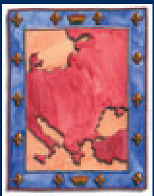
Ashmore Group plc

Interim Report

Six months ended 31 December 2006



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Ashmore is one of the world's leading emerging market investment managers with a history of consistently outperforming the market. Ashmore specialises in a number of emerging market investment themes: dollar denominated debt, local currency and local currency debt, special situations, incorporating distressed debt and private equity, and public equity. More information is available on the Group's website www.ashmoregroup.com

Financial Highlights

- **Assets under management (AuM) of US$26.8bn at 31 December 2006, up US$6.7bn, 33% from June 2006**
- **Net management fees of £55.8m, 62% higher than six months to 31 December 2005**
- **Performance fees of £8.2m (£38.1m in the six-month period to 31 December 2005)**
- **Pre-tax profit of £60.2m (up 2%, a 13% increase in underlying terms – *note 1*)**
- **Basic eps of 6.31p (2005: 6.42p) and diluted eps of 5.96p (2005: 6.33p)**
- **A maiden interim dividend of 2.30p per share will be paid on 27 April 2007**

Note 1: Underlying excludes impact of foreign exchange movements and the results of and the gain from disposal of the Group's administration company in December 2005 from the comparative period.

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

"The Group continues to focus on and deliver strong performance across its investment themes, increasing its assets under management and growing net management fees. These results demonstrate the excellent start Ashmore has made to life as a public company. The board is confident of the Group's prospects for the remainder of the financial year."

Chief Executive Officer's Statement

The results for the six months to 31 December 2006 demonstrate another period of strong growth and progress towards delivering the strategic objectives set out at the time of the IPO in October 2006.

Overview of financial results

Assets under management (AuM) at 31 December 2006 were US$26.8bn, an increase of US$6.7bn (33%) compared to June 2006. Net subscriptions were achieved across all the Group's investment themes during the period and these totalled US$4.2bn; comprising net subscriptions into existing funds of US$1.7bn, and fund raisings into new products and funds of US$2.5bn. There was net performance in the period of US$2.5bn. Inflows generated through investments into the Group's Multi Strategy Fund, which invests across the Group's investment themes, represented 18% of the US$4.2bn total net inflows in the period.

Net management fees in the period increased substantially and were 62% higher than the comparative period in the prior financial year reflecting the strong growth in AuM. The Group's net management fee margin for the six-month period to 31 December 2006 on an annualised basis was 90 basis points (bp) compared to 88bp for the six months to 31 December 2005 and 83bp for the twelve-month period to 30 June 2006.

The Group continues to deliver strong investment performance. As anticipated at the time of the Group's IPO, crystallised performance fees during the financial year to 30 June 2007 are expected to be substantially lower than those crystallised in the prior year. Crystallised performance fees in the six months to 31 December 2006 were £8.2m (six months to 31 December 2005: £38.1m). This is mainly due to the investment performance in EMLIP, a US$4.6bn AuM global US dollar debt fund, where investment performance in the performance year ended August 2006 was in line with the hurdle rate, rather than exceeding it as it had done in the prior year.

Costs continue to be tightly controlled. Against the backdrop of substantial revenue growth, appropriate investment has been made, and will continue to be made, in infrastructure and various support functions. The Group's variable compensation as a percentage of earnings before tax, interest and variable compensation was 16.4% for the six months to December 2006 (six months to December 2005: 22.5%). At the time of the IPO, the Group indicated that in the current financial year this ratio could potentially be at the bottom of or even slightly below its medium term target range of 20% to 25%. This guidance target range remains in place for future years.

The Group's operating profit margin for the six months to 31 December 2006 was 78% (six months to December 2005: 73%) as it benefited from the lower variable compensation ratio. The Group continues to plan the development of its activities as a relatively high margin asset management business.

The Group reported profit before taxation of £60.2m in the six-month period to 31 December 2006, compared with £59.0m for the corresponding period in the previous financial year. This represents a headline increase of £1.2m (2%).

In underlying terms, pre-tax profit rose by 13%. The underlying figures are calculated by excluding the impact of foreign exchange movements (predominately the weaker US dollar relative to sterling) net of hedging (£2.1m), and stripping out from the prior year figures the results from the Group's administration company (pre-tax profit £0.8m) and the gain on disposal from the sale of that company in December 2005 (£2.8m).

Basic eps was 6.31p in the six-month period to 31 December 2006, compared to 6.42p in the comparative prior year period. Eps in the prior period benefited from a lower tax charge arising as a consequence of the one-off gain on disposal of the administration company not attracting tax. Excluding the impact of this, basic eps was slightly ahead of the prior period.

Operations and investment theme review

The Group's investment philosophy and process has been in place for many years and remains unchanged following the Group's IPO in October 2006.

As at 31 December 2006, the Group managed 40 funds, diversified across four investment themes.

Investment theme	AuM as at 30 June 2006 US$bn	Net subscriptions US$bn	Performance US$bn	AuM as at 31 December 2006 US$bn
Global US$	15.2	1.3	1.8	18.3
Local Currency	3.0	0.4	0.4	3.8
Special Situations	1.3	1.5	0.1	2.9
Equity	0.6	1.0	0.2	1.8
Total	**20.1**	**4.2**	**2.5**	**26.8**

Chief Executive Officer's Statement continued

Global US$

The Global US$ investment theme comprises US$ and other hard currency denominated instruments, investing principally in sovereign bonds but with a growing corporate debt element.

AuM at 31 December 2006 were US$18.3bn, an increase of US$3.1bn (20%) from 30 June 2006. Net subscriptions in the six-month period were US$1.3bn, with performance contributing US$1.8bn to the growth in AuM.

During the period there were strong net inflows into the theme's public open-ended funds. In addition, a new structured product initially funded at US$0.2bn.

Local currency

The local currency investment theme comprises local currency and local currency denominated debt instruments.

AuM at 31 December 2006 were US$3.8bn, an increase of US$0.8bn (27%) from 30 June 2006. Net subscriptions were US$0.4bn, with performance contributing US$0.4bn.

Net subscriptions and performance contributed equally to AuM growth in the period. As part of the process of accessing the increasing European appetite for the local currency theme, a new targeted SICAV fund was launched during the period and this initially funded at US$0.1bn. The public open-ended funds in the theme continued to attract new monies.

Special Situations (distressed debt/ private equity)

The special situations (distressed debt/ private equity) theme comprises investments in debt and/or equity or other instruments focussing on situations usually involving specialist corporate investments and/or projects and including distressed assets or distressed sellers of assets, often incorporating restructuring, reorganisations and/or a private equity approach.

AuM at 31 December 2006 were US$2.9bn, an increase of US$1.6bn (123%). Net subscriptions were US$1.5bn, with performance contributing US$0.1bn.

The Group's GSSF3 fund, which was launched in August 2006, represented US$1.4bn of the total net subscriptions in the period.

Equity

The equity investment theme comprises emerging market equity and equity related securities. The instruments invested by the funds can include equity, convertibles, warrants and equity derivatives.

Assets under management at 31 December 2006 were US$1.8bn, an increase of US$1.2bn (200%) from 30 June 2006. Net subscriptions were

US$1.0bn, with performance contributing US$0.2bn.

Net subscriptions in the period were bolstered by US$0.8bn inflows from new segregated accounts.

Cash flow and balance sheet

The Group's cash flow statement demonstrates the strong cash flow characteristics of the business.

The Group generated a £25.2m increase in its cash and cash equivalents in the six-month period to 31 December 2006.

The Group continues to maintain a strong balance sheet to meet regulatory capital, commercial and development requirements.

Dividend

A 'maiden' interim dividend of 2.30p for the six-month period to 31 December 2006 will be paid on 27 April 2007 to shareholders on the register on 30 March 2007.

Strategy

The Group's strategy, which was articulated at the time of the Group's IPO, is to be the leading emerging markets asset manager across an increasingly broad range of investment themes by maintaining a market-leading investment track record, delivering growth and enhancing diversification of earnings, facilitating controlled growth and developing further the Ashmore brand and business model.

Trading outlook

Trading conditions in the six months to 31 December 2006 remained satisfactory with global liquidity and strong fundamentals in emerging markets continuing to be positive for the Group's investment themes. The Group continued to attract net subscriptions across all its investment themes and its track record of delivering investment out-performance has been sustained.

The Group continues to believe that strong macro-economic, demographic, political factors, enhanced liquidity, index re-weighting and improving global credit worthiness should continue to underpin growth across emerging market asset classes.

We believe that Ashmore's experience and expertise in emerging markets asset management, coupled with its demonstrable investment track record, position the Group well to benefit from the further demand for emerging market products. The board is confident of the Group's prospects for the remainder of the financial year.

Mark Coombs
Chief Executive Officer
27 February 2007

Consolidated Income Statement

	Unaudited Six months ended 31 December 2006 £m	Unaudited Six months ended 31 December 2005 £m	Audited Year ended 30 June 2006 £m
Management fees	**57.8**	35.4	80.8
Performance fees	**8.2**	38.1	54.2
Other revenue	**7.9**	0.2	2.9
Total revenue	**73.9**	73.7	137.9
Less: Distribution costs	**(2.0)**	(1.0)	(2.3)
Net revenue	**71.9**	72.7	135.6
Personnel expenses	**(13.1)**	(17.3)	(34.4)
Other expenses	**(2.6)**	(2.1)	(6.5)
Operating profit	**56.2**	53.3	94.7
Gain on sale of business	–	2.8	2.8
Interest income	**4.0**	2.9	6.5
Interest expense	**–**	–	(0.1)
Profit before tax	**60.2**	59.0	103.9
Income tax expense	**(18.2)**	(16.4)	(32.3)
Profit for the period	**42.0**	42.6	71.6
Attributable to:			
Equity holders of the parent	**42.0**	42.5	71.5
Minority interest	**–**	0.1	0.1
Profit for the period	**42.0**	42.6	71.6
Earnings per share:			
Basic	**6.31p**	6.42p	10.82p
Diluted	**5.96p**	6.33p	10.39p

Consolidated Balance Sheet

	Note	Unaudited as at 31 December 2006 £m	Unaudited as at 31 December 2005 £m	Audited as at 30 June 2006 £m
Assets				
Property, plant and equipment		**0.2**	0.2	0.2
Intangible assets		**4.1**	4.1	4.1
Other receivables		**0.1**	5.2	3.6
Deferred tax asset		**11.5**	0.4	1.6
Total non-current assets		**15.9**	9.9	9.5
Trade and other receivables		**38.2**	24.6	20.0
Derivative financial instruments		**0.5**	–	1.3
Cash and cash equivalents		**157.9**	107.0	132.7
Total current assets		**196.6**	131.6	154.0
Total assets		**212.5**	141.5	163.5
Equity				
Issued capital	5	**–**	–	–
Share premium		**0.3**	0.3	0.3
Retained earnings		**154.3**	91.6	96.3
Total equity		**154.6**	91.9	96.6
Liabilities				
Deferred tax liabilities		**–**	3.3	0.1
Total non-current liabilities		**–**	3.3	0.1
Current tax		**15.3**	12.6	18.0
Derivative financial instruments		**–**	0.6	0.1
Trade and other payables		**42.6**	33.1	48.7
Total current liabilities		**57.9**	46.3	66.8
Total liabilities		**57.9**	49.6	66.9
Total equity and liabilities		**212.5**	141.5	163.5

Consolidated Statement of Changes in Equity

	Issued capital £m	Share premium £m	Retained earnings £m	Total equity attributable to equity holders of the parent £m	Minority interest £m	Total equity £m
Balance at 1 July 2005	–	0.3	69.1	69.4	0.5	69.9
Profit for the period	–	–	42.5	42.5	0.1	42.6
Disposal of business	–	–	–	–	(0.6)	(0.6)
Dividends	–	–	(20.0)	(20.0)	–	(20.0)
Balance at 31 December 2005	–	0.3	91.6	91.9	–	91.9
Profit for the period	–	–	29.0	29.0	–	29.0
Share based payments	–	–	10.7	10.7	–	10.7
Dividends	–	–	(35.0)	(35.0)	–	(35.0)
Balance at 30 June 2006	–	0.3	96.3	96.6	–	96.6
Profit for the period	–	–	42.0	42.0	–	42.0
Share based payments	–	–	1.2	1.2	–	1.2
Deferred tax	–	–	9.5	9.5	–	9.5
Current tax	–	–	4.2	4.2	–	4.2
Sale of own shares	–	–	1.1	1.1	–	1.1
Balance at 31 December 2006	**–**	**0.3**	**154.3**	**154.6**	**–**	**154.6**

Consolidated Cash Flow Statement

	Unaudited Six months ended 31 December 2006 £m	Unaudited Six months ended 31 December 2005 £m	Audited Year ended 30 June 2006 £m
Operating activities			
Cash receipts from customers	**62.1**	60.2	151.7
Cash paid to suppliers and employees	**(26.4)**	(13.5)	(34.7)
Cash generated from operations	**35.7**	46.7	117.0
Income taxes paid	**(17.5)**	(7.8)	(22.7)
Net cash from operating activities	**18.2**	38.9	94.3
Investing activities			
Interest received	**3.9**	2.5	6.1
Dividends received from subsidiary	**–**	–	1.4
Net proceeds from disposal of subsidiary	**–**	(0.2)	(0.2)
Net cash from investing activities	**3.9**	2.3	7.3
Financing activities			
Dividends paid	**–**	(20.0)	(55.0)
Sale of own shares	**1.0**	–	–
Net cash from/(used in) financing activities	**1.0**	(20.0)	(55.0)
Effect of exchange rate changes on cash and cash equivalents	**2.1**	(0.8)	(0.5)
Net increase in cash and cash equivalents	**25.2**	20.4	46.1
Cash and cash equivalents at beginning of period	**132.7**	86.6	86.6
Cash and cash equivalents at end of period	**157.9**	107.0	132.7
Cash and cash equivalents comprise:			
Cash at bank and in hand as shown in balance sheet	**157.9**	107.0	132.7
	157.9	107.0	132.7

Notes to the Financial Statements

1 Basis of preparation and significant accounting policies

The interim report is unaudited and does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. The financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' and the Listing Rules of the Financial Services Authority (FSA).

The accounting policies applied in these interim financial statements are consistent with those applied in the Group's prospectus, prior to the official listing on the London Stock Exchange on 12 October 2006, for the year ended 30 June 2006. The prospectus is available on the group's website.

2 Earnings per share

Basic earnings per share is calculated by dividing the profit for the financial year attributable to equity holders of the parent 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 a further 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:

	Six months ended 31 December 2006	Six months ended 31 December 2005	Year ended 30 June 2006
Weighted average number of ordinary shares used in calculation of basic earnings per share	**664,780,163**	660,200,000	660,200,000
Effect of dilutive potential ordinary shares – share options	**38,281,264**	9,562,343	26,859,915
Weighted average number of ordinary shares used in calculation of diluted earnings per share	**703,061,427**	669,762,343	687,059,915

3 Share-based payments

The fair value of share-based payments expensed to the Consolidated Income Statement during the six months to 31 December 2006 was £0.5m (six months 2005:£3.5m).

4 Dividends

An analysis of dividends paid is as follows:

	Six months ended 31 December 2006	Six months ended 31 December 2005	Year ended 30 June 2006
Interim dividend	**–**	£20.0m	£55.0m
Dividend per share	**–**	3.03p	8.33p

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.

Dividend per share figures are restated to reflect current share structure as described above.

The board has approved an interim dividend for the six months ended 31 December 2006 of 2.30p per share.

5 Share capital

Share capital authorised:

	Six months ended 31 December 2006 No. of shares	Six months ended 31 December 2005 No. of shares	Year ended 30 June 2006 No. of shares	**Six months ended 31 December 2006 £'000**	Six months ended 31 December 2005 £'000	Year ended 30 June 2006 £'000
Ordinary shares of 0.01p each (2005: 1p each)	**900,000,000**	360,000	900,000,000	**90**	4	90

Share capital allotted

Allotted, called up and fully paid equity shares:

	Six months ended 31 December 2006 No. of shares	Six months ended 31 December 2005 No. of shares	Year ended 30 June 2006 No. of shares	**Six months ended 31 December 2006 £'000**	Six months ended 31 December 2005 £'000	Year ended 30 June 2006 £'000
Ordinary shares of 0.01p each (2005: 1p each)	**708,925,000**	279,720	708,925,000	**70**	3	70

All the above ordinary shares represent equity of the company and rank pari passu in respect of participation and voting rights.

Notes to the Financial Statements continued

5 Share capital continued

During the year the following events occurred:

On 23 June 2006 the company issued bonus shares in the amount of 24 ordinary shares for every one ordinary share held. Also on 23 June 2006 the company allotted 96,250 ordinary shares of £0.01p each to the Ashmore 2004 Employee Benefit Trust.

On 26 June 2006 the company undertook a share split where all ordinary shares of 1p were divided into 100 new ordinary shares of 0.01p each.

At 30 June 2006 there were 46,225,000 options in issue with contingent rights to the allotment of ordinary shares of 0.01p in the company. The exercise period for these options ranges from December 2005 to April 2016 and the allotment price ranges from 0.52p to 24.24p.

At 31 December 2006 there were 38,246,671 options in issue with contingent rights to the allotment of ordinary shares of 0.01p in the company. The exercise period for these options ranges from December 2005 to December 2016 and the allotment price ranges from 0.52p to 170p. There are also restricted share awards issued under the Omnibus scheme totalling 2,009,522 shares that have a release date in November 2011.

6 Own shares

The Ashmore 2004 Employee Benefit Trust (EBT) was established to encourage and facilitate the acquisition and holding of shares in the company by the employees of the company with a view to facilitating the recruitment and motivation of the employees of the company. As at the period end, the EBT owned 38,725,000 ordinary shares of 0.01p with a nominal value of £3,872.50 and shareholders' funds are reduced by £5,941,500 in this respect. It is the intention to make these shares available to employees by way of sale through the share option scheme.

7 Exchange rates

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

	Closing rate as at 31 December 2006	Closing rate as at 31 December 2005	Closing rate as at 30 June 2006	**Average rate six months ended 31 December 2006**	Average rate six months ended 31 December 2005	Average rate year ended 30 June 2006
US dollar	**1.9589**	1.7229	1.8484	**1.9129**	1.7581	1.7806

Independent Review Report to Ashmore Group plc

Introduction

We have been engaged by the company to review the financial information set out on pages 6 to 12 for the six months ended 31 December 2006 which comprises the consolidated income statement, consolidated balance sheet, consolidated statement of changes in equity and consolidated cash flow statement and the related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

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

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual financial statements except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 Review of interim financial information issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 31 December 2006.

KPMG Audit Plc
Chartered Accountants

27 February 2007

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