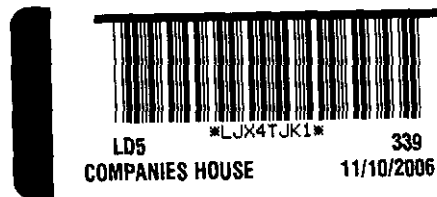


**Ashmore Group Limited**

**Directors' report and consolidated  
financial statements**

For the year ended 30 June 2006  
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 2006.

### **Principal activities**

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

### **Business review**

The results for the group are presented on page 6. The retained profit of the group for the year amounted to £75,808,238 (2005: £32,905,547). Results to date, for the year to 30 June 2007, are satisfactory.

### **Assets Under Management ("AUM")**

The key business driver of the Group's financial performance is AUM within its investment management business, which impacts on the regular management fee income generated and also on the performance fees achievable. During the financial year AUM grew from US\$ 11.0 billion to US\$ 20.4 billion, an increase of US\$ 9.4 billion, or 85%. The main impact of this increase in AUM is to increase fees earned in the period through management fees, which are based upon the AUM of the individual funds/accounts, and performance fees, which were earned on twelve of the Group's funds/accounts in the period.

### **Risk Factors**

There are various risk factors relating to company risks and also market risk factors that impact the underlying funds and accounts managed by the Group which also could have an impact on the Group's AUM and related performance.

The main company risks relate to the ability of the Group to maintain its good performance record and to continue to meet the investment objectives of the underlying funds under management. Failure of the Group's investment strategies could lead to lower performance and a failure to attract new business, each of which could affect AUM levels.

There are also a variety of market risks to which the AUM are exposed that could have a detrimental impact on performance and AUM levels. These risks primarily relate to interest rate risk, currency related risks, fluctuations on credit markets as well as general risks related to the emerging market environment in which the Group operates.

### **Directors and directors' interests**

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

M Coombs  
J Moulton

**Directors' report** *(continued)*

The following directors have been appointed subsequent to the financial year ended 30 June 2006:

- M D Benson – date of appointment 3 July 2006
- N Land – date of appointment 3 July 2006
- J Pettigrew – date of appointment 7 August 2006

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 Ord shares of 0.01p	Interest at start of year Ord shares of 1p
M Coombs	Ashmore Group Limited	Ordinary 'A'	416,250,000	166,500
J Moulton	Ashmore Group Limited	Ordinary 'B'	52,500,000	21,000

**Political and charitable contributions**

There were no charitable contributions made by the group during the year. (2005: £27,045)

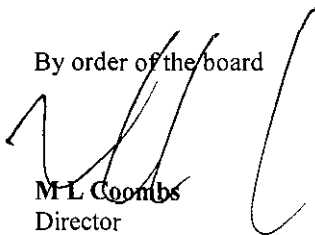
**Disclosure of information to auditors**

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

**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 on the day in 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

8 August 2006

Registered Office:  
20 Bedfordbury  
London, WC2N 4BL

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE CONSOLIDATED FINANCIAL STATEMENTS**

The directors are responsible for preparing the Directors' report and the consolidated financial statements in accordance with applicable law and regulations.

*Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards.*

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 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.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASHMORE GROUP LIMITED**

We have audited the group and parent company financial statements (the "financial statements") of Ashmore Group Limited for the year ended 30 June 2006 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Cash Flow Statement, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Directors' report and the consolidated financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 30 June 2006 and of the group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

*KPMG Audit Plc*

KPMG Audit Plc  
Chartered Accountants, 8 Salisbury Square, London, EC4Y 8BB  
Registered Auditor  
8 August 2006

## Consolidated profit and loss account

	<i>Note</i>	<b>Year ended 30 June 2006 £</b>	<b>Year ended 30 June 2005 £</b>
Fees - receivable	<i>1</i>	150,012,883	73,938,936
<b>Operating expenses</b>			
Administration expenses		(36,798,668)	(20,229,809)
Fees and commissions payable		(16,230,449)	(9,256,311)
<b>Operating profit</b>		96,983,766	44,452,816
<b>Interest receivable and similar income</b>		8,140,513	4,678,618
<b>Profit on sale of Subsidiary</b>		2,808,653	-
<b>Profit on ordinary activities before taxation</b>	<i>2</i>	107,932,932	49,131,434
<b>Tax on profit on ordinary activities</b>	<i>5</i>	(31,969,009)	(16,011,012)
<b>Profit on ordinary activities after taxation</b>		75,963,923	33,120,422
<b>Minority interest</b>		(155,684)	(214,875)
<b>Profit for the financial year</b>		75,808,239	32,905,547

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

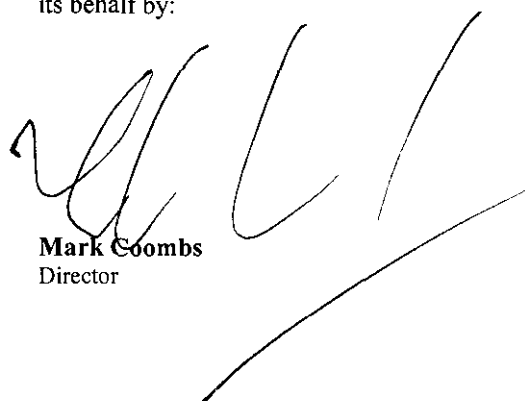


## Consolidated balance sheet

at 30 June

	<i>Note</i>	<b>2006</b>		<b>2005</b>	
		£	£	£	£
<b>Fixed assets</b>					
Goodwill	6		2,317,294		3,186,280
Tangible assets	7		234,493		314,332
			<hr/>		<hr/>
			2,551,787		3,500,612
<b>Current assets</b>					
Debtors	9	26,359,580		11,947,804	
Cash at bank and in hand	19	132,704,321		86,554,261	
			<hr/>		<hr/>
		159,063,901		98,502,065	
<b>Creditors: amounts falling due within one year</b>	10	(69,533,331)		(30,247,670)	
			<hr/>		<hr/>
<b>Net current assets</b>			89,530,570		68,254,395
			<hr/>		<hr/>
<b>Net assets</b>			92,082,357		71,755,007
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	11		70,893		2,797
Share premium account	12		307,692		307,692
Capital redemption reserve			311		311
Profit and loss account	12		96,551,861		75,811,718
Own shares held	13		(4,848,400)		(4,848,400)
			<hr/>		<hr/>
<b>Shareholders' funds - Equity</b>			92,082,357		71,274,118
			<hr/>		<hr/>
<b>Minority interest</b>			-		480,889
			<hr/>		<hr/>
			92,082,357		71,755,007
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 8 August 2006 and were signed on its behalf by:



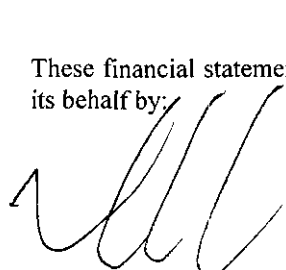
**Mark Coombs**  
 Director

## Company balance sheet

at 30 June

	Note	2006	2005
		£	£
<b>Fixed assets</b>			
Tangible assets	7	234,493	261,968
Investments	8	9,710,235	9,710,235
		9,944,728	9,972,203
<b>Current assets</b>			
Debtors	9	16,635,041	5,059,646
Cash at bank and in hand		80,489,855	54,014,315
		97,124,896	59,073,961
<b>Creditors: amounts falling due within one year</b>	10	(43,454,129)	(22,681,587)
		53,670,767	36,392,374
<b>Net current assets</b>		53,670,767	36,392,374
<b>Net assets</b>		63,615,495	46,364,577
<b>Capital and reserves</b>			
Called up share capital	11	70,893	2,797
Share premium account	12	307,692	307,692
Capital redemption reserve		311	311
Profit and loss account	12	68,084,999	50,902,177
Own shares held	13	(4,848,400)	(4,848,400)
		63,615,495	46,364,577
<b>Shareholders' funds - Equity</b>		63,615,495	46,364,577

These financial statements were approved by the board of directors on 8 August 2006 and were signed on its behalf by:



**Mark Coombs**  
*Director*

## Consolidated cash flow statement

	<i>Note</i>	<b>Year ended 30 June 2006 £</b>	<b>Year ended 30 June 2005 £</b>
Cash inflow from operating activities	16	117,121,633	49,591,528
Returns on investments and servicing of finance	17	7,287,337	4,107,006
Taxation		(22,722,398)	(15,155,732)
Capital expenditure and financial investment	17	(46,757)	(213,565)
		<hr/>	<hr/>
Cash inflow before management of liquid resources and financing		101,639,815	38,329,237
Equity dividends paid		(55,000,000)	(10,000,000)
Financing	18	-	(7,316,447)
		<hr/>	<hr/>
Increase in cash in the year		46,639,815	21,012,790
Effects of foreign exchange gain on cash		(489,755)	859,475
Net funds at the start of the year		86,554,261	64,681,996
		<hr/>	<hr/>
Net funds at the end of the year	19	132,704,321	86,554,261
		<hr/>	<hr/>

## Reconciliation of movements in shareholders' funds

	<b>2006 Group £</b>	<b>2005 Group £</b>
<b>Profit for the financial year</b>	75,808,239	32,905,547
Dividends	(55,000,000)	(10,000,000)
Net movement in own shares held : sale / (purchase)	-	3,782,000
New Share capital subscribed	-	-
Consideration paid for cancellation of shares	-	(3,738,600)
Sale of own shares held	-	(423,792)
Opening shareholders' funds	71,274,118	48,748,963
<b>Closing shareholders' funds</b>	<b>92,082,357</b>	<b>71,274,118</b>

	<b>2006 Company £</b>	<b>2005 Company £</b>
<b>Profit for the financial year</b>	72,250,918	15,637,574
Dividends	(55,000,000)	(10,000,000)
Net movement in own shares held : sale / (purchase)	-	3,782,000
Share capital bonus issue	-	-
Consideration paid for cancellation of shares	-	(3,738,600)
Sale of own shares held	-	(423,792)
Opening shareholders' funds	46,364,577	41,107,395
<b>Closing shareholders' funds</b>	<b>63,615,495</b>	<b>46,364,577</b>

## **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.

In these financial statements the following new standards have been adopted for the first time:

- FRS 21 'Events after the balance sheet date'
- FRS 28 'Corresponding amounts'

FRS 28 'Corresponding amounts' has had no material effect as it imposes the same requirements for comparatives as hitherto required by the Companies Act 1985.

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

The financial statements have been prepared in accordance with applicable UK accounting standards and under the historical cost accounting rules.

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

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 30 June 2006. 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 year was £72,250,918. (2005: £15,637,574)

#### ***UITF 38 Accounting for ESOP Trusts***

UITF 38 "Accounting for ESOP Trusts" requires that any consideration paid for an entity's own shares held by the company-sponsored ESOP trust should be deducted in arriving at shareholders' funds. In accordance with this abstract the consideration paid for own shares held have been deducted from shareholders' funds in the consolidated and company balance sheets.

#### ***Fees receivable***

Management and administration fees are accrued on a monthly basis based upon funds under management. Performance fees are receivable based upon the performance of each relevant fund for its financial year. These are recognised by the company when the underlying accounts of the funds are approved by all parties, or at such times when the performance fees can be reliably measured. 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.

**Notes** (continued)

***Dividends on shares presented within shareholders' funds***

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

***Taxation***

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding contract to dispose of these assets. Deferred tax is not provided on unremitted earnings where there is no binding commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be covered. Deferred tax assets and liabilities are not discounted.

***Financial Guarantees***

The company has not adopted amendments to IAS 39 and IFRS 4 in relation to financial guarantee contracts which will apply for the period commencing from 1 July 2006.

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements, and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee or that guarantee expires for any reason. The company does not expect the amendments to have any impact on the financial statements for the period commencing from 1 July 2006.

***Fixed Assets***

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

**Notes** (continued)

**2 Profit on ordinary activities before taxation**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
<b>Profit on ordinary activities before taxation is stated</b>		
after charging		
Auditors' remuneration:		
Group - audit	80,384	53,732
- fees paid to the auditor and its associates in respect of other services	193,666	46,457
Company - audit	72,814	44,000
- fees paid to the auditor and its associates in respect of other services	193,666	46,457
Depreciation of tangible fixed assets	88,841	125,723
Amortisation of goodwill	868,985	868,985
after crediting		
Net exchange gains	973,139	468,275

**3 Remuneration of directors**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Directors' emoluments (highest: £1,407,274)	1,409,274	905,820
Company contributions to money purchase pension schemes	3,500	7,000
	1,412,774	912,820

The figures shown against director's emoluments in the table represent the actual amounts paid in the period rather than an estimate of the amount of bonus provision made in the period that may subsequently be attributed to directors.

	<b>Number of directors</b>	
	<b>2006</b>	<b>2005</b>
Retirement benefits are accruing as at 30 June to the following number of directors under:		
Money purchase schemes	1	1

**Notes** (continued)

**4 Staff numbers and costs**

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

	<b>Number of employees</b>	
	<b>2006</b>	<b>2005</b>
Investment management and administration	48	47

The aggregate payroll costs of these persons were as follows:

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>(restated)</b>
		<b>£</b>
Wages and salaries including bonus	26,574,841	15,026,208
Social security costs	306,980	412,024
Other pension costs	197,934	176,113
	27,079,755	15,614,345

“Wages and salaries including bonus” includes the bonus provision provided in the financial year. In previous years this figure has been reported as the actual amounts paid in the period. The previous period numbers have been restated to ensure consistency with the current period presentation.



**Notes** (continued)

**5 Taxation**

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

	2006 £	2005 £
Corporation tax in current year	31,969,009	16,011,012
Current tax reconciliation		
Tax on profit on ordinary activities		
UK Corporation tax charge for current year	33,011,693	14,539,872
Prior year under provision	584,392	1,471,140
Total current year tax charge	<u>33,596,085</u>	<u>16,011,012</u>
Deferred tax credit	<u>(1,627,076)</u>	<u>-</u>
Total tax on profit on ordinary activities	<u>31,969,009</u>	<u>16,011,012</u>
Profit on ordinary activities before tax	<u>107,932,932</u>	<u>49,131,434</u>
Profit on ordinary activities multiplied by standard rate of Corporation tax in the UK of 30%	32,379,880	14,739,430
Effects of:		
<i>Permanent differences</i>		
Expenses not deductible	598,581	20,261
Amortisation of Goodwill	260,696	260,696
Share options exercised	-	(291,600)
Profit on sale of subsidiary	(956,694)	-
<i>Timing Differences</i>		
Depreciation in excess of Capital Allowances	(728)	(2,894)
Bonus provision brought forward and released in year	(935,176)	-
Share options provision in year	495,034	62,151
Dividend from subsidiary	405,540	4,506
<i>Other differences</i>		
Prior year adjustment	584,392	1,471,140
Difference in corporation tax due to change in rate paid including marginal relief	-	(1,648)
Foreign tax adjustments	(233,483)	(251,030)
Other	998,043	-
Total current year tax charge	<u>33,596,085</u>	<u>16,011,012</u>

**Notes** (continued)

**6 Goodwill**

	<b>£</b>
<b>Group</b>	
Cost at beginning and end of period	8,689,854
<b>Amortisation</b>	
At beginning of period	(5,503,574)
Charged in period	(868,985)
At end of period	(6,372,559)
<b>Net book value</b>	
<b>At 30 June 2006</b>	<b>2,317,295</b>

The cumulative amount of goodwill written off from the acquisition of subsidiary undertakings in this and earlier years is £6,372,559. (2005: £5,503,574)

**7 Tangible assets**

	<b>Fixtures, fittings and equipment Group £</b>	<b>Fixtures, fittings and equipment Company £</b>
<b>Cost</b>		
At beginning of period	768,572	552,034
Additions	46,757	45,845
Disposals	(217,450)	-
At end of period	597,879	597,879
<b>Depreciation</b>		
At beginning of period	(454,240)	(290,066)
Charged in period	(88,841)	(73,320)
Disposals	179,695	-
At end of period	(363,386)	(363,386)
<b>Net book value</b>		
<b>At 30 June 2006</b>	<b>234,493</b>	<b>234,493</b>

**Notes** (continued)

**8 Fixed asset - Investments**

	<b>Shares in group undertakings £</b>
<i>Company</i>	
At beginning and 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	Dormant	Ordinary 100%
Ashmore Asset Management Limited*	England	Dormant	Ordinary 100%
Ashmore Management Company Limited*	Guernsey	Fund Management	Ordinary 100%
Ashmore AOF(GP) Limited*	Grand Cayman	Partnership Management	Ordinary 100%
Ashmore Hong Kong Limited*	Hong Kong	Investment Adviser	Ordinary 100%

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

The 75.1% majority interest in International Administration (Guernsey ) Limited was sold on 30 December 2005.

Notes (continued)

9 Debtors

	Group 2006 £	Company 2006 £	Group 2005 £	Company 2005 £
Trade debtors	18,844,213	-	8,357,423	-
Amounts owed by subsidiary undertakings	-	12,601,254	-	1,381,837
Other debtors	6,655,529	3,407,257	2,980,072	3,198,230
Prepayments and accrued income	859,838	626,530	610,309	479,579
	<u>26,359,580</u>	<u>16,635,041</u>	<u>11,947,804</u>	<u>5,059,646</u>

10 Creditors: amounts falling due within one year

	Group 2006 £	Company 2006 £	Group 2005 £	Company 2005 £
Taxation and social security	18,009,421	3,555,686	7,095,400	586,475
Accruals and deferred income	51,523,910	39,898,443	23,152,270	22,095,112
	<u>69,533,331</u>	<u>43,454,129</u>	<u>30,247,670</u>	<u>22,681,587</u>

11 Called up share capital

	2006 £	2005 £
<i>Authorised</i>		
416,250,000 'A' Ordinary shares of 0.01 pence each (2005: 166,500 ord 1p shares)	41,625	1,665
52,500,000 'B' Ordinary shares of 0.01 pence each (2005: 21,000 ord 1p shares)	5,250	210
431,250,000 'C' Ordinary shares of 0.01 pence each (2005: 172,500 ord 1p shares)	43,125	1,725
	<u>90,000</u>	<u>3,600</u>
<i>Allotted, called up and fully paid</i>		
416,250,000 'A' Ordinary shares of 0.01 pence each (2005: 166,500 ord 1p shares)	41,625	1,665
52,500,000 'B' Ordinary shares of 0.01 pence each (2005: 21,000 ord 1p shares)	5,250	210
240,175,000 'C' Ordinary shares of 0.01 pence each (2005: 92,220 ord 1p shares)	24,018	922
	<u>70,893</u>	<u>2,797</u>

All the above ordinary shares represent equity of the company and rank pari passu in respect of participation and voting rights. During the year the following events occurred:

On 23 June 2006 the company issued bonus shares in the amount of 24 ordinary shares for every 1 ordinary share held in each of the "A", "B" and "C" share classes. Also on the 23 June 2006 the company allotted 96,250 "C" ordinary shares of £0.01p each to the Ashmore 2004 Employee Benefit Trust.

**Notes** (continued)

On 26 June 2006 the company undertook a share split where all ordinary shares of 1p were divided into 100 new ordinary shares of 0.01p each.

At 30 June 2006 there were a total of 46,225,000 options in issue with contingent rights to the allotment of "C" ordinary shares of 0.01p in the company. The exercise period for these options ranges from December 2005 to April 2016 and the allotment price ranges from £13 to £606.

**12 Share premium and reserves**

	<b>2006 Group</b>		<b>2005 Group</b>	
	Share premium account £	Profit and loss account £	Share premium account £	Profit and loss account £
At beginning of year	307,692	75,811,718	307,692	57,068,563
Bonus issue		(67,133)		
Share allotment		(963)		
New share capital subscribed	-	-	-	-
Share cancellation	-	-	-	(3,738,600)
Sale of own shares held	-	-	-	(423,792)
Retained profit for the year	-	75,808,239	-	32,905,547
Dividends		(55,000,000)		(10,000,000)
<u>At end of year</u>	<u>307,692</u>	<u>96,551,861</u>	<u>307,692</u>	<u>75,811,718</u>

	<b>Company</b>		<b>Company</b>	
	Share premium account £	Profit and loss account £	Share premium account £	Profit and loss account £
At beginning of year	307,692	50,902,177	307,692	49,426,995
Bonus issue		(67,133)		
Share allotment		(963)		
New share capital subscribed	-	-	-	-
Share cancellation	-	-	-	(3,738,600)
Sale of own shares held	-	-	-	(423,792)
Retained profit for the year	-	72,250,918	-	15,637,574
Dividends		(55,000,000)		(10,000,000)
<u>At end of year</u>	<u>307,692</u>	<u>68,084,999</u>	<u>307,692</u>	<u>50,902,177</u>

**Notes** (continued)

**13 Employee Benefit Trust**

The Ashmore 2004 Employee Benefit Trust 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 48,725,000 ordinary C shares of 0.01p with a nominal value of £4,872.50 and shareholders' funds are reduced by £4,848,400 in this respect. It is the intention to make these shares available to employees by way of sale through the share option scheme.

**14 Pension scheme**

The group operates a defined contribution scheme. The pension cost charge for the period of £197,935 (2005: £176,113) represents contributions payable by the group to the fund. There were no outstanding or prepaid contributions at the year end.

**15 Operating lease commitments**

Annual commitments under non-cancellable operating leases were as follows:

Operating leases which expire:	2006	2005
	£	£
Within one year	11,201	5,359
Over one year but not more than five years	432,635	477,648

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

	2006	2005
	£	£
Operating profit	96,983,766	44,452,816
Depreciation and amortisation	958,716	994,708
Increase in debtors	(12,642,781)	(1,765,590)
Increase in creditors	31,821,932	5,909,594
	<hr/>	<hr/>
Net cash inflow from continuing activities	117,121,633	49,591,528
	<hr/> <hr/>	<hr/> <hr/>

**Notes** (continued)

**17 Analysis of cash flows**

	2006 £	2005 £
<b>Returns on investment and servicing of finance</b>		
Interest received	6,318,368	3,836,898
Other income received	968,969	270,108
	<u>7,287,337</u>	<u>4,107,006</u>
<b>Capital expenditure and financial investment</b>		
Purchase of fixed assets	<u>(46,757)</u>	<u>(213,565)</u>

**18 Financing**

	2006 £	2005 £
Issue of ordinary share capital	-	-
Consideration paid for the cancellation of shares	-	(3,738,600)
Consideration received from the sale of own shares	-	1,406,953
Purchase of own shares	-	(4,984,800)
	<u>-</u>	<u>(7,316,447)</u>

**19 Analysis of net funds**

	At beginning of year £	Cash flow £	At end of year £
Cash in hand, at bank	<u>86,554,261</u>	<u>46,150,060</u>	<u>132,704,321</u>