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## MARTIN CURRIE INC

Revised annual report and non-statutory financial statements  
for the year ended 31 March 2016

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**STRATEGIC REPORT**  
**Registered No: BR002575**

On 1 October 2014, the Martin Currie group became a wholly-owned affiliate of Legg Mason, Inc.. During the year to 31 March 2016 the Martin Currie group has continued to develop its relationship with the Legg Mason group, seeking to identify and implement further opportunities to collaborate. The Directors believe good progress has been made on this objective by the company during the year.

During the year Martin Currie Investor Services Inc ("MCIS"), another Martin Currie group company registered in the US, merged with Martin Currie Inc. Martin Currie Inc did not take over the activities of MCIS, which transferred to another Legg Mason, Inc. entity, however it did acquire the assets and liabilities of MCIS. On 24 August 2015, net assets of \$1.2m were transferred. This had the effect of strengthening the balance sheet by increasing shareholders' funds and regulatory capital.

The partnership with Legg Mason, Inc. has opened up opportunities to access their dominant wealth-management distribution network in the US. Martin Currie group has re-located staff to the US office to work closely with Legg Mason, Inc.'s Distribution and also to further develop the company's institutional presence in North America. During the year new products were launched and seeded which are managed by Martin Currie Inc and will therefore increase AUM and revenue within the company in due course. In addition funds transferred from other Martin Currie entities and these are now managed by Martin Currie Inc. This has also increased AUM. The Board remain committed to growing the US business.

During the year Legg Mason, Inc. injected capital of \$2.4m into Martin Currie Inc. This was to strengthen the company's capital position.

The company's principal activity continued to be investment management and no significant changes are presently foreseen. The company is registered in the United States and is regulated by the Financial Conduct Authority and the Securities and Exchange Commission.

The company's key performance indicators are assets under management (AUM), turnover and operating profit. AUM at 31 March 2016 was \$1.2bn (2015: \$0.7bn), turnover for the year amounted to \$8,193,592 (15 month period ended 31 March 2015: \$9,111,636) and operating loss amounted to \$2,007,432 (15 month period ended 31 March 2015: \$2,342,111).

Turnover has decreased from the prior year. This is as a result of the prior period covering 15 months as opposed to 12 months. In annual terms turnover has increased as a result of the new funds mentioned above. Turnover can vary dependent on performance fees earned. Performance fees received during the year to 31 March 2016 amounted to \$505,281 (15 month period to 31 March 2015: \$611,306).

Operating loss has decreased as the prior period covered 15 months as opposed to 12 months. In annual terms operating loss has increased. This is principally due to an increase in intercompany advisory fees in relation to the funds which transferred management company.

The company's principal risks and uncertainties relate to economic factors such as market risk, liquidity risk and foreign exchange risk. The company has an established framework in place to manage financial risk and this is described in note 16 to the financial statements.

By order of the Board



P Evitt  
Secretary

10 March 2017

**DIRECTORS' REPORT**

Registered No: BR002575

The directors submit their report and revised audited non-statutory financial statements for the year ended 31 March 2016. The comparatives are for the 15 month period ended 31 March 2015.

**REVISED ANNUAL REPORT AND NON-STATUTORY FINANCIAL STATEMENTS**

This report and non-statutory financial statements for the year ended 31 March 2016 replaces the version originally approved and signed on 28 June 2016. These financial statements now constitute the only valid report and audited non-statutory financial statements for the year ended 31 March 2016. These financial statements have been prepared as at the date of the original financial statements (that is, the date on which the original financial statements were approved) and not as at the date of revision (that is, the date of approval of the revised financial statements). Accordingly, these financial statements do not deal with events occurring between these dates, with the exception of updating the directors to reflect those in place at the date of signing. The only change to these financial statements, versus the earlier version, is to amend the name of the company to reflect the registered name used formally by Companies House who rejected the original accounts due to the name on the submitted financial statements not exactly matching to that on their records. We have amended the name within these financial statements to match that on the Companies House record system. Unless otherwise stated all references to financial statements refer to the revised financial statements issued on 10 March 2017.

**RESULTS**

The loss for the financial year amounted to \$1,362,174 (15 month period ended 31 March 2015: \$1,033,615). There were no dividends paid during the year (15 month period ended 31 March 2015: \$nil). The directors do not recommend the payment of a final dividend (15 month period ended 31 March 2015: \$nil).

**BUSINESS COMBINATION - GROUP RECONSTRUCTION**

As a result of the Legg Mason acquisition, and in order to simplify the Martin Currie group structure, it was decided to transfer the activities of Martin Currie Investor Services Inc ("MCIS") into Legg Mason's broker dealer, Legg Mason Investor Services Inc ("LMIS"). On 29 April 2015, the representatives of MCIS transferred to become representatives of LMIS. The assets and liabilities of MCIS, totalling \$1.2m, merged into Martin Currie Inc, being the remaining US registered entity in the Martin Currie group. To complete this transaction Martin Currie Limited cancelled its shareholding in MCIS and MCIS repaid the share capital amount to Martin Currie Limited. This transaction completed on 24 August 2015, following the completion of the Broker Dealer Withdrawal form application and approval. The effect of the transaction within these financial statements is set out in note 20.

**DIRECTORS**

The directors who served during the year and up to the date of signing the financial statements were as follows:

N J Anderson - Appointed 22/02/2016  
A F Barrie  
G M Bucher  
R M Campbell  
S J Frost - Resigned 01/03/2016  
T C Hogbin  
C J M Skinner  
W G Watt - Resigned 25/08/2016

The company has in place a Director and Officer Liability Insurance Policy that is renewed annually. The liability insurance qualifies as a 3rd party indemnity and was in force during the year and at the date of signing.

**BUSINESS REVIEW AND GOING CONCERN**

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. In addition note 16 to the financial statements sets out its financial risk management objectives and its exposures to credit risk and liquidity risk.

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

**DISCLOSURE OF INFORMATION TO INDEPENDENT AUDITORS**

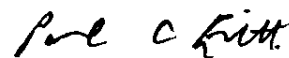
In the case of each director in office at the date of the directors' report is approved, the following applies:

- (a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- (b) he/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**INDEPENDENT AUDITORS**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the forthcoming Annual General Meeting.

By order of the Board



P Evitt  
Secretary

10 March 2017

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the non-statutory financial statements in accordance with the basis of preparation and accounting policies in notes 2 to 6 for management purposes. The directors must not approve the non-statutory financial statements unless they are satisfied that they have been properly prepared, in all material respects, in accordance with the basis of preparation and accounting policies in notes 2 to 6 to the non-statutory financial statements. In preparing these non-statutory financial statements, the directors have:

- selected suitable accounting policies and then applied them consistently;
- made judgements and accounting estimates that are reasonable and prudent;
- stated the basis of preparation and accounting policies applied; and
- prepared the non-statutory financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF MARTIN CURRIE INC**

**Report on the financial statements**

**Our Opinion**

In our opinion, Martin Currie Inc's revised non-statutory financial statements (the "revised financial statements"):

- give a true and fair view, seen as at the date the original financial statements were approved, of the state of the company's affairs as at 31 March 2016 and of its loss for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice seen as at the date the original financial statements were approved.

**Emphasis of matter - revision of original non-statutory financial statements**

In forming our opinion on the revised financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 3 to these financial statements concerning the need for revision of the financial statements because of the correction required to the company's name to reflect the registered name per Companies House. The original financial statements were approved on 28 June 2016. We have not performed a subsequent events review for the period from the date the original financial statements were approved to the date of this report.

**What we have audited**

The revised financial statements, included within the Annual report and non-statutory financial statements (the "Annual Report"), comprise:

- the Balance Sheet as at 31 March 2016;
- the Profit and Loss Account for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

These revised financial statements replace the original financial statements approved by the directors on 28 June 2016.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

**Responsibilities for the revised financial statements and the audit**

**Our responsibilities and those of the directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinion, has been prepared for and only for the company's directors as a body for management purposes in accordance with our engagement letter dated 10 November 2015 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, including without limitation under any contractual obligations of the company, save where expressly agreed by our prior consent in writing.

**What an audit of revised financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition we read all the financial and non-financial information in the annual report identify material inconsistencies with the audited revised financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Other matter**

We draw attention to the fact that these financial statements have not been prepared under section 394 of the Companies Act 2006 and are not the company's statutory financial statements.

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP  
Chartered Accountants  
Edinburgh  
10 March 2017

**Martin Currie Inc****PROFIT AND LOSS ACCOUNT**  
For the year ended 31 March 2016

	Note	12 months to 31 March 2016 US\$	15 months to 31 March 2015 US\$
<b>TURNOVER - continuing operations</b>	7	8,193,592	9,111,636
Administrative expenses		(10,201,024)	(11,286,877)
Exceptional items - administrative expenses	8	-	(166,870)
Total administrative expenses		(10,201,024)	(11,453,747)
<b>OPERATING LOSS</b>	8	(2,007,432)	(2,342,111)
Interest receivable		189	688
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(2,007,243)	(2,341,423)
Tax on loss on ordinary activities	9	645,069	1,307,808
<b>LOSS FOR THE FINANCIAL YEAR/PERIOD</b>		(1,362,174)	(1,033,615)

All results are derived from continuing operations.

There is no material difference between the loss on ordinary activities before taxation and the loss for the financial year/period stated above and their historical cost equivalents.

**STATEMENT OF COMPREHENSIVE INCOME**

There is no comprehensive income other than the loss attributable to shareholders of the company of US\$ 1,362,174 for the year ended 31 March 2016 and loss attributable to shareholders of the company of US\$1,033,615 in the 15 month period ended 31 March 2015 therefore no Statement of Comprehensive Income is presented.

The notes on pages 8 to 14 form part of these financial statements.

**Martin Currie Inc****BALANCE SHEET**  
As at 31 March 2016

	Note	31 March 2016 US\$	31 March 2015 US\$
<b>FIXED ASSETS</b>			
Tangible assets	10	5,752	4,923
		<u>5,752</u>	<u>4,923</u>
<b>CURRENT ASSETS</b>			
Debtors	11	5,428,318	4,042,189
Cash at bank and in hand		2,478,884	956,831
		<u>7,907,202</u>	<u>4,999,020</u>
<b>CREDITORS: amounts falling due within one year</b>	12	<u>(1,510,616)</u>	<u>(897,799)</u>
<b>NET CURRENT ASSETS</b>		<u>6,396,586</u>	<u>4,101,221</u>
<b>NET ASSETS</b>		<u>6,402,338</u>	<u>4,106,144</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	533	511
Share premium		2,967,367	549,589
Profit and loss account		3,434,438	3,556,044
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<u>6,402,338</u>	<u>4,106,144</u>

The financial statements of Martin Currie Inc (registered number BR002575) on pages 5 to 14 were approved by the Board of Directors on 10 March 2017 and signed on its behalf by:



R M Campbell  
Director

10 March 2017

The notes on pages 8 to 14 form part of these financial statements.

**Martin Currie Inc****STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 31 March 2016**

	Called up share capital	Share premium account	Profit and loss account	Total shareholders' funds
	US\$	US\$	US\$	US\$
Balance at 1 January 2014	501	49,599	4,589,659	4,639,759
Loss for the financial period	-	-	(1,033,615)	(1,033,615)
Total comprehensive expense for the period	-	-	(1,033,615)	(1,033,615)
Proceeds from shares issued	10	499,990	-	500,000
Total transactions with owners, recognised directly in equity	10	499,990	-	500,000
Balance at 31 March 2015	511	549,589	3,556,044	4,106,144
Balance at 1 April 2015	511	549,589	3,556,044	4,106,144
Loss for the financial year	-	-	(1,362,174)	(1,362,174)
Total comprehensive expense for the year	-	-	(1,362,174)	(1,362,174)
Proceeds from shares issued	22	2,417,778	-	2,417,800
Transfer of reserve as a result of merger with Martin Currie Investor Services Inc.	-	-	1,240,568	1,240,568
Total transactions with owners, recognised directly with equity	22	2,417,778	1,240,568	3,658,368
Balance at 31 March 2016	533	2,967,367	3,434,438	6,402,338



**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2016

**1. COMPANY INFORMATION**

Martin Currie Inc provides investment management services for all North American clients, including pension funds, foundations and mutual funds.

The company is incorporated and domiciled in New York, USA and is regulated by the Financial Conduct Authority (UK) and the Securities and Exchange Commission (USA).

**2. STATEMENT OF COMPLIANCE**

The financial statements of Martin Currie Inc have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102").

**3. BASIS OF PREPARATION**

The financial statements are prepared under the historical cost convention as modified to include certain items at fair value through profit or loss and in accordance with United Kingdom accounting standards. The financial statements are presented in US dollars, the company's functional currency.

The disclosures on going concern in the Directors' Report on page 2 form part of the financial statements.

This report and non-statutory financial statements for the year ended 31 March 2016 replaces the version originally approved and signed on 28 June 2016. These financial statements now constitute the only valid report and audited non-statutory financial statements for the year ended 31 March 2016. These financial statements have been prepared as at the date of the original financial statements (that is, the date on which the original financial statements were approved) and not as at the date of revision (that is, the date of approval of the revised financial statements). Accordingly, these financial statements do not deal with events occurring between these dates, with the exception of updating the directors to reflect those in place at the date of signing. The only change to these financial statements, versus the earlier version, is to amend the name of the company to reflect the registered name used formally by Companies House who rejected the original accounts due to the name on the submitted financial statements not exactly matching to that on their records. We have amended the name within these financial statements to match that on the Companies House record system.

**4. SIGNIFICANT JUDGEMENTS AND ESTIMATES**

The preparation of the financial statements in conformity with FRS 102 necessitates the use of estimates, assumptions and judgements. These affect the reported amounts of assets, liabilities and contingent liabilities at the reporting date as well as affecting the reported profit and losses for the year. Although the estimates are based on management's best knowledge and judgement of information and financial data, the actual outcome may differ from these estimates. The key assumptions that affect these results for the year and the balances as at the year end are specifically identified, where appropriate, in the notes to the financial statements. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

**Taxation**

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 9.

**5. EXEMPTIONS FOR QUALIFYING ENTITIES UNDER FRS 102**

FRS 102 paragraph 1.12 allows a qualifying entity certain disclosure exemptions. The exemptions taken, within these financial statements, are the requirement to prepare a statement of cash flows, the requirement to provide certain disclosures in respect of share based payments and the requirement to disclose key management personnel compensation in total.

**6. PRINCIPAL ACCOUNTING POLICIES**

The principal accounting policies are set out below. These policies have been consistently applied throughout the year and the preceding period, unless otherwise stated. The company has adopted Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102") in these financial statements. Details of the transition to FRS 102 are disclosed in note 19.

**a) Turnover**

Turnover is measured at the fair value of the consideration received or receivable. Turnover from the provision of asset management services is recognised as the services are provided, to the extent that it is probable that economic benefits will flow to the company and the revenue can be reliably measured. Turnover is recognised net of management fee rebates payable and applicable distribution fees payable to third parties, which are recognised over the period that the services are provided. Performance fees are recognised when the right to receive payment is established.

**b) Exceptional items**

Where the company incurs significant non-recurring expenditure or income in respect of items that arise outwith the company's normal business activities and which are sufficiently material to warrant separate disclosure then the expenditure incurred or income received is separately classified on the face of the profit and loss account as "Exceptional" in order to provide more helpful information to users of the financial statements.

**c) Foreign currencies**

The financial statements are presented in dollars, the company's functional and presentational currency. Transactions in foreign currencies are translated to the functional currency at the exchange rate ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date and any exchange differences are taken to the profit and loss account.

**d) Property, plant and equipment**

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price and costs directly attributable to bringing the asset to its working condition. Depreciation is provided on all Property, Plant and Equipment items at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

- Fixtures and fittings - over 4 years

The carrying values of tangible assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may no longer be recoverable.

**6. PRINCIPAL ACCOUNTING POLICIES (cont.)****e) Leases**

Rentals paid under operating leases are charged to the profit and loss account evenly over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

**f) Taxation**

Taxation expense for the year comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the years in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the reporting date.

**g) Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity of three months or less.

**h) Short-term debtors and creditors**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other operating expenses.

**i) Employee benefits**

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined benefit and defined contribution pension plans.

**j) Short term benefits**

Short term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the service is received.

**k) Annual bonus plan**

The company operates an annual bonus plan for employees. An expense is recognised in the profit and loss account when the company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

**l) Share-based payments**

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments granted at the date at which they are granted and is recognised on a straight-line basis as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. No expense is recognised for awards that do not ultimately vest, except where vesting is conditional upon a market or non vesting condition, which are treated as vesting irrespective of whether or not the market or non vesting condition is satisfied, providing that all other performance conditions are satisfied.

**Legg Mason, Inc. restricted stock**

The February 2015 awards are a cash-settled liability of the company to Legg Mason, Inc.. Any balances outstanding in this regard are included within Amounts due to parent undertakings.

**Martin Currie funds based compensation**

For certain individuals an element of their bonus is invested in Martin Currie funds with the individual entitled to the investment proceeds upon disposal of the investments, providing they fulfil further service conditions. The costs of the funds is amortised on a straight line basis over the service period. This amount is recognised in the company's financial statements as a staff costs expense, within the Profit and Loss account, with the liability to the employee recognised in the balance sheet within Creditors. The market value of the investments is included within Current Assets - Balances due from parent undertakings. Any difference in fair value between the cost of investments and fair value is included within Creditors.

**7. TURNOVER - SEGMENTAL REPORTING**

	12 months to 31 March 2016	15 months to 31 March 2015
	US\$	US\$
US	1,367,310	6,725,477
Offshore (Bermuda and Cayman Islands)	6,063,566	1,533,060
Rest of the world	762,716	853,099
	<u>8,193,592</u>	<u>9,111,636</u>

Turnover is all derived from investment management services.

**Martin Currie Inc****NOTES TO THE FINANCIAL STATEMENTS (cont.)**

For the year ended 31 March 2016

	12 months to 31 March 2016 US\$	15 months to 31 March 2015 US\$
<b>8. OPERATING LOSS</b>		
This is stated after charging:		
Depreciation and impairment on fixed assets	3,724	11,491
Operating lease rentals - land and buildings	286,146	358,910
Foreign exchange losses	12,731	24,456
Exceptional items - administrative expenses:		
Costs in relation to regulatory issue *	-	151,870
Cost reduction programme	-	15,000
Independent auditors' remuneration:		
<i>Audit Fees:</i>		
Fees payable to PricewaterhouseCoopers LLP for the audit of the company's annual financial statements	24,064	23,010
Fees payable to PricewaterhouseCoopers LLP for audit related assurance services	13,647	-
Total audit fees	37,711	23,010
<i>Non-audit fees:</i>		
Fees payable to PricewaterhouseCoopers LLP for other services:		
Other advisory services	9,802	38,688
Total non-audit fees to PricewaterhouseCoopers LLP	9,802	38,688
Total fees payable to auditors	47,513	61,698

\* Additional expenses incurred in relation to a regulatory issue with China business from 2011.

**9. TAX**

	12 months to 31 March 2016 US\$	15 months to 31 March 2015 US\$
a) Tax on loss on ordinary activities		
The tax credit is made up as follows:		
New York State tax	771	8,186
New York City tax	1,909	7,329
California State tax	-	800
	2,680	16,315
Adjustments in respect of prior years/periods:		
New York State tax (over)/under provided in previous years/periods	(1,084)	1,248
New York City tax (over)/under provided in previous years/periods	(735)	14
	(1,819)	1,262
Current tax relief for year/period	861	17,577
Deferred tax:		
Federal, New York State and City deferred tax	(682,439)	(1,284,165)
Federal, New York State and City deferred tax - under/(over) provided in previous years	36,509	(41,220)
Total deferred tax	(645,930)	(1,325,385)
Total tax credit for current year/period	(645,069)	(1,307,808)

**Martin Currie Inc****NOTES TO THE FINANCIAL STATEMENTS (cont.)**  
For the year ended 31 March 2016**9. TAX (cont.)**

## b) Factors affecting current tax credit

The tax assessed on the loss on ordinary activities for the year is lower (15 month period ended 31 March 2015: lower) than the standard rate of corporation tax in the UK of 20% (15 month period ended 31 March 2015: 21.4%). The UK tax rate is used as this is of most relevance to the parent company, which pays UK tax. The differences are reconciled below:

	<i>12 months to 31 March 2016 US\$</i>	<i>15 months to 31 March 2015 US\$</i>
Loss on ordinary activities before taxation	<u>(2,007,243)</u>	<u>(2,341,423)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (15 month period ended 31 March 2015: 21.4%)	(401,449)	(500,962)
Adjustments in respect of previous years/periods	34,691	(39,958)
Disallowed expenses and non-taxable income	29,363	(78,113)
Effect of higher tax rates applicable in foreign jurisdictions	(310,354)	(705,089)
Overseas tax suffered	2,680	16,315
Total tax credit for year/period	<u>(645,069)</u>	<u>(1,307,808)</u>

## c) Deferred tax asset (see note 11)

	<i>US\$</i>
At 1 April 2015	2,942,804
Arising during the year	<u>838,851</u>
At 31 March 2016	<u>3,781,655</u>

Recognition of the deferred tax asset has been justified by considering the forecasts of the profitability of the company.

The deferred tax arising during the year relates to tax losses carried forward. The deferred tax asset expected to reverse in the year ended 31 March 2017 is \$nil.

There is no unprovided deferred tax.

**10. TANGIBLE ASSETS**

	<i>Fixtures &amp; fittings US\$</i>
Cost:	
At 1 April 2015	45,535
Additions	<u>4,553</u>
At 31 March 2016	<u>50,088</u>
Accumulated depreciation:	
At 1 April 2015	40,612
Provided during the year	<u>3,724</u>
At 31 March 2016	<u>44,336</u>
Net book value:	
At 31 March 2016	<u>5,752</u>
At 31 March 2015	<u>4,923</u>

**NOTES TO THE FINANCIAL STATEMENTS (cont.)**  
**For the year ended 31 March 2016**

	31 March 2016 US\$	31 March 2015 US\$
<b>11. DEBTORS</b>		
Trade debtors	95,709	110,109
Amounts owed by fellow subsidiary undertakings	140,115	107,246
Amounts owed by parent undertakings	60,973	-
Tax recoverable	2,434	6,666
Deferred tax asset (see note 9(c))	3,781,655	2,942,804
Prepayments and accrued income	1,347,432	875,364
	<u>5,428,318</u>	<u>4,042,189</u>

	31 March 2016 US\$	31 March 2015 US\$
<b>12. CREDITORS: amounts falling due within one year</b>		
Amounts due to fellow subsidiary undertakings	1,195,935	568,245
Amounts due to parent undertakings	38,733	26,212
Accruals and other creditors	275,948	303,342
	<u>1,510,616</u>	<u>897,799</u>

	31 March 2016 US\$	31 March 2015 US\$
<b>13. CALLED UP SHARE CAPITAL</b>		
Authorised: 10,000 Ordinary shares of 10c each (2015: 10,000)	<u>1,000</u>	<u>1,000</u>
Issued and fully paid: 5,330 Ordinary shares of 10c each (2015: 5,110)	<u>533</u>	<u>511</u>

**14. SHARE-BASED PAYMENTS**

***Legg Mason, Inc. Restricted Stock***

Legg Mason, Inc. issued restricted stock to certain employees in lieu of bonus which is cash-settled by Martin Currie Inc. The fair value of the restricted stock is calculated by Legg Mason, Inc.. This charge is being spread over the vesting period of the awards. The charge reflected in the profit and loss account for the year ended 31 March 2016 is \$1,226 (15 month period ended 31 March 2015: \$107). The amounts due to Legg Mason, Inc. are settled on a monthly basis. Any amounts outstanding at the year/period end are included within Creditors - amounts due to parent undertakings.

***Martin Currie funds based compensation***

Units were acquired in Martin Currie funds for certain employees in lieu of 2014 bonus. The aggregate cost of the units was \$3,996. This is being spread over the performance period to which the payment relates, using the straight-line method. The charge recognised in the year ended 31 March 2016 is \$1,320 (15 month period ended 31 March 2015: \$114). These charges are included within staff costs. The amount due to employees is included within Creditor, reflecting the amortised cost to date.

**15. OTHER FINANCIAL COMMITMENTS**

The company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	Land & Buildings 31 March 2016 US\$	Land & Buildings 31 March 2015 US\$
Within one year	296,573	287,128
In the second to fifth year inclusive	<u>459,027</u>	<u>755,600</u>
	<u>755,600</u>	<u>1,042,728</u>

**NOTES TO THE FINANCIAL STATEMENTS (cont.)**  
**For the year ended 31 March 2016**

**16. FINANCIAL RISK MANAGEMENT**

Risk is an inherent part of Martin Currie Inc's business and the extent to which risks are properly identified, assessed, managed and monitored is critical to reputation, commercial success and to ensuring good outcomes for clients.

To achieve this, a robust risk management framework is in place that includes the design, by management, of suitable systems and controls which facilitate informed risk-based decision making.

The company has limited exposure to foreign exchange, liquidity, credit, market price and operational risk. The company has established a comprehensive framework for monitoring changes in the market and responding accordingly.

**a) Foreign exchange risk**

Foreign exchange risk is considered limited due to the low volume of transactions executed in foreign currency. All foreign currency transactions are considered on a case by case basis in order to mitigate risk.

**b) Liquidity risk**

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due or can only do so at a significantly increased cost. Martin Currie Limited group's management establishes the overall liquidity and capital policies of the Group. The Group's risk management policies are designed to mitigate the potential risk that the Group and company may be unable to access adequate financing to service its financial obligations when they fall due without adverse business impact. The Martin Currie Limited group has cash surpluses available to fund ongoing operations and future developments. The company also has the capability of requesting further liquidity from Legg Mason, Inc. if required.

**c) Credit risk**

Credit risk is the risk of unexpected loss to the company if a client is unable to pay in full amounts when due, and arises principally from the company's receivables from customers. Levels of receivables are monitored regularly by senior management and exposure is spread over a large number of counterparties and those counterparties are principally institutions with credit ratings assigned by international ratings agencies. As such the company has no significant concentration of credit risk. No credit risk mitigation techniques are applied.

**d) Market price risk**

Market risk is defined as the current or prospective risk to earnings or value arising from adverse movements in equity and commodity prices, interest and/or foreign exchange risks (which is discussed in more detail at a) above). The company has in place robust processes to monitor market price risk and respond to changes accordingly.

**e) Operational risk**

Operational risk is defined as the risk of reduction in earnings and/or value, through financial or reputational loss, from inadequate or failed internal processes and systems, or from people related or external events. Where regulatory rules require capital is held against a number of operational risks.

**17. RELATED PARTY TRANSACTIONS**

The company's ultimate parent undertaking is Legg Mason, Inc.. The consolidated financial statements of this company are publicly available and include the balances of transactions with group members who are wholly owned related parties of the group. Under the provisions of FRS 102 Section 33, transactions with related parties who are wholly owned by a common parent are not disclosed. Also, a qualifying entity exemption has been taken which removes the requirement to disclose compensation to key management personnel in total.

**18. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY**

Martin Currie Limited, a company registered in the United Kingdom, is the immediate parent company of Martin Currie Inc. Their financial statements are not consolidated.

The ultimate parent company and controlling party is Legg Mason, Inc.. The financial statements of Legg Mason, Inc. are the largest and only group for which consolidated financial statements are prepared at 31 March 2016. Copies of the consolidated financial statements of Legg Mason, Inc. are available from 100 International Drive, Baltimore, MD 21202, USA.

**NOTES TO THE FINANCIAL STATEMENTS (cont.)**

**For the year ended 31 March 2016**

**19. TRANSITION TO FRS 102**

This is the first year that the company has presented its results under FRS 102. The last financial statements under the UK GAAP were for the 15 month period ended 31 March 2015. The date of transition to FRS 102 was 1 January 2014. Set out below are the changes in accounting policies which reconcile loss for the 15 month period ended 31 March 2015 and the total equity as at 1 January 2014 and 31 March 2015 between UK GAAP as previously reported and FRS 102.

<b>Loss for the 15 months ended 31 March 2015</b>		<b>US\$</b>	<b>US\$</b>
<b>UK GAAP - As previously reported</b>			<b>(1,040,085)</b>
Holiday pay accrual	<b>A</b>	<u>12,324</u>	12,324
<b>Total adjustment to loss before tax for the financial period</b>			<b>12,324</b>
Deferred tax impact of adjustments	<b>B</b>		
- Holiday pay accrual		(5,854)	
<b>Total adjustment to tax expense</b>		<u>(5,854)</u>	<b>(5,854)</b>
<b>Total adjustment to loss for the financial period</b>			<u><b>6,470</b></u>
<b>FRS 102</b>			<u><b>(1,033,615)</b></u>
<b>Total equity</b>		<b>1 January 2014</b>	<b>31 March 2015</b>
<b>UK GAAP - As previously reported</b>		<b>US\$</b>	<b>US\$</b>
		4,647,816	4,107,731
Holiday pay accrual	<b>A</b>	(15,346)	(3,022)
Deferred tax impact of adjustments			
- Holiday pay accrual	<b>B</b>	<u>7,289</u>	<u>1,435</u>
<b>FRS 102</b>		<u><b>4,639,759</b></u>	<u><b>4,106,144</b></u>

**A Holiday pay accrual**

FRS 102 requires short term employee benefits to be charged to the profit and loss account as the employee service is received. This has resulted in the company recognising a liability for holiday pay of \$15,346 on transition to FRS 102. Previously holiday pay accruals were not recognised and were charged to the profit and loss account as they were paid. In the 15 month period to 31 March 2015 a reduction to the holiday pay accrual of \$12,324 was recognised in the profit and loss account and the liability at 31 March 2015 was \$3,022.

**B Deferred taxation**

The company has accounted for deferred taxation on transition as follows:

Holiday pay accrual - Deferred tax of \$7,289 has been recognised at 47.5% on the liability recognised on transition at 1 January 2014. In the 15 month period ended 31 March 2015 the company has recognised a charge of \$5,854 in the profit and loss account in respect of the reduction of the holiday pay accrual.

**Other adjustments arising on transition to FRS 102**

There are no further adjustments arising on transition to FRS 102.

**20. BUSINESS COMBINATION**

As a result of the Legg Mason acquisition, and in order to simplify the Martin Currie group structure, it was decided to transfer the activities of Martin Currie Investor Services Inc ("MCIS") into Legg Mason's broker dealer, Legg Mason Investor Services Inc. On 29 April 2015, the representatives of MCIS transferred to become representatives of this entity. On the same date a Broker Dealer Withdrawal form was submitted to the regulator of MCIS, The Financial Industry Regulatory Authority ("FINRA"). Approval to de-regulate MCIS was given by both FINRA and the US Securities and Exchange Commission ("SEC") in early August. On 24 August 2015 Martin Currie Limited, the parent entity, cancelled its shareholding in MCIS and all remaining assets and liabilities of MCIS were merged into a sister entity, Martin Currie Inc.

This had the following effect on the net assets of Martin Currie Inc:

	<b>US\$</b>
Transfer of deferred tax asset	192,920
Transfer of cash	1,053,897
Transfer of tax liabilities	(6,371)
Settlement of intercompany liability	<u>122</u>
Net assets transfer	<u><b>1,240,568</b></u>