Ashmore

Interim Report 2015/16

Prospects Process Performance

Ashmore is a specialist Emerging Markets asset manager, with a business model that delivers high-quality profits from a scalable platform.

The Emerging Markets have strong and diversified growth **prospects** as economic, political and social factors converge with those of the developed world. The Group provides access to these markets, acting as a conduit for capital between the Developed and Emerging Markets, and increasingly between Emerging Markets as they broaden and diversify their investments. Ashmore's investment **processes**, which have been employed over more than two decades, follow a value-based, active, specialist approach, and continue to deliver long-term investment **performance** through market cycles.

CONTENTS

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www.ashmoregroup.com

Highlights

ASSETS UNDER MANAGEMENT (AUM) AT 31 DECEMBER 2015	AUM OUTPERFORMING BENCHMARKS OVER ONE YEAR	THREE YEARS	FIVE YEARS
US$49.4bn	55%	14%	64%
30 June 2015: US$58.9bn	30 June 2015: 23%	60%	81%

NET MANAGEMENT FEES	ADJUSTED EBITDA	ADJUSTED EBITDA MARGIN
£98.7m	£68.0m	63%
(H1 2014/15: £133.0m)	(H1 2014/15: £96.3m)	(H1 2014/15: 67%)

PROFIT BEFORE TAX	DILUTED EARNINGS PER SHARE	INTERIM DIVIDEND PER SHARE
£62.7m	6.5p	4.55p
(H1 2014/15: £110.7m)	(H1 2014/15: 11.5p)	To be paid on 1 April 2016 (H1 2014/15: 4.55p)

Adjusted EBITDA is defined on page 2 and reclassifies items relating to seed capital and foreign exchange translation.

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

"Notwithstanding the effects that weaker markets and sentiment have had on AuM levels, Ashmore's inherently flexible cost base has delivered good cash generation and enabled the profit margin to be maintained at a high level in the first half of the financial year. Markets have remained volatile in early 2016, and while this can provide great value-based investment opportunities, sentiment is likely to continue to be affected by the lower oil price and ongoing concerns about slowing global growth, particularly with respect to China. However, after a prolonged period of adjustment in Emerging Markets, the current yields across sovereign and corporate credit markets suggest these asset classes are well placed to deliver long-term outperformance, particularly with the backdrop of robust fundamentals."

Chief Executive Officer's report

The Group continued to face difficult market conditions and ongoing negative sentiment towards Emerging Markets in particular during the six months ending 31 December 2015, with particularly weak and volatile markets in August, September and December. Consequently, assets under management declined from US$58.9 billion to US$49.4 billion, resulting in a 25% reduction in average AuM levels compared with the same period in the prior year. The consequent reduction in management fees in the first half was mitigated to some extent by the generation of performance fees, the strength of the US dollar against Sterling, and the inherent flexibility provided by the Group's operating cost structure.

Over the six months, the Group's investment processes sought to identify and act upon dislocations between market prices and fundamentals, which provided opportunities to add risk to portfolios in order to deliver longer-term outperformance.

Adjusted net revenue of £108.4 million declined 25% versus the same period in the prior year, and comprised net management fees of £98.7 million, performance fees of £8.6 million, and other revenues of £1.1 million. The 15% reduction in adjusted operating costs maintained Ashmore's high adjusted EBITDA margin of 63%.

Profit before tax of £62.7 million declined from £110.7 million in the prior half-year period. Diluted earnings per share were 6.5 pence (H1 2014/15: 11.5 pence) and reflecting Ashmore's strong and liquid balance sheet, the Board has declared an interim dividend of 4.55 pence per share.

Summary non-GAAP financial performance

The table below reclassifies items relating to seed capital and the translation of non-Sterling balance sheet positions to aid clarity and comprehension of the Group's operating performance, and to provide a more meaningful comparison with the prior period. For the purposes of presenting 'Adjusted profits', operating expenses have been adjusted for the variable compensation on foreign exchange translation gains and losses.

		Reclassification of			
£m	**H1 2015/16 Statutory**	Seed capital-related items	Foreign exchange translation	**H1 2015/16 Adjusted**	H1 2014/15 Adjusted
Net revenue	**116.4**	–	(8.0)	**108.4**	143.9
Investment securities and third-party interests	**(12.5)**	12.5	–	**–**	–
Operating expenses	**(43.8)**	1.8	1.6	**(40.4)**	(47.6)
EBITDA	**60.1**	14.3	(6.4)	**68.0**	96.3
EBITDA margin	***52%***	–	–	***63%***	*67%*
Depreciation and amortisation	**(2.5)**	–	–	**(2.5)**	(2.3)
Operating profit	**57.6**	14.3	(6.4)	**65.5**	94.0
Net finance income/(expense)	**6.1**	(6.0)	0.9	**1.0**	0.8
Associates and joint ventures	**(1.0)**	–	–	**(1.0)**	(1.2)
Seed capital-related items	**–**	(8.3)	–	**(8.3)**	(0.7)
Profit before tax excluding FX translation	**62.7**	–	(5.5)	**57.2**	92.9
Foreign exchange translation	**–**	–	5.5	**5.5**	17.8
Profit before tax	**62.7**	–	–	**62.7**	110.7

Market review

Volatility in global markets continued in the first half of the financial year as concerns over global economic growth and geopolitical risks intensified. In December, the long-awaited increase in the Federal Reserve's target rate was accompanied by confirmation that it expects only a gradual rise in interest rates over time, and markets reacted positively as a source of uncertainty was removed.

Global fixed income outperformed equities over the period, consistent with the prevailing market concerns over slowing GDP growth. The US dollar continued to strengthen on a trade-weighted basis and most commodity prices declined. These patterns were reflected in Emerging Markets, with fixed income significantly outperforming equity indices, and external debt performing better than unhedged local currency bonds.

Investment themes

External debt	**Local currency**	**Corporate debt**	**Blended debt**
Invests in debt instruments issued by sovereigns (governments) and quasi-sovereigns (government-sponsored).	Invests in local currencies and local currency-denominated instruments issued by sovereign, quasi-sovereign and corporate issuers.	Invests in debt instruments issued by public and private sector companies.	Mandates specifically combine external, local currency and corporate debt measured against tailor-made blended indices.
Equities	**Alternatives**	**Multi-asset**	**Overlay/liquidity**
Invests in equity and equity-related instruments within the Emerging Markets including global, regional, country, small cap and frontier opportunities.	Provides access to private equity, healthcare, infrastructure, special situations, distressed debt and real estate investment opportunities.	Specialised, efficient, all-in-one access to a long-term strategic asset allocation across the full Emerging Markets investment universe.	Separates and centralises the currency risk of an underlying Emerging Markets asset class in order to manage it effectively and efficiently.

External debt

The EMBI GD external debt index fell 0.5% over the period, but supported by US dollar strength it performed better than other major Emerging Markets indices. Despite the periodic market weakness, and some credit rating changes, high yield (HY) assets delivered positive returns of +1.2% with investment grade (IG) bonds falling 1.7%.

While Ashmore's external debt portfolios had some underperformance arising from the market volatility in the six months, the investment process added risk and delivered good returns when market conditions stabilised. Over three years, the Group's external debt broad composite has returned -0.7% annualised versus +1.0% for the EMBI GD benchmark index.

The EMBI GD currently yields approximately 6.5% at the index level and has a spread over 10 year US Treasuries of 490bps, which points to substantial value being available in the asset class and suggests that, in aggregate, the market has priced in foreseeable US rate increases.

Local currency

The unhedged GBI-EM GD index declined 10.6% over the period, with the underperformance due to the strength of the US dollar; on a hedged basis, the index returned 1.0%. The diversity of the local currency asset class continues to be important, as demonstrated by the wide range of unhedged country returns over the six months, from +24% for Nigeria to -26% for South Africa.

The outflows experienced in local currency were largely attributable to the weak asset class performance resulting from the persistent strength of the US dollar against a range of Emerging Markets currencies. Over three years, the Group's local currency bonds composite has performed broadly in line with the benchmark index, returning -10.4% annualised versus -10.0% for the GBI-EM GD index.

An index yield currently of nearly 7% and attractive carry available from a diverse range of Emerging Markets currencies suggest that the asset class provides good value. The primary headwind it has faced in recent years has been the relative strength of the US dollar, which has more than offset the bond returns. It is unlikely that the US economy can continue to withstand 10% per annum appreciation in its currency and so there are good prospects for Emerging Markets currencies to contribute to local currency theme performance.

Corporate debt

In contrast to external debt, corporate high yield credit underperformed investment grade assets. The CEMBI BD index fell by 2.3% during the six months, with the HY component declining 5.0% and IG bonds falling 0.9%. While the US high yield credit market serves as a reference for prices of Emerging Markets high yield credit, the latter has outperformed as US high yield bonds fell 7.5% over the period.

While corporate debt experienced net outflows over the six months, these were influenced by a number of relatively large segregated account redemptions. Over three years, the Group's corporate debt composite has returned -1.5% annualised versus +1.9% for the CEMBI BD benchmark index, and the investment grade composite has returned +1.7% annualised versus +2.3% for the CEMBI BD IG benchmark.

Industry-wide corporate default rates remain in line with long-run averages, and the Group's portfolios are outperforming the benchmark index on this measure. Therefore the Group's investment returns have thus far been mostly influenced by mark-to-market price adjustments rather than credit losses. A primary consideration when investing in hard currency corporate credit is to determine the availability and strength of foreign currency cash flows to support coupon and interest payments. So, while rising US interest rates may cause some pressure in certain parts of the Emerging Markets corporate debt universe, the diversity of the asset class provides sufficient investment opportunities where it is possible to identify the protection afforded by factors such as export-related revenue streams, FX hedging, remittances by overseas subsidiaries, and government support.

Blended debt

The blended debt benchmark (50% EMBI GD, 25% GBI-EM GD, 25% ELMI+) returned -4.6% over the six-month period.

Similar to corporate debt, the net outflows in blended debt were dominated by a small number of segregated account withdrawals. The underweight FX position in blended debt funds has benefited relative returns over the six months, demonstrating the merits of active management. Over three years, the Group's blended debt composite has returned -2.7% annualised versus -3.5% for the standard benchmark.

The attraction of blended debt is clear for first time allocators to Emerging Markets, as it provides broad but dynamically-managed exposure to fixed income markets. It is also relevant to more experienced Emerging Markets investors as it allows the application of bespoke performance benchmarks. Therefore, the Group expects demand for blended debt products to come from a wide range of investor types, both retail and institutional.

Equities

Equities underperformed fixed income during the period, with the MSCI EM (net) index falling 17.4% and the MSCI Small Cap (net) index declining 14.0%.

The Group's range of focused, specialist equity funds performed well relative to their respective benchmarks over the six-month period. There is substantial three-year annualised outperformance in the Global Small Cap, Pan Africa, India and Middle East composites, which together account for US$2.0 billion or 63% of AuM in the Equities theme. Several of the specialist funds, notably the Middle East, Frontier Markets and Africa funds, feature in Pensions & Investments' top 10 ranking of Emerging Markets equity funds over five years, with the Middle East fund the best performing fund over that time period.

The market headwinds of the past couple of years have resulted in many value opportunities in Emerging Markets equities, particularly where the share prices of strong local businesses have declined along with those directly affected by the external environment. Therefore, against a backdrop of attractive valuations, selective stock-picking and active management will be the deciding factors in generating returns in 2016.

Alternatives

AuM increased during the period, from US$0.8 billion to US$1.4 billion, as capital raising in the infrastructure and healthcare sub-themes contributed approximately US$0.6 billion, which more than offset the planned return of capital to investors from existing funds. Investment performance added US$0.1 billion in the period.

The capital raised diversifies revenues, is locked up, and is beneficial to the Group's net management fee margin, albeit that the characteristics of the infrastructure fund, being very long term (25 years) and investing in senior debt, means that its management fee margin is lower than the existing private equity infrastructure and real-estate funds in the alternatives theme. At the period end, the run-rate net management fee margin for the theme was approximately 135 bps.

The Group continues to see opportunities to grow the alternatives theme by providing clients with access to long-term growth trends in Emerging Markets, particularly in areas such as infrastructure and healthcare provision.

Multi-asset

Multi-asset AuM reduced by US$0.4 billion over the six months, equally split between net outflows and investment performance. AuM in the Group's Japanese retail funds continued to reduce as expected, albeit at a slower pace, and these funds now represent only US$0.6 billion of AuM in the theme (30 June 2015: US$1.0 billion). Similar to blended debt, but with the important inclusion of the equities asset class, the multi-asset theme offers investors exposure to a broad range of actively-managed investment themes, thereby increasing diversification and offering potentially higher returns through the cycle.

Overlay/liquidity

AuM in the overlay/liquidity theme increased by US$0.1 billion during the period as a result of net inflows of US$0.3 billion from existing clients, offset by negative performance of US$0.2 billion.

Market outlook

In December, the US Federal Reserve raised its target rate for the first time in nine years. Importantly, this occurred nearly three years after it had signalled an end to its quantitative easing (QE) and as a consequence markets had plenty of time to adapt. Emerging Markets pricing had adjusted accordingly to leave substantial value across the asset classes, and particularly when compared with the QE-inflated price levels evident in many Developed Markets.

Index yields of approximately 7% are currently available on Emerging Markets government bonds, which are comparable to the yields prevailing at the end of the previous Fed rate cycle in 2006 when the target rate was 5.25%. The potential returns from Emerging Markets fixed income are attractive, both in absolute terms and relative to the alternatives in Developed Markets.

Higher US interest rates will inevitably cause pressure in some areas, particularly where countries or companies have too much debt or inappropriate funding structures. Yet these situations are no longer as common as they once were. The Emerging Markets have faced a number of significant headwinds over the past few years, such as substantial commodity price declines, capital outflows leading to higher funding costs, FX depreciation against the US dollar, and elections in many of the major economies. However, there have been only two sovereign defaults (Argentina and Ukraine) for reasons largely unrelated to those headwinds. In corporate credit, these headwinds have thus far not resulted in a significant increase in defaults; the high-yield corporate default rate of 3.1% at the end of 2015 is below the long-run average of 3.9%, and is also below the equivalent figure for the US high yield market of 3.4%.

The economic fundamentals in Emerging Markets are in robust shape: average GDP growth is expected by the IMF to accelerate in 2016, from 4.0% to 4.3%, twice the rate expected for Developed Markets; inflation is typically at a reasonable level, between 4% and 5% on average; and central banks have built substantial FX reserves, equivalent to an estimated two-thirds of the world total of US$11 trillion, to provide policy flexibility as currencies fluctuate. While commodity price weakness will remain a challenge for some countries and companies, lower prices are a benefit to two-thirds of the major Emerging Market economies. Improving current accounts across the majority of the large Emerging Market countries follow a period of classical and significant macro adjustments.

The Fed's actions have provided greater clarity over the likely near-term trajectory of US interest rates, and so investors can look to Emerging Markets for value, yield and uncorrelated returns. Ashmore's investment processes have performed as expected through the recent market turbulence, acquiring risk where prices have become divorced from fundamentals, and consequently the Group is in a good position to capture allocations as sentiment towards Emerging Markets recovers.

Strategy/business developments

As described in the Market review, the alternatives theme has grown significantly during the six-month period with capital being raised into two new vehicles. These investments will capitalise on the substantial growth and return opportunities available from two of the important long-term trends in Emerging Markets as they converge with the developed world: the construction of infrastructure, and the provision of broader and more sophisticated healthcare services. Funds in the alternatives theme provide the Group with high margin management fees derived from long-term, locked-up capital structures and they typically have the ability to earn carry or performance-related fees over their lives.

In Colombia, the Group established a joint venture with Corporación Andina de Fomento (CAF) and raised approximately US$460 million from local and international investors into a new 25-year infrastructure senior debt fund, the first of its kind in the region. This follows the Group's success with an infrastructure private equity fund in Colombia, which was launched in 2010.

In November, Ashmore raised capital to fund healthcare investments in the United Arab Emirates (UAE), including a project to build and operate a hospital and clinics in Dubai, in combination with King's College Hospital and local equity partners. This structure provides a template for similar projects across the Emerging Markets where the development of healthcare infrastructure is an important long-term trend.

Also in the UAE, in November, the Group opened an office in Dubai to support its plans for growth in assets sourced and managed across the broader Gulf Cooperation Council (GCC) region.

During the period, Ashmore agreed the terms of a transaction whereby Taiping Group, one of the largest insurance companies in China, will take a majority stake in Ashmore's Shanghai-based China fund management joint venture. Ashmore will retain a 15% interest in the joint venture and believes that the introduction of Taiping Group as a new shareholder will bring material benefits in the form of improved distribution access and support for product launches. The transaction is subject to regulatory approval and is expected to complete in the current financial year.

AuM development

As at 31 December 2015, assets under management were US$49.4 billion, a decline of US$9.5 billion, or 16%, during the six months as a result of net outflows of US$5.7 billion and negative investment performance of US$3.8 billion. Average AuM of US$53.6 billion fell by 25% compared with the same period in the prior year.

Gross subscriptions were US$3.4 billion (H1 2014/15: US$5.3 billion) with demand continuing to be broadly spread across investment themes, client types and geographies, and with a good mix of new client inflows and increases to existing mandates.

Redemptions were US$9.1 billion (H1 2014/15: US$9.8 billion) or 15% of opening AuM (H1 2014/15: 13%). Redemptions remained at a similar level to the prior year period due to a small number of relatively large segregated account redemptions in the first quarter.

The Group's client base remains predominantly institutional, with 91% of AuM from such clients (30 June 2015: 91%) and the remainder sourced through intermediaries, which provide the Group with access to retail investors.

Segregated accounts represent 72% of AuM (30 June 2015: 69%). Ashmore's principal mutual fund platforms are in Europe and the US, which together account for 13% of AuM (30 June 2015: 15%). The European SICAV range comprises 33 funds with AuM of US$5.5 billion (30 June 2015: US$7.8 billion in 36 funds) and the US 40-Act range has 10 funds with AuM of US$1.0 billion (30 June 2015: US$1.2 billion in nine funds).

Investment performance

Over one year, 55% of the Group's AuM are outperforming relevant benchmarks (30 June 2015: 23%), with the improvement coming from the alpha generated by adding risk in periods of market weakness over the past 18 months.

Over three and five years, 14% and 64% of AuM are outperforming relevant benchmarks, respectively (30 June 2015: 60% and 81%, respectively). Ashmore's value-based investment processes added risk in the period, where price volatility and weakness resulted in mispricing of credits when assessed against their underlying fundamentals. This can typically lead to some short-term underperformance as the decisions are usually implemented prior to markets recovering. Specifically in this half, high yield markets in particular offered opportunities to acquire risk at attractive prices.

Additionally, some strong relative performance periods have dropped out of the longer-term measurements, such as those achieved in the market recoveries of 2010 and 2012. More recent outperformance has typically been at lower levels, consistent with the volatile market backdrop that has prevailed for much of the past three years.

AuM movements by investment theme as classified by mandate

The development during the period of AuM by theme as classified by mandate is shown in the following table. The reclassification from corporate debt to blended debt follows a change in investment guidelines for those assets.

Investment theme	AuM 30 June 2015 US$bn	Gross subscriptions US$bn	Gross redemptions US$bn	Net flows US$bn	Performance US$bn	Reclassification US$bn	**AuM 31 December 2015 US$bn**
External debt	12.0	0.5	(1.5)	(1.0)	(0.2)	–	**10.8**
Local currency	15.2	0.6	(2.5)	(1.9)	(1.3)	–	**12.0**
Corporate debt	7.2	0.4	(1.6)	(1.2)	(0.5)	(0.7)	**4.8**
Blended debt	15.7	0.5	(2.6)	(2.1)	(1.0)	0.7	**13.3**
Equities	3.8	0.3	(0.4)	(0.1)	(0.5)	–	**3.2**
Alternatives	0.8	0.6	(0.1)	0.5	0.1	–	**1.4**
Multi-asset	1.6	0.1	(0.3)	(0.2)	(0.2)	–	**1.2**
Overlay/liquidity	2.6	0.4	(0.1)	0.3	(0.2)	–	**2.7**
Total	58.9	3.4	(9.1)	(5.7)	(3.8)	–	**49.4**

AuM % by investment theme as classified by mandate and as invested

The following table reports AuM 'as invested' by underlying asset class, which adjusts from the 'by mandate' presentation to reflect the allocation to underlying asset classes of the multi-asset and blended debt themes, and the cross-over investment by certain external debt funds.

	AuM at 30 June 2015			**AuM at 31 December 2015**		
Investment theme	Classified by mandate %	Classified as invested %	Classified as invested US$bn	**Classified by mandate %**	**Classified as invested %**	**Classified as invested US$bn**
External debt	20	36	21.1	**22**	**37**	**18.2**
Local currency	26	31	17.9	**24**	**28**	**14.0**
Corporate debt	12	20	11.8	**10**	**18**	**8.6**
Blended debt	27	–	–	**27**	**–**	**–**
Equities	7	7	4.3	**7**	**7**	**3.5**
Alternatives	1	2	1.2	**3**	**3**	**1.7**
Multi-asset	3	–	–	**2**	**–**	**–**
Overlay/liquidity	4	4	2.6	**5**	**7**	**3.4**
Total	100	100	58.9	**100**	**100**	**49.4**

Financial review

Revenues

Net revenue declined 29% to £116.4 million from £164.0 million, primarily as a result of lower net management fee income and a lower contribution from foreign exchange translation.

The Group's management fee income, net of distribution costs, was £98.7 million, a decline of 26% over the prior year period (H1 2014/15: £133.0 million). The lower level of fee income is mostly attributable to the 25% reduction in average AuM. There was a modest decline in the net management fee margin to 57bps (H1 2014/15: 60bps; H2 2014/15: 58bps), with the prior year period margin of 60bps benefiting by 1bp from the release of an accrual following the renegotiation of a distribution agreement. The margin decline was offset by a favourable movement in the average GBP:USD rate compared with the prior year period.

Performance fees of £8.6 million (H1 2014/15: £7.0 million) were delivered in the period, largely from the realisation of fees on investments in the alternatives theme. At 31 December 2015, 14% of the Group's AuM were eligible to earn performance fees (30 June 2015: 13%).

Translation of the Group's non-Sterling assets and liabilities at the period end resulted in a foreign exchange gain of £8.0 million (H1 2014/15: £20.1 million), principally reflecting continued US dollar strength against Sterling. The Group recognised net realised and unrealised hedging losses of £1.0 million (H1 2014/15: £1.3 million gain).

Fee income and net management fee margin by investment theme

The table below summarises the net management fee income after distribution costs, performance fee income, and net management fee margin by investment theme.

	Net management fees		Performance fees		Net management fee margin	
Investment theme	**H1 2015/16 £m**	H1 2014/15 £m	**H1 2015/16 £m**	H1 2014/15 £m	**H1 2015/16 bps**	H1 2014/15 bps
External debt	**19.9**	23.6	**0.1**	6.8	**54**	57
Local currency	**19.8**	24.5	**–**	–	**45**	46
Corporate debt	**11.3**	15.9	**–**	–	**59**	64
Blended debt	**25.6**	35.0	**–**	0.1	**54**	56
Equities	**11.5**	16.6	**–**	0.1	**106**	98
Alternatives	**5.0**	7.9	**8.5**	–	**165**	166
Multi-asset	**4.2**	7.8	**–**	–	**98**	106
Overlay/liquidity	**1.4**	1.7	**–**	–	**17**	19
Total	**98.7**	133.0	**8.6**	7.0	**57**	60

Operating costs

Total operating costs declined by 16% compared with the prior year, from £55.1 million to £46.3 million, as the charge for variable compensation reduced in response to lower revenues.

Operating costs excluding variable compensation increased by 4% to £28.8 million, or by 2% excluding the costs borne by consolidated funds, which are described below.

Fixed staff costs of £12.1 million fell by 2% compared with the prior year (H1 2014/15: £12.4 million), with average headcount falling 6% versus the prior year. During the six-month period the Group's headcount declined slightly, from 285 to 280 employees.

Other operating costs, excluding depreciation and amortisation, increased by £1.3 million to £14.2 million. The increase excluding the effects of consolidated funds was £0.7 million, and was principally driven by non-recurring professional fees.

As is usual, variable compensation at the half year has been accrued at 20% of earnings before variable compensation, interest and tax, resulting in a charge of £17.5 million (H1 2014/15: £27.5 million).

The combined depreciation and amortisation charge for the period was £2.5 million (H1 2014/15: £2.3 million).

The Group will remain focused on controlling its operating costs against the backdrop of a challenging market environment.

Adjusted EBITDA

Adjusted EBITDA, which reclassifies items relating to seed capital investments and foreign exchange translation effects, is 29% lower at £68.0 million for the period (H1 2014/15: £96.3 million), principally reflecting the 25% lower level of average AuM and therefore net management fee income in the period. The adjusted EBITDA margin, which reflects operating performance, was 63% (H1 2014/15: 67%).

Finance income

Net finance income of £6.1 million (H1 2014/15: £6.5 million expense) includes items relating to seed capital investments, which are described in more detail below. Interest income for the period was £1.0 million (H1 2014/15: £0.8 million).

Taxation

The majority of the Group's profit is subject to UK taxation; of the total current tax charge for the period of £14.0 million (H1 2014/15: £24.0 million), £13.2 million relates to UK corporation tax (H1 2014/15: £21.3 million). The Group's effective tax rate for the period is 24.9% (H1 2014/15: 24.8%), which is higher than the blended UK corporation tax rate of 20.0%, primarily due to certain non-deductible expenses including those relating to the treatment of share-based payments. Note 9 to the interim condensed financial statements provides a full reconciliation of this deviation from the blended UK corporation tax rate.

Balance sheet, cash flow and foreign exchange

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. These 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 31 December 2015, total equity attributable to shareholders of the parent was £619.2 million (31 December 2014: £620.8 million, 30 June 2015: £656.1 million). Financial resources available to the Group totalled £549.3 million as at 31 December 2015, equivalent to 77 pence per share, and significantly exceeded the Group's regulatory capital requirement of £94.4 million, equivalent to 13 pence per share. There is no debt on the Group's balance sheet.

Cash

Ashmore's business model delivers a high conversion rate of profits to cash. Based on operating profit of £57.6 million for the period (H1 2014/15: £105.4 million), the Group generated cash of £67.9 million before working capital changes (H1 2014/15: £115.2 million) and £56.9 million of cash from operations (H1 2014/15: £92.2 million).

Cash and cash equivalents by currency

	31 December 2015 £m	30 June 2015 £m
Sterling	**160.1**	205.0
US dollar	**148.3**	152.7
Other	**33.1**	23.1
Total	**341.5**	380.8

Foreign exchange

The majority of the Group's fee income is received in US dollars and it is the Group's policy to hedge up to two-thirds of the notional value of up to two years' budgeted foreign currency-denominated net management fees, using either forward or option foreign exchange contracts.

During the period, the Group recognised a foreign exchange gain in revenues of £8.0 million (H1 2014/15: £20.1 million), which resulted primarily from the effect of US dollar strength against Sterling, and net realised and unrealised hedging losses of £1.0 million (H1 2014/15: £1.3 million gain). The Group sold US$100 million of its US dollar cash holdings as the exchange rate continued to move in its favour over the six months.

The average GBP:USD rate achieved in the period was 1.5291 (H1 2014/15: 1.6289) and the closing rate on 31 December 2015 was 1.4736 (30 June 2015: 1.5712). Based on the period end balance sheet, for every five cents move in the GBP:USD rate there would be approximately a £6.5 million effect on the Group's profit before tax. This comprises a seed capital contribution through finance income of £1.5 million and the effect of translating other non-Sterling balance sheet items of £5.0 million recognised in revenues.

Seed capital investments

As at 31 December 2015, the amount invested in seed capital was £200.8 million (at cost) with a market value of £195.2 million (30 June 2015: £213.3 million at cost; £207.0 million market value). The Group manages its seed capital actively and during the period it made new investments of £14.7 million and realised £27.1 million from previous investments. Additionally, new commitments totalling approximately £20 million were made during the six months. These have been made in order to support growth in third-party AuM and were substantially undrawn at the period end. Funds that have been historically seeded by the Group represent 10% of the Group's AuM.

The 'at cost' investment represents 37% of Group net tangible equity (30 June 2015: 37%) and the majority of the Group's seed capital is held in liquid funds, such as daily-dealing SICAVs or US 40-Act mutual funds.

Seed capital by currency

	31 December 2015 £m	30 June 2015 £m
US dollar	**146.3**	150.1
Indonesian rupiah	**36.4**	36.5
Brazilian real	**–**	7.0
Other	**12.5**	13.4
Total market value	**195.2**	207.0

Seed capital activities resulted in a loss before tax of £9.2 million (H1 2014/15: £1.0 million gain). This result comprises the financial results of consolidated funds, which are recognised in various lines in the statement of comprehensive income, and the financial effects of other funds, which are recognised in finance income and expense. This loss was substantially matched in the period by a total gain of £8.8 million relating to seed capital activities that has been taken to reserves.

Where the Group's seeding activity leads to a controlling interest in a fund, in accordance with IFRS 10 it is consolidated in full. During the period, consolidated funds generated mark-to-market losses before tax of £3.9 million (H1 2014/15: £2.4 million loss), comprising losses on investment securities of £19.5 million, change in third-party interests gain of £7.0 million, operating expenses of £1.8 million, and finance income of £10.4 million.

Net finance income includes seed capital-related losses of £5.3 million (H1 2014/15: £3.4 million gain), comprising a negative but largely unrealised investment return of £4.4 million and foreign exchange losses of £0.9 million.

Further details of the movements of seed capital items during the six months can be found in note 14 to the interim condensed consolidated financial statements.

Board changes

Michael Benson retired from the Board at the Group's AGM on 22 October 2015 after nine years' diligent and valuable service. Peter Gibbs succeeded Michael as Group Chairman.

Clive Adamson was appointed to the Board as a Non-executive Director on 22 October 2015, and has been appointed to the Audit and Risk Committee.

Dividend

The Group intends to pay a progressive ordinary dividend over time, taking into consideration factors such as prospects for the Group's earnings, demands on the Group's financial resources, and the markets in which the Group operates.

The Board has determined that an interim dividend of 4.55 pence per share (H1 2014/15: 4.55 pence per share) will be paid on 1 April 2016 to all shareholders on the register on 4 March 2016.

Mark Coombs
Chief Executive Officer

10 February 2016

Interim condensed consolidated statement of comprehensive income

For the six months ended 31 December 2015

	Notes	**Unaudited 6 months to 31 December 2015 £m**	Unaudited 6 months to 31 December 2014 £m	Audited 12 months to 30 June 2015 £m
Management fees		**99.3**	134.8	250.2
Performance fees		**8.6**	7.0	13.3
Other revenue		**2.1**	2.6	4.6
Total revenue	5	**110.0**	144.4	268.1
Distribution costs		**(0.6)**	(1.8)	(2.9)
Foreign exchange	6	**7.0**	21.4	18.1
Net revenue		**116.4**	164.0	283.3
Losses on investment securities	14	**(19.5)**	(5.2)	(3.6)
Change in third-party interests in consolidated funds	14	**7.0**	1.7	0.8
Personnel expenses		**(29.6)**	(39.9)	(67.2)
Other expenses		**(16.7)**	(15.2)	(32.3)
Operating profit		**57.6**	105.4	181.0
Finance income	7	**11.4**	6.8	7.0
Finance expense	7	**(5.3)**	(0.3)	(5.1)
Share of losses from associates and joint ventures		**(1.0)**	(1.2)	(1.6)
Profit before tax		**62.7**	110.7	181.3
Tax expense	9	**(15.6)**	(27.4)	(41.3)
Profit for the period		**47.1**	83.3	140.0
Other comprehensive income, net of related tax effect				
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences arising on foreign operations		**13.6**	13.1	9.7
Fair value reserve (available-for-sale financial assets):				
Net change in fair value		**0.7**	2.9	3.2
Net amount transferred to profit or loss		**0.2**	(2.4)	(1.1)
Cash flow hedge intrinsic value losses		**(0.4)**	(4.2)	(1.9)
Other comprehensive income, net of tax		**14.1**	9.4	9.9
Total comprehensive income for the period		**61.2**	92.7	149.9
Profit attributable to:				
Equity holders of the parent		**46.4**	81.0	136.5
Non-controlling interests		**0.7**	2.3	3.5
Profit for the period		**47.1**	83.3	140.0
Total comprehensive income attributable to:				
Equity holders of the parent		**60.3**	89.6	145.7
Non-controlling interests		**0.9**	3.1	4.2
Total comprehensive income for the period		**61.2**	92.7	149.9
Earnings per share				
Basic	10	**6.89p**	12.02p	20.26p
Diluted	10	**6.52p**	11.50p	19.34p

The notes on pages 13 to 23 form an integral part of these financial statements.

Interim condensed consolidated balance sheet

As at 31 December 2015

	Notes	**Unaudited 31 December 2015 £m**	Unaudited 31 December 2014 £m	Audited 30 June 2015 £m
Assets				
Non-current assets				
Goodwill and intangible assets	12	**76.6**	76.8	74.1
Property, plant and equipment		**2.0**	3.0	2.5
Investment in associates and joint ventures		**6.4**	7.9	7.3
Non-current asset investments	14	**8.8**	9.6	8.9
Other receivables		**0.2**	0.2	0.2
Deferred tax assets		**19.7**	16.6	20.3
		113.7	114.1	113.3
Current assets				
Investment securities	14	**140.5**	194.9	131.0
Available-for-sale financial assets	14	**8.8**	15.8	10.6
Fair value through profit or loss investments	14	**67.0**	16.8	61.8
Trade and other receivables		**61.7**	82.2	64.0
Derivative financial instruments		**–**	0.1	0.3
Cash and cash equivalents		**341.5**	386.0	380.8
		619.5	695.8	648.5
Non-current assets held-for-sale	14	**22.5**	57.6	31.7
Total assets		**755.7**	867.5	793.5
Equity and liabilities				
Capital and reserves – attributable to equity holders of the parent				
Issued capital	16	**–**	–	–
Share premium		**15.7**	15.7	15.7
Retained earnings		**598.5**	614.6	649.3
Foreign exchange reserve		**7.8**	(2.3)	(5.6)
Available-for-sale fair value reserve		**(2.3)**	(4.8)	(3.2)
Cash flow hedging reserve		**(0.5)**	(2.4)	(0.1)
		619.2	620.8	656.1
Non-controlling interests		**13.1**	18.2	14.0
Total equity		**632.3**	639.0	670.1
Liabilities				
Non-current liabilities				
Deferred tax liabilities		**4.2**	3.2	3.5
		4.2	3.2	3.5
Current liabilities				
Current tax		**14.0**	17.6	13.0
Third-party interests in consolidated funds	14	**58.5**	106.7	41.5
Derivative financial instruments		**1.3**	4.0	0.3
Trade and other payables		**39.5**	70.2	54.1
		113.3	198.5	108.9
Non-current liabilities held-for-sale	14	**5.9**	26.8	11.0
Total liabilities		**123.4**	228.5	123.4
Total equity and liabilities		**755.7**	867.5	793.5

The notes on pages 13 to 23 form an integral part of these financial statements.

Interim condensed consolidated statement of changes in equity

For the six months ended 31 December 2015

	Attributable to equity holders of the parent								
	Issued capital £m	Share premium £m	Retained earnings £m	Foreign exchange reserve £m	Available-for-sale reserve £m	Cash flow hedging reserve £m	Total £m	Non-controlling interests £m	Total equity £m
Audited balance at 30 June 2014	–	15.7	618.2	(14.6)	(5.3)	1.8	615.8	16.4	632.2
Profit for the period	–	–	81.0	–	–	–	81.0	2.3	83.3
Other comprehensive income/(loss):									
Foreign currency translation differences arising on foreign operations	–	–	–	12.3	–	–	12.3	0.8	13.1
Net fair value loss on available-for-sale assets including tax	–	–	–	–	2.9	–	2.9	–	2.9
Net gains reclassified from available-for-sale reserve to comprehensive income	–	–	–	–	(2.4)	–	(2.4)	–	(2.4)
Cash flow hedge intrinsic value losses	–	–	–	–	–	(4.2)	(4.2)	–	(4.2)
Total comprehensive income/(loss)	–	–	81.0	12.3	0.5	(4.2)	89.6	3.1	92.7
Transactions with owners:									
Purchase of own shares	–	–	(11.0)	–	–	–	(11.0)	–	(11.0)
Acquisition of non-controlling interests	–	–	–	–	–	–	–	(0.9)	(0.9)
Share-based payments	–	–	9.0	–	–	–	9.0	2.2	11.2
Proceeds received on exercise of vested options	–	–	0.1	–	–	–	0.1	–	0.1
Dividends to equity holders	–	–	(82.7)	–	–	–	(82.7)	–	(82.7)
Dividends to non-controlling interests	–	–	–	–	–	–	–	(2.6)	(2.6)
Total contributions and distributions	–	–	(84.6)	–	–	–	(84.6)	(1.3)	(85.9)
Unaudited balance at 31 December 2014	–	15.7	614.6	(2.3)	(4.8)	(2.4)	620.8	18.2	639.0
Profit for the period	–	–	55.5	–	–	–	55.5	1.2	56.7
Other comprehensive income/(loss):									
Foreign currency translation differences arising on foreign operations	–	–	–	(3.3)	–	–	(3.3)	(0.1)	(3.4)
Net fair value loss on available-for-sale assets including tax	–	–	–	–	0.3	–	0.3	–	0.3
Net gains reclassified from available-for-sale reserve to comprehensive income	–	–	–	–	1.3	–	1.3	–	1.3
Cash flow hedge intrinsic value gains	–	–	–	–	–	2.3	2.3	–	2.3
Total comprehensive income/(loss)	–	–	55.5	(3.3)	1.6	2.3	56.1	1.1	57.2
Transactions with owners:									
Purchase of own shares	–	–	(0.4)	–	–	–	(0.4)	–	(0.4)
Share-based payments	–	–	10.9	–	–	–	10.9	(1.8)	9.1
Dividends to equity holders	–	–	(31.3)	–	–	–	(31.3)	–	(31.3)
Dividends to non-controlling interests	–	–	–	–	–	–	–	(3.5)	(3.5)
Total contributions and distributions	–	–	(20.8)	–	–	–	(20.8)	(5.3)	(26.1)
Audited balance at 30 June 2015	–	15.7	649.3	(5.6)	(3.2)	(0.1)	656.1	14.0	670.1
Profit for the period	**–**	**–**	**46.4**	**–**	**–**	**–**	**46.4**	**0.7**	**47.1**
Other comprehensive income/(loss):									
Foreign currency translation differences arising on foreign operations	**–**	**–**	**–**	**13.4**	**–**	**–**	**13.4**	**0.2**	**13.6**
Net fair value gains on available-for-sale assets including tax	**–**	**–**	**–**	**–**	**0.7**	**–**	**0.7**	**–**	**0.7**
Net gains reclassified from available-for-sale reserve to comprehensive income	**–**	**–**	**–**	**–**	**0.2**	**–**	**0.2**	**–**	**0.2**
Cash flow hedge intrinsic value losses	**–**	**–**	**–**	**–**	**–**	**(0.4)**	**(0.4)**	**–**	**(0.4)**
Total comprehensive income/(loss)	**–**	**–**	**46.4**	**13.4**	**0.9**	**(0.4)**	**60.3**	**0.9**	**61.2**
Transactions with owners:									
Purchase of own shares	**–**	**–**	**(14.7)**	**–**	**–**	**–**	**(14.7)**	**–**	**(14.7)**
Acquisition of non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(0.4)**	**(0.4)**
Sale to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**0.4**	**0.4**
Share-based payments	**–**	**–**	**2.0**	**–**	**–**	**–**	**2.0**	**0.7**	**2.7**
Dividends to equity holders	**–**	**–**	**(84.5)**	**–**	**–**	**–**	**(84.5)**	**–**	**(84.5)**
Dividends to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(2.5)**	**(2.5)**
Total contributions and distributions	**–**	**–**	**(97.2)**	**–**	**–**	**–**	**(97.2)**	**(1.8)**	**(99.0)**
Unaudited balance at 31 December 2015	**–**	**15.7**	**598.5**	**7.8**	**(2.3)**	**(0.5)**	**619.2**	**13.1**	**632.3**

The notes on pages 13 to 23 form an integral part of these financial statements.

Interim condensed consolidated cash flow statement

For the six months ended 31 December 2015

	Unaudited 6 months to 31 December 2015 £m	Unaudited 6 months to 31 December 2014 £m	Audited 12 months to 30 June 2015 £m
Operating activities			
Operating profit	**57.6**	105.4	181.0
Adjustments for non-cash items:			
Depreciation and amortisation	**2.5**	2.3	5.3
Accrual for variable compensation	**17.5**	27.5	42.4
Unrealised foreign exchange gains	**(8.0)**	(21.4)	(17.7)
Other non-cash items	**(1.7)**	1.4	4.2
Cash generated from operations before working capital changes	**67.9**	115.2	215.2
Changes in working capital:			
Decrease/(increase) in trade and other receivables	**2.3**	(12.5)	5.7
Decrease in derivative financial instruments	**1.3**	6.3	2.4
Decrease in trade and other payables	**(14.6)**	(16.8)	(32.9)
Cash generated from operations	**56.9**	92.2	190.4
Taxes paid	**(14.2)**	(22.6)	(44.7)
Net cash from operating activities	**42.7**	69.6	145.7
Investing activities			
Interest received	**3.4**	2.0	4.1
Dividends received	**–**	0.7	1.8
Proceeds on disposal of associates	**–**	0.6	0.6
Purchase of non-current asset investments	**(1.7)**	(0.1)	(0.3)
Purchase of financial assets held-for-sale	**(7.8)**	(9.4)	(21.8)
Purchase of available-for-sale financial assets	**(0.2)**	–	–
Purchase of fair value through profit or loss investments	**(1.0)**	(2.0)	(2.0)
Purchase of investment securities	**(39.6)**	(43.6)	(77.0)
Sale of non-current asset investments	**–**	0.1	0.4
Sale of financial assets held-for-sale	**3.9**	–	–
Sale of available-for-sale financial assets	**2.9**	3.7	20.8
Sale of fair value through profit or loss investments	**1.4**	4.9	10.1
Sale of investment securities	**27.4**	14.0	30.1
Net cash flow arising on initial consolidation of seed capital investments	**0.3**	0.5	(6.8)
Purchase of property, plant and equipment	**(0.1)**	(0.5)	(0.7)
Net cash used in investing activities	**(11.1)**	(29.1)	(40.7)

	Unaudited 6 months to 31 December 2015 £m	Unaudited 6 months to 31 December 2014 £m	Audited 12 months to 30 June 2015 £m
Financing activities			
Dividends paid to equity holders	**(84.5)**	(82.7)	(114.0)
Dividends paid to non-controlling interests	**(2.5)**	(2.6)	(6.1)
Third-party subscriptions into consolidated funds	**39.0**	91.3	34.0
Third-party redemptions from consolidated funds	**(18.3)**	(43.8)	(15.8)
Acquisition of interest from non-controlling interests	**(0.4)**	–	(0.9)
Sale of interest to non-controlling interests	**0.4**	–	–
Purchase of own shares	**(14.7)**	(11.9)	(11.4)
Net cash used in financing activities	**(81.0)**	(49.7)	(114.2)
Net (decrease)/increase in cash and cash equivalents	**(49.4)**	(9.2)	(9.2)
Cash and cash equivalents at beginning of period	**380.8**	372.2	372.2
Effect of exchange rate changes on cash and cash equivalents	**10.1**	23.0	17.8
Cash and cash equivalents at end of period	**341.5**	386.0	380.8
Cash and cash equivalents comprise:			
Cash at bank and in hand	**98.6**	90.4	84.5
Daily dealing liquidity funds	**92.5**	172.9	109.6
Deposits	**150.4**	122.7	186.7
	341.5	386.0	380.8

The notes on pages 13 to 23 form an integral part of these financial statements.

1) General information

These interim condensed consolidated financial statements of Ashmore Group plc and its subsidiaries (the Group) for the six months ended 31 December 2015 were authorised for issue by the Directors on 10 February 2016.

Ashmore Group plc is listed on the London Stock Exchange and incorporated and domiciled in the United Kingdom.

2) Basis of preparation

The interim condensed consolidated financial statements have been prepared in accordance with Disclosure and Transparency Rules of the Financial Conduct Authority (FCA) and with International Accounting Standard 34 Interim Financial Reporting as adopted by the European Union.

These interim condensed consolidated financial statements and accompanying notes are unaudited, do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006 and do not include all the information and disclosures required in annual statutory financial statements. They should be read in conjunction with the Group's annual report and accounts for the year ended 30 June 2015 which are available on the Group's website. Those statutory accounts were approved by the Board of Directors on 7 September 2015 and have been filed with the Registrar of Companies. The report of the auditors on those accounts was unqualified.

New Standards, Interpretations and Amendments adopted by the Group

The accounting policies applied in these interim results are consistent with those applied in the Group's annual statutory financial statements for 2015.

New Standards and Interpretations not yet adopted

The Group did not implement the requirements of the following Standards or Interpretations which were in issue but were not required to be implemented as at 31 December 2015:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers.

No other Standards or Interpretations issued and not yet effective are expected to have an impact on the Group's condensed consolidated financial statements.

Going concern

After making enquiries, the Directors believe that the Group has considerable financial resources and is well placed to manage its business risks in the context of the current economic outlook. Accordingly, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. They therefore continue to adopt the going concern basis in preparing these interim condensed consolidated financial statements.

3) Accounting policies

The accounting policies adopted in the preparation of these interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual report and accounts for the year ended 30 June 2015.

4) Segmental information

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

The location of the Group's non-current assets at the end of the period other than financial instruments, deferred tax assets and post-employment benefit assets are shown in the table below. Disclosures relating to revenue are in note 5.

Analysis of non-current assets by geography

	As at 31 December 2015 £m	As at 31 December 2014 £m	As at 30 June 2015 £m
United Kingdom	**11.2**	12.5	12.4
United States	**73.3**	74.6	70.9
Other	**0.5**	0.6	0.6
Total non-current assets	**85.0**	87.7	83.9

5) Revenue

Management fees are accrued throughout the period in line with prevailing levels of assets under management and performance fees are recognised when they can be estimated reliably and it is probable that they will crystallise. The Group is not considered to be reliant on any single source of revenue. None of the Group's funds provided more than 10.0% of total revenue in the period (H1 2014/15: none; FY2014/15: none) when considering management fees and performance fees on a combined basis.

Analysis of revenue by geography

	6 months to 31 December 2015 £m	6 months to 31 December 2014 £m	12 months to 30 June 2015 £m
United Kingdom earned revenue	**101.7**	130.8	247.3
United States earned revenue	**4.8**	10.9	14.4
Other	**3.5**	2.7	6.4
Total revenue	**110.0**	144.4	268.1

6) Foreign exchange

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

£1	**Closing rate as at 31 December 2015**	Closing rate as at 31 December 2014	Closing rate as at 30 June 2015	**Average rate 6 months ended 31 December 2015**	Average rate 6 months ended 31 December 2014	Average rate 12 months ended 30 June 2015
US dollar	**1.4736**	1.5577	1.5712	**1.5291**	1.6289	1.5822
Brazilian real	**5.8370**	4.1398	4.8744	**5.6235**	3.9149	4.2257
Indonesian rupiah	**20,462**	19,287	20,970	**21,171**	19,536	19,713

Foreign exchange gains and losses are shown below.

	6 months to 31 December 2015 £m	6 months to 31 December 2014 £m	12 months to 30 June 2015 £m
Net realised and unrealised hedging gains/(losses)	**(1.0)**	1.3	(0.4)
Translation gains on non-Sterling denominated monetary assets and liabilities	**8.0**	20.1	18.5
Total foreign exchange gains/(losses)	**7.0**	21.4	18.1

7) Finance income and expense

	6 months to 31 December 2015 £m	6 months to 31 December 2014 £m	12 months to 30 June 2015 £m
Finance income			
Interest and income in consolidated funds	**11.4**	3.1	7.0
Net gains on disposal of available-for-sale financial assets	**–**	2.4	–
Net unrealised gains on seed capital investments measured at fair value	**–**	1.3	–
Total finance income	**11.4**	6.8	7.0
Finance expense			
Net realised losses on disposal of available-for-sale financial assets	**(0.2)**	–	(0.2)
Net realised losses on disposal of seed capital investments measured at fair value	**(1.7)**	(0.3)	(1.2)
Net unrealised losses on seed capital investments measured at fair value	**(3.4)**	–	(3.7)
Total finance expense	**(5.3)**	(0.3)	(5.1)
Net finance income	**6.1**	6.5	1.9

8) Share-based payments

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

	6 months to 31 December 2015 £m	6 months to 31 December 2014 £m	12 months to 30 June 2015 £m
Omnibus Plan	**9.3**	6.9	25.0
Ashmore Equities Investment Management (US) LLC (AEIM) operating agreement	**0.1**	0.2	1.6
Phantom Bonus Plan	**(0.2)**	–	(2.1)
Total related to compensation awards	**9.2**	7.1	24.5
Related to acquisition of AEIM	**1.0**	2.0	–
Total share-based payments expense	**10.2**	9.1	24.5

The total expense recognised for the period in respect of equity-settled share-based payment transactions was £10.3 million (H1 2014/15: £11.4 million; FY2014/15: £26.5 million).

Ashmore First Discretionary Share Option Scheme (Option Scheme)

Share options outstanding under the Option Scheme were as follows:

	6 months to 31 December 2015 Number of options	6 months to 31 December 2014 Number of options	12 months to 30 June 2015 Number of options
At the beginning of the period	**175,000**	503,750	503,750
Exercised	**(125,000)**	(328,750)	(328,750)
Forfeited	**–**	–	–
At the end of the period	**50,000**	175,000	175,000
Options exercisable	**50,000**	175,000	175,000

The Executive Omnibus Incentive Plan (Omnibus Plan)

Share awards outstanding under the Omnibus Plan were as follows:

	6 months to 31 December 2015 Number of shares subject to awards	6 months to 31 December 2014 Number of shares subject to awards	12 months to 30 June 2015 Number of shares subject to awards
Equity-settled awards			
At the beginning of the period	**35,333,782**	29,315,890	29,315,890
Granted	**12,156,409**	6,241,637	10,229,859
Vested	**(5,278,564)**	(3,511,268)	(3,579,819)
Forfeited	**(1,927,123)**	(278,981)	(632,148)
Outstanding at the end of the period	**40,284,504**	31,767,278	35,333,782
Cash-settled awards			
At the beginning of the period	**1,348,818**	5,359,834	5,359,834
Granted	**50,862**	15,161	15,161
Vested	**(212,458)**	–	(36,887)
Forfeited	**(482,928)**	–	(3,989,290)
Outstanding at the end of the period	**704,294**	5,374,995	1,348,818
Total awards			
At the beginning of the period	**36,682,600**	34,675,724	34,675,724
Granted	**12,207,271**	6,256,798	10,245,020
Vested	**(5,491,022)**	(3,511,268)	(3,616,706)
Forfeited	**(2,410,051)**	(278,981)	(4,621,438)
Outstanding at the end of the period	**40,988,798**	37,142,273	36,682,600

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

The liability arising from cash-settled awards under the Omnibus Plan at the end of the period and reported within trade and other payables in the interim condensed consolidated balance sheet is £0.6 million (H1 2014/15: £4.9 million; FY2014/15: £1.3 million) of which £nil (H1 2014/15: £nil; FY2014/15: £nil) relates to vested awards.

9) Taxation

Analysis of tax charge for the period

	6 months to 31 December 2015 £m	6 months to 31 December 2014 £m	12 months to 30 June 2015 £m
Current tax			
UK corporation tax on profits for the period	**13.2**	21.3	37.6
Overseas corporation tax charge	**0.8**	2.7	4.9
Adjustments in respect of prior periods	**–**	–	(1.2)
	14.0	24.0	41.3
Deferred tax			
Origination and reversal of temporary differences	**1.6**	3.4	–
Tax expense for the period	**15.6**	27.4	41.3

Factors affecting tax charge for the period

	6 months to 31 December 2015 £m	6 months to 31 December 2014 £m	12 months to 30 June 2015 £m
Profit before tax	**62.7**	110.7	181.3
Profit on ordinary activities multiplied by the blended UK tax rate of 20.0% (H1 2014/15: 20.75%; FY2014/15: 20.75%)	**12.5**	23.0	37.6
Effects of:			
Non-deductible expenses	**3.4**	3.9	8.0
Deduction in respect of vested shares/exercised options (Part 12, Corporation Tax Act 2009)	**(2.7)**	(1.6)	(2.5)
Deferred tax arising from origination and reversal of temporary differences	**0.8**	3.5	–
Different rate of taxes on overseas profits	**(0.5)**	(0.3)	–
Non-taxable income	**–**	(0.9)	(2.0)
Tax relief on amortisation and impairment of goodwill and intangibles	**(0.5)**	(0.5)	(1.0)
Other items	**2.6**	0.3	2.4
Adjustments in respect of prior periods	**–**	–	(1.2)
Tax expense for the period	**15.6**	27.4	41.3

Non-deductible expenses mainly comprise the impact of non-deductible IFRS 2 accounting charges with respect to share-based compensation of £1.9 million (H1 2014/15: £1.7million; FY2014/15: £5.0 million). In addition, a deferred tax charge of £1.6 million arose in the period (H1 2014/15: £3.4 million charge; FY2014/15: £nil), relating mainly to the reduction of the deferred tax asset on unvested share awards to UK employees.

Finance (No. 2) Act 2015 sets the main rate of corporation tax for the 2017, 2018 and 2019 fiscal years at 19% and for 2020 at 18%. For the purposes of the interim condensed consolidated financial statements, the impact of these rate changes is immaterial.

10) Earnings per share

Basic earnings per share is calculated by dividing the profit after tax for the financial period attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the period, excluding own shares.

Diluted earnings per share is calculated based on basic earnings per share adjusted for all dilutive potential ordinary shares. There is no difference between the profit for the year attributable to equity holders of the parent used in the basic and diluted earnings per share calculations.

The reconciliation of the weighted average number of shares used in calculating basic and diluted earnings per share is shown below.

	6 months to 31 December 2015 Number of ordinary shares	6 months to 31 December 2014 Number of ordinary shares	12 months to 30 June 2015 Number of ordinary shares
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**673,307,875**	674,687,014	674,424,923
Effect of dilutive potential ordinary shares – share options/awards	**37,857,715**	30,674,382	31,986,209
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**711,165,590**	705,361,396	706,411,132

11) Dividends

Dividends paid

	6 months to 31 December 2015 £m	6 months to 31 December 2014 £m	12 months to 30 June 2015 £m
Final dividend for FY2014/15: 12.10p (FY2013/14: 12.00p)	**84.5**	82.7	82.7
Interim dividend for FY2014/15: 4.55p	**–**	–	31.3
	84.5	82.7	114.0

In addition, the Group paid £2.5 million (H1 2014/15: £2.6 million; FY2014/15: £6.1 million) of dividends to non-controlling interests.

Dividends declared/proposed

Company	**6 months to 31 December 2015 pence**	6 months to 31 December 2014 pence	12 months to 30 June 2015 pence
Interim dividend declared per share	**4.55**	4.55	4.55
Final dividend proposed per share	**–**	–	12.10
	4.55	4.55	16.65

The Board has approved an interim dividend for the six months to 31 December 2015 of 4.55 pence per share (six months to 31 December 2014: 4.55 pence per share; final dividend for the year to 30 June 2015: 12.10 pence per share) payable on 1 April 2016 to shareholders on the register on 4 March 2016.

12) Goodwill and intangible assets

	Goodwill £m	Fund management relationships £m	Total £m
Cost			
At 31 December 2015, 31 December 2014 and 30 June 2015	**57.5**	**39.5**	**97.0**
Accumulated amortisation and impairment			
At 30 June 2014	–	(23.2)	(23.2)
Amortisation charge for the period	–	(1.7)	(1.7)
Impairment charge for the period	–	–	–
At 31 December 2014	–	(24.9)	(24.9)
Amortisation charge for the period	–	(1.9)	(1.9)
Impairment charge for the period	–	(0.4)	(0.4)
At 30 June 2015	–	(27.2)	(27.2)
Amortisation charge for the period	**–**	**(1.9)**	**(1.9)**
Impairment charge for the period	**–**	**–**	**–**
At 31 December 2015	**–**	**(29.1)**	**(29.1)**
Net book value			
At 30 June 2014	55.7	16.5	72.2
Accumulated amortisation and impairment movement for the period	–	(1.7)	(1.7)
FX revaluation through reserves*	4.8	1.5	6.3
At 31 December 2014	60.5	16.3	76.8
Accumulated amortisation and impairment movement for the period	–	(2.3)	(2.3)
FX revaluation through reserves*	(0.5)	0.1	(0.4)
At 30 June 2015	60.0	14.1	74.1
Accumulated amortisation and impairment movement for the period	**–**	**(1.9)**	**(1.9)**
FX revaluation through reserves*	**3.6**	**0.8**	**4.4**
At 31 December 2015	**63.6**	**13.0**	**76.6**

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

12) Goodwill and intangible assets continued

Goodwill

The goodwill balance within the Group relates principally to the acquisition of AEIM in May 2011.

The Group has continued to manage its business as a single unit, with asset allocations, research and other such operational practices reflecting the commonality of approach across all fund themes. The Group therefore still considers itself to have one cash-generating unit to which goodwill is allocated.

Goodwill is tested for impairment annually or whenever there is an indication that the carrying amount may not be recoverable based on management's judgements regarding the future prospects of the business, estimates of future cash flows and discount rates. The key assumptions used to determine the recoverable amount were disclosed in the annual report and accounts for the year ended 30 June 2015.

During the period to 31 December 2015, no factors indicating potential impairment of goodwill were noted.

Based on management's value in use calculation, the recoverable amount was in excess of the carrying amount and no impairment was therefore deemed necessary. An increase in the discount rate by 5% (31 December 2014: 5%; 30 June 2015: 5%) would not result in the recoverable amount being lower than the carrying amount.

Fund management relationships

Intangible assets comprise fund management relationships related to profit expected to be earned from clients of AEIM.

During the period to 31 December 2015, there was a review process to identify factors indicating whether the Group's fund management relationships were impaired. None was identified and as a consequence there was no impairment charge included within the Group's other expenses in the consolidated statement of comprehensive income in the period (H1 2014/15: £nil; FY2014/15: £0.4 million impairment charge was recognised).

The remaining amortisation period for fund management relationships is three and a half years (31 December 2014: four and a half years; 30 June 2015: four years).

13) Fair value of financial instruments

The accounting policies relating to the estimation of fair values are consistent with those applied in the preparation of the Group's annual report and accounts for the year ended 30 June 2015.

The Group has an established control framework with respect to the measurement of fair values. This framework includes a valuation team that has overall responsibility for all significant fair value measurements. It regularly reviews significant inputs and valuation adjustments. If third-party information is used to measure fair value, then the team assesses and documents the evidence obtained from the third parties to support such valuations. There are no material differences between the carrying amounts of financial assets and liabilities and their fair values at the balance sheet date.

Fair value hierarchy

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

- Level 1: Valuation is based upon a quoted market price in an active market for an identical instrument. This fair value measure relates to the valuation of quoted and exchange traded equity and debt securities.
- Level 2: Valuation techniques are based upon observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This fair value measure relates to the valuation of quoted equity securities in inactive markets or in interests in unlisted funds whose net asset values are referenced to the fair values of the listed or exchange traded securities held by those funds.
- Level 3: Valuation techniques use significant unobservable inputs.

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

13) Fair value of financial instruments continued

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

	At 31 December 2015				At 31 December 2014				At 30 June 2015			
	Level 1 £m	**Level 2 £m**	**Level 3 £m**	**Total £m**	Level 1 £m	Level 2 £m	Level 3 £m	Total £m	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets												
Investment securities	**29.6**	**53.9**	**57.0**	**140.5**	139.8	55.1	–	194.9	36.8	46.7	47.5	131.0
Non-current financial assets held-for-sale	**–**	**22.5**	**–**	**22.5**	–	57.6	–	57.6	–	31.7	–	31.7
Fair value through profit or loss investments	**–**	**67.0**	**–**	**67.0**	–	16.8	–	16.8	–	61.8	–	61.8
Available-for-sale financial assets	**0.5**	**0.4**	**7.9**	**8.8**	0.7	15.1	–	15.8	0.4	10.2	–	10.6
Non-current asset investments	**–**	**–**	**8.8**	**8.8**	–	9.6	–	9.6	–	8.9	–	8.9
Derivative financial instruments	**–**	**–**	**–**	**–**	–	0.1	–	0.1	–	0.3	–	0.3
	30.1	**143.8**	**73.7**	**247.6**	140.5	154.3	–	294.8	37.2	159.6	47.5	244.3
Financial liabilities												
Third-party interests in consolidated funds	**12.3**	**22.4**	**23.8**	**58.5**	76.5	30.2	–	106.7	15.0	8.7	17.8	41.5
Derivative financial instruments	**–**	**1.3**	**–**	**1.3**	–	4.0	–	4.0	–	0.3	–	0.3
Non-current financial liabilities held-for-sale	**–**	**5.9**	**–**	**5.9**	–	26.8	–	26.8	–	11.0	–	11.0
	12.3	**29.6**	**23.8**	**65.7**	76.5	61.0	–	137.5	15.0	20.0	17.8	52.8

Certain investments within non-current assets and available-for-sale financial assets were transferred from Level 2 to Level 3 of the fair value hierarchy as at 31 December 2015. There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the period (H1 2014/15: none; FY2014/15: none).

Changes in Level 3 financial assets and liabilities recognised at fair value on a recurring basis

	Investment securities £m	**Available-for-sale financial assets £m**	**Non-current asset investments £m**	**Third-party interests in consolidated funds £m**
At 1 January 2015	–	–	–	–
Additions	47.6	–	–	17.8
Losses recognised in consolidated comprehensive income within	(0.1)	–	–	–
At 30 June 2015	47.5	–	–	17.8
Additions	**0.1**	**–**	**1.1**	**6.0**
Transfers in from Level 2	**2.2**	**7.9**	**9.4**	**–**
Gains/(losses) recognised in consolidated comprehensive income within finance income/(expense)	**7.2**	**–**	**(1.7)**	**–**
At 31 December 2015	**57.0**	**7.9**	**8.8**	**23.8**

Valuation of Level 3 financial liabilities recognised at fair value on a recurring basis

The measurement of financial assets and third-party interests in consolidated funds classified within Level 3 relates to investments in closed-end private equity funds that are neither listed on any stock exchange nor traded on any regulated markets. The Group considers it is more appropriate to classify these investments within Level 3 as the valuation is based on valuation techniques as reflected within the net asset values (NAVs) of the funds as provided by the administrator.

Financial instruments not measured at fair value

Financial assets and liabilities that are not measured at fair value include cash and cash equivalents, trade and other receivables, and trade and other payables. The carrying value of financial assets and financial liabilities not measured at fair value is considered a reasonable approximation of fair value as at 31 December 2015, 31 December 2014 and 30 June 2015.

14) Seed capital investments

The Group considers itself a sponsor of an investment fund when it facilitates the establishment of the fund for which the Group is the investment manager. The Group ordinarily provides seed capital in order to provide initial scale and facilitate marketing of the fund to third-party investors. The fund is then financed through the issue of units to investors. Aggregate interests held by the Group include seed capital, management fees and performance fees. The Group generates management and performance fee income from managing the assets on behalf of third-party investors.

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

Where Group companies invest seed capital into funds operated and controlled by the Group and the Group is actively seeking to reduce its investment, and it is considered highly probable that it will relinquish control within a year, the interests in the funds are treated as held-for-sale and are recognised as financial assets and liabilities held-for-sale. During the period, three funds (H1 2014/15: three; FY2014/15: eight) were seeded in this manner and met the above criteria, and consequently the assets and liabilities of these funds were initially classified as held-for-sale.

The non-current assets and liabilities held-for-sale at 31 December 2015 were as follows:

	31 December 2015 £m	31 December 2014 £m	30 June 2015 £m
Non-current financial assets held-for-sale	**22.5**	57.6	31.7
Non-current financial liabilities held-for-sale	**(5.9)**	(26.8)	(11.0)
Seed capital investments classified as held-for-sale	**16.6**	30.8	20.7

Investments cease to be classified as held-for-sale when they are no longer controlled by the Group. A loss of control may happen either through sale of the investment and/or dilution of the Group's holding. When investments cease to be classified as held-for-sale they are classified as financial assets designated as FVTPL. During the period, no funds (H1 2014/15: none; FY2014/15: two) were transferred to FVTPL category.

If the fund remains under the control of the Group for more than one year from the original investment date it will cease to be classified as held-for-sale, and will be consolidated line-by-line after it is assessed that the Group controls the investment fund in accordance with the requirements of IFRS 10. During the period, two such funds (H1 2014/15: five; FY2014/15: six) with an aggregate carrying amount of £7.7 million (H1 2014/15: £16.2 million; FY2014/15: £22.8 million) were transferred to consolidated funds. There was no impact on net assets or total comprehensive income as a result of the transfer.

Included within finance expense are net losses of £0.2 million (H1 2014/15: net gains of £1.8 million; FY2014/15: net gains of £2.1 million) in relation to held-for-sale investments (refer to note 7).

As the Group considers itself to have one business segment (refer to note 4), no additional segmental disclosure of held-for-sale assets or liabilities is applicable.

b) Available-for-sale financial assets

Available-for-sale financial assets held at fair value at 31 December 2015 comprise equities held as follows:

	31 December 2015 £m	31 December 2014 £m	30 June 2015 £m
Equities listed on stock exchange	**0.5**	0.7	0.4
Equity funds	**8.3**	13.0	7.9
Debt funds	**–**	2.1	2.3
Seed capital classified as available-for-sale	**8.8**	15.8	10.6

c) Fair value through profit or loss investments

Fair value through profit or loss investments at 31 December 2015 comprise equities held in equity funds.

	31 December 2015 £m	31 December 2014 £m	30 June 2015 £m
Seed capital classified as fair value through profit or loss investments	**67.0**	16.8	61.8

Included within finance expense are net gains of £0.2 million (H1 2014/15: net gains of £1.6 million; FY2014/15: net losses of £2.7 million) on the Group's fair value through profit or loss investments.

14) Seed capital investments continued

d) Consolidated funds

The Group has consolidated 12 investment funds as at 31 December 2015 (31 December 2014: 14 investments funds; 30 June 2015: 12 investment funds), over which the Group is deemed to have control. Consolidated funds represent seed capital investments where the Group has held its position for a period greater than one year and its interest represents a controlling stake in the fund in accordance with IFRS 10. Consolidated fund assets and liabilities are presented line by line after intercompany eliminations. The table below sets out an analysis of the carrying amounts of interests held by the Group in consolidated investment funds.

	31 December 2015 £m	31 December 2014 £m	30 June 2015 £m
Investment securities	**140.5**	194.9	131.0
Cash and cash equivalents	**11.8**	12.1	15.7
Other	**0.2**	(2.9)	(0.2)
Third-party interests in consolidated funds	**(58.5)**	(106.7)	(41.5)
Consolidated seed capital investments	**94.0**	97.4	105.0

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

The maximum exposure to loss is the carrying amount of the assets held. The Group has not provided financial support or otherwise agreed to be responsible for supporting any consolidated fund financially.

Included within the interim condensed consolidated statement of comprehensive income are net losses of £3.9 million (H1 2014/15: net losses of £2.4 million; FY2014/15: net losses of £0.2 million) relating to the Group's share of the results of the individual statements of comprehensive income for each of the consolidated funds, as follows:

	31 December 2015 £m	31 December 2014 £m	30 June 2015 £m
Finance income	**10.4**	2.3	5.3
Losses on investment securities	**(19.5)**	(5.2)	(3.6)
Change in third-party interests in consolidated funds	**7.0**	1.7	0.8
Other expenses	**(1.8)**	(1.2)	(2.7)
Net gains/(losses) on consolidated funds	**(3.9)**	(2.4)	(0.2)

As of 31 December 2015, the Group's consolidated funds were domiciled in Indonesia, Luxembourg and the United States.

e) Non-current asset investments

Non-current asset investments relate to the Group's holding in closed-end funds and are designated as FVTPL. 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.

	31 December 2015 £m	31 December 2014 £m	30 June 2015 £m
Non-current asset investments at fair value	**8.8**	9.6	8.9

Included within finance expense are net losses of £1.7 million (H1 2014/15: net losses of £2.1 million; FY2014/15: net losses of £2.9 million) on the Group's non-current asset investments.

15) Financial risk management

The Group is subject to strategic and business, investment, operational and treasury risks throughout its business as discussed in the Risk management section of the Group's annual report for the year ended 30 June 2015, which provides further detail on the Group's exposure to and the management of risks derived from the financial instruments it uses. Those risks and the risk management policies have not changed significantly during the six months to 31 December 2015.

16) Share capital

Authorised share capital

	Number of shares	Nominal value £'000
Ordinary shares of 0.01p each at 31 December 2015, 30 June 2015 and 31 December 2014	**900,000,000**	**90**

Issued share capital – allotted and fully paid

	As at 31 December 2015 Number of shares	As at 31 December 2015 Nominal value £'000	As at 31 December 2014 Number of shares	As at 31 December 2014 Nominal value £'000	As at 30 June 2015 Number of shares	As at 30 June 2015 Nominal value £'000
Ordinary shares of 0.01p each	**712,740,804**	**71**	712,740,804	71	712,740,804	71

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

At 31 December 2015, there were 50,000 options (31 December 2014: 175,000 options; 30 June 2015: 175,000 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 39,910,745 shares (31 December 2014: 31,767,278 shares; 30 June 2015: 35,333,782 shares) that have release dates ranging from September 2016 to December 2020.

17) Own shares

The Ashmore 2004 Employee Benefit Trust (EBT) acts as an agent to acquire and hold shares in Ashmore Group plc with a view to facilitating the recruitment and motivation of employees. As at 31 December 2015, the EBT owned 38,108,258 (31 December 2014: 37,796,518; 30 June 2015: 37,889,347) ordinary shares of 0.01p with a nominal value of £3,811 (31 December 2014: £3,780; 30 June 2015: £3,789) and shareholders' funds are reduced by £115.4 million (31 December 2014: £124.9 million; 30 June 2015: £125.3 million) in this respect. It is the intention of the Directors to make these shares available to employees through the share-based compensation plans. The EBT is periodically funded by the Company for these purposes.

18) Related party transactions

Related parties of the Group include key management personnel, close family members of key management personnel, subsidiaries, associates, joint ventures, Ashmore funds, the EBT and the Ashmore Foundation.

Key management personnel

The compensation paid to or payable to key management for employee services is shown below:

	6 months to 31 December 2015 £m	6 months to 31 December 2014 £m	12 months to 30 June 2015 £m
Short-term employee benefits	**0.1**	0.1	1.4
Defined contribution pension costs	**–**	–	–
Share-based payment benefits	**–**	–	2.9
	0.1	0.1	4.3

Share-based payment benefits represent the fair value charge to the interim condensed consolidated statement of comprehensive income of share awards.

During the period, there were no other transactions entered into with key management personnel (H1 2014/15 and FY2014/15: none). Aggregate key management personnel interests in consolidated funds at 31 December 2015 was £16.4 million (31 December 2014: £8.4 million; 30 June 2015: £11.5 million).

Transactions with Ashmore Funds

During the period, the Group received £50.9 million of gross management fees and performance fees (H1 2014/15: £66.1 million; FY2014/15: £137.7 million) from the 85 funds (H1 2014/15: 83 funds; FY2014/15: 96 funds) it manages and which are classified as related parties. As at 31 December 2015, the Group had receivables due from funds of £23.1 million (31 December 2014: £61.2 million; 30 June 2015: £46.8 million).

Transactions with the EBT

The EBT has been provided with a loan facility to allow it to acquire Ashmore shares in order to satisfy outstanding unvested share awards. The EBT is included within the results of the Group. As at 31 December 2015, the loan outstanding was £115.4 million (31 December 2014: £148.6 million; 30 June 2015: £149.0 million).

Transactions with the Ashmore Foundation

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 countries in which Ashmore invests and/or operates with a view to giving back into the countries and communities. The Group made donations of £59,000 to the Foundation during the period (H1 2014/15: £25,000; FY2014/15: £60,749).

19) Commitments

Undrawn investment commitments

	As at 31 December 2015 £m	As at 31 December 2014 £m	As at 30 June 2015 £m
AA Development Capital India Fund 1 LLC	**1.1**	1.0	1.0
Ashmore Emerging Markets Distressed Debt Fund	**–**	–	1.4
Ashmore Emerging Markets Corporate Private Debt Fund	**1.2**	–	1.2
Ashmore I – CAF Colombian Infrastructure Senior Debt Fund	**13.7**	–	–
Ashmore I – FCP Colombia Infrastructure Fund	**1.4**	2.9	2.3
Ashmore Special Opportunities Fund LP	**3.8**	15.4	6.9
Everbright Ashmore China Real Estate Fund	**1.3**	1.6	1.3
KCH Healthcare LLC	**5.1**	–	–
VTBC-Ashmore Real Estate Partners I, LP	**3.0**	3.4	2.9
Total undrawn investment commitments	**30.6**	24.3	17.0

20) Post-balance sheet events

There are no post-balance sheet events that require adjustment or disclosure in these interim condensed consolidated financial statements.

21) Accounting estimates and judgements

In preparing these interim condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were substantially the same as those that applied to the annual report and accounts as at and for the year ended 30 June 2015.

Cautionary statement regarding forward looking statements

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.

Responsibility statement of the Directors in respect of the half-yearly financial report

We confirm that to the best of our knowledge:

– the interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting as adopted by the European Union; and

– the interim management report includes a fair review of the information required by:

(a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

(b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board

Mark Coombs
Chief Executive Officer

10 February 2016

Independent Review Report to Ashmore Group plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2015 which comprises the consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

The annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2015 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.

Jonathan Mills
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London
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10 February 2016

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