

Ashmore Group plc

Annual Report

for the year ended 30 June 2008



Ashmore

About Ashmore

Ashmore Group plc (“Ashmore”, the “Group”, the “Company”) 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 debt, local currency, special situations, equity and corporate high yield. More information is available in the business review and on the Group’s website www.ashmoregroup.com

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Financial highlights

Assets under Management (AuM)

US\$37.5 billion

Assets under Management (AuM) of US\$37.5 billion at 30 June 2008, up US\$5.9 billion, 19% in the year

Net management fees

£182.0 million

Net management fees of £182 million, 44% higher than for the year ended 30 June 2007

Performance fees

£44.7 million

Performance fees of £44.7 million (£20.4 million for the year ended 30 June 2007)

Operating margin

76%

Operating margin of 76% (2007: 76%)

Profit before tax

£196.2 million

Profit before tax of £196.2 million, up 49%

Basic eps

21.0 p

Basic eps up 53% to 21.0p (2007: 13.7p) and diluted eps of 19.9p (2007: 12.9p)

Final dividend

8.34 p

A final dividend of 8.34p per share will be paid on 5 December 2008, giving a total dividend for the year of 12.0p (2007: 9.0p)

Operational highlights

Ashmore launched its fifth investment theme in October 2007, emerging corporate high yield, which offers investors a risk return profile distinct from other segments of emerging market fixed income.

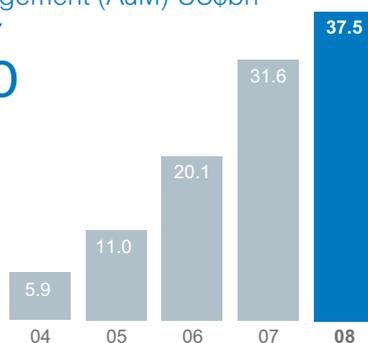
The launch of a permanent capital vehicle in December 2007 (Ashmore Global Opportunities Limited) through which €500 million was raised. This provides a broader access to the special situations via a listed vehicle with daily liquidity and pricing.

A dedicated Brazilian local currency fund was launched in January 2008, managed by our newly established fund management subsidiary in Sao Paulo. This was followed in April by the launch of a Brazilian onshore local currency fund targeting domestic institutional investors.

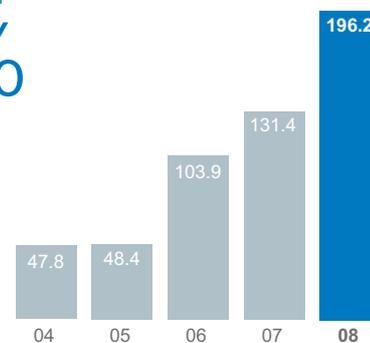
The fourth Global Special Situations Fund (GSSF4) closed in October 2007 with commitments of US\$1.4 billion. At 30 June 2008 it was 70% drawn down and it has since become fully drawn. Marketing began in June 2008 for the next special situations fund GSSF5.

Significant infrastructure initiatives have been put in place, aimed at providing the Group with development, continuity and expansion to enable the execution of strategic plans.

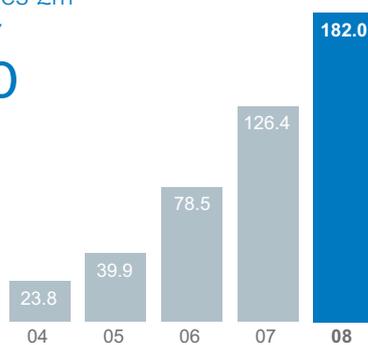
Assets under Management (AuM) US\$bn

+19%

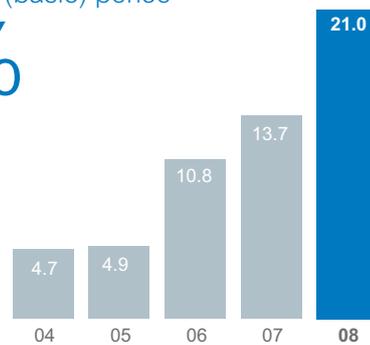
Profit before tax £m

+49%

Net management fees £m

+44%

Earnings per share (basic) pence

+53%

The Group results for the year ended 30 June 2008 are satisfactory from a number of perspectives. Firstly in absolute financial terms they demonstrate the further progress made against the results of prior periods and our own forecasts. Secondly we have continued to make progress from an operational point of view with fund launches, further product innovation and the implementation of significant infrastructural initiatives aimed at developing an even more robust platform for the Group's continued development.

Chairman's Statement

A review of the Group's financial and operational highlights demonstrate a year of excellent progress.

A review of the Group's financial and operational highlights demonstrate a year of excellent progress. The profit before tax was £196.2 million against £131.4 million for the previous year, an increase of 49%. These results are highly satisfactory, particularly as they have been achieved against a background of extreme volatility in the global financial markets.

The Group's core capabilities of product innovation, asset raising, delivering good investment performance and excellent client service have again continued to be demonstrated. During this period we have worked extensively on building a stronger infrastructure platform for the further development of the business going forward. In addition, in line with our strategy, we are beginning to develop a local asset management presence on the ground in a number of the key emerging markets in which we participate to enable the Group to benefit from the development of these markets. All of these areas will be expanded upon further in the Chief Executive Officer's Statement and Business Review that follows.

Recognising the continued strong progress and our confidence in the Group's prospects, the directors are recommending a final dividend of 8.34p for the year ended 30 June 2008 and, subject to shareholder approval, this will be paid on 5 December 2008 to all shareholders who are on the register on 7 November 2008. This makes a total dividend of 12.0p for the year (2007: 9.0p) an increase on last year of 33%.

We were delighted to welcome Graeme Dell to the Board in December as Group Finance Director. Graeme has brought with him significant listed

company experience and has made an immediate contribution to the Board and its governance processes. Additionally we were pleased that Jonathan Asquith joined our Board on 1 September 2008 as an independent non-executive director. Jonathan has a wealth of experience in our industry having been Vice Chairman and Chief Financial Officer at Schroders plc and has also held a number of senior positions in the investment banking sector. I have no doubt that he will be a considerable asset to our Board. The Group expects to further strengthen the Board by the appointment of additional non-executive directors and continues to be actively engaged in this process. Jon Moulton, who has served on our Board since 1999, will retire and not seek re-election at the AGM and on behalf of the Board I would like to express our gratitude for his service and counsel over this period.

To build a first class asset manager requires a team of the highest calibre committed to delivering consistently good investment performance and client service. This year's results confirm my belief that Ashmore has such a team. In addition, the Group's strategic position, focusing exclusively on emerging markets combined with the team's long history of managing these assets through many periods of extreme market volatility, represents a significant opportunity. Whilst the markets may present further challenges I am confident that the Group is ready to meet them and to deliver on its strategy.

Michael Benson
Chairman

Profit before tax £m

+49%



Earnings per share (basic) pence

+53%



The Group's core capabilities of product innovation, asset raising, delivering good investment performance and excellent client service have again continued to be demonstrated.

Chief Executive Officer's statement

The Group results for the year ended 30 June 2008 are satisfactory from a number of perspectives.

The Group results for the year ended 30 June 2008 are satisfactory from a number of perspectives. Firstly in absolute financial terms they demonstrate the further progress made against the results of prior periods and our own forecasts. Secondly we have continued to make progress from an operational point of view with fund launches, further product innovation and the implementation of significant infrastructural initiatives aimed at developing an even more robust platform for the Group's continued development. Finally, we have undertaken further steps to begin to develop a network of local asset management operations in some of the world's key emerging markets. This has all taken place in global financial market conditions judged by many commentators to be as difficult as any they can remember which have both made the execution of an active style of investment management a greater challenge and generally reduced investor appetite for risk. I will expand upon these in my report and then outline the strategic rationale and some of the emerging market dynamics that we believe position the Group well for future success.

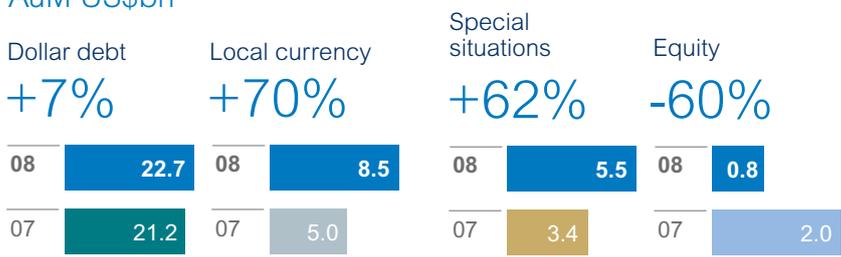
AuM US\$bn
+19%



Assets under Management ("AuM") and financial performance

At the end of the previous financial year, 30 June 2007, AuM stood at US\$31.6

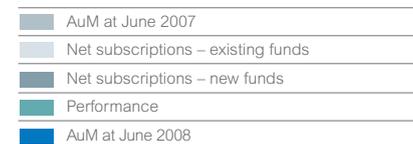
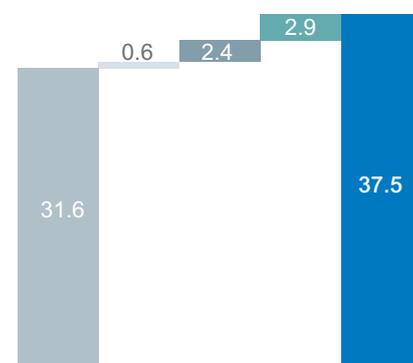
AuM US\$bn



billion. Through net subscriptions of US\$3.0 billion and investment performance of US\$2.9 billion we have reached a closing level for AuM at 30 June 2008 of US\$37.5 billion. As we forecast the AuM growth has been strongest in our local currency theme where overall levels of AuM were 70% higher (at US\$8.5 billion at the end of the period) than a year earlier, followed by special situations where AuM have grown by 62% to US\$5.5 billion over the period. The AuM growth within these two themes is in line with our view of the significant future opportunity they present. Our dollar debt theme has seen gross subscriptions exactly matched by redemptions so growth in this theme arises from investment performance of US\$1.5 billion, and, as anticipated and targeted several of the redemptions in this theme have been prompted by reallocation into local currency mandates where there are opportunities for higher returns. The equity theme has completed a difficult year in line with global equity markets and whilst the investment performance has been flat, there have been redemptions as investors have allocated away from equities resulting in a US\$1.2 billion reduction in AuM.

The overall growth in AuM has driven the Group's 44% increase in net management fee income to £182.0 million in the year to 30 June 2008 (year ended 30 June 2007: £126.4 million). The Group remains focused on the delivery of a high proportion of its

Growth in AuM US\$bn



Chief Executive Officer's statement continued

The Group remains focused on the delivery of a high proportion of its overall revenue from high margin management fees.

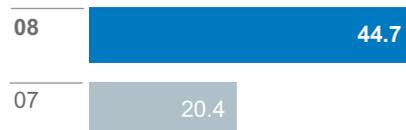
Net management fees £m

+44%



Performance fees £m

+119%



Net revenue £m

+50%



overall revenue from high margin management fees. Performance fee income has also increased significantly to £44.7 million, an increase of 119% from £20.4 million in the previous year which has been delivered across all our investment themes.

These two principle sources of revenue together with other income result in strong growth in our overall net revenue by 50% to £240.0 million (year ended 30 June 2007: £159.8 million). After costs of £58.8 million (year ended 30 June 2007: £38.1 million) and interest income of £15.0 million (year ended 30 June 2007: £9.7 million) this results in a profit before tax of £196.2 million, an increase of 49% in the year (year ended 30 June 2007: £131.4 million). Basic earnings per share for the year was 21.0p (2007: 13.7p), a 53% increase in the year.

Operational delivery

From an operational perspective in the area of fund launches and product

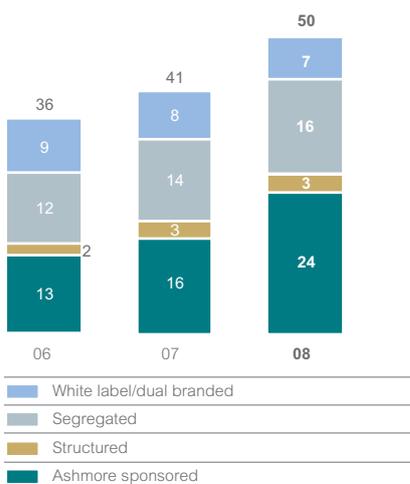
innovation the year began with the launch of our fourth global special situations fund ("GSSF4") which closed with commitments totalling US\$1.4 billion. Thereafter, developments in emerging markets corporate debt, following significant repricing in these markets, provided Ashmore with the opportunity to launch a dedicated corporate high yield fund and establish it as a new investment theme in October 2007 offering enhanced levels of return with a low correlation to the dollar debt theme. We expect this to grow over time as the credit markets stabilise.

In December 2007 we completed the launch of a permanent capital vehicle Ashmore Global Opportunities Limited through which we raised €500 million via a listing on the London Stock Exchange. This fund was established to focus on the special situations theme enabling a new client base to invest in this theme via a listed vehicle with daily liquidity and pricing. It contributed US\$250 million of the GSSF4 commitments and will be provided allocations in future special situations funds.

In January 2008 we launched a dedicated Brazilian local currency fund domiciled in Guernsey managed by our newly established fund management subsidiary in Sao Paulo. This was followed in April by the launch of a Brazilian onshore local currency fund targeting domestic institutional investors which, in line with the strategy

50 The Group now manages 50 funds across its five investment themes.

Number of funds (30 June)



The Group's strategy remains consistent; to deliver long term investment outperformance; generate and diversify net management fee income through the attraction of net subscriptions across an increasing variety of investment themes; and develop the Ashmore brand and business.

previously outlined, the Group seeded in the amount of BRL49.3 million (£15.1 million).

Investment activity within the special situations theme had resulted in GSSF4 being 70% drawn down at 30 June 2008 and it has since become fully drawn. Given the significant ongoing investment opportunities within this theme, we announced in June 2008 the beginning of marketing the next special situations fund GSSF5 which we expect to close in the new financial year.

The year has also been a busy one in the area of infrastructure projects, the implementation of a new fund accounting system, the migration of fund administration services for the Group's global public funds to a single service provider and in May 2008 the relocation of the entire London based staff to a new office. In all cases these projects were executed following months of planning by multi-disciplinary teams and are aimed at providing the

Group with development, continuity and expansion to enable us to execute our strategic plans.

Strategic positioning

The Group's strategy remains consistent; to deliver long term investment outperformance; generate and diversify net management fee income through the attraction of net subscriptions across an increasing variety of investment themes; and develop the Ashmore brand and business. In evaluating our progress toward the achievement of our strategic goals and evaluating the future opportunity available we consider all of these across three phases of development – establishment, diversification and emerging market capital mobilisation.

The first of these phases is largely completed: establishing the emerging market fixed income asset class; educating the investor base; refining the

The year has also been a busy one in the area of infrastructure projects, the implementation of a new fund accounting system and in May 2008 the relocation of the entire London based staff to a new office.

Chief Executive Officer's statement continued

One of the major driving forces of future growth is the macro one, based on the low allocations that investors from the developed world have so far made to emerging markets, and how these will change in the future as those markets outgrow the developed world.

investment processes and creating the performance track record to attract the investment of developed world capital into the emerging markets.

The second phase continues to apply to the management of developed world capital into emerging markets as we grow our AuM diversifying by investment themes, product structures, investor type, investor geography and distribution route. This is an ongoing process where we have a great deal more to do in all areas and which offers much potential for growth.

The third phase of our strategy diversifies the origin of funds that we manage looking toward the capital pools that we consider will grow the most and we believe can be mobilised within the emerging markets themselves. In this phase we first use the existing Ashmore central investment processes and funds to manage capital from the largest emerging world sources of capital cross border into other emerging markets. Initially this comes from central banks, governments/reserve managers and sovereign wealth funds and gradually expand to other domestic institutions. Thereafter we expect to progressively establish local asset management operations in a number of the world's key emerging economies using our expertise, investment processes and track record to manage domestic capital within these markets. This will enable us to participate in the significant long term growth opportunity available in these markets both by investing funds from offshore but also developing onshore investment management by Ashmore and its subsidiaries.

Investor allocations to emerging markets

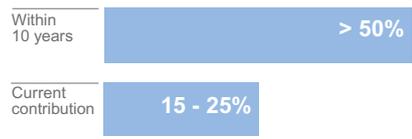
Whilst the first phase – establishment – is largely complete, there is significant future potential for strong growth in the second - diversification - phase.

One of the major driving forces of future growth is the macro one, based on the low allocations that investors from the developed world have so far made to emerging markets, and how these will change in the future as those markets outgrow the developed world. We believe that an average institutional investor may currently have an emerging market allocation across investment themes anywhere in the broad range of five to fifteen percent whilst a progressive investor may have an allocation at double these levels. This compares with the emerging markets contribution to the global economy at between fifteen and twenty-five percent when measured by either GDP, equity or bond market capitalisation levels. Over the next ten years or so we would expect the emerging market contribution to increase to over 50% of the overall global economy by all these measures so the opportunity for current and future allocations to grow dramatically is very clear. We are well positioned to benefit from this allocation shift as we have a long history of total focus on emerging markets across all available asset classes and a commitment to broaden our capability in these and new asset classes.

Another driver for growth in this second – diversification - phase is the development of the local currency

Estimation of emerging market contribution to the overall global economy

>50%



Over the next ten years or so we would expect the emerging market contribution to increase to over 50% of the overall global economy by all these measures so the opportunity for current and future allocations to grow dramatically is very clear.

Ashmore's local currency theme AuM is undergoing the strongest absolute growth of any of our themes. We believe that this is set to continue and should establish it as our largest theme by volume within three years.

markets, and this is also one of the principal areas we see having a significant impact upon the pace with which emerging markets capital mobilisation – our third phase - is progressing.

Local currency debt and local asset management operations

Ashmore's local currency theme AuM are undergoing the strongest absolute growth of any of our themes. We believe that this is set to continue and should establish it as our largest theme by volume within three years. In fact, we continue to encourage our dollar debt investors to diversify with us into this theme. The underlying local currency debt markets are believed to total over US\$6 trillion at the end of 2007 – already five times the size of the external debt market in which Ashmore's dollar debt theme invests. As local currency markets mature and their liquidity and duration measures increase we expect to see increased international investment into these markets coming from both developed world investors and intra-emerging market flows. These latter flows typically form the first part of our mobilisation of emerging markets capital phase. As highlighted above, the earliest movers in this phase are the largest sources of capital from central banks, reserve managers and sovereign wealth funds. Ashmore is already managing local currency funds for a number of such organisations and we see further growth in the number and scale of these mandates in the future. Thereafter we would expect this trend to develop to include the larger institutions and

pension funds in these economies. In order to capitalise on this trend, we believe that local asset management operations on the ground in a number of key emerging markets represent the other key to participating in the growth and development of the local currency and other markets.

Our operations now include subsidiaries in Turkey and India that are active in the local mid-market private equity markets. During this year we have established a subsidiary operation in Brazil managing offshore and onshore local currency funds. Immediately after the financial year ended in July we received final stage approval in Turkey from the Capital Markets Board to establish and operate a regulated portfolio management business which began operations on 1 August 2008. Whilst the financial impact of these operations was not material in context of the overall Group result for the year ended 30 June 2008, we believe going forward that the contribution from the local asset management operations that the Group establishes will gradually and progressively contribute meaningfully to the Group's results and valuation.

Special situations: Opportunities and performance fees

Ashmore's team were investing in the special situations asset class, in both distressed debt and private equity forms, even before the Group's first fund was established in 1992, and the investment into this theme from all funds, where the investment mandate allows, has continued ever since.

Our operations now include subsidiaries in Turkey and India in the local mid-market private equity markets and in Brazil, managing offshore and onshore local currency funds.

Chief Executive Officer's statement continued

The Group places a tremendous focus on the process of recruiting like minded individuals from different backgrounds with a common desire to specialise in their field within the emerging markets.

The operational highlights described in this report share many common features. Most striking amongst these is the role of the team at Ashmore, spread broadly throughout the organisation, in making the business a success.

This long history, resultant specialist transaction experience and network of relationships throughout the emerging markets are keys to our strength in the area. As I have described above, the financial year ended 30 June 2008 saw the closing, drawing down and deployment of our fourth global special situations fund (GSSF4) and the launch of fundraising for our fifth global fund (GSSF5). The investment opportunity presented for this asset class going forward is very strong with a significant pipeline of attractive potential transactions, and particularly following the broad reduction of easy credit in the market.

Our first global special situations fund (GSSF) matured after the financial year ended in July five years after its closing in July 2003, and the mechanics of the fund wind up are underway with first stage payments made to fund shareholders. As a result of strong investment returns the fund has generated a performance fee of between £15.6 million and £21.0 million which will be recognised in the financial year ended 30 June 2009, the final level being determined by the finalisation of the few remaining asset realisations.

Our people and culture

The operational highlights described in this report share many common features. Most striking amongst these is the role of the team at Ashmore, spread broadly throughout the organisation, in making the business a success. At 30 June 2008 the Group's headcount stood at 93, an increase of 24 or 35% on the figure a year earlier, with additions across the Group's global functions in London, and in particular within local asset management operations. The Group places a tremendous focus on the process of recruiting like minded individuals from different backgrounds with a common desire to specialise in their field within the emerging markets. This takes time but is critical to our success. I should like to add my own thanks to those expressed in the Chairman's report for the dedication and commitment that all those already in the Ashmore team have made into making the year and the business a success.

Now we move onto next year and as the Group grows we continue to work hard in ensuring that this growth occurs in a controlled manner. Part of this is achieved through the recruitment of a broad team of varying talents and the

We have more value and transactional scope available to us to invest for strong medium term returns over the next 12-24 months than at any time over the previous 5 years.

implementation of initiatives and systems aimed at further strengthening our processes and controls. This is ongoing. At the heart of the organisation I believe that we retain and develop the Ashmore culture and work ethos which will enable us to execute on and benefit from the significant strategic opportunities that lie ahead. We have much to do, and execution will always be the key, but we continue to look forward to the challenges ahead.

August 2008 annual performance fees

Unaudited annual performance fees for the funds with annual performance years ended 31 August 2008 (including EMLIP and LCD) were £31.0 million (August 2007: £17.6 million) which will be recognised in the financial year ended 30 June 2009 in addition to the GSSF fee detailed above.

Outlook statement

The world has not been the most comfortable place this year. The general market outlook continues to be difficult, deleveraging has been significant and continues and many investors are doing what they often do in times of stress... as little as possible, as a precursor to working out where to allocate their capital as things settle down.

Against this market backdrop, since the year end the Group has experienced slightly lower subscription activity and some redemptions which, coupled with negative market performance, has resulted in a modest reduction in AuM. Given the margin profile of these assets, we remain confident that the revenue impact of this has been offset by the increased levels of fees elsewhere including those performance fees already recorded, demonstrating the Group's robust business model.

It is these dynamics which provide us with both challenges and our major opportunity. We have more value and transactional scope available to us to invest for strong medium term returns over the next 12-24 months than at any time over the previous 5 years. Our task is to continue persuading investors to allocate us capital and allow us to execute strategies to capture that value particularly from local currency, in our special situations theme (in both distressed debt and private equity) and in corporate high yield as well as in our local asset management businesses.

Mark Coombs
Chief Executive Officer

Key events in the year

2007

July

AuM at beginning of year stands at **US\$31.6 billion**

August

Corporate High Yield fund **established**

September

GSSF4, a US\$1.4 billion special situations fund, launched

2008

January

Brazil offshore local currency fund **launched**

April

Brazil onshore local currency fund **launched**

May

Ashmore Local Currency Debt portfolio reaches US\$3.0 billion, having been established in March 1997

October

Standard & Poor's "AAAm" rated fund launched to manage liquidity requirements of underlying Ashmore funds

Corporate High Yield established as a new investment theme

November

Turkish Debt Fund launched

December

AuM at 31 December 2007 reaches **US\$36.5 billion**

Ashmore Global Opportunities Limited permanent capital vehicle lists on Stock Exchange raising €500 million

June

AuM at 30 June 2008 reaches **US\$37.5 billion**

GSSF5 launch announcement of commencement of marketing

GSSF4: 70% drawn at 30 June 2008, remaining 30% drawn in July 2008

The year ended 30 June 2008 was a busy one in the area of fund launches, as the overall number of funds increased from 41 to 50 and AuM increased from US\$31.6 billion at 30 June 2007 to US\$37.5 billion at 30 June 2008.

Business Review

The financial and operational highlights outlined clearly demonstrate a year of further substantial progress towards the Group's strategic goals. In addition the Chief Executive Officer's statement provides an outline of the significant future opportunities for the Group. The financial and business review section that follows will provide a detailed account of the Group's activities and their financial impact.

Key performance indicators

Progress towards achieving the Group's strategic objectives is monitored with reference to a number of key performance indicators. These are set out below:

Key performance indicators	Year ended 30 June 2008	Year ended 30 June 2007
Year end AuM	US\$37.5bn	US\$31.6bn
Average AuM	US\$35.3bn	US\$26.4bn
Net management fee margins (basis points)	103bp	93bp
Operating profit margin	76%	76%
Compensation/revenue ratio	19.9%	20.4%
Variable compensation ("vc")/ebvcit	18.2%	18.4%
Year-end head count	93	69

Assets under Management

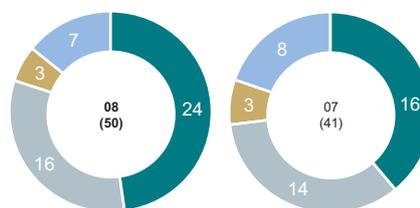
As a result of further growth during the year, the Group's AuM as at 30 June 2008 had reached the level of US\$37.5 billion, the development of which is broken down as follows:-

Assets under Management	Year ended 30 June 2008 US\$bn	Year ended 30 June 2008 US\$bn	Year ended 30 June 2007 US\$bn	Year ended 30 June 2007 US\$bn
Opening AuM		31.6		20.1
Gross subscriptions	11.0		10.4	
Gross redemptions	(8.0)		(2.1)	
Net subscriptions		3.0		8.3
Investment performance		2.9		3.2
Closing AuM		37.5		31.6

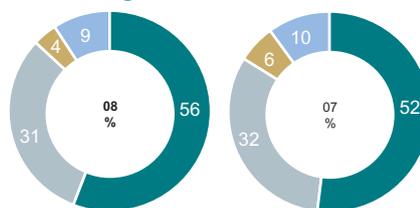
As these figures highlight, the Group has continued to win good absolute levels of gross subscriptions through the period. Gross redemptions are clearly significantly higher than for the previous period. Measured as a percentage of average AuM, excluding intra-investment theme flows by the Group's multi strategy fund, this represents an increase to 20%, which we believe represents a long run industry average for an institutional fund management business. Whilst ahead of the levels we had seen over recent periods (2007: 8%; 2006: 13%; 2005: 18%), given the extraordinary events in the global markets this had been anticipated.

The number of funds and levels of AuM can be analysed according to the type of fund or mandate as outlined below. These changes demonstrate the continued product innovation and a further breakdown of these are provided in the investment theme reviews.

Number of Accounts (30 June)

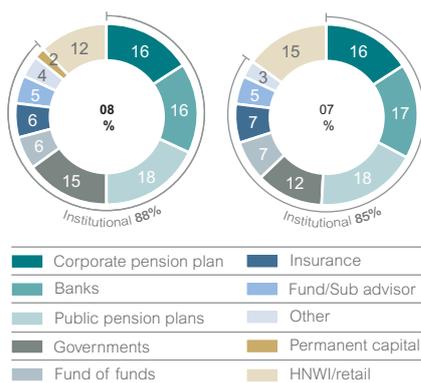


Percentage of AuM (30 June)



■ Ashmore sponsored
■ Segregated
■ Structured product
■ White label/dual branded

AuM % by investor type



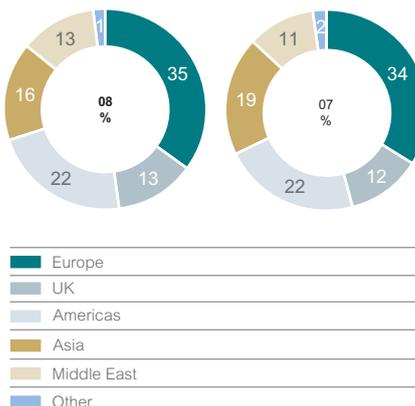
Investor profile

There are a broad range of investors in the funds managed by the Group.

The funds which Ashmore manage remain predominately sourced from institutional investors. As at 30 June 2008, 88% of the Group's AuM was institutional (2007: 85%) and 12% was high net worth individuals/retail (2007: 15%). The institutional investor profile includes pension plans, government agencies, financial institutions and corporates. The institutional segment showed an increase in the proportion of government investors (up from 12% to 15%). Public pension plan investors and corporate pension investors showed steady growth in the year and remained proportionately constant at 18% and 16% respectively.

The geographical profile of the Group's investors remains diversified. During the year there was strong growth in the Middle East, with US\$1.5 billion of subscriptions from this region. Europe

AuM % by geography



also continued to show robust growth, with significant growth in the UK in particular.

The AuM by investment theme under which the fund or mandate is organised is shown below:-

	AuM 30 June 2008 US\$b	AuM 30 June 2007 US\$b	Increase/ (Decrease) Percentage
Dollar debt	22.7	21.2	7%
Local currency	8.5	5.0	70%
Special situations	5.5	3.4	62%
Equity	0.8	2.0	(60%)
Total	37.5	31.6	19%

The investment theme classification into dollar debt, local currency, special situations and equity is based upon the theme under which the principal asset class of the funds is organised and this is represented by percentage of total

AuM below. The majority of dollar debt mandates have cross over capacity which represents the ability to invest a proportion of the funds within certain limits into individual assets within the local currency, corporate high yield and special situations themes. Therefore to obtain a more representative picture of the asset classes into which the Group was actually invested at 30 June 2008, we provide below the breakdown after taking into account the actual amounts invested in this manner.

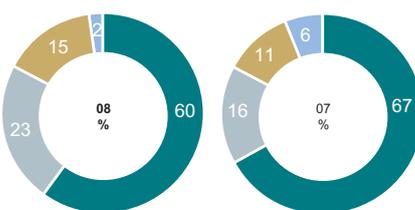
In line with the strong levels of growth within the local currency and special situations themes the Group's dollar debt theme is reducing significantly as a proportion of overall AuM classified by theme. When this is viewed in terms of invested asset class after taking cross over investment into account the dollar debt percentage is less than half of the Group's AuM.

Investment theme reviews

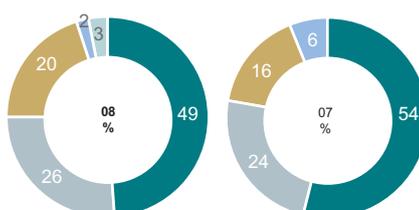
The following reviews of each of the principal investment themes provide details of the AuM development, investment performance, management fee income, management fee margin levels and performance fees:-

	AuM % by theme 30 June 2008	30 June 2007	AuM % as invested 30 June 2008	30 June 2007
Dollar debt	60	67	49	54
Local currency	23	16	26	24
Special situations	15	11	20	16
Equity	2	6	2	6
Corporate high yield	-	-	3	-

AuM % by theme by asset class



AuM % as invested by asset class



Business Review continued

Dollar Debt

The dollar debt investment theme comprises principally US dollar and other hard currency denominated instruments, which may include derivatives, investing mainly in sovereign bonds.

	Year ended 30 June 2008	Year ended 30 June 2008	Year ended 30 June 2007	Year ended 30 June 2007
AuM opening (US\$bn)		21.2		15.2
Subscriptions (US\$bn)	4.8		5.9	
Redemptions (US\$bn)	(4.8)		(1.8)	
Net subscriptions (US\$bn)		(0.0)		4.1
Performance (US\$bn)		1.5		1.9
Closing AuM (US\$bn)		22.7		21.2
Net management fees (£m)		91.0		71.9
Management fee margins (bps)		82		76
Performance fees (£m)		17.1		5.8

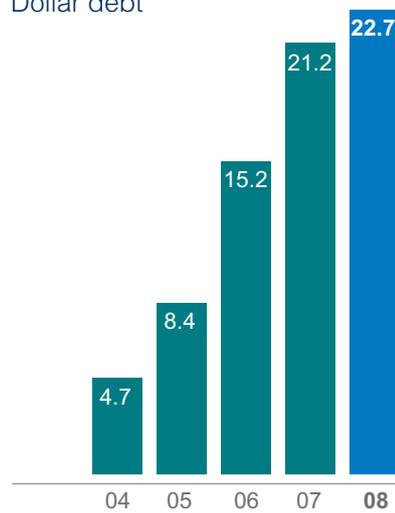
AuM at 30 June 2008 were US\$22.7 billion, an increase of US\$1.5 billion (7%) from 30 June 2007, which was solely attributed to performance achieved in the year. The subscriptions of US\$4.8 billion include a new segregated mandate won from a European pension fund.

Net management fees showed strong

growth, with an increase of £19.1 million (27%) from the previous year as the theme's margin also increased to 82 basis points, from 76 basis points in the financial period to 30 June 2007, continuing the trend of high and stable net management fee margins.

Performance fees achieved increased by £11.3 million (195%) compared to

AuM US\$bn
Dollar debt



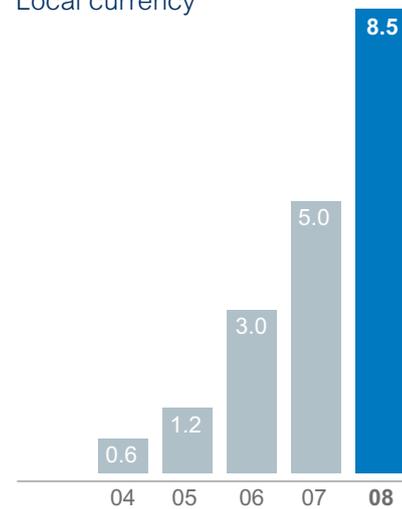
the previous financial year. This was predominantly due to the August 2007 annual performance fee delivered by EMLIP of £8.2 million (August 2006; £0.3 million) The remaining performance fees arose from the annual performance fees of the other dollar debt funds and crystallised fees following redemptions during the performance year.

Local Currency

The local currency investment theme comprises local currency and local currency denominated debt instruments, principally sovereign in nature, and it may include derivatives.

	Year ended 30 June 2008	Year ended 30 June 2008	Year ended 30 June 2007	Year ended 30 June 2007
AuM opening (US\$bn)		5.0		3.0
Subscriptions (US\$bn)	4.2		1.7	
Redemptions (US\$bn)	(1.6)		(0.3)	
Net subscriptions (US\$bn)		2.6		1.4
Performance (US\$bn)		0.9		0.6
Closing AuM (US\$bn)		8.5		5.0
Net management fees (£m)		38.8		21.4
Management fee margins (bps)		119		108
Performance fees (£m)		17.2		3.1

AuM US\$bn
Local currency



AuM at 30 June 2008 were US\$8.5 billion, an increase of US\$3.5 billion (70%) from 30 June 2007. Good investment performance in this theme contributed US\$0.9 billion.

There has been strong demand for the Group's local currency products with subscriptions in the period of US\$4.2 billion, an increase of 147% from the previous year. The number of funds within the local currency theme has increased this financial year, with five additional funds introduced to capitalise on the opportunities the theme presents. Firstly, a Turkish debt fund was

launched in November 2007, accessing local currency funds. During 2008 two Brazilian funds have also been established by the Group's local asset management subsidiary to manage offshore and onshore local currency funds. Finally, two segregated mandates were won, one from an emerging market central bank.

Strong growth was achieved within net management fees, as these increased from £21.4 million in the year ended 30 June 2007 to £38.8 million (81%) in the year ended 30 June 2008. Management fee margins continued the trend of

steady growth from the previous year, moving from 108 basis points to 119 basis points.

Performance fees achieved in the year increased by £14.1 million (455%) compared to the previous financial year. This was primarily due to the annual performance fee delivered by LCD of £9.4 million (2007: £ nil). Additionally, annual performance fees from other local currency funds and crystallised fees following redemptions during the performance year contributed towards the remaining performance fees that were attained.

There has been strong demand for the Group's local currency products with subscriptions in the period of US\$4.2 billion, an increase of 147% from the previous year. The number of funds within the local currency theme has increased this financial year, with five additional funds introduced to capitalise on the opportunities the theme presents.

Business Review continued

Special Situations

The special situations (distressed debt/private equity) theme comprises investments in debt and/or equity or other instruments focusing 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.

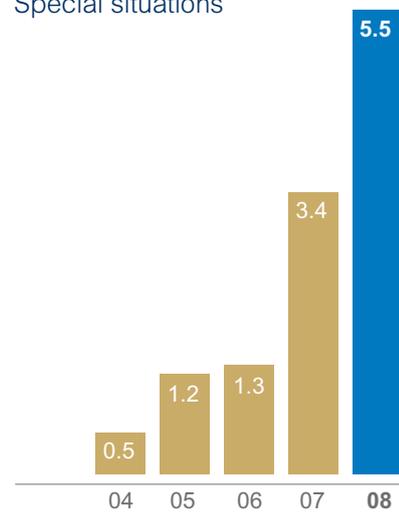
	Year ended 30 June 2008	Year ended 30 June 2008	Year ended 30 June 2007	Year ended 30 June 2007
AuM opening (US\$bn)		3.4		1.3
Subscriptions (US\$bn)	1.8		1.8	
Redemptions (US\$bn)	(0.2)		0.0	
Net subscriptions (US\$bn)		1.6		1.8
Performance (US\$bn)		0.5		0.3
Closing AuM (US\$bn)		5.5		3.4
Net management fees (£m)		42.6		25.9
Management fee margins (bps)		184		171
Performance fees (£m)		7.2		7.5

AuM at 30 June 2008 were US\$5.5 billion, an increase of US\$2.1 billion (62%). Net subscriptions were US\$1.6 billion, predominantly comprised of the Ashmore Global Special Situations Fund 4 ("GSSF4") which was launched with commitments totalling US\$1.4 billion. As at 30 June 2008, 70% of this commitment had been drawn down, with 100% drawn down by July 2008. In June 2008 marketing began for the fifth Global Special Situations Fund ("GSSF5"). Additionally the Group

completed funding of an Indian fund, which is active in the local mid-market private equity markets.

Net management fees increased by £16.7 million (64%) to £42.6 million, following the GSSF4 fund launch and the growth in AuM within the Asian Recovery Fund ("ARF"). Management fee margins continued the trend of steady growth from the previous period, moving from 171 basis points to 184 basis points, reflecting the increased proportion of special situations funds

AuM US\$bn
Special situations



with a 2% management fee.

Performance fees attained of £7.2m arose principally from the annual performance fee of the ARF fund. In the majority of special situations funds, performance fees accrue over the full fund life.

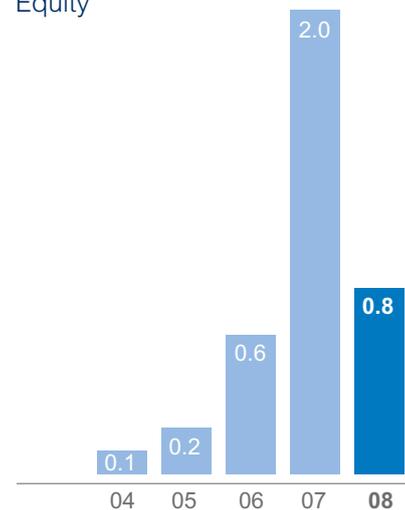
The Group's strong network continues to source a significant pipeline of attractive potential transactions within this asset class.

Equity

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

	Year ended 30 June 2008	Year ended 30 June 2008	Year ended 30 June 2007	Year ended 30 June 2007
AuM opening (US\$bn)		2.0		0.6
Subscriptions (US\$bn)	0.2		1.4	
Redemptions (US\$bn)	(1.4)		(0.4)	
Net subscriptions (US\$bn)		(1.2)		1.0
Performance (US\$bn)		0.0		0.4
Closing AuM (US\$bn)		0.8		2.0
Net management fees (£m)		9.6		7.2
Management fee margins (bps)		119		100
Performance fees (£m)		3.2		4.0

AuM US\$bn
Equity



AuM at 30 June 2008 were US\$0.8 billion, a decrease from the previous year of US\$1.2 billion. This was as a result of significant allocations away from the equity theme. Following the reduction of funds, equity now represents 2% of the Group's overall AuM. The Group remains committed to

growing this theme to represent a more significant proportion of overall AuM.

Net management fees grew by 33% in the year, with net management fee margins increasing in this area by 19%. £3.2 million of performance fees were achieved (2007: £4.0 million), principally

from the annual performance fees from AREF and AEEP of £1.9 million. Additionally, annual performance fees from other equity funds and crystallised fees following redemptions during the performance year contributed towards the remaining performance fees achieved.

Corporate High Yield

The corporate high yield investment theme comprises investments in corporate debt within emerging markets.

During the 2008 financial year, Ashmore launched its fifth investment theme, emerging corporate high yield with the launch of the Ashmore Emerging Markets Corporate High Yield fund

("AEMCHY"). This launch recognised the fact that the asset class can offer investors a risk return profile distinct from other segments of emerging market fixed income. At the end of the

financial year, AEMCHY had AuM of US\$0.5 billion drawn principally from funds within the dollar debt theme.

Business Review continued

Multi-strategy funds, permanent capital vehicle and liquidity fund

The five core investment themes for the Ashmore product range are supplemented by the multi-strategy funds where Ashmore makes the asset allocation decisions across the investment themes. As at 30 June 2008, the total AuM within the five themes arising from the multi strategy funds and included within the theme AuM totals above was US\$3.0 billion, an increase of 15% from the previous year.

	Year ended 30 June 2008	Year ended 30 June 2008	Year ended 30 June 2007	Year ended 30 June 2007
Multi-strategy funds				
AuM opening (US\$bn)		2.6		0.6
Subscriptions (US\$bn)	1.2		1.8	
Redemptions (US\$bn)	(1.1)		0.0	
Net subscriptions (US\$bn)		0.1		1.8
Performance (US\$bn)		0.3		0.2
Closing AuM (US\$bn)		3.0		2.6

In addition, Ashmore was appointed investment manager following the launch of a newly incorporated publicly listed closed-ended investment company, Ashmore Global Opportunities Limited ("AGOL"). This source of permanent capital raised €500 million upon listing on the Main Market of the London Stock Exchange on 12 December 2007. These funds are now invested across the Group's investment themes and multi strategy fund. AGOL provides the Group with a new point of access for an investor class to gain access to Ashmore's investment themes within a listed fund vehicle with a stated focus on the special situations investment theme, in line with which, AGOL has invested US\$250 million into GSSF4.

Additionally, during the year, a liquidity fund was launched offering a Standard & Poor's "AAA" rated fund. This is able to manage the cash components of the underlying Ashmore funds, retained by the funds for liquidity purposes, with a view to enhancing the absolute return received on this cash and to attract external funds in due course. The level of funds at year end was US\$2.2 billion drawn from across the investment themes and funds.

Management fee margins and performance fees

The year on year improvements in management fee margins detailed in each of the investment theme reviews above have resulted in the achievement of an overall average management fee margin of 103bp across the themes (2007: 93bp). This is in line with the Group's strategy of maintaining high and stable management fee margins.

The Group's strategy is also to maintain a balance between funds able to earn performance fees and those that are management fees only. At the year end the Group was able to earn performance fees on 65% of AuM (2007: 64%). Within this a further proportion of the AuM did not earn performance fees in the year because either such fees are earned at the end of the multi year fund life or; are subject to rebate agreements. The overall performance fee income was £44.7 million for the year ended 30 June 2008 (2007: £20.4 million).

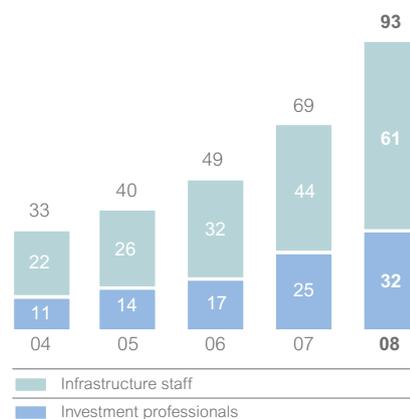
Operating costs and operating margin

The Group's cost structure, with a low proportion of tightly controlled recurring costs and a large proportion of variable

performance related costs, is at the core of the Group's philosophy.

The majority of the Group's costs are made up of personnel expenses. The Group continues to invest to support the future growth of the business through

Growth in employee numbers



recruitment. Headcount increased by 35%, from 69 at 30 June 2007 to 93 at 30 June 2008, in line with which wages and salaries increased to £5.3 million (2007: £3.8 million). The Group's variable compensation represents the majority of the overall personnel expenses. This includes performance related bonuses, share based payments and associated social security costs and is calculated as a percentage of profit before tax, interest and variable compensation. In the year ended 30 June 2008 the percentage of variable compensation was 18.2% (2007: 18.4%).

The Group continues to undertake infrastructure initiatives to support the development of the business. In line with this and the headcount growth, the overall total for other expenses for the year ended 30 June 2008 was £11.1 million (2007: £5.5 million) which included a number of new and one off costs. Firstly £1.2 million of deferred acquisition costs related to the Group meeting the underwriting expenses of

the AGOL launch were charged in the year. This will result in an annualised charge going forward of £2.1 million for seven years from December 2007. Secondly the Group completed the lease of a new London office, from January 2008 with an annualised increase in operating lease and other premises costs of £1.0 million, and a £0.3 million one off charge in relation to the office move. Finally the cost base included amounts of £1.2 million (2007: £0.1 million) in the subsidiary local asset management operations in India, Turkey and Brazil, together with additional professional fees associated with the establishment of these and other potential local asset management ventures.

As a result, the operating profit margin for the year ended 30 June 2008 was 76% (2007: 76%).

Taxation

The vast majority of the Group's profit is subject to UK taxation and typically the Group has a limited number of non-tax deductible expenses. Consequently the Group's effective tax rate has historically tracked close to the 30% UK corporation tax rate. The introduction of a 28% UK corporation tax rate from 1 April 2008 has resulted in a small beneficial impact on the Group's effective corporation tax rate in the financial year to 30 June 2008 (overall blended corporation tax rate of 29.5%), with the full-year benefit coming through in the following financial year.

There is a £13.8 million deferred tax asset on the Group's balance sheet at 30 June 2008. This is largely due to cash tax deductions which will arise over the next six or so years in respect of share price appreciation on share based payments awards. In addition there is also a deferred tax liability on the Group's balance sheet of £3.8 million. This is in respect of the deferred acquisition costs associated with the launch of AGOL which will be charged over seven years to the Group's income statement.

Cash balance £m

+28%



Dividend pence

+33%



Balance sheet and cash flow

The Group's strategy is 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. These needs include funding the establishment costs of local asset management ventures, seeding new funds and other strategic initiatives.

In line with this strategy during the period, the Group invested £14.6 million in meeting the underwriting costs of the AGOL fundraising. In accordance with International Accounting Standards, these underwriting costs are recognised in the balance sheet as deferred acquisition costs which are charged to the income statement as the related revenue is recognised. Additionally, during April 2008, the Group invested BRL49.3 million (£15.1 million) of seed capital in the initial launch of an onshore Brazilian local currency fund, managed by the Brazilian asset management subsidiary.

The Group continues to generate significant cash from operations which totalled £195.5 million in the year (year to 30 June 2007: £132.3 million). After the payments of the deferred acquisition costs and seed capital investment and, after taking account for taxation, property, plant and equipment purchases, dividend payments and interest received the overall cash has increased by £61.2 million during the year ended 30 June 2008 to £279.2 million (30 June 2007: £218.0 million).

As at 30 June 2008, total equity attributable to shareholders of the parent was £271.8 million compared to £195.9 million at 30 June 2007. There is no debt on the Group's balance sheet.

Dividend

Recognising the continued strong progress and the Board's confidence in the Group's prospects, subject to shareholder approval, a final dividend of 8.34p per share is proposed to be paid on 5 December 2008 (2007: 6.7p) to shareholders on the register on 7 November 2008. An interim dividend for the six-month period to 31 December 2007 of 3.66p (2007: 2.3p) was paid on 25 April 2008. This would result in a full-year dividend of 12.0p (2007: 9.0p). The Company's intention is for its dividend policy to be progressive.

Foreign exchange and treasury management

The Group's revenue is almost entirely denominated in US dollars, whilst the Group's cost base is largely Sterling based. Consequently, the Group has an exposure to movements in the US\$/£ exchange rate. The results for the year ended 30 June 2008 were achieved against the backdrop of a weaker US\$/£ exchange rate and this has impacted on the Group's reported profit. Reported profit before tax increased by £64.8 million, a 49% increase over the prior year. In constant exchange rate terms, profit before tax increased by £68.9 million, an increase of 54% in the year. This was after restating the prior year figures at the current year's average

Business Review continued

A key strategic objective is the delivery of long term investment outperformance to ensure the Group can attract new AuM inflows, retain existing AuM and maintain investment management margins.

US\$/£ exchange rate (2008: US\$/£2.01; 2007: US\$/£1.95). This resulted in the following restatements to the prior year numbers: lower net revenue in Sterling terms (£5.1 million), net hedging gains excluded (£2.7 million), and a notional reworking of the variable compensation cost to reflect the above items (a £1 million reduction). In the current year, net hedging gains of £3.2 million were excluded. On this basis, the net impact of the movement in the US\$/£ exchange rate on the reported increase in profit before tax in the year of £64.8 million was £4.1 million.

The Group's policy is to hedge its net foreign exchange exposure by using a combination of forward foreign exchange contracts and options for up to two years forward. The Group also sells US dollars at spot rates when opportunities arise. As at the date of this report, the Group has hedged 67% of its forecast US dollar based net management fee revenue for the remainder of this financial year at US\$/£1.95. Based on the current year's net management fee revenue, a +/-10 cent exchange rate movement would have a £3.9 million/£4.3 million impact on unhedged net management fees.

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 an A or better credit rating. Typically, during the financial year, investments have been in short-term cash deposits. Based on the level of cash balances at 30 June 2008, a 1% change in UK interest rates would have a £2.8 million impact on the Group's profit before tax.

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. During the year, and having appointed a new Head of Risk, the Group's risk control framework has been significantly enhanced with specific focus on the development of the Group risk matrix, which seeks to identify the key risks of the Group as well as current mitigants and future action plans. In addition, in conjunction with the investment management teams, there has been specific focus to proactively manage counterparty exposures both at the Group level and also within the funds as well as to closely review the valuation of all hard to value investments held in the respective funds.

The significant risks that face the Group can be summarised into three main categories: strategic and business, investment and operational with reputational risk being a common characteristic in all categories.

The ultimate responsibility for risk management rests with the Board. From a practical perspective some of this activity is delegated. On an ongoing basis, the Group's Board and the Chief Executive Officer manage the strategic and business risk, the Group's investment committee manages investment risk and delegates further daily responsibilities to senior investment professionals. The Group's risk committee manages operational, credit and market risk and delegates further responsibility to senior operational management.

Strategic and business

The risks in this category revolve around the medium and longer-term profitability of the Group being adversely impacted by the failure to identify the correct strategy, or failure to implement the correct strategy, and to react to changes in the business environment.

Strategic and business risks include:

- long-term downturn in the fundamental and technical dynamics of emerging markets;
- downturn in investment performance
- capacity constraints of the market constraining growth;
- emergence of increased competition;
- maintaining marketing and distribution.

The Group's strategy to be the leading emerging markets investment manager and the strategic objectives that underpin the achievement of this are well understood throughout the organisation. Progress against these objectives forms an important part of the regular Board reporting. Diversification of the Group's AuM is an important mitigating factor of business risk and this diversification is achieved by investment theme, fund structure, investor type and investor geography. The Group's predominantly 'top down' investment approach creates a highly scalable business model.

Investment

A key strategic objective is the delivery of long term investment outperformance to ensure the Group can attract new AuM inflows, retain existing AuM and maintain investment management margins.

The Group's core investment approach has remained broadly unchanged for many years and the structure of the investment committee has been refined to incorporate a central investment committee meeting as well as sub-committees for the different investment themes.

Investment risks could include:

- unavailability of suitable trading counterparties;
- inadequate due diligence regarding privately held investments;
- inability to fairly price assets; and
- downturn in investment performance.

The Group's core investment approach has remained broadly unchanged for many years and the structure of the investment committee has been refined to incorporate a central investment committee meeting as well as sub-committees for the different investment themes where appropriate. The central investment committee meets at least weekly and is provided with comprehensive papers covering all the relevant details on investments. The core investment management team has remained unchanged over the year except for the addition of further hires to increase investment management strength in most investment themes in line with the policy for building the next generation of Ashmore investment professionals. The exclusive focus on emerging markets and the expectation that the investment professionals continually research and regularly visit these markets is a further feature of the investment approach. A significant proportion of investment professionals' remuneration is linked to performance and has a long-term equity component.

Currently, for the proportion of the Group's AuM which cannot be readily externally valued, typically in the Group's special situations theme, appropriate valuation procedures and processes are in place. Oversight of the methodologies used for valuation of

these assets is the responsibility of the Group's Pricing Methodology Committee (PMC) which meets monthly to review the current valuation methodology of each of these investments and to propose an updated valuation methodology where appropriate.

Operational

The risks within this category are broad in nature and inherent in all businesses and would typically encompass events such as execution and process management, client related business practice, fraud, business disruption and systems, damage to physical assets and health and safety, each of which could result in a loss to the business.

Operational risk forms one of the key areas of focus of the Risk Committee in its regular monthly meeting. In order to provide the committee with the optimum structure for reviewing these risks, the range of operational risk Key Risk Indicators ("KRIs") was refined and extended during the course of the year to 30 June 2008.

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. Further details of the Group's internal control environment are described in the Corporate Governance report on pages 31 to 33.

Graeme Dell
Group Finance Director

Board of directors

The Hon. Michael Benson

Non-executive Chairman (Age 65)

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 Morse plc, and Border Asset Management Limited, and is a director of Community Foundation Network.

A, N, R

Mark Coombs

Chief Executive Officer (Age 48)

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 42)

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 60)

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. He is Chairman of the Practice Advisory Board of the Institute of Chartered Accountants in England and Wales, 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

Jon Moulton

Non-executive director (Age 57)

Jon Moulton has been a non-executive director of the Company since February 1999 and he is Chairman of the remuneration committee. He is Managing Partner of Alchemy Partners LLP.

Jon formerly headed the MBO team at Apax Partners (1994-1996), founded and ran Schroder Ventures as Managing Partner (1985-1994) and worked with Citicorp Venture Capital in London and New York (1980-1985). He has led some 50 buyouts in a wide variety of industries. He is a graduate chemist and chartered accountant. Jon is currently a director of several private companies.

A, N, R

Jonathan Asquith

Non-executive director (Age 51)

Jonathan Asquith joined the Board on 1 September 2008. He was formerly Vice Chairman of Schroders plc and held the position of Chief Financial Officer between 2002 and 2007. During his time at Schroders he also had responsibility within the investment function for fixed income, emerging market debt, commodities and property and oversaw their investment capital and private equity interests. 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. In 2001 he joined Barclays Private Bank, where he was head of UK private banking until his move to Schroders in 2002.

A

Key to membership of committees

A: audit N: nominations R: remuneration

Directors' report

The directors present their annual report and financial statements for the year ended 30 June 2008. 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 2008 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 pages 2 and 3, the Chief Executive Officer's statement on pages 5 to 11, the business review on pages 14 to 23 and the corporate governance report on pages 28 to 33.

The principal risks facing the business are detailed in the business review on pages 14 to 23 and in the corporate governance statement, internal control, on pages 31 and 32.

Results and dividends

The results of the Group for the year are set out in the consolidated income statement on page 42.

The directors recommend a final dividend of 8.34p per share which, together with the interim dividend of 3.66 p per share already declared, makes a total for the year ended 30 June 2008 of 12.0p per share (2007: 9.0p). Details of the interim dividend payment are set out in note 8 to the financial statements.

Subject to approval at the annual general meeting, the final dividend will be paid on 5 December 2008 to shareholders on the register on 7 November 2008 (ex-dividend date being 5 November 2008).

Related party transactions

Details of related party transactions are set out in note 22 to the financial statements.

Post balance sheet events

As set out in note 25 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 24. Michael Benson, Mark Coombs, Nick Land and Jon Moulton served as directors throughout the year. Jim Pettigrew was appointed a director on 7 August 2006 and resigned on 31 October 2007. Graeme Dell was appointed to the Board on 19 December 2007 and Jonathan Asquith was appointed to the Board on 1 September 2008.

Details of the service contracts of the current directors are shown in the remuneration report on page 35.

The Company's Articles require the newly appointed directors Graeme Dell and Jonathan Asquith to retire from office at the first annual general meeting following their appointment. Additionally, excluding new directors, a minimum of one third of the Board is required to retire by rotation annually. Nick Land will retire by rotation at the forthcoming annual general meeting. All directors being eligible offer themselves for re-election.

Any directors who have held office for a period of 9 years or more (other than executive office) shall also be subject to re-election. Accordingly, John Moulton will be subject to retirement but will not be offering himself for re-election at the annual general meeting.

Details of the constitution and powers of the Board and its committees are set out in the corporate governance report on pages 28 to 33. The corporate governance report also summarises the Company's rules concerning appointment and replacement of directors.

Directors' interests

The interests of directors in the Company's shares and in options over the Company's shares are shown on page 39 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 12 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 are, 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). The restriction is lifted in respect of one third of the relevant person's holding of Lock-in Shares on the date of publication of each of the full-year results of the Company in 2007, 2008 and 2009.

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.

Directors' report continued

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

At 16 September 2008 the Company had been notified of the following significant interests (over 3%), other than those of the directors, in the Company's ordinary shares of 0.01p each:

	Number of Shares	Number of Options	Percentage interest
Jerome Paul Booth	42,250,000	3,500,000	6.45
FMR Corp	34,466,601	–	4.86
Carey Pensions and Benefits Limited as Trustee of the Ashmore 2004 Employee Benefit Trust	34,012,500		4.80
Lone Pine Capital LCC and Stephen F Mandel Jr	29,068,057	–	4.10
Julian Redvers Green	26,775,000		3.78
Seumas Dawes	21,440,000		3.02

Note: 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.

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.

Details of structure of and changes in share capital are set out in note 14 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 70,892,500 of its own issued shares. No purchases were made in the year under review. The Company is seeking renewal of this authority at the 2008 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 £19,107.50.

A further authority has been granted to the directors to allot the Company's shares for cash, up to a maximum nominal amount of £3,544.62, 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.

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 2008 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 recent changes in the law and 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 33.

Carey Pensions and Benefits Limited as trustee of the Ashmore 2004 Employee Benefit Trust (the 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 28 to 33.

Charitable and political contributions

During the year, the Group made charitable donations of £30,000 (2007: £nil). Note 3 to the financial statements refers to charitable donations that will be made in the year to June 2009. The work of the Ashmore Foundation is described further below 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 2008, the amount owed to the Group's trade creditors in the UK represented approximately 30 days' average purchases from suppliers (2007: 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 themselves 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 4 to the financial statements sets out details of the auditors' remuneration.

2008 annual general meeting

The 2008 annual general meeting of the Company will be held at 9.00 am on Thursday 30 October 2008 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.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report, the remuneration report and the financial statements in accordance with applicable law and regulations.

UK company law requires the directors to prepare financial statements for each financial year.

Under that law the directors have prepared the Company and the Group financial statements in accordance with IFRS.

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the financial statements comply with IFRS as adopted by the EU; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company and the Group will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements and the remuneration report comply with the Companies Acts and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Going concern

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 25 to 27 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
16 September 2008

Corporate governance report

Section 1 of the June 2006 Financial Reporting Council (FRC) Combined Code on Corporate Governance (the 2006 Code), which supersedes the 2003 Code, applies to listed companies with reporting years beginning on or after 1 November 2006. The Company has adopted the principles of the 2006 Code since its admission to listing on the London Stock Exchange on 17 October 2006 (Admission).

The Company has been in compliance with the 2006 Code since that date, except where the directors consider that in particular limited circumstances departure is justified. Such departures are fully explained below.

This report describes the Company's corporate governance arrangements, explaining how it has applied the principles of the 2006 Code.

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, the Senior Independent Director, Jon Moulton, and Jonathan Asquith.

Michael Benson, Mark Coombs Nick Land and Jon Moulton served as directors throughout the year. Jim Pettigrew submitted his resignation which became effective on 31 October 2007. He was replaced by Graeme Dell, who was appointed to the Board on 19 December 2007. Additionally Jonathan Asquith joined the Board on 1 September as a non-executive director. Jon Moulton will retire from the Board at the annual general meeting on 30th October 2008.

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 2006 Code. The Board considers Michael Benson, Nick Land and Jonathan Asquith to be independent. Nick Land is the senior independent director. Article A.3.2 Combined Code

also says that half the Board excluding the Chairman should consist of independent directors.

Jon Moulton is not an independent director as he is a substantial shareholder and has served as a director of the company since February 1999. The effect of this is that the Group did not comply during the year with the 2006 Code requirement that at least half of the Board are independent directors (excluding the Chairman). During the year the Board instigated a formal search process with the objective of making an additional appointment of an independent director with relevant experience in order to bring the company into compliance with the Code which resulted in the appointment of Jonathan Asquith on 1 September 2008. Upon the retirement of Jon Moulton on 30 October 2008 the Company will be in compliance with the Article A.3.2 of the Combined Code.

Biographical details of the directors are given on page 24.

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

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

with the requirements of the 2006 Code, a minimum of one-third of the directors must retire by rotation at every annual general meeting of the Company. The directors to retire must be those who held office at the time of the two preceding annual general meetings and did not retire at either of them. The office of director shall be vacated in other circumstances, including where (i) that director resigns or is asked to resign; (ii) he is or has been suffering from mental ill health; (iii) he is absent without permission of the Board from meetings of the Board for six consecutive months; (iv) he becomes bankrupt or compounds with his creditors generally; or (v) he is prohibited by law from being a director.

Powers of the directors

Subject to the Company's memorandum of association, the 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.

Performance evaluation

The Board has established a formal process, led by the Chairman, 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.

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. The responses were collated by the Company Secretary and the results and issues raised were subsequently discussed by the Board. 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 current directors.

Board committees

The Board has appointed audit, remuneration and nominations committees to assist in the execution of its duties:

All of these committees operate on written terms of reference, which are reviewed annually and were updated by the Board in August 2008. 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 advisers, 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. Jon Moulton will step down from all Board committees on his retirement from the Board on 30th October 2008.

Audit committee

The audit committee comprises four non-executive directors. Nick Land is Chairman with Michael Benson, Jon Moulton and Jonathan Asquith as members. Nick Land, Michael Benson and Jon Moulton served on the committee throughout the year. Jonathan Asquith joined the audit committee on his appointment to the Board on 1 September 2008.

The Board is satisfied that Nick Land, Jon Moulton and Jonathan Asquith have recent and relevant commercial and financial knowledge and experience to satisfy the provisions of the 2006 Code. Nick Land and Jon Moulton are both chartered accountants and Jonathan Asquith has previously served as Chief Financial Officer of Schroders plc and Deutsche Morgan Grenfell.

As Jon Moulton is not an independent director as referred to above, the Group did not comply during the year with the 2006 Code requirement that the audit committee should consist of at least three independent non-executive directors.

	Board	Nominations committee	Audit committee	Remuneration committee
Total number of meetings between 1 July 2007 and 30 June 2008	6	4	2	5
Michael Benson	100%	100%	100%	100%
Mark Coombs	100%	–	–	–
Graeme Dell ¹	100%	–	–	–
Nick Land	100%	100%	100%	100%
Jon Moulton	100%	100%	100%	100%

Notes

¹ Graeme Dell was appointed to the Board on 19 December 2007 and attendance is calculated from this date.

Corporate governance report continued

A report on the activities of the committee is set out on page 30. The terms of reference for the committee take into account the requirements of the Combined Code 2006 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:

- 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 re-appointment of the external auditors;
- reviewing the level and amount of external auditor non audit services;
- reviewing management's annual report on the Group's system of internal control and its effectiveness, reporting to the Board on the results of this review and receiving updates on key risk controls;
- considering whether the Group should have an internal audit department, recommending to the Board whether this is appropriate and to give the reasons for the absence of such a function; 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.

The number of committee meetings and their attendance by the directors are set out in the table on page 29. 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 remuneration committee comprises three non-executive directors. Jon Moulton is Chairman with Michael Benson and Nick Land as members. All have served on the committee throughout the year.

As Jon Moulton is not an independent director as referred to above, the Group did not comply during the year under review with the 2006 Code requirement that the remuneration committee should consist of at least three independent non-executive directors.

A report on the activities of the committee is included in the Remuneration Report on pages 35 to 39. The terms of reference for the committee take into account the requirements of the Combined Code 2006 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;
- 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,
- 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 35 to 39.

The number of committee meetings and their attendance by the directors are set out in the table on page 29. In addition, and in accordance with its requirements under 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 is Chairman with Nick Land and Jon Moulton as members. All have served on the committee throughout the year.

The terms of reference for the committee take into account the requirements of the Combined Code 2006 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 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 the engagement of external recruitment consultants for the purposes of reviewing the names of potential independent non-executive candidates for appointment to the Board, proposals for rotation and re-election of directors at the annual general meeting, discussing the results of the annual performance evaluation exercise (and noting the satisfactory operations of the committee), 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 29.

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 2008 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, if 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

Within the Group's over-arching corporate governance framework, an internal control framework has been established, against which the company is able to assess the effectiveness of its system of internal controls. In accordance with the principles of the 2006 Code, the Board is ultimately responsible for the Group's system of internal control and for reviewing its effectiveness.

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 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.

The Group's system of internal control is embedded within the routine operations of the Group, and a strong control culture is combined with clear management responsibility and accountabilities for individual control. On a day to day

Corporate governance report continued

basis, the executive directors oversee the key risks and controls and the risk management process. The Group's Risk and Compliance Committee, comprising senior management members, which meets at least monthly, is responsible for maintaining a sound internal control environment and for assessing the impact of the Group's ongoing activities on its regulatory and operational exposures. Responsibility for risk identification is shared amongst senior management personnel, with each individual manager being responsible for day-to-day control of risk in their business area.

The Board through the Audit Committee has conducted an annual review and assessment of the effectiveness of the internal control system, which covers all significant identified internal and external operational, financial, compliance and other risks, including the Group's ability to comply with all applicable laws, regulations and clients' requirements.

In conducting the review of the effectiveness of internal control, the Audit Committee has considered the periodic reports received throughout the year on internal control, compliance and risk matters, and an annual report on internal control processes from the Risk and Compliance Committee. The overall assessment of the control framework is satisfactory, acknowledging that there are specific areas for improvement where action plans are now in place.

No significant failings or weaknesses were identified during this review, but should such issues arise in future, appropriate remedial action would be taken.

The main features of the Group's internal control system are as follows:

- a defined operational framework and organisational structure with appropriate delegation of authority with accountability that has regard to acceptable levels of risk;
- a matrix of principal risks identifies key business, operational, financial and compliance risks, including consideration of 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 or to two years has been defined;
- key risk indicator (KRI) statistics are reported to and analysed by the Risk and Compliance Committee. The KRI's 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;

- secure information and communication systems capable of capturing relevant and up to date information by relevant personnel;
- strong financial controls for accurate accounting for transactions, appropriate authorisation limits to contain exposures, and to ensure reliability of data processing and 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 which highlight actual financial performance against budget/forecast and prior year period;
- a detailed investment report is prepared and discussed at the weekly meetings of the Group's investment committee 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's compliance function, which has responsibility for ensuring that the Group at all times meets its regulatory obligations, monitors client mandate risk on a real-time basis facilitated by technology;
- the compliance function also undertakes an ongoing compliance monitoring programme of all the relevant areas of the Group's operations, including a quarterly senior management systems and controls review which is undertaken with the Group Finance Director, and in which the Chief Executive Officer participates at least annually;
- the Group commissions regular independent review reports prepared pursuant to the Statement of Auditing Standards No. 70, type II (SAS 70); and
- 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.

The Group does not currently have an internal audit function and in this respect is not in compliance with the 2006 Code. The Board believes that given the current size, nature and business and operational model of the Group, the relevant assurances are more effectively obtained via the internal control framework described herein and by the commissioning of the regular SAS 70 reports.

The internal control environment will continue to be monitored and reviewed by the Risk and Compliance Committee, and status reports provided periodically to the Board. Improvements, where necessary, will be implemented.

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.

The Ashmore Foundation

Consistent with the Group's commitment to responsible corporate citizenship The Ashmore Foundation was created last year and funded by bonus sacrifices from certain employees of the Group. It is registered with the Charities Commission and aims in general to provide financial grants to worthwhile causes within the emerging markets in which the Group operates, principally focused on health and education.

Employees

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 whistleblowing 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 sex, sexual orientation, race, religion, nationality, 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.

The Group seeks to ensure that the workforce reflects, as far as is practicable, the diversity of the many communities in which it operates, and this is reflected in the wide-ranging nationalities of its employees.

Health and safety

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

Environment

As an investment manager, Ashmore has a limited direct impact upon the environment and there are few environmental risks associated with the Group's activities. Nevertheless, 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.

By order of the board

Michael Perman
Company Secretary

Report from the Chairman of the Audit Committee

The composition and Terms of Reference of the Audit Committee are set out on pages 29 and 30.

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

Financial statements

The audit committee reviewed the 2008 Annual Report, Interim Results, Preliminary Results and reports from the external auditors, KPMG Audit plc, on the outcome of their reviews and audits in 2008.

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. Permitted non-audit services include the provision of tax compliance services and acting as reporting accountant in appropriate circumstances, provided there is no element of valuation work involved. 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.

The committee recommended to the board that a resolution be put to shareholders for the re-appointment 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 auditors without the executive directors being present.

Internal controls

The committee reviewed and evaluated the system of internal controls and risk management operated within the company. A detailed report on internal control can be found on pages 31 and 32.

The committee considered the need for an internal audit function and concluded that the Company does not presently require such a function. Further details relating to the background and rationale for this conclusion are set out on pages 31 and 32.

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

16 September 2008

Remuneration report

Unaudited information

Introduction

This report has been prepared on behalf of the board in accordance with the Directors' Remuneration Report Regulations 2002 under the Companies Acts and the Combined Code 2006 (the 2006 Code). This report sets out the Company's remuneration policy and gives details of the compensation of directors for the year ended 30 June 2008.

Remuneration committee

The remuneration committee comprises three non-executive directors. Jon Moulton is Chairman with Michael Benson and Nick Land as members. All have served on the committee throughout the year.

The remuneration committee meets as often as required to discharge its duties and met five times during the period from 1 July 2007 to 30 June 2008. There was full attendance at all meetings. 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 remain unchanged and 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; and

- executive directors and the Company Secretary are fairly rewarded for their individual contributions to the Company's overall performance.

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.

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

Advisors

The remuneration committee has appointed Mercer Limited to provide advice on compensation matters when considered appropriate. 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 schemes. 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.

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
Jim Pettigrew ¹	7 August 2006	26 June 2006	1 year	Rolling
Non-executive directors				
Michael Benson – Chairman	3 July 2006	3 July 2006	1 month	2 July 2009
Nick Land	3 July 2006	3 July 2006	1 month	2 July 2009
Jon Moulton	24 February 1999	11 October 2006	1 month	16 October 2009

¹ Jim Pettigrew submitted his resignation on 3 July 2007 and his contract terminated on 31 October 2007.

Remuneration report continued

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 Mark Coombs did not hold any non-executive directorships. In the reporting year Graeme Dell did not hold any non-executive directorships.

Executive remuneration components

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

Fixed compensation

Fixed compensation components comprise basic salary and benefits in kind. Basic salaries are set low in comparison to the market with a cap currently operated on maximum annual salary of £100,000 as it is the Company's policy to maintain its fixed cost base at a low level.

Variable compensation

The Company's variable compensation provides for both an annual cash bonus 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 growth in assets under management ("AuM") and profitability where appropriate and other key areas of individual responsibility.

The Company's intention is to pay to members of staff an amount in total of up to 25% of profit before tax, interest and variable compensation in respect of its total variable compensation comprising cash bonus, including national insurance obligations thereon, and share based payments, including fair value and national insurance costs in this respect. For the financial year ending 30 June 2008 the provision for variable compensation is at 18.2% of EBIT before variable compensation. 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 discretionary bonus awards, although such awards will be made within the overall provision for variable compensation as set out above.

Mark Coombs waived his right to receive any cash bonus awarded to him in excess of £3,500,000 in respect of his performance in this financial year and also waived his right to any share awards that may otherwise have been awarded to him in respect of this financial year. 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.

Mark Coombs's 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 2008 with the exception of AuM growth which was 4.6% below target. Similar measurements will be applied in the financial year ending 30 June 2009.

Graeme Dell's performance measurements are a basket of operational, strategic and compliance related targets pertaining to his areas of responsibility, including finance, investor relations, compliance and operations. The committee is satisfied that key targets were met in the year ended 30 June 2008. Similar performance measures will be applied to the financial year ending 30 June 2009.

The balance between the fixed and variable elements of total compensation for each of the executive directors is shown in the table below.

Total compensation	Fixed	Variable – cash	Variable – Deferred	Total
Mark Coombs	2.5%	97.5%	–	100%
Graeme Dell	5.0%	57.0%	38.0%	100%

Long-term share award schemes

The Company operates three share award schemes, summarised below.

The Ashmore First Discretionary Share Option Scheme (Option 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.

The Company Executive Omnibus Incentive Plan (Omnibus Plan) was adopted on 11 October 2006 and provides for a variety of option and share awards.

The Company Approved Share Option Plan (CSOP) 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.

All employees including executive directors are eligible to receive awards under the share award schemes. During the financial year share awards over 272,480 shares were granted to Graeme Dell from the Omnibus Plan. No performance measures were attached to these awards which were granted in relation to Graeme Dell joining the Company.

No share awards were made to Mark Coombs in the financial year.

No grants were made from the CSOP scheme.

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 the Group's long-term success and to align the interests of employees with our clients and shareholders. The overall limits which were established prior to the listing of the company are designed to fulfil these objectives. At any time the number of shares which may be issued in aggregate under the Omnibus Plan and the CSOP and any other 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 Omnibus Plan and the CSOP can operate over newly issued shares in the Company or shares purchased in the market by the trustees of an employee benefit trust.

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. These individual limits were amended in 2007 from a multiple of base salary to a number of shares as the salary cap that the company operates was unduly restrictive on the quanta of share awards permissible. This change was approved by shareholders at the 2007 AGM.

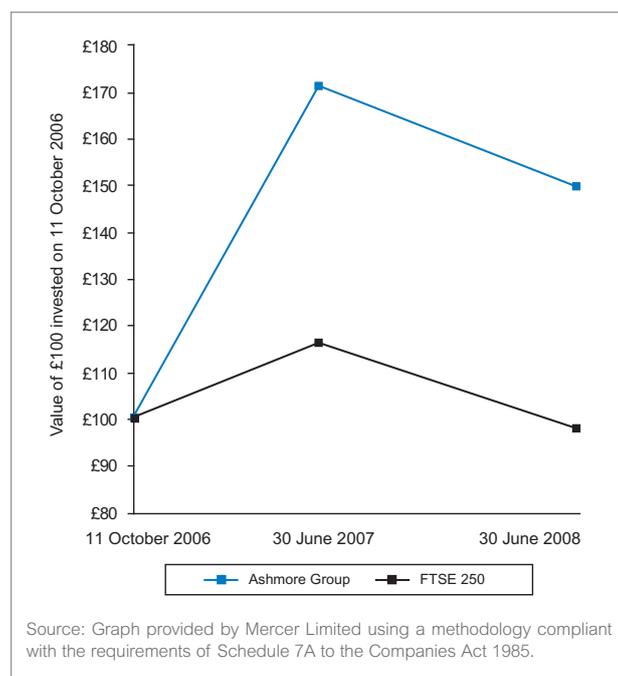
Total shareholder return (TSR) performance measure

The remuneration committee has established a comparator group against which to measure TSR performance in respect of future share awards to executive directors under CSOP and the Omnibus Plan. 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.

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. In the absence of any other dedicated emerging markets investment management companies, a comparator group of 16 companies has been selected from global investment management companies of a similar size that are established and actively trading on stock markets. This comparator group has reduced by 2 following the takeover and delisting of two of the original comparator group companies.

Share performance graph

The graph below shows the growth in the Company's share price since Admission against the FTSE 250. The FTSE 250 index has been selected as the index in which the Company is currently listed.



Remuneration report continued

Audited information

Pensions

Executive directors are entitled to join the Ashmore Group plc Retirement and Death Benefit 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 pensions 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 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 and an annual health check.

Directors' remuneration

The remuneration of the directors of the Company for the year ended 30 June 2008 was as follows:

	Notes	Salaries £	Fees £	Benefits £	Cash bonus £	Year ended 30 June 2008 Total £	Year ended 30 June 2007 Total £
Executive directors							
Mark Coombs	1, 8	100,000	–	8,816	4,200,000	4,308,816	5,108,607
Graeme Dell	2, 9	58,333	–	4,243	720,000	782,576	–
Jim Pettigrew	3	33,333	–	2,333	250,000	285,666	248,495
Non-executive directors							
Michael Benson	4, 5	–	100,000	–	–	100,000	85,513
Nick Land	4, 6	–	30,000	–	–	30,000	25,654
Jon Moulton	4, 7	–	15,000	–	–	15,000	21,638

1. Mark Coombs's cash bonus includes £700,000 that he has waived with a request that an equivalent amount be paid to a charity or charities nominated by him, and which the Company will pay in the financial year ending 30 June 2009.
2. Graeme Dell commenced employment on 3 December 2007. His variable compensation is made up of 60% cash bonus and 40% deferred share awards. He may waive up to 50% of his cash bonus in favour of an equivalent amount of bonus share awards and an equivalent value in matching share awards. All share awards will be reported in the Directors' share awards table in the year of grant.
3. Jim Pettigrew ceased employment on 31 October 2007.
4. Michael Benson, Nick Land and Jon Moulton are each members of the remuneration committee, the audit committee and the nominations committee. They do not receive any additional fees for these committee memberships.
5. With effect from 1 July 2008 the Board approved an increase in Michael Benson's fee to £125,000 per annum. Michael Benson has waived his right to this increase and asked that an equivalent amount is paid to a charity or charities of his choice.
6. With effect from 1 July 2008 Nick Land's fee has been increased to £50,000 per annum.
7. With effect from 1 January 2008 Jon Moulton has waived his director's fee and asked that an equivalent amount be paid into a charity or charities of his choice.
8. Mark Coombs' benefits include payment in lieu of pension equivalent to 7% of basic salary in the "Salaries" column. His benefits also include membership of the Company medical scheme.
9. Graeme Dell's benefits include a pension contribution of 7% of basic salary in the "Salaries" column. His benefits also include membership of the Company medical scheme.
10. The appointment letters for non-executive directors refer to an annual review of fees and such a review was undertaken resulting in the amendments indicated above. This review used comparison data provided by leading audit and consultancy firms.

Directors' share awards

The Ashmore First Discretionary Share Option Scheme

	Number of options at beginning of period	Number of options at end of period	Exercise price	First exercise date	Last exercise date
Jim Pettigrew	687,600	Nil	£0.2424	N/A - lapsed	N/A - lapsed

The Company Executive Omnibus Incentive Plan

	Number of restricted shares at beginning of period	Number of restricted shares at end of period	Market price at date of grant	Date of grant	Release date
Jim Pettigrew	200,000	Nil	£2.50	13 December 2006	N/A - lapsed
Graeme Dell	Nil	272,480	£2.7525	3 December 2007	2 December 2012

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

Directors' interests in ordinary shares of Ashmore Group plc

	30 June 2008	30 June 2007
Executive directors		
Mark Coombs	303,324,200	303,324,200
Graeme Dell	272,480	-
Non-executive directors		
Michael Benson	29,000	29,000
Nick Land	29,000	29,000
Jon Moulton	30,511,700	30,511,700

The market price of the Company's shares as at 30 June 2008 was £2.1650. The highest share price during the financial year was £3.1625. The lowest share price was £2.0400 per share.

By order of the board

Jon Moulton

Chairman of the remuneration committee

16 September 2008

Independent auditors' report to the members of Ashmore Group plc

We have audited the group and parent company financial statements (the "financial statements") of Ashmore Group plc for the year ended 30 June 2008 which comprise the Consolidated Income Statement, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Cash Flow Statements, the Consolidated and Parent Company Statements of Changes in Equity and the related notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and 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

The directors' responsibilities for preparing the Annual Report and Accounts, the Directors' Remuneration Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 27.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the group financial statements, Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Financial

Highlights and Business review that is cross referred from the Principal Activity and Business Review section of the Directors' Report.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report and Accounts and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the group's affairs as at 30 June 2008 and of its profit for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU as applied in accordance with the provisions of the

Companies Act 1985, of the state of the parent company's affairs as at 30 June 2008;

- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the group financial statements, Article 4 of the IAS Regulation; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc

Chartered Accountants
One Canada Square
London E14 5AG
Registered Auditor

16 September 2008

Consolidated income statement

Year ended 30 June 2008

	Notes	2008 £m	2007 £m
Management fees		186.7	130.2
Performance fees		44.7	20.4
Other revenue	2	13.3	13.0
Total revenue		244.7	163.6
Less: Distribution costs		(4.7)	(3.8)
Net revenue		240.0	159.8
Personnel expenses	3	(47.7)	(32.6)
Other expenses	4	(11.1)	(5.5)
Operating profit		181.2	121.7
Interest expense		15.0	9.7
Profit before tax		196.2	131.4
Tax expense	5	(55.2)	(39.9)
Profit for the year		141.0	91.5
Attributable to:			
Equity holders of the parent		140.8	91.4
Minority interest		0.2	0.1
Profit for the year		141.0	91.5
Earnings per share:			
Basic	6	21.0p	13.7p
Diluted	6	19.9p	12.9p

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 2006	–	0.3	96.3	96.6	–	96.6
Profit for the year	–	–	91.4	91.4	0.1	91.5
Share based payments	–	–	6.5	6.5	–	6.5
Current tax related to share based payments	–	–	4.2	4.2	–	4.2
Deferred tax related to share based payments	–	–	11.6	11.6	–	11.6
Sale of own shares held	–	–	1.1	1.1	–	1.1
Dividends	–	–	(15.5)	(15.5)	–	(15.5)
Balance at 30 June 2007	–	0.3	195.6	195.9	0.1	196.0
Profit for the year	–	–	140.8	140.8	0.2	141.0
Issue of share capital	–	–	–	–	1.2	1.2
Share based payments	–	–	8.8	8.8	–	8.8
Current tax related to share based payments	–	–	(1.3)	(1.3)	–	(1.3)
Deferred tax related to share based payments	–	–	(2.7)	(2.7)	–	(2.7)
Net gains on available-for-sale financial assets	–	–	0.4	0.4	–	0.4
Dividends	–	–	(70.1)	(70.1)	–	(70.1)
Balance at 30 June 2008	–	0.3	271.5	271.8	1.5	273.3

Consolidated balance sheet

	Notes	As at 30 June 2008 £m	As at 30 June 2007 £m
Assets			
Property, plant and equipment	13	3.3	0.2
Intangible assets	9	4.1	4.1
Deferred acquisition costs	15	13.4	–
Other receivables	12	–	0.1
Deferred tax assets	18	13.8	14.4
Total non-current assets		34.6	18.8
Trade and other receivables	12	34.7	27.2
Derivative financial instruments		1.2	0.5
Cash and cash equivalents		279.2	218.0
Total current assets		315.1	245.7
Non-current assets held for sale	14	16.4	–
Total assets		366.1	264.5
Equity			
Issued capital	16	–	–
Share premium		0.3	0.3
Retained earnings		271.5	195.6
Total equity attributable to equity holders of the parent		271.8	195.9
Minority interest		1.5	0.1
Total equity		273.3	196.0
Liabilities			
Deferred tax liabilities	18	3.8	–
Total non-current liabilities		3.8	–
Current tax		24.5	15.7
Derivative financial instruments		0.7	–
Trade and other payables	19	63.7	52.8
Total current liabilities		88.9	68.5
Non-current liabilities held for sale	14	0.1	–
Total liabilities		92.8	68.5
Total equity and liabilities		366.1	264.5

Approved by the Board on 16 September 2008 and signed on its behalf by:

Mark Coombs
Chief Executive Officer

Graeme Dell
Group Finance Director

Consolidated cash flow statement

Year ended 30 June 2008

	Notes	2008 £m	2007 £m
Operating activities			
Cash receipts from customers		242.8	164.6
Cash paid to suppliers and employees		(47.3)	(32.3)
Cash generated from operations		195.5	132.3
Taxes paid		(46.5)	(39.2)
Net cash from operating activities		149.0	93.1
Investing activities			
Interest received		15.4	9.5
Purchase of non-current assets held for sale		(15.1)	–
Purchase of deferred acquisition costs	15	(14.6)	–
Purchase of property, plant and equipment	13	(3.5)	(0.1)
Net cash from investing activities		(17.8)	9.4
Financing activities			
Dividends paid	8	(70.1)	(15.5)
Net cash used in financing activities		(70.1)	(15.5)
Effect of exchange rate changes on cash and cash equivalents		0.1	(1.7)
Net increase in cash and cash equivalents		61.2	85.3
Cash and cash equivalents at beginning of year		218.0	132.7
Cash and cash equivalents at end of year		279.2	218.0
Cash and cash equivalents comprise:			
Cash at bank and in hand as shown in balance sheet		279.2	218.0
		279.2	218.0

Company balance sheet

	Notes	As at 30 June 2008 £m	As at 30 June 2007 £m
Assets			
Property, plant and equipment	13	3.1	0.2
Intangible assets	9	4.1	4.1
Investment in subsidiaries	21	1.0	1.0
Deferred tax assets	18	13.8	14.4
Total non-current assets		22.0	19.7
Trade and other receivables	12	23.2	5.1
Cash and cash equivalents		174.6	167.5
Total current assets		197.8	172.6
Total assets		219.8	192.3
Equity			
Issued capital	16	–	–
Share premium		0.3	0.3
Retained earnings		177.2	152.7
Total equity attributable to equity holders of the company		177.5	153.0
Liabilities			
Current tax		4.6	–
Trade and other payables	19	37.7	39.3
Total current liabilities		42.3	39.3
Total liabilities		42.3	39.3
Total equity and liabilities		219.8	192.3

Approved by the Board on 16 September 2008 and signed on its behalf by:

Mark Coombs
Chief Executive Officer

Graeme Dell
Group Finance Director

Company cash flow statement

Year ended 30 June 2008

	Notes	2008 £m	2007 £m
Operating activities			
Cash receipts from customers		46.5	55.7
Cash paid to suppliers and employees		(39.2)	(31.1)
Cash generated from operations		7.3	24.6
Taxes paid		–	(5.5)
Net cash from operating activities		7.3	19.1
Investing activities			
Interest received		10.2	4.5
Dividends received from subsidiaries		78.0	79.0
Purchase of property, plant and equipment	13	(3.2)	(0.1)
Net cash from investing activities		85.0	83.4
Financing activities			
Dividends paid	8	(70.1)	(15.5)
Loan to subsidiary company		(15.1)	–
Net cash used in financing activities		(85.2)	(15.5)
Net increase in cash and cash equivalents		7.1	87.0
Cash and cash equivalents at beginning of year		167.5	80.5
Cash and cash equivalents at end of year		174.6	167.5
Cash and cash equivalents comprise:			
Cash at bank and in hand as shown in balance sheet		174.6	167.5
		174.6	167.5

Company statement of changes in equity

	Issued capital £m	Share premium £m	Retained earnings £m	Total equity attributable to equity holders of the parent £m
Balance at 1 July 2006	–	0.3	61.3	61.6
Profit for the year	–	–	83.5	83.5
Share based payments	–	–	6.5	6.5
Deferred tax related to share based payments	–	–	11.6	11.6
Current tax related to share based payments	–	–	4.2	4.2
Sale of own shares	–	–	1.1	1.1
Dividends	–	–	(15.5)	(15.5)
Balance at 30 June 2007	–	0.3	152.7	153.0
Profit for the year	–	–	89.8	89.8
Share based payments	–	–	8.8	8.8
Deferred tax related to share based payments	–	–	(2.7)	(2.7)
Current tax related to share based payments	–	–	(1.3)	(1.3)
Dividends	–	–	(70.1)	(70.1)
Balance at 30 June 2008	–	0.3	177.2	177.5

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.

(a) Basis of preparation – Group and Company

The financial information has been prepared in accordance with IFRS as adopted by the EU, as applied in accordance with the provisions of the Companies Act 1985. 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 that derivative financial instruments are stated at fair value.

The Company is taking advantage of the exemption in section 230 of the Companies Act 1985 not to present its individual income statement and related notes that form part of the financial statements.

(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 Group has seed capital investments in funds where it is in a position to be able to control these funds. These funds would be consolidated line by line unless the criteria set out in policy (s) below are met, in which case they are designated as being held for sale and accounted for in accordance with that policy.

(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.

(c) Foreign currency translation

(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 income statement. 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 a separate component of equity.

(d) Financial instruments

(i) Derivatives

The Group uses foreign exchange forward contracts to manage its foreign currency exposures.

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 income statement. Transaction costs are recognised immediately in the income statement. The Group does not apply hedge accounting. 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.

Notes to the financial statements continued

1) Significant accounting policies continued

(d) Financial instruments continued

(ii) Financial assets

For available-for-sale financial assets, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is impaired, at which time the cumulative gain or loss previously recognised in equity is taken to the income statement for the accounting period.

(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 income statement when there is appropriate evidence that trade and other receivables is 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.

(e) Property, plant and equipment

Property, plant and equipment includes leasehold improvements and office equipment. Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The useful lives are estimated to be five years. 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) 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 income statement.

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.

1) Significant accounting policies continued

(i) Dividends payable

Interim dividends are recognised when paid and final dividends when approved by shareholders.

(j) Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

(k) Share based payments

The Group issues share awards to its employees under the share based compensation plans. The awards have been classified as equity settled under IFRS 2.

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.

(l) Own shares

Own shares are held by an Employee Benefit Trust (EBT) which acts as an agent for the purpose of the employee share based compensation plans. 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.

(m) Revenue

Revenue comprises management fees, performance fees and other revenue. Revenue is recognised in the income statement 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. Other revenue also includes foreign exchange gains and losses on translation of transactions in foreign currencies. The accounting policy on foreign currency translation is described in note 1(c).

(n) Distribution costs

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

(o) Operating leases

Payments payable under operating leases are recognised in the income statement 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.

Notes to the financial statements continued

1) Significant accounting policies continued

(p) Interest income and interest expense

Interest income is calculated using an effective interest rate method. Interest income comprises interest receivable on the Group's cash and cash equivalents, and on funds invested.

(q) Taxation

(i) Income tax

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

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.

Deferred tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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.

(r) 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.

Currently, management consider that its services comprise one business segment (being provision of investment management services) and that it operates in a market that is not geographically segmented.

(s) Non-current assets held for sale

Non-current assets (and disposal groups) acquired exclusively with a view to subsequent disposal through sale or dilution are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell. Where measurement and re-measurement is outside the scope of IFRS 5, the relevant policy is set out in (d) Financial instruments.

(t) 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.

1) Significant accounting policies continued**(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 26.

(v) Adopted IFRS not yet applied

The following Standards and Interpretations relevant to the Group were in issue but not yet effective:

- IFRIC 10: Interim Financial Reporting and Impairment
- IFRS 3 (Amended): Business combinations
- IFRS 8: Operating segments
- IAS 1 (Amended): Presentation of Financial Statements
- IAS 27 (Amended): Consolidation and Separate Financial Statements

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have 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.

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.

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.

Notes to the financial statements *continued*

2) Other revenue

	Year ended 30 June 2008 £m	Year ended 30 June 2007 £m
Included in other revenue:		
Net foreign exchange gains	3.2	2.7
Transaction, structuring and other fees	10.1	10.3
	13.3	13.0

Net foreign exchange gains in the year ended 30 June 2008 comprise £3.1m (2007: £4.4m) of realised and unrealised hedging gains relating to the management of the Group's US dollar denominated revenue. In addition there was a £0.1m gain (2007: £1.7m loss) representing the impact of foreign exchange movements on the Group's non-Sterling denominated net assets.

3) 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 2008 Number	Average for the year ended 30 June 2007 Number	At 30 June 2008 Number	At 30 June 2007 Number
Investment management	80	59	93	69
Total employees	80	59	93	69

Analysis of employee benefits expense

	Year ended 30 June 2008 £m	Year ended 30 June 2007 £m
Wages and salaries	5.3	3.8
Performance-related bonuses	23.5	18.0
Share based payments	10.0	5.7
Social security costs	7.3	4.2
Pension costs	0.3	0.2
Other costs	1.3	0.7
Total employee benefits	47.7	32.6

Performance-related bonuses included in the above table in the year ended 30 June 2008 include a total of £1.2m (2007:£8.7m) of bonuses that have been waived by directors and employees with an equivalent amount to be paid to charity in the financial year to 30 June 2009.

4) Other expenses**Other expenses**

	Year ended 30 June 2008 £m	Year ended 30 June 2007 £m
Travel	2.5	1.7
Professional fees	2.2	0.6
Information technology and communications	1.4	1.0
Deferred acquisition costs charges	1.2	–
Operating leases	1.0	0.4
Premises related costs	0.6	0.3
Insurance	0.5	0.3
Auditors' remuneration	0.7	0.2
Depreciation of property, plant and equipment	0.3	0.1
Other expenses	0.7	0.9
Total other expenses	11.1	5.5

Auditors' remuneration

	Year ended 30 June 2008 £m	Year ended 30 June 2007 £m
Statutory audit services:		
– Fees payable to the Company's auditors for the audit of the Company's accounts	0.1	0.1
Other non-audit services:		
– tax services	0.1	0.1
– other services	0.5	–
Total services	0.7	0.2

Notes to the financial statements continued

5) Taxation

	Year ended 30 June 2008 £m	Year ended 30 June 2007 £m
Current tax:		
Corporation tax on profits of the year	56.5	38.1
Adjustments in respect of prior years	(3.0)	3.1
Total current tax	53.5	41.2
Deferred tax arising from origination and reversal of temporary differences:		
Current year (see note 18)	1.7	(1.3)
Total tax charge for the year	55.2	39.9

	Year ended 30 June 2008 £m	Year ended 30 June 2007 £m
Current tax on share based payments	(1.3)	4.2
Deferred tax on share based payments (see note 18)	(2.7)	11.6
Tax charge/(credit) recognised in equity	(4.0)	15.8

Factors affecting tax charge for the year

	Year ended 30 June 2008 £m	Year ended 30 June 2007 £m
Profit before tax	196.2	131.4
Profit before tax multiplied by corporation tax at the UK blended tax rate of 29.5% (2007: 30%)	57.8	39.4
Effects of:		
Expenses not deductible	0.2	0.6
Deduction in respect of exercised options (Schedule 23 Finance Act 2003)	(0.1)	(0.2)
Other	–	(3.0)
<i>Adjustments in respect of prior years</i>		
Current tax	(3.0)	3.1
Deferred tax	0.3	–
Total tax charge for the year	55.2	39.9

6) 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 £140.8m (2007: £91.4m) 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 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 2008	Year ended 30 June 2007
Weighted average number of ordinary shares used in calculation of basic earnings per share	669,671,683	667,467,808
Effect of dilutive potential ordinary shares – share options	38,322,426	38,827,815
Weighted average number of ordinary shares used in calculation of diluted earnings per share	707,994,109	706,295,623

7) 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 have 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. 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 has been obtained from HMRC. As at 30 June 2008 there have been no awards made under the CSOP.

Share based payments through the income statement

Group and Company

	Year ended 30 June 2008 £m	Year ended 30 June 2007 £m
Option Scheme	0.3	0.3
Omnibus Plan	9.7	5.4
Total expense	10.0	5.7

Notes to the financial statements *continued*

7) Share based payments *continued*

Group and Company

Year of grant	Year ended 30 June 2008 £m	Year ended 30 June 2007 £m
2004	0.1	0.1
2005	0.1	0.1
2006	0.8	0.9
2007	1.4	4.6
2008	7.6	–
Total expense	10.0	5.7

Share options outstanding

Share options outstanding under share based compensation plans were as follows:

Group and Company

	As at 30 June 2008 Number of options	Weighted average exercise price p	As at 30 June 2007 Number of options	Weighted average exercise price p
At beginning of year	38,152,921	15.84	46,225,000	13.24
Granted	–	–	2,021,671	36.96
Exercised	(4,712,500)	1.38	(10,000,000)	8.10
Forfeited	(769,475)	23.99	(93,750)	13.24
At end of year	32,670,946	16.96	38,152,921	15.84
Options exercisable	1,575,000	1.30	1,393,750	0.52

The weighted average share price on the date options were exercised during 2008 was 240.83p (2007: 159.0p).

Weighted average remaining contractual life of outstanding options

Group and Company

	Year ended 30 June 2008	Year ended 30 June 2007
Outstanding options	32,670,946	38,152,921
Weighted average exercise price	16.96p	15.84p
Weighted average remaining contracted life (Years)	6.92	7.65
Range of exercise prices for share options outstanding at the end of the year	0.52p-170.00p	0.52p-170.00p

7) Share based payments continued

Fair values of share based compensation plans

The fair value amounts for the options outstanding on each reporting date were determined using the Black Scholes option pricing method, using the following assumptions:

Group and Company

	2008 Equity-settled (awards granted in period)	2007 Equity-settled (awards granted in period)
Dividend yield (%)	—	5.50
Expected volatility (%)	—	31.00-34.00
Risk free interest rate (%)	—	5.12
Expected life (Years)	—	7
Weighted average share price	—	186.10p
Exercise price	—	36.96p
Weighted average fair value of options granted during the year	—	10.92p

There were no new share option awards granted during the year ended 30 June 2008.

Share awards outstanding

Share awards outstanding under the Omnibus plan were as follows:

Group and Company

	As at 30 June 2008 Number of shares subject to awards	Weighted average share price £	As at 30 June 2007 Number of shares subject to awards	Weighted average share price £
Restricted share awards				
At beginning of year	2,009,522	£2.33	—	—
Granted	2,498,596	£2.75	2,009,522	£2.33
Forfeited	(217,316)	£2.48	—	—
At end of year	4,290,802	£2.56	2,009,522	£2.33
Bonus share awards				
At beginning of year	—	—	—	—
Granted	761,076	£2.75	—	—
At end of year	761,076	£2.75	—	—
Matching share awards				
At beginning of year	—	—	—	—
Granted	761,076	£2.75	—	—
At end of year	761,076	£2.75	—	—

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 4,290,802 as at 30 June 2008 the amount of 3,962,942 were granted as part of the annual variable compensation process. The fair value of the remaining awards is spread over the period from date of grant to the release date.

Notes to the financial statements continued

8) Dividends

An analysis of dividends is as follows:

Group and Company

	Year ended 30 June 2008	Year ended 30 June 2007
Interim dividend	£24.9m	£15.5m
Dividend per share	3.66p	2.30p
Final dividend	£57.0m	£45.2m
Dividend per share	8.34p	6.70p

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 16 September 2008 the Board proposed a final dividend of 8.34p per share for the year ended 30 June 2008. 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 £57.0m (2007:£45.2m).

9) Intangible assets – goodwill

Group and Company

The goodwill balance of £4.1m (2007: £4.1m) relates to the acquisition of the business from ANZ in 1999.

An annual impairment review of goodwill has been undertaken. The business of the Group is managed as a single unit and therefore no further split into smaller cash generating units is possible. Therefore, impairment testing of goodwill is carried out for the Group as a whole.

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 their projections are the expected fund flows and growth of AuM, which determine management and performance fee income. There has been no gross impairment of goodwill to date.

10) 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 forward foreign exchange contracts are determined by reference to published price quotations.

11) 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 and 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.

• 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.

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.

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.

The Group's fee debtors are less than 90 days.

Financial assets – available for sale

Such assets comprise cash and cash equivalents and debt instruments in a seeded fund.

The Group's cash and cash equivalents are liquid short term deposits with banks which have credit ratings ranging from AA- to A1+.

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 Group's financial liabilities are less than 90 days in maturity.

• 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 Group's interest rate risk is limited. 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 2008, if interest rates had been 200 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been £3.6 million higher/lower (2007: £2.4 million higher/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.

Notes to the financial statements continued

11) Financial instrument risk management continued

Effective interest rates applicable to financial instruments are as follows:

	Year ended 30 June 2008 %	Year ended 30 June 2007 %
Deposits with banks	5.84	5.57

	Year ended 30 June 2008 £m	Year ended 30 June 2007 £m
Items repricing within one year or less:		
Deposits with banks	279.2	218.0
Items repricing in more than one year but not more than two years:		
Loans included within "Trade and other receivables"	–	0.1

• **Foreign exchange risk**

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

The Group's revenue is almost entirely denominated in US dollars, 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 options for up to two years forward. The Group also sells US dollars at spot rates when opportunities arise. The Group does not adopt hedge accounting.

At 30 June 2008, 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 increase/decrease by £6.9/£6.2 million respectively (2007: £0.8/£0.7 million).

The Group also holds a seed capital investment denominated in Brazilian Real where a relatively small amount of foreign exchange risk arises when non-Sterling denominated funds are seeded. At 30 June 2008, if the Brazilian Real had strengthened/weakened by one per cent against Sterling with all other variables held constant, net assets and net revenue for the year would increase/decrease by £0.1 million/£0.2 million.

• **Price risk**

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

Price risk relates to the Group's AuM and its associated management fees which are diversified across a range of investment themes and not correlated to any single market indices in emerging markets. Therefore price risk sensitivity is not presented.

In addition, the Group also holds debt instruments in a seed capital portfolio where price risk is relatively small.

• **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.

11) Financial instrument risk management continued**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 counterparties are predominately its subsidiaries and therefore there is no external credit risk exposure.

The Company's cash and cash equivalents are liquid short term deposits with banks which have credit ratings ranging from AA- to A1+.

• Liquidity risk

Liquidity risk is the risk that Ashmore 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 Company does not have any financial liabilities which are greater than 90 days in maturity.

• 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 Company's interest rate risk is limited. 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 2008, if interest rates had been 200 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been £2.2 million higher/lower (2007: £1.3 million higher/lower), mainly as a result of higher/lower interest on cash balances; other components of equity would have been unaffected.

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.

• 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 Company has no significant exposure to foreign exchange risk.

• 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.

Notes to the financial statements *continued*

12) Trade and other receivables

	Group		Company	
	As at 30 June 2008 £m	As at 30 June 2007 £m	As at 30 June 2008 £m	As at 30 June 2007 £m
Current				
Trade debtors	33.3	24.5	0.8	1.0
Prepayments and accrued income	0.7	0.7	0.7	0.7
Loan to subsidiary	–	–	15.1	–
Other receivables	0.7	2.0	6.6	3.4
	34.7	27.2	23.2	5.1
Non-current				
Other receivables	–	0.1	–	–
	–	0.1	–	–

13) Property, plant and equipment

Group	2008 Fixtures, fittings and equipment £m	2007 Fixtures, fittings and equipment £m
Cost		
At 1 July	0.7	0.6
Additions	3.5	0.1
Disposals	(0.5)	–
At 30 June	3.7	0.7
Accumulated depreciation		
At 1 July	0.5	0.4
Depreciation charge for year	0.3	0.1
Disposals	(0.4)	–
At 30 June	0.4	0.5
Net book value at 30 June	3.3	0.2
Company		
	2008 Fixtures, fittings and equipment £m	2007 Fixtures, fittings and equipment £m
Cost		
At 1 July	0.7	0.6
Additions	3.2	0.1
Disposals	(0.5)	–
At 30 June	3.4	0.7
Accumulated depreciation		
At 1 July	0.5	0.4
Depreciation charge for year	0.2	0.1
Disposals	(0.4)	–
At 30 June	0.3	0.5
Net book value at 30 June	3.1	0.2

Notes to the financial statements continued

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

From time to time, Group companies inject capital into funds operated by the Group (seed capital). Where the Group holds more than 50 percent of the fund in which it is investing and where voting rights are attached to the holding, the Group technically controls the fund and it becomes a subsidiary of the Group. Where the Group is actively seeking to reduce its holding, the fund is classified as being held for sale as it is considered highly probable that the fund will not remain under the control of the Group one year after the original investment is made. If the Group still retains control of the fund after this time, the fund ceases to be classified as held for sale and is consolidated line by line.

	2008 £m	2007 £m
Non-current assets held for sale	16.4	–
Non-current liabilities held for sale	(0.1)	–
Seed capital classified as being held for sale	16.3	–

In the year to 30 June 2008, an investment in a Brazilian onshore local currency fund was classified as non-current assets held for sale.

The Group's maximum exposure to credit risk is represented by the carrying amount of the assets.

15) Deferred acquisition costs

	2008 £m	2007 £m
Cost	14.6	–
Accumulated charge	(1.2)	–
	13.4	–

During the year ended 30 June 2008 deferred acquisition costs of £14.6m were incurred. These were directly attributable to securing the investment management contract for a permanent capital vehicle Ashmore Global Opportunities Limited, a newly incorporated investment company, which was listed on the London Stock Exchange. £1.2m was charged during the year and recognised in other expenses.

16) Share capital

Group and Company

(a) Share capital authorised

	As at 30 June 2008 Number of shares	As at 30 June 2008 Nominal value £'000	As at 30 June 2007 Number of shares	As at 30 June 2007 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 2008 Number of shares	As at 30 June 2008 Nominal value £'000	As at 30 June 2007 Number of shares	As at 30 June 2007 Nominal value £'000
Ordinary shares of 0.01p each	708,925,000	70	708,925,000	70

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

At 30 June 2007 there were 38,152,921 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.

At 30 June 2008 there were 32,670,946 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 share awards issued under the Omnibus scheme totalling 5,812,954 shares that have release dates ranging from November 2011 to January 2013.

17) 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 34,012,500 (2007: 38,725,000) ordinary shares of 0.01p with a nominal value of £3,401.25 (2007: £3,872.50) and shareholders' funds are reduced by £5.4m (2007: £5.9m) in this respect. It is the intention to make these shares available to employees by way of sale through the share option scheme.

Notes to the financial statements *continued*

18) 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 2007			
(Assets)	(0.3)	(14.1)	(14.4)
Net	(0.3)	(14.1)	(14.4)

At 30 June 2008			
(Assets)	–	(13.8)	(13.8)
Liabilities	3.8	–	3.8
Net	3.8	(13.8)	(10.0)

Company	Other temporary differences £m	Share based payments £m	Total £m
At 30 June 2007			
(Assets)	(0.3)	(14.1)	(14.4)
Net	(0.3)	(14.1)	(14.4)

At 30 June 2008			
(Assets)	–	(13.8)	(13.8)
Net	–	(13.8)	(13.8)

18) Deferred taxation continued

Movement in temporary differences between the balance sheet dates has been reflected in equity or the income statement as follows:

Group

	Other temporary differences £m	Share based payments £m	Total £m
At 1 July 2006	(0.8)	(0.7)	(1.5)
Charged/(credited) to the consolidated income statement (see note 5)	0.5	(1.8)	(1.3)
Credit taken to equity	–	(11.6)	(11.6)
At 30 June 2007	(0.3)	(14.1)	(14.4)
Charged/(credited) to the consolidated income statement (see note 5)	4.1	(2.4)	1.7
Charge taken to equity	–	2.7	2.7
At 30 June 2008	3.8	(13.8)	(10.0)

Company

	Other temporary differences £m	Share based payments £m	Total £m
At 1 July 2006	(0.9)	(0.7)	(1.6)
Charged/(credited) to the consolidated income statement	0.6	(1.8)	(1.2)
Credit taken to equity	–	(11.6)	(11.6)
At 30 June 2007	(0.3)	(14.1)	(14.4)
Charged/(credited) to the consolidated income statement	0.3	(2.4)	(2.1)
Charge taken to equity	–	2.7	2.7
At 30 June 2008	–	(13.8)	(13.8)

Notes to the financial statements continued

19) Trade and other payables

	Group		Company	
	As at 30 June 2008 £m	As at 30 June 2007 £m	As at 30 June 2008 £m	As at 30 June 2007 £m
Current				
Accruals and deferred income	63.7	52.8	37.7	39.3
	63.7	52.8	37.7	39.3

20) 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:

	As at 30 June 2008 £m	As at 30 June 2007 £m
Within one year	1.2	–
Over one year but not more than five years	4.5	0.4
Over five years	6.0	–
Total	11.7	0.4

21) Subsidiaries

Company

Investment in subsidiaries

	As at 30 June 2008 £m	As at 30 June 2007 £m
Cost	1.0	1.0

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

The directly held subsidiary of the parent Company is:

	Country of incorporation/ formation and principal place of operation	As at 30 June 2008 % owned
Ashmore Investments (UK) Limited	England	100.00

21) Subsidiaries continued

The principal indirectly held subsidiaries are as follows:

	Country of incorporation/formation and principal place of operation	As at 30 June 2008 % 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 Global Special Situations Fund 4 (GP) Limited	Guernsey	100.00
Ashmore Investments (Turkey) NV	Netherlands	65.00
Ashmore Investments (Brasil) Limited	Guernsey	87.50
Ashmore Russian Opportunities Fund 1 (GP) Limited	Guernsey	100.00
Ashmore Private Equity Turkey Management Limited	Guernsey	70.00
AA Development Capital Investment Managers (Mauritius) LLC	Mauritius	55.00

All shares held are ordinary.

22) 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 2008 £m	Year ended 30 June 2007 £m
Short-term employee benefits	11.8	16.3
Share based payment benefits	0.1	0.1
Total	11.9	16.4

The figures in the above table include a total of £0.7m (2007:£8.3m) of bonuses that have been waived by key management personnel with an equivalent amount to be donated to charity.

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

Notes to the financial statements *continued*

22) Related party transactions continued

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 2008 £m	Year ended 30 June 2007 £m
Management fees received	62.1	38.8
Net dividends received	78.0	63.5
	As at 30 June 2008 £m	As at 30 June 2007 £m
Amounts due from subsidiaries	20.9	0.3
Amounts due to subsidiaries	0.1	4.1

A final dividend receivable from subsidiaries of £45.5m in respect of the year ending 30 June 2008 (2007: nil) will be received and recognised in the year ending 30 June 2009.

Details of transactions between the Group and Company and post employment benefit plans are disclosed below.

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:

	2008 £m	2007 £m
Employer contributions to a defined contribution scheme	0.3	0.2

23) 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 30 June 2008	Closing rate as at 30 June 2007	Average rate year ended 30 June 2008	Average rate year ended 30 June 2007
US dollar	1.9923	2.0088	2.0119	1.9466

24) Directors' remuneration

Disclosures of Directors' remuneration as required by the Companies Act 1985 are as follows:

	Year ended 30 June 2008 £m	Year ended 30 June 2007 £m
Aggregate emoluments	5.5	5.5
	5.5	5.5

In the year ended 30 June 2008 the figures include £0.7m (2007: £3.0m) of cash bonus that has been waived by Mark Coombs with an equivalent amount to be donated to charity.

There are retirement benefits accruing to two directors under a defined contribution scheme (2007: one).

Directors' emoluments

This information is included in the Remuneration report on page 38.

25) Post balance sheet events

There are no post balance sheet events for the year ended 30 June 2008.

26) 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 affect 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.

The calculation of fair value in respect of options requires a number of estimates to derive the fair value, further details of which are provided in note 7 above.

Five-year summary

	UK GAAP	IFRS			
	2004 £m	2005 £m	2006 £m	2007 £m	2008 £m
Management fees	25.4	41.2	80.8	130.2	186.7
Performance fees	38.1	23.2	54.2	20.4	44.7
Other revenue	3.4	2.8	2.9	13.0	13.3
Total revenue	66.9	67.2	137.9	163.6	244.7
Less: Distribution costs	(1.6)	(1.3)	(2.3)	(3.8)	(4.7)
Net revenue	65.3	65.9	135.6	159.8	240.0
Personnel expenses	(2.7)	(3.4)	(4.0)	(5.2)	(7.4)
Variable compensation	(13.1)	(13.9)	(30.4)	(27.4)	(40.3)
Other operating expenses	(3.7)	(3.8)	(6.5)	(5.5)	(11.1)
Total operating expenses	(19.5)	(21.1)	(40.9)	(38.1)	(58.8)
Operating profit	45.8	44.8	94.7	121.7	181.2
Net interest	2.0	3.6	6.4	9.7	15.0
Gain on sale	0.0	0.0	2.8	0.0	0.0
Profit before tax	47.8	48.4	103.9	131.4	196.2
Tax	(13.5)	(16.0)	(32.3)	(39.9)	(55.2)
Profit for the year	34.3	32.4	71.6	91.5	141.0

Eps (basic)	4.7p	4.9p	10.8p	13.7p	21.0p
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Other operating data (unaudited)

AuM at period end (US\$bn)	5.9	11.0	20.1	31.6	37.5
AuM at period end (£bn)	3.2	6.1	10.9	15.7	18.8
Average AuM (£bn)	2.8	4.5	9.4	13.6	17.7
Average £:US\$ exchange rate for the year	1.74	1.86	1.78	1.95	2.01
Period end £:US\$ exchange rate for the year	1.83	1.82	1.84	2.01	1.99

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 2008	16 September 2008
First quarter AuM statement	16 October 2008
Annual general meeting	30 October 2008
Ex-dividend date	5 November 2008
Record date	7 November 2008
Final dividend payment date	5 December 2008
Second quarter AuM statement	January 2009
Announcement of unaudited interim results for the six months ended 31 December 2008	February 2009
Announcement of results for the year ended 30 June 2009	September 2009

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.

Information for shareholders continued

Electronic copies of the 2008 Annual Report and financial statements and other publications

Copies of the 2008 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 on-line, 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 uncashed 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.

Ashmore

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