

Ashmore

2011
Annual Report and Accounts

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Overview

Ashmore Group is a leading emerging markets fund manager with long experience of investment outperformance through active management across its core investment themes: external debt, local currency, corporate debt, blended debt, equities, multi-strategy, alternatives in addition to currency overlay/liquidity.

The aerial photographs in our report and accounts are of the cities where our emerging markets offices are located.



Ashmore – Outperformance through a:

- **scaleable and profitable business model** /2
- **dedication to emerging markets** /4
- **compelling three phase strategy** /6
- **unique investment philosophy and process** /8
- **diverse range of emerging markets investment themes** /12
- **growth in levels of AuM** /20
- **long term consistent investment outperformance** /25



Beijing, China

scaleable and profitable business model

Investors

The majority of investors in Ashmore's funds are from developed markets, but an increasing proportion will derive from emerging markets as Phase 3 of Ashmore's strategy grows

Investor type

Institutional:

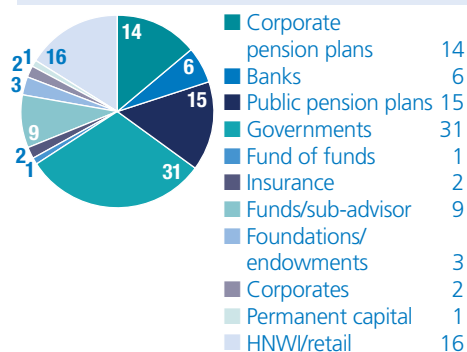
- Government
- Public pension plans
- Corporate pension plans
- Banks
- Insurance
- Funds/sub-advisor

Retail:

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

- private banks
- brokers
- other retail distributors

Investor type (%)



Investment themes

Ashmore invests the funds in a diverse range of investment themes

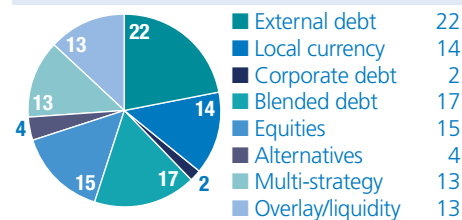
Investment themes

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



For more information on our investment themes see p12

By theme (%)



Sao Paulo, Brazil

Ashmore has a business model that focuses on providing investment management across a diverse range of emerging markets themes. Through its well established and successful processes Ashmore achieves long term investment outperformance for fund investors and shareholders alike.

Maximising the Ashmore advantage

Ashmore improves the performance of these funds through the quality of its people and relationships, and through its unique investment approach and focus on emerging markets

Asset management/ People

- Team-based approach, not a star culture
- Quality of Ashmore’s employees, depth, breadth and experience in emerging markets
- Relationships with investors, investees and other contacts
- Global and local asset management

Underpinned by

- Support departments ensure robust and controlled process
- Legal, risk and compliance ensure governance



Read about our people and culture in our CEO’s statement on p16

Read about our corporate governance and risk on p37

Investment philosophy and process

- Investment committee approach
- Active investment management
- Macro knowledge an essential element
- Deep analysis of companies and valuations
- Liquidity obsessed
- Top down macro driven process
- Liquidity driven active management

Focus on Emerging markets

- Strategy and global presence



Unique investment process and philosophy process on p8

Read about emerging markets outlook on p17

Read about our AuM by geography on p4 and 5

Outperformance

By applying this unique business model, Ashmore continues to outperform

Assets under management (AuM) at period end

+86%
US\$65.8bn



Read about our AuM growth on p20

Read about our long term investment performance on p25

Read about our management fees and performance fees in our Business review on p24

dedication to emerging markets

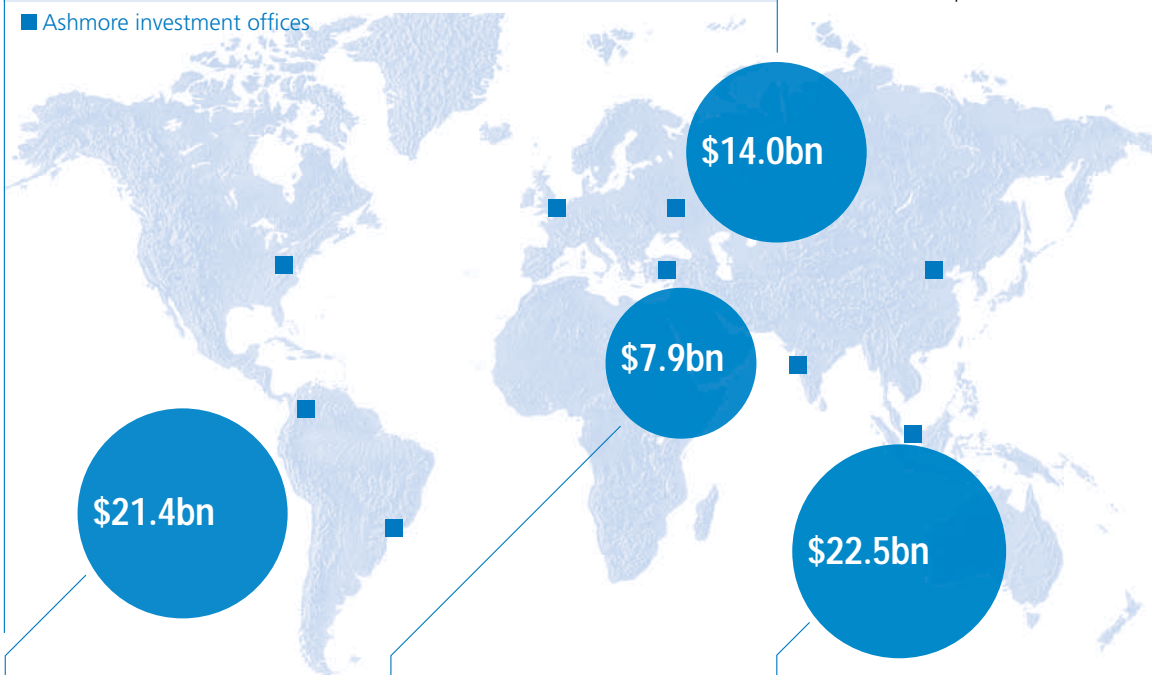
Where we invest

Ashmore's experienced team and local presence in the Emerging Markets allows wide coverage of the investible universe of close to 60 countries, the scope of which differs in emphasis between different asset classes.

Eastern Europe

Offered greatly contrasting macro dynamics and exposure to movements in global currencies via Euro proxies. Ashmore played Eastern European currencies in corporate and sovereign dollar debt through resources plays in former Soviet Republics.

■ Ashmore investment offices



Latin America

Strong growth was supported by tight commodity markets, FDI inflows, and a commitment in most countries to stable macro-economic policies. Upside was captured mainly through currency appreciation and tactical trading of local rates as well as corporate exposures and active management of high beta positions in external debt.

Middle East and Africa

Healthy external balances, low debt levels and strong sovereign support transformed Middle Eastern credits into attractive safe-haven destinations in volatile global markets. Quasi-sovereign and corporate exposures offered significant spread tightening and yield compression following the Nakheel scare of late 2009.

Asia Pacific

Increasingly turned to domestic demand-led growth amidst intra-regional reserve diversification to further extend the region's already strong resilience to slower G10 growth. The region offered considerable upside to currency longs, special situations, and selective alpha calls in equities and local rates.

Istanbul, Turkey

Investor geography

The Group's clients are drawn from developed markets and emerging markets across the globe. The centrally managed but globally located distribution offices are our link to these clients.

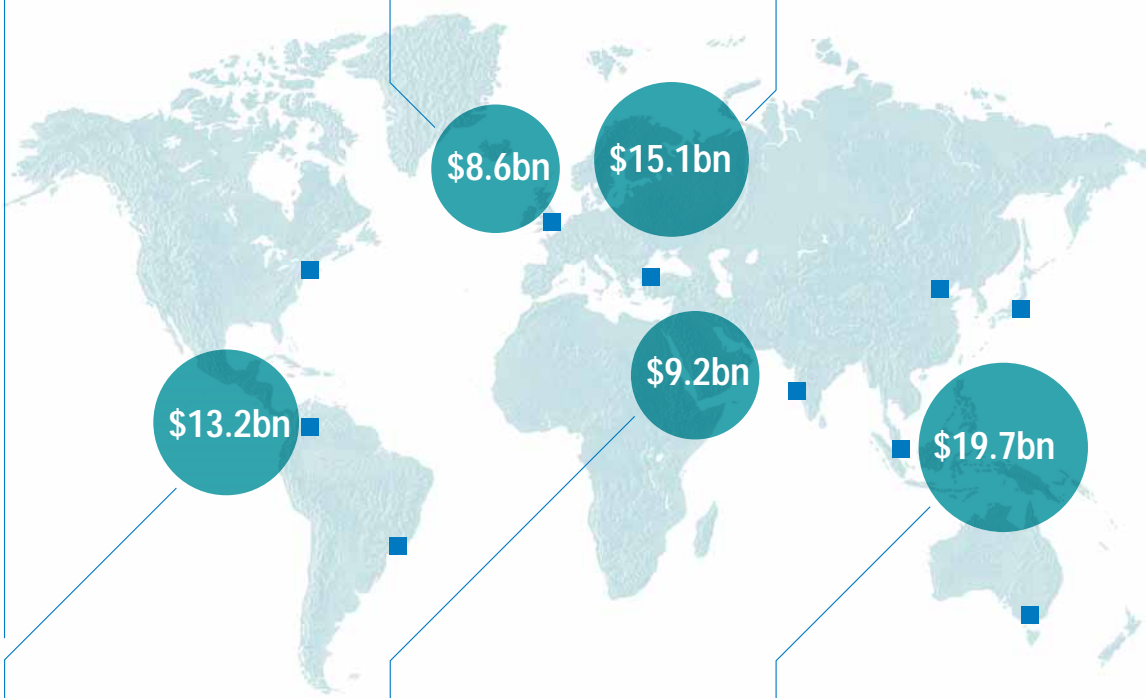
Ashmore distribution offices

UK

The Ashmore business has developed a strong following in the UK from public, corporate and local authority pension funds.

Europe

European investors in a number of European jurisdictions have been some of the most progressive investors in the emerging markets asset classes and the long established SICAV structures underpin this.



Americas

Ashmore has been successful in developing AuM sourced from North American institutional investors over many years and this has combined with AshmoreEMM's historic AuM from a large range of US public and private pensions and foundations and endowments.

Middle East

Ashmore has long associations with a number of significant sovereign funds and governments in this region and has been instrumental in working with them in developing strategies to diversify their US dollar reserves.

Asia

Asia Pacific has both developed and emerging markets pools of capital which Ashmore manages. These include government pensions, sovereign wealth funds and its successful retail multi-strategy fund.

▶ compelling three phase strategy

Ashmore's three phase strategy places it at the heart of capital flows into and between emerging markets.

1 Establish emerging market class

Status

Largely completed

Description

- Establish Ashmore emerging markets investment processes
- Enhance understanding of emerging markets debt in the developed world

- Provide access to emerging markets, and their rapid development opportunities
- Develop strong performance track record
- Increase developed world investor base

2 Diversifying developed world capital sources and themes

Status

Underway – significant growth available

Description

- Establish new investment themes to diversify emerging market product offerings
- Develop new product structures and capabilities

- Establish Ashmore as trusted allocator
- Broaden and deepen developed world investor base
- Deliver strong performance consistently

3 Mobilise emerging markets capital

Status

Commenced – enormous future growth opportunities

Description

- Mobilise emerging markets capital managed offshore
- Capital sourced initially from largest pools, ie central banks, governments, reserve managers and sovereign wealth funds

- Develop network of domestic asset management businesses
- Manage domestic capital locally
- Create strong local performance track record

Beijing, China



Significant progress in phase 2 this year

In terms of diversification, the acquisition of a dedicated emerging markets equity investment manager was a significant step toward our stated ambition of being the pre-eminent, specialist, emerging markets investment manager covering all asset classes.

The further development of the Ashmore distribution platform and new product developments were also advanced and there is a much increased proportion of retail sourced AuM as a result.

Distribution platform

The distribution team has been deepened with the headcount increasing to 32 from 21 a year earlier. The team is organised to provide expertise aligned to the specific needs of the institutional and retail client segments across the areas of business development, client/account management and service delivery.

This structure is in place throughout our principal global distribution locations:

- London
- New York
- Tokyo
- Singapore
- Beijing
- Melbourne

All organised as a single, centrally managed, but globally located team.

Product development

The investment themes into which all funds and accounts are organised have been reclassified going forward, driven by our desire to align the reporting and marketing of our business in a manner with which the investment community is familiar and looks to allocate assets.



[Read about our investment theme reclassification on p16 and p22](#)

This was a busy year with the launch of many new funds and segregated accounts:

Six US 40 Act Funds launched which we aim to grow by partnering with financial intermediaries including private banks, broker/dealers and other retail distributors:

- Local Currency Fund
- Local Currency Bond Fund
- Sovereign Debt Fund
- Corporate Debt Fund
- Total Return Fund
- Equity Fund

Five SICAV sub-funds were launched:

- Investment Grade Local Currency Fund
- Inflation Linked Bond Fund
- Local Currency Corporate Debt Fund
- Total Return Fund
- Sterling Liquidity Fund

Acquisition

- Acquired an effective 62.9 per cent stake in EMM, a long established, dedicated emerging markets equity manager
- Business rebranded AshmoreEMM on completion
- Continuity in investment philosophy and process
- All clients received confirmation that this reflects our strategic objectives and of the scale benefits of a larger house which provides all investment management products to customers
- The global Ashmore distribution team has now incorporated the existing AshmoreEMM product range onto our distribution platform and has ensured that the appropriate local account management engagement occurs for all clients, and we have begun to develop products to take advantage of the Group's wide range of existing clients

We will report progress going forward within the equities theme of our global asset management business.



[Read about the acquisition on p15 \(CEO's statement\) and p27 \(Business review\)](#)

AshmoreEMM is now responsible for the investment management of all centrally managed equity products within the Group through a unified management structure and investment committee, incorporating all global equities' investment professionals in the Group.

Strong growth continued

Over the five years from June 2006 to June 2011 the levels of AuM sourced from the largest pools of capital in the emerging markets has more than quadrupled from US\$3 billion to over US\$13 billion which included good

levels of subscriptions in the year to 30 June 2011. Local asset management subsidiaries:

- Ashmore Brasil (Local currency and equities)
- Ashmore Turkey (Local currency and equities)
- Ashmore India (Alternatives: special situations)

- Ashmore Colombia (Alternatives: infrastructure)
- Everbright Ashmore (China real estate joint venture)
- VTB Ashmore (Russia real estate joint venture)



[Read about our investor type and geography on p23 and p24](#)



unique investment philosophy and process

Our investment philosophy is primarily top down with an analytically driven selection process used for instrument selection. The style is active and macro-based with a strong focus on liquidity management.

We believe that the best way to gain exposure to strong medium and long-term trends in emerging markets is to employ specialist managers using an active approach. We believe our portfolio managers have the technical skills and an understanding of the asset class gained over many years of experience which fits in well with our rigorous and proven investment approach.

We have developed our own investment process, largely unchanged since 1992 and based on long experience, which is rigorously followed. Our two main skills are strong macro-risk management and seeking value from special situations (incorporating distressed debt and private equity). Our portfolio construction approach is to create portfolios that we feel will best take advantage of long-term trends and structural changes in emerging markets and we express these views across all of the sub-themes we manage.

Investment philosophy

Macro Top Down

- Forward looking analysis of global and local macro-economics, politics, interest rate and currency dynamics
- Scenario planning

Active Management

- Collective, team-based approach
- Investment life cycle – analysis, execution, management and exit
- Institutionalised investment process, unchanged since 1992

Value Driven

- Bottom up credit analysis complements macro analysis
- Intrinsic value vs market value
- In-house research, integrated in portfolio management team
- Scenario planning

Liquidity Obsessed

- Robust risk management culture
- Liquidity integral to every investment decision

Mumbai, India

Maximising the Ashmore advantage

Global macro overview

External debt, local currency & blended debt

Country Analysis

- Economics – ability to pay
- Politics – willingness to pay
- Technicals
- Portfolio Managers' travel reports
- Investor behaviour and local flows

Instrument Selection

- Liquidity/capacity
- Technicals (new issuance, buybacks)
- Positioning (market and buy side)
- Yield curve and duration selection
- Investment restrictions
- Ashmore Portfolio Framework

Corporate debt

Macro, Top-down Overlay

- Global and local macro-economics trends
- Sovereign risk
- Political dynamics
- Scenario planning

Sector Strategy

- Competitive dynamics
- Consolidation potential
- Legal barriers
- Relative value

Instrument Selection

- Financials/credit – financial projections, free cash flow generation, leverage
- Ownership – seniority, reputation
- Characteristics – covenants, tenor, coupon, return enhancements (warrants or other equity kickers)

Equities

Top Down Country Allocation

- Proprietary models assess fair value:
 - Top down: Calculate expected market returns; adjust for risk and benchmark; assume mean reversion
 - Bottom up: Assess growth, value and risk metrics at stock level; aggregate
- Judgemental modification based on non-model factors

Bottom Up Stock Selection

- Ongoing mining for undiscovered opportunities
- Proprietary company database screening
- Company visits annually
- Stock analysis
- Absolute/relative valuation
- Proprietary profit forecasts/ratios
- Industry/competitiveness
- Investment Committee review (weekly)

Portfolio construction

Portfolio Construction

- Compares relative value across macro, country and theme in context of market sentiment and liquidity
- Ashmore Portfolio Framework

Portfolio Construction

- Relative value to other assets in region/industry
- Liquidity
- Investment Committee

Portfolio Construction

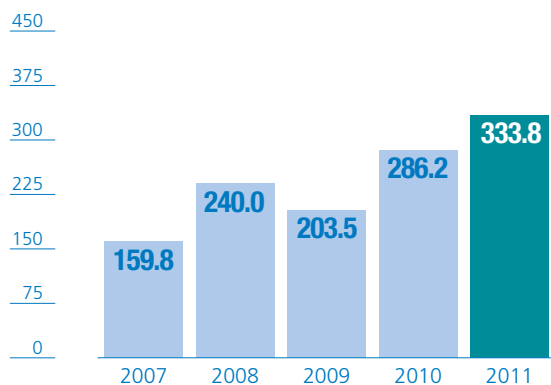
- Country weightings
- Investment Committee stock list
- Benchmark weightings
- Client guidelines/investment restrictions
- Barra analytics
- Ongoing portfolio reviews & quarterly risk committee

Execution process

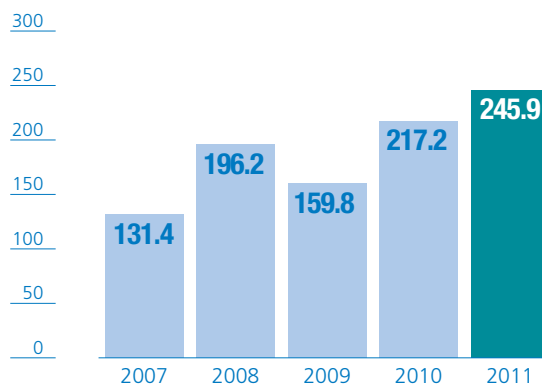
Financial and operational highlights

Financial highlights

Net revenue **+17%**
£333.8m



Profit before tax **+13%**
£245.9m



Assets under Management (AuM) at period end **+86%**
US\$65.8bn



EPS Basic **+17.6%**
28.1p



Operational highlights

- Operating margin 72% (2010: 73%)
- Average management fee margin 86bps (2010: 95bps)
- AuM of US\$65.8 billion at 30 June 2011 (2010: US\$35.3 billion)
- 135 emerging markets funds/accounts, 14 managed by local asset management ventures
- 246 employees (2010: 165 employees)
- Headquartered in London
- Other offices in Brazil, China, Colombia, India, Russia, Turkey, Australia, Japan, Singapore, and the USA

Performance fees £82.9 (2010)
£85.4m

Operating margin 73% (2010)
72%

Final dividend per share 9.34p (2010)
10.34p

Chairman's statement

“The increasing inflow of new assets and the continuing levels of good investment performance are impressive testaments to the team's success.”

I am very pleased to be able to report upon another year of real progress at Ashmore.

In financial terms, we have reached new highs, in terms of AuM levels and profits. This has been achieved primarily through organic growth and also by acquisition, with AuM reaching a closing level of US\$65.8 billion, an increase of 86% for the year. This has provided the foundation for the management fee income growth which, when combined with another good year for performance fees, has produced record income and profit levels.

Operationally I am extremely pleased to have seen the completion, during the period, of the acquisition of Emerging Markets Management LLC, a business similar to Ashmore's, focused entirely on the emerging markets. The combination of their equities investment history with ours, principally in debt, has created the largest independent dedicated emerging markets multi-asset class investment manager. On behalf of the whole Board I should like to extend a warm welcome to the team at AshmoreEMM and we look forward to working with them and seeing the results from our new equities business.

As the Company's business grows and prospers, the Board continues to give significant priority to ensuring that the highest standards of corporate governance and codes of best practice are followed throughout its worldwide operations.

Recognising the financial performance achieved in the year, taken together with the Board's confidence in the prospects for future growth, the Directors are recommending a final dividend of 10.34 pence per share for the year ended 30 June 2011 which, subject to shareholder approval, will be paid on 2 December 2011 to shareholders on the register on 4 November 2011. This makes a total dividend for the year of 14.5 pence per share (FY2009/10: 13.0p).

Once again I would like to thank the whole Ashmore team for their tremendous efforts in achieving another successful year for the Company including the promotion into the FTSE-100 index effective next week. The increasing inflow of new assets and the continuing levels of good investment performance are impressive testaments to the team's success and will allow the Company to build upon its existing strong and solid business. It is clear that the team's complete focus on understanding and interpreting the events of the emerging markets is core to its success and this focus will continue with a clarity and certainty.

Global events in recent months and the continuing market volatility highlight the ongoing repositioning of emerging and developed world markets. I am confident that the Group, with its experience gained over many economic and market cycles, will continue to manage their investment strategies successfully as world events unfold. I also remain confident that the opportunity for the emerging markets is a significant one and that Ashmore is well positioned to capture it.

Michael Benson
Chairman

diverse range of emerging markets investment themes

Themes	External debt	Local currency	Corporate debt
Theme premise	A highly diversified portfolio of emerging market debt assets with a primary focus on external debt.	Takes advantage of the rapidly expanding local currency and local currency denominated debt market with low correlations to other asset classes.	Focuses on the developing corporate debt asset class in emerging markets.
Global emerging markets sub-themes	<ul style="list-style-type: none"> – Broad – Sovereign – Sovereign, investment grade 	<ul style="list-style-type: none"> – Broad – FX – Bonds 	<ul style="list-style-type: none"> – Broad – High yield – Investment grade – Local currency
Theme	Blended debt		
Theme premise	Mandates specifically combine external, local currency and sometimes corporate debt measured against tailor-made blended indices.		
Regional/country focused sub-theme	Russia	Asia, Brazil, China, Turkey	
Theme	Multi-strategy		
Theme premise	Dynamic asset allocation across other investment themes.		

Moscow, Russia

Ashmore manages capital across eight different investment themes with dedicated pooled vehicles under each theme providing either global emerging markets exposure or, in certain cases, specific regional or country exposure.

Equities	Alternatives	Overlay/ liquidity
<p>Focuses primarily on liquidity and top down macro country selection in publicly traded equities and is complemented by a portion of equity special situations.</p>	<p>Investments are mainly in corporate restructurings through distressed debt, private and public equity and equity linked securities.</p>	<p>To separate and centralise the currency risk of an underlying emerging market asset class in order to manage them effectively and efficiently.</p>
<ul style="list-style-type: none"> – Broad global active – Global small cap – Fund of closed-ended funds – Global quant 	<ul style="list-style-type: none"> – Special situations: <ul style="list-style-type: none"> – Distressed debt – Private equity – Infrastructure – Real estate 	<ul style="list-style-type: none"> – Overlay – Hedging – Cash management
<p>Africa, Brazil, China, Frontier, Latin America, Middle East, Russia, South Asia, Turkey</p>	<p>Asia, China, Colombia, India, Russia, Turkey</p>	



Chief Executive Officer's statement

Assets under management
(AuM) at period end

+86%
US\$65.8bn

Net revenue

+17%
£333.8m

The financial year ended 30 June 2011 was broadly a good one for the Group. Ashmore achieved strong growth in assets under management ("AuM"), from both outperformance and net subscriptions, and resultant good financial performance in the management company. At the same time we managed to make progress with regard to our future growth plans by achieving some initial success in two major strategic plans – the development of a broader and deeper distribution platform and the acquisition of an emerging markets equities manager, Emerging Markets Management LLC ("EMM") (see section below).

AuM development and financial performance

During the year AuM increased by 86% from US\$35.3 billion to US\$65.8 billion, comprising net subscriptions of US\$15.5 billion, investment performance of US\$5.1 billion and US\$9.9 billion through the EMM acquisition.

Overall gross subscriptions totalled US\$23.0 billion with the highlights including a very successful take-up of an Asian retail multi-strategy fund in the first half, good levels of subscriptions into local currency and external debt from a very broad range of investors during the second half, and further currency overlay inflows throughout the year.

The absolute levels of gross redemptions increased to US\$7.5 billion (FY2009/10 US\$3.7 billion) reflecting of course our absolute growth in scale, but also in part the increase in retail originated AuM where turnover rates are typically higher than from institutionally sourced assets. Additionally, the natural maturity profile of special situations investments has contributed somewhat as asset realisations from sales of investments at this point in the cycle returned US\$0.5 billion capital to investors over the year from a total of US\$3.4 billion invested at the start of it. However, all in all our firm wide redemption rate of 16% per annum remains relatively low.

Financial performance

Net revenue in the year increased by 17% to £333.8 million driven by a 31% growth in management fee income and a second successive year of record performance fees. We increased our operating cost base as intended in line with our growth plans with

modest net headcount increases, before adding a further 70 people through the EMM acquisition. Variable compensation for the year, as a percentage of earnings before variable compensation, interest and tax ("EBVCIT"), remained exactly in line with our planned level of 19% (FY2009/10: 18%). As a result, our operating margins have reduced slightly to 72%, and as our target remains consistent – to maintain an industry leading operating margin whilst growing the scale of the business – we were delighted to record a fifth successive year in the "70s". However, given our growing scale and the acquisition, which has historically operated on lower margins, we would expect this to finally enter the "60s" in the year to come, as long anticipated.



For more information on our financial performance see p24 to p28

Strategic progress

This has been a year of significant progress in both distribution and product development and through the acquisition of the dedicated emerging markets equities asset manager, EMM.

Last year we outlined the process underway in building a broader distribution platform, and this is an initiative on which we have continued to focus. Firstly, we have deepened the distribution team, increasing the headcount further from 21 to 32. The team is being reorganised to provide expertise aligned to the specific needs of the institutional and retail client segments with hiring across all areas of business development, client/account management and service delivery. This structure is in place throughout our principal global distribution locations – London, New York, Tokyo, Singapore, Beijing and Melbourne – with further dedicated distribution staff within our local asset management businesses in Brazil and Turkey – all organised as a single centrally managed, but globally located team. Added to their increased scale in headcount terms, our New York, Tokyo and Beijing operations have become further licensed during the year by local regulators providing us with the platform to increase our distribution from these centres to a wider range of investors. The coming year is expected to see us complete the reorganisation of our distribution platform.

“A year of significant progress in both distribution and product development and through the acquisition of a dedicated emerging markets equity asset manager.”

In line with these developments, the period has seen the launch of many new funds and segregated accounts as conduits for asset raising and we expect this trend to continue this year. This included the launch in December 2010 of our first sponsored suite of US SEC registered 40 Act funds for US institutional and retail investors providing by the year end a full range of global emerging markets debt and equities funds. We aim to grow these by partnering with financial intermediaries including private banks, broker/dealers and other retail distributors and as we develop track records in these conduits, expect to see steady and significant assets from these channels.



For more information on our strategic progress see p6 to p7

Acquisition

In line with our stated strategy of increasing the scale of our public equities theme we announced in February our intention to acquire a 62.9 per cent stake in EMM, a long established dedicated emerging markets equities manager, and following a strong level of support from their investors and our shareholders the transaction was completed on 31 May 2011.

(1) Strategic rationale

Simply expressed, our stated ambition is to be the pre-eminent, specialist, emerging markets investment manager covering all asset classes. We recognise that our most significant gap remains a lack of scale within the equities theme and the acquisition of EMM provides this scale and proven investment capability in a dedicated emerging markets equities business. The transaction, with a proportion of the consideration in the form of an earnout over three years post completion, and the deepening of equity ownership across a broader number of their staff, was structured to align our interests with the team at EMM.

(2) Activities to date

The business was rebranded AshmoreEMM immediately on completion.

Clients have all received confirmation that this reflects our strategic objectives and the scale benefits of a larger house providing all investment management products to customers, whilst providing confidence in the continuity in investment philosophy and process at AshmoreEMM which will not change. Furthermore, AshmoreEMM has now become responsible for the investment management of all centrally managed equity products within the Group through a unified management structure and Investment Committee, incorporating all global equities investment professionals in the Group.

The global Ashmore distribution team has now incorporated the existing AshmoreEMM product range on to our distribution platform and has ensured that the appropriate local account management engagement occurs for all clients and we have begun to develop products to take advantage of the Group's wide range of existing clients. The physical integration of the AshmoreEMM business on to the core portfolio management and fund accounting systems used across the Group has also begun with the client relationship management and general ledger systems being the first to become fully integrated. We would expect to have completed the necessary level of systems integration with AshmoreEMM within the financial year to 30 June 2012.

(3) Going forward.

Now we have to make it work. The investment managers have to outperform, distribution have to raise assets and technology and operations areas have to deliver the systems and process improvements needed. Understandably, the efforts involved in the migration over to new technology systems and processes will be significant, but we are very confident in the combined talents of the operations, technology and other support teams to deliver these projects between now and the end of the financial year to 30 June 2012.

In line with the reorganisation undertaken we will report progress going forward within the equities theme of our global asset management business.

“I should like to thank everyone at Ashmore for the huge efforts that went into achieving the year's investment, financial and operational results.”

Theme reclassification

In line with the Group's steady evolution, the investment themes into which all funds and accounts are organised have been reclassified going forward. This process is driven by our desire to align the reporting of our business in a manner with which the investment community is familiar and looks to allocate assets, as well as being satisfied that a particular theme attains critical mass and is not correlated in performance terms exactly with another existing theme.

The first reclassification is the separate identification of a dedicated investment theme of emerging markets blended debt, where such mandates specifically combine external, local currency and corporate debt. This reflects the significant demand we see from institutional investors seeking returns benchmarked against blended indices comprised typically of external debt and local currency, with in some cases a corporate debt component. In such mandates, clients expect to see a blend of debt themes at all times, although of varying weighting, and we are measured against tailor-made blended indices reflecting a client's strategic commitment to the three themes and their neutral view of the appropriate weighting of the three themes. The decisions we make are tactical variations around this. In contrast, going forward, the existing external debt theme contains funds and accounts benchmarked against a single sovereign emerging markets external debt index, although some mandates may include an ability to off index/cross-over invest into other themes such as local currency, corporate and special situations assets, with the firm's flagship EMLIP fund having invested in this manner since its inception in 1992. Irrespective of the ability to invest across the debt themes, such accounts are usually majority external debt as allocations to other debt themes are always seen as tactical rather than strategic.

Secondly, we have reclassified the real estate and infrastructure funds organised currently within the “other” theme in combination with our special situations assets to create an overall alternatives theme. This recognises the similarity in nature of these strategies' investments, in particular their long term and less liquid nature, and

hence of fund structure and investment process across them, as well as reflecting how they are viewed by distributors and other intermediaries.

Thirdly, given the scale of AuM within currency overlay/hedging, we have created a dedicated currency overlay/liquidity theme recognising the different nature and risk profile of these products which results in a different revenue margin profile.

People and culture

In a period when dramatic economic events in the developed world were arising so frequently, given our exclusive focus on the emerging markets, our cultural sense of identity is, I believe, stronger than ever.

The year has seen the recognition of our investment professionals' performance with an award from European Pensions as Emerging Markets Manager of the Year, an Investment Excellence award from Global Investor for Emerging Markets Fixed Income and the Asian Investor Investment Performance Award for Best Emerging Markets Debt Manager. Given the significant increase in competition across emerging markets fund management as others progressively share our vision, it is particularly satisfying to be recognised for our ongoing outperformance in this way. I should like to thank everyone at Ashmore for the huge efforts that went into achieving the year's investment, financial and operational results. Whilst the distribution and acquisition developments described in detail above were two key strategic targets undertaken in the year, there is much more hard work ahead of us all in order to allow us to take maximum advantage of the opportunity presented through these and other initiatives. In the year to come, and reflecting the investments we have made in both, we have to become a leading performer in equities, as well as maintain that in external, local currency and corporate debt, foreign exchange and alternatives, and our distribution team has to deliver upon raising assets across a broader range of products. I am confident that we will rise to these challenges and achieve further success across the Ashmore business.



For more information on our people and culture see p36

Profit before tax

+13%
£245.9m

Total dividend for the year

+12%
14.5p

Outlook

In the new financial year, unaudited annual performance fees for the funds with performance years ended 31 August 2011 were £18.8 million (August 2010: £43.5 million).

The major recent economic events in the developed markets, Greek debt restructuring and the raising of the US debt ceiling, were predictable given the deleveraging still required to occur across the highly indebted developed world. What was not so obvious was the degree of political chaos and irresponsibility that ultimately led to the US rating downgrade. It is now no longer the emerging economies that should be described as the homes of default and fiscal irresponsibility, although some home country bias will of course persist amongst developed world politicians and investors.

The global sell off resulting from these events has further reinforced the fundamental attractiveness across the emerging markets asset classes. Emerging markets external sovereign debt is now relatively safer than it was compared to US treasuries and as a result we anticipate spreads over those treasuries will tighten significantly in the coming year. Local currencies are set to rise against the US dollar in the next six months as we expect central banks to steadily use currency appreciation to control domestic inflation. The opportunity for generating alpha through active management continues in this area given the variations of monetary and exchange rate policy being undertaken by different countries reflecting their different cycles. Corporate debt in emerging markets is continuing to grow strongly as companies want tenor not available from bank lending and will increasingly turn to the bond markets. Our long developed expertise in this asset class should continue to provide strong investment outperformance.

Emerging markets equities valuations suggest the upcoming quarter may represent a good entry point with earnings forecast to grow strongly over the medium term. Our alternatives theme is one of much activity at present as we continue to realise investments, find some very interesting new opportunities as a result of tightening

balance sheets worldwide, within our special situations funds, as well as making new investments in our real estate joint venture funds in China and Russia. At the same time we are looking to replicate our real estate and infrastructure initiatives in other emerging economies where demand for such assets is of course significant.

The key attributes for success in asset management are of course to consistently outperform and to raise and keep assets whilst running an effective and scaleable operational platform. Our strong investment performance has continued so far, but must be maintained, and we will also need to utilise our increased product breadth and global distribution capacity on an ever more robust technology and operations platform to succeed.

The opportunity for raising AuM from both developed country and emerging markets sources as they increasingly come to realise the attractiveness of the emerging markets asset classes over developed market alternatives, remains a compelling one. We want to be a major participant in both. To that end in the coming year, we would like to further develop our strategic plans in local asset management operations within the emerging markets themselves.

There remains much to do to build our Company, but we are up for the challenge.

Mark Coombs
 Chief Executive Officer

Key performance indicators

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

Measure	Year end AuM/ Average AuM	Average net management fee margins (bps)
Definition	<p>The movement between opening and closing AuM provides a good indication of the overall success of the business during the period, both in terms of net subscriptions/redemptions and investment performance.</p> <p>The average AuM balance during the period, along with the average margins achieved, determine the level of management fee revenues. The AuM and margin trends are lead indicators for short-term profitability.</p>	<p>The average net management fee margin is calculated in US dollars, and is assessed after management fee rebates. The average is affected by changes in the product and investor mix. Certain themes attract higher gross fee levels, generally where investment return opportunities are higher.</p>
Relevance to strategy	<p>Ashmore's strategy as a specialist emerging markets fund manager is to grow AuM; firstly by establishing the asset class, secondly by diversifying developed world capital and thirdly by mobilising emerging markets capital.</p>	<p>Ashmore aims to maintain high revenue margins reflecting the specialist characteristics of many of the investment themes it manages.</p>
Long term achievements	<p>Assets under management US\$35.3bn (2010) US\$65.8bn</p>  <p>Ashmore has continued to grow its AuM from a diverse range of geographies and clients over the last five years. AuM from developed world investors has increased from US\$26.4 billion to US\$52.5 billion and that from emerging markets sources, initially principally from the largest pools of capital in those markets, from US\$5.2 billion to US\$13.3 billion.</p>	<p>Average management fee margins 95.0bps (2010) 85.6bps</p>  <p>The average management fee margin expanded from 2007 to 2009 largely due to the increase in the proportion of higher margin special situations AuM. Thereafter, business mix effects, including the increase in the scale of the larger segregated mandates and the growth in the lower margin currency overlay strategy, have reversed this. Ashmore has been successful over the long term in achieving investment outperformance and product innovation to enable it to maintain its high revenue margins.</p>

Operating profit margin

The operating profit margin measures total operating profits against net revenues. Net revenues are calculated after deducting distribution costs and any rebates. Included within total operating costs are both fixed and variable personnel expenses, and other operating expenses.

Ashmore's stated strategy is to maintain an industry leading operating margin whilst growing the scale of the business.

Operating profit margin 73.0% (2010)
71.7%



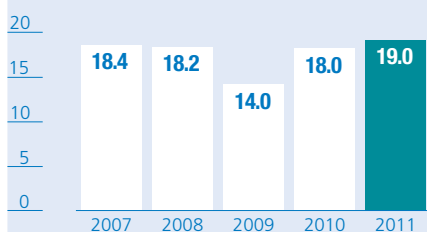
Ashmore has maintained an operating margin above seventy per cent for each of the last five years.

Variable compensation (VC)/EBVCIT

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

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

Variable compensation ratio 18.0% (2010)
19.0%



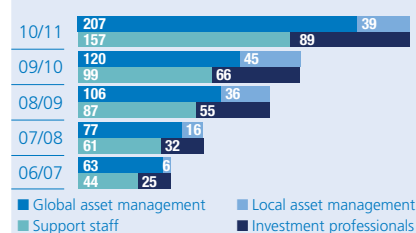
The Group has consistently kept VC/EBVCIT at between 18% and 19% over the five years, except during FY2008/09 when it reduced it to 14% following the reduction in performance clearly demonstrating the strong alignment of variable compensation to returns experienced by fund investors and shareholders.

Year end headcount

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

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

Year-end headcount 165 (2010)
246

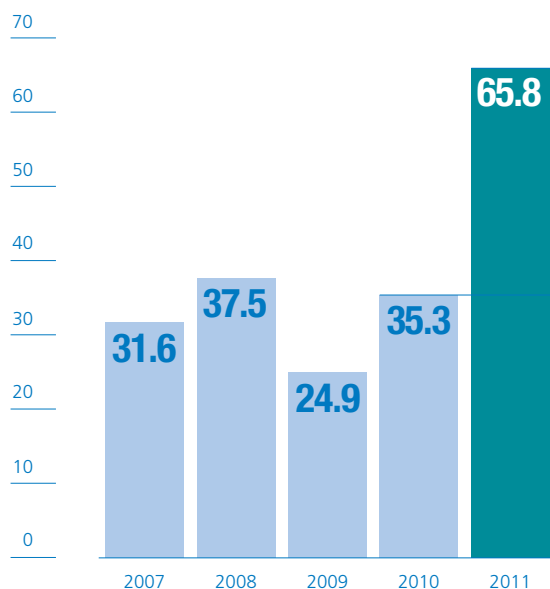


Over the last five years the headcount increases have been experienced in both the global asset management and local asset management businesses. These have demonstrated the expansion of the investment professional team, the development of a more robust support infrastructure and over the last three years the extensive developments in the distribution platform.

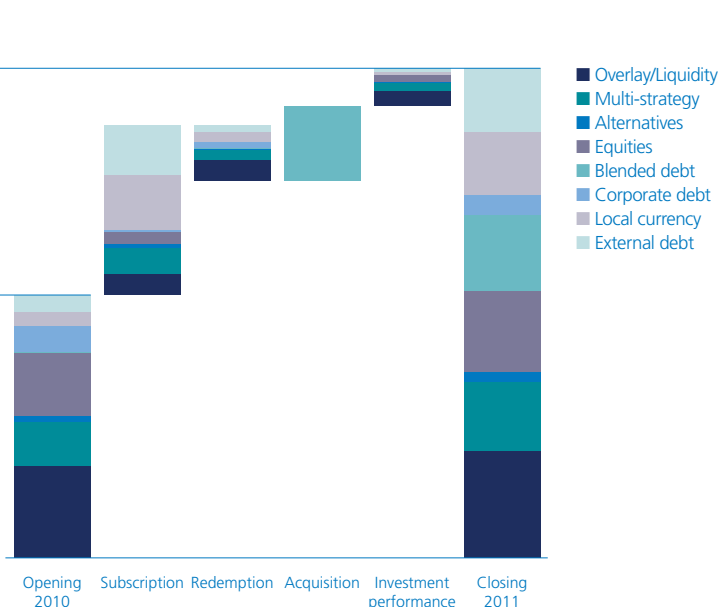
growth in levels of assets under management

Ashmore continues to achieve growth in assets under management underpinning its long term revenue and profitability growth.

Assets under management



Assets under management bridge



Assets under management

Over the last five years Ashmore has increased its AuM by 108%. In line with our historic experience over a number of cycles, the credit crisis in 2008 saw AuM redemptions peak and overall AuM levels fall by over one third. Thereafter, we have seen strong AuM growth momentum resume.

Assets under management bridge

During the year AuM increased by 86% from US\$35.3 billion to US\$65.8 billion, comprising net inflows of US\$15.5 billion, investment performance of US\$5.1 billion and AuM through the acquisition of EMM of US\$9.9 billion. Subscriptions were received into the asian multi-strategy fund in the first half, currency overlay and blended debt themes throughout the year and into the external debt and local currency themes in the second half of the year.

“AuM increased by 86% from US\$35.3 billion to US\$65.8 billion, comprising net inflows of US\$15.5 billion, investment performance of US\$5.1 billion and AuM through acquisition of US\$9.9 billion.”

Ashmore Group result

The Group recorded an operating profit before tax for the year ended 30 June 2011 of £239.4 million (FY2009/10: £209.3 million), giving rise to an operating margin of 72 per cent (FY2009/10: 73 per cent); a profit before tax of £245.9 million (FY2009/10: £217.2 million); and a profit after tax of £190.2 million (FY2009/10: £160.6 million). The financial results are analysed further below.

Acquisition of Emerging Markets Management LLC

The Group acquired an effective 62.9 per cent stake in Emerging Markets Management LLC on 31 May 2011. This entity has subsequently been renamed AshmoreEMM LLC (“AshmoreEMM”).

The results of AshmoreEMM for the period from 1 June to 30 June are included in the consolidated statement of comprehensive income. AuM on acquisition, totalling US\$9.9 billion, has been classified within the equities theme.

The detailed accounting for the acquisition is described below and in the accompanying note 27 to the accounts.

Assets under management and fund flows

During the year AuM increased by 86% from US\$35.3 billion to US\$65.8 billion, comprising net inflows of US\$15.5 billion, investment performance of US\$5.1 billion and AuM through acquisition of US\$9.9 billion.

The year saw strong levels of gross subscriptions overall, which totalled US\$23.0 billion (FY2009/10: US\$11.3 billion), particularly into the more liquid themes. Good levels of institutional subscriptions were received into the currency overlay and blended debt themes throughout the year. Subscriptions in external debt and local currency were strong in the second half in both Ashmore sponsored funds and segregated institutional mandates. Retail flows into the multi-strategy theme regained momentum in the final quarter – after a strong first half the Asian retail-focused fund temporarily reached capacity at the end of the second quarter.

The absolute levels of gross redemptions increased to US\$7.5 billion (FY2009/10: US\$3.7 billion) in line with our absolute growth in scale. These levels of redemptions also partly reflect the increase in retail originated AuM where turnover rates are typically higher than institutionally sourced assets, even early in a fund life. Redemptions in special situations funds reflect monies being returned to investors as planned following realisations.

New funds and accounts

The year saw further launches of new funds, which contributed significantly to the increase in AuM. Fourteen new public funds were launched, including six US 40 Act Funds within the local currency theme (Local Currency Fund, Local Currency Bond Fund), external debt theme (Sovereign Debt Fund), corporate debt theme (Corporate Debt Fund), blended debt theme (Total Return Fund) and equities theme (Equity Fund). A further five SICAV sub-funds were launched within the local currency theme (Investment Grade Local Currency Fund, Inflation Linked Bond Fund), corporate debt theme (Local Currency Corporate Debt Fund), blended debt theme (Total Return Fund) and overlay/liquidity theme (Sterling Liquidity Fund). In addition, within the Group's local asset management subsidiaries, a Colombian infrastructure fund and a Brazilian long-short equities fund were also launched.

There were also eight new segregated and white label funds won during the year, within the external debt, local currency, corporate debt and blended debt themes.

Business review *continued*

AuM movements by investment theme as classified by mandate

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

AuM movements by investment theme as mandated:

	June 2010 US\$bn	Gross subscriptions/ acquisition US\$bn	Gross redemptions US\$bn	Performance US\$bn	June 2011 US\$bn	Average management fee margins bps
External debt	19.4	3.7	(2.9)	2.9	23.1	63
Local currency	7.0	4.3	(1.3)	1.4	11.4	87
Corporate debt	0.9	0.5	(0.1)	0.1	1.4	169
Equities	0.2	10.0	(0.1)	–	10.1	102
Special situations	3.4	–	(0.8)	(0.1)	2.5	227
Multi-strategy	2.0	7.3	(1.3)	0.4	8.4	131
Other	2.4	7.1	(1.0)	0.4	8.9	19
	35.3	32.9	(7.5)	5.1	65.8	86

As outlined in the Chief Executive Officer's statement, in line with the Group's long term evolution, the investment themes into which all funds and accounts are organised will be restructured going forward with three principal changes.

Firstly, the creation of a dedicated investment theme of emerging markets blended debt, to combine external, local currency and corporate debt. This reflects the significant demand from investors, particularly to begin with larger segregated mandates, seeking returns benchmarked against blended indices comprised typically of external debt and local currency indices, with in some cases a corporate debt component. In contrast, the external debt theme that remains is where funds and accounts are benchmarked against a single sovereign emerging markets external debt index.

Secondly, capturing the real estate and infrastructure funds currently organised within the "other" theme and combining these with our special situations assets to create an alternatives theme which recognises the similarity of fund structure and investment process across these strategies as well as reflecting how they are viewed by distributors and other intermediaries.

Thirdly, given the scale of AuM within currency overlay/hedging, the creation of a dedicated currency overlay/liquidity theme recognising the different nature of the investment process for these products which results in a different revenue margin profile.

Accordingly the same full breakdown of our AuM within the revised themes is presented in the following table:

	June 2010 US\$bn	Gross subscriptions/ acquisition US\$bn	Gross redemptions US\$bn	Performance US\$bn	June 2011 US\$bn	Average management fee margins bps
External debt	12.3	2.8	(2.8)	2.0	14.3	75
Local currency	6.0	3.6	(1.3)	1.1	9.4	90
Corporate debt	0.8	0.5	(0.1)	0.1	1.3	169
Blended debt	8.4	1.6	(0.1)	1.0	10.9	47
Equities	0.2	10.0	(0.1)	–	10.1	102
Alternatives	3.4	0.2	(0.8)	–	2.8	217
Multi-strategy	2.0	7.4	(1.3)	0.3	8.4	129
Overlay/liquidity	2.2	6.8	(1.0)	0.6	8.6	17
	35.3	32.9	(7.5)	5.1	65.8	86

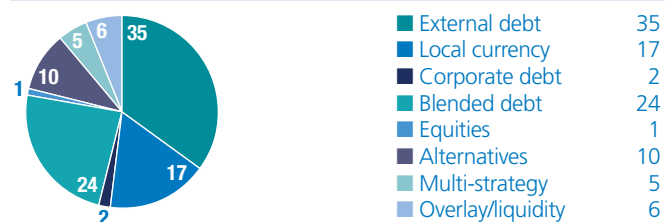
Subsequent quarterly AuM statements, interim and full year results will be reported on this revised basis.

AuM – as invested

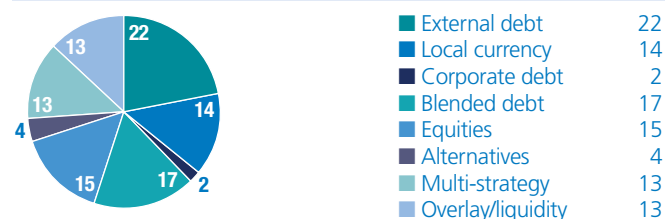
Notwithstanding the changes to the theme classifications mentioned above, there remains an alternative analysis of AuM. Here we report “as invested” by underlying asset class which adjusts from “as classified by mandate” to take account of the allocation into underlying asset classes of multi-strategy, blended debt and, where possible, the currency overlay themes; and of cross-over investment

from within certain external debt funds. This analysis demonstrates the greater significance of the local currency and corporate debt themes, which have both grown further in the period reflecting the allocation of funds invested into these themes. The charts below illustrate the impact of moving between the “as classified by mandate” and the “as invested” analysis as at 30 June 2011, and the previous year end:

AuM classified by mandate 2010 (%)



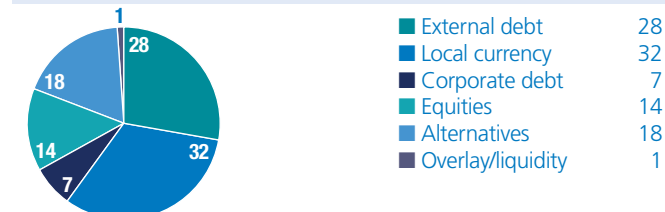
AuM classified by mandate 2011 (%)



AuM as invested 2010 (%)



AuM as invested 2011 (%)

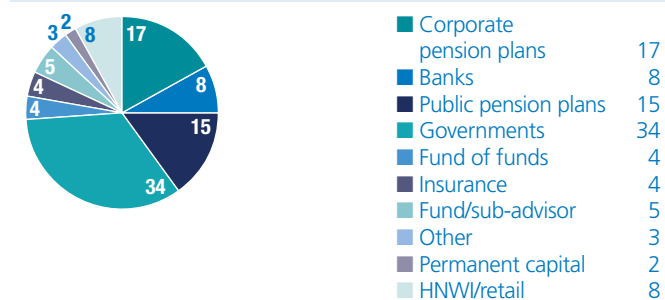


Investor profile – type and geography

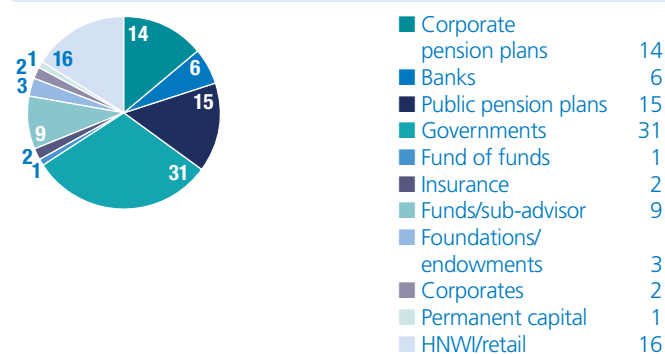
The Group's AuM are sourced from a diverse range of investors, which remain predominantly institutional in type (30 June 2011: 84%; 30 June 2010: 92%), including pension providers, government agencies, banks and insurers. In line with the stated distribution strategy the period has seen a marked increase in funds where the underlying investor is more retail in nature. In these situations, typically the Group distributes the products via intermediaries such as private banks, brokers and other retail distributors. The largest of these products was the Asian retail multi-strategy fund, for which there were strong inflows in the first half and, after temporarily reaching capacity at the end of the second quarter, further inflows were received in the final quarter of the year.

Within the institutional investor profile, the most significant categories of investor remain government agencies, corporate and public pension plans which together account for 60% of all AuM. During the period, significant further fund inflows were received within the government category, which include those from emerging markets central banks, reserve managers and sovereign funds as part of the third phase of the Group's strategy – mobilising emerging markets capital. The proportion of total assets managed for each of the major institutional investor types has remained reasonably stable measured from one year end to the other, with absolute increases in the corporate and public pensions categories being driven by the AshmoreEMM acquisition, since this type of client represented the majority of their AuM.

AuM by investor type 2010 (%)



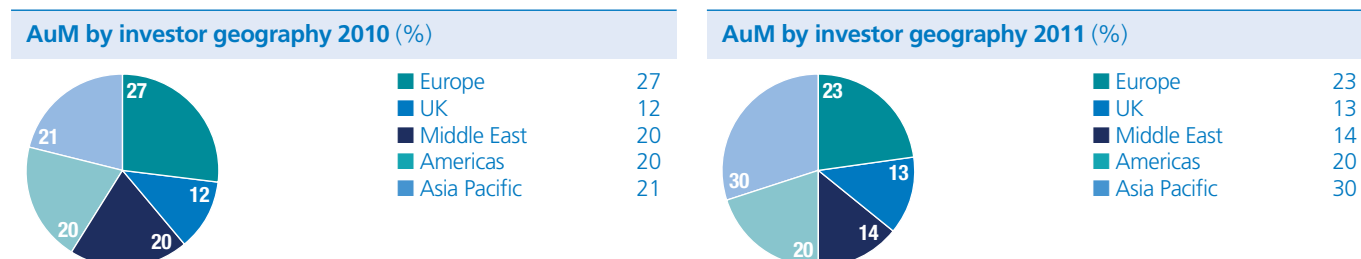
AuM by investor type 2011 (%)



Business review *continued*

Investor geography

The region demonstrating the strongest growth in AuM overall is Asia Pacific, in line with strong inflows into the Asian retail-focused product and government category. There were also continued inflows from the Middle East. The AuM of US\$9.9 billion arising from the acquisition of AshmoreEMM is largely sourced from developed markets, principally the US and Europe.



Management fees and performance fees

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

Underlying US dollar management and performance fees

	AuM at 30 June 2010 US\$bn	AuM at 30 June 2011 US\$bn	Net management fees to 30 June 2011 US\$m	Average Management fee margin bps	Performance fees to 30 June 2011 US\$m
External debt	12.3	14.3	99.5	75	93.1
Local currency	6.0	9.4	61.5	90	2.9
Corporate debt	0.8	1.3	20.0	169	8.1
Blended debt	8.4	10.9	44.7	47	1.6
Equities ¹	0.2	10.1	8.2	102	3.8
Alternatives	3.4	2.8	74.6	217	16.8
Multi-strategy	2.0	8.4	81.1	129	8.1
Overlay/liquidity	2.2	8.6	8.5	17	–
Total (US\$)	35.3	65.8	398.1	86	134.4
Total (GBP)	23.6	41.0	249.3	86	85.4

1. The equities theme includes US\$9.9 billion of AuM resulting from the acquisition of EMM which has a revenue margin of 65 bps. The AuM was only included in the theme for the final month of the period.

Management fees

Net management fee income in Sterling terms increased by 31% to £249.3 million as a function of increased levels of average AuM (FY2010/11: US\$46.6 billion; FY2009/10: US\$31.3 billion), stable GBP/USD foreign exchange rates (FY2010/11: 1.59 effective; FY2009/10: 1.58 effective) offset by a reduction in average management fee margins (FY2010/11: 86 bps; FY2009/10: 95 bps). This reduction has been partly driven by a change in the mix between the themes arising from strong inflows into the lower margin overlay/liquidity theme. This theme attracts a lower management fee reflecting the hedging rather than active management nature of the mandate. Margins on the acquired AshmoreEMM business were also below the average margin, which also contributed to the overall margin reduction. There was some reduction in margin in the external debt and local currency themes driven by some re-pricing of SICAV products during the year and the impact of tiered pricing on institutional mandates.

Performance fees

Total performance fee income for the year increased by 3% to £85.4 million (FY2009/10: £82.9 million) being earned across the investment themes. The majority of these fees were annual performance fees from funds having August, December and April year ends with the balance being made up of other annual performance fees and crystallised fees arising on redemptions during the period.

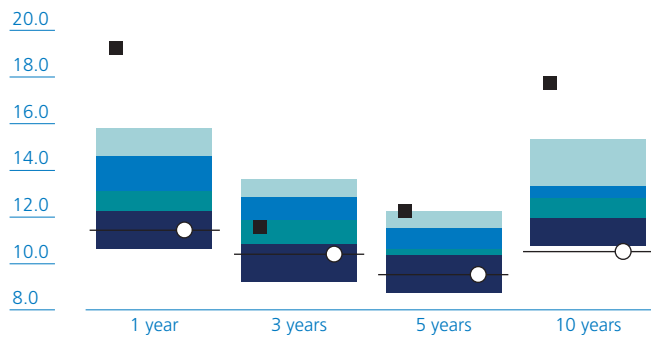
It is the Group's policy to maintain a good balance between those funds where the Group is eligible to earn performance fees and those that generate revenues for the Group solely through management fees. At the year end the Group was eligible to earn performance fees on 38% of AuM (30 June 2010: 56%), or 43% of funds (30 June 2010: 63%). Of this AuM, 41%, whilst able to generate performance fees in the future, was ineligible to do so in FY2010/11 either as a result of such fees only being available at the end of the multi-year fund life, such funds not earning a fee in the performance year, or as a result of rebate agreements.

long term consistent investment outperformance

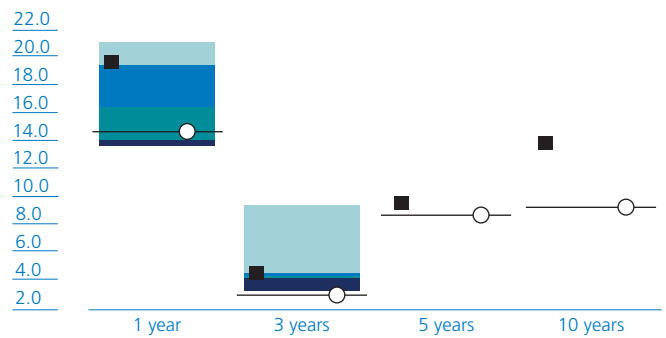
The following graphs demonstrate Ashmore's investment outperformance in relation to both benchmarks and peers for each of the four principle composites in external debt, local currency, and equities for 1, 3, 5 and 10 year periods as at 30 June 2011.

- Ashmore composite performance
- Benchmark index
- 95th percentile
- Lower quartile
- Upper quartile
- 5th percentile

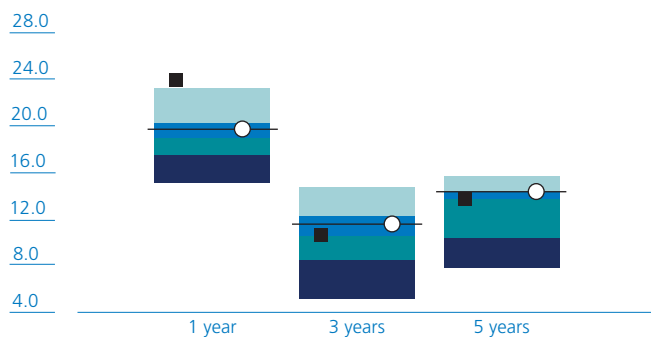
Ashmore EM external debt (broad) composite



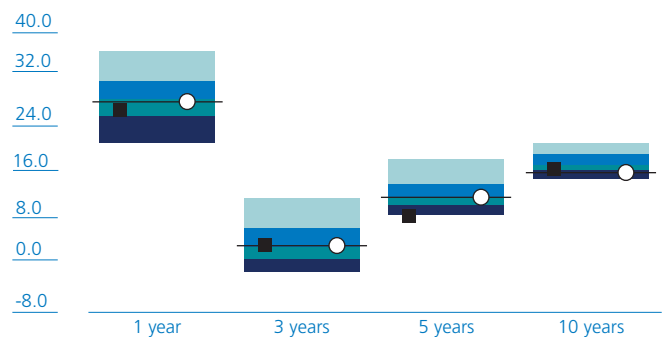
Ashmore local currency (broad) composite



Ashmore local currency bonds composite



Ashmore EMM global equity composite



“The Group maintains a strong balance sheet and continues to generate significant cash from operations.”

Operating costs and operating margin

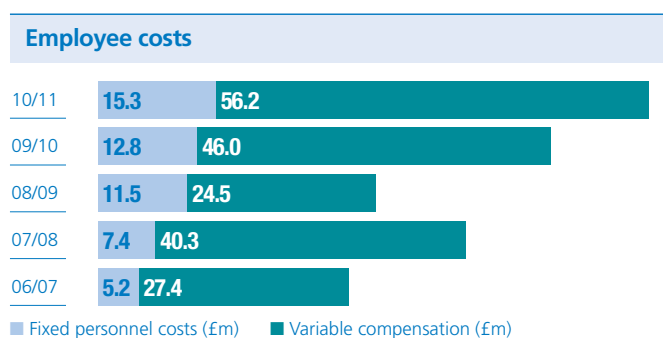
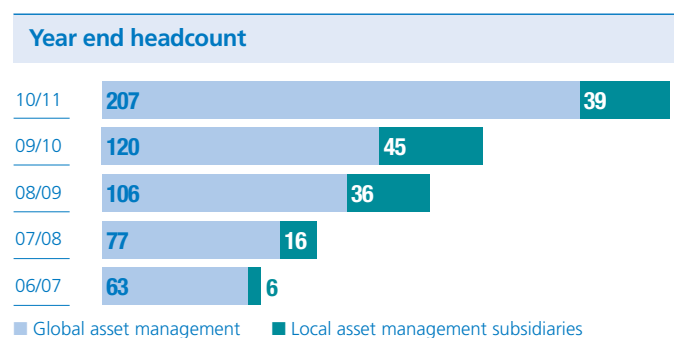
The Group has maintained its tightly controlled cost structure, with a low proportion of recurring costs and a large proportion of variable performance related costs. Headcount increased from 165 at 30 June 2010 to 246 at 30 June 2011, of which 67 related to the AshmoreEMM acquisition. The increase in wages and salaries to £11.5 million (FY2009/10: £9.7 million) is in line with this headcount increase, taking into account the fact that the additional AshmoreEMM headcount is only included for one month. There has been continued recruitment to support the future growth of the business, particularly to support the development of our distribution and investment teams.

Variable compensation costs represent the majority of overall personnel expenses and consist of performance related bonuses, share-based payments and associated social security costs. Variable compensation is calculated as a percentage of profit

before variable compensation, interest and tax. The rate of variable compensation applied in the year to 30 June 2011 was increased to 19% (FY2009/10: 18%) reflecting the strong levels of AuM subscriptions and good investment performance.

The overall total for other expenses for the year to 30 June 2011 was £22.9 million (FY2009/10: £18.1 million) with key drivers for the year-on-year rise being increased professional fees of £5.5 million (FY2009/10: £3.5 million), largely resulting from acquisition-related costs. Other costs have increased reflecting the inclusion of one month's expenses for AshmoreEMM, together with the geographic expansion of the business and increased distribution activity.

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



Taxation

The vast majority of the Group's profit is subject to UK taxation. The Group's effective tax rate for the year is 22.7% (FY2009/10: 26.1%). The tax rate for the year is less than the blended UK corporation tax rate of 27.5% principally as a result of deductions in respect of share-based awards vesting during the period.

There is a £17.9 million deferred tax asset on the Group's balance sheet at 30 June 2011, as a result of timing differences in the recognition of the accounting expense and actual tax deductions in connection with share price appreciation on share-based awards.

Balance sheet management and cash flow

It is the Group's policy to maintain a strong balance sheet in order to support regulatory capital requirements, to meet the commercial demands of current and prospective investors, and to fulfil development needs across the business which include funding establishment costs of distribution offices and local asset management ventures, seeding new funds, trading or investment in funds or other assets and other strategic initiatives.

As at 30 June 2011, total equity attributable to shareholders of the parent was £498.5 million, as compared to £370.5 million at 30 June 2010. There is no debt on the Group's balance sheet.

Cash

The Group's cash and cash equivalents balance increased by £24.6 million in the year to £369.0 million. The Group continues to generate significant cash from operations, totalling £253.4 million in the year (FY2009/10: £250.9 million), from which it paid the following significant items: £93.7 million in cash dividends (FY2009/10: £82.6 million); £62.1 million of taxation (FY2009/10: £52.9 million); £12.5 million for net new seed capital investments (FY2009/10: £26.9 million); £10.9 million for purchase of own shares to satisfy share awards (FY2009/10: £34.0 million); and £41.2 million to acquire EMM (FY2009/10: £2.3 million, in respect of an associate).

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 with institutions and liquidity funds with approved credit ratings of A or better. Typically during the financial year these have been short-term cash deposits with banks and investments in the Group's S&P AAA rated money market liquidity funds. Based on the level of cash balances at 30 June 2011, a 1 per cent change in UK interest rates over the year would have a £3.7 million impact on the Group's profit before tax.

Seed capital investments

As at 30 June 2011 the amount invested was £80.1 million (at cost), with a market value of £91.1 million. During the period the largest seed capital investments were in respect of the launch in December 2010 of our first sponsored suite of US SEC registered 40 Act funds for US institutional and retail investors. In addition the period saw the seeding of further funds managed by the Group's local asset management subsidiaries and associates. Some of the seed capital investments made in earlier periods were able to be recycled profitably.

Purchase of own shares

The Group purchases and holds shares through an Employee Benefit Trust ("EBT") in anticipation of the exercise of outstanding share options and the vesting of share awards. At 30 June 2011 the EBT owned 24,555,042 (30 June 2010: 36,007,445) ordinary shares.

Acquisition of Emerging Markets Management LLC

The Group acquired an effective 62.9 per cent stake in Emerging Markets Management LLC on 31 May 2011.

Ashmore paid initial consideration totalling £64.9 million (US\$106.9 million). This consisted of £49.5 million (US\$81.5 million) cash and £15.4 million (US\$25.4 million) in Ashmore Group plc shares. Further consideration is potentially payable at December 2011, December 2012 and December 2013, dependent on the level of management fee revenues. This has been treated as contingent consideration on acquisition and valued at £28.1 million (US\$46.1 million). Total consideration is £93.0 million (US\$153.0 million).

On acquisition, 19.2% of AshmoreEMM shares were fully vested and held by the employees and management of AshmoreEMM. Employees and management also held unvested shares representing 17.9%. As the unvested shares have performance conditions related to continued employment, these are accounted for as share-based payments in accordance with IFRS 2 Share-Based Payment, which will result in an annual charge to the income statement in the period to vesting of £5.4 million (US\$8.6 million).

Goodwill and intangible assets

At the acquisition date, AshmoreEMM had tangible net assets of £13.8 million (US\$22.7 million) with intangible assets valued at £41.3 million (US\$68.0 million). The principal intangible assets identified were fund management relationships £39.5 million (US\$65.0 million) and trade name £1.8 million (US\$3.0 million). Estimated useful lives of 8 years and 10 years respectively were ascribed to these assets. The non-controlling interest was valued at £12.9 million (US\$21.2 million) giving rise to goodwill of £50.8 million (US\$83.5 million) recognised on the acquisition date. The goodwill and intangible assets are denominated in US dollars, the functional currency, and were translated into Sterling at the exchange rate at the date of the transaction (GBP1.00:1.6448).

Deferred acquisition costs (DAC)

As in prior years, the Group carries on its balance sheet unamortised deferred acquisition costs of £6.9 million (FY2009/10: £9.3 million) in respect of the launch of Ashmore Global Opportunities Limited ("AGOL"), a publicly listed closed-ended investment company incorporated in 2007.

During 2011, the shares of AGOL have traded at a discount to the net asset value of its balance sheet and, as previously, where this discount is in excess of 10 per cent for 12 consecutive months, an EGM is required to consider whether AGOL should be wound up. The EGM was held on 18 April 2011, with over 92 per cent of the voting shareholders voting against winding up. Should the discount continue to exceed 10 per cent for a further 12 consecutive months, an EGM will once again be required.

Should, as a result of any future vote, AGOL be wound up, this would not result in an acceleration or recognition of these deferred acquisition costs. An early termination of AGOL would instead trigger the full recovery of the initial set-up costs including the portion of £7.5 million amortised to 30 June 2011.

Foreign exchange management

The Group's long-standing policy is to hedge up to two-thirds of the foreign exchange exposure in connection with its net management fee cash flows, using either forward foreign exchange contracts or options for up to two years forward with at least 25% coverage for the first 12 month period. The GBP/USD exchange rate to 30 June 2011 ranged between GBP1.00:1.4945 – 1.6707USD.

The Group experienced an overall foreign exchange loss for the year to 30 June 2011 of £7.4 million (FY2009/10: £7.0 million gain), comprising a loss of £9.2 million (FY2009/10: gain of £11.8 million) on the translation of non-Sterling denominated assets and liabilities, partially offset by a gain of £1.8 million (FY2009/10: loss of £4.8 million) on realised and unrealised hedging transactions.

The level of foreign exchange hedges in place at 30 June 2011 is US\$215.0 million. This consists of options (US\$154.5 million) and forwards (US\$60.5 million) in respect of FY2011/12 and FY2012/13 net management fee cash flows. Of the hedges, US\$161.5 million relate to FY2011/12 and US\$53.5 million relate to FY2012/13.

The options effectively operate as a collar and, together with the forwards, protect the Sterling value of US\$215.0 million of the Group's forecast management fee revenue cash flows for FY2011/12 and FY2012/13 from being impacted by currency movements (outside the contracted ranges for the collars).

The options and forwards have been marked-to-market at the year end rate of GBP1:1.6053USD.

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

Regulatory capital

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

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

The Board has assessed the amount of Pillar II capital required to cover such risks as £59.7 million. Thus, given the considerable balance sheet resources available to the Group, the Board is satisfied that the Group is adequately capitalised to continue its operations effectively.

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

Risk

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

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

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

Risk management and control

Risk management and control is one element of the Group's overall system of internal controls within its corporate governance framework – incorporating risk, compliance and internal audit. Further details of the Group's internal control environment are described in the corporate governance report on pages 37 to 41.

Dividend

In recognition of the financial performance during the period, and our confidence in the Group's future prospects, the Directors are recommending a final dividend of 10.34 pence per share for the year ended 30 June 2011 which, subject to shareholder approval, will be paid on 2 December 2011 to all shareholders who are on the register on 4 November 2011.

An interim dividend for the six-month period to 31 December 2010 of 4.16 pence (2009: 3.66 pence) was paid on 4 April 2011. Together, these result in a full-year dividend of 14.5 pence (2010: 13.0 pence), an increase of 11.5%.

Graeme Dell

Group Finance Director

Key risks and mitigants

Risk type/owner	Description of risk	Mitigation
<p>Strategic and business risk</p> <p>The risk that the medium and long-term profitability of the Group could be adversely impacted by the failure to identify and implement the correct strategy, and to react appropriately to changes in the business environment.</p> <p>Delegated to: Ashmore Group plc Board</p>	<p>These include:</p> <ul style="list-style-type: none"> – A long-term downturn in the fundamental and technical dynamics of emerging markets; – Reputational damage to Ashmore impacting marketing and distribution capabilities; – Potential market capacity issues and increased competition. 	<p>These include:</p> <ul style="list-style-type: none"> – The Board's long investment management experience; – A clearly defined Group strategy, understood throughout the organisation and actively monitored; – The diversification of investment capabilities to reduce single event/product exposure; – A committee based top down investment methodology to create a scalable business model; – Experienced, centrally managed and globally located distribution team.
<p>Investment risk</p> <p>The risk of non-performance or manager neglect, including the risk that long-term investment outperformance is not delivered thereby damaging prospects for winning and retaining clients, and putting average management fee margins under pressure.</p> <p>Delegated to: Ashmore Group Investment Committees</p>	<p>These include:</p> <ul style="list-style-type: none"> – That the investment manager does not adhere to policies; – A downturn in investment performance; – Expansion into unsuccessful themes; – Insufficient counterparties. 	<p>These include:</p> <ul style="list-style-type: none"> – Experienced Investment Committees meet weekly ensuring consistent core investment processes are applied; – Dedicated emerging markets research and investment focus, with frequent country visits; – Strong Compliance and Risk Management oversight of policies, restrictions, limits and other related controls; – Formal counterparty reviews held at least quarterly.
<p>Operational risk</p> <p>Risks in this category are broad in nature and inherent in most businesses and processes. They include the risk that operational flaws result from a lack of resources or planning, error or fraud, the inability to capitalise on market opportunities, or weaknesses in systems and controls.</p> <p>Delegated to: Ashmore Group Risk and Compliance Committee</p>	<p>These include:</p> <ul style="list-style-type: none"> – The inability to fairly price assets; – Oversight of overseas subsidiaries including the recent acquisition of AshmoreEMM; – Compliance with regulatory requirements as well as with respect to the monitoring of investment breaches; – Controls around special purpose vehicles; – Execution and process management; – Business and systems disruption; – The risk associated with the integration of AshmoreEMM particularly migrating the entity onto the Group's core systems; – Fraud by an employee or third party service provider. 	<p>These include:</p> <ul style="list-style-type: none"> – The valuations of the most material assets are outsourced to independent third parties with the Pricing Methodology Committee (PMC) providing additional oversight of valuations used for hard-to-price assets; – An integrated control and management framework is in place to ensure day-to-day global operations are managed effectively; – A Risk and Compliance Committee meets on a monthly basis to consider the Group's Key Risk Indicators ("KRIs"); – A disaster recovery procedure exists and is tested regularly; – Engagement letters or service level agreements are in place with all significant service providers; – The development of a structured AshmoreEMM integration plan with dedicated resources applied to its execution; – A New Product Committee approves new product launches.
<p>Treasury risk</p> <p>These are the risks that management does not appropriately mitigate balance sheet risks or exposures which could ultimately impact the financial performance or position of the Group.</p> <p>Delegated to: Chief Executive Officer and Group Finance Director</p>	<p>These include:</p> <ul style="list-style-type: none"> – Group revenues are primarily US dollar-based, whereas results are denominated in Sterling; – The Group invests in its own funds from time to time, exposing it to price risk, credit risk and foreign exchange risk; – Liquidity management; – The Group is exposed to credit risk and interest rate risk in respect of its cash balances. 	<p>These include:</p> <ul style="list-style-type: none"> – Monthly reporting of all balance sheet exposures to the Executive; – A proportion of Group currency exposures are hedged as a matter of policy; – Significant corporate investments are approved by the Board, and all others by the CEO; – Cash flows are forecast and monitored on a regular basis and managed in line with approved policy; – The availability of GBP and USD S&P AAA rated liquidity funds managed by experienced cash managers.

Board of Directors

The Hon. Michael Benson, Non-executive Chairman (Age 68)

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 Trinity Street Asset Management, is the Director of the York Minster Fund and is CEO of the York Minster Revealed project.^{N, R}

Mark Coombs, Chief Executive Officer (Age 51)

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 45)

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 63)

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

Jonathan Asquith, Non-executive Director (Age 54)

Jonathan Asquith joined the Board on 1 September 2008 and is Chairman of the Remuneration Committee. He was formerly Vice Chairman of Schroders plc and held the position of Chief Financial Officer between 2002 and 2007. Prior to that he worked for Morgan Grenfell and was appointed as Chief Financial Officer of Deutsche Morgan Grenfell in 1995 and Chief Operating Officer in 1997. He is also Non-executive Chairman of AXA UK plc and a Non-executive Director of AXA Investment Managers, 3i Group plc, Dexion Capital plc, and a member of the Finance and Audit Committees of the Tate galleries.^{A, N, R}

Melda Donnelly, Non-executive Director (Age 61)

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

Key to membership of committees

A – Audit
N – Nominations
R – Remuneration

Directors' report

The Directors present their Annual Report and financial statements for the year ended 30 June 2011. 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 2011 and of the position of the Group at the end of that financial year and a description of the principal risks and uncertainties facing the Group (referred to as the business review). The information that fulfils the requirements of the business review can be found in the financial and operational highlights on page 10, the Chief Executive Officer's statement on pages 14 to 17, the business review on pages 21 to 24 and 26 to 29 and the corporate governance report on pages 37 to 41.

The principal risks facing the business are detailed in the business review on pages 21 to 24 and 26 to 29 and in the corporate governance report on pages 37 to 41.

Results and dividends

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

The Directors recommend a final dividend of 10.34 pence per share (2010: 9.34 pence) which, together with the interim dividend of 4.16 pence per share (2010: 3.66 pence) already declared, makes a total for the year ended 30 June 2011 of 14.5 pence per share (2010: 13.0 pence). Details of the interim dividend payment are set out in note 10 to the financial statements.

Subject to approval at the Annual General Meeting, the final dividend will be paid on 2 December 2011 to shareholders on the register on 4 November 2011 (ex-dividend date being 2 November 2011).

Related party transactions

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

Post-balance sheet events

As set out in note 32 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 30, all of whom served as Directors throughout the year.

Details of the service contracts of the current Directors are shown in the remuneration report on pages 43 to 48.

Details of the constitution and powers of the Board and its committees are set out in the corporate governance report on pages 37 to 41. The corporate governance report also summarises the Company's rules concerning appointment and replacement of Directors.

Directors' conflicts of interests

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

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

Directors' share interests

The interests of Directors in the Company's shares and in options over the Company's shares are shown on page 48 within the remuneration report.

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

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

Resolution 16 in the Notice of Annual General Meeting will seek approval from shareholders to a waiver of the provisions of Rule 9 of the Takeover Code in respect of the obligation that could arise for Mark Coombs to make a mandatory offer for the Company in the event that the Company exercises the authority to make market purchases of its own shares. Further details are contained in the separate Notice of AGM.

Restrictions on transfer of shares

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

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

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

Directors' report *continued*

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

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

In the case of certificated shares, registration of a transfer may also be refused where (i) the instrument of transfer is not duly stamped (unless exempt from stamping); (ii) insufficient evidence of title is

produced in respect of a transfer; and (iii) the transferor has been served with a restriction notice (as defined in the Articles) after failure to provide the Company with information concerning interests in those shares required to be provided under the Companies Acts, unless the transfer is shown to the Board to be pursuant to an arm's length sale. Registration of a transfer of shares may be refused in the case of uncertificated shares in the circumstances set out in the Uncertificated Securities Regulations (as defined in the Articles).

Substantial shareholdings

The Company has been notified of the following significant interests (over 3 per cent) in accordance with the FSA's Disclosure and Transparency Rules (other than those of the Directors which are disclosed separately on page 48) in the Company's ordinary shares of 0.01 pence each as set out in the table below.

	Number of shares as at 30 June 2011	Percentage interests	Number of shares as at 12 September 2011	Percentage interests
Jerome Paul Booth	47,412,690	6.70	47,412,690	6.70
Carey Pensions and Benefits Limited as Trustees of the Ashmore 2004 Employee Benefit Trust ¹	24,555,042	3.47	24,555,042	3.47
BlackRock Inc	30,997,089	4.41	30,997,089	4.41
FMR LLC	35,376,536	4.99	35,376,536	4.99

1. In addition to the interests in the Company's ordinary shares referred to above, each Director and senior manager who is an employee of the Group has an interest in the Company's ordinary shares held by Carey Pensions and Benefits Limited under the terms of the Ashmore 2004 Employee Benefit Trust. Percentage interests are based upon 707,916,106 shares in issue (which excludes 5,368,331 shares held in Treasury).

Share capital

The Company has a single class of share capital which is divided into ordinary shares of 0.01 pence, each of which rank *pari passu* in respect of participation and voting rights. The shares are in registered form. The issued share capital of the Company at 30 June 2011 is 713,284,437 shares in issue (of which 5,368,331 shares are held in Treasury).

Details of structure of and changes in share capital are set out in note 22 to the financial statements.

Restrictions on voting rights

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

Purchase of own shares

The Company is, until the date of the next Annual General Meeting, generally and unconditionally authorised to buy back up to 70,355,600 of its own issued shares. In the year under review the Company did not purchase any shares for Treasury. The Company retains a total of 5,368,331 shares for Treasury which were acquired at an average price of 129 pence per share. The Company is seeking a renewal of this authority at the 2011 Annual General Meeting.

Power to issue and allot shares

The Directors are generally and unconditionally authorised to allot unissued shares in the Company up to a maximum nominal amount of £23,451.89 (and £46,903.78 in connection with an offer by way of a rights issue).

A further authority has been granted to the Directors to allot the Company's shares for cash, up to a maximum nominal amount of £3,540.00, without regard to the pre-emption provisions of the Companies Acts. No such shares have been issued or allotted under these authorities, nor is there any current intention to do so, other than to satisfy outstanding obligations under the employee share schemes where necessary.

These authorities are valid until the date of the next Annual General Meeting. A resolution for the renewal of such authorities will be proposed at the 2011 Annual General Meeting.

Employees

Details of the Company's employment practices (including the employment of disabled persons) can be found in the corporate governance report on pages 37 to 41.

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 UK Corporate Governance Code, and to state how its principles have been applied. A report on corporate governance and compliance with the provisions of the Code is set out on pages 37 to 41.

Charitable and political contributions

During the year, the Group made charitable donations of £0.3 million (2010: £nil). 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 2011, the amount owed to the Group's trade creditors in the UK represented approximately 28 days' average purchases from suppliers (2010: 30 days).

Auditors and the disclosure of information to auditors

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

Resolutions will be proposed at the Annual General Meeting to reappoint KPMG Audit Plc as auditors and to authorise the Directors to agree their remuneration. Note 6 to the financial statements sets out details of the auditors' remuneration.

2011 Annual General Meeting

The 2011 Annual General Meeting of the Company will be held at 12.00 noon on Thursday 27 October 2011 at Kingsway Hall Hotel, 66 Great Queen Street, London WC2B 5BX. Details of the resolutions to be proposed at the Annual General Meeting are given in the separate circular and notice of meeting.

Going concern

The Company and Group have considerable financial resources and the Directors believe that both are well placed to manage their business risks successfully. Further information regarding the Group's business activities, together with the factors likely to affect its future development, performance and position is set out on pages 14 to 29.

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 31 to 33 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

12 September 2011

Statement of Directors' responsibilities

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

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

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

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

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

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

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

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

We confirm that to the best of our knowledge:

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

Michael Benson
Chairman

12 September 2011

Corporate social responsibility

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

Investment

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

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

Ashmore believes that social, ethical and environmental (SEE) criteria tend to be focused primarily on equity investing because of the influence which shareholder interests are able to exert on the management of a particular company. In May 2011 Ashmore acquired majority ownership of Emerging Markets Management LLC, a long established US-based investment management firm focusing entirely on the emerging markets public equities theme. AshmoreEMM believes that the way in which companies manage their relations with stakeholders can have an impact on business performance. These stakeholders encompass employees, local communities, wider society, governments, supply chains, customers and the natural environment. There is a wide range of environmental and social issues which could be relevant for a company depending on the industry in which it operates and its specific business profile. Environmental and social issues can become new sources of risk or opportunity for companies, and a company's ability to respond to these issues can therefore act as an early signal of long-term competitiveness. To the extent practicable, AshmoreEMM monitors the environmental, social and corporate governance performance of the companies in which they invest through ongoing company visits and other information channels. Generally, companies disclose corporate governance practices through corporate policies, stock market listings (for example, Brazil has a separate category for companies committed to state of the art corporate governance practices), and market press releases. They disclose environmental and social practices in annual reports and other reports to investors.

Ashmore believes that good corporate governance helps to align the interests of Company management with those of its shareholders. Where possible, we seek to maintain constructive dialogue with Company management. We consider whether companies have corporate governance frameworks that are in line with applicable country codes and serve shareholder interests. Views on corporate governance do not constrain investment decisions, however; often the best investments can be in companies where we anticipate an

improvement in corporate governance practices. In many jurisdictions, and to the extent consistent with our fiduciary duty to our clients, we exercise our voting rights as a means to signal our views to Company management. We have developed detailed guidelines to guide our voting decisions, but will, as appropriate, consider resolutions on a case-by-case basis taking into account all available information.

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

Ashmore aims to avoid investing in companies that do not:

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

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

Ashmore also aims to ensure that any investments which it makes comply with the relevant industry standards and best practice, treat their employees fairly, have active community programmes and operate with sensitivity to the environment. Ashmore has made investments in a number of renewable energy projects in different countries including hydro-electricity, geothermal energy and sugar-based ethanol production, which reflect its overall approach to combining ethical investing with sound business practice on behalf of clients.

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

The majority of our assets continue to be invested in either external debt (the majority of which is sovereign) or local currencies. In the case of external debt investments, our ability to have an influence is generally limited to a decision whether or not to invest, however, at a country level we believe that we are able to exert an influence through dialogue with governments and central banks.

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

The Ashmore Foundation

Consistent with the Group's commitment to responsible corporate citizenship, the Ashmore Foundation was created in 2008 and is funded by personal financial contributions from employees of the Group. The Foundation reflects Ashmore's overall philosophy that we can and should make a positive difference in communities in which Ashmore operates, in countries which contribute to Ashmore's income and profitability. The Foundation therefore seeks to provide financial grants to worthwhile causes within the emerging markets in order to enhance human welfare, opportunities and capabilities, particularly for those that are vulnerable and at the lower end of the socio-economic spectrum.

Corporate social responsibility *continued*

The Foundation's grant-making policy is wide-ranging but has a particular focus on education and healthcare, the former in particular being seen as the best way to help the long-term self-development of emerging markets countries. The Foundation is also interested in supporting sustainable livelihoods and social enterprise as a method of reducing poverty in a manner that empowers people to help themselves.

Regular updates on the activities of The Foundation are published on The Ashmore Foundation section of our website at www.ashmoregroup.com

Employees

At year end Ashmore employed 246 people in eleven countries worldwide. Ashmore's people have always been its most important asset, at the heart of everything it does. Ashmore has many talented people and it remains a priority to develop, manage and retain this talent in order to deliver the potential of the organisation. Ashmore wants to be an employer which the most talented people aspire to join wherever it operates.

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

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

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

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

Equal opportunities

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

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

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

Health and Safety

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

Environment

As an investment manager, Ashmore has a limited direct impact upon the environment and there are few environmental risks associated with the Group's activities. Ashmore moved into its premises at 61 Aldwych, London in May 2008 and occupies a single floor of approximately 19,000 square feet in a nine storey multi-tenanted building. Water and gas supplied into the building are metered centrally by the building management and costs apportioned to each tenant pro-rata according to floor occupancy.

As part of its ongoing commitment to the environment, Ashmore throughout its operations has adopted policies and programmes to promote energy conservation and the avoidance of waste through a number of initiatives, such as the recycling of paper, glass and other waste and the use of "green" energy. Electricity usage is separately monitored by floor with renewable energy accounting for a minimum of 10 per cent of supply. Energy-efficient lighting is installed in the building with sensors which turn lights off when no movement is detected. The building has received an Energy Performance Certificate with an Asset Rating of 98. Utilities are not monitored by the building management in terms of carbon emissions as no accurate data is available on the consumptive quality of each item. The registration and reporting obligations under the Carbon Reduction Commitment (CRC) Energy Efficient Scheme do not apply to the Company.

Ashmore endeavours to make maximum use of available technology such as video conferencing; however, its business model as an investor in emerging markets inevitably requires that its investment professionals and other members of staff travel frequently to these countries to assess and monitor opportunities.

Ashmore provides obsolescent computers to Computer Aid International ("Computer Aid"), a UK registered charity that aims to reduce poverty through practical ICT solutions, and has in place recycling programmes for waste paper, photocopier toners and other disposable materials.

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

By order of the Board

Michael Perman
Company Secretary

12 September 2011

Corporate governance report

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

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

No departures from the 2010 Code occurred during the year under review.

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

Michael Benson
Chairman

Directors

The Board of Directors comprises two Executive Directors and four Non-executive Directors. The two Executive Directors are Mark Coombs, the Chief Executive Officer, and Graeme Dell, the Group Finance Director. The Non-executive Directors are Michael Benson, Chairman; Nick Land, Senior Independent Director; Jonathan Asquith and Melda Donnelly. All Directors served throughout the year.

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

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

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

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

During the year under review the Group complied with the 2010 Code requirement that at least half of the Board consist of independent Directors (excluding the Chairman).

Biographical details of the Directors are given on page 30.

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

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

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

Under the Articles, the minimum number of Directors shall be two and the maximum shall be nine. Directors may be appointed by the Company by ordinary resolution or by the Board. A Director appointed by the Board must offer himself for election at the next Annual General Meeting of the Company following his appointment but he is not taken into account in determining the Directors or the number of Directors who are to retire by rotation at that meeting. The Directors to retire by rotation must be those who held office at the time of the two preceding Annual General Meetings and did not retire at either of them or if they have held office with the Company for a continuous period of nine years or more at the date of the Annual General Meeting. The office of Director shall be vacated in other circumstances, including where (i) that Director resigns or is asked to resign; (ii) they are or have been suffering from mental ill health; (iii) they are absent without permission of the Board from meetings of the Board for six consecutive months; (iv) they become bankrupt or compound with their creditors generally; or (v) they are prohibited by law from being a Director. Notwithstanding these provisions the Board has adopted provision B.7.1 of the 2010 Code and the Directors will therefore all retire and seek re-election at the Annual General Meeting on 27 October 2011.

Powers of the Directors

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

Corporate governance report *continued*

Annual performance evaluation

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

Meetings were held between the Chairman and each individual Director in which issues and developments over the year were discussed and performance was considered by reference to the objectives of the Board and its committees. Each Director also completed a formal questionnaire and responses were collated by the Company Secretary. The results and issues raised were subsequently discussed by the Board together with progress against last year's evaluation. The Board also evaluated the Chairman's performance and this process was led by the Senior Independent Director.

Board and committee attendance

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

Board and committee attendance

	Board	Nominations Committee	Audit Committee	Remuneration Committee
Total number of meetings between 1 July 2010 and 30 June 2011	6	2	3	4
Michael Benson	100%	100%	–	100%
Mark Coombs	100%	–	–	–
Graeme Dell	100%	–	–	–
Nick Land	100%	100%	100%	100%
Jonathan Asquith	100%	100%	100%	100%
Melda Donnelly	100%	–	100%	–

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

Board committees

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

All of these committees operate within written terms of reference, which are reviewed annually. In order to strengthen and enhance the Audit Committee's oversight on risk matters the terms of reference and agenda for the committee were revised from September 2011, and the committee was changed to the Audit and Risk Committee in order to reflect this role. The terms of reference of the Remuneration Committee have also been revised to give due regard to the provisions and recommendations of the FSA's Remuneration Code. The chairman of each committee reports regularly to the Board.

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

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

Audit Committee

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

Nick Land (Chairman)
Melda Donnelly
Jonathan Asquith

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

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

The terms of reference for the Audit 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 the Group's internal control and risk management systems, reporting to the Board on the results of this review and receiving updates on key risks and controls;
- overseeing and challenging the day-to-day risk management and oversight arrangements of the executive and the design and execution of stress and scenario testing;
- overseeing and challenging due diligence on risk issues relating to material transactions and strategic proposals that are subject to approval by the Board;
- providing advice to the Remuneration Committee on risk weightings to be applied to performance objectives incorporated in the incentive structure for the executive; and
- reviewing the Audit Committee's terms of reference, carrying out an annual performance evaluation exercise and noting the satisfactory operation of the Audit Committee.

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

The number of Audit Committee meetings and their attendance by the Directors are set out in the table on page 38. Representatives of KPMG Audit Plc, the Chief Executive Officer, the Group Finance Director and representatives of the internal auditors, Ernst & Young, attend each meeting as a matter of practice and presentations are made by the executive management as required.

Remuneration Committee

The Group complied during the year with the Combined Code requirement that the Remuneration Committee should consist of at least three independent Non-executive Directors.

The Remuneration Committee is chaired by Jonathan Asquith with Michael Benson and Nick Land as members, all of whom served on the Remuneration Committee throughout the year.

A report on the activities of the Remuneration Committee is included in the remuneration report on pages 43 to 48. The terms of reference for the Remuneration Committee take into account the requirements of the Combined Code and are available for inspection at the registered office, at the Annual General Meeting and can also be found on the Company website at www.ashmoregroup.com.

The terms of reference for the Remuneration Committee include:

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

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

The number of Remuneration Committee meetings and their attendance by the Directors are set out in the table on page 38. In addition, and in accordance with the terms of reference, the members of the Remuneration Committee were also consulted on a range of issues during the year, including specific matters related to recruitment.

Nominations Committee

The Nominations Committee comprises three Non-executive Directors, Michael Benson as Chairman, Nick Land and Jonathan Asquith. All Directors served on the Nominations Committee throughout the year.

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

The terms of reference for the Nominations Committee include:

- reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and its committees;
- reviewing annually the time required from each Non-executive Director, using performance evaluation to assess whether the Non-executive Director is giving sufficient commitment to the role;
- giving full consideration to succession planning in the course of its work, taking into account the challenges and opportunities facing the Company and what skills and expertise are needed on the Board in the future; 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 Nominations Committee have included reviewing the requirements for potential independent non-executive candidates for appointment to the Board, proposals for re-election of Directors at the Annual General Meeting, and reviewing its terms of reference. The number of Nominations Committee meetings and their attendance by the Directors are set out in the table on page 38.

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 2011 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.

Corporate governance report *continued*

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

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

Internal control and risk management

In accordance with the principles of the UK Corporate Governance Code 2010, the Board is ultimately responsible for the Group's risk management and internal control systems and for reviewing their effectiveness. Such systems and their review are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Within the Group's over-arching corporate governance framework, through which the Board aims to maintain full and effective control over appropriate strategic, financial, operational and compliance issues, an internal control framework has been established, against which the Company is able to assess the effectiveness of its risk management and internal control systems. The Group's system of internal control is embedded within its routine operations, and a strong control culture is combined with clear management responsibility and accountabilities for individual control. The internal control framework provides an ongoing process for identifying, evaluating and managing the Group's significant risks, and has been in place for the year under review and up to the date of approval of the annual report and accounts. The process is regularly reviewed by the Board, and accords with the guidance in the document "Internal Control: Revised Guidance for Directors on the Combined Code, October 2005" ("Turnbull Guidance") published by the Financial Reporting Council.

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

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

There are established policies and procedures to enable the Board, through its regular meetings, to monitor the effectiveness of the risk management and internal control systems, which cover all significant identified internal and external strategic, operational, financial, compliance and other risks, including the Group's ability to comply with all applicable laws, regulations and clients' requirements. The Board has continued to receive regular financial and other management information related to the control of expenditure against budget and the making of investments, and for monitoring the Group's business and its performance, and regular compliance and risk reports.

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

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

Policies

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

Processes

- a planning framework is maintained, which incorporates a Board approved strategic plan, with objectives for each business unit;
- regular business reviews of the Company and its subsidiaries are performed by senior management, which consider the ongoing effects of change and the short, medium and long-term operational requirements;
- quarterly senior management systems and controls reviews are undertaken by the Group Finance Director with the Head of Compliance, and the Head of Risk Management and Control in which the Chief Executive Officer participates at least annually, which include evaluation of the potential impact and likelihood of identified risks and possible new risk areas;

- a matrix of top risks identifies key business, operational, financial and compliance risks, and considers the likelihood of those risks crystallising and the resultant impact. The inherent risk within each business activity has been identified, with the adequacy and mitigating effect of existing processes being assessed to determine a current residual risk level for each such activity. On the basis that further mitigants may be employed over time, a target residual risk for each activity after one to two years has been defined;
 - key risk indicator (“KRI”) statistics are reported to and analysed by the RCC. The 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;
 - there are well-defined procedures governing the appraisal and approval of corporate investments, including seeding of funds and purchase of own shares, with detailed investment and divestment approval procedures, incorporating appropriate levels of authority and regular post-investment reviews;
 - the Group has secure information and communication systems capable of capturing relevant and up to date information by relevant personnel;
 - strong financial controls are maintained to ensure accurate accounting for transactions, appropriate authorisation limits to contain exposures, and reliability of data processing and 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;
 - oversight and management of the Group’s foreign currency cash flows and balance sheet exposures are the responsibility of the FX Management Committee which determines the appropriate level of hedging required and appropriate accounting treatment;
 - Board members receive monthly management accounts and other relevant reports, which highlight actual financial performance against budget/forecast and prior year period;
 - detailed investment reports are prepared and discussed at each of the sub-committee meetings of the Group’s Investment Committee, which take place weekly or monthly depending on investment theme, with following actions agreed and implemented within a strict operational framework;
 - oversight of the valuation methodologies used for clients’ fund investments that cannot be readily externally priced is the responsibility of the Group’s Pricing Methodology Committee (“PMC”) which meets monthly to review the current valuation methodology for each of these investments and to propose an updated valuation methodology where appropriate;
 - the Group compliance function, whose responsibility is to ensure that the Group at all times meets its regulatory obligations, and to integrate regulatory compliance procedures and best practices within the Group, undertakes an ongoing compliance monitoring programme covering all the relevant areas of the Group’s operations, to seek to identify any breach of compliance with applicable financial services regulation, which includes real-time investment restrictions monitoring of client mandate requirements. Results of the compliance monitoring programme are reported to the RCC in support of the overall risk management framework; and
 - the development of new products is an important part of the Group’s business in responding to clients’ needs and changes in the financial markets, and is the responsibility of the New Products Committee which approves new product launches.
- Verification**
- the external auditors are engaged to express an opinion on the annual financial statements, and also independently and objectively review the approach of management to reporting operating results and financial condition;
 - the internal audit function undertakes a programme of reviews as determined by the Board, reporting the results together with their advice and recommendations to the Audit Committee. The internal audit function is currently provided under an outsourcing arrangement by Ernst & Young – this arrangement will be subject to periodic review;
 - annual reports are reviewed independently by the Group’s external auditors pursuant to the Statement of Auditing Standards No. 70, type II (“SAS 70”); 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.
- By order of the Board
- Michael Perman**
Company Secretary
- 12 September 2011

Report from the Chairman of the Audit Committee

The composition and summary terms of reference of the Audit Committee are set out on pages 38 and 39.

The principal activities of the Audit Committee through the year were as follows:

Financial statements

The Audit Committee reviewed the 2011 Annual Report, Interim Results, Preliminary Results and reports from the external auditors, KPMG Audit Plc, on the outcome of their reviews and audits in 2011.

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 services and those which require explicit prior approval. All contracts for non-audit services in excess of £25,000 must be notified to the Chairman of the Audit Committee and approved by him. During the year the value of non-audit services provided by KPMG amounted to £0.4 million (2010: £0.4 million). The range of permitted non-audit services included reporting on our half year financial statements, providing assurance reports to the FSA, the provision of tax compliance services, acting as reporting accountant in appropriate circumstances provided there is no element of valuation work involved, and reports on internal controls as required under SAS 70 pursuant to investment management industry standards.

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

The Committee is satisfied that the external auditors remain independent and has 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 and internal auditors without the Executive Directors being present so as to provide a forum to raise any matters of concern in confidence. The Committee also received a report from the independent KPMG team responsible for the audits of the Ashmore publicly traded funds.

Internal controls and risk management

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

Further details can be found on pages 28 to 29 and 40 to 41.

Internal audit

Ernst & Young were appointed as internal auditors effective 1 July 2009 reporting directly to the committee. The Committee has received regular reports on its findings and programme of reviews at each of its meetings during the course of the year. Further details can be found in the internal control section of the corporate governance report on pages 40 to 41.

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

12 September 2011

Remuneration report

Unaudited information

Introduction

This report has been prepared on behalf of the Board in accordance with Schedule 8 to the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008 and the UK Corporate Governance Code. This report sets out the Company's remuneration policy and gives details of the compensation of Directors for the year ended 30 June 2011.

Remuneration Committee

The Remuneration Committee comprises three Non-executive Directors. Throughout the year Jonathan Asquith served as Chairman with Michael Benson and Nick Land as members.

The Remuneration Committee meets as often as required to discharge its duties and met four times during the period from 1 July 2010 to 30 June 2011. Details of attendance at all meetings for the financial year under review are contained in the table on page 38 of the corporate governance report. The Chief Executive Officer, Group Finance Director, Company Secretary and the Head of Human Resources attended all or part of the meetings at the invitation of the Remuneration Committee but took no part in the determination of their own remuneration.

The primary role of the Remuneration Committee is to make recommendations to the Board as to the Company's framework or broad policy for the remuneration of the Chairman, the Executive Directors of the Board, the Company Secretary and employees identified as Code and Control staff for purposes of compliance with the Financial Services Authority ("FSA") remuneration code ("Code"). The Code defines Code staff as staff who have a material impact on the firm's risk profile, including a person who performs a significant influence function for a firm, senior managers (as defined) and risk takers. Control staff are those employed in Control functions such as Compliance, Risk and Internal Audit. The Remuneration Committee decides on total individual remuneration packages for these positions. In addition the Remuneration Committee is responsible for ensuring that the Company's remuneration policy for all staff is compliant with the Code.

Remuneration policy

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

- levels of remuneration are relative to the Company's market and sufficient to attract and retain Executive Directors and employees of the quality required to run the Company successfully;
- the Executive Directors and employees receive sufficient incentives to motivate enhanced performance;

- Executive Directors and employees are fairly rewarded for their individual contributions to the Company's overall performance; and
- effective risk management is promoted and encouraged by Executive Directors and employees.

In determining this policy, the Remuneration Committee takes into account a broad range of factors including the interests of the shareholders, the financial and commercial health of the Company and guidance provided by the FSA or other relevant bodies.

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

The terms of reference of the Remuneration Committee are available on the Company website at www.ashmoregroup.com.

Advisors

The Remuneration Committee was advised, when considered appropriate, by Hewitt New Bridge Street (a trading name of Aon Hewitt Limited) throughout the period 1 July 2010 to 30 June 2011. The Company participates in the McLagan Partners compensation survey from which relevant data is provided to the Remuneration Committee.

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

Service agreements

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

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

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

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

Directors' service contracts	Date appointed Director	Contract date	Notice period	Expiry/review date
Executive Directors				
Mark Coombs	3 December 1998	21 September 2006	1 year	Rolling
Graeme Dell	19 December 2007	3 December 2007	1 year	Rolling
Non-executive Directors				
Michael Benson – Chairman	3 July 2006	3 July 2009	1 month	3 July 2012
Nick Land	3 July 2006	3 July 2009	1 month	3 July 2012
Jonathan Asquith	1 September 2008	1 September 2011	1 month	1 September 2014
Melda Donnelly	1 July 2009	1 July 2009	1 month	1 July 2012

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

Remuneration report *continued*

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

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

Executive remuneration components

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

The pay model adopted for the Executive Directors is similar to that of employees more generally within the Group, and the Remuneration Committee considers the levels and principles applying to the remuneration of other employees of the Group when determining Directors' remuneration.

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

Fixed compensation

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

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

Variable compensation

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

The Company's intention is to pay to members of staff an amount in total of up to 25% of earnings before variable compensation, interest and tax ("EBVCIT") in respect of its total variable compensation comprising cash bonus, including social security obligations thereon, and share-based payments, including fair value and social security costs in this respect. For the financial year ended 30 June 2011 the provision for variable compensation is at 19% of EBVCIT. In view of the stringent salary controls which the Group operates the Remuneration Committee does not consider it necessary or appropriate to set a cap on individual discretionary bonus awards, although such awards will be made within the overall provision for variable compensation as set out above.

40% of any discretionary variable compensation earned by Executive Directors is received in the form of a restricted share or restricted phantom share award (at the prevailing share price without enhancement) which is deferred and vests after a period of five years subject to achieving a relative total shareholder return ("TSR") performance target. In addition, the opportunity exists to commute up to 50% of the annual cash bonus that would otherwise be earned into the Company's shares or phantom shares (also at the prevailing share price without enhancement) or to take the entire remaining bonus as cash. If a deferral of bonus is voluntarily elected, the deferral period is also five years with deferred shares then subject to a matching award that is currently of equal value to the bonus deferred. Matching awards are subject to the same relative TSR performance condition. Full details of share awards and the TSR performance target are set out below on page 46 and 47.

The Remuneration Committee has considered the final rules on remuneration in financial companies issued by the FSA as applied to the Company as a 'tier 4' firm, and in particular its emphasis on the need to ensure that remuneration plans do not incentivise excessive risk taking and short-termism. The Committee believe that the nature of the variable remuneration plans in place have been structured appropriately in light of the Company's business model and risk profile, the proportion of variable remuneration of Executive Directors and senior staff across the business which is deferred (a minimum of 40% of any bonus earned for a five-year period), the length of the deferral period (five years being well ahead of the period required by the FSA for firms in tiers 1-3 and other relevant guidance) and the performance conditions attached to the deferred awards (i.e. the part of the bonus that is converted into a restricted share award is subject to a TSR performance condition that acts as a form of 'claw-back' in that the shares will not ultimately vest in full unless the Company's TSR is at upper quartile measured against other global investment management firms over a five-year period).

In addition, the Remuneration Committee has the authority to clawback part or all of the deferred remuneration of Executive Directors during its five-year restricted period, in the exceptional event that either the remuneration was awarded on the basis of materially misstated results, or an Executive Director commits gross misconduct. The authority to apply clawback applies with effect from remuneration awarded in respect of 2010-2011 performance.

Where an Executive Director has waived deferred variable compensation in return for the Remuneration Committee considering a contribution to charity, and the Remuneration Committee has approved such a contribution, the Remuneration Committee will not apply clawback to the amount waived to charity, but has the discretion to reduce present or future year variable compensation by equivalent amounts.

Until the year ended 30 June 2009, for reasons related to Rule 9 of the Takeover Code, Mark Coombs chose to waive any shares offered to him as part of his variable remuneration as the issuance of further shares to him would have increased his existing shareholdings to the extent that it would trigger a mandatory bid for all shares. During prior years he therefore asked the Remuneration Committee to consider an appropriate equivalent donation to be made to a charity or charities nominated by him and the Remuneration Committee has agreed to this. Any equivalent donation made to a charity is paid to the charity annually in instalments of one fifth of the value of the award over a period equivalent to the five-year vesting period, which would have otherwise applied to a share award. Ongoing payments to the charity are dependent on Mark Coombs' continued employment.

Mark Coombs' performance measures include targets for EBIT and AuM growth as well as the progression of strategic opportunities and operational development. The committee is fully satisfied that these performance measurements were met or exceeded in the year ended 30 June 2011. Similar measurements will be applied in the financial year ending 30 June 2012.

Graeme Dell's performance measurements are a basket of operational, strategic and compliance related targets pertaining to his areas of responsibility, including finance, technology, compliance, operations, Ashmore's overseas operations and investor relations. The committee is satisfied that key targets were met in the year ended 30 June 2011. Similar performance measures will be applied to the financial year ending 30 June 2012.

The balance between the fixed and variable elements of total compensation for each of the Executive Directors for the year ended 30 June 2011 is shown in the table below prior to any waivers made to charity and prior to any elections made to commute cash bonus into bonus shares or bonus phantom shares.

Total compensation	Fixed	Variable – cash	Variable – deferred	Total
Mark Coombs	1%	59%	40%	100%
Graeme Dell	8%	55%	37%	100%

Mark Coombs has requested to waive 20% of any total bonus that would otherwise be awarded to him. He asked the Remuneration Committee to consider an appropriate equivalent donation to be made to a charity or charities nominated by him and the Remuneration Committee has agreed to this. 50% of the amount waived will be donated to the Ashmore Foundation, more details of which can be found in the corporate social responsibility section of this report on pages 35 to 36, and 50% to a charity or charities of his choice.

Long term share award plans

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

The overall limits operated under the live plans described below, which were established prior to the listing of the Company, are designed to fulfil these objectives. The number of shares which may be issued in aggregate under any employee share plan of the Company over any ten-year period following Admission is limited to 15% of the Company's issued share capital at that time. The Company's obligations under the share plans can be met by newly issued shares in the Company or shares purchased in the market by the trustees of an employee benefit trust ("EBT"). During the period all of the awards that vested were met by shares from the EBT. As detailed in note 23 of the accounts, the EBT continues to make market purchases of shares to satisfy current and future awards.

At 30 June 2011 the Company had issued 3.6% of the Company's issued share capital under employee share plans to its staff.

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

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

This plan was adopted on 11 October 2006.

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

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

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

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

The Omnibus Plan includes individual limits in respect of option and share awards made to Executive Directors in any annual period whereby an award will be limited and take effect so that (a) no participant who is an Executive Director of the Company is granted market value options, discounted options or premium cost options in any annual period over more than 2,000,000 ordinary shares of 0.01 pence each, and (b) no participant who is an Executive Director of the Company is granted restricted share or restricted phantom share awards (or equivalent conditional rights to shares) in any annual period over more than 1,000,000 ordinary shares of 0.01 pence each (such annual limits not including bonus shares or matching shares). 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. Bonus shares represent mandatorily or voluntarily waived annual bonus entitlement and the Omnibus Plan also contains a limit on the ratio of matching shares to bonus shares of three to one. The match applied to all awards made to date has been one to one and this ratio will be used for awards relating to the year ended 30 June 2011.

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

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

Remuneration report *continued*

The Company Approved Share Option Plan ("CSOP")

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

During the financial year share awards were granted to Graeme Dell from the Omnibus Plan on 21 September 2010 as set forth in the table below and as reported in the remuneration report for the year ended 30 June 2010.

Ashmore Executive Omnibus Incentive Plan

	Number of restricted shares*	Number of bonus shares	Number of matching shares*	Price of award	Date of award	Release date
Graeme Dell	113,479	85,109	85,109	317.24 pence	21 September 2010	21 September 2015

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

During the financial year phantom share awards were granted to Mark Coombs from the Omnibus Plan on 29 October 2010 as set forth in the table below and as reported in the remuneration report for the year ended 30 June 2010.

Ashmore Executive Omnibus Incentive Plan

	Number of phantom restricted shares*	Number of phantom bonus shares	Number of phantom matching shares*	Price of award	Date of award	Release date
Mark Coombs	882,613	661,959	661,959	317.24 pence	29 October 2010	29 October 2015

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

In relation to these awards, Mark Coombs requested to waive 30% of any total bonus awarded to him. He asked the Remuneration Committee to consider an appropriate equivalent donation to be made to a charity or charities nominated by him and this was agreed by the Remuneration Committee. The figures shown are gross of this waiver.

Total Shareholder Return ("TSR") performance measure

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

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

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

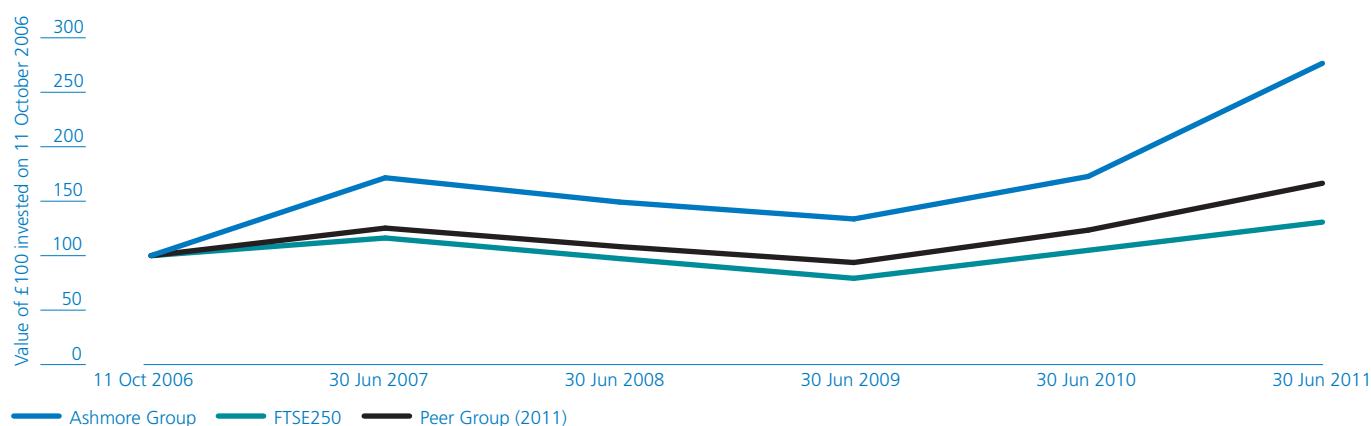
The Remuneration Committee decided to increase the number of companies used for TSR comparison purposes on 10 September 2009 from the original 16 comparator companies. This was prompted by the suspension from trading or acquisition of three of the original comparator group companies. The Remuneration Committee felt that in order to ensure that a sustainable peer group was selected; the group should be increased for awards made in relation to the year ended 30 June 2009 forward. Since the increase of the comparator group to 19 companies, one has delisted thus reducing the comparator group to 18. There have been no other changes to the comparator group this year.

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

TSR performance graph

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

Total Return Performance Chart to 30 June 2011



Source: Thomson Reuters

The chart shows the value by 30 June 2011 of £100 invested in Ashmore Group on 11 October 2006 (the date of listing) compared to the value of £100 invested in the FTSE 250 index and a bespoke index comprised of the 2011 Peer Group for the Ashmore Executive Omnibus Incentive Plan. The other points are the values at intervening financial year ends. Each point at a financial year end is calculated using an average total shareholder return value over June (i.e. 1 June to 30 June inclusive).

Audited Information

Pensions

The Company operates a Group Personal Pension scheme. Executive Directors are entitled to join the Group Personal Pension Scheme ("Pension Scheme") under which the Company makes contributions

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

Other benefits

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

Directors' remuneration

The remuneration of the Directors of the Company for the year ended 30 June 2011 was as follows:

Notes	Salaries £	Fees £	Benefits £	Cash bonus £	Year ended 30 June 2011 Total £	Year ended 30 June 2010 Total £
Executive Directors						
Mark Coombs ^{1,2,3,4,8}	100,000	–	£9,023	4,800,000	4,909,023	£4,308,689
Graeme Dell ^{1,5,9}	100,000	–	£9,023	720,000	829,023	£648,689
Non-executive Directors						
Michael Benson ^{6,7}	–	125,000	–	–	125,000	125,000
Jonathan Asquith ⁶	–	50,000	–	–	50,000	50,000
Nick Land ⁶	–	50,000	–	–	50,000	50,000
Melda Donnelly ⁶	–	50,000	–	–	50,000	50,000

1. Mark Coombs' and Graeme Dell's variable compensation is made up of 60% cash bonus and 40% deferred restricted share or restricted phantom awards. They may commute up to 50% of their cash bonus in favour of an equivalent amount of bonus share or bonus phantom awards and an equivalent value in matching share or matching phantom awards. All share or phantom awards will be reported in the Directors' share award and phantom award tables in the year of grant.
2. In respect of the year ended 30 June 2010 Mark Coombs chose to commute 50% of his cash bonus thus reducing his cash bonus from £4,200,000 to £2,100,000.
3. In respect of the year ended 30 June 2010 Mark Coombs chose to waive 30% of any element of his potential variable compensation award in return for the remuneration committee considering and approving a contribution to a charity or charities nominated by himself, thus reducing his cash compensation further from £2,100,000 to £1,470,000.
4. In respect of the year ended 30 June 2011 Mark Coombs chose to waive 20% of any element of his potential variable compensation award in return for the remuneration committee considering and approving a contribution to a charity or charities nominated by himself.
5. In respect of the year ended 30 June 2010 Graeme Dell chose to commute 50% of his cash bonus thus reducing his cash bonus from £540,000 to £270,000.
6. Non-executive Directors do not receive any additional fees for committee memberships.
7. Michael Benson has waived his right to fees over £100,000 and has asked that any additional monies are paid to a charity or charities of his choice.
8. Mark Coombs' benefits include payment in lieu of pension equivalent to 7% of basic salary in the "Benefits" column. His benefits also include membership of the Company medical scheme.
9. Graeme Dell's benefits include a pension contribution of 7% of basic salary in the "Benefits" column. His benefits also include membership of the Company medical scheme.

Remuneration report *continued*

Directors' share awards

The Company Executive Omnibus Incentive Plan:

Executive Director	Omnibus Share Award	Date of Award	Release Date	Market Price on Date of Award	Shares held at 30 June 2010	Shares held at 30 June 2011
Graeme Dell	Restricted Shares	3 December 2007	2 December 2012	£2.7525	272,480	272,480
	Restricted Shares	17 October 2008	16 October 2013	£1.6210	296,114	296,114
	Bonus Shares	17 October 2008	16 October 2013	£1.6210	222,085	222,085
	Matching Shares	17 October 2008	16 October 2013	£1.6210	222,085	222,085
	Restricted Shares	15 October 2009	15 October 2014	£2.7342	102,406	102,406
	Bonus Shares	15 October 2009	15 October 2014	£2.7342	76,805	76,805
	Matching Shares	15 October 2009	15 October 2014	£2.7342	76,805	76,805
	Restricted Shares	21 September 2010	21 September 2015	£3.1724		113,479
	Bonus Shares	21 September 2010	21 September 2015	£3.1724		85,109
	Matching Shares	21 September 2010	21 September 2015	£3.1724		85,109

Directors' phantom awards

The Company Executive Omnibus Incentive Plan:

Executive Director	Omnibus Share Award	Date of Award	Release Date	Price of Award	Awards held at 30 June 2010	Awards held at 30 June 2011
Mark Coombs	Phantom Restricted Shares	29 October 2010	21 September 2015	£3.1724		882,613
	Phantom Bonus Shares	29 October 2010	21 September 2015	£3.1724		661,959
	Phantom Matching Shares	29 October 2010	21 September 2015	£3.1724		661,959

In relation to these awards, Mark Coombs requested to waive 30% of any total bonus awarded to him. He asked the Remuneration Committee to consider an appropriate equivalent donation to be made to a charity or charities nominated by him and this was agreed by the Remuneration Committee. The figures shown are gross of this waiver.

No share or phantom awards have been made to Non-executive Directors.

Directors' interests in ordinary shares of Ashmore Group plc

	30 June 2011	30 June 2010
Executive Directors		
Mark Coombs	298,574,200	301,574,200
Graeme Dell	1,552,477	1,268,780
Non-executive Directors		
Michael Benson	29,000	29,000
Nick Land	29,000	29,000
Jonathan Asquith	–	–
Melda Donnelly	–	–

The market price of the Company's shares as at 30 June 2011 was 398.4 pence. The highest share price during the financial year was 399.90 pence. The lowest share price was 236.8 pence per share.

By order of the Board

Jonathan Asquith

Chairman of the Remuneration Committee

12 September 2011

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Independent auditor's report to the members of Ashmore Group plc

We have audited the Group and parent company financial statements of Ashmore Group plc for the year ended 30 June 2011 set out on pages 51 to 85, together referred to as "the Financial Statements". The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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

As explained more fully in the Directors' Responsibilities Statement set out on page 34, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 June 2011 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' report (which includes that specific information presented in the Business review that is cross referred from the Principal activity and business review section of the Directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- information given in the Corporate Governance Report set out on pages 40 to 41 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

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

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 33, in relation to going concern;
- the part of the Corporate Governance Report on pages 37 to 41 relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on Directors' remuneration.

Paul Furneaux (Senior Statutory Auditor) for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants
15 Canada Square
London E14 5GL

12 September 2011

Consolidated statement of comprehensive income

Year ended 30 June 2011

	Notes	2011 £m	2010 £m
Management fees		250.9	192.1
Performance fees		85.4	82.9
Other revenue		6.5	6.4
Total revenue		342.8	281.4
Distribution costs		(1.6)	(2.2)
Foreign exchange	3	(7.4)	7.0
Net revenue		333.8	286.2
Personnel expenses	5	(71.5)	(58.8)
Other expenses	6	(22.9)	(18.1)
Operating profit		239.4	209.3
Finance income	4	6.5	7.9
Share of profit of associates	28	–	–
Profit before tax		245.9	217.2
Tax expense	7	(55.7)	(56.6)
Profit for the year		190.2	160.6
Other comprehensive income:			
Exchange adjustments on translation of foreign operations		2.8	0.4
Net gains on available-for-sale and held-for-sale financial assets including tax		9.3	7.3
Gains on available-for-sale and held-for-sale financial assets previously recognised directly in equity		(5.3)	(5.9)
Cash flow hedge intrinsic value losses		(0.1)	(0.6)
Total comprehensive income for the year		196.9	161.8
Profit attributable to:			
Equity holders of the parent		189.0	160.0
Non-controlling interests		1.2	0.6
Profit for the year		190.2	160.6
Total comprehensive income attributable to:			
Equity holders of the parent		195.3	161.2
Non-controlling interests		1.6	0.6
Total comprehensive income for the year		196.9	161.8
Earnings per share:			
Basic	8	28.08p	23.87p
Diluted	8	26.63p	22.51p

The notes on pages 58 to 85 form an integral part of these financial statements.

Consolidated balance sheet

Year ended 30 June 2011

	Notes	As at 30 June 2011 £m	As at 30 June 2010 £m
Assets			
Property, plant and equipment	11	3.4	3.8
Investment in associate	28	2.3	2.3
Non-current asset investments	17	3.5	2.0
Other receivables		0.8	0.7
Deferred tax assets	15	17.9	14.4
Deferred acquisition costs	13	6.9	9.3
Goodwill and intangible assets	12	103.2	6.7
Total non-current assets		138.0	39.2
Cash and cash equivalents		369.0	344.4
Trade and other receivables	14	68.2	45.7
Available-for-sale financial assets	19	41.4	39.9
Total current assets		478.6	430.0
Non-current assets held-for-sale	18	59.0	35.9
Total assets		675.6	505.1
Equity			
Issued capital	22	–	–
Share premium		15.7	0.3
Retained earnings		473.5	365.8
Foreign exchange reserve		3.3	0.9
Available-for-sale and held-for-sale fair value reserve		6.7	4.1
Cash flow hedging reserve		(0.7)	(0.6)
Total equity attributable to equity holders of the parent		498.5	370.5
Non-controlling interests		16.4	2.2
Total equity		514.9	372.7
Liabilities			
Trade and other payables	25	21.4	–
Deferred tax liabilities	15	1.6	1.3
Total non-current liabilities		23.0	1.3
Current tax		29.4	30.3
Derivative financial instruments	20	0.6	1.8
Trade and other payables	25	94.9	89.8
Total current liabilities		124.9	121.9
Non-current liabilities held-for-sale	18	12.8	9.2
Total liabilities		160.7	132.4
Total equity and liabilities		675.6	505.1

The notes on pages 58 to 85 form an integral part of these financial statements.

Approved by the Board on 12 September 2011 and signed on its behalf by:

Mark Coombs
Chief Executive Officer

Graeme Dell
Group Finance Director

Consolidated statement of changes in equity

Year ended 30 June 2011

	Issued capital £m	Share premium £m	Retained earnings £m	Foreign exchange reserve £m	Available-for-sale (AFS) and held-for-sale (HFS) fair value reserve £m	Cash flow hedging reserve £m	Total equity attributable to equity holders of the parent £m	Non-controlling interests £m	Total equity £m
Balance at 1 July 2009	–	0.3	305.0	0.5	2.7	–	308.5	2.0	310.5
Profit for the year	–	–	160.0	–	–	–	160.0	0.6	160.6
Other comprehensive income:									
Exchange adjustments on translation of foreign operations	–	–	–	0.4	–	–	0.4	–	0.4
Net gains on AFS/HFS assets including tax	–	–	–	–	7.3	–	7.3	–	7.3
Gains on AFS previously recognised in equity	–	–	–	–	(5.9)	–	(5.9)	–	(5.9)
Cash flow hedge intrinsic value losses	–	–	–	–	–	(0.6)	(0.6)	–	(0.6)
Purchase of own shares	–	–	(34.0)	–	–	–	(34.0)	–	(34.0)
Share-based payments	–	–	19.1	–	–	–	19.1	–	19.1
Deferred tax related to share-based payments	–	–	(2.1)	–	–	–	(2.1)	–	(2.1)
Dividends to equity holders	–	–	(82.2)	–	–	–	(82.2)	–	(82.2)
Dividends to non-controlling interests	–	–	–	–	–	–	–	(0.4)	(0.4)
Balance at 30 June 2010	–	0.3	365.8	0.9	4.1	(0.6)	370.5	2.2	372.7
Issue of share capital	–	15.4	–	–	–	–	15.4	–	15.4
Non-controlling interests arising on acquisition of subsidiary	–	–	–	–	–	–	–	12.9	12.9
Profit for the year	–	–	189.0	–	–	–	189.0	1.2	190.2
Other comprehensive income:									
Exchange adjustments on translation of foreign operations	–	–	–	2.4	–	–	2.4	0.4	2.8
Net gains on AFS/HFS assets including tax	–	–	–	–	9.3	–	9.3	–	9.3
Gains on AFS previously recognised in equity	–	–	–	–	(5.3)	–	(5.3)	–	(5.3)
Cash flow hedge intrinsic value losses	–	–	–	–	–	(0.1)	(0.1)	–	(0.1)
Other reserve movements	–	–	1.4	–	(1.4)	–	–	–	–
Purchase of own shares	–	–	(10.9)	–	–	–	(10.9)	–	(10.9)
Share-based payments	–	–	19.7	–	–	–	19.7	–	19.7
Deferred tax related to share-based payments	–	–	(0.6)	–	–	–	(0.6)	–	(0.6)
Proceeds received on exercise of vested options	–	–	2.5	–	–	–	2.5	–	2.5
Dividends to equity holders	–	–	(93.4)	–	–	–	(93.4)	–	(93.4)
Dividends to non-controlling interests	–	–	–	–	–	–	–	(0.3)	(0.3)
Balance at 30 June 2011	–	15.7	473.5	3.3	6.7	(0.7)	498.5	16.4	514.9

The notes on pages 58 to 85 form an integral part of these financial statements.

Consolidated cash flow statement

Year ended 30 June 2011

	2011 £m	2010 £m
Operating activities		
Cash receipts from customers	307.7	305.4
Cash paid to suppliers and employees	(54.3)	(54.5)
Cash generated from operations	253.4	250.9
Taxes paid	(62.1)	(52.9)
Net cash from operating activities	191.3	198.0
Investing activities		
Interest received	1.4	1.5
Acquisition of subsidiary	(41.2)	–
Investment in associate	–	(2.3)
Purchase of non-current asset investments	(0.9)	(2.0)
Net purchase of non-current assets held-for-sale	(49.0)	(23.1)
Net sale of available-for-sale financial assets	37.4	(1.8)
Purchase of property, plant and equipment	(0.5)	(0.5)
Net cash used in investing activities	(52.8)	(28.2)
Financing activities		
Dividends paid to equity holders	(93.4)	(82.2)
Dividends paid to non-controlling interests	(0.3)	(0.4)
Purchase of own shares	(10.9)	(34.0)
Net cash used in financing activities	(104.6)	(116.6)
Net increase in cash and cash equivalents	33.9	53.2
Cash and cash equivalents at beginning of year	344.4	288.4
Effect of exchange rate changes on cash and cash equivalents	(9.3)	2.8
Cash and cash equivalents at end of year	369.0	344.4
Cash and cash equivalents comprise:		
Cash at bank and in hand	369.0	344.4
	369.0	344.4

The notes on pages 58 to 85 form an integral part of these financial statements.

Company balance sheet

Year ended 30 June 2011

	Notes	As at 30 June 2011 £m	As at 30 June 2010 £m
Assets			
Property, plant and equipment	11	2.3	3.2
Deferred tax assets	15	17.9	14.4
Investment in subsidiaries	28	20.1	4.7
Goodwill and intangible assets	12	4.1	4.1
Total non-current assets		44.4	26.4
Cash and cash equivalents		231.2	222.0
Trade and other receivables	14	143.9	69.0
Total current assets		375.1	291.0
Total assets		419.5	317.4
Equity			
Issued capital	22	–	–
Share premium		15.7	0.3
Retained earnings		356.4	274.2
Total equity attributable to equity holders of the Company		372.1	274.5
Liabilities			
Deferred tax liabilities	15	–	0.2
Total non-current liabilities		–	0.2
Current tax		–	–
Trade and other payables	25	47.4	42.7
Total current liabilities		47.4	42.7
Total liabilities		47.4	42.9
Total equity and liabilities		419.5	317.4

The notes on pages 58 to 85 form an integral part of these financial statements.

Approved by the Board on 12 September 2011 and signed on its behalf by:

Mark Coombs
Chief Executive Officer

Graeme Dell
Group Finance Director

Company statement of changes in equity

Year ended 30 June 2011

	Issued capital £m	Share premium £m	Retained earnings £m	Total equity attributable to equity holders of the parent £m
Balance at 1 July 2009	–	0.3	227.9	228.2
Profit for the year	–	–	145.5	145.5
Other comprehensive income	–	–	–	–
Purchase of own shares	–	–	(34.0)	(34.0)
Share-based payments	–	–	19.1	19.1
Deferred tax related to share-based payments	–	–	(2.1)	(2.1)
Dividends to equity holders	–	–	(82.2)	(82.2)
Balance at 30 June 2010	–	0.3	274.2	274.5
Issue of share capital	–	15.4	–	15.4
Profit for the year	–	–	164.9	164.9
Other comprehensive income	–	–	–	–
Purchase of own shares	–	–	(10.9)	(10.9)
Share-based payments	–	–	19.7	19.7
Deferred tax related to share-based payments	–	–	(0.6)	(0.6)
Proceeds received on exercise of vested options	–	–	2.5	2.5
Dividends to equity holders	–	–	(93.4)	(93.4)
Balance at 30 June 2011	–	15.7	356.4	372.1

The notes on pages 58 to 85 form an integral part of these financial statements.

Company cash flow statement

Year ended 30 June 2011

	2011 £m	2010 £m
Operating activities		
Cash receipts from customers	78.2	71.0
Cash paid to suppliers and employees	(56.2)	(42.4)
Cash generated from operations	22.0	28.6
Taxes paid	–	–
Net cash from operating activities	22.0	28.6
Investing activities		
Interest received	0.8	1.0
Loans to subsidiaries	(73.5)	(24.9)
Dividends received from subsidiaries	170.0	126.8
Purchase of property, plant and equipment	(0.1)	(0.3)
Net cash from investing activities	97.2	102.6
Financing activities		
Dividends paid	(93.4)	(82.2)
Purchase of own shares	(10.9)	(34.0)
Net cash used in financing activities	(104.3)	(116.2)
Net increase in cash and cash equivalents	14.9	15.0
Cash and cash equivalents at beginning of year	222.0	207.0
Effect of exchange rate changes on cash and cash equivalents	(5.7)	–
Cash and cash equivalents at end of year	231.2	222.0
Cash and cash equivalents comprise:		
Cash at bank and in hand	231.2	222.0
	231.2	222.0

The notes on pages 58 to 85 form an integral part of these financial statements.

Notes to the financial statements

1) Significant accounting policies

The following accounting policies have been applied consistently to all years presented in dealing with items which are considered material in relation to the Group and Company financial statements, with the exception of new standards and interpretations which have been adopted with effect of 1 July 2010 as disclosed in policy note (a) below.

(a) Basis of preparation – Group and Company

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

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

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

With effect from 1 July 2010, the Group adopted the following new standards and interpretations:

IFRS 5 Non-current Assets Held-for-Sale and Discontinued Operations

IFRS 5 was amended to specify the required disclosures for non-current assets (or disposal groups) classified as held-for-sale or discontinued operations. The adoption of this amendment has not had a material impact on the financial performance or position of the Group.

IAS 7 Statement of Cash Flows

IAS 7 was amended to state explicitly that only expenditure that results initially in the recognition of an asset may be classified as a cash flow from investing activities. The adoption of this amendment has not had a material impact on the financial performance or position of the Group.

IAS 17 Leases – Classification of leases of land and buildings

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

IAS 36 Impairment of Assets

IAS 36 was amended to state that the largest unit to which goodwill is allocated is at the operating segment level as defined in IFRS 8 before applying aggregation criteria of IFRS 8.12. The adoption of this amendment has not had a material impact on the financial performance or position of the Group.

IAS 38 Intangible Assets

Measuring the fair value of an intangible asset acquired in a business combination. Amendments clarify the description of valuation techniques commonly used to measure fair value of intangible assets acquired in a business combination for which no active market exists. The adoption of this amendment has not had a material impact on the financial performance or position of the Group.

IAS 39 Financial Instruments: Recognition and Measurement

Scope exemption for business combination contracts. The adoption of this exemption has not had a material impact on the financial performance or position of the Group.

IAS 39 was amended to state that gains or losses on a hedged instrument should be reclassified from equity to profit or loss during the period that the hedged forecast cash flows affect profit or loss. The adoption of this amendment has not had a material impact on the financial performance or position of the Group.

IFRS 3 Business Combinations – Measurement of non-controlling interests

IFRS 3 was amended to limit the accounting policy choice to measure non-controlling interests (NCI) upon initial recognition either at fair value or at the NCI's proportionate share of the acquiree's identifiable net assets to instruments that give rise to a present ownership interest and entitle the holder to a share of net assets in the event of liquidation. The adoption of this amendment has not had a material impact on the financial position of the Group.

IFRS 3 Business Combinations – Unreplaced and voluntarily replaced share-based payment awards

IFRS 3 contains guidance on how to apportion the market-based measure of an acquirer's share-based payment awards that are issued in exchange for acquiree awards between consideration transferred and post-combination cost when an acquirer is obliged to replace the acquiree's existing awards. IFRS 3 was amended so that the guidance for such awards also applies to voluntarily replaced acquiree awards and introduces attribution guidance for acquiree awards that are not replaced. The adoption of this amendment has not had a material impact on the financial performance or position of the Group.

IAS 27 Consolidated and Separate Financial Statements

Transition requirements for amendments made as a result of IAS 27 (2008) to IAS 21, IAS 28 and IAS 31. This has not had a material impact on the financial performance or position of the Group.

(b) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The results of subsidiaries acquired during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition.

(ii) Transactions eliminated on consolidation

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

1) Significant accounting policies continued

(iii) Associates

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

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

(iv) Employee Benefit Trust

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

(c) Business combinations

Under the requirements of IFRS 3 Business Combinations, all business combinations are accounted for using the purchase method (acquisition accounting). The cost of a business combination is the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the acquirer. The fair value of a business combination is calculated at the acquisition date by recognising the acquiree's identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria, at their fair values at that date. The acquisition date is the date on which the acquirer effectively obtains control of the acquiree. The cost of a business combination in excess of the fair value of net identifiable assets or liabilities acquired, including intangible assets identified, is recognised as goodwill. Costs of issuing debt or equity instruments are accounted for under IAS 32 and IAS 39. All other costs associated with acquisitions are expensed.

(d) Foreign currency translation

The Group's financial statements are presented in Pounds Sterling ("Sterling"), which is the Company's functional and presentation currency. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

(i) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(ii) Financial statements of foreign operations

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

(e) Financial instruments

The Group's accounting policy on fair value measurements is in accordance with IFRS 7 Financial Instruments: Disclosures and is discussed in Note 16.

(i) Derivatives

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

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

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

(ii) Financial assets

The Group may, from time-to-time, invest in funds where an Ashmore Group subsidiary is the Investment Manager or an Advisor ('seeding'). Where the holding in such investments is deemed to represent a controlling stake and is acquired exclusively with a view to subsequent disposal through sale or dilution, these seed investments are recognised as non-current assets held-for-sale in accordance with IFRS 5. The Group recognises 100% of the investment in the fund as a "held-for-sale" asset and the interest held by other parties as a "liability held-for-sale". Where control is not deemed to exist, and the assets are readily realisable, they are recognised as available-for-sale financial assets. Where the assets are not readily realisable, they are recognised as non-current asset investments. The recognition policy for the three categories is set out below:

- **Non-current asset investments**

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

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

Non-current assets held-for-sale are measured at the lower of their carrying amount and fair value less costs to sell except where measurement and re-measurement is outside the scope of IFRS 5. The relevant policy is set out above. Where investments that have initially been recognised as non-current assets held-for-sale, because the Group has been deemed as holding a controlling stake, are subsequently disposed of or diluted such that the Group's holding is now insufficient to be deemed a controlling stake, the investment will subsequently be reclassified as an available-for-sale financial asset. Any such reclassification will crystallise any gain or loss previously recognised through other comprehensive income within profit for the year as part of comprehensive income. Subsequent movements will be recognised in accordance with the Group's accounting policy for the newly adopted classification.

Notes to the financial statements *continued*

1) Significant accounting policies *continued*

• Financial assets held as available-for-sale

For available-for-sale financial assets, gains and losses arising from changes in their fair value are recognised in other comprehensive income, until the asset is disposed of or is impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is included in profit for the year as part of comprehensive income.

(iii) Trade and other receivables and payables

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

(iv) Hedge accounting

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

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

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

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

(f) Property, plant and equipment

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

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

(g) 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 at each balance sheet date for impairment and stated at cost less any accumulated impairment losses. Goodwill and intangible assets held by subsidiaries and denominated in a foreign currency are translated at the closing balance sheet rate. Any gain or loss on translation is included in other comprehensive income.

IFRS3 and IAS36 require goodwill to be allocated to cash-generating units for the purpose of impairment testing. The Group is considered to have one cash-generating unit and all goodwill has been allocated to this cash generating unit.

• Other intangibles

Intangible assets, such as management contracts and trade names acquired as part of a business combination, are capitalised where it is probable that future economic benefits attributable to the assets will flow to the Group and the fair value of the assets can be measured reliably. Both management contracts and brand names are recorded initially at fair value and then amortised, if appropriate, over their useful lives which have been assessed as being between 31 months and 10 years. The fair value at the date of acquisition is calculated using the discounted cash flow methodology and represents the valuation of the net residual revenue stream arising from the management contracts and brand name in place at the date of acquisition. These are included in the balance sheet as intangible assets. Other intangible assets held by subsidiaries and denominated in a foreign currency are retranslated at the closing balance sheet rate. Any gain or loss on translation is included in other comprehensive income.

(h) 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.

(i) 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

(j) Impairment

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

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

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.

(k) Dividends payable

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

(l) Employee benefits

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

(m) Share-based payments

The Group issues share awards to its employees under share-based compensation plans. The awards are accounted for in line with IFRS 2 Share-Based Payment. Phantom awards are classified as cash settled under IFRS2 Share-Based Payment. All other awards are classified as equity settled.

For equity settled awards 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 of equity settled awards is measured using an appropriate valuation model, taking into account the terms and conditions upon which the instruments were granted.

For cash settled awards the fair value of the amounts payable to employees is recognised as an expense with a corresponding liability on the Group's balance sheet. The fair value is measured at the end of each reporting period and spread over the vesting period. The fair value of cash settled awards is measured using an appropriate valuation model, taking into account the terms and conditions upon which the instruments were granted.

(n) Equity shares

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

(o) Own shares

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

(p) Treasury shares

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

(q) Revenue

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

(i) Management fees

Management fees are accrued over the period for which the service is provided. Where management fees are received in advance these are recognised over the period of the provision of the asset management service, which is estimated based on experience of average holding periods for investments.

(ii) Performance fees

Performance fees relate to the performance of funds managed during the period and are recognised at the balance sheet date when the quantum of the fee can be estimated reliably and it is probable that the fee will crystallise. This is usually at the end of the performance period.

(iii) Other revenue

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

(r) Distribution costs

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

Notes to the financial statements *continued*

1) Significant accounting policies *continued*

(s) Operating leases

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

(t) Finance income

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

(u) Taxation

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

(i) Current tax

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

(ii) Deferred tax

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

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

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

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

(v) Segment reporting

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

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

(w) 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 33.

(x) Adopted IFRS not yet applied

The full impact of these IFRSs and IFRIC Interpretations is currently being assessed by the Group; other than IFRS 9 Financial Instruments none of these pronouncements are expected to result in any material adjustments to the financial statements. The Group continues to evaluate the potential impact of IFRS 9 on its financial statements.

Company

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

(y) 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.

(z) Financial guarantees

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

2) Revenue

Management fees are accrued throughout the period in line with fluctuations in the levels of assets under management. Periodic performance fees are recognised only if performance hurdles have been achieved in a period. The Group is not considered to be reliant on any single source of revenue. During the year, two of the Group's funds provided 5.3% and 10.3% of total revenue through management fees. Three of the Group's funds provided 19.7%, 10.3% and 5.4% of total revenue in the year respectively when considering management fees and performance fees on a combined basis.

Analysis of revenue by geography

	Year ended 30 June 2011 £m	Year ended 30 June 2010 £m
UK earned revenue	324.3	279.9
Other	9.5	6.3

3) Foreign exchange

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

	Closing rate as at 30 June 2011	Closing rate as at 30 June 2010	Average rate year ended 30 June 2011	Average rate year ended 30 June 2010
US dollar	1.6053	1.4945	1.5878	1.5804

Analysis of foreign exchange

	Year ended 30 June 2011 £m	Year ended 30 June 2010 £m
Realised and unrealised hedging gains/(losses)	1.8	(4.8)
Translation (losses)/gains on non-Sterling denominated monetary assets and liabilities	(9.2)	11.8
Total foreign exchange (losses)/gains	(7.4)	7.0

4) Finance income

Analysis of finance income

	Year ended 30 June 2011 £m	Year ended 30 June 2010 £m
Interest on cash and cash equivalents	1.4	1.5
Finance income	5.7	6.4
Finance expense	(0.6)	–
Total finance income	6.5	7.9

Included within finance income is £5.3 million in relation to the crystallisation of gains on available-for-sale and held-for-sale assets which had previously been recognised through other comprehensive income.

Included within finance expense is £0.5 million in relation to the unwind of the discounts applied to earnout liabilities on the Group's balance sheet following the acquisition of AshmoreEMM.

5) Personnel expenses

Number of employees

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

	Average for the year ended 30 June 2011 Number	Average for the year ended 30 June 2010 Number	At 30 June 2011 Number	At 30 June 2010 Number
Investment management	182	152	246	165
Total employees	182	152	246	165

Notes to the financial statements *continued*

5) Personnel expenses *continued*

Analysis of employee benefits expense

	Year ended 30 June 2011 £m	Year ended 30 June 2010 £m
Wages and salaries	11.5	9.7
Performance related bonuses	28.1	21.0
Share based payments	23.3	21.3
Social security costs	5.7	4.6
Pension costs	0.8	0.6
Other costs	2.1	1.6
Total employee benefits	71.5	58.8

Employee benefits in the above table in respect of the year ended 30 June 2011 include an amount of £1.9 million (2010: £0.6 million) that has been waived by Directors and employees in earlier periods with an equivalent amount to be paid to charity in the financial year to 30 June 2012.

6) Other expenses

	Year ended 30 June 2011 £m	Year ended 30 June 2010 £m
Travel	4.7	4.1
Professional fees	5.5	3.5
Information technology and communications	2.7	2.2
Deferred acquisition costs charges (note 13)	2.2	2.0
Amortisation of intangible assets (note 12)	0.5	–
Operating leases	2.5	2.0
Premises related costs	1.1	0.8
Insurance	0.6	0.6
Auditors' remuneration	0.6	0.6
Depreciation of property, plant and equipment (note 11)	1.3	1.3
Other expenses	1.2	1.0
Total other expenses	22.9	18.1

Auditors' remuneration

	Year ended 30 June 2011 £m	Year ended 30 June 2010 £m
Statutory audit services:		
– Fees payable to the Group's auditors for the audit of the Group's accounts	0.2	0.2
Other non-audit services:		
– tax services	0.2	0.2
– other services	0.2	0.2
Total services	0.6	0.6

7) Taxation

	Year ended 30 June 2011 £m	Year ended 30 June 2010 £m
Current tax:		
Corporation tax on profits for the year	60.2	54.6
Overseas corporation tax charge	1.3	0.6
Adjustments in respect of prior years	(1.7)	3.7
Total current tax	59.8	58.9
Deferred tax arising from origination and reversal of temporary differences:		
Current year (see note 15)	(4.1)	(2.3)
Total tax charge for the year	55.7	56.6

	Year ended 30 June 2011 £m	Year ended 30 June 2010 £m
Factors affecting tax charge for the year		
Profit before tax	245.9	217.2
Tax at the blended UK tax rate of 27.5% (2010: 28%)	67.6	60.8
Effects of:		
Expenses not deductible	0.4	3.2
Deduction in respect of vested shares / exercised options (Schedule 23 Finance Act 2003)	(7.6)	(7.1)
Deferred tax arising from origination and reversal of temporary differences	(4.1)	(2.3)
Overseas taxes, net of overseas tax relief	0.4	0.3
Other	0.7	(2.0)
<i>Adjustments in respect of prior years</i>		
Current tax	(1.7)	3.7
Total tax charge for the year	55.7	56.6

	Year ended 30 June 2011 £m	Year ended 30 June 2010 £m
Current tax on share-based payments	–	–
Deferred tax on share-based payments	0.6	2.1
Deferred tax on available-for-sale assets	0.3	(0.4)
Total charge recognised in equity/other comprehensive income	0.9	1.7

On 23 March 2011 the Chancellor announced a reduction to the main rate of UK corporation tax to 26% with effect from 1 April 2011. This change became substantially enacted on 29 March 2011 and therefore the effect of the rate reduction has been reflected in the figures above.

8) Earnings per share

Basic earnings per share is calculated by dividing the profit after tax for the financial year attributable to equity holders of the parent of £189.0 million (2010: £160.0 million) by the weighted average number of ordinary shares in issue during the year.

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

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

	Year ended 30 June 2011	Year ended 30 June 2010
Weighted average number of ordinary shares used in calculation of basic earnings per share	673,317,931	669,926,744
Effect of dilutive potential ordinary shares – share options/awards	36,585,155	40,484,600
Weighted average number of ordinary shares used in calculation of diluted earnings per share	709,903,086	710,411,344

Notes to the financial statements *continued*

9) Share-based payments

Group and Company share-based compensation plans

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

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

The Option Scheme was set up in October 2000. Options issued under the Option Scheme typically have a life of 10 years and vest after 5 years from date of grant. The pro rata proportion of the fair value of options at each reporting year end has been accounted for on an equity-settled basis. No further options will be issued under the Option Scheme.

The Executive Omnibus Incentive Plan ("Omnibus Plan")

The Omnibus Plan was introduced prior to the Company listing in October 2006 and provides for the grant of share awards, market value options, premium cost options, discounted options, linked options, phantoms and/or nil cost options to employees. The Plan will also allow bonuses to be deferred in the form of share awards with or without matching shares. These elements can be used singly or in combination. Awards granted under the Omnibus plan typically vest after 5 years from date of grant, with the exception of bonus awards which vest after the shorter of 5 years from date of grant or on the date of termination of employment. Awards under the Omnibus Plan are accounted for as equity settled, with the exception of phantoms which are classified as cash settled.

The Approved Company Share Option Plan ("CSOP")

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

Share-based payments through the statement of comprehensive income

	Year ended 30 June 2011 £m	Year ended 30 June 2010 £m
Group and Company		
Option Scheme	–	0.2
Omnibus Plan	23.3	21.1
Total expense	23.3	21.3

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

	Year ended 30 June 2011 £m	Year ended 30 June 2010 £m
Group and Company		
Year of grant		
2006	–	0.2
2007	1.8	2.0
2008	2.1	2.2
2009	1.4	1.5
2010	5.6	15.4
2011	12.4	–
Total expense	23.3	21.3

Share options outstanding

Share options outstanding under share the Option Scheme were as follows:

	As at 30 June 2011 Number of options	Weighted average exercise price pence	As at 30 June 2010 Number of options	Weighted average exercise price pence
Group and Company				
At the beginning of the year	18,529,571	20.67	32,125,321	17.10
Exercised	(14,280,500)	19.04	(12,283,250)	11.33
Forfeited	(20,000)	24.24	(1,312,500)	20.82
At the end of the year	4,229,071	26.15	18,529,571	20.67
Options exercisable	3,355,000	18.99	48,000	12.40

The weighted average share price on the date options were exercised during 2011 was 352.36p (2010: 247.45p).

9) Share-based payments continued

Weighted average remaining contractual life of outstanding options

Group and Company	Year ended 30 June 2011	Year ended 30 June 2010
Outstanding options	4,229,071	18,529,571
Weighted average exercise price	18.99p	20.67p
Weighted average remaining contracted life (years)	4.62	5.51
Range of exercise prices for share options outstanding at the end of the year	18.72p-170.00p	12.40p-170.00p

Group and Company	Exercise periods	As at 2011 Number	Before 2010 Number
Exercise price per share (p)			
10.00-20.00	9 December 2008 – 8 December 2015	3,193,750	16,598,000
20.00-30.00	28 April 2011 – 10 September 2016	858,850	1,755,100
170.00-180.00	8 December 2011 – 7 December 2016	176,471	176,471
		4,229,071	18,529,571

There were no new share options granted during the year ended 30 June 2011 (2010: none).

Share awards outstanding

Share awards outstanding under the Omnibus Plan were as follows:

Equity settled awards

Group and Company	As at 30 June 2011 Number of shares subject to awards	As at 30 June 2011 Weighted average share price	As at 30 June 2010 Number of shares subject to awards	As at 30 June 2010 Weighted average share price
Restricted share awards				
At the beginning of the year	12,937,439	£2.14	10,991,247	£1.99
Granted	4,895,264	£3.17	2,638,413	£2.73
Vested	(241,933)	£3.35	(27,498)	£2.70
Forfeited	(1,601,804)	£2.43	(664,723)	£2.09
At the end of the year	15,988,966	£2.42	12,937,439	£2.14
Bonus share awards				
At the beginning of the year	2,423,439	£2.27	1,800,397	£2.10
Granted	1,424,082	£3.17	660,409	£2.73
Vested	(340,137)	£3.31	(37,367)	£2.28
Forfeited	(57,105)	£2.89	–	–
At the end of the year	3,450,279	£2.61	2,423,439	£2.27
Matching share awards				
At the beginning of the year	2,423,439	£2.27	1,800,397	£2.10
Granted	1,424,082	£3.17	660,409	£2.73
Vested	(67,772)	£3.35	(4,644)	£2.70
Forfeited	(329,470)	£2.54	(32,723)	£2.28
At the end of the year	3,450,279	£2.61	2,423,439	£2.27
Total	22,889,524	£2.48	17,784,317	£2.17

Notes to the financial statements *continued*

9) Share-based payments *continued*

Cash settled awards

Group and Company	As at 30 June 2011 Number of shares subject to awards	As at 30 June 2011 Weighted average share price	As at 30 June 2010 Number of shares subject to awards	As at 30 June 2010 Weighted average share price
Restricted share awards				
At the beginning of the year	–	–	–	–
Granted	1,265,622	£2.92	–	–
Vested	–	–	–	–
Forfeited	–	–	–	–
At the end of the year	1,265,622	£2.92	–	–
Bonus share awards				
At the beginning of the year	–	–	–	–
Granted	700,151	£3.15	–	–
Vested	–	–	–	–
Forfeited	–	–	–	–
At the end of the year	700,151	£3.15	–	–
Matching share awards				
At the beginning of the year	–	–	–	–
Granted	700,151	£3.15	–	–
Vested	–	–	–	–
Forfeited	–	–	–	–
At the end of the year	700,151	£3.15	–	–
Total	2,665,924	£3.04	–	–

Total awards

Group and Company	As at 30 June 2011 Number of shares subject to awards	As at 30 June 2011 Weighted average share price	As at 30 June 2010 Number of shares subject to awards	As at 30 June 2010 Weighted average share price
Restricted share awards				
At the beginning of the year	12,937,439	£2.14	10,991,247	£1.99
Granted	6,160,886	£3.12	2,638,413	£2.73
Vested	(241,933)	£3.35	(27,498)	£2.70
Forfeited	(1,601,804)	£2.43	(664,723)	£2.09
At the end of the year	17,254,588	£2.46	12,937,439	£2.14
Bonus share awards				
At the beginning of the year	2,423,439	£2.27	1,800,397	£2.10
Granted	2,124,233	£3.16	660,409	£2.73
Vested	(340,137)	£3.31	(37,367)	£2.28
Forfeited	(57,105)	£2.89	–	–
At the end of the year	4,150,430	£2.70	2,423,439	£2.27
Matching share awards				
At the beginning of the year	2,423,439	£2.27	1,800,397	£2.10
Granted	2,124,233	£3.16	660,409	£2.73
Vested	(67,772)	£3.35	(4,644)	£2.70
Forfeited	(329,470)	£2.54	(32,723)	£2.28
At the end of the year	4,150,430	£2.70	2,423,439	£2.27
Total	25,555,448	£2.54	17,784,317	£2.17

The fair value of awards granted under the Omnibus Plan is determined by the average Ashmore Group plc share price for the five business days prior to grant.

Where the grant of restricted and matching share awards is linked to the annual bonus process the fair value of the awards is spread over a period including the current financial year and the subsequent five years to their release date when the grantee becomes unconditionally entitled to the underlying shares. Of the total outstanding share awards of 25,555,448 as at 30 June 2011 (17,784,317 as at 30 June 2010) the amount of 19,630,824 (2010: 15,217,490) were restricted and matching shares granted as part of the Group's variable compensation process. The fair value of the remaining awards is spread over the period from date of grant to the release date.

10) Dividends

An analysis of dividends is as follows:

Group and Company	2011	2010
<i>Dividends declared/proposed in respect of the year:</i>		
Interim dividend declared per share (p)	4.16	3.66
Final dividend proposed per share (p)	10.34	9.34
<i>Dividends paid in the year:</i>		
Interim dividend paid (£m)	29.1	25.0
Interim dividend per share (p)	4.16	3.66
Final dividend paid (£m)	64.3	57.2
Final dividend per share (p)	9.34	8.34

In addition to the £93.4 million (2010: £82.2 million) of dividends paid to equity holders of the parent, the Group also paid £0.3 million (2010: £0.4 million) of dividends to non-controlling interests.

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

On 12 September 2011 the Board proposed a final dividend of 10.34p per share for the year ended 30 June 2011. 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 £72.2 million (2010: £64.3 million).

11) Property, plant and equipment

Group	2011 Fixtures, fittings and equipment £m	2010 Fixtures, fittings and equipment £m
Cost		
At the beginning of the year	6.3	5.8
Additions	0.5	0.5
Acquisitions (note 27)	1.3	–
Disposals	–	–
At the end of the year	8.1	6.3
Accumulated depreciation		
At the beginning of the year	2.5	1.2
Depreciation charge for the year (note 6)	1.3	1.3
Acquisitions (note 27)	0.9	–
Disposals	–	–
At the end of the year	4.7	2.5
Net book value at 30 June	3.4	3.8
Company		
Cost		
At the beginning of the year	5.4	5.1
Additions	0.1	0.3
Disposals	–	–
At the end of the year	5.5	5.4
Accumulated depreciation		
At the beginning of the year	2.2	1.1
Depreciation charge for year	1.0	1.1
Disposals	–	–
At the end of the year	3.2	2.2
Net book value at 30 June	2.3	3.2

Notes to the financial statements *continued*

12) Goodwill and intangible assets

Group	Goodwill £m	AEMM fund management relationships £m	AEMM brand name £m	Other intangible assets £m	Total £m
Cost					
At the beginning of the year	6.7	–	–	–	6.7
Additions	–	–	–	2.6	2.6
Acquisitions (note 27)	50.8	39.5	1.8	–	92.1
Disposals	–	–	–	–	–
At the end of the year	57.5	39.5	1.8	2.6	101.4
Accumulated amortisation and impairments					
At the beginning of the year	–	–	–	–	–
Amortisation charge for year (note 6)	–	(0.4)	–	(0.1)	(0.5)
Impairment charge for the year	–	–	–	–	–
Disposals	–	–	–	–	–
At the end of the year	57.5	39.1	1.8	2.5	100.9
Net book value					
At the beginning of the year	6.7	–	–	–	6.7
FX revaluation through reserves (i)	1.2	1.0	–	0.1	2.3
At the end of the year	58.7	40.1	1.8	2.6	103.2

Company	Goodwill £m
Cost	
At the beginning and end of the year	4.1
Net book value at 30 June 2010 and 2011	4.1

(i) FX revaluation through reserves is a result of the retranslation of USD denominated intangibles and goodwill.

Goodwill

Goodwill represents the amount by which the fair value of consideration paid for an acquisition exceeds the fair value of the net identifiable assets of the acquired business on the acquisition date. Consideration represents the fair value of assets given, equity instruments issued and liabilities incurred on the acquisition date.

Goodwill is carried in the balance sheet at cost less accumulated impairment losses. Goodwill has an indefinite useful life, is not subject to amortisation and is tested for impairment annually or whenever there is an indication that the carrying amount may not be recoverable based on management's judgements regarding the future prospects of the business, estimates of future cash flows and discount rates.

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

The significant addition to goodwill during the year resulted from the acquisition of Ashmore EMM LLC on 31 May 2011 which is described in further detail in note 27. This addition of £50.8 million (US\$83.5 million) arising on the acquisition is attributable principally to value expected to be derived from the acquired platform through future growth and additional business from new clients, and the value of the assembled workforce.

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

The annual impairment review of goodwill was undertaken at 30 June 2011. No impairments were deemed necessary. When assessing the appropriateness of the carrying value of goodwill at year end, the recoverable amount is based on value in use calculations. The calculation is based on the forecast future profitability and cash flow projections.

As the AshmoreEMM acquisition was made only one month prior to the balance sheet date, the valuation model used for the acquisition was also the basis of the value in use calculation. The key assumptions of the model, on which management based their 5 year projections, were a long-term growth rate of 2.5%, reflecting the expected fund flows and growth of the AuM, and a discount rate of 13.0%. Management reviewed the key assumptions used in the model and consider them to remain valid as at 30 June 2011.

There has been no gross impairment of goodwill to date.

12) Goodwill and intangible assets continued

AshmoreEMM fund management relationships and the AshmoreEMM brand name

The AshmoreEMM fund management relationships and the AshmoreEMM brand name are separately identifiable intangible assets acquired as part of the acquisition of AshmoreEMM (note 27).

Ashmore engaged an independent third party valuation expert to value these assets as part of the acquisition. They were valued at the present value of the expected future cash flows resulting from the assets over their useful lives and were discounted using the Group weighted average cost of capital of 13.0%. They are being amortised over their useful lives which were also estimated based on the work of the valuation expert. Their estimated useful lives are 8 years for the fund management relationships and 10 years for the AshmoreEMM brand name. The fund management relationships intangible comprises the profit expected to be earned from existing clients of AshmoreEMM. The AshmoreEMM brand name is being actively used through the co-branding of the subsidiary since its acquisition. The carrying amounts of the assets in the balance sheet are based on their historic costs less amortisation and accumulated impairment losses.

Other intangible assets

In addition, in order to incentivise Amundi, who were formerly a shareholder in EMM, to retain existing AuM within AshmoreEMM and to further increase AuM there is an incentive fee payable after three years tied to the level of such AuM at that time. As the purpose of this is to benefit the Group going forward rather than being a payment for past services, it has been treated as a separate purchased intangible asset rather than as part of the acquisition.

13) Deferred acquisition costs

Group	2011 £m	2010 £m
Cost		
At the beginning of the year	14.6	14.6
Deferred acquisition costs recovered	(0.2)	–
At the end of the year	14.4	14.6
Accumulated charge		
At the beginning of the year	5.3	3.3
Charge for the year (note 6)	2.2	2.0
At the end of the year	7.5	5.3
Carrying value at the end of the year	6.9	9.3

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

14) Trade and other receivables

	Group		Company	
	As at 30 June 2011 £m	As at 30 June 2010 £m	As at 30 June 2011 £m	As at 30 June 2010 £m
Current				
Trade debtors	58.6	39.6	2.9	2.1
Prepayments	1.9	0.7	1.1	0.7
Loans due from subsidiaries	–	–	121.0	60.8
Amounts due from subsidiaries	–	–	13.3	–
Other receivables	7.7	5.4	5.6	5.4
	68.2	45.7	143.9	69.0

Group trade debtors include all billed and unbilled management fees due to the Group at 30 June 2011 in respect of management services provided to that date.

Notes to the financial statements *continued*

15) Deferred taxation

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

Group	Other temporary differences £m	Share-based payments £m	Total £m
At 30 June 2010			
(Assets)	–	(14.4)	(14.4)
Liabilities	1.3	–	1.3
Net	1.3	(14.4)	(13.1)
At 30 June 2011			
(Assets)	–	(17.9)	(17.9)
Liabilities	1.6	–	1.6
Net	1.6	(17.9)	(16.3)

Company	Other temporary differences £m	Share-based payments £m	Total £m
At 30 June 2010			
(Assets)	–	(14.4)	(14.4)
Liabilities	0.2	–	0.2
Net	0.2	(14.4)	(14.2)
At 30 June 2011			
(Assets)	–	(17.9)	(17.9)
Liabilities	–	–	–
Net	–	(17.9)	(17.9)

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

Group	Other temporary differences £m	Share-based payments £m	Total £m
At 1 July 2009	1.5	(14.0)	(12.5)
Charged/(credited) to the consolidated statement of comprehensive income	0.2	(2.5)	(2.3)
Credited to other comprehensive income	(0.4)	–	(0.4)
Charged to equity	–	2.1	2.1
At 30 June 2010	1.3	(14.4)	(13.1)
Charged/(credited) to the consolidated statement of comprehensive income	–	(4.1)	(4.1)
Credited to other comprehensive income	–	–	–
Charged to equity	0.3	0.6	0.9
At 30 June 2011	1.6	(17.9)	(16.3)

Company	Other temporary differences £m	Share-based payments £m	Total £m
At 1 July 2009	0.2	(14.0)	(13.8)
Credited to the statement of comprehensive income	–	(2.5)	(2.5)
Charged to equity	–	2.1	2.1
At 30 June 2010	0.2	(14.4)	(14.2)
Credited to the statement of comprehensive income	(0.2)	(4.1)	(4.3)
Charged to equity	–	0.6	0.6
At 30 June 2011	–	(17.9)	(17.9)

On 23 March 2011 the Chancellor announced the reduction of the main rate of UK corporation tax to 26% with effect from 1 April 2011. This rate reduction became substantially enacted on 29 March 2011 and as such creates a reduction in the deferred tax assets and liabilities included in the figures above.

The Chancellor also proposed changes to further reduce the main rate of UK corporation tax by 1% per annum reducing the rate to 23% by 1 April 2014. As these changes have not been substantially enacted they have not been included in the figures above. The overall effect of further tax reductions from 26% to 23%, if applied to the deferred tax balance above at 30 June 2011, would be to further reduce the Group deferred tax assets by approximately £1.9 million and the Company deferred tax assets by approximately £2.1 million.

16) Fair value hierarchy of financial assets

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

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

The fair value hierarchy of financial assets as at 30 June can be analysed as follows:

	2011			Total	2010			Total
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
Non-current assets held-for-sale (net of non-current liabilities held-for-sale)	–	46.2	–	46.2	–	26.7	–	26.7
Available-for-sale financial assets	–	41.4	–	41.4	6.0	33.9	–	39.9
Non-current asset investments	–	3.5	–	3.5	–	2.0	–	2.0
Derivative financial instruments	–	0.6	–	0.6	–	1.8	–	1.8
Total financial assets	–	91.7	–	91.7	6.0	64.4	–	70.4

17) Non-current asset investments

	Year ended 30 June 2011 £m	Year ended 30 June 2010 £m
Non-current asset investments at fair value	3.5	2.0

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

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

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

	2011 £m	2010 £m
Non-current assets held-for-sale	59.0	35.9
Non-current liabilities held-for-sale	(12.8)	(9.2)
Seed capital classified as being held-for-sale	46.2	26.7

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

19) Available-for-sale financial assets Investments at fair value

	2011 £m	2010 £m
Equities – listed	–	6.0
Equities – unlisted	7.5	9.9
Debt securities – unlisted	33.9	24.0
Seed capital classified as being available-for-sale	41.4	39.9

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

20) Fair value of financial instruments

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

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

Notes to the financial statements *continued*

21) 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 which seeks to ensure that risks are reviewed regularly and that all risk controls operating throughout the Group are in accordance with regulatory requirements. In addition, as a regulated business the Group is responsible for maintaining appropriate capital and performing regular calculations of capital requirements, including the development of an Internal Capital Adequacy Assessment Process ("ICAAP"), based upon the Financial Services Authority's methodologies under the Capital Requirements Directive. An overview of the ICAAP can be found on our website at www.ashmoregroup.com.

- **Credit risk**

The Group has exposure to credit risk from its normal activities where the risk is that a counterparty will be unable to pay in full amounts when due. The Group's maximum exposure to credit risk is represented by the carrying value of its financial assets.

Financial assets subject to credit risk at 30 June 2011 and 30 June 2010 are as follows:

	Notes	2011 £m	2010 £m
Cash and cash equivalents		369.0	344.4
Available-for-sale financial assets	19	41.4	39.9
Non-current assets held-for-sale	18	59.0	35.9
Total excluding trade and other receivables		469.4	420.2
Trade and other receivables	14	68.2	45.7
Total		537.6	465.9

At 30 June 2011 there were nil overdue trade and other receivables (2010: nil). All trade and other receivables are considered to be fully recoverable.

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

Trade and other receivables at amortised cost

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

Fee debtors arise principally within the Group's investment management business and amounts are monitored regularly. Historically, default levels have been insignificant, and, unless a client has withdrawn funds, there is an ongoing relationship between the Group and the client. There is no significant concentration of credit risk in respect of fees owing from clients.

Financial assets – available-for-sale

Such assets comprise cash and cash equivalents, and debt and equity instruments in seeded funds.

The Group's cash and cash equivalents are short-term deposits with banks and liquidity funds which have credit ratings ranging from A to AAAm as at 30 June 2011 (2010: A to A+).

Financial assets and liabilities held at fair value

Such assets comprise derivative financial instruments with positive and negative fair values.

- **Liquidity risk**

Liquidity risk is the risk that the Group cannot meet its obligations as they fall due or can only do so at a cost. In order to manage inherent liquidity risk there is a liquidity policy within the Group to ensure that there is sufficient access to funds to cover all forecast committed requirements for the next 12 months.

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

	Notes	2011 £m	2010 £m
Financial assets			
Trade and other receivables	14	68.2	45.7
Available-for-sale financial assets	19	41.4	39.9
Cash and cash equivalents		369.0	344.4
Non-current assets held-for-sale	18	59.0	35.9
Total financial assets		537.6	465.9

21) Financial instrument risk management continued

	Notes	2011 £m	2010 £m
Financial liabilities			
Derivative financial instruments		0.6	1.8
Trade and other payables	25	94.9	89.8
Non-current trade and other payables	25	21.4	–
Non-current liabilities held-for-sale	18	12.8	9.2
Total financial liabilities		129.7	100.8

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

	Liability maturity date (£m)			
	<1 year	2-5 years	>5years	Total
Derivative financial instruments	0.5	0.1	–	0.6
Trade and other payables	94.9	–	–	94.9
Non-current trade and other payables	–	21.4	–	21.4
Non-current liabilities held-for-sale	12.8	–	–	12.8
Total financial liabilities	108.2	21.5	–	129.7

As at 30 June 2011 the Group had the following lease commitments:

	Notes	2011 £m	2010 £m
Commitments			
Operating lease commitments:	26		
Within one year		2.9	1.9
Over one year but not more than five years		6.5	5.3
Over five years		8.6	9.8
Total		18.0	17.0

• Interest rate risk

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

The principal interest rate risk is the risk that the Group will sustain a reduction in interest revenue through adverse movements in interest rates. This relates to bank deposits held in the ordinary course of business.

At 30 June 2011, if interest rates over the year had been 200 basis points higher or 40 basis points lower (2010: 200 basis points higher or 45 basis points lower) with all other variables held constant, post-tax profit for the year would have been £7.5 million higher/£1.5 million lower (2010: £6.6 million higher/£1.5 million lower), mainly as a result of higher/lower interest on cash balances.

The assumption that the fair value of assets and liabilities will not be affected by a change in interest rates was used in the model to calculate the effect on post-tax profits.

Effective interest rates applicable to financial instruments are as follows:

	Year ended 30 June 2011 %	Year ended 30 June 2010 %
Deposits with banks and liquidity funds	0.40	0.45

	Year ended 30 June 2011 £m	Year ended 30 June 2010 £m
Items repricing within one year or less:		
Deposits with banks and liquidity funds	369.0	344.4

Notes to the financial statements *continued*

21) Financial instrument risk management *continued*

• Foreign exchange risk

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

The Group's financial assets and liabilities are denominated in the following currencies:

Year ended 30 June 2011:

	Notes	Sterling £m	US Dollar £m	Brazilian Real £m	Other £m	Total £m
Financial assets						
Trade and other receivables	14	10.5	54.6	1.7	1.4	68.2
Available-for-sale financial assets	19	–	41.4	–	–	41.4
Cash and cash equivalents		302.0	63.9	–	3.1	369.0
Non-current assets held-for-sale	18	–	41.4	17.6	–	59.0
Total financial assets		312.5	201.3	19.3	4.5	537.6

	Notes	Sterling £m	US Dollar £m	Brazilian Real £m	Other £m	Total £m
Financial liabilities						
Derivative financial instruments	20	–	0.6	–	–	0.6
Trade and other payables	25	46.8	47.2	–	0.9	94.9
Non-current liabilities held-for-sale	18	–	7.1	5.7	–	12.8
Non-current trade and other payables	25	–	21.4	–	–	21.4
Total financial liabilities		46.8	76.3	5.7	0.9	129.7

Year ended 30 June 2010:

	Notes	Sterling £m	US Dollar £m	Brazilian Real £m	Other £m	Total £m
Financial assets						
Trade and other receivables	14	8.1	35.5	0.2	1.9	45.7
Available-for-sale financial assets	19	3.3	14.0	20.6	2.0	39.9
Cash and cash equivalents		201.7	140.8	–	1.9	344.4
Non-current assets held-for-sale	18	–	20.5	15.4	–	35.9
Total financial assets		213.1	210.8	36.2	5.8	465.9

	Notes	Sterling £m	US Dollar £m	Brazilian Real £m	Other £m	Total £m
Financial liabilities						
Derivative financial instruments		–	1.8	–	–	1.8
Trade and other payables	25	36.1	52.8	0.9	–	89.8
Non-current liabilities held-for-sale	18	–	3.8	5.4	–	9.2
Total financial liabilities		36.1	58.4	6.3	–	100.8

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

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

At 30 June 2011, 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 £3.5 million/£3.1 million respectively (2010: £11.1 million/£9.7 million).

The Group also holds a number of seed capital investments, as shown on the balance sheet, which are denominated in Brazilian Real or US dollars. Any such seed investments give rise to foreign exchange risk. Foreign exchange gains and losses arising on the Group's seed capital investments are taken to equity along with the mark-to-market movements in the period. At 30 June 2011, if the Brazilian Real and US dollar had, in aggregate, strengthened/weakened by one per cent against Sterling with all other variables held constant, the impact on net assets as a result of the Group's seed capital positions would be an increase/decrease of £0.9 million/£0.9 million (2010: £0.6 million/£0.6 million). The impact on profit before tax would be nil (2010: nil).

21) Financial instrument risk management continued

• Price risk

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

The Group's direct exposure to price risk is in respect of the seed capital investments it holds on its balance sheet. These can be either debt or equity instruments, where the Group's exposure is restricted to the carrying value of the assets or liabilities. At 30 June 2011, a 5% movement in the fair value of these investments would have a £4.4 million (2010: £3.3 million) impact on net assets. The impact on profit before tax would be nil (2010: nil).

There is also indirect price risk in connection with the Group's AuM and its associated management and performance fees. These are diversified across a range of investment themes and not measurably correlated to any single market indices in emerging markets. Based on the year end assets under management of US\$65.8 billion, and a sensible medium-term average net management fee rate of 80bps, a 5% movement in assets under management would have a US\$26.3 million impact on management fee revenues. Performance fee revenues could be reduced in severe market conditions, however, throughout Ashmore's history the policy of having funds with year ends staged throughout the financial year has meant that in periods of steep market decline, some performance fees have still been recorded. The profitability impact is likely to be less than this, as cost mitigation actions would apply, including the reduction of the variable compensation paid to employees.

• Hedging activities

Included within the realised and unrealised hedging gains of £1.8 million (note 3) recognised at 30 June 2011 (£4.8 million loss at 30 June 2010) are:

- A £1.3 million gain in respect of foreign exchange hedges covering net management fee income for the financial year ending 30 June 2011 (2010: £1.6 million loss); and
- A £0.5 million gain in respect of crystallised foreign exchange contracts (2010: £3.1 million loss).

Financial year ending 30 June 2012 foreign exchange options and forward contracts

The options and forward contracts have been assessed as effective cash flow hedges at 30 June 2011. Time value in relation to the Group's hedges is excluded from being part of the hedging item and, as a result, a net unrealised gain arising on the hedges of £1.3 million (2010: £1.6 million loss) has been recognised in the consolidated statement of comprehensive income for the year ended 30 June 2011, being the movement in the time value of the hedges in the financial year.

The £0.1 million intrinsic loss (2010: £0.6 million loss) on the Group's hedges has been recognised through other comprehensive income. Nil intrinsic value (2010: nil) was reclassified from equity to the statement of comprehensive income in the year. The cumulative fair value of the outstanding foreign exchange hedges liability at 30 June 2011 was £0.6 million (2010: £1.8 million).

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

The hedges protect a proportion of the Group's revenue cash flows from foreign exchange movements and occur consistently throughout the year. The maturity profile of the Group's outstanding hedges is shown below.

	Notional amount with maturity date (£m)			
	Within 6 months	6 – 12 months	>12 months	Total
Foreign exchange option collars	36.8	35.5	24.0	96.3
Forward contracts	14.6	13.7	9.3	37.6
Total foreign exchange hedges	51.4	49.2	33.3	133.9

	2011		2010	
	Notional amount £m	Fair value assets/(liabilities) £m	Notional amount £m	Fair value assets/(liabilities) £m
Cash flow hedges				
Foreign exchange option collars	96.3	0.1	56.9	(1.8)
Foreign exchange forward contracts	37.6	(0.7)	–	–
Total foreign exchange hedges	133.9	(0.6)	56.9	(1.8)

• 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 requirements of the Financial Services Authority.

Notes to the financial statements *continued*

21) 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 maximum exposure to credit risk is represented by the carrying value of its financial assets.

Financial assets subject to credit risk at 30 June 2011 are as follows:

	Note	2011 £m	2010 £m
Financial assets			
Trade and other receivables	14	143.9	69.0
Cash and cash equivalents		231.2	222.0
Total financial assets		375.1	291.0

At 30 June 2011 there were nil overdue trade and other receivables (2010: nil). All trade and other receivables are considered to be fully recoverable.

The Company's cash and cash equivalents are short-term deposits with banks or liquidity funds which have credit ratings ranging from A to AAAM as at 30 June 2011 (2010: A to A+).

- **Liquidity risk**

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

The table below analyses the Company's financial assets and liabilities. The amounts disclosed are the contractual undiscounted cash flows and are all due within one year unless otherwise disclosed.

	Note	2011 £m	2010 £m
Financial assets			
Trade and other receivables	14	143.9	69.0
Cash and cash equivalents		231.2	222.0
Total financial assets		375.1	291.0

	Note	2011 £m	2010 £m
Financial liabilities			
Trade and other payables	25	47.4	42.7
Total financial liabilities		47.4	42.7

	Note	2011 £m	2010 £m
Commitments			
Operating lease commitments:	26		
Within one year		1.2	1.2
Over one year but not more than five years		4.6	4.6
Over five years		8.6	9.8
Total		14.4	15.6

- **Interest rate risk**

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

The principal interest rate risk is the risk that the 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 2011, if interest rates over the year had been 200 basis points higher/29 basis points lower (2010: 200 basis points higher/60 basis points lower) with all other variables held constant, post-tax profit for the year would have been £3.1 million higher/£0.5 million lower (2010: £3.4 million higher/£1.0 million 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.

21) Financial instrument risk management continued

Effective interest rates applicable to financial instruments are as follows:

	Year ended 30 June 2011 %	Year ended 30 June 2010 %
Deposits with banks and liquidity funds	0.29	0.60

	Year ended 30 June 2011 £m	Year ended 30 June 2010 £m
Items repricing within one year or less:		
Deposits with banks and liquidity funds	231.2	222.0

- **Foreign exchange risk**

Foreign exchange risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. Other than intercompany balances in relation to seed capital investments, the only foreign exchange risk to which the Company is exposed is in respect of US dollar cash balances.

Year ended 30 June 2011:

	Sterling £m	US Dollar £m	Total £m
Cash and cash equivalents	204.1	27.1	231.2
Total	204.1	27.1	231.2

Year ended 30 June 2010:

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

At 30 June 2011, 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 £13.8 million (2010: £5.2 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. The Company has no exposure in this area.

22) Share capital

Group and Company

(a) Share capital authorised

	As at 30 June 2011 Number of shares	As at 30 June 2011 Nominal value £'000	As at 30 June 2010 Number of shares	As at 30 June 2010 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 2011 Number of shares	As at 30 June 2011 Nominal value £'000	As at 30 June 2010 Number of shares	As at 30 June 2010 Nominal value £'000
Ordinary shares of 0.01p each	713,284,437	71	708,925,000	71

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

During the year 4,359,437 new ordinary shares were allotted as part of the acquisition of AshmoreEMM. The nominal value of the shares issued was 0.01p each and £435.94 in total. No cash was received for these shares however the effective consideration was 353.84p per share. For further detail see note 27.

At 30 June 2011 there were 4,229,071 (2010: 18,529,571) options in issue with contingent rights to the allotment of ordinary shares of 0.01p in the Company. There were also equity settled share awards issued under the Omnibus Plan totalling 22,889,524 shares (2010: 17,784,317) that have release dates ranging from November 2011 to September 2015. Further details are provided in note 9.

Notes to the financial statements *continued*

23) Own shares

The Ashmore 2004 Employee Benefit Trust (EBT) was established to act as an agent to facilitate the acquisition and holding of shares in the Company with a view to facilitating the recruitment and motivation of the employees of the Company. As at the period end, the EBT owned 24,555,042 (2010: 36,007,445) ordinary shares of 0.01p with a nominal value of £2,455.50 (2010: £3,600.74) and shareholders' funds are reduced by £48.7 million (2010: £40.2 million) in this respect. It is the intention of the Directors to make these shares available to employees by way of sale through the share-based compensation plans. The EBT is periodically funded by the Company for these purposes.

24) Treasury shares

Treasury shares held by Ashmore Group plc	2011 £m	2010 £m
Ashmore Group plc ordinary shares	6.9	6.9

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

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

Market value of treasury shares	£m	£m
Ashmore Group plc	21.4	13.1

25) Trade and other payables

	Group As at 30 June 2011 £m	Group As at 30 June 2010 £m	Company As at 30 June 2011 £m	Company As at 30 June 2010 £m
Current				
Accruals and deferred income	83.2	89.8	47.4	42.7
Contingent consideration	11.7	–	–	–
Total current	94.9	89.8	47.4	42.7
Non-current				
Contingent consideration	20.3	–	–	–
Other non-current liabilities	1.1	–	–	–
Total non-current	21.4	–	–	–
Total trade and other payables	116.3	89.8	47.4	42.7

26) Leases

Operating leases

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

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

Group	As at 30 June 2011 £m	As at 30 June 2010 £m
Within one year	2.9	1.9
Over one year but not more than five years	6.5	5.3
Over five years	8.6	9.8
Total	18.0	17.0

Company	As at 30 June 2011 £m	As at 30 June 2010 £m
Within one year	1.2	1.2
Over one year but not more than five years	4.6	4.6
Over five years	8.6	9.8
Total	14.4	15.6

27) Acquisitions

Emerging Markets Management LLC

On 31 May 2011 the Group acquired an effective 62.94% stake in Emerging Markets Management LLC which was subsequently renamed Ashmore EMM LLC ("AshmoreEMM") an emerging markets equity investment management company established in 1987 and based in Arlington, Virginia (close to Washington DC).

The acquisition was in line with Ashmore's strategy to grow its equity investment theme which at the year end represented approximately 15% of the combined AuM. AshmoreEMM expands and diversifies Ashmore's product offerings, revenue streams and client base both by geographic location and client type.

The total fair value of purchase consideration was £93.0 million (US\$153.0 million), consisting of an upfront cash payment of £49.5 million (US\$81.5 million), satisfied from Ashmore's existing cash resources, the issue of 4,359,437 new Ashmore ordinary shares valued at £15.4 million (US\$25.4 million) and contingent consideration valued at £28.1 million (US\$46.1 million). The number of shares issued as part of the initial consideration, which are subject to certain trading restrictions for three years, was fixed at 31 May 2011 based on the average trade price over the previous ten days. Issue costs of the shares were negligible.

The contingent consideration represents a potential earnout payable in three annual instalments in December of 2011, 2012 and 2013, dependent on AshmoreEMM management fee revenues for those years. The potential undiscounted value of all future payments that the Group could be required to make under this arrangement is between nil and a maximum of £73.8 million (US\$118.4 million). The fair value of the contingent consideration was calculated by reference to possible scenarios, weighted according to management's estimates of their probabilities and discounted using the Group's weighted average cost of capital of 13.0%. The undiscounted value of the estimated payments is £33.4 million (US\$55.0 million). At maturity, contingent consideration will be settled using a combination of cash and new Ashmore ordinary shares at the prevailing market price. Ashmore have the option to pay up to 25% of such consideration as equity.

Acquisition related expenses of £1.3 million (US\$2.2 million) have been charged to the income statement in the period to 30 June 2011 and included in other expenses – professional fees (note 6).

Tangible net assets acquired had a fair value of £13.8 million (US\$22.7 million) on acquisition. No fair value adjustments were made to the carrying value of the tangible net assets. Trade receivables have not been discounted as they largely represent accrued management fees which are considered fully recoverable.

The goodwill of £50.8 million (US\$83.5 million) arising on the acquisition is principally attributable to the value expected to be derived from the acquired platform through future growth, additional business from new clients, and the value of the assembled workforce. No goodwill has been allocated to the non-controlling interest.

Of the goodwill arising on acquisition, £18.4 million (US\$30.3 million) is deductible for tax purposes in the United States over a fifteen year period. This amount excludes the goodwill resulting from contingent consideration. To the extent that further consideration becomes payable, further goodwill will be recognised for tax purposes and amortised over the remaining part of the 15 year life of the goodwill. The deduction for the month (and year) ended 30 June 2011 was £0.1 million (US\$0.2 million).

On acquisition, 19.2% of AshmoreEMM shares were fully vested and held by the employees and management of AshmoreEMM. Employees and management also held unvested shares representing 17.9%. As the unvested shares have performance conditions related to continued employment, these are accounted for as share-based payments in accordance with IFRS2 Share-Based Payment, which will result in an annual charge to the income statement in the period to vesting of £5.4 million (US\$8.6 million). The NCI of £12.9 million (US\$21.2 million) on acquisition represents the share of the identifiable assets and liabilities acquired attributable to the vested shares held by the employees and management of AshmoreEMM. The recognition of share-based payment charges over the five year period to vesting will lead to an increase of the NCI to 37.06%, although the actual percentage held by the NCI may vary as a result of the sale of vested NCI shares, the forfeiture of unvested units or the issue of further awards of unvested shares in line with the Group's longstanding equity compensation culture.

The discount applied to the contingent consideration will unwind until the time when the final payment is made in December 2013. The amount charged to the consolidated statement of comprehensive income for the year ended 30 June 2011 was £0.5 million (US\$0.7 million). This unwind of the discount will result in a charge to the income statement of £3.7 million in FY2011/12, £1.2 million in FY2012/13 and £0.2 million in FY2013/14.

The revenue included in the consolidated statement of comprehensive income since 1 June 2011 contributed by AshmoreEMM was £3.9 million. AshmoreEMM also contributed profit before tax of £2.1 million over the same period.

Had AshmoreEMM been consolidated for the full financial year from 1 July 2010 to 30 June 2011, the consolidated statement of comprehensive income would show total revenue across the Group of £382.3 million and profit after tax of £208.1 million.

Subsequent Adjustment

Under IFRS 3, a measurement period of up to one year can be utilised to assess the valuation of net assets acquired as the result of the acquisition. Separate to the contingent consideration, there is a contracted adjustment to the initial share consideration scheduled for 30 September 2011, which is the only adjustment to initial consideration, goodwill and assets currently anticipated. This "true up" mechanism is designed to align the upfront purchase price paid with the revenue earning capability of the underlying AuM that existed at the acquisition date.

Notes to the financial statements *continued*

27) Acquisitions *continued*

The following tables summarise the consideration paid for AshmoreEMM and the value of the recognised assets acquired and liabilities assumed recognised at the acquisition date as well as the fair value at the acquisition date of the non-controlling interest in AshmoreEMM.

	As at 31 May 2011 £m	As at 31 May 2011 US\$m
Consideration at 31 May 2011		
Cash	49.5	81.5
Equity instruments (4,359,437 ordinary shares of Ashmore plc)	15.4	25.4
Contingent consideration	28.1	46.1
Total consideration	93.0	153.0
Acquisition related costs	1.3	2.2

	As at 31 May 2011 £m	As at 31 May 2011 US\$m
Recognised fair value amounts of identifiable assets acquired and liabilities assumed at 31 May 2011		
Cash and cash equivalents	8.1	13.3
Property and equipment at net book value (note 11)	0.4	0.7
Intangible assets (note 12)	41.3	68.0
Trade and other receivables	9.5	15.6
Trade and other payables	(3.3)	(5.5)
Defined contribution retirement benefit obligations	(0.9)	(1.4)
Total identifiable net assets	55.1	90.7
Non-controlling interest	(12.9)	(21.2)
Goodwill (note 12)	50.8	83.5
Total consideration	93.0	153.0

28) Subsidiaries and associates

Company

	As at 30 June 2011 £m	As at 30 June 2010 £m
Investment in subsidiaries		
Cost	20.1	4.7

During the year Ashmore Group plc purchased £15.4 million ordinary shares of Ashmore Investments (UK) Limited (note 22). There were no other movements in the year.

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

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

	Country of incorporation/ formation and principal place of operation	As at 30 June 2011 % owned
Ashmore Investments (UK) Limited	England	100.00

28) Subsidiaries and associates continued

The principal indirectly held subsidiaries are as follows:

	Country of incorporation/ formation and principal place of operation	As at 30 June 2011 % 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 Global Special Situations Fund 5 (GP) Limited	Guernsey	100.00
AA Development Capital Investment Managers (Mauritius) LLC	Mauritius	55.00
Ashmore Investments (Brasil) Limited	Guernsey	80.00
Ashmore Investments (India) Limited	Mauritius	90.00
Aldwych Administration Services Limited	England	100.00
Ashmore Investments (Turkey) NV	Netherlands	95.20
Ashmore Emerging Markets Special Situations Opportunities Fund (GP) Limited	Guernsey	100.00
Ashmore (FOF) Limited	England	100.00
Ashmore Investment Management (US) Corporation	USA	100.00
Ashmore Management Company Russia Limited	Guernsey	100.00
Ashmore Russia LLC	Russia	100.00
Ashmore Investments (Colombia) SL	Spain	100.00
Ashmore Japan Co. Limited	Japan	100.00
Ashmore Investment Consulting (Beijing) Co. Limited	China	100.00
Ashmore EMM Holding Corp.	USA	100.00
Ashmore EMM L.L.C.	USA	62.94

All shares held are ordinary. All subsidiaries within the Group are included in the consolidated results. The principal subsidiaries affecting the Group's consolidated statement of comprehensive income and balance sheet as at 30 June 2011 are Ashmore Investments (UK) Limited, Ashmore Investment Management Limited, Ashmore Management Company Limited and Ashmore EMM L.L.C.

As at 30 June 2011 the Company indirectly held investments in associates. These are as follows:

	As at 30 June 2011 £m	As at 30 June 2010 £m
Investment in associates		
Total assets	4.2	2.8
Total liabilities	(1.8)	(0.7)
Net assets	2.4	2.1
Group's share of associates' net assets	0.8	0.6
Revenue for the year to 30 June 2011	4.7	2.2
Profit for the year to 30 June 2011	(0.1)	0.1
Group's share of associates' profit for period since acquisition	(0.1)	—

The Group held 50.0% of the equity of an associate, VTB-Ashmore Capital Holdings Limited as at 30 June 2011 (2010: 0%).

The Group held 30.0% of the equity of an associate, Everbright Ashmore, as at 30 June 2011 (2010: 30%).

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

No profit has been recognised in the Group's consolidated statement of comprehensive income in respect of its share of associates profit for the year as a result of the net asset position of the associates. This treatment will continue to be applied until the Group's share of associates' net assets returns to a level greater than the carrying value of the investment.

The Group has undrawn capital commitments of £21.6 million (2010: £15.1 million) to investment funds managed by the associates. Further details are provided in note 31.

Notes to the financial statements *continued*

29) 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 2011 £m	Year ended 30 June 2010 £m
Short-term employee benefits	6.0	5.2
Share-based payment benefits	2.3	0.5
Total	8.3	5.7

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

On 25 October 2010 the Group entered into an agreement to transfer a capital commitment to the Chief Executive Officer. The capital commitment was to a closed end fund for an amount equivalent to £10.6 million. At the date of the transfer, nil of the commitment had been called and the fund had made nil gain/loss. The transaction was conducted on an arms length basis and was fully disclosed to the Board of Directors in advance of completion and in line with the Group's policies and procedures. At 30 June 2011 there were no outstanding amounts between the Chief Executive Officer and the Group in relation to the transfer.

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 2011 £m	Year ended 30 June 2010 £m
Management fees received	76.6	68.9
Net dividends received	170.0	126.8

	As at 30 June 2011 £m	As at 30 June 2010 £m
Amounts due from subsidiaries	134.3	60.8
Amounts due to subsidiaries	0.7	7.0

The Ashmore Foundation is a related party to the Group. The foundation was set up to provide financial grants to worthwhile causes within the emerging markets geographies in which Ashmore operates with a view to putting something back into the countries and communities in which the Group invests and which contribute to Ashmore's income and profitability. There were no related party transactions with the foundation during the year.

30) Directors' remuneration

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

	Year ended 30 June 2011 £m	Year ended 30 June 2010 £m
Aggregate emoluments	9.1	5.2

There are retirement benefits accruing to two directors under a defined contribution scheme (2010: two).

Directors' emoluments

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

31) Capital commitments

	Group		Company	
	2011 £m	2010 £m	2011 £m	2010 £m
Undrawn investment commitments				
VTBC-Ashmore Real Estate Partners I, L.P.	5.0	–	–	–
Everbright Ashmore China Real Estate Fund	16.6	15.1	–	–
Ashmore I – FCP Colombia Infrastructure Fund	9.7	–	–	–
Ashmore Russian Real Estate Recovery Fund	–	4.8	–	–

During the year the Ashmore Russian Real Estate Recovery Fund was dissolved and the Group made a new commitment to the VTBC-Ashmore Real Estate Partners I, L.P., a real estate fund managed by an associate.

32) Post-balance sheet events

There were no post-balance sheet events that required adjustment of or disclosure in the financial statements for the year ended 30 June 2011.

33) 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 and intangible assets annually for impairment. The recoverable amount is determined based upon value in use calculations prepared on the basis of management's assumptions and estimates. The carrying value of goodwill and intangibles on the Group's balance sheet at 30 June 2011 was £103.2 million (2010: £6.7 million).

The Group assesses the recognition of performance fees to determine whether receipt of the fees is considered probable and the amount reliable. The assessment is made using management's judgement of the circumstances relevant to each performance fee entitlement. There were no outstanding performance fees receivable at 30 June 2011 (2010: none).

The Group assesses the expected payments to be made under earnout arrangements to determine whether the estimates are reasonable based on current information. The assessment is made using management's judgement of the likelihood of the conditions of the earnout being met. The combined liability of all earnout arrangements on the Group's balance sheet at 30 June 2011 was £32.0 million.

It is possible that this document could or may contain forward looking statements that are based on current expectations or beliefs, as well as assumptions about future events. These forward looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward looking statements often use words such as anticipate, target, expect, estimate, intend, plan, goal, believe, will, may, should, would, could or other words of similar meaning.

Undue reliance should not be placed on any such statements because, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and the Group's plans and objectives, to differ materially from those expressed or implied in the forward looking statements. There are several factors that could cause actual results to differ materially from those expressed or implied in forward looking statements. Among the factors that could cause actual results to differ materially from those described in the forward looking statements are changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or dispositions. The Group undertakes no obligation to revise or update any forward looking statement contained within this document, regardless of whether those statements are affected as a result of new information, future events or otherwise.

Five-year summary

	IFRS 2007 £m	IFRS 2008 £m	IFRS 2009 £m	IFRS 2010 £m	IFRS 2011 £m
Management fees	130.2	186.7	186.8	192.1	250.9
Performance fees	20.4	44.7	52.5	82.9	85.4
Other revenue	10.3	10.1	6.4	6.4	6.5
Total revenue	160.9	241.5	245.7	281.4	342.8
Less: Distribution costs	(3.8)	(4.7)	(3.6)	(2.2)	(1.6)
Foreign exchange	2.7	3.2	(38.6)	7.0	(7.4)
Net revenue	159.8	240.0	203.5	286.2	333.8
Personnel expenses	(5.2)	(7.4)	(11.5)	(12.8)	(15.3)
Variable compensation	(27.4)	(40.3)	(24.5)	(46.0)	(56.2)
Other operating expenses	(5.5)	(11.1)	(16.9)	(18.1)	(22.9)
Total operating expenses	(38.1)	(58.8)	(52.9)	(76.9)	(94.4)
Operating profit	121.7	181.2	150.6	209.3	239.4
Finance income	9.7	15.0	9.2	7.9	6.5
Profit before tax	131.4	196.2	159.8	217.2	245.9
Tax expense	(39.9)	(55.2)	(44.3)	(56.6)	(55.7)
Profit for the year	91.5	141.0	115.5	160.6	190.2
EPS (basic)	13.7p	21.0p	17.1p	23.9p	28.1p
Other operating data (unaudited)					
AuM at period end (US\$bn)	31.6	37.5	24.9	35.3	65.8
AuM at period end (£bn)	15.7	18.8	15.1	23.6	41.0
Average AuM (£bn)	13.6	17.7	17.3	19.8	29.0
Average £/US exchange rate for the year	1.95	2.01	1.60	1.58	1.59
Period end £/US\$ exchange rate for the year	2.01	1.99	1.65	1.49	1.61

Information for shareholders

Ashmore Group plc

Registered in England and Wales.
Company No. 3675683

Registered office

61 Aldwych
London WC2B 4AE
Tel: +44 (0) 20 3077 6000
Fax: +44 (0) 20 3077 6001

Principal UK trading subsidiary

Ashmore Investment Management Limited

Registered in England and Wales,
Company No. 3344281.

Business address and registered office
as above.

Further information on Ashmore Group plc
can be found on the Company's website:
www.ashmoregroup.com

Financial calendar

Announcement of results for year ended
30 June 2010

13 September 2011

First quarter interim management statement

13 October 2011

Annual general meeting

27 October 2011

Ex-dividend date

2 November 2011

Record date

4 November 2011

Final dividend payment date

2 December 2011

Second quarter AuM statement

January 2012

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

February 2012

Third quarter interim management
statement

April 2012

Announcement of results for the
year ended 30 June 2012

September 2012

Registrar

Equiniti Registrars
Aspect House
Spencer Road
West Sussex
BN99 6DA

UK shareholder helpline: 0871 384 2030
(Calls to this number cost 8p per minute
from a BT landline, other providers' costs
may vary. Lines are open 8.30am to 5.30pm,
Monday to Friday.)

International shareholder helpline:
+44 121 415 7047

Further information about the
Registrar is available on their website
www.equiniti.com

Up-to-date information about current
holdings on the register is also available
at www.shareview.co.uk

Shareholders will need their reference
number (account number) and postcode
to view information on their own holding.

Share price information

Share price information can be found
at www.ashmoregroup.com or through
your broker.

Share dealing

Shares may be sold through a stockbroker
or share dealing service. There are a variety
of services available. Equiniti Registrars
offer a secure, free and easy-to-use
internet-based share dealing service known
as Shareview Dealing.

You can log on at
www.shareview.co.uk/dealing to access
this service, or contact the helpline on
0845 603 7037 to deal by telephone.

You may also use the Shareview service to
access and manage your share investments
and view balance movements, indicative
share prices, information on recent dividends,
portfolio valuation and general information
for shareholders.

Shareholders must register at
www.shareview.co.uk entering the
shareholder reference on the share
certificate and other personal details.

Having selected a personal PIN, a user
ID will be issued by the Registrar.

Electronic copies of the 2011 Annual Report and financial statements and other publications

Copies of the 2011 Annual Report
and financial statements, the Notice
of Annual General Meeting, other
corporate publications, press releases
and announcements are available on
the Company's website at
www.ashmoregroup.com

Sharegift

Shareholders with only a small number of
shares whose value makes them uneconomic
to sell may wish to consider donating to
charity through Sharegift, an independent
charity share donation scheme.

For further information, please contact either
the Registrar or see the Sharegift website at
www.sharegift.org

Frequent shareholder enquiries

Enquiries and notifications concerning
dividends, share certificates or transfers
and address changes should be sent to the
Registrar; the Company's governance reports,
corporate governance guidelines and the
terms of reference of the Board committees
can be found on the Company's website at
www.ashmoregroup.com

Notifying the Company of a change of address

You should notify Equiniti Registrars
in writing.

If you hold shares in joint names, the
notification to change address must be
signed by the first-named shareholder.
You may choose to do this online, by logging
on to www.shareview.co.uk. You will need
your shareholder reference number to access
this service – this can be found on your share
certificate or from a dividend counterfoil.

You will be asked to select your own PIN
and a user ID will be posted to you.

Notifying the Company of a change of name

You should notify Equiniti Registrars in
writing of your new name and previous
name. You should attach a copy of your
marriage certificate or your change of name
deed, together with your share certificates
and any un-cashed dividend cheques in
your old name, so that the Registrar can
reissue them.

Information for shareholders *continued*

Dividend payments directly into bank or building society accounts

We recommend that all dividend payments are made directly into a bank or building society account. Dividends are paid via BACS, providing tighter security and access to funds more quickly. To apply for a dividend mandate form, contact the Registrar, or you can find one by logging on to www.shareview.co.uk (under Frequently Asked Questions) or by calling the helpline on 0871 384 2030.

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: +44 (0)121-415-7028.



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