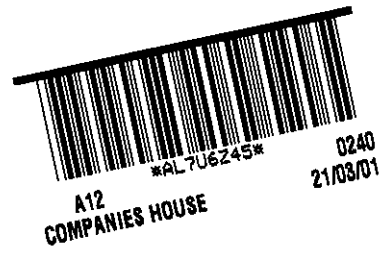


**Ashmore Group Limited**

**Directors' report and consolidated  
financial statements**

For the year ended 30 June 2000  
Registered number 3675683



## **Directors' report and financial statements**

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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2000.

### Background Information

The company was incorporated on 30 November 1998, as Jacktide Limited. It changed its name on 24 February 1999 to Ashmore Group Limited.

On 24 February 1999, the company purchased the entire issued share capital of Ashmore Investments (UK) Limited (formerly ANZ Investments (UK) Limited) from ANZ Funds Pty Limited.

### Principal activities

The principal activity of Ashmore Group Limited is that of a holding company. The principal activities of the group are the provision of investment and corporate finance advisory services. The directors do not anticipate any change in the nature of its activity in the foreseeable future.

### Year 2000

During the year the directors made an assessment of the risks which face the group from the effect of the millennium date change on the principal employer's computer and electronic systems and those of its principal service providers and investment managers. No significant costs were incurred during the year in achieving Year 2000 compliance and such costs, which were part of the overall costs of administration, have not been separately determined.

### Business review

The results for the group are presented on page 5. The retained profit of the group for the period amounted to £5,761,313.

### Directors and directors' interests

The directors who held office during the year were as follows:

M Coombs  
J Moulton  
J Green (appointed 29 September 1999)

The directors who held office at the end of the financial year had the following interests in the ordinary shares of group companies according to the register of directors' interests:

	Company	Class of share	Interest at end of year	Interest at start of year or date of appointment
M Coombs	Ashmore Group Limited	Ordinary 'A'	166,500	166,500
		Ordinary 'C'	-	8,100
J Moulton	Ashmore Group Limited	Ordinary 'B'	21,000	21,000
J Green	Ashmore Group Limited	Ordinary 'C'	37,500	29,400

The directors' interests in debentures of the company are disclosed in note 11 to the financial statements.

## Directors' report (continued)

### Political and charitable contributions

The group made no political or charitable contributions during the year.

### Auditors

The company has elective resolutions in force to dispense with the laying of accounts before the shareholders in general meeting, the holding of Annual General Meetings and the obligation to appoint auditors annually, pursuant to sections 252, 366A and 386 (1) of the Companies Act 1985. KPMG Audit Plc will therefore be deemed to have been re-appointed auditors of the Company at the end of the period of 28 days commencing with the day on which copies of the report and accounts are sent to the members, unless a resolution is passed under section 303 of the Companies Act 1985 to terminate their appointment.

By order of the board

  
M L Coombs  
Director

100 Cannon Street  
London  
EC3N 6AR

15 November 2000

## **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and group and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

**KPMG Audit Plc**

PO Box 695  
8 Salisbury Square  
London  
EC4Y 8BB

**Report of the auditors to the members of Ashmore Group Limited**

We have audited the financial statements on pages 5 to 19.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

**Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

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

**Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 30 June 2000 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

**KPMG Audit Plc**  
Chartered Accountants  
Registered Auditor

*23 November* 2000

## Consolidated profit and loss account

	<i>Note</i>	<b>Year ended 30 June 2000 £</b>	<b>7 months ended 30 June 1999 £</b>
Fees and commissions receivable	<i>1</i>	14,153,393	3,212,721
<b>Operating expenses</b>			
Administration expenses		(5,280,190)	(1,540,233)
Fees and commissions payable		(167,045)	(97,776)
<b>Operating profit</b>		<u>8,706,158</u>	<u>1,574,712</u>
<b>Interest receivable and similar income</b>		157,520	55,390
<b>Interest payable and other charges</b>		<u>(170,511)</u>	<u>(58,752)</u>
<b>Profit on ordinary activities before taxation</b>		8,693,167	1,571,350
<b>Tax on profit on ordinary activities</b>	<i>5</i>	<u>(2,931,854)</u>	<u>(506,280)</u>
<b>Retained profit for the period</b>		<u><u>5,761,313</u></u>	<u><u>1,065,070</u></u>

The company had no recognised gains or losses other than the profit for the period. All of the results relate to continuing operations.

## Consolidated balance sheet

at 30 June

	Note	£	2000 £	£	1999 £
<b>Fixed assets</b>					
Goodwill	6		7,531,205		1,578,998
Tangible assets	7		198,915		12,774
			<u>7,730,120</u>		<u>1,591,772</u>
<b>Current assets</b>					
Debtors	9	1,265,821		1,244,679	
Cash at bank and in hand		6,196,418		1,841,494	
			<u>7,462,239</u>	<u>3,086,173</u>	
<b>Creditors: amounts falling due within one year</b>	10	(8,065,976)		(1,612,875)	
			<u>(603,737)</u>		<u>1,473,298</u>
<b>Net current liabilities/assets</b>					
			<u>7,126,383</u>		<u>3,065,070</u>
<b>Total assets less current liabilities</b>					
<b>Creditors: amounts falling due after more than one year</b>	11		-		(1,700,000)
			<u>7,126,383</u>		<u>1,365,070</u>
<b>Net assets</b>					
<b>Capital and reserves</b>					
Called up share capital	13		3,000		3,000
Share premium account	14		297,000		297,000
Profit and loss account	14		6,826,383		1,065,070
			<u>7,126,383</u>		<u>1,365,070</u>
<b>Shareholders' funds</b>					
			<u>7,126,383</u>		<u>1,365,070</u>

These financial statements were approved by the board of directors on 15 November 2000 and were signed on its behalf by:

  
 Mark Coombs  
 Director

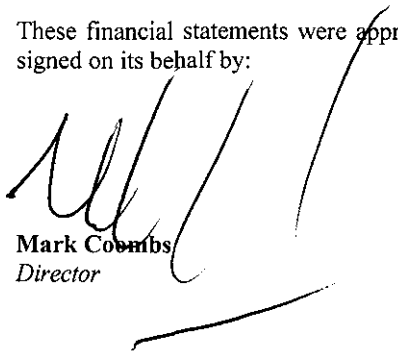


## Balance sheet

at 30 June

	<i>Note</i>	£	2000 £	£	1999 £
<b>Fixed assets</b>					
Tangible assets	7		198,915		12,774
Investments	8		9,710,235		2,653,827
			<hr/>		<hr/>
			9,909,150		2,666,601
<b>Current assets</b>					
Debtors	9	647,845		2,495,079	
Cash at bank and in hand		2,550,213		8,387	
			<hr/>	<hr/>	
<b>Creditors: amounts falling due within one year</b>	<b>10</b>	<b>3,198,058</b>		<b>2,503,466</b>	
		<b>(5,741,765)</b>		<b>(2,112,163)</b>	
			<hr/>	<hr/>	
<b>Net current liabilities/assets</b>			<b>(2,543,707)</b>		<b>391,303</b>
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			<b>7,365,443</b>		<b>3,057,904</b>
<b>Creditors: amounts falling due after more than one year</b>	<b>11</b>		<b>-</b>		<b>(1,700,000)</b>
			<hr/>		<hr/>
<b>Net assets</b>			<b>7,365,443</b>		<b>1,357,904</b>
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	13		3,000		3,000
Share premium account	14		297,000		297,000
Profit and loss account	14		7,065,443		1,057,904
			<hr/>		<hr/>
<b>Shareholders' funds</b>			<b>7,365,443</b>		<b>1,357,904</b>
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 15 November 2000 and were signed on its behalf by:

  
**Mark Coombs**  
*Director*

## Consolidated cash flow statement

	<i>Note</i>	<b>Year ended 30 June 2000 £</b>	<b>7 months ended 30 June 1999 £</b>
<b>Cash flow statement</b>			
<b>Cash flow from operating activities</b>	<i>17</i>	10,399,275	1,672,036
<b>Returns on investments and servicing of finance</b>	<i>18</i>	139,900	2,335
<b>Taxation</b>		(1,173,490)	(1,008,923)
<b>Capital expenditure and financial investment</b>	<i>18</i>	(220,908)	(12,774)
<b>Acquisitions and disposals</b>	<i>18</i>	(3,089,853)	(811,180)
		<hr/>	<hr/>
<b>Cash inflow/(outflow) before management of liquid resources and financing</b>		6,054,924	(158,506)
<b>Management of liquid resources</b>		-	-
<b>Financing</b>	<i>18</i>	(1,700,000)	2,000,000
		<hr/>	<hr/>
<b>Increase in cash in the period</b>		4,354,924	1,841,494
<b>Net funds at the start of the period</b>		1,841,494	-
		<hr/>	<hr/>
<b>Net funds at the end of the period</b>	<i>19</i>	6,196,418	1,841,494
		<hr/> <hr/>	<hr/> <hr/>

## Reconciliation of movements in shareholders' funds

	2000 Group £	2000 Company £	1999 Group £	1999 Company £
<b>Profit for the financial year</b>	5,761,313	6,007,539	1,065,070	1,057,904
New share capital subscribed	-	-	300,000	300,000
Opening shareholders' funds	1,365,070	1,357,904	-	-
<b>Closing shareholders' funds</b>	<u>7,126,383</u>	<u>7,365,443</u>	<u>1,365,070</u>	<u>1,357,904</u>

## **Notes**

*(forming part of the financial statements)*

### **1 Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### ***Basis of preparation***

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. The comparative period is for 7 months due to the company's incorporation on 30 November 1998.

#### ***Basis of consolidation***

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 30 June 2000. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal. Under section 230(4) of the Companies Act 1985 the company is exempt from the requirement to present its own profit and loss account. The company's retained profit for the period was £6,007,539.

#### ***Fees and commissions receivable***

Management fees are accrued on a monthly basis based upon funds under management. Performance fees are receivable based upon the performance of each fund for its financial year. These are recognised by the company when the underlying accounts of the funds are approved by all parties. Corporate finance fees are considered to have been earned in full and are credited to the profit and loss account upon reasonable certainty of receipt.

#### ***Goodwill***

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation in respect of acquisitions is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life. Under the requirements of FRS 10 the directors have estimated the useful life of goodwill arising in the period to be 10 years. In the company's financial statements, investments in subsidiary undertakings are stated at cost less amounts written off.

#### ***Foreign currencies***

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### ***Taxation***

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

**Notes** (continued)

**1 Accounting policies** (continued)

**Fixed Assets**

Fixed Assets comprising fixtures, fittings, tools and equipment are depreciated on a straight line basis over 5 years (20% per annum).

**2 Profit on ordinary activities before taxation**

	2000	1999
	£	£
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditors' remuneration:		
Group - audit	28,500	23,000
- fees paid to the auditor and its associates in respect of other services	40,294	33,500
Company - audit	26,000	23,000
- fees paid to the auditor and its associates in respect of other services	9,369	-
Depreciation of tangible fixed assets	34,717	-
Amortisation of goodwill	1,104,201	54,448
<i>after crediting (charging)</i>		
Exchange gains (losses)	(156,923)	32,035

**3 Remuneration of directors**

	2000	1999
	£	£
Directors' emoluments (highest: £177,659)	354,882	20,515
Company contributions to money purchase pension schemes	9,100	1,313
	363,982	21,828
	363,982	21,828

	Number of directors 2000	1999
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	2	1
	2	1

**Notes** *(continued)*

**4 Staff numbers and costs**

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	<b>Number of employees</b>	
	<b>2000</b>	<b>1999</b>
Investment management and Administration	14	9

The aggregate payroll costs of these persons were as follows:

	<b>2000</b>		<b>1999</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Wages and salaries	1,345,370	163,388	1,345,370	163,388
Social security costs	141,147	15,969	141,147	15,969
Other pension costs	55,098	11,609	55,098	11,609
	1,541,615	190,966	1,541,615	190,966

**5 Taxation**

The charge is based on the taxable results of the group for the period and comprises

	<b>2000</b>		<b>1999</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Corporation tax in current period at 30%	2,931,854	506,280	2,931,854	506,280

**Notes** (continued)

**6 Goodwill**

	<b>£</b>
<i>Group</i>	
At beginning of period	1,633,446
Additions	<u>7,056,408</u>
At end of period	<u>8,689,854</u>
 <i>Amortisation</i>	
At beginning of period	54,448
Charged in period	<u>1,104,201</u>
At end of period	<u>1,158,649</u>
 <i>Net book value</i>	
<b>At 30 June 2000</b>	<u><u>7,531,205</u></u>

The cumulative amount of goodwill written off from acquisition of subsidiary undertaking in the current and earlier years is £1,158,649 (1999 : £54,448).

**7 Tangible fixed assets**

	<b>Fixtures, fittings tools and equipment £</b>
<i>Group and Company</i>	
At beginning of period	12,774
Additions	<u>220,858</u>
At end of period	<u>233,632</u>
 <i>Depreciation</i>	
At beginning of period	-
Charged in period	<u>(34,717)</u>
At end of period	<u>(34,717)</u>
 <i>Net book value</i>	
<b>At 30 June 2000</b>	<u><u>198,915</u></u>

**Notes** *(continued)*

**8 Fixed asset - Investments**

	<b>Shares in group undertakings £</b>
<i>Company</i>	
At beginning of year	2,653,827
Additions – deferred consideration (see note 15)	7,056,408
	-
	9,710,235
At end of year	9,710,235

The subsidiary undertakings of the group are as follows:

	<b>Country of incorporation</b>	<b>Principal activity</b>	<b>Class and percentage of shares held</b>
<i>Subsidiary undertakings</i>			
Ashmore Investments (UK) Limited	England	Holding Company	Ordinary 100%
Ashmore Investment Management Limited*	England	Fund Management Investment Adviser	Ordinary 100%
Ashmore Corporate Finance Limited*	England	Corporate Finance Adviser	Ordinary 100%
Ashmore Management Company Limited*	Guernsey	Fund Management	Ordinary 100%

\* Held indirectly by Ashmore Investments (UK) Limited.



**Notes** *(continued)*

**9 Debtors**

	<b>Group 2000</b>	<b>Company 2000</b>	<b>Group 1999</b>	<b>Company 1999</b>
	£	£	£	£
Trade debtors	908,425	-	1,107,763	-
Amounts owed by subsidiary undertakings	-	292,528	-	2,358,163
Other debtors	60,240	60,240	73,747	73,747
Prepayments and accrued income	297,156	295,077	63,169	63,169
	<u>1,265,821</u>	<u>647,845</u>	<u>1,244,679</u>	<u>2,495,079</u>

**10 Creditors: amounts falling due within one year**

	<b>Group 2000</b>	<b>Company 2000</b>	<b>Group 1999</b>	<b>Company 1999</b>
	£	£	£	£
Amounts owed to subsidiary undertakings	-	-	-	881,087
Taxation and social security	2,082,072	-	325,320	-
Other creditors	3,966,555	3,966,555	384,242	327,763
Accruals and deferred income	2,017,349	1,775,210	903,313	903,313
	<u>8,065,976</u>	<u>5,741,765</u>	<u>1,612,875</u>	<u>2,112,163</u>

**11 Creditors: amounts falling due after more than one year**

	<b>Group 2000</b>	<b>Company 2000</b>	<b>Group 1999</b>	<b>Company 1999</b>
	£	£	£	£
Unsecured 10% Loan Notes 2004	-	-	1,700,000	1,700,000
	<u>-</u>	<u>-</u>	<u>1,700,000</u>	<u>1,700,000</u>

Loan notes amounting to £1,700,000 were repaid on 30 June 2000. Of these loan notes £1,366,690 were held by the directors of the company (M Coombs: £700,023, J Moulton: £500,000 and J Green: £166,667), the remaining £333,310 loan notes were held by other staff.

**Notes** (continued)

**12 Acquisitions**

On 24 February 1999 the company acquired all of the issued share capital of ANZ Investments (UK) Limited. The resulting goodwill of £1,633,446 was capitalised and is being written off over 10 years. Additional goodwill of £7,056,408 relating to deferred consideration (see note 15) was capitalised during the current year and is being written off over the same period.

	Fair value £
<b>Current assets</b>	
ACT recoverable	328,263
Sundry debtors	5,697
Cash	1,842,647
	-----
<b>Total assets</b>	2,176,607
Tax payable	(1,156,226)
	-----
<b>Fair value of net assets as at 24 February 1999</b>	1,020,381
<b>Fair value of purchase consideration</b>	9,710,235
<b>Goodwill</b>	8,689,854

**13 Called up share capital**

	2000 £	1999 £
<i>Authorised</i>		
166,500 'A' Ordinary shares of 1 pence each	1,665	1,665
21,000 'B' Ordinary shares of 1 pence each	210	210
172,500 'C' Ordinary shares of 1 pence each	1,725	1,725
	-----	-----
	3,600	3,600
	-----	-----
<i>Allotted, called up and fully paid</i>		
166,500 'A' Ordinary shares of 1 pence each	1,665	1,665
21,000 'B' Ordinary shares of 1 pence each	210	210
112,500 'C' Ordinary shares of 1 pence each	1,125	1,125
	-----	-----
	3,000	3,000
	-----	-----

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

**Notes** (continued)

**14 Share premium and reserves**

	2000		1999	
	Group		Group	
	Share premium account £	Profit and loss account £	Share premium account £	Profit and loss account £
At beginning of period	-	1,065,070	-	-
Retained profit for the period	-	5,761,313	-	1,065,070
Premium on share issues, less expenses	297,000	-	297,000	-
	<hr/>	<hr/>	<hr/>	<hr/>
<u>At end of period</u>	<u>297,000</u>	<u>6,826,383</u>	<u>297,000</u>	<u>1,065,070</u>

	Company		Company	
	Share premium account £	Profit and loss account £	Share premium account £	Profit and loss account £
At beginning of period	-	1,057,904	-	-
Retained profit for the period	-	6,007,539	-	1,057,904
Premium on share issues, less expenses	297,000	-	297,000	-
	<hr/>	<hr/>	<hr/>	<hr/>
<u>At end of period</u>	<u>297,000</u>	<u>7,065,443</u>	<u>297,000</u>	<u>1,057,904</u>

**15 Deferred consideration**

Deferred consideration is payable being a percentage of performance fees receivable by Ashmore Investment Management Limited in respect of funds under management at the date of acquisition. These performance fees are calculated for each underlying fund at each fund's financial year end and because of the nature of these funds it was not possible to estimate in advance the amount which was payable. Deferred consideration of £7,056,408 has arisen during the year and, following a final settlement agreement of all amounts between Ashmore Group Limited and Australia & New Zealand Banking Group Limited on 30 June 2000, no further deferred consideration amounts will accrue. Consequently a fair value adjustment to purchase consideration (and goodwill arising on consolidation) of £7,056,408 has been made.

**16 Pension scheme**

The group operates a defined contribution scheme. The pension cost charge for the period of £55,098 represents contributions payable by the group to the fund. There were no outstanding or prepaid contributions at year end.

**Notes** (continued)

**17 Reconciliation of operating profit to operating cash flows**

	2000 £	1999 £
Operating profit	8,706,158	1,574,712
Depreciation, amortisation and impairment charges	1,138,918	54,448
Increase in debtors	(17,110)	(1,244,679)
Increase in creditors	571,309	1,287,555
	10,399,275	1,672,036
Net cash inflow from continuing activities	10,399,275	1,672,036

**18 Analysis of cash flows**

	2000 £	£
<b>Returns on investment and servicing of finance</b>		
Interest received	310,411	
Interest paid	(170,511)	
		139,900
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(220,908)	
		(220,908)
<b>Acquisitions and disposals</b>		
Purchase of subsidiary undertaking	(3,089,853)	
Net cash acquired with subsidiary	-	
		(3,089,853)
<b>Financing</b>		
Issue of ordinary share capital	-	
Debt due after more than one year:		
New unsecured loan repayable in 2004- repaid 30 June 2000	(1,700,000)	
		(1,700,000)

**Notes** (continued)

**19 Analysis of net funds**

	At beginning of year £	Cash flow £	At end of year £
Cash in hand, at bank	1,841,494	4,354,924	6,196,418
	<u>          </u>	<u>          </u>	<u>          </u>

**20 Purchase of subsidiary undertaking in prior year**

	£
<b>Net assets acquired</b>	
Debtors	333,960
Cash at bank and in hand	1,842,647
Creditors	(1,156,226)
	<u>          </u>
Goodwill	1,020,381
	8,689,853
	<u>          </u>
	9,710,234
	<u>          </u>
<b>Satisfied by:</b>	
Shares allotted	-
Cash	5,743,680
Creditors	3,966,554
	<u>          </u>
	9,710,234
	<u>          </u>