Ashmore Group plc

Interim Report

Six months ended 31 December 2007

Ashmore

Ashmore

Contents

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

Financial Highlights

- **Assets under management ("AuM") of US$36.5 billion at 31 December 2007, up US$4.9 billion (16%) from 30 June 2007**
- **Net management fees of £85.9 million, 54% higher than the six month period to 31 December 2006**
- **Performance fees of £32.2 million (£8.2 million in the six month period to 31 December 2006)**
- **Profit before tax of £100.9 million, up 68% from the six months to 31 December 2006**
- **Basic eps of 10.47p (2006: 6.31p) and diluted eps of 9.9p (2006: 5.96p)**
- **An interim dividend of 3.66p per share will be paid on 25 April 2008 (2007: 2.3p)**
- **Corporate high yield launched as Ashmore's fifth investment theme**
- **Listing of Ashmore Global Opportunities Limited on the London Stock Exchange raised EUR500 million**

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

"The first half of the financial year has seen the Group achieve strong financial performance through executing on its stated strategy. Macroeconomic, demographic and political factors underpin the long term growth prospects of the emerging market asset classes. The current market volatility continues to provide attractive investment opportunities. The Group's experienced team, the breadth of its product offering and its long term investment performance track record, position the Group well for continued progress."

Chief Executive Officer's Statement

The results for the six months to 31 December 2007 represent a period where Ashmore Group plc ("Ashmore", the "Group") has again delivered strong financial performance accompanied by further progress in line with the Group's strategic objectives.

Financial performance

Assets under management ("AuM") at 31 December 2007 were US$36.5 billion, an increase of US$4.9 billion (+16%) in the six month period. Net subscriptions in the period were US$2.6 billion, with a combination of subscriptions into existing funds and the launch of new funds and themes. Net investment performance for the period was US$2.3 billion.

Total net revenue has increased to £123.5 million resulting from strong growth in both management fee and performance fee categories over the equivalent period last year. Net management fees were £85.9 million (2006: £55.8 million) an increase of 54% driven by the continued AuM growth. The Group's net management fee margin for the period on an annualised basis was 103 basis points ("bp") in the period, this compares with 90bp for the equivalent period last year. Performance fees in the period have increased nearly fourfold to £32.2 million, arising from strong performances from the August and December year end funds, as well as crystallised and other regular performance fees throughout the period.

The Group's cost structure, incorporating a tightly controlled recurring cost base and a high degree of variable performance related costs, remains our core philosophy. In order to support our growth, we have invested further in staff and infrastructure in this period and will continue to do so as the year continues. As described in the Group's full year remuneration report, the Group's variable compensation as a percentage of earnings before interest, tax and variable compensation, can be at a level of up to 25%. For the six months to 31 December 2007, variable compensation was accrued at 20% (six months to 31 December 2006: 16.4%, year ended 30 June 2007: 18.4%). As a result, for the period the overall operating profit margin was 75% (six months to 31 December 2006: 78%, year ended 30 June 2007: 76%).

The Group's profit before tax for the six months to 31 December 2007 was £100.9 million, an increase of 68% from £60.2 million for the equivalent period last year demonstrating the significant financial achievements of this period. The basic earnings per share have increased to 10.47p (six months to 31 December 2006: 6.31p).

Operational review

During the period, we have continued to make progress within our existing investment themes and have seen the development of a new theme together with further product and fund launches as outlined below.

Dollar debt

The dollar debt investment theme comprises

US dollar and other hard currency denominated instruments which may include derivatives, investing principally in sovereign bonds. AuM at 31 December 2007 were US$23.1 billion, an increase of US$1.9 billion (9%) from 30 June 2007. Net subscriptions in the period were US$0.6 billion. Good investment performance contributed US$1.3 billion.

Local currency

The local currency investment theme comprises local currency and local currency denominated debt instruments, principally sovereign in nature, and it may include derivatives. AuM at 31 December 2007 were US$6.4 billion; an increase of US$1.4 billion (28%) from 30 June 2007. There has been strong demand for the Group's local currency products with net subscriptions in the period of US$0.9 billion. Good investment performance in this theme contributed US$0.5 billion. A new Turkish Debt fund was launched in the period and initially funded at US$0.1 billion.

Special situations (distressed debt/private equity)

The special situations (distressed debt/ private equity) theme comprises investments in debt and/or equity or other instruments focusing on situations usually involving specialist corporate investments and/or projects and including distressed assets or distressed sellers of assets, often incorporating restructuring, reorganisations and/or a private equity approach. AuM at 31 December 2007 were US$5.1 billion, an increase of US$1.7 billion (50%). Net subscriptions were US$1.5 billion, with performance contributing US$0.2 billion. Included within net subscriptions is the launch of the Ashmore Global Special Situations Fund 4 ("GSSF4") which was launched with commitments totalling US$1.3 billion. As at 31 December 2007, 20% of the US$1.3 billion commitment had been drawn-down. It has been another positive period for investment performance, deal opportunities and realisations. The Group's network continues to source an attractive pipeline of deals.

Investment theme	AuM as at 30 June 2007 US$bn	Net subscriptions/ (redemptions) US$bn	Performance US$bn	AuM as at 31 December 2007 US$bn
Dollar Debt	21.2	0.6	1.3	23.1
Local Currency	5.0	0.9	0.5	6.4
Special Situations	3.4	1.5	0.2	5.1
Equity	2.0	(0.4)	0.3	1.9
Total	**31.6**	**2.6**	**2.3**	**36.5**

Chief Executive Officer's Statement continued

Equity

The equity investment theme comprises public equity and equity-related securities. The instruments invested in by the funds can include equities, convertibles, warrants and equity derivatives. AuM at 31 December 2007 were US$1.9 billion, a decrease of US$0.1 billion (5%) from 30 June 2007. A US$0.3 billion segregated fund was closed in the period and is included within the net redemptions of US$0.4 billion with investment performance contributing US$0.3 billion.

Corporate High Yield

During the period, Ashmore launched its fifth investment theme, emerging corporate high yield with the launch of the Ashmore Emerging Markets Corporate High Yield fund ("AEMCHY"). This launch recognised the fact that the asset class can offer investors a risk return profile distinct from other segments of emerging market fixed income. At the end of the period, AEMCHY had AuM of US$0.6 billion drawn principally from within the total dollar debt balance above.

Multi-strategy funds, permanent capital vehicle and liquidity fund

The five core investment themes for the Ashmore product range are supplemented by the multi-strategy funds and a permanent capital vehicle. In each of these cases, Ashmore makes the asset allocation analysis across the investment themes. At the end of the period, the total AuM within the five themes arising from the multi strategy funds was US$2.8 billion. In addition, Ashmore was appointed investment manager following the launch of a newly incorporated publicly listed closed-ended investment company, Ashmore Global Opportunities Limited ("AGOL"), whose shares were listed on the Main Market of the London Stock Exchange on 12 December 2007. AGOL raised EUR500 million on listing and these funds are now invested across the investment themes. AGOL provides the Group with a new point of access for an investor class to gain access to Ashmore's investment themes within a listed fund vehicle with a stated focus on the special situations investment theme, in line with which, AGOL has a commitment to GSSF4 of US$250 million.

In addition, during the period, the liquidity fund was launched offering a Standard & Poor's "AAAm" rated fund which is able to manage the cash components of the underlying Ashmore funds, retained by the funds for liquidity purposes, with a view to enhancing the absolute return received on this cash.

Balance sheet and cash flow

The Group's strategy is to maintain a strong balance sheet in order to support regulatory capital requirements, to meet the commercial demands of current and prospective investors and to fulfil the development needs of the business including seeding new funds and other strategic initiatives. During the period, the Group invested £14.6 million in meeting the underwriting costs of the AGOL fundraising. In accordance with International Accounting Standards, these underwriting costs are recognised in the balance sheet as deferred acquisition costs which are amortised as the related revenue is recognised. The Group continues to generate significant cash from operations which totalled £67.1 million in the period (six months to 31 December 2006: £35.7 million). In the period, the Group paid £10.3 million of the deferred acquisition costs and, after taking account of the payments for taxation, property, plant and equipment purchases, interest received and the final dividend related to year ended 30 June 2007 the overall cash has increased during the six months ended 31 December 2007 to £221.0 million (31 December 2006: £157.9 million; 30 June 2007: £218.0 million).

Dividend

Recognising the significant achievements in the period and in line with the Group's stated progressive dividend policy, an interim dividend of 3.66p per share will be paid for the six month period to 31 December 2007 (2.30p per share for the six month period to 31 December 2006).

Strategy and outlook

The Group's strategy – to be the leading emerging markets investment manager – remains consistent. This is achieved through the delivery of long term investment outperformance, the generation and diversification of Group earnings through the attraction of net subscriptions across investment themes, a controlled manner of business growth and the development of the Ashmore brand and business model.

The first half of the financial year has seen the Group achieve strong financial performance through executing on its stated strategy. During the remaining months of this year, and into the next, we will undertake further steps in the development of our systems and infrastructure to enable us to maintain our growth and performance. In addition, we will see continued investment in initiatives to bring further diversification to our product range and enhance our capabilities. The Group believes that macroeconomic, demographic and political factors underpin the long term growth prospects of the emerging market asset classes and the current market volatility continues to provide attractive investment opportunities. The Group's experienced team, the breadth of its product offering and its long term investment performance track record, position the Group well for continued progress.

Mark Coombs
Chief Executive Officer

26 February 2008

Consolidated Income Statement

	Note	Unaudited Six months ended 31 December 2007 £m	Unaudited Six months ended 31 December 2006 £m	Audited Year ended 30 June 2007 £m
Management fees		**88.7**	57.8	130.2
Performance fees		**32.2**	8.2	20.4
Other revenue		**5.4**	7.9	13.0
Total revenue		**126.3**	73.9	163.6
Less: Distribution costs		**(2.8)**	(2.0)	(3.8)
Net revenue		**123.5**	71.9	159.8
Personnel expenses		**(26.6)**	(13.1)	(32.6)
Other expenses		**(4.0)**	(2.6)	(5.5)
Operating profit		**92.9**	56.2	121.7
Interest income		**8.0**	4.0	9.7
Profit before tax		**100.9**	60.2	131.4
Income tax expense		**(30.8)**	(18.2)	(39.9)
Profit for the period		**70.1**	42.0	91.5
Attributable to:				
Equity holders of the parent		**70.0**	42.0	91.4
Minority interest		**0.1**	–	0.1
Profit for the period		**70.1**	42.0	91.5
Earnings per share:				
Basic	2	**10.47p**	6.31p	13.7p
Diluted	2	**9.90p**	5.96p	12.9p

Consolidated Balance Sheet

	Note	Unaudited As at 31 December 2007 £m	Unaudited As at 31 December 2006 £m	Audited As at 30 June 2007 £m
Assets				
Property, plant and equipment		**0.5**	0.2	0.2
Intangible assets		**4.1**	4.1	4.1
Deferred acquisition costs	4	**14.5**	–	–
Other receivables		**–**	0.1	0.1
Deferred tax assets		**14.8**	11.5	14.4
Total non-current assets		**33.9**	15.9	18.8
Trade and other receivables		**57.0**	38.2	27.2
Derivative financial instruments		**–**	0.5	0.5
Cash and cash equivalents		**221.0**	157.9	218.0
Total current assets		**278.0**	196.6	245.7
Total assets		**311.9**	212.5	264.5
Equity				
Issued capital		**–**	–	–
Share premium		**0.3**	0.3	0.3
Retained earnings		**223.8**	154.3	195.6
Total equity attributable to equity holders of the parent		**224.1**	154.6	195.9
Minority interest		**0.6**	–	0.1
Total equity		**224.7**	154.6	196.0
Liabilities				
Deferred tax liabilities		**4.1**	–	–
Total non-current liabilities		**4.1**	–	–
Current tax		**24.4**	15.3	15.7
Derivative financial instruments		**1.2**	–	–
Trade and other payables		**57.5**	42.6	52.8
Total current liabilities		**83.1**	57.9	68.5
Total liabilities		**87.2**	57.9	68.5
Total equity and liabilities		**311.9**	212.5	264.5

Consolidated Statement of Changes in Equity

	Issued capital £m	Share premium £m	Retained earnings £m	Total equity attributable to equity holders of the parent £m	Minority interest £m	Total equity £m
Balance at 1 July 2006	–	0.3	96.3	96.6	–	96.6
Profit for the period	–	–	42.0	42.0	–	42.0
Share based payments	–	–	1.2	1.2	–	1.2
Deferred tax related to share based payments	–	–	9.5	9.5	–	9.5
Current tax	–	–	4.2	4.2	–	4.2
Sale of own shares held	–	–	1.1	1.1	–	1.1
Balance at 31 December 2006	–	0.3	154.3	154.6	–	154.6
Profit for the period	–	–	49.4	49.4	0.1	49.5
Share based payments	–	–	5.3	5.3	–	5.3
Deferred tax related to share based payments	–	–	2.1	2.1	–	2.1
Dividends	–	–	(15.5)	(15.5)	–	(15.5)
Balance at 30 June 2007	–	0.3	195.6	195.9	0.1	196.0
Profit for the period	–	–	70.0	70.0	0.1	70.1
Issue of share capital	–	–	–	–	0.4	0.4
Share based payments	–	–	2.7	2.7	–	2.7
Current tax	–	–	0.7	0.7	–	0.7
Dividends	–	–	(45.2)	(45.2)	–	(45.2)
Balance at 31 December 2007	**–**	**0.3**	**223.8**	**224.1**	**0.6**	**224.7**

Consolidated Cash Flow Statement

	Note	**Unaudited Six months ended 31 December 2007 £m**	Unaudited Six months ended 31 December 2006 £m	Audited Year ended 30 June 2007 £m
Operating activities				
Cash receipts from customers		**105.9**	62.1	164.6
Cash paid to suppliers and employees		**(38.8)**	(26.4)	(32.3)
Cash generated from operations		**67.1**	35.7	132.3
Income taxes paid		**(17.9)**	(17.5)	(39.2)
Net cash from operating activities		**49.2**	18.2	93.1
Investing activities				
Interest received		**8.0**	3.9	9.5
Purchase of deferred acquisition costs		**(10.3)**	–	–
Purchase of property, plant and equipment		**(0.3)**	–	(0.1)
Net cash (used in)/from investing activities		**(2.6)**	3.9	9.4
Financing activities				
Dividends paid	3	**(45.2)**	–	(15.5)
Sale of own shares		**–**	1.0	–
Net cash from (used in)/financing activities		**(45.2)**	1.0	(15.5)
Effect of exchange rate changes on cash and cash equivalents		**1.6**	2.1	(1.7)
Net increase in cash and cash equivalents		**3.0**	25.2	85.3
Cash and cash equivalents at beginning of period		**218.0**	132.7	132.7
Cash and cash equivalents at end of period		**221.0**	157.9	218.0
Cash and cash equivalents comprise:				
Cash at bank and in hand as shown in balance sheet		**221.0**	157.9	218.0
		221.0	157.9	218.0

Notes to the Financial Statements

1) Basis of preparation and significant accounting policies

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

The accounting policies applied in these interim financial statements are consistent with those applied in the Group's annual report and accounts for the year ended 30 June 2007. The annual report and accounts is available on the Group's website.

In addition to the accounting policies applied in the Group's annual report, the following accounting policies were adopted:

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 is amortised as the related revenue is recognised.

2) Earnings per share

Basic earnings per share is calculated by dividing the profit for the financial year attributable to equity holders of the parent of £70m (six months ended 31 December 2006: £42m) by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated as for basic earnings per share with a further adjustment to the weighted average number of ordinary shares to reflect the effects of all dilutive potential ordinary shares.

There is no difference between the profit for the financial year attributable to equity holders of the parent used in the basic and diluted earnings per share calculations.

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

	Six months ended 31 December 2007	Six months ended 31 December 2006	Year ended 30 June 2007
Weighted average number of ordinary shares used in calculation of basic earnings per share	**668,501,230**	664,780,163	667,467,808
Effect of dilutive potential ordinary shares – share options	**38,428,080**	38,281,264	38,827,815
Weighted average number of ordinary shares used in calculation of diluted earnings per share	**706,929,310**	703,061,427	706,295,623

3) Dividends

An analysis of dividends paid is as follows:

	Six months ended 31 December 2007	Six months ended 31 December 2006	Year ended 30 June 2007
Interim dividend	**–**	–	£15.5m
Final dividend	**£45.2m**	–	–
Interim dividend per share	**–**	–	2.30p
Final dividend per share	**6.70p**	–	–

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

The board has approved an interim dividend for the six months ended 31 December 2007 of 3.66p per share (six months ended 31 December 2006: 2.30p).

This will be payable on 25 April 2008 to shareholders on the register on 28 March 2008.

4) Deferred acquisition costs

During the period deferred acquisition costs of £14.6m were incurred directly attributable to securing the investment management contract for a permanent capital vehicle Ashmore Global Opportunities Limited, a newly incorporated investment company, which was listed on the London Stock Exchange. Amortisation of £0.1m for the period was recognised in other expenses.

5) Own shares

The Ashmore 2004 Employee Benefit Trust ("EBT") was established to encourage and facilitate the acquisition and holding of shares in the company by the employees of the company with a view to facilitating the recruitment and motivation of the employees of the company. As at the period end, the EBT owned 37,762,500 ordinary shares of 0.01p with a nominal value of £3,776.25 and shareholders' funds are reduced by £5,822,150 in this respect.

6) Exchange rates

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

	Closing rate as at 31 December 2007	Closing rate as at 31 December 2006	Closing rate as at 30 June 2007	**Average rate six months ended 31 December 2007**	Average rate six months ended 31 December 2006	Average rate year ended 30 June 2007
US dollar	**1.9850**	1.9589	2.0088	**2.0088**	1.9129	1.9466

7) Related party transactions

There were no material changes to the related party transactions during the six months ended 31 December 2007.

8) Post balance sheet events

There are no post balance sheet events for the six months ended 31 December 2007.

Responsibility Statement of the Directors' in respect of the half-yearly financial report

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU;
- 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 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.

Mark Coombs
Chief Executive Officer

26 February 2008

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 2007 which comprises the consolidated income statement, 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 Services Authority ("the UK FSA"). 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 FSA.

As disclosed in note one, the annual financial statements of the Ashmore Group plc 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 of 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 the 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 2007 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

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26 February 2008

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