010, being the movement in the time value of the options in the financial year.

The £0.6m (FY2008/09: nil) intrinsic loss of the options has been recognised through other comprehensive income. Nil intrinsic value (FY2008/09: nil) was reclassified from equity to the statement of comprehensive income in the year. The cumulative fair value of the outstanding foreign exchange option collars liberty at 30 June 2010 was £1.8m (2009: nil).

This treatment will continue so long as the hedges are assessed as being highly effective. Intrinsic value gains and losses are recognised in the statement of comprehensive income as the corresponding hedged cash flows crystallise.

All outstanding options mature in the year ending 30 June 2011 and hedge a proportion of the Group's revenue cash flows which occur consistently throughout the year.

	2010			2009		
	Notional amount £m	**Assets £m**	**Liabilities £m**	Notional amount £m	Assets £m	Liabilities £m
Cash flow hedges						
Foreign exchange option collars	**56.9**	**–**	**1.8**	40.1	–	–

- **Capital management**

Equity as referred to in the Group's balance sheet is the capital for the business. There are no other assets managed which are considered capital of the Group. As referred to above, the Group monitors its regulatory capital in order to meet the financial resources requirement of the Financial Services Authority.

Company

The risk management processes of the Company are aligned with those of the Group as a whole. The Company's specific risk exposures are explained below.

- **Credit risk**

The Company 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. The Company's maximum exposure to credit risk is represented by the carrying value of its financial assets.

Financial assets subject to credit risk at 30 June 2010 are as follows:

	Note	**2010 £m**	2009 £m
Cash and cash equivalents		**222.0**	207.0
Total excluding trade and other receivables		**222.0**	207.0
Trade and other receivables	14	**69.0**	37.8
Total trade and other receivables		**69.0**	37.8
Total		**291.0**	244.8

The Company's cash and cash equivalents are liquid short-term deposits with banks which have credit ratings ranging from A to A+ as at 30 June 2010 (2009: A to A+).

- **Liquidity risk**

Liquidity risk is the risk that the Company cannot meet its obligations as they fall due or can only do so at a cost. The liquidity policy is to ensure that the Company has sufficient access to funds to cover all forecast committed requirements for the next 12 months.

The table below analyses the Company's financial assets and liabilities. The amounts disclosed are the contractual undiscounted cash flows and are all due within one year, except for commitments which are greater than one year.

	Note	2010 £m	2009 £m
Financial assets			
Trade and other receivables	14	**69.0**	37.8
Cash and cash equivalents		**222.0**	207.0
Total financial assets		**291.0**	244.8

	Note	2010 £m	2009 £m
Financial liabilities			
Trade and other payables	24	**42.7**	32.3
Total financial liabilities		**42.7**	32.3

	Note	2010 £m	2009 £m
Commitments			
Operating lease commitments:	25		
Within one year		**1.2**	1.1
Over one year but not more than five years		**4.6**	4.3
Over five years		**9.8**	6.0
Total		**15.6**	11.4

- **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 Company 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.

At 30 June 2010, if interest rates had been 200 basis points higher/60 basis points lower (2009: 200 basis points higher/lower) with all other variables held constant, post-tax profit for the year would have been £3.4m higher/£1.0m lower (FY2008/09: £2.8m higher/£2.8m lower), mainly as a result of higher/lower interest on cash balances.

The assumption that the fair values 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.

Effective interest rates applicable to financial instruments are as follows:

	Year ended 30 June 2010 %	Year ended 30 June 2009 %
Deposits with banks	**0.60**	3.25

	Year ended 30 June 2010 £m	Year ended 30 June 2009 £m
Items repricing within one year:		
Deposits with banks	**222.0**	207.0

- **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. Other than intercompany balances in relation to seed capital investments, the only foreign exchange risk to which the Company is exposed is in respect of US dollar cash balances.

Year ended 30 June 2010:

	Sterling £m	US dollar £m	Total £m
Cash and cash equivalents	**138.9**	**83.1**	**222.0**
Total	**138.9**	**83.1**	**222.0**

Year ended 30 June 2009:

	Sterling £m	US dollar £m	Total £m
Cash and cash equivalents	207.0	–	207.0
Total	207.0	–	207.0

At 30 June 2010, 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 £5.2m (FY2009: nil).

- **Price risk**

Price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of market changes. The Company has no exposure in this area.

21) Share capital
Group and Company
(a) Share capital authorised

	As at 30 June 2010 Number of shares	As at 30 June 2010 Nominal value £'000	As at 30 June 2009 Number of shares	As at 30 June 2009 Nominal value £'000
Ordinary shares of 0.01p each	**900,000,000**	**90**	900,000,000	90

(b) Share capital issued
Allotted, called-up and fully paid equity shares:

	As at 30 June 2010 Number of shares	**As at 30 June 2010 Nominal value £'000**	As at 30 June 2009 Number of shares	As at 30 June 2009 Nominal value £'000
Ordinary shares of 0.01p each	**708,925,000**	**71**	708,925,000	71

All the above ordinary shares represent equity of the Company and rank p*ari passu* in respect of participation and voting rights.

At 30 June 2010 there were 18,529,571 (2009: 32,125,321) options in issue with contingent rights to the allotment of ordinary shares of 0.01p in the Company. There are also share awards issued under the Omnibus Plan totalling 17,784,317 shares (2009: 14,592,041) that have release dates ranging from November 2011 to October 2014. Further details are provided in note 9.

22) Own shares

The Ashmore 2004 Employee Benefit Trust ("EBT") was established to act as an agent to facilitate the acquisition and holding of shares in the Company with a view to facilitating the recruitment and motivation of the employees of the Company. As at 30 June 2010, the EBT owned 36,007,445 (2009: 34,293,185) ordinary shares of 0.01p with a nominal value of £3,600.74 (2009: £3,429.32) and shareholders' funds are reduced by £40.2m (2009: £6.2m) 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.

23) Treasury shares

Treasury shares held by Ashmore Group plc

	2010 £m	2009 £m
Ashmore Group plc ordinary shares	**6.9**	6.9

	Number	Number
Ashmore Group plc ordinary shares	**5,368,331**	5,368,331

Reconciliation of treasury shares

	Number	Number
At the beginning of the year	**5,368,331**	–
Purchase of own shares	**–**	5,368,331
At the end of the year	**5,368,331**	5,368,331

Market value of treasury shares

	£m	£m
Ashmore Group plc	**13.1**	10.2

24) Trade and other payables

	Group		Company	
	As at 30 June 2010 £m	As at 30 June 2009 £m	**As at 30 June 2010 £m**	As at 30 June 2009 £m
Current				
Accruals and deferred income	**89.8**	51.0	**42.7**	32.3
	89.8	51.0	**42.7**	32.3

25) Leases

Operating leases

The Group has entered into certain property leases. The leases have no escalation clauses or renewal or purchase options, and no restrictions imposed on them.

The obligations under these non-cancellable operating leases fall due as follows:

Group	**As at 30 June 2010 £m**	As at 30 June 2009 £m
Within one year	**1.9**	1.9
Over one year but not more than five years	**5.3**	5.7
Over five years	**9.8**	6.0
Total	**17.0**	13.6

Company	**As at 30 June 2010 £m**	As at 30 June 2009 £m
Within one year	**1.2**	1.1
Over one year but not more than five years	**4.6**	4.3
Over five years	**9.8**	6.0
Total	**15.6**	11.4

26) Subsidiaries

Company

Investment in subsidiaries

	As at 30 June 2010 £m	As at 30 June 2009 £m
Cost	**4.7**	4.7

Ashmore Group plc is the ultimate parent Company of the Group.

The directly held subsidiary of the parent Company is as follows:

	Country of incorporation/ formation and principal place of operation	**As at 30 June 2010 % owned**
Ashmore Investments (UK) Limited	England	100.00

The principal indirectly held subsidiaries are as follows:

	Country of incorporation/ formation and principal place of operation	As at 30 June 2010 % owned
Ashmore Investment Management Limited	England	100.00
Ashmore Management Company Limited	Guernsey	100.00
Ashmore Investment Management (Singapore) Pte. Ltd.	Singapore	100.00
Ashmore Global Special Situations Fund 3 (GP) Limited	Guernsey	100.00
Ashmore Emerging Markets Special Situations Opportunities Fund (GP) Limited	Guernsey	100.00
Ashmore Global Special Situations Fund 4 (GP) Limited	Guernsey	100.00
Ashmore Global Special Situations Fund 5 (GP) Limited	Guernsey	100.00
Ashmore Management Company Russia Limited	Guernsey	100.00
Ashmore Investments (Brasil) Limited	Guernsey	80.00
Ashmore Investments (Turkey) NV	Netherlands	85.08
Ashmore Investments (India) Limited	Mauritius	90.00
AA Development Capital Investment Managers (Mauritius) LLC	Mauritius	55.00
Ashmore Investments (Colombia) SL	Spain	100.00
Aldwych Administration Services Limited	England	100.00
Ashmore (FOF) Limited	England	100.00
Ashmore Investment Management (US) Corporation	USA	100.00
Ashmore Russia LLC	Russia	100.00
Ashmore Japan KK	Japan	100.00

All shares held are ordinary.

Investment in associates

	As at 30 June 2010 £m	As at 30 June 2009 £m
Total assets	**2.8**	–
Total liabilities	**(0.7)**	–
Net assets	**2.1**	–
Group's share of associates' net assets	**0.6**	–
Revenue for period since acquisition	**2.2**	–
Profit for period since acquisition	**0.1**	–
Group's share of associates' profit for period since acquisition	**–**	–

The Group held 30.0% of the equity of an associate, Everbright Ashmore, as at 30 June 2010 (2009: nil).

The Group's share of net assets of the associate is currently below the carrying value of the investment reflected on the consolidated balance sheet. This is considered to be a temporary position which has arisen as the associate progresses through an initial establishment phase. No permanent impairment is believed to exist and as such the carrying value of the investment in associate has not been adjusted.

The Group has an undrawn capital commitment of £15.1m to an investment fund managed by the associate. Further details are provided in note 29.

27) Related party transactions

Transactions with key management personnel – Group and Company

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

	Year ended 30 June 2010 £m	Year ended 30 June 2009 £m
Short-term employee benefits	**5.2**	2.7
Share-based payment benefits	**0.5**	0.4
Total	**5.7**	3.1

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

Transactions with subsidiaries – Company

Details of transactions between the Company and its subsidiaries, which are related parties of the Company, are shown below:

	Year ended 30 June 2010 £m	Year ended 30 June 2009 £m
Management fees received	**68.9**	56.5
Net dividends received	**126.8**	115.5

	As at 30 June 2010 £m	As at 30 June 2009 £m
Amounts due from subsidiaries	**60.8**	35.9
Amounts due to subsidiaries	**7.0**	7.9

Transactions with post-employment benefit plans – Group and Company

The Group and Company operate and participate in a post-employment benefit plan. The Group and Company contributed the following amounts to a defined contribution scheme and had amounts outstanding at 30 June each year as follows:

	2010 £m	2009 £m
Employer contributions to a defined contribution scheme	**0.6**	0.6
Employer contributions outstanding at 30 June 2010	**–**	–

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 putting something back into the countries and communities in which the Group invests and which contribute to Ashmore's income and profitability. There were no related party transactions during the year.

28) Directors' remuneration

Disclosures of Directors' remuneration as required by the Companies Act 2006 are as follows:

	Year ended 30 June 2010 £m	Year ended 30 June 2009 £m
Aggregate emoluments	**5.2**	0.8
	5.2	0.8

There are retirement benefits accruing to two Directors under a defined contribution scheme (FY2008/09: two).

Directors' emoluments

This information is included in the Remuneration report on page 47.

29) Capital commitments

	Group		Company	
Undrawn investment call commitments	2010 £m	2009 £m	2010 £m	2009 £m
Ashmore Russian Real Estate Recovery Fund	**4.8**	–	**–**	–
Everbright Ashmore China Real Estate Fund	**15.1**	–	**–**	–

30) Post-balance sheet events

There are no post-balance sheet events for the year ended 30 June 2010.

31) Accounting estimates and judgements

Estimates and judgements used in preparing the financial statements are continually 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:

The Group tests goodwill 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 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.

Five-year summary

	IFRS 2006 £m	IFRS 2007 £m	IFRS 2008 £m	IFRS 2009 £m	IFRS 2010 £m
Management fees	80.8	130.2	186.7	186.8	**192.1**
Performance fees	54.2	20.4	44.7	52.5	**82.9**
Other revenue	2.1	10.3	10.1	6.4	**6.4**
Total revenue	137.1	160.9	241.5	245.7	**281.4**
Less: Distribution costs	(2.3)	(3.8)	(4.7)	(3.6)	**(2.2)**
Foreign exchange	0.8	2.7	3.2	(38.6)	**7.0**
Net revenue	135.6	159.8	240.0	203.5	**286.2**
Personnel expenses	(4.0)	(5.2)	(7.4)	(11.5)	**(12.8)**
Variable compensation	(30.4)	(27.4)	(40.3)	(24.5)	**(46.0)**
Other operating expenses	(6.5)	(5.5)	(11.1)	(16.9)	**(18.1)**
Total operating expenses	(40.9)	(38.1)	(58.8)	(52.9)	**(76.9)**
Operating profit	94.7	121.7	181.2	150.6	**209.3**
Finance income	6.4	9.7	15.0	9.2	**7.9**
Gain on sale	2.8	–	–	–	**–**
Profit before tax	103.9	131.4	196.2	159.8	**217.2**
Tax expense	(32.3)	(39.9)	(55.2)	(44.3)	**(56.6)**
Profit for the year	71.6	91.5	141.0	115.5	**160.6**

EPS (basic)	10.8p	13.7p	21.0p	17.1p	**23.9p**
Other operating data (unaudited)					
AuM at period end (US$bn)	20.1	31.6	37.5	24.9	**35.3**
AuM at period end (£bn)	10.9	15.7	18.8	15.1	**23.6**
Average AuM (£bn)	9.4	13.6	17.7	17.3	**19.8**
Average £:US$ exchange rate for the year	1.78	1.95	2.01	1.60	**1.58**
Period end £:US$ exchange rate for the year	1.84	2.01	1.99	1.65	**1.49**

Information for shareholders

Ashmore Group plc
Registered in England and Wales.
Company No. 3675683

Registered office
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 2010
14 September 2010

First quarter AuM statement
14 October 2010

Annual general meeting
28 October 2010

Ex-dividend date
3 November 2010

Record date
5 November 2010

Final dividend payment date
3 December 2010

Second quarter AuM statement
January 2011

Announcement of unaudited interim results for the six months ended 31 December 2010
February 2011

Announcement of results for the year ended 30 June 2011
September 2011

Registrar
Equiniti Registrars
Aspect House
Spencer Road
West Sussex
BN99 6DA

UK shareholder helpline: 0871 384 2030

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 www.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 2010 Annual Report and financial statements and other publications
Copies of the 2010 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 Sharegift: Telephone +44 (0) 20 7828 1151, or see the 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 0870 600 3970.

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 2030.

Disability helpline

For shareholders with hearing difficulties a special text phone number is available: 0871 384 2255.

If you would like to view the Ashmore Annual Report 2010 online please go to http://ar2010.ashmoregroup.com

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Ashmore

Ashmore Group plc
61 Aldwych
London WC2B 4AE
United Kingdom

www.ashmoregroup.com