Annual Year Report

for the year ended 31 December 2019

APPENDIX 4E

Annual Financial Report

Moelis Australia Limited ABN 68 142 008 428

Reporting period: twelve months ended 31 December 2019

Previous corresponding period: twelve months ended 31 December 2018

Preliminary financial statements for the year ended 31 December 2019 as required by ASX listing rule 4.3A

RESULTS FOR ANNOUNCEMENT TO THE MARKET (All comparisons to year ended 31 December 2018)	$m	Up/down	Movement %
Revenues from ordinary activities	136.3	up	6.9%
Total income	153.7	up	7.3%
Profit after tax from ordinary activities attributable to members	23.5	down	-20.0%
Net profit after tax attributable to members	23.5	down	-20.0%
Total comprehensive income	25.0	down	-3.9%

DIVIDEND INFORMATION	Amount per share (cents)	Franked amount per share (cents)	Tax rate for franking credit
2019 final dividend per share	10.0	10.0	30.0%
Record Date: 27 February 2020			
Payment Date: 4 March 2020			

	31 December 2019	31 December 2018
Net tangible assets per share	$1.36	$1.43

This information should be read in conjunction with the 2019 Annual Report.

This report is based on the annual financial statements for the year ended 31 December 2019 which have been audited by Deloitte Touche Tohmatsu.

Additional Appendix 4E disclosure requirements and commentary on significant events relating to operating performance and results are included in the Annual Financial Report for the year ended 31 December 2019 and in the Directors Report for the year ended 31 December 2019.

MOELIS AUSTRALIA

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2019 ANNUAL REPORT

MOELIS AUSTRALIA LIMITED

MOELIS AUSTRALIA

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Moelis Australia at a glance

Our business

Moelis Australia is an ASX-listed financial services firm operating in Asset Management, Corporate Advisory and Equities. Over the last decade, we've advised on ~$110 billion of transactions, assisted clients to raise ~$10 billion from equity capital markets, and have over $4.9 billion in assets under management ("AUM").

While Moelis Australia's business units operate independently, sector knowledge and expertise are shared across divisions enhancing our sector perspective and our ability to identify and respond to emerging trends and opportunistic investments. The firm was started in 2009 as a joint venture with NYSE-listed Moelis & Company, a leading global independent investment bank, and Australian executives.

A core strength of Moelis Australia's strategy has been to hire, develop and retain motivated and talented team members. We continue to experience great success in this area.

Hiring team members who have high integrity and are ambitious, optimistic and intelligent is critical to our long-term success. By developing the capability of our people over time we reinforce, build and evolve our positive culture.

The Moelis Academy

Given the increased scale of our Company, as evidenced by the material growth in staff numbers since IPO (up over 125 FTEs), we intend to materially increase our focus on staff development.

As such we have established "The Moelis Academy" which will consolidate all of our internal training and intern programmes. In addition, we are significantly upgrading our focus on mentoring and formal practical industry specific training of our executives.

Moelis Australia already invests considerable resources into the development of its staff. The Moelis Academy seeks to be an industry leading staff development programme. We believe it will assist in recruitment, development and retention – making us an even better Company over time.

The Moelis Academy will provide our staff with structured teaching, utilising the talents and industry experience of senior Executives at Moelis Australia and Moelis & Company, in addition to highly credentialed external presenters.

Celebrating 10 years

2009
Moelis & Company opened in Australia
6 staff

2010
Equities started with acquisition of Foresight Securities

2013
Asset Management division established

2014
Melbourne office opened

2016
Over 70 staff, surpassed $1 billion of AUM

2017
Moelis Australia Limited listed on the ASX, + $100m Revenue

2018
Shanghai office opened, 180 staff

Listing of Redcape Hotel Group (ASX:RDC)

2019
Over 200 staff

2020
Surpass $5 billion of AUM

Launch of The Moelis Academy

Asset Management

We manage funds for institutional, high net worth ("HNW") and retail investors with a core focus on alternative asset sectors including real estate, credit, and private equity. We also manage traditional asset classes such as cash, bonds and listed equities. In total, we manage over $4.9 billion across approximately 40 funds.

Our funds are managed by an experienced senior leadership team who have on average over 25 years experience in their areas of specialisation. The team benefits from sharing the expertise of the Corporate Advisory & Equities division, gaining sector insights and access to different investment opportunities in our core areas of focus, Real Estate and Credit.

In Real Estate, we manage over $3.4 billion in assets including hospitality, commercial, retail, aged-care, child care and industrial properties.

In Credit, we manage over $900 million across various credit strategies with a focus on capital preservation. We have deep expertise in providing credit to borrowers and structuring transactions in a range of asset classes and economic conditions.

Our Asset Management team were pioneers of the Significant Investor Visa ("SIV") program, developed in conjunction with the Federal Government. We are leaders in SIV funds management and one of the largest Australian managers of private investor capital from China.

$4.9 Billion AUM

Corporate Advisory & Equities

Our team provides strategic and financial advice for mergers and acquisitions, equity capital markets ("ECM"), debt capital markets and restructuring.

We have a strategic alliance with NYSE listed, global investment bank Moelis & Company for the delivery of corporate advisory services.

Since 2009, we have advised on $110 billion worth of transactions, including SABMiller's acquisition of Fosters, the spin-off of Woolworths' property business into SCA, and the IPO of Fineos Corporation. The team has also led the recapitalisation and reconstruction of Slater and Gordon, advised on the sale of the Ten Network to CBS and advised Saputo on its acquisition of Murray Goulburn.

We have deep expertise in helping both domestic and international clients raise money through ECM including IPOs. We are a top five M&A advisor and one of Australia's most active real estate advisory and ECM investment banks[1]. We are also ranked Australia's leading special situations advisor[2].

Largest research of small cap real estate

Our Equities business provides securities research, sales and trading execution services to institutional and HNW clients. We are primarily focused on small-cap and mid-cap industrial and real estate companies and offer the largest research coverage of small-cap real estate companies (including REITs) in Australia.

The Equities team complements the Corporate Advisory division by providing ECM expertise and distribution capabilities to facilitate transactions on behalf of clients.

~$110 Billion in transactions since 2009

1. Bloomberg – transactions less than or equal to US$1bn completed since 1 January 2017
2. Eilon SDC Platinum 2019

Chairman's Letter

Dear Shareholder

We are pleased to present our 2019 Annual Report after another year of solid growth.

In our 10th year of operation, we achieved strong Underlying financial and operational results alongside significant investment in people. Highlights included:

- Record Underlying Revenue of $158.3m (up 16% on FY18), Statutory Revenue $153.7m, up 7%, resulting in a record Underlying EBITDA of $63.5m (up 6% on FY18);
- Achieving an attractive Underlying EBITDA margin of 40% while investing heavily in hiring new people across the Group;
- Buying-back 8 million MOE shares from long standing partner Moelis & Company, providing future earnings-per-share accretion of approximately 5%;
- Continuation of growth in scale of our Asset Management activities seeing it contribute approximately 77% of Group EBITDA before corporate overheads;
- Growing Assets Under Management ("AUM") to $4.9 billion, up 32% on FY18; and
- Declaring a fully franked dividend of 10.0 cents per share (up 25% on FY18).

In 2019 we held an average cash balance of $110m and we finished the year with $129m of cash on the balance sheet. While cash dilutes our return on equity, it provides us with important flexibility to invest in growth. We are constantly evaluating ways to deploy our large cash balance and believe our practice of patience and discipline will continue to reward shareholders in the long-term.

In total, we hired 24 team members across the Group. This included three Managing Directors in Corporate Advisory & Equities and a Private Credit Team in our Asset Management business. While this investment results in lower short-term earnings our long-held practice of investing in growth has historically delivered handsome rewards over the longer term.

Our Asset Management business had a strong year growing recurring income and AUM. Our net growth in AUM in 2019 was $1.2 billion.

We were very pleased with the overall performance of our Corporate Advisory and Equities divisions during 2019. They achieved $61.7m in Underlying Revenue which included a record second half result. Equity Capital Market ("ECM") activity was particularly pleasing and our transaction pipeline heading into 2020 is very encouraging. Our ECM business was involved in 18 transactions in the second half of 2019, raising in excess of $2.2 billion for our clients. Overall, we were pleased to achieve advisory revenue productivity of $1.2m per executive.

It is worth highlighting that over our first decade of operation our Corporate Advisory business has remained very consistent in terms of performance. We have averaged approximately $1.4m of revenue per executive over this time having grown our average executive headcount progressively from six in 2010 to forty-six in 2019. Our strategy has been to progressively increase the number advisors and breadth of sector coverage, but always with a clear focus on maintaining attractive productivity per executive. In FY19 productivity was the same as in FY18 despite increasing average executive headcount by twelve.

Promising Outlook

We indicated in our FY18 results that we expected interest rates to remain at historically low levels throughout 2019. We believe this trend will continue in 2020 and beyond which should provide ongoing support to asset values and economic activity.

The outlook for Moelis Australia in 2020 is promising. Today we employ in excess of 200 staff across Sydney, Melbourne, Shanghai and Beijing. We added new capabilities and products across the Group in 2019 which should meaningfully drive our long-term prospects.

Since our IPO we have significantly grown our Asset Management activities, including:

- Underlying Asset Management Revenue in FY16 was c.$16m. In FY19 it was ~$97m (up over 600%);
- Assets under management at the end of FY16 was ~$1.1 billion. At the end of FY19 it was at $4.9 billion (up ~450%)

- Asset Management headcount in FY16 was approximately twenty, in FY19 it is over one hundred, demonstrating the material increase in our scale and capacity to raise and manage client money.

Reflecting the growth of our Asset Management business and its evolving focus and business activities, the Board has resolved to progressively change the branding of our Asset Management division to MA Asset Management. Our Corporate Advisory & Equities business branding remains unchanged as Moelis Australia, reflecting our ongoing global strategic partnership with NYSE listed Investment Bank Moelis & Company.

The Board believes that the revised branding of our Asset Management business appropriately reflects and differentiates the company's underlying activities in Asset Management and Corporate Advisory & Equities.

Our business was founded as a 50/50 joint venture with Moelis & Company over 10 years ago. Since then, our senior management team has been directly aligned to the profitability of Moelis Australia. This alignment remains today as our executives own over 30% of shares on issue (the majority of which has long-term voluntary vesting terms). The result of this dynamic has been a deep seeded mentality of ownership across our business which sends a strong signal of commitment and alignment to our clients and shareholders.

I thank the Board and executives for their continued hard work and dedication to the Group and I recognise the effort that goes in to maintaining a culture based on entrepreneurship, excellence, mutual trust and confidence, and hard work. These qualities have been fundamental to growing our business and will drive our future ambitions.

Although we are certain to face many challenges in the years ahead, our business has never been stronger.

Management and Board

I would like to take this opportunity to acknowledge two significant, value adding changes to our business. The first is the appointment of our CEO, Andrew Pridham as Group Vice Chairman.

Andrew is an outstanding leader, proven business builder and deal maker and it is important for me to emphasise that Andrew will continue an active executive involvement in his role as Group Vice Chairman. His new more client-focussed role will, I believe, contribute significantly to the ongoing growth of the business by allowing Andrew more time to focus on revenue generation, mentoring our executives and identifying strategic growth opportunities. I believe that it would be difficult to find a person more invested in a business than is Andrew is with Moelis Australia and on behalf of the Board I welcome him to the new role of Group Vice Chairman.

The changes to the management structure demonstrate the shared view of the Board and Andrew that strong business' need to continue to evolve. His transition to a new role has been carefully planned thoughtfully timed.

Chris Wyke and Julian Biggins, who co-founded the business with Andrew in 2009, will become joint CEO's and lead the business through its next phase of growth.

On behalf of the Board I welcome Chris and Julian to their new roles as joint CEO's and having worked with them closely for 3 years, I have every confidence in their ability to successfully lead the business as it continues to evolve. Chris will also be appointed to the Board of Directors.

Reflective of the ongoing growth of the Company we are focussed at Board Level on pursuing increased independence and diversity of the Board. I am working to identify individuals who we all believe can add value to the future operations of the company.

We look forward to the year ahead and thank you for your ongoing support of Moelis Australia.

Yours faithfully

Jeffrey Browne

Chairman

Chief Executive Officer's Letter

Dear Shareholder

I would like to thank the Board and staff of Moelis Australia for an outstanding performance in 2019. Achieving record Statutory and Underlying Revenue across our portfolio of business activities demonstrates the quality of our people and strength of business model.

As you will be aware I have decided that 2020 represents an appropriate time for me to transition my managerial responsibilities to my co-founders Mr Julian Biggins and Mr Chris Wyke.

Having fulfilled the role of CEO for just over ten years I believe that now is an appropriate time for me to focus my professional efforts on clients, pursuing growth opportunities and mentoring our executives.

I am a strong believer that all senior business leaders need to set themselves and their business' new challenges after a significant period in the same role. In my case I have led Moelis Australia since its establishment in 2009. I am very proud of the growth experienced in the business over this time.

Moelis Australia has become such a significant part of my life. It was after careful thought and consultation with the Board and senior executives that I have decided that I can make a greater contribution to the business in the future in a different role than I have held over the past decade. I can assure all shareholders that I would not have recommended to the Board these management changes if I did not believe it would make us an even stronger Company.

Throughout my career, now spanning over 30 years, I have developed fantastic relationships with many people and organisations. I believe that in my new role I will have considerably more capacity to focus my efforts on maintaining existing relationships as well as developing new ones. Overall, I feel that my best contribution can be achieved by focussing on generating revenue by assisting clients with their needs in parallel with identifying strategic opportunities for Moelis Australia. These are core activities that helped build our business into what it is today and will continue with me in my new role as Group Vice Chairman.

It is important to know that the business is in great shape. In 2019 we achieved a record Statutory and Underlying financial result, grew assets under management by 32% and saw our staff numbers surpass 200. Our balance sheet is strong, and we continue to identify and review exciting growth opportunities. Importantly, our senior executive team is very experienced and strong.
I believe that the outlook for the business is better than it has ever been.

Moelis Australia is very important to me. I am very proud of the Company that I have been most fortunate to have had the opportunity to lead for over a decade. Mostly, I am very proud of the talented and devoted executives who manage the business. I have complete confidence in the capability of Chris Wyke and Julian Biggins, as joint CEO's, to lead the company in its next phase of growth. I have worked with Chris and Julian for approximately 20 years and look forward to doing so long into the future.

Moelis Australia prides itself on its ability to attract, develop and retain high quality executives. A key outcome of our active focus on people development is that we have many highly capable executives. Julian and Chris exemplify this and as such are both well prepared and ready to lead the business. They possess, with abundance, the requisite skills and experience to drive the business forward. As co-founders of Moelis Australia they have a deep understanding of its culture, people and operations. I strongly believe that they will bring a new energy and focus, with a consistency of approach.

Importantly, my strong commitment to Moelis Australia remains unchanged and I look forward to continuing to work closely with Chris and Julian in my new role. I will continue to Chair the Moelis Australia Executive Committee, which comprises our most senior executives and is responsible to the Board for formulating and then executing the strategy of the Group. Demonstrating the depth and experience of our leadership team, the Executive Committee have an average of ~25 years relevant commercial experience.

As has been the case since 2009 my role at Moelis Australia will remain my sole commercial commitment. I am excited about our future prospects and confident that, as Group Vice Chairman I will have even greater capacity to contribute to Moelis Australia's next decade of growth as I did for our first 10 years.

Finally, I wish to thank our clients and shareholders for their ongoing support. We are committed to delivering great results for all stakeholders by applying our core principles of hard work, optimism and alignment.

Yours sincerely,

Andrew Pridham AO

Chief Executive Officer

Group Year in Review

In 2019 Moelis Australia celebrated its tenth year of operations and pleasingly delivered a strong financial performance – highlighted by record Underlying Revenue.

Over the course of FY19 we achieved an appropriate balance between delivering strong underlying financial results and investing for future growth.

Highlights of FY19

- Growth in net Assets Under Management ("AUM") of $1.2 billion, taking total AUM to $4.9 billion (+32% on FY18). Underlying Revenue in our Asset Management Division grew to $96.7 million[3]
- Strong growth in revenue. Statutory Revenue up 7% to $153.7m and Underlying Revenue up 16% to $158.3m
- Acceleration of investment in people. Key strategic hires in all areas of the business represents an investment for future growth. In total, we hired 24 executives across the Group
- Declaration of a fully franked Dividend of 10 cents per share, an increase of 25% on FY18
- Prudent capital management. Our average cash balance for FY19 was $110m. Our strong cash balance provides flexibility and assists future growth. At 31 December 2019 our cash balance was $129m, and this is after investing $27 million with a successful buy-back of 8 million shares at $3.40 per share. The impact of the share buy-back increases future earnings per share ("EPS") by approximately 5%, all else being equal, due to the lower share count

When reading our Statutory and Underlying results, we note that there are some adjustments that a reader may find useful to understand in more detail.

For further information on adjustments between Statutory and Underlying results, please refer to the detailed reconciliation provided on page 28 of the Directors Report.

3. Underlying Revenue, EBITDA, NPAT and EPS and other measures of underlying performance are not prepared in accordance with International Financial Reporting Standards ("IFRS") and are not audited. Detailed reconciliations between the Underlying and IFRS measures are provided in Moelis Australia's 2019 Results presentation and in note 2 and the Directors Report of its 31 December 2019 Consolidated Financial Report ("2019 Results").

Financial Results

Statutory Results	FY18	FY19	Growth
Revenue[4]	$143.2m	$153.7m	7.3%
EBITDA[5]	$56.2m	$52.0m	(7.5)%
Net profit after tax	$30.5m	$23.5m	(23.1)%
Earnings per share	20.0¢	15.5¢	(22.5)%
Dividend per share	8.0¢	10.0¢	25.0%
Cash and equivalents	$86.7m	$128.8m	48.6%

Underlying Results	FY18	FY19	Growth
Revenue	$136.3m	$158.3m	16.2%
EBITDA	$59.8m	$63.5m	6.1%
Net profit after tax	$39.3m	$40.2m	2.1%
Earnings per share	25.7¢	26.5¢	3.1%
Dividend per share	8.0¢	10.0¢	25.0%
Cash and equivalents	$86.7m	$128.8m	48.6%

For further information on adjustments between Statutory and Underlying results, please refer to the detailed reconciliation provided in the Directors' Report.

In 2019 Moelis Australia celebrated its tenth year of operations and pleasingly delivered a strong financial performance – highlighted by record Statutory and Underlying revenue.

Over the course of FY19 we achieved an appropriate balance between delivering strong underlying financial results and investing for future growth.

4. Statutory Revenue refers to Total income on the Consolidated Statement of Profit or Loss and Other Comprehensive Income
5. Statutory EBITDA is not a recognised IFRS measure but has been presented to give a comparable measure to the Underlying Result

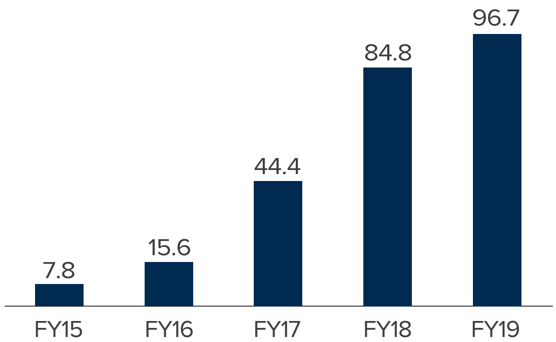
Asset Management Year in Review

Financial Results

The Asset Management division produced approximately 77% of Moelis Australia's Underlying EBITDA before corporate overheads in FY19. This result was derived from Underlying Revenue of $96.7m (up 14.0% from $84.8m in FY18).

Importantly, base management fee income grew by 21.1% in FY19. Overall, underlying Asset Management revenue which is recurring in nature represented 74% of total Underlying Revenue for our Asset Management activities.

Asset Management Revenue ($ million)

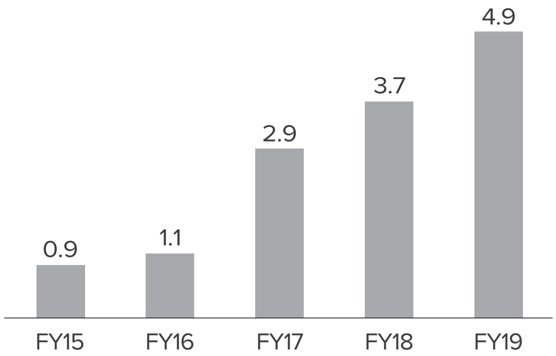


At 31 December 2019 we had approximately $4.9 billion in AUM (up 32% on 31 December 2018).

We manage assets for an increasingly diversified portfolio of institutional, HNW and retail investors. Our core areas of focus are:

- Core Real Estate (~$2.2 billion of AUM primarily across shopping centre and commercial assets);
- Operating Real Estate (~$1.2 billion of AUM);
- Credit Strategies (~$0.9 billion of AUM primarily across passive and active credit strategies); and
- Private Equity, Venture Capital and ASX small-cap equities (~$0.6 billion of AUM)

Assets Under Management ($ billion)



Net AUM growth was $1.2 billion which reflects client inflows less client redemptions, and the sale and purchase of some managed assets.

$4.9

billion AUM up 32% on FY18

Real Estate and Credit

As we have previously stated, we believe Real Estate and Credit assets are well positioned in the current environment. Investor demand for cash yielding assets is being driven by low interest rates and we anticipate this environment to persist for an extended period.

Our initiatives in the credit space have increased significantly over the past 12 months (FY19 credit AUM is up to $915m +58% on FY18). Over this time frame, we have continued to build and improve our proprietary systems and processes.

We maintain our view that the current opportunity in Credit is significant. Tailwinds exist owing to the low interest rate environment coupled with contractionary lending dynamics within the Australian banking system. The current market is presenting many opportunities, but we will remain focused on risk-adjusted returns in senior asset-secured positions.

Inflows into our **Secured Loan Series Fund** have been strong, and the fund now has ~$250m of AUM (up ~$130m in FY19). The underlying assets of this fund are first mortgages secured against Australian real estate. The Fund pays monthly distributions and investor demand for this Fund product remains high.

$250m

Up from $130m in FY18

Our **Fixed Income Fund** also had strong capital inflows during FY19 and now has ~$110m of AUM (up ~$100m in FY19). The Fund has been particularly attractive in today's low interest rate environment as it offers monthly distributions of 4% over the RBA cash rate. The Fund benefits from a credit enhancement by Moelis Australia assuming the first 10% of any loss. The underlying assets of this Fund include consumer, commercial and accounts receivable backed loans.

$110m

Up from $10m in FY18

In December, we raised capital into our newest credit fund – **the Moelis Australia Private Credit Fund**. The Fund will provide loans to small and medium sized enterprises and the loans will be backed by a combination of real estate, equipment and receivable assets. The Fund is positioned to benefit from market dynamics which are positive for non-bank lenders. We believe this dynamic will persist over the medium to long-term in the Australian market and we are focused on increasing our presence in credit.

$20m

Private Credit Fund seeded in December 2019

Moelis Australia is now the market leader in legal disbursement funding. Our lending platform in this credit vertical today manages a loan book comprising approximately 17,000 borrowers. This business continues to show strong growth and attractive returns. As previously stated, we continue to review the potential application of our disbursement funding expertise and technology in markets outside of Australia.

Asset Management Year in Review (continued)

Moelis Australia Hotel Management

Moelis Australia Hotel Management ("MAHM") is our wholly owned hospitality management business.

MAHM is an active manager of hotel assets with industry leading expertise in hotel venue management, acquiring & disposing assets and undertaking venue refurbishments.

Moelis Australia has managed hospitality funds since 2014 with the acquisition of Redcape Hotel Group in 2017 providing a material increase in scale.

The MAHM platform has over 40 executives who are solely focused on hospitality assets.

Under MAHM's management, Redcape Hotel Group (ASX:RDC) has grown from 25 hotel assets to 32 hotel assets today with a significant exposure to metropolitan New South Wales.

Moelis Australia has a co-investment in Redcape Hotel Group of approximately $60m. Not only does this investment deliver strong alignment with Redcape's security holders, it also delivers a cash yield of approximately 8% per annum and potential for capital growth.

In November 2019, a single asset fund managed by MAHM contracted to acquire the iconic Beach Hotel in Byron Bay for $104m (pre-costs) with settlement occurring on 10 February 2020. Bryon Bay is widely recognised as a premier destination and the Beach Hotel is an iconic venue located on prime real estate in the heart of the local community. The Beach Hotel Fund was closed for subscription early in FY20 as client demand for this investment opportunity was extremely strong.

MAHM is uniquely positioned to scale its platform within a hospitality market that is highly fragmented.

$104m

Beach Hotel, Byron Bay acquisition announced in November 2019

Asset Management Year in Review (continued)

Asset Management Branding

Moelis Australia has a long-standing strategic partnership with its largest single shareholder, global investment bank Moelis & Company. This partnership is principally focused on the provision of Corporate Advisory and Equities services in Australia and New Zealand. Prior to our IPO in early 2017, Moelis Australia operated under the single trading name of Moelis & Company. At the time of listing the name was changed to Moelis Australia to reflect the growth of its Asset Management business and the introduction of third party shareholders.

Since listing, the proportion of Moelis Australia's business relating to asset management has grown materially (AUM of $1.2 billion at IPO has grown to $5 billion today).

In order to better reflect its evolving focus and business activities, Moelis Australia proposes to progressively change the branding of its Asset Management division to MA Asset Management. The new branding aims to clearly distinguish the differences between our asset management and advisory activities while maintaining links to our heritage.

The Corporate Advisory & Equities business branding will remain unchanged as Moelis Australia, reflecting the strong ongoing strategic partnership with Moelis & Company.

2010
Moelis & Company opened in Australia

2013
Asset Management division established

2017
Moelis Australia lists on ASX (ASX:MOE).

AUM $1.2 billion

2020
Rebrand Asset Management business

Moelis Australia surpass $5 billion AUM

MOELIS & COMPANY

MOELIS AUSTRALIA + MA ASSET MANAGEMENT MOELIS AUSTRALIA

Corporate Advisory & Equities Year in Review

Underlying Revenue for FY19 in Corporate Advisory & Equities was $61.7m (up 20% on FY18). This was primarily driven by advising on an increased number of client transactions vs FY18. Equities commissions were $300k lower in FY19 than FY18 but the division made a significant contribution in the facilitation of equity capital markets ("ECM") transactions throughout the year.

Our ECM business is performing strongly. We continue to grow our importance and capability in ECM services in Australia. In the second half of 2019 alone we were involved in raising over $2.2 billion in equity for clients across 18 transactions. This included acting on eight IPOs, including three of Australia's largest 10 IPO's. Highlighting our growing strength in the technology sector we acted on two of the five largest IPO's involving technology companies.

Corporate Advisory activity in the second half of FY19 was strong. This positive earnings momentum, together with a promising transaction pipeline, gives us confidence for the first half of 2020. This is in part due to a number of transactions which commenced in 2019 but will not close until 2020.

Corporate Advisory revenue has typically been seasonal with the second half of the calendar year achieving on average ~66% of annual revenue. This seasonality was highlighted in 2019 with 70% of revenue achieved in the second half . We believe that the seasonality in FY19 was driven largely by challenging capital markets in the fourth quarter of 2018 and first quarter of 2019.

> *Our Equity Capital Markets business is performing strongly. We continue to grow our importance and capability in ECM services in Australia.*
>
> *In the second half of 2019 we were involved in raising over $2.2 billion in equity for clients across 18 transactions.*

Corporate Advisory & Equities Year in Review (continued)

In 2019 we welcomed three new Managing Directors and associated teams. These hires reflect an important long-term investment in growing our capability in Corporate Advisory and ECM. We flagged in our 1H19 results that our experience when hiring new teams is that it can take 18+ months for them to reach full productivity. This investment can, for a period, have a dilutive impact on our revenue productivity.

It is worth noting that over our first decade of operation our Corporate Advisory business has remained very consistent in terms of performance. We have averaged approximately $1.4 million of revenue per executive over this time having grown our average executive headcount progressively from 6 in 2010 to 46 in 2019.

Our strategy has been to progressively grow our advisory headcount but with a clear focus on maintaining acceptable productivity per executive. In FY2019 productivity was $1.2m per executive, the same as in FY18, despite adding 12 new executives, and within our stated guidance range of $1.1m - 1.3m per executive.

> *In FY2019 productivity was $1.2m per executive, the same as in FY18 despite adding 12 new executives.*

Capital Management Year in Review

Overview and Insights

At the end of FY19, Moelis Australia held strategic and co-investments positions of $325 million and net tangible assets of $195 million including cash of $129 million.

Summary of investments ($m)[6]	31 Dec 2018	31 Dec 2019
Cash	86.7	128.8
Credit	111.9	83.2
Redcape Hotel Group (ASX.RDC)	58.5	59.3
Co-Investment	34.2	36.7
Japara Healthcare Limited (ASX.JHC)	16.8	14.8
Other	1.3	2.5
Total	**309.5**	**325.3**

Holding such a large cash balance can dilute returns on equity however this large cash balance provides capacity for ongoing investment in growth. We are reviewing numerous commercial growth opportunities with a particular focus on expanding our activities in credit and real estate. We have always managed the business for the long term and will remain patient and prudent when deploying capital. Fundamental to this is maintaining a strong balance sheet, including a strong cash balance that can facilitate attractive investment or business opportunities.

On 31 October 2019, the Company's shareholders approved a selective buy-back of 8 million Moelis Australia shares from Moelis & Company. The total consideration for the buy-back was $27.2 million, representing a price of $3.40 per share.

The buy-back followed the on-market sale of 12.5 million Moelis Australia shares by Moelis & Company which were sold to a range of investors including the Moelis Australia Employee Share Trust.

As a result of the on-market sale and selective buy-back, Moelis & Company's shareholding in Moelis Australia decreased from 32.1% to 19.9%.

This transaction has benefited all shareholders through improved free float of Moelis Australia shares and improved future full-year earnings per share by approximately 5% all else being equal. Further, as Moelis & Company's interest has fallen below 20%, Moelis Australia will no longer be treated as a foreign corporation which will result in cost savings and diminished administrative and commercial complexity.

In the future, our capital may be applied in a number of ways including:

- Optimising our capital structure to improve returns to shareholders;
- Underwriting client-related capital raisings (debt and equity);
- Co-investing in managed funds to demonstrate alignment and achieve attractive investment returns;
- Taking strategic holdings to seed products for the establishment of new funds;
- Business acquisitions; and
- Investing in talent, systems and new business opportunities.

In the current environment we believe a high weighting in cash is prudent, particularly given the long run of asset price appreciation in the current cycle. We believe that attractive opportunities will arise in time.

6. Excluding the assets of the Master Credit Trust, (a fund managed by the Group)

Additional Information

Corporate Advisory Strategic Alliance with Moelis & Company

Moelis Australia and Moelis & Company have a longstanding strategic alliance in relation to Corporate Advisory.

Moelis & Company is a leading global independent investment bank listed on the NYSE. Moelis & Company holds just under 20% of the issued capital in Moelis Australia. The Moelis Australia and Moelis & Company strategic alliance agreement is designed to ensure that Moelis Australia continues to remain integrated with Moelis & Company in the delivery and execution of corporate advisory services to its Australian and global clients.

The strategic alliance is highly beneficial to both parties and will continue to benefit Moelis Australia by:

- Providing access to a global network of advisory executives sharing intellectual capital and access to client relationships;
- Allowing cooperation on cross-border or industry specific advisory mandates; and
- Leveraging a strong and recognisable global brand in Moelis & Company.

The Moelis Standard

The Moelis Standard inspires the highest level of quality, partnership and integrity in every interaction with our clients and each other.

We measure our performance by the long-term success of our clients.

We foster a culture of partnership, passion, optimism and hard work.

We stay ahead of the changing environment to provide the most relevant advice and innovative solutions.

We share ideas and experience across our organisations to achieve the best results for our clients.

We will not compromise our vision or values.

We deliver more.

Additional Information (continued)

Moelis Australia Clients

Moelis Australia acknowledges and appreciates the trust that clients have placed in the Group to provide the most relevant advice and innovative solutions across our suite of products. In particular the Asset Management division takes on the responsibility of being a custodian of clients' money with great care. Moelis Australia will endeavour to return this client trust with high-quality products and services.

People

Moelis Australia's business is based on delivering the highest-quality long-term outcomes to clients and investors. Key to achieving this is our commitment to attracting and retaining talent that aligns to our culture and values.

Over 2019, Moelis Australia welcomed 24 talented executives to the Group. Each new team member brings a unique skillset to supplement our existing talent pool. In addition, we offered 15 intern places to aspiring corporate advisors during our summer and winter intakes. Finding and retaining the best talent is always a challenge, and we continue to explore opportunities to ensure that Moelis Australia is an employer of choice.

We have been fortunate to have experienced very low staff turnover since our establishment in 2009. Creating a first-class work environment requires commitment from each individual, and maintaining this culture is an ongoing focus for management.

Our culture

Excellence, enterprise and commitment is how we describe the Moelis Australia culture. Excellence for the standards we set, enterprise to describe the way we think, plan and act and commitment to reflect our culture of accountability and ownership to both ourselves and clients.

We encourage all our team of over 200 to adopt a 'ownership mindset', ensuring we always remain aligned with the objectives of our investors and clients.

The Moelis Academy

We have established the The Moelis Academy which will consolidate all of our internal training and intern programmes. In addition, we are significantly upgrading our focus on mentoring and formal practical industry specific training of our executives.

Moelis Australia already invests considerable resources into the development of its staff. The Moelis Academy seeks to be an industry leading staff development programme. We believe it will assist in recruitment, development and retention – making us an even better Company over time.

Reflecting our view of the importance of talent development Andrew Pridham will drive the Moelis Academy as part of his role as Group Vice Chairman

The Moelis Academy will provide our staff with structured teaching, utilising the talents and industry experience of senior Executives at Moelis Australia and Moelis & Company, in addition to highly credentialed external presenters.

Additional Information (continued)

Moelis Australia Foundation

The Moelis Australia Foundation ("Foundation") was established following our IPO to support community initiatives that align with the culture and broader community interests of Moelis Australia and its executives.

The Independent Chairman of the Foundation is Mark Nelson. Mark is a founder and chairman of the Caledonia Investment Group and a director of The Caledonia Foundation. He is the Vice President of the Art Gallery of NSW Board of Trustees, a deputy chairman of Art Exhibitions Australia and Kaldor Public Art Projects, a trustee of the Sydney Swans Foundation and governor of the Florey Institute of Neuroscience. Andrew Pridham and Chris Wyke (Head of Corporate Finance Advisory) are also Directors of Foundation.

The Moelis Australia team believes strongly in giving back to the community through projects the team is passionate about. Empowering the team to suggest and drive community initiatives that are close to their heart through the Foundation, underpins our approach.

Foundation asks staff members to nominate the charities they would like the Foundation to support. All staff members may request that Moelis Australia donate to Foundation in lieu of what may otherwise have been compensation paid to them individually for their services. Some of the charities staff members have nominated include the Sydney Children's Hospital, Westmead Children's Hospital, UNICEF, Dementia Australia, and the Fred Hollows Foundation.

In addition, in 2019 we selected two organisations to be our inaugural community partners - Beyond Blue and the Go Foundation. This program is for us to financially support organisations over a three-year period with both financial giving and engagement events. These organisations were chosen because of their strong alignment with issues staff are passionate about - mental health, at risk children and youth, medical research and eduction.

Since inception in 2017, The Moelis Australia Foundation has received $7.2m in pledges from staff and the Group.

$7.2m

In pledges from staff and the Group since the inception of The Moelis Australia Foundation in 2017.

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2019 ANNUAL REPORT

Directors' Report

MOELIS AUSTRALIA LIMITED

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Directors' Report

for the year ended 31 December 2019

The Directors of Moelis Australia Limited (Company) present their report together with the consolidated financial report of the Company and its subsidiaries (Group) for the year ended 31 December 2019.

Directors

The Directors of the Company are:

Mr Jeffrey Browne (Independent Chairman and Non-Executive Director)
Mr Kenneth Moelis (Non-Executive)
Mr Joseph Simon (Non-Executive)
Mr Andrew Pridham (Chief Executive Officer)
Mr Julian Biggins (Executive)

The Directors have been in office since the start of the financial year to the date of this report unless otherwise noted.

Mr Jeffrey Browne

Independent Chairman and Non-Executive Director

Experience and expertise

Jeff was appointed to the Board on 27 February 2017.

Jeff was a senior executive at Nine Network Australia from 2006 until 2013, including serving as Managing Director from 2010 to 2013. Jeff holds a Degree in Arts from La Trobe University, Melbourne and a Degree in law from Monash University, Melbourne.

Other directorships

Chairman of Premoso Pty Ltd (owner of the business of "Holden Special Vehicles").

Special responsibilities

Chairman of the Board
Chairman of the Audit and Risk Committee
Chairman of the Nomination and Remuneration Committee

Interests in the Company

Share Options: 781,250

Directors' Report (cont.)

for the year ended 31 December 2019

Mr Kenneth Moelis

Non-Executive Director

Experience and expertise

Ken has served as a Director since the formation of Moelis Australia.

Ken is Chairman of Moelis & Company Group LP and has served as Chief Executive Officer of that company since 2007. Ken has over 30 years of investment banking and mergers and acquisitions experience. Prior to founding Moelis & Company, Ken worked at UBS from 2001 to 2007, where he was most recently President of UBS Investment Bank. Ken holds a Bachelor of Science and an MBA from the Wharton School at the University of Pennsylvania.

Other directorships

Chairman and CEO of Moelis & Company Group LP (Moelis & Company)

Special responsibilities

Member of the Nomination and Remuneration Committee

Interests in the Company

Ken has 68% of the combined voting power of Moelis & Company class A and class B common stock. As a result, Ken has a deemed relevant interest in all Shares held by Moelis & Company. However, Ken does not have any rights to acquire or control the voting rights attached to the Shares held by Moelis & Company.

Mr Joseph Simon

Non-Executive Director

Experience and expertise

Joe was appointed to the Board on 7 June 2016.

Joe is the Chief Financial Officer of Moelis & Company serving in that role since joining in 2010. Joe has over 25 years of experience as a senior manager of financial controls, operations and strategy and has particular experience with financial services firms. Joe holds a Bachelor of Science from Cornell University and an MBA from The University of Michigan. He is a Certified Public Accountant in the United States.

Other directorships

Partnership Fund for New York City

Special responsibilities

Member of the Audit and Risk Committee

Interests in the Company

None

Mr Andrew Pridham AO
Executive Director and CEO

Experience and expertise

Andrew has served as a Director since the formation of Moelis Australia.

Andrew has 30 years of experience in investment banking and prior to the formation of Moelis Australia he served as Executive Chairman of Investment Banking at JP Morgan Australia. Andrew holds a Bachelor of Applied Science from the University of South Australia.

In January 2019, Andrew was appointed as an Officer in the General Division of the Order of Australia for distinguished service to the investment banking and asset management sector, to sporting groups, and to philanthropy.

Other directorships

Chairman of Sydney Swans Limited

Special responsibilities

Member of the Nomination and Remuneration Committee

Interests in the Company

Shares: Andrew has a beneficial equity interest in 18,477,262 Shares as a result of his holding in the Existing Staff Trusts. As a result of Andrew's ownership of the Trustee of one of the Existing Staff Trusts, Andrew has a deemed relevant interest in 26,800,000 Shares.

Mr Julian Biggins
Executive Director

Experience and expertise

Julian has served as an executive of Moelis Australia since its formation and was appointed to the Board on 2 February 2017.

Julian has nearly 20 years of investment banking experience covering the real estate industry including a senior role within JP Morgan's Investment Banking division and UBS' Equities research division. Julian holds a Bachelor of Business (Real Estate) and a Bachelor of Business (Banking & Finance) from the University of South Australia.

Other directorships

None

Special responsibilities

Member of the Audit and Risk Committee

Interests in the Company

Shares: Julian has a beneficial equity interest in 5,585,369 shares as a result of his holding in the Existing Staff Trusts and share rights that have vested.

Share Rights: 193,175
Restricted Shares: 158,104

Company Secretary

Mr Peter Dixon resigned from his role as Company Secretary with effect from 30 September 2019. Ms Janna Robertson was appointed as Company Secretary with effect from 30 September 2019.

Janna has over 20 years' experience in financial services and prior to joining the Group was a partner at Deloitte.

Janna holds a Bachelor of Business from the University of Technology Sydney, is a Member of the Institute of Chartered Accountants in Australia and New Zealand and graduate of the Australian Institute of Company Directors.

The above named Directors held office during and since the end of the year except if otherwise indicated above.

Directors' Report (cont.)

for the year ended 31 December 2019

Directors' meetings

The following table sets out the number of Directors' meetings (including meetings of committees of Directors) held during the financial year

	Board Meeting		Audit & Risk Committee		Nomination & Remuneration Committee	
	A	B	A	B	A	B
Mr Jeffrey Browne	9	9	6	6	4	4
Mr Kenneth Moelis	5	8	#	#	3	4
Mr Joseph Simon	8	8	6	6	#	#
Mr Andrew Pridham	9	9	#	#	4	4
Mr Julian Biggins	9	9	6	6	#	#

A = Number of meetings attended

B = Number of meetings held during the time the Director held office during the year (Mr Moelis and Mr Simon did not participate in meeting related to the selective share buy-back)

= Not a member of committee

Principal activities

The Group is a financial services provider with offices in Sydney, Melbourne and Shanghai. The Group's principal activities in the course of the year were providing asset management, corporate advisory and equities services.

Changes in state of affairs and significant events

During the year the following significant events occurred:

Selective share buy-back

On 31 October 2019 the Company's shareholders approved a selective buy-back of 8 million Moelis Australia Limited shares from Moelis & Company. The total consideration for the buy-back was $27.2 million, representing a price of $3.40 per share.

The buy-back followed the on-market sale of 12.5 million Moelis Australia Limited shares by Moelis & Company which were sold to a range of investors including the Moelis Australia Employee Share Trust.

As a result of the on-market sale and selective buy-back, Moelis & Company's shareholding in the Company decreased from 32.13% to 19.98%.

The benefits of these transactions has delivered improved free float of Moelis Australia Limited shares and improved future full year earnings per share of approximately 5%. Further, as Moelis & Company's interest has fallen below 20%, Moelis Australia Limited will no longer be treated as a foreign corporation which will result in cost savings and diminished administrative and commercial complexity.

While Moelis & Company has reduced its shareholding, it remains the Company's largest shareholder and maintains two Board seats, demonstrating the continued strategic alliance in providing global corporate advisory services.

Moelis Australia Fixed Income Fund

As part of a new credit product offering to the Group's client base, the Group established and manages the Moelis Australia Fixed Income Fund (MAFIF). MAFIF provides investors with exposure to a diversified portfolio of credit investments via an investment in Class A Units (Fund Preferred Units) in the Moelis Australia Master Credit Trust (Master Credit Trust). As a 10% co-investment, the Group holds Class B Units in the Master Credit Trust. The Master Credit Trust is a consolidated entity of the Group.

The Fund Preferred Units held by MAFIF receive a preferential distribution from the realised profit of the Master Credit Trust, up to a maximum equal to the RBA Cash Rate plus 4.00%, over the Class B units, which in turn receive any excess distributable profits after paying the preferential distribution to the Fund Preferred Units.

The Class B units further provide a maximum 10% "first loss" capital buffer which affords the Fund Preferred Units preferential treatment on distribution and wind-up of the Master Credit Trust. On wind-up, the Fund Preferred Units only have recourse to the assets of the Master Credit Trust. As such the Group's contractual exposure is the value of the Class B Units which amounted to $9.7 million at 31 December 2019 (Nil: 31 December 2018).

Redemptions of the Fund Preferred Units are at the discretion of the Master Credit Trust Trustee and are therefore treated as non-current liabilities as the Group has an unconditional right to defer redemptions for at least 12 months after the end of the reporting period.

During the year, $97.0 million of Fund Preferred Units were issued. As a result, Master Credit Trust assets of $110.0 million and liabilities of $100.6 million formed part of the Group consolidated accounts.

Unsecured note program – limited recourse

On 27 March 2019, the Group established a new unsecured medium-term note program designed to be a compliant investment for the Significant Investor Visa program. The notes constitute unsecured, unsubordinated obligations of the issuing special purpose Group entity (issuing entity). The issuing entity was capitalised by the Group and invests the proceeds of the note issuance in a diversified portfolio of cash and loans. The notes have sole recourse to the assets of the issuing entity and are not guaranteed by the Group. Whilst the notes have a five-year stated maturity, they can be redeemed at the option of note holders subject to a minimum 12 month holding period following issue.

At 31 December 2019, $35.0 million of notes had been issued and are treated as current liabilities in the consolidated statement of financial position. No further notes are expected to be issued under this program.

Operating and Financial Review

The Group recorded total comprehensive income for the year of $25.0 million (2018: $27.2 million) and profit after tax of $23.5 million (2018: $30.5 million). Total comprehensive income and profit after tax have been prepared in accordance with the *Corporations Act 2001* (Cth) and Australian Accounting Standards, which comply with International Financial Reporting Standards (IFRS).

The Group also utilises non-IFRS "Underlying" financial information in its assessment and presentation of Group performance. In particular, the Group references Underlying Revenue, Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA), Underlying Earnings Per Share (EPS) and Underlying Net Profit After Tax (NPAT).

The Directors place great importance and value on the IFRS measures. As such, the Directors believe that, when read in conjunction with the IFRS measures, the Underlying measures are useful to the reader as:

> The Underlying measures reveal the underlying run rate business economics of the Company;

> The Underlying measures are used by management to allocate resources and make financial, strategic and operating decisions. Further, all budgeting and forecasting is based on Underlying measures. This provides insight into management decision making; and

> The Underlying adjustments have been consistently applied in all reporting periods, regardless of their impact on the Underlying result.

The Underlying financial information is not prepared in accordance with Australian Accounting Standards and IFRS and is not audited. Adjustments to the IFRS information align with the principles by which the Company views and manages itself internally and consist of both differences in classification and differences in measurement.

Differences in classification arise because the Company chooses to classify some IFRS measures in a different manner to that prescribed by IFRS.

Differences in measurement principally arise where the Company prefers to use non-IFRS measures to better:

> Align with when management has greater certainty of timing of cash flows;

> Regulate the variability in the value of key strategic assets, specifically the investment in Japara Healthcare Limited;

> Normalise for the impacts of one-off transaction costs; and

> Recognise staff share-based bonus expense when granted as opposed to over the vesting period.

Directors' Report (cont.)

for the year ended 31 December 2019

The adjustments between Underlying and IFRS measures are provided in the reconciliation below.

	Note	Revenue[1] $000's	EBITDA[2] $000's	NPAT $000's	Comprehensive Income $000's
2019 Statutory result		**153,728**	**52,013**	**23,494**	**25,027**
Differences in measurement					
Business acquisition adjustments	(a)	–	3,566	5,464	5,464
Equity issued to staff	(b)	–	(1,822)	(1,822)	(1,822)
Net unrealised gains/(losses) on investments	(c)	–	–	–	2,023
Adjustments relating to associates	(d)	5,979	6,137	8,513	5,475
Deferred performance fees	(e)	6,400	6,400	6,400	6,400
Profit on sale of joint venture	(f)	2,221	2,221	2,221	2,221
Credit investments	(g)	(258)	137	137	137
Differences in classification					
Interest income	(h)	(6,346)	(6,346)	–	–
Net unrealised gains/(losses) on investments	(i)	1,175	1,175	1,175	–
Credit investments	(j)	(4,550)	–	–	–
Tax on adjustments		–	–	(5,427)	(4,771)
Total adjustments		**4,620**	**11,468**	**16,661**	**15,127**
2019 Underlying results		**158,348**	**63,481**	**40,154**	**40,154**
2018 Statutory result		**143,230**	**56,239**	**30,545**	**27,206**
Differences in measurement					
Business acquisition adjustments	(a)	–	4,187	5,396	5,396
Equity issued to staff	(b)	–	3,514	3,514	3,514
Net unrealised gains/(losses) on investments	(c)	–	–	–	13,586
Adjustments relating to associates	(d)	8,763	8,763	8,763	220
Deferred performance fees	(e)	(6,400)	(6,400)	(6,400)	(6,400)
Profit on sale of joint venture	(f)	(2,221)	(2,221)	(2,221)	(2,221)
Credit investments	(g)	493	1,022	1,022	1,022
Differences in classification					
Interest income	(h)	(8,204)	(8,204)	–	–
Net unrealised gains/(losses) on investments	(i)	1,909	1,909	1,909	1,909
Adoption of AASB 16 Leases	(k)	–	2,303	–	–
Non-controlling interests		(1,263)	(1,262)	(1,263)	(1,263)
Tax on adjustments		–	–	(1,981)	(3,686)
Total adjustments		**(6,923)**	**3,608**	**8,739**	**12,077**
2018 Underlying results[3]		**136,307**	**59,847**	**39,283**	**39,283**

1. Statutory Revenue refers to total income on the condensed consolidated statement of profit or loss and other comprehensive income
2. Statutory EBITDA is not an IFRS measure but has been presented to provide a comparable measure to the Underlying result.
3. The 2018 Underlying EBITDA has been adjusted to reflect the impact of the adoption of AASB 16 Leases in 2019. The previously reported 2018 Underlying EBITDA was $57.5 million.

Differences in Measurement

(a) The acquisition of Armada Funds Management in 2017 for cash and shares gives rise to non-cash IFRS expenditure relating to the amortisation of intangible assets of $3.6 million (2018: $4.2 million) and share-based payment expense to the vendors, who are now employees of the Company, of $1.9 million (2018: $1.2 million).

(b) The Underlying measure expenses the full value of the share equity issued to staff as part of the annual bonus plan in the year of grant as opposed to over the vesting period (up to 5 years) per IFRS.

(c) Adjustment to remove unrealised gains/losses on the Group's strategic investment in Japara Healthcare Ltd. 2018 further comprises an unrealised gain of $1.0 million arising as a result of the initial adoption of AASB 9. The gain, under AASB 9, was recognised directly in equity as at 1 January 2018 and not through the 2018 Statement of Profit or Loss and Other Comprehensive Income.

(d) The Underlying treatment records dividends and distributions received from associates in Underlying Revenue as opposed to the IFRS treatment of recording the Group's share of accounting profit or loss of the associate. Furthermore, Underlying Revenue recognises gains/losses in management's assessment of the movement in the underlying value of the associate. These relate primarily to investments in Redcape Hotel Group and Infinite Care Group.

(e) Performance fees relating to Redcape Hotel Group recorded in the 2018 statutory results but deferred to 2019 in the underlying result to closely align with transaction settlement and cash flows.

(f) The profit on sale of the Group's interest in Acure Asset Management was recorded in the 2018 statutory results but deferred to 2019 to closely align with transaction settlement and cash flows.

(g) The Underlying treatment excludes the movement in AASB 9 Expected Credit Loss provisions relating to loan assets. Where there is an increased likelihood of credit loss, specific provisions individually assessed against loan assets are included in both the statutory and Underlying results. See note(j) for treatment of specific provisions that are reclassified by management.

Differences in Classification

(h) The Group consolidates the assets and liabilities of certain fund related credit initiatives. The interest expense of $4.8 million (2018: $5.8 million) relating to the liabilities is reclassified to Underlying revenue to offset against the interest income derived from the related loan assets to reflect the total net return to the Group. Further, interest income on cash and bank balances of $1.6 million (2018: $2.4 million) is reclassified to Underlying net interest expense. These relate primarily to our investments in the Moelis Australia Master Credit Trust.

(i) Unrealised gains/losses other than those identified in (c) above are reclassified from Other Comprehensive Income to Underlying revenue.

(j) The specific provision for impairment of a loan asset is reclassified from statutory expense to Underlying revenue, to be consistent with how management view the movement in value of investments.

(k) Adjustment to reclassify $2.3 million of rent between expenses and amortisation in 2018 as the Statutory result does not reflect the impact of the adoption of AASB 16 Leases in 2019.

Segment overview

The Group recognises two operating segments: Asset Management and Corporate Advisory and Equities. The costs associated with CEO, CFO, COO and corporate support functions are separately shown as Unallocated.

The Group's Underlying measures described above directly align with the segment measures required by AASB 8. Further information and reconciliations are provided in Note 3 Segment Information.

The table below shows the contributions to Underlying NPAT of the Group's key business segments.

	Year ended 31 December 2019 $'000	Year ended 31 December 2018 $'000
Corporate advisory and equities	17,050	14,168
Asset management	55,712	53,481
Unallocated	(9,281)	(7,802)
Underlying EBITDA[1]	**63,481**	**59,847**
Depreciation and amortisation	(3,276)	(2,886)
Net interest (expense)/income	(2,842)	(842)
Income tax expense	(17,209)	(16,836)
Underlying NPAT	**40,154**	**39,283**

1. The 2018 Underlying EBITDA has been adjusted to reflect the impact of AASB 16 Leases. The previously reported Underlying EBITDA was $57.5 million.

Please refer to the "Group Year in Review" section on page 8 and Note 3 Segment Information for a review of operations during the year and the results of those operations and comments on business strategies and prospects for future financial years.

Directors' Report (cont.)

for the year ended 31 December 2019

Financial Position

$ millions	2019	2018
Cash and cash equivalents	128.8	86.7
Loans receivable	199.8	111.5
Listed investments	74.1	76.1
Unlisted investments	29.7	35.2
Goodwill and other intangibles	33.1	23.0
Other assets	48.5	42.7
Total assets	**513.9**	**375.2**
Borrowings	189.2	57.2
Other liabilities	97.6	77.2
Total liabilities	**286.8**	**134.4**
Net assets	**227.1**	**240.8**

Dividends

A fully franked dividend of $12.6 million (8.0 cents per share) for the year ended 31 December 2018 was paid on 6 March 2019.

The Directors have declared a fully franked dividend of 10.0 cents per share for the full year ended 31 December 2019, payable on 4 March 2020.

Earnings per share

	2019		2018	
	Underlying	Statutory	Underlying	Statutory
Basic EPS (cents/share)	26.5	15.5	25.7	20.0
Diluted EPS (cents/share)	25.7	14.9	24.8	19.4

Directors' Report (cont.)

for the year ended 31 December 2019

Subsequent events

There were no material events subsequent to the year end.

Likely developments

The Group continues to pursue its strategy of focusing on its core operations. In particular, the Group will continue to market its managed funds and launch new managed funds with the aim of growing asset management fee revenue.

Environmental regulation

The Group's operations are not subject to any significant environment regulation.

Indemnification and insurance of Directors', officers and auditors

During the year, the Company paid a premium in respect of a contract insuring the Directors and officers of the Company against liabilities and legal expenses incurred as a result of carrying out their duties as a Director or officer. The Directors have not included details of the nature of the liabilities covered or the amount of premium paid in respect of this insurance, as such disclosure is prohibited under the terms of the contract.

The Company has agreed to indemnify all current and former Directors and company secretaries and certain officers of the Company and its controlled entities against all liabilities to persons (other than the Company or a related body corporate) which arise out of the performance of their normal duties as a Director, company secretary or officer to the extent permitted by law and unless the liability relates to conduct involving wilful misconduct, bad faith or conduct known to be in breach of law.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or any related body corporate against a liability incurred as such an officer or auditor.

Non-audit services

The Directors are satisfied that the provision of non-audit services during the year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* (Cth).

The Directors are of the opinion that the services as disclosed in Note 9 to the financial statements do not compromise the external auditor's independence, for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Directors' Report (cont.)

for the year ended 31 December 2019

Rounding of amounts

In accordance with *ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191*, amounts in the Directors' Report and the Financial Report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors

Andrew Pridham
Managing Director and Chief Executive Officer

Sydney

19 February 2020

Jeffrey Browne
Independent Director and Chairman

Sydney

19 February 2020

Auditor's independence declaration

for the year ended 31 December 2019

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

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The Board of Directors
Moelis Australia Limited
Governor Phillip Tower
Level 27, 1 Farrer Place
SYDNEY NSW 2000

19 February 2020

Dear Board Members

Moelis Australia Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Moelis Australia Limited.

As lead audit partner for the audit of the financial statements of Moelis Australia Limited for the financial year ended 31 December 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Delarey Nell
Partner
Chartered Accountants

Directors' Report (cont.)

for the year ended 31 December 2019

Directors' Report Schedule: Remuneration Report

The remuneration report provides information about the remuneration arrangements for key management personnel (KMP), which includes Non-Executive Directors and the Group's most senior management, for the year to 31 December 2019.

Details of Key Management Personnel

Non-Executive KMP	
Mr Jeffrey Browne	Independent Chairman and Non-Executive Director
Mr Kenneth Moelis	Non-Executive Director
Mr Joseph Simon	Non-Executive Director
Executive KMP	
Mr Andrew Pridham	Managing Director and CEO
Mr Julian Biggins	Executive Director and Head of Real Estate Advisory
Mr Christopher Wyke	Head of Corporate Advisory
Mr Graham Lello[1]	Chief Financial Officer
Ms Janna Robertson[2]	Chief Operating Officer
Mr Hugh Thomson[3]	Chief Operating Officer

1. Determined to be a KMP from March 2018.
2. Commenced January 2019.
3. Ceased December 2018 to take on an internal senior corporate advisory role.

Remuneration Governance

The Group's governance and oversight processes in place for remuneration are overseen mainly through the Board and the Nomination and Remuneration Committee. Where an external perspective is needed, the Nomination and Remuneration Committee seeks guidance from independent remuneration advisers. During the year the Nomination and Remuneration Committee received updates on market trends, regulatory changes and remuneration design advice.

The Board believes that to make good remuneration decisions it needs a Remuneration Framework and Principles to provide guidance for implementation, assessment and maintenance of remuneration arrangements throughout the Group. Further, the Board believes it is important to have discretion to change remuneration arrangements to meet changing market conditions as well as to comply with regulatory and corporate governance developments.

The Nomination and Remuneration Committee supports the Board to fulfil the remuneration obligations by overseeing and enhancing the Group's remuneration strategy and Framework and Principles.

Remuneration Framework & Principles

The Group's remuneration framework is focussed on providing proper compensation for performance and balancing the delivery of both short and long-term business objectives.

The Board recognises the important role people play in achieving the Group's long-term objectives and as a key source of competitive advantage. To grow and be successful, the Group must be able to attract, motivate and retain quality individuals.

Key drivers of the Group's remuneration framework and principles are:

> Ensuring competitive rewards are provided to attract and retain the best talent;

> Linking remuneration to an individual's overall contribution so that higher levels of performance attract higher rewards;

> Providing consistent and aligned rewards over time to all staff, but particularly senior management, to promote the creation of long-term value to shareholders;

> Driving behaviours which reflect the Group's risk culture by motivating staff to be accountable for all business decisions and their accompanying risk management, client, economic and reputational consequences; and

> Ensuring the overall cost of remuneration allows for an appropriate return to shareholders over the long-term.

Remuneration Features

The Group's remuneration for employees comprise a mix of the following components:

> A fixed component which is delivered through a base salary inclusive of superannuation.

> A variable component which is delivered through the annual bonus scheme and can comprise cash and deferred equity components.

The process for determining remuneration is the same for all employees, but in this Remuneration Report the process is described to the extent it applies to the Executive KMP.

Remuneration of Executive KMP

Each Executive KMP is eligible to participate in the annual bonus scheme. The Executive KMP must be employed at the time bonuses are paid in order to receive a bonus. Payment of bonuses may be in cash or in deferred equity, or a combination of both.

The review of salaries and the payment of bonuses to Executive KMP and whether it is delivered in cash or deferred equity is determined annually by the Board on recommendation from the Nomination and Remuneration Committee. In determining any salary increases and bonus amounts for Executive KMP, the Board considers factors referable to the Remuneration Framework and Principles including:

> the performance of the Group;
> market remuneration levels;
> the effectiveness of supporting the Group's risk culture;
> key metrics such as total compensation of all employees as a percentage of Group revenue; and
> the performance and contribution of each Executive KMP.

In determining what proportion of the aggregate annual bonus is provided in deferred equity, the Board considers several factors including the need to align Executive KMP with the goals of the Group as well as market practice for the industries within which the Group operates.

The Group's Equity Incentive Plan allows a variety of types of deferred equity to be issued to Executive KMP, including:

> Shares;
> Restricted shares;
> Rights to receive shares in the future (share rights); and
> Share options

Such equity is subject to vesting conditions as determined by the Board including continuation of employment with the Group. Generally, employees who leave before the relevant vesting dates will forfeit their equity. The Board retains discretion to allow employees to retain their equity upon ceasing employment and may do so depending on the circumstances of an employee's departure. Recipients of equity grants are not allowed to hedge their economic interest.

Performance of Executive KMP

The contribution and performance of each Executive KMP determines his or her annual bonus and any salary increase.

For financial performance, a key measurement is how the Group's Underlying result has performed compared to the prior year. The table below compares the Group's performance for 2019 against 2018.

	Year ended 2019	Year ended 2018[3]	% change
Underlying EBITDA $million[1]	63.5	59.8	6%
Underlying NPAT $million[1]	40.2	39.3	2%
Underlying EPS (cents/share)[1]	26.5	25.7	3%
Statutory EBITDA $million[2]	52.0	56.2	-8%
Statutory Comprehensive Income $million	25.0	27.2	-8%
Statutory EPS (cents/share)	15.5	20.0	-22%
Dividends declared (cents/share)	10.0	8.0	25%

1. Underlying numbers are not audited. Please see the Directors Report for a reconciliation of Underlying to Statutory measures.
2. Statutory EBITDA is not an IFRS measure but has been presented to give a comparable measure to the Underlying result.
3. The 2018 Underlying EBITDA has been adjusted to reflect the impact of the adoption AASB 16 in 2019. The previously reported 2018 Underlying EBITDA was $57.5 million.

	2019	2018	% change
Remuneration of Executive KMP $million	6.8	6.2	10%

The remuneration of KMP shown in the table above includes salary and annual bonus, including the full value of deferred equity granted in the year.

Directors' Report (cont.)

for the year ended 31 December 2019

Remuneration of Executive KMP during the year

The 2018 and 2019 annual bonus granted by the Board consisted of a combination of cash and deferred equity.

In 2018 the share-based component consisted of the right to receive shares in the future (share rights). In 2019 the share-based component will be delivered as restricted shares in order to achieve dividend flow through to employees.

Key terms of the deferred equity arrangements are detailed in the table below:

	Vesting Period	First Vesting Date	Grant Price
2019 restricted shares	3 years	31 January 2021	$4.98
2018 share rights	3 years	1 January 2020	$4.36
2017 share rights	5 years	1 January 2019	$6.08

The share rights and restricted shares are subject to a continuation of employment vesting condition and do not include future performance hurdle targets, as the Board considers that the annual bonus and related equity grant represents remuneration for performance during the year of grant.

Deferred equity recipients are entitled to receive a payment equivalent to the dividend paid by the Company (if any) excluding the dividend to be paid for the year when the deferred equity was granted.

The value of each share right has been determined by reference to the trading in the Company's shares in the five business days up to the date of the grant, adjusted for the dividend to be paid for that year.

The value of each restricted share has been determined by reference to the trading in the Company's shares in the five business days up to 31 December 2019, adjusted for the dividend to be paid for the year to which the bonus relates.

2019 annual bonus	No. of Restricted Shares Granted	Value of Restricted Shares Granted
Andrew Pridham	–	–
Julian Biggins	158,104	$787,500
Christopher Wyke	153,587	$765,000
Graham Lello	27,756	$138,250
Janna Robertson	20,077	$100,000

The shares required to discharge the liability under the deferred equity granted to any Director KMP will be acquired by the Employee Share Trust through the purchase of shares on-market.

Directors' Report (cont.)

for the year ended 31 December 2019

Statutory remuneration table

The following tables disclose total remuneration of Executive KMP in accordance with the *Corporations Act 2001* (Cth):

Executive KMP

		Short-term employee benefits				Long-term employee benefits	Share based payments[1]	Total remuneration
		Salary & fees (including superannuation)	Bonus (cash component)	Total cash	Non-monetary and other	Long service leave	Bonus (equity component)	
Andrew Pridham[2]	**2019**	**450,000**	**–**	**450,000**	**31,369**	**7,528**	**–**	**488,897**
	2018	450,000	–	450,000	33,450	7,016	–	490,466
Julian Biggins	**2019**	**450,000**	**962,500**	**1,412,500**	**–**	**7,187**	**710,370**	**2,130,057**
	2018	450,000	852,500	1,302,500	–	7,010	637,835	1,947,345
Christopher Wyke	**2019**	**450,000**	**935,000**	**1,385,000**	**–**	**7,188**	**732,915**	**2,125,102**
	2018	450,000	948,750	1,398,750	–	7,011	682,840	2,088,601
Graham Lello[2]	**2019**	**437,500**	**256,750**	**694,250**	**–**	**11,947**	**209,500**	**915,697**
	2018	333,333	160,694	494,027	–	28,638	208,753	731,418
Janna Robertson	**2019**	**435,325**	**475,000**	**910,325**	**–**	**6,880**	**36,111**	**953,316**
	2018	–	–	–	–	–	–	–
Hugh Thomson	**2019**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2018	406,487	199,500	605,987	–	39,335	96,772	742,094
Total 2019		**2,223,825**	**2,629,250**	**4,852,075**	**31,369**	**40,729**	**1,688,896**	**6,613,069**
Total 2018		2,089,820	2,161,444	4,251,264	33,450	89,010	1,626,200	5,999,924

1. reflects the amortisation of unvested deferred equity granted to KMP including share rights granted in 2017 and 2018 and Restricted Shares approved in 2019.
2. Mr Pridham elected not to be considered for a bonus in both 2018 and 2019.
3. 2018 reflects his time as KMP from March 2018.

	Paid during the year[1]		% Vesting in future years[2]	
2019	Amount	% of total remuneration	Amount	% of total remuneration
Andrew Pridham	481,369	100%	–	–
Julian Biggins	1,412,500	64%	787,500	36%
Christopher Wyke	1,385,000	64%	765,000	36%
Graham Lello	694,250	83%	138,250	17%
Janna Robertson	910,325	90%	100,000	10%

1. Includes cash component of 2019 annual bonus which will be paid in March 2020.
2. In relation to Executive KMP, the amount shown as vesting in future years is the 2019 deferred equity, being restricted shares which will vest in three annual equal instalments commencing January 2021 and ending January 2023. Vesting is subject to continuation of employment.

2019 remuneration	Fixed	Variable (cash) bonus	Variable (equity) bonus
Andrew Pridham	100%	–	–
Julian Biggins	21%	45%	34%
Christopher Wyke	22%	44%	34%
Graham Lello	49%	28%	23%
Janna Robertson	46%	50%	4%

Key terms of employment contracts

Chief Executive Officer

The major terms and conditions of the employment contract are summarised as follows:

> Fixed compensation inclusive of minimum superannuation contributions;

> Car parking within the building occupied by the Group;

> Eligible to participate in the annual bonus incentive scheme, with payment in any one year determined at the discretion of the Board;

> The Group may terminate this employment contract by providing three months written notice or provide payment in lieu of the notice period. Any payment in lieu of notice will be based on the total fixed compensation package. Mr Pridham may terminate this employment contract by providing three months written notice; and

> The Group may terminate the employment contract at any time without notice if serious misconduct has occurred. When termination with cause occurs, the CEO is only entitled to remuneration up to the date of termination.

Other Executive KMP

The employment contracts of other Executive KMP are substantially on the same terms as that of the CEO, with the following exceptions:

> No car parking entitlement.

> The Group may terminate Mr Lello's contract by giving six months written notice. Mr Lello may terminate his contract by giving six months written notice.

> Ms Robertson's contract included a fixed annual bonus for 2019 at $0.5 million cash and $0.1 million deferred equity. No future bonus is fixed.

Remuneration of Non-Executive Directors

The total amount provided to Non-Executive Directors for their services must not exceed in aggregate, and in any financial year, the amount fixed by the Company at its annual general meeting. This amount has been fixed by the Company at $500,000 per annum. In order to diversify and expand the Board representation, an increase in this cap is currently being reviewed. Any change to the aggregate annual sum is required to be approved by shareholders.

The Independent Chairman receives a fixed fee regardless of performance, and the other two Non-Executive Directors receive no remuneration.

Remuneration of Non-Executive Directors during the year

Mr Kenneth Moelis and Mr Joseph Simon do not receive any remuneration for their role as Non-Executive Directors.

Mr Jeffrey Browne is paid a fixed fee of $150,000 per annum plus reimbursement of expenses for his role as Non-Executive Director and Independent Chairman.

Directors' Report (cont.)

for the year ended 31 December 2019

Non-Executive KMP

		Short-term employee benefits				Long-term employee benefits	Share based payments	Total remuneration
		Salary & fees (including superannuation)	Bonus (cash component)	Total cash	Non monetary and other	Long service leave	Options	
Jeffrey Browne	**2019**	**150,000**	**–**	**150,000**	**–**	**–**	**74,148**	**224,148**
	2018	150,000	–	150,000	–	–	61,645	211,645
Kenneth Moelis	**2019**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2018	–	–	–	–	–	–	–
Joseph Simon	**2019**	**–**	**–**	**–**	**–**	**–**	–	**–**
	2018	–	–	–	–	–	–	–
Total 2019		**150,000**	**–**	**150,000**	**–**	**–**	**74,148**	**224,148**
Total 2018		150,000	–	150,000	–	–	61,645	211,645

	Paid during the year		% Vesting in future years	
2019	Amount	% of total remuneration	Amount	% of total remuneration
Jeffrey Browne	150,000	100%	–	–
Kenneth Moelis	–	–	–	–
Joseph Simon	–	–	–	–

Key Management Personnel and Non-Executive Directors' equity holdings

The following tables set out each KMP's interests in the Company:

	Shares			
Shares in the Company	Balance at 1 January 2019	Acquired during the period	Sold during the period	Balance at 31 December 2019
Non–Executive KMP				
Jeffrey Browne	–	–	–	–
Kenneth Moelis[1]	–	–	–	–
Joseph Simon	–	–	–	–
Executive KMP				
Andrew Pridham[2]	19,626,763	–	(1,149,501)	18,477,262
Julian Biggins[2]	5,877,603	51,458	(343,692)	5,585,369
Christopher Wyke[2]	5,877,603	51,828	(372,927)	5,556,504
Graham Lello[3]	65,359	56,319	–	121,678
Janna Robertson[2]	–	40,001	–	40,001

1. Mr Moelis has 68.0% of the combined voting power of Moelis & Company class A and class B common stock. As a result, Mr Moelis has a deemed relevant interest in all shares held by Moelis & Company. However, Mr Moelis does not have any rights to acquire or control the voting rights attached to the shares held by Moelis & Company.
2. Includes a beneficial interest in the number of shares set out in this table as a result of their holdings in the Existing Staff Trusts. Shares sold during the year resulted from redemptions of units in the Existing Staff Trusts.
3. Balance at 1 January 2019 adjusted for shares held prior to becoming KMP.

Shares rights in the Company	Share rights Balance at 1 January 2019	Granted during the period	Vested during the period	Balance at signing date
Non–Executive KMP				
Jeffrey Browne	–	–	–	–
Kenneth Moelis	–	–	–	–
Joseph Simon	–	–	–	–
Executive KMP				
Andrew Pridham	–	–	–	–
Julian Biggins	304,194	–	(111,019)	193,175
Christopher Wyke	324,093	–	(117,775)	206,318
Graham Lello	166,417	–	(44,579)	121,838
Janna Robertson	–	–	–	–

No KMP share rights were forfeited during 2019.

Restricted shares

Restricted shares in the Company	Restricted shares Balance at 1 January 2019	Granted during the period	Vested during the period	Balance at signing date
Non–Executive KMP				
Jeffrey Browne	–	–	–	–
Kenneth Moelis	–	–	–	–
Joseph Simon	–	–	–	–
Executive KMP				
Andrew Pridham	–	–	–	–
Julian Biggins	–	158,104	–	158,104
Christopher Wyke	–	153,587	–	153,587
Graham Lello	–	27,756	–	27,756
Janna Robertson	–	20,077	–	20,077

Directors’ Report (cont.)

for the year ended 31 December 2019

Options

Chairman’s options

Prior to listing, Jeffrey Browne purchased 781,250 share options, with each option carrying the right to acquire one share in the Company at a future date. The share options were offered to Mr Browne to provide him an interest in the Company and are not subject to any performance conditions other than continuing to serve as the Company’s Independent Chairman. Details of the share options acquired by Mr Browne on 4 April 2017 are shown in the table below. No share options held by Mr Browne were exercised or forfeited during the year.

Number of options issued in 2017	Grant date share price	Exercise price of option	Earliest date of exercise	Expiry date	Value of options at grant date (cents per option)	Amount paid (cents per option)
390,625	$2.35	$2.80	8 April 2019	7 April 2020	5.1	1.7
390,625	$2.35	$3.00	8 April 2020	7 April 2021	4.2	1.8

Loans to Executive KMP

There were no loans with KMP’s during the year.

Transactions with Executive KMP

Andrew Pridham and Julian Biggins entered into property management service arrangements with the Group on the same terms as those offered to third party investors in a property managed by the Group. Total management fees payable by Mr Pridham and Mr Biggins for 2019 amounted to $25,917 and $5,795 respectively.

Christopher Wyke invested $0.2 million alongside, and on the same terms as, third-party investors in the refinancing of a $21.2 million corporate loan provided by the Group to an unrelated entity.

Financial Report

MOELIS AUSTRALIA LIMITED

Financial Report

Financial Report

Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 December 2019

	Note	Year Ended 31 December 2019 Consolidated $'000	Year Ended 31 December 2018 Consolidated $'000
Fee and commission income	4	136,261	127,413
Fee and commission expense		(8,218)	(9,823)
Net fee and commission income		**128,043**	**117,590**
Share of profits of associates	19	82	446
Investment income	5	25,238	19,680
Other income	6	365	5,514
Total income		**153,728**	**143,230**
Personnel expenses	7	79,855	69,405
Marketing and business development expenses		4,977	3,530
Communications, data and information technology expenses		3,625	3,042
Occupancy expenses		885	2,940
Interest expense	8	11,564	7,869
Depreciation and amortisation	17, 20	5,174	2,970
Other expenses	9	12,374	8,074
Total expenses		**118,454**	**97,830**
Profit before tax		**35,275**	**45,400**
Income tax expense	10	(11,781)	(14,855)
Profit for the period		**23,493**	**30,545**
Other comprehensive income, net of income tax			
Items that will not be classified subsequently to profit or loss:			
Net unrealised loss on investments		(594)	(9,318)
Share of other comprehensive income of associates		2,126	5,979
Total comprehensive income for the period		**25,027**	**27,206**
Profit attributable to:			
Owners of the company		**23,493**	**29,384**
Non-controlling interests		**–**	**1,161**
Total comprehensive income is attributable to:			
Owners of the company		**25,027**	**26,045**
Non-controlling interests		**–**	**1,161**
Earnings per share			
From continuing operations			
Basic (cents per share)	29	15.5	20.0
Diluted (cents per share)	29	14.9	19.4

The above statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

Consolidated statement of financial position

as at 31 December 2019

	Note	Year Ended 31 December 2019 Consolidated $'000	Year Ended 31 December 2018 Consolidated $'000
Assets			
Current assets			
Cash and cash equivalents	11	128,800	86,652
Receivables	12	32,258	32,231
Loans receivable	13	80,723	64,920
Other assets	14	12,158	1,950
Total current assets		**253,939**	**185,753**
Non-current assets			
Restricted cash	15	2,650	5,965
Loans receivable	13	119,044	46,561
Other financial assets	16	26,886	25,574
Property, plant and equipment	17	1,885	1,933
Right-of-use asset	18	7,181	–
Investments in associates and joint ventures	19	76,951	86,201
Intangible assets	20	13,356	13,397
Goodwill	21	9,827	9,827
Deferred tax asset	10	2,223	–
Total non-current assets		**260,003**	**189,458**
Total assets		**513,942**	**375,211**
Liabilities			
Current liabilities			
Trade and other payables	22	22,951	16,066
Borrowings	23	67,180	–
Lease liabilities	25	2,459	–
Income tax payable	10	2,479	4,201
Provisions	26	29,451	21,152
Total current liabilities		**124,520**	**41,419**
Non-current liabilities			
Trade and other payables	22	8,990	5,137
Borrowings	23	122,022	57,150
Lease liabilities	25	5,526	–
Provisions	26	258	1,662
Redeemable preference shares	24	25,500	25,500
Deferred tax liability	10	–	3,517
Total non-current liabilities		**162,296**	**92,966**
Total liabilities		**286,816**	**134,385**
Net assets		**227,126**	**240,826**
Equity			
Contributed equity	28	156,972	189,924
Reserves	31	24,965	16,744
Retained earnings		45,189	35,320
Non-controlling interests		–	(1,161)
Total shareholders equity		**227,126**	**240,826**

The above consolidated statement of financial position is to be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

for the year ended 31 December 2019

Consolidated	Contributed Equity $000's	Share Based Payment Reserve $000's	Retained Earnings $000's	Investments Revaluation Reserve $000's	Investments Revaluation OCI Reserve	Total Equity $000's	Non-Controlling Interests $000's	Total Equity $000's
Balance at 1 January 2018	191,507	5,308	15,631	3,185	–	215,631	–	215,631
Adjustments from adoption of AASB 9 & 15	–	–	(89)	308	391	610	–	610
Restated balance at 1 January 2018	191,507	5,308	15,542	3,493	391	216,241	–	216,241
Profit for the period	–	–	30,545	–	–	30,545	(1,161)	29,384
Other comprehensive income for the period	–	–	–	5,979	(9,318)	(3,339)	–	(3,339)
Payment of dividends	–	–	(10,767)	–	–	(10,767)	–	(10,767)
Issue of ordinary shares	8,131	–	–	–	–	8,131	–	8,131
Treasury shares	(9,800)	–	–	–	–	(9,800)	–	(9,800)
Capitalised IPO costs	86	–	–	–	–	86	–	86
Share based payments	–	10,890	–	–	–	10,890	–	10,890
Balance at 31 December 2018	**189,924**	**16,198**	**35,320**	**9,472**	**(8,927)**	**241,987**	**(1,161)**	**240,826**
Balance at 1 January 2019	189,924	16,198	35,320	9,472	(8,927)	241,987	(1,161)	240,826
Adjustments from adoption of AASB 16	–	–	95	–	–	95	–	95
Restated balance as at 1 January 2019	189,924	16,198	35,415	9,472	(8,927)	242,082	(1,161)	240,921
Profit for the period	–	–	23,493	–	–	23,493	–	23,493
Other comprehensive income for the period	–	–	–	2,126	(594)	1,532	–	1,532
Payment of dividends	–	–	(12,558)	–	–	(12,558)	–	(12,558)
Treasury shares	(5,640)	–	–	–	–	(5,640)	–	(5,640)
Capitalised buy-back costs	(112)	–	–	–	–	(112)	–	(112)
Ordinary share buy-back & cancellation	(27,200)	–	–	–	–	(27,200)	–	(27,200)
Share-based payments	–	6,690	–	–	–	6,690	–	6,690
Non-controlling interests on disposal of subsidiaries	–	–	(1,161)	–	–	(1,161)	1,161	–
Balance at 31 December 2019	**156,972**	**22,888**	**45,189**	**11,598**	**(9,521)**	**227,126**	**–**	**227,126**

The above consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

for the year ended 31 December 2019

	Note	Year Ended 31 December 2019 $000's Consolidated	Year Ended 31 December 2018 $000's Consolidated
Cash flows from operating activities			
Receipts from customers		124,864	110,003
Interest and dividends received		602	7,116
Amounts received/(paid) to affiliates		8,772	(863)
Payments to suppliers and employees		(76,187)	(65,837)
Cash generated from operations		**58,051**	**50,419**
Interest paid		(10,119)	(1,006)
Income taxes paid		(19,899)	(16,841)
Net cash generated by operating activities	**11**	**28,033**	**32,572**
Cash flows from investing activities			
Payments to acquire financial assets		(1,496)	(4,169)
Proceeds from sale of financial assets		38	652
Amounts advanced to third parties		(81,146)	(64,085)
Receipts/(payments) for employee loans		130	(232)
Payments to acquire shares in associates		–	(22,889)
Proceeds from disposals/capital return from associates		11,448	7,011
Distributions received from investments		7,486	4,552
Proceeds from disposal of subsidiary companies		–	25,500
Payments to acquire other assets		(5,200)	–
Payments to acquire property, plant and equipment		(2,773)	(1,533)
Net cash used in investing activities		**(71,513)**	**(55,193)**
Cash flows from financing activities			
Proceeds from issue of shares		–	8,131
Purchase of treasury shares		(7,404)	(9,800)
Payments for share buy-back & cancellation		(27,200)	–
Share buy-back transaction costs		(112)	–
Decrease in restricted cash		3,315	8,274
Payments of lease liabilities		(2,459)	–
Proceeds from borrowings		132,052	25,000
Dividends paid to shareholders		(12,558)	(10,767)
Net cash generated by financing activities		**85,634**	**20,838**
Net increase/(decrease) in cash and cash equivalents		**42,154**	**(1,783)**
Cash and cash equivalents at the beginning of the year		86,652	87,786
Effects of exchange rate changes on the balance of cash held in foreign currencies		(6)	649
Cash and cash equivalents at the end of the year	**11**	**128,800**	**86,652**

The above consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

for the year ended 31 December 2019

1 Significant accounting policies

a Basis of preparation

The principal accounting policies adopted in the preparation of this Financial Report and that of the previous financial year are set out below. These policies have been consistently applied to all the financial years presented and are applicable to both the Group (Moelis Australia Limited and its subsidiaries) as well as to the Company (Moelis Australia Limited), unless otherwise stated.

The Financial Report is a General Purpose Financial Report which has been prepared in accordance with the *Corporations Act 2001* (Cth) and Australian Accounting Standards. The Financial Report comprises the consolidated financial statements of the Group and accompanying notes. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

In accordance with *ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/91*, amounts in the Directors' Report and the Financial Report are rounded off to the nearest thousand dollars, unless otherwise indicated.

All amounts are presented in Australian dollars.

The financial statements were authorised for issue by Directors on 19 February 2020.

Compliance with International Financial Reporting Standards

Compliance with Australian Accounting Standards ensures that the Financial Report complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Consequently this Financial Report has also been prepared in accordance with and complies with IFRS as issued by the IASB.

Basis of measurement

The Financial Report has been prepared under the historical cost conversion, except for:

- financial instruments that are measured at fair value at the end of the reporting period.

Historical cost is generally based on the fair values of the consideration given in exchange for goods and services.

Critical accounting estimates and significant judgements

The preparation of the Financial Report in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies. The notes to the consolidated financial statements set out areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Group such as:

- determination of control of subsidiaries (Note 1(b) and 36)
- determination of significant influence over associates and joint control over joint ventures (Note 1(o) and 19)
- determination of impairment of finite life intangible assets (Note 1(h), 1(p) and 20)
- the impairment of goodwill (Note 1(n) and 21)
- recognition and measurement of employee benefits including share rights and options (Note 1(k) and 32)
- timing and amount of impairment of interests in associates and joint ventures (Note 1(h), 1(o) and 19)
- measurement of Expected Credit Loss (ECL) including the choice of inputs, estimates and assumptions relating to information about past events, current conditions and forecasts of economic conditions (Note 1(l), 12 and 13)
- recognition of fees subject to performance criteria and other conditions, including conditions outside of the Group's control (Note 1(c)).

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events.

Notes to the consolidated financial statements (cont.)

for the year ended 31 December 2019

1 Significant accounting policies (cont.)

b Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are all those entities controlled by the Company. Control is achieved when the Company:

- has power over the investee;
- is exposed to, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it control, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

c Revenue recognition

Fee and commission income includes fees from fund management, brokerage, corporate advisory, and underwriting and is recognised as the control of the underlying service is transferred to the customer. Where commissions and fees are subject to clawback or meeting certain performance hurdles, they are recognised as income when it is highly probable those conditions will not affect the outcome. Fee and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are capitalised and included in the effective interest rate and recognised in the income statement over the expected life of the instrument. Performance fees from managed funds are recognised when it is highly probable that a significant reversal of the fee will not occur. Factors that are taken into consideration for performance fees include:

- the proportion of assets already realised
- returns on assets realised to-date
- downside valuation on remaining unrealised assets and reliability of those estimates
- nature of unrealised investments and their returns

Dividends and distributions are recognised as income when the Group becomes entitled to the dividend or distribution.

Interest income is brought to account using the effective interest method. The effective interest method calculates the amortised cost of a financial instrument and allocates the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts or payments through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or liability. Fees and transaction costs associated with loans are capitalised and included in the effective interest rate and recognised in the income statement over the expected life of the instrument.

Interest income is included with dividend and distribution income as "investment income" in the statement of profit and loss and other comprehensive income.

1 Significant accounting policies (cont.)

c Revenue recognition (cont.)

Classification and measurement of revenue

	Type of service	Nature, timing of satisfaction of performance obligations, significant payment terms	Revenue recognition policy under AASB 15	Judgements used to identify performance obligations
At a point in time	Advisory success fees	Fees from corporate advisory contracts arise from providing services relating to mergers and acquisitions, restructurings, capital fund raising and other advisory services. Each service has identifiable performance obligations - being completion of the merger and acquisition, restructuring, or capital fund raising. Amounts assigned to each identifiable performance obligation are based on the standalone selling price of each individual performance obligation.	Revenue is only recognised on completion of the performance obligations specified in the contracts including any necessary regulatory and shareholder approvals. No amounts are recognised if the performance obligations are not met in full. For contracts that have key milestones defined, each key milestone represents a separate performance obligation. Revenue is recognised once performance obligations have been met.	The type of fees have high correlation with how fees are charged. The Group has looked at its revenue history to look at the following (1) the determination of the type of fees; (2) the timing of when revenue was recognised and when invoices were raised; & (3) the key milestones that were met and not met The Group considers that control of the services are only passed to the customer when the transaction has completed, does not create an asset with alternative use and the benefits provided are consumed at completion of the transaction. As such Advisory success fees are recognised at a point in time.

1 Significant accounting policies (cont.)

c Revenue recognition (cont.)

Classification and measurement of revenue

	Type of service	Nature, timing of satisfaction of performance obligations, significant payment terms	Revenue recognition policy under AASB 15	Judgements used to identify performance obligations
	Facilitation and transaction fees from asset management services	The Group earns fees for successful transactions relating to assets and funds managed by the Group such as the acquisition and disposal of assets. These fees can only be invoiced when the performance obligation (i.e. the completion of the transaction) has occurred. The amount of fee is based on a percentage of the transaction and payable immediately as defined within the underlying trust agreements.	Revenue recognised at the time the transaction is completed.	The probability of transactions occuring is dependent on factors outside of the Group's control. As the benefits of the transaction will only be consumed on completion, transaction fees are recognised at a point in time.
At a point in time	Other upfront fees	Other upfront fees are typically establishment fees charged to new investors on entry into a fund. The performance obligation to earn these fees is the establishment of the client's investment account. These fees are defined in the underlying trust agreements.	Revenue is recognised when the customer is set up and invested into their chosen fund.	The Group has no control on the timing and amount investors invest in funds. Revenue is recognised at the point in time when the account is set up and the investment account established when the customer is able to invest and thus obtain the beneifts of the account.
	Commission and brokerage income	The Group is remunerated for the provision of security trading services. Customers are invoiced monthly. The fees are defined within the underlying customer contract.	Revenue is recognised when the customer is set up and invested into their chosen fund.	As the customer can only benefit at the completion of the trade, the Group recognises the brokerage revenue at the point in time when the brokerage services are provided.

1 Significant accounting policies (cont.)

c Revenue recognition (cont.)

Classification and measurement of revenue

	Type of service	Nature, timing of satisfaction of performance obligations, significant payment terms	Revenue recognition policy under AASB 15	Judgements used to identify performance obligations
Over time	Advisory retainer fees	Fees for on-going performance obligations as specified in each contract. Retainer fees are generally pre-defined within the contract. Invoices are issued on a monthly basis for ongoing work and payable within 30 days.	Revenue is recognised over time as the Group provides services.	As the customer will consume the benefit as the Group perform its obligations, the amount of revenue recognised over time on a straightline basis in accordance within the contract entered into is the most appropriate depiction of the transfer of services. Services are provided in equal amounts through the course of the year.
	Performance and distribution fees relating to asset management services	Fees are earned for asset management services when the fund is managed such that performance benchmarks. The benchmarks and associated distribution fee are defined within each trust agreement.	The Group takes into account the impact of contracts arising from variable consideration by only recognising revenue up to the amount where it is considered to be highly probable that it will not be significantly reversed.	As the customer consumes the benefit as the Group provides asset management services, the Group recognises the performance and distribution fees over time. However, as the distribution fee varies based off the performance above benchmark, the Group will only recognise the performance and distribution fees up to the amount that will not be reversed for each reporting period (i.e. when the fee is crystalised). In determining the amount to be recognised, the Group considers past performance across its portfolio of assets and closely monitors for any potential signs of adverse impact on the fees.

1 Significant accounting policies (cont.)

c Revenue recognition (cont.)

Classification and measurement of revenue	Type of service	Nature, timing of satisfaction of performance obligations, significant payment terms	Revenue recognition policy under AASB 15	Judgements used to identify performance obligations
Over time	Management, administrative and trustee fees from asset management services	The provision of asset management services per investment contracts. The amounts charged for the separate performance obligations are determined based on the relevant clauses of the investment management contracts. Customers are invoiced monthly.	The performance obligations represent a series of distinct services, and are recognised by progress of completion (i.e. over time). Revenue is recognised as performance obligations are met based on standalone selling price of the performance obligation.	The Group considers the performance of these management and trustee services as a series of distinct services that have similar pattern of transfer (i.e. the customer benefits as the Group performs its obligations). As such it has determined that recognising the revenue over time on a straightline basis is the most appropriate depiction of the transfer of services. Services are provided in equal amounts through the course of the year.
	Management fees relating to hotel management services	Fees that are earned for providing hotel management services. The amounts charged for the separate performance obligations are determined based on the relevant clauses of the individual contracts.	The performance obligations represent a series of distinct services that have similar pattern of transfer (i.e. the customer benefits as the Group performs its obligations). As such it has determined that recognising the revenue over time on a straight-line basis is the most appropriate depiction of the transfer of services as services are provided in equal amounts through the year.	The Group considers the performance of these management and trustee services as a series of distinct services that have similar pattern of transfer (i.e. the customer benefits as the Group performs its obligations). As such it has determined that recognising the revenue over time on a straight-line basis is the most appropriate depiction of the transfer of services as services are provided in equal amounts through the year.

Notes to the consolidated financial statements (cont.)

for the year ended 31 December 2019

1 Significant accounting policies (cont.)

d Foreign currency transactions

The functional currency of each entity in the Group is determined as the currency of the primary economic environment in which the entity operates (the functional currency). The Group's consolidated financial statements are presented in Australian dollars (the presentation currency), which is also the Company's functional currency.

In preparing the consolidated financial statements, transactions in currencies other than the Group's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

Foreign exchange differences arising on translation are recognised in the profit or loss. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical costs in a foreign currency are not re-translated.

e Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, bonus, annual leave and long service leave in the period the related service is rendered.

Liabilities recognised in respect of short-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

f Taxation

The Group is a tax-consolidated Group (Tax Group) under Australian taxation law, of which the Company is the head entity. As a result, the Company is subject to income tax as the head entity of the Tax Group. The consolidated current and deferred tax amounts for the Tax Group are allocated to the members of the Tax Group using the 'separate taxpayer within group' approach, with deferred taxes being allocated by reference to the carrying amounts in financial statements of each member entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits arising from this allocation process are then accounted for as immediately assumed by the head entity, as under Australian taxation law the head entity has the legal obligation (or right) to those amounts.

Entities within the Tax Group have entered into a tax funding agreement and a tax sharing agreement with the head entity. Under the terms of the tax funding agreement, the Company and its subsidiaries have agreed to pay a tax equivalent payment to or from the head entity equal to the tax liability or asset assumed by the head entity for the period as noted above. The amount arising under the tax funding arrangement for each period is equal to the tax liability or asset assumed by the head entity for that period and no contribution (or distribution to) equity participants arises in relation to income taxes.

The tax sharing agreement entered into between members of the Tax Group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the Tax Group. The effect of the tax sharing agreement is that each company in the Tax Group's liability for tax payable to the head entity under the tax funding arrangement.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

1 Significant accounting policies (cont.)

f Taxation (cont.)

Deferred tax (cont.)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in the profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for business combination.

g Plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The depreciation periods are as follows:

- computer and office equipment 3 years
- furniture and fittings 7 years
- leasehold improvements are amortised over the term of the lease

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

h Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1 Significant accounting policies (cont.)

i Provisions

Provisions are recognised when:

- the Group has a present obligation (legal or constructive) as a result of a past event;
- it is probable that the Company will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

j Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

(i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

(ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

k Share-based payments transactions of the Group

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of fair value of equity-settled share-based transactions are set out in note 32.

The fair value determined at the grant date of the equity settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share based payment transactions with parties other than employees are measured at the fair value of goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

l Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transactions costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories:

- financial assets 'at fair value through profit or loss' (FVTPL)
- equity instruments 'at fair value through other comprehensive income' (FVTOCI), and
- 'amortised cost'.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

1 Significant accounting policies (cont.)

l Financial instruments (cont.)

Classification of financial assets (cont.)

The Group holds no debt instruments measured at FVTOCI. By default, all other financial assets are subsequently measured at FVTPL.

Despite the aforegoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- The Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met such as, if the equity instrument is not held for trading; and
- The Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Financial assets classified as amortised cost

The amortised cost of a financial asset is:

- the amount at which the financial asset is measured at initial recognition;
- minus the principal repayments;
- plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount; and
- adjusted for any loss allowance.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument to the gross carrying amount of the debt instrument on initial recognition.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. Interest income is recognised in profit or loss and is included in the investment income line item.

Equity investments at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI on the basis that they are held for strategic purposes. Designation at FVTOCI is not permitted if the equity investment is held for trading.

A financial asset is held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- It is a derivative.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Gains and losses relating to these financial assets will be recognised in other comprehensive income. Dividends from such investments are recognised as income in profit or loss when the Group has the right to receive payments unless the dividend clearly represents a recovery of part of the cost of the investment. The accumulated fair value reserve related to these investments will never be reclassified to profit or loss.

The Group has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of AASB 9.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets and liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.
- Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. Net gains and losses, including any interest or dividend income earned on the financial asset, are recognised in profit & loss in the 'other gains and losses' line item. Fair value is determined in the manner described in note 27.

1 Significant accounting policies (cont.)

I Financial instruments (cont.)

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, amounts due from customers under construction contracts, as well as on loan commitments and financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

For trade receivables, the Group has elected to use the simplified approach and has determined the loss allowance based off the lifetime ECL. The expected credit losses on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including the time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 months ECL. The assessment whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

The Group has provided for commitments that are both drawn and undrawn. The undrawn commitment is contingent on the counterparty achieving contractual milestones. Once they are achieved, the amount can be drawn upon and expected to be met within 12 months. The Group has included a loss allowance on the entire commitments based on the 12 month ECL for these commitments.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets.

Significant increase in credit risk

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment including forward-looking information. As part of the forward-looking assessment, the Group has considered economic indicators such as economic forecast and outlook, GDP growth, unemployment rates and interest rates.

The Group determines a significant increase in credit risk based on the number of days past due. A non-trade receivable loan is assessed to have increased in credit risk when the number of days past due is over 90 days. This is based on historical data.

In particular, the following information is taken in account when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(i) the financial instrument has a low risk of default,

(ii) the borrower has a strong capacity to meeting its contractual cash flow obligations in the near term, and

(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

1 Significant accounting policies (cont.)

I Financial instruments (cont.)

Significant increase in credit risk (cont.)

For loan commitments and financial guarantee contracts, the date that the Group has become a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates; for financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- When there is a breach of financial covenants by the counterparty, or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Write off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Any recoveries made are recognised in profit or loss. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Measurement and recognition of expected credit losses

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). It consists of 3 components:

(a) probability of default (PD): represents the possibility of a default over the next 12 months and remaining lifetime of the financial asset;

(b) a loss given default (LGD): expected loss if a default occurs, taking into consideration the mitigating effect of collateral assets and time value of money;

(c) exposure at default (EAD): the total exposure at time of default

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group if the holder of the loan commitment draws down the loan, and the cash flows that the Group expects to receive, discounted at the original effective interest rate.

For undrawn loan commitments, the expected credit loss is the present value of the difference between the contractual cash flows that are due to the Group if the holder of the loan commitment draws down the loan, and the cash flows that the Group expects to receive if the loan is drawn down.

The Group has applied the three stage model based on the change in credit risk since initial recognition to determine the loss allowance of its financial assets.

Stage 1: 12 month ECL

At initial recognition, ECL is collectively assessed and measured by classes of financial assets with the same level of credit risk as a product of the PD within the next 12 months and LGDs with consideration to forward looking economic indicators. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Stage 2: Lifetime ECL

When the Group determines that there has been a significant increase in credit risk since initial recognition but not considered to be credit impaired, the Group recognises a lifetime ECL calculated as a product of the PD for the remaining lifetime of the financial asset and LGD, with consideration to forward looking economic indicators. Similar to Stage 1, loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Stage 3: Lifetime ECL - credit impaired

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVTOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events have a detrimental impact on the estimated future cash flows of the financial asset have occurred. For financial assets that have been assessed as credit impaired, a lifetime ECL is recognised as a collective or individually assessed (specific) provision, and interest revenue is calculated by applying the effective interest rate to the amortised cost instead of the carrying amount.

1 Significant accounting policies (cont.)

l Financial instruments (cont.)

Measurement and recognition of expected credit losses (cont.)

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, as well as on loan commitments. No impairment loss is recognised for investments in equity interests. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on the shared credit risk characteristics and the days past due. The ECLs were calculated based on actual credit loss relating to revenue from experience over the past 4 years adjusted for the Group's forward looking expectations based off economic indicators. The Group performed the calculations of ECL rates separately for receivables arising from advisory business and other asset management fees as asset management fees have historically been received in full.

Financial liabilities and equity instruments

Classification as debt or equity

Debt or equity instruments issued by a Group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

Financial liabilities that are not designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

m Loans receivable

Loans and receivables are recognised on settlement date, when cash is advanced to the borrower. A loss allowance is recognised that is measured at an amount equal to a 12 month ECL. Please refer to note 13 for further information.

n Goodwill

Goodwill arising on acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash generating-units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently where there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Notes to the consolidated financial statements (cont.)

for the year ended 31 December 2019

1 Significant accounting policies (cont.)

o Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting.

Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136 *Impairment of Assets* (AASB 136) as a single asset by comparing its recoverable amount (higher of value-in-use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases. Refer to Note 19 for further details.

p Intangible assets

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to their initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

For intangible assets that have a finite useful life, an assessment is made at each reporting date for indications of impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Intangible assets (other than goodwill) that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

q Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

Notes to the consolidated financial statements (cont.)

for the year ended 31 December 2019

1 Significant accounting policies (cont.)

q Business combinations (cont.)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the date of acquisition.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with AASB 9, or AASB 137 *Provisions, Contingent Liabilities and Contingent Assets,* as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interests in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts or circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

r Earnings per share

Basic earnings per share is calculated by dividing the Group's profit after income tax by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is calculated by dividing the Group's profit after income tax adjusted by profit attributable to all the dilutive potential ordinary shares by the weighted average number of ordinary shares and potential ordinary shares that would be issued on the exchange of all the dilutive potential ordinary shares into ordinary shares.

s Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

t Comparatives

The Group has reclassified its share of other comprehensive income from associates from 'items that may be reclassified subsequently to profit and loss' to 'items that will not be reclassed subsequently to profit and loss' within other comprehensive income. The Group believes this more accurately reflects the nature of its share of other comprehensive income from associates. The reclassifications had no impact on total comprehensive income.

u Software

Certain internal and external costs directly incurred in acquiring and developing certain computer software programmes are capitalised and amortised over their estimated useful life. The capitalised software assets are subject to impairment testing on an annual basis.

Notes to the consolidated financial statements (cont.)

for the year ended 31 December 2019

2 Application of new and revised Australian Accounting Standards

Amendments to Accounting Standards that are mandatorily effective for the current reporting period

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for an accounting period that begins on or after 1 January 2019.

- AASB 16 Leases
- AASB 2017-1-Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments
- AASB 2017-4 Amendments- Interpretation 23 Uncertainty over Income Tax Treatments Interpretation 23-Uncertainty over Income Tax Treatments
- AASB 2017-7 Amendments-Long-term Interests in Associates and Joint Ventures Amendments to IAS 28 and Illustrative Example-Long-term Interests in Associates and Joint Ventures
- AASB 2018-1 Amendments - Annual Improvements 2015-2017 Cycle

Impact of the application of AASB 16 Leases

General impact of application of AASB 16

AASB 16 *Leases* (AASB 16) introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements and the impact of the adoption of AASB 16 on the Group's consolidated financial statements are described below.

Impact of the new definition of a lease

The Group has made use of the practical expedient available on transition to AASB 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with AASB 117 and IFRIC 4 will continue to be applied to leases entered into or modified before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. AASB 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies the definition of a lease and related guidance set out in AASB 16 to all lease contracts entered into or modified on or after 1 January 2019. The Group notes that the new definition in AASB 16 will not change significantly the scope of contracts that meet the definition of a lease for the Group.

On 1 January 2019 (the date of initial application of AASB 16), the Group has applied AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated i.e. it is presented, as previously reported, under AASB 117 and related interpretations. The details of the changes in accounting policies are disclosed below:

Significant accounting policies relating to leases

The Group recognises a right-of-use asset and a lease liability at the lease commencement date in the consolidated statement of financial position. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. When a right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's accounting policies. Depreciation of right-of-use assets is recognised on the consolidated statement of profit and loss.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. Interest on lease liabilities is recognised in the consolidated statement of profit or loss.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

2 Application of new and revised Australian Accounting Standards (cont.)

Impact of the application of AASB 16 Leases (cont.)

Lease payments are recognised as amortisation expense of the right of use asset over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Under AASB 16, right-of-use assets are tested for impairment in accordance with AASB 136. This replaces the previous requirement to recognise a provision for onerous lease contracts.

The right-of-use assets recognised under AASB 16 is an intangible asset, and hence excluded from the Group's net tangible assets, despite the related lease liability being included as a reduction in the net tangible assets calculation.

Transition

The Group leases several assets including buildings and IT equipment that were previously classified as operating leases under AASB 117. The average lease term is 9.5 years (2018: 10 years). The Group has the option to extend one of the leases for an additional period of time after the end of the non-cancellable period, and this has been accounted for in determining the minimum lease payments. The Group's obligations are secured by the lessors' title to the leased assets for such leases and bank guarantees held.

At transition, for leases classified as operating leases under AASB 117, lease liabilities were measured at present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. The weighted average rate applied at transition was 3.88%. Management has reassessed leases as of 31 December 2019 noting the weighted average rate applied across the Group is 4.56%. The Group has applied the approach of measuring right-of-use assets at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. The Group does not have any leases that contain variable lease payments that are not included as part of the measurement of lease liabilities.

The Group used the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117.

- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Below is the financial impact on transition to AASB 16 as at 1 January 2019:

	Under AASB 117	Under AASB 16	Impact
Financial Disclosure			
Right-of-use asset	–	9,248	9,248
Lease liabilities	(487)	(9,735)	(9,248)
Total	**(487)**	**(487)**	**–**
Adjustment to opening retained earnings	–	–	–

Standards and interpretations in issue not yet adopted

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2018-6 Amendments - Definition of a Business	1 January 2020	31 December 2020
AASB 2018-7 Amendments - Definition of Material	1 January 2020	31 December 2020

Notes to the consolidated financial statements (cont.)

for the year ended 31 December 2019

3 Segment information

AASB 8 *Operating Segments* requires the 'management approach' to disclose information about the Group's reportable segments. The financial information is reported on the same basis as used by senior management and the Board of Directors for evaluating operating segment performance and for deciding how to allocate resources to operating segments. The segment note is prepared on the same basis as the Group's non-IFRS (Underlying) financial measures. Please refer to the Directors' Report for an explanation of why the Directors believe these measures are useful.

The Board of Directors is considered to be the Chief Operating Decision Maker (CODM).

The Group is organised into the following business segments:

- Asset management; and
- Corporate advisory and equities (CA&E)

3.1 Services from which reportable segments derive their revenues

The asset management segment incorporates the provision of asset management services and principal co-investment and strategic investments.

The corporate advisory and equities segment provides corporate advice, underwriting and institutional stockbroking services.

The unallocated segment represents the cost of the executive and central support functions. The cost increase in the period reflects the ongoing investment in the corporate platform.

Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Group's reporting policies.

The main items of profit or loss and other comprehensive income used by management to assess each business are Underlying net income and Underlying earnings before interest, tax, depreciation and amortisation (EBITDA).

Notes to the consolidated financial statements (cont.)

for the year ended 31 December 2019

3 Segment information (cont.)

3.2 Segment revenues and results

Assets, liabilities, depreciation and amortisation and net interest expense are not disclosed by segment as they are not provided to the CODM and are only reported on a Group basis. The following is an analysis of segment performance.

	CA&E	Asset management	Unallocated	Total Underlying segment	Adjustments	Statement of comprehensive income
2019						
Revenue(1)	**61,681**	**96,667**	**–**	**158,348**	**(4,620)**	**153,728**
Expenses	(44,631)	(40,955)	(9,282)	(94,868)	(6,847)	(101,715)
EBITDA(2)	**17,050**	**55,712**	**(9,282)**	**63,481**	**(11,468)**	**52,013**
Depreciation and amortisation				(3,276)	(1,898)	(5,174)
Net interest expense				(2,842)	(8,722)	(11,564)
Profit before tax				**57,363**	**(22,087)**	**35,275**
Tax				(17,209)	5,427	(11,781)
NPAT				**40,154**	**(16,660)**	**23,494**
Other comprehensive income				–	1,533	1,533
Total comprehensive income				**40,154**	**(15,127)**	**25,027**
						–
Owners of the Company				**40,154**	**(15,127)**	**25,027**
2018						
Revenue(1)	**51,474**	**84,833**	**–**	**136,307**	**6,923**	**143,230**
Expenses	(37,306)	(31,353)	(7,802)	(76,460)	(10,532)	(86,992)
EBITDA(2)	**14,168**	**53,481**	**(7,802)**	**59,847**	**(3,609)**	**56,239**
Depreciation and amortisation				(2,886)	(84)	(2,970)
Net interest expense				(842)	(7,027)	(7,869)
Profit before tax				**56,119**	**(10,719)**	**45,400**
Tax				(16,836)	1,981	(14,855)
NPAT				**39,283**	**(8,739)**	**30,545**
Other comprehensive income				–	(3,338)	(3,338)
Total comprehensive income				**39,283**	**(12,077)**	**27,206**
Non-controlling interests				–	(1,161)	(1,161)
Owners of the company				**39,283**	**(13,238)**	**26,045**

(1) Revenue refers to total income on the consolidated statement of profit or loss and other comprehensive income

(2) Statutory EBITDA is not an IFRS measure but has been presented to provide a comparable measure to the Underlying result

(3) The 2018 Underlying results have been restated for the impact of AASB 16 Leases. The 2018 Statement of Comprehensive Income (Statutory results) have not been restated for the impact of AASB 16 per the Group's accounting policy.

Notes to the consolidated financial statements (cont.)

for the year ended 31 December 2019

3 Segment information (cont.)

3.2 Segment revenues and results (cont)

A reconciliation of the Underlying segment measures to the statutory measure is as follows:

	Note	Revenue[1] $000's	EBITDA[2] $000's	NPAT $000's	Comprehensive Income $000's
2019 Statutory Result		**153,728**	**52,013**	**23,494**	**25,027**
Differences in measurement					
Business acquisition adjustments	(a)	–	3,566	5,464	5,464
Equity issued to staff	(b)	–	(1,822)	(1,822)	(1,822)
Net unrealised gains/(losses) on investments	(c)	–	–	–	2,023
Adjustments relating to associates	(d)	5,979	6,137	8,513	5,475
Deferred performance fees	(e)	6,400	6,400	6,400	6,400
Profit on sale of joint venture	(f)	2,221	2,221	2,221	2,221
Credit investments	(g)	(258)	137	137	137
Differences in classification					
Interest income	(h)	(6,346)	(6,346)	–	–
Net unrealised gains/(losses) on investments	(i)	1,175	1,175	1,175	–
Credit investments	(j)	(4,550)	–	–	–
Tax on adjustments		–	–	(5,427)	(4,771)
Total adjustments		**4,620**	**11,467**	**16,660**	**15,127**
2019 Underlying results		**158,348**	**63,481**	**40,154**	**40,154**
2018 Statutory Result		**143,230**	**56,239**	**30,545**	**27,206**
Differences in measurement					
Business acquisition adjustments	(a)	–	4,187	5,396	5,396
Equity issued to staff	(b)	–	3,514	3,514	3,514
Net unrealised gains/(losses) on investments	(c)	–	–	–	13,586
Adjustments relating to associates	(d)	8,763	8,763	8,763	220
Deferred performance fees	(e)	(6,400)	(6,400)	(6,400)	(6,400)
Profit on sale of joint venture	(f)	(2,221)	(2,221)	(2,221)	(2,221)
Credit investments	(g)	493	1,022	1,022	1,022
Differences in classification					
Interest income	(h)	(8,203)	(8,203)	–	–
Net unrealised gains/(losses) on investments	(i)	1,909	1,909	1,909	1,909
Adoption of AASB 16 Leases	(k)	–	2,302	–	–
Non-controlling interests		(1,263)	(1,263)	(1,263)	(1,263)
Tax on adjustments		–	–	(1,981)	(3,686)
Total adjustments		**(6,923)**	**3,609**	**8,739**	**12,077**
2018 Underlying results		**136,307**	**59,847**	**39,283**	**39,283**

(1) Revenue refers to Total income on the Consolidated Statement of Profit or Loss and Other Comprehensive Income

(2) Statutory EBITDA is not an IFRS measure but has been presented to provide a comparable measure to the Underlying result

Notes to the consolidated financial statements (cont.)

for the year ended 31 December 2019

3 Segment information (cont.)

3.2 Segment revenues and results (cont)

Differences in Measurement

(a) The acquisition of Armada Funds Management in 2017 for cash and shares gives rise to non-cash IFRS expenditure relating to the amortisation of intangible assets of $3.6 million (2018: $4.2 million) and share-based payment expense to the vendors, who are now employees of the Company, of $1.9 million (2018: $1.2 million).

(b) The Underlying measure expenses the full value of the share equity issued to staff as part of the annual bonus plan in the year of grant as opposed to over the vesting period (up to 5 years) per IFRS.

(c) Adjustment to remove unrealised gains/losses on the Group's strategic investment in Japara Healthcare Ltd. 2018 further comprises an unrealised gain of $1.0 million arising as a result of the initial adoption of AASB 9. The gain, under AASB 9, was recognised directly in equity as at 1 January 2018 and not through the 2018 Statement of Profit or Loss and Other Comprehensive Income. These relate primarily to investments in Redcape Hotel Group and Infinite Care Group.

(d) The Underlying treatment records dividends and distributions received from associates in Underlying Revenue as opposed to the IFRS treatment of recording the Group's share of accounting profit or loss of the associate. Furthermore, Underlying Revenue recognises gains/losses in management's assessment of the movement in the underlying value of the associate.

(e) Performance fees relating to Redcape Hotel Group recorded in the 2018 statutory results but deferred to 2019 in the Underlying result to closely align with transaction settlement and cash flows.

(f) The profit on sale of the Group's interest in Acure Asset Management was recorded in the 2018 statutory results but deferred to 2019 to closely align with transaction settlement and cash flows.

(g) The Underlying treatment excludes the movement in AASB 9 Expected Credit Loss provisions relating to loan assets. Where there is an increased likelihood of credit loss, specific provisions individually assessed against loan assets are included in both the statutory and Underlying results. See note(j) for treatment of specific provisions that are reclassified by management.

Differences in Classification

(h) The Group consolidates the assets and liabilities of certain fund related credit initiatives. The interest expense of $4.8 million (2018: $5.8 million) relating to the liabilities is reclassified to Underlying revenue to offset against the interest income derived from the related loan assets to reflect the total net return to the Group. Further, interest income on cash and bank balances of $1.6 million (2018: $2.4 million) is reclassified to Underlying net interest expense. These relate primarily to our investments in the Moelis Australia Master Credit Trust.

(i) Unrealised gains/losses other than those identified in (c) above are reclassified from Other Comprehensive Income to Underlying revenue.

(j) The specific provision for impairment of a loan asset is reclassified from statutory expense to Underlying revenue, to be consistent with how management view the movement in value of investments.

(k) Adjustment to reclassify $2.3 million of rent between expenses and amortisation in 2018 as the Statutory result does not reflect the impact of the adoption of AASB 16 Leases in 2019.

3.3 Revenue for major products and services

	Segment	2019 $'000	2018 $'000
Management fees	Asset Management	54,343	47,872
Transaction fees	Asset Management	15,123	10,848
Performance fees	Asset Management	2,705	14,839
Corporate advice	CA&E	54,886	43,714
Equity services	CA&E	9,204	10,140
		136,261	**127,413**

3.4 Geographical information

The Group primarily operates in Australia.

3.5 Information about major customers

Two funds managed by the Group contributed more than 10% to Group Revenue with fees of $18.7 million and $17.2 million respectively. No other single customer contributed 10% or more to Group revenue in 2019 or 2018.

Notes to the consolidated financial statements (cont.)

for the year ended 31 December 2019

4 Fee & commission income

Fee and commission income is accounted for in accordance with AASB 15 *Revenue from Contracts with Customers*

	2019 $'000	2018 $'000
Timing of revenue recognition		
At a point in time		
Advisory success fees	51,162	41,247
Commission and brokerage income	9,204	10,140
Facilitation and transaction fees	15,123	10,848
Total revenue earned at a point in time	**75,489**	**62,235**
Over time		
Advisory retainer fees	3,724	2,467
Performance fees	2,705	14,839
Distribution fees	7,854	5,996
Management fees	46,489	41,876
Total revenue earned over time	**60,772**	**65,178**
Total fee and commission income	**136,261**	**127,412**
Fee & commission income by segment		
At a point in time		
Asset management	17,221	15,396
Corporate advisory & equities	58,268	47,474
Total revenue at a point in time	**75,489**	**62,870**
Over time		
Asset management	57,048	58,163
Corporate advisory & equities	3,724	6,380
Total revenue earned over time	**60,772**	**64,543**
Total fee and commission income	**136,261**	**127,413**

Notes to the consolidated financial statements (cont.)

for the year ended 31 December 2019

	2019 $'000	2018 $'000
5 Investment income		
Interest income on cash and bank balances	1,728	2,378
Interest, dividends and distributions from investments	23,510	17,302
	25,238	**19,680**

	2019 $'000	2018 $'000
6 Other income		
Net foreign exchange (losses)/gains	(6)	648
Other income	96	2,168
Realised gains from investments in associates	275	2,698
Other income	**365**	**5,514**

Includes income relating to realised gains/(losses) on financial assets classified at fair value through profit or loss.

	2019 $'000	2018 $'000
7 Personnel expenses		
Amortisation of Share-Based Payments (refer note 32)	9,052	10,889
Termination benefits	661	–
Salary, superannuation and bonuses paid in cash	62,186	49,318
Other personnel related expenses, including recruitment fees, payroll tax, insurance, consultants and contractors	7,956	9,198
Total personnel expense	**79,855**	**69,405**

	2019 $'000	2018 $'000
8 Interest expense		
Interest on unsecured notes	3,925	2,043
Fund preferred unit distribution	2,473	–
Interest on lease liabilities	386	–
Redeemable preference share dividend	4,780	5,826
	11,564	**7,869**

Refer notes 23 and 24 for more detail on the unsecured note program, fund preferred units and redeemable preference shares.

	2019 $'000	2018 $'000
9 Other expenses		
Charitable donations	2,036	2,198
Professional fees	1,721	2,167
Loss allowance expense	4,848	529
Other expenses	3,769	3,182
	12,374	**8,074**

The charitable donations paid by the Group in 2019 and 2018 were made to the Moelis Australia Foundation, a registered charity, and were made in response to some staff members electing not to receive some or all of the annual bonus they might otherwise have been awarded.

See Notes 1(l), 12 and 13 for more information on the loss allowance expense.

	2019 $'000	2018 $'000
9 Other expenses (cont.)		
9.1 Remuneration of auditors		
Auditor of the Company		
Audit or review of the financial statements	476	570
Advisory related services	78	–
Tax related services	133	118
	687	**688**

The auditor of Moelis Australia Limited is Deloitte Touche Tohmatsu.

10 Income tax

10.1 Income tax recognised in profit or loss

	2019 $'000	2018 $'000
Profit before tax from continuing operations	35,275	45,400
Prima facie tax at the Australian tax rate of 30%	(10,583)	(13,620)
Effect of income that is exempt from tax	(418)	(343)
Non-deductible expenses	(1,035)	(1,240)
Non-controlling interest	–	348
Prior year over/(under) adjustment	255	–
	(11,781)	**(14,855)**
Represented by:		
Current tax	(18,178)	(15,103)
Deferred tax	6,397	248
Income tax expense recognised in profit or loss	**(11,781)**	**(14,855)**

10.2 Income tax recognised in other comprehensive income

	2019 $'000	2018 $'000
Deferred Tax		
Fair value remeasurement of investments	255	3,565
Share of revaluations in associates	(911)	(2,562)
Income tax in other comprehensive income	**(656)**	**1,003**

10.3 Current tax assets and liabilities

	2019 $'000	2018 $'000
Current tax liabilities		
Income tax payable	2,479	4,201
	2,479	**4,201**

10.4 Deferred tax balances

	2019 $'000	2018 $'000
Deferred tax asset/(liability)	2,223	(3,517)
	2,223	**(3,517)**

10 Income tax (cont.)

10.4 Deferred tax balances (cont.)

2019	Opening balances	Recognised in profit or loss	Recognised in other comprehensive income	Closing balances
Temporary differences				
Property, plant & equipment	53	50	–	103
Financial assets	3,754	–	255	4,009
Interest in associates	(4,458)	3,003	(911)	(2,366)
Deferred revenue	(1,027)	(249)	–	(1,276)
Provisions	1,608	1,453	–	3,061
Loss allowance	11	–	–	11
Expense accruals	(2,223)	3,310	–	1,087
Intangible assets	(3,952)	569	–	(3,383)
Share based payments	2,239	(1,960)	–	279
Other	478	220	–	698
	(3,517)	**6,396**	**(656)**	**2,223**

2018	Opening balances	Recognised in profit or loss	Recognised in other comprehensive income	Closing balances
Temporary differences				
Property, plant & equipment	35	18	–	53
Financial assets	189	–	3,565	3,754
Interest in associates	(579)	(1,317)	(2,562)	(4,458)
Deferred revenue	(785)	(242)	–	(1,027)
Provisions	878	730	–	1,608
Loss allowance	243	(232)	–	11
Expense accruals	(803)	(1,420)	–	(2,223)
Intangible assets	(4,668)	716	–	(3,952)
Share based payments	222	2,017	–	2,239
Other	501	(23)	–	478
	(4,767)	**247**	**1,003**	**(3,517)**

	2019 $'000	2018 $'000
11 Cash and cash equivalents		

11 Cash and cash equivalents

Cash and cash equivalents at the end of the reporting period are reflected in the related items in the statement of financial position as follows:

	2019 $'000	2018 $'000
Cash and bank balances	128,800	86,652
	128,800	**86,652**
Reconciliation of profit for the year to net cash flows from operating activities		
Profit after income tax	23,493	30,545
Adjustments to profit after tax:		
Income tax expense recognised in profit of loss	11,781	14,855
Net foreign exchange loss/(gain)	6	(649)
Realised gain on investments	(321)	–
Unrealised gain on investments in associates	–	(2,221)
Non-cash interest income	(12,120)	(4,009)
Non-cash investment income	(164)	–
Distributions from associates	–	(4,242)
Distributions from financial assets	(1,134)	–
Share-based payments	9,052	10,890
Intangible amortisation	2,176	2,386
Share of profits of associates	(82)	(446)
Loss allowance expense	4,848	528
Depreciation of right-of-use assets	2,311	–
Depreciation of non-current assets	687	583
	40,533	**48,220**
Movements in working capital:		
Increase in trade and other receivables	(27)	(15,688)
Increase in other assets	(10,208)	(739)
Increase in trade and other payables	10,738	10,600
Increase in provisions	6,896	7,020
Cash generated from operations	**47,932**	**49,413**
Income taxes paid	(19,899)	(16,841)
Net cash generated by operating activities	**28,033**	**32,572**

	2019 $'000	2018 $'000

12 Receivables

	2019 $'000	2018 $'000
Accounts receivable	1,869	2,006
Fees receivable	16,167	12,185
Interest receivable	9,193	4,311
Sundry debtors	359	62
Affiliates receivable	5,078	13,772
Loss allowance	(408)	(105)
	32,258	**32,231**

Fees receivable disclosed above include amounts that are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts because the amounts are still considered recoverable. See below table for an aged analysis of receivables:

	2019 $'000	2018 $'000
Age of receivables that are past due but not credit impaired		
60 – 90 days	107	–
90 – 120 days	46	354
120 + days	407	–
Total	**560**	**354**
Average age (days)	**294**	**365**

	2019 $'000	2018 $'000
Movement in loss allowance		
Balance at the beginning of the year	105	808
ECL loss allowance recognised on receivables	460	67
ECL loss allowance reversed	(157)	(770)
Balance at end of year	**408**	**105**

Loss allowance

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the end of the reporting period. The Group performed the calculations of ECL rates separately for receivables arising from the corporate advisory and equities segment and asset management segment as asset management fees have historically been received in full.

	Corporate Advisory and Equities	Asset Management	Total
Fees receivable as at 31 December 2019 ($'000)	57	3,361	3,418
Historical loss rate adjusted for any forward-looking factors	1.22%	–	–
Loss allowance for trade receivables ($)	701	–	701

Receivables aged 120+ days of $0.4 million relate to fees receivable from funds managed by the Group. These amounts are expected to be recovered in full and this contributes to the low loss allowance balance.

Included in the loss allowance for receivables are accounts receivables amounting to $0.04 million (31 December 2018: $0.04 million) that have been individually assessed for impairment. The impairment recognised represents the entire value of the accounts receivable.

Notes to the consolidated financial statements (cont.)

for the year ended 31 December 2019

	2019 $'000	2018 $'000
13 Loans receivables		
Current		
Loans to third parties	85,737	65,311
Loss allowance	(5,014)	(391)
	80,723	**64,920**
Movement in collectively assessed loss allowance		
Balance at the beginning of the year	(391)	–
Loss allowance	(73)	(391)
Balance at the end of the year	**(464)**	**(391)**
Movement in individually assessed loss allowance		
Balance at the beginning of the year	–	–
Loss allowance	(4,550)	–
Balance at the end of the year	**(4,550)**	–
Non-Current		
Loans to employees	450	580
Loans to third parties	118,908	46,276
Loss allowance	(314)	(295)
	119,044	**46,561**
Movement in collectively assessed loss allowance		
Balance at the beginning of the year	(295)	–
Loss allowance	(19)	(295)
Balance at the end of the year	**(314)**	**(295)**

Loans to third parties comprises commercial loans provided to Australian corporates. The loans have terms of between one and three years and are secured against the assets of the borrowers.

Loss allowance

By providing loans to customers, the Group bears the risk that the future circumstances of customers might change, including their ability to repay their loans in part or in full. While our credit lending policies and procedures aim to minimise this risk, there will always be instances where we will not receive the full amount owed and hence a provision for impaired loans will be necessary. The calculation of both the collectively and individually assessed expected loss contains various factors that require judgement and estimates by management.

13 Loans receivables (cont.)

	2019 $'000	2018 $'000
Industry		
Professional services	88,747	54,289
Aged care	25,207	31,512
Construction	25,484	3,454
Financial services	56,536	–
Other	3,793	22,226
	199,767	**111,481**

Included within other is a loan receivable which is past due by greater than 180 days. An individually assessed loss allowance of $4.6m has been recognised at 31 December 2019 (2018: Nil) for this loan receivable.

None of the remaining loan receivables are past due.

14 Other assets

	2019 $'000	2018 $'000
Prepayments	1,270	1,161
Deposits	10,407	8
Other	481	781
	12,158	**1,950**

15 Restricted cash

	2019 $'000	2018 $'000
Employee Share Trust	150	3,741
Equities clearing collateral	700	700
Premises bonds	1,800	1,524
	2,650	**5,965**

16 Other financial assets

	2019 $'000	2018 $'000
Financial assets held at FVTOCI	26,204	24,706
Financial assets held at FVTPL	682	580
Financial assets held at amortised cost	–	288
	26,886	**25,574**

Notes to the consolidated financial statements (cont.)

for the year ended 31 December 2019

	2019 $'000	2018 $'000
17 Property, plant and equipment		
Office equipment		
Balance at beginning of year	573	387
Additions	414	447
Depreciation	(342)	(261)
Balance at the end of year	**645**	**573**
Furniture and fixtures		
Balance at beginning of year	528	225
Additions	93	340
Depreciation	(55)	(37)
Balance at the end of year	**566**	**528**
Leasehold improvements		
Balance at beginning of year	833	516
Additions	131	550
Depreciation	(290)	(233)
Balance at the end of year	**674**	**833**
Total property, plant and equipment		
Balance at beginning of year	1,934	1,128
Additions	638	1,337
Depreciation	(687)	(531)
Balance at the end of year	**1,885**	**1,934**

Notes to the consolidated financial statements (cont.)
for the year ended 31 December 2019

	2019 $'000	2018 $'000
17 Property, plant and equipment (cont.)		
Carrying values		
Office equipment – at cost	2,270	1,856
Less accumulated depreciation	(1,625)	(1,284)
Total office equipment	**645**	**572**
Furniture & fixtures – at cost	732	640
Less accumulated depreciation	(166)	(112)
Total furniture and fixtures	**566**	**528**
Lease Improvements – at cost	1,486	1,355
Less accumulated depreciation	(812)	(522)
Total leasehold improvements	**674**	**833**

18 Right-of-use asset

	2019 $'000	2018 $'000
Balance at the beginning of the year	9,248	–
Additions	244	–
Depreciation	(2,311)	–
Balance at the end of the year	**7,181**	**–**
Right-of-use asset at cost	9,492	–
Less accumulated amortisation	(2,311)	–
Total right-of-use asset	**7,181**	**–**

Refer to note 2 for the impact of the adoption of AASB 16 Leases

Notes to the consolidated financial statements (cont.)

for the year ended 31 December 2019

19 Investments in associates and joint ventures

	2019 $'000	2018 $'000
Redcape Hotel Group	59,348	58,547
Infinite Care Group	2,774	4,722
Moelis Australia Aged Care Fund	3,833	6,846
Moelis Australia Senior Secured Credit Fund II	2,275	1,900
Moelis Australia Kincare Fund	8,721	7,738
Moelis Australia Exchanges Fund	–	6,448
	76,951	**86,201**

19.1 Details of ownership interest activities

				Proportion of ownership interest and voting power held by the Group	
Associate	**Nature of Interest**	**Place of Incorporation**	**Principal activity**	**2019**	**2018**
Redcape Hotel Group	Associate	Australia	Owner & operator of hotels	9.3%	9.4%
Infinite Care Group	Associate	Australia	Aged care facility operator	5.2%	5.2%
Moelis Australia Aged Care Fund	Associate	Australia	Investor in aged care facility operator	10.1%	10.0%
Moelis Australia Senior Secured Credit Fund II	Associate	Australia	Credit funds management	13.0%	13.0%
Moelis Australia Kincare Fund	Associate	Australia	Credit funds management	25.5%	25.5%
Moelis Australia Exchanges Fund	Associate	Australia	Equities investor	–	25.7%

19 Investments in associates and joint ventures (cont.)

19.2 Reconciliation of movements in carrying values

$'000	Redcape	Aged Care Fund	Infinite Care Group	Senior Secured Credit Fund II	Kincare Fund	Exchanges Fund	Acure Asset Management	Credit Opportunity Funds	Encore Trust	Total
Reconciliation of movements in carry values										
Opening value as at 1 January 2018	48,147	6,866	–	–	–	–	2,501	1,012	1,440	59,966
Acquisition	9,299	–	4,750	4,435	6,697	6,448	–	–	–	31,629
Disposals and capital returns	(2,212)	–	–	(2,529)	–	–	(2,779)	(899)	(1,440)	(9,859)
Share of profit/(loss)	(1,183)	(20)	(28)	358	1,041	–	278	–	–	446
Share of other comprehensive income	8,543	–	–	–	–	–	–	–	–	8,543
Less dividends/distributions received	(4,047)	–	–	(364)	–	–	–	(113)	–	(4,524)
Closing value as at 31 December 2018	**58,547**	**6,846**	**4,722**	**1,900**	**7,738**	**6,448**	**–**	**–**	**–**	**86,201**
Adjustments to retained profits from adoption of AASB 16	95	–	–	–	–	–	–	–	–	95
Acquisition	–	53		–	–	–	–	–	–	53
Disposals and capital returns	–	–	–	–	–	(6,448)	–	–	–	(6,448)
Share of profit/(loss)	2,246	(3,066)	(1,948)	375	983	1,492	–	–	–	82
Share of other comprehensive income	3,038	–	–	–	–	–	–	–	–	3,038
Less dividends/distributions received	(4,578)	–	–	–	–	(1,492)	–	–	–	(6,070)
Closing value as at 31 December 2019	**59,348**	**3,833**	**2,774**	**2,275**	**8,721**	**–**	**–**	**–**	**–**	**76,951**

19 Investments in associates and joint ventures (cont.)

19.3 Summarised financial information for the Group's material associates and joint ventures

$'000	Redcape	Aged Care Fund	Infinite Care Group	Senior Secured Credit Fund II	Kincare Fund	Exchanges Fund	Acure	Credit Op Fund	Encore Trust
2018									
Assets and liabilities									
Current assets	33,778	274	28,146	2,090	90	11	4,796	–	–
Non-current assets	1,073,743	69,735	127,999	13,140	29,735	25,088	54	–	–
Current liabilities	(54,246)	(704)	(69,426)	(284)	(67)	–	(624)	–	–
Non-current liabilities	(430,008)	–	(155)	–	–	–	(20)	–	–
Net assets	**623,267**	**69,305**	**86,565**	**14,946**	**29,758**	**25,099**	**4,206**	**–**	**–**
The above Net assets include the following:									
Cash and cash equivalents	21,572	274	23,825	220	66	3	2,654	–	–
Revenue, expenses and results									
Revenue	264,358	2	18,529	4,493	4,358	1	2,086	–	–
Profit/(loss) for the year	3,364	(705)	(543)	2,760	4,086	1	638	–	–
Other comprehensive income for the year	87,757	–	–	–	–	–	–	–	–
Total comprehensive income for the year	91,121	(705)	(543)	2,760	4,086	1	638	–	–
2019									
Assets and liabilities									
Current assets	90,851	65,419	65,195	4,721	53	34	–	–	–
Non-current assets	1,065,976	415,774	413,078	13,140	34,515	21,923	–	–	–
Current liabilities	(45,624)	(131,221)	(129,125)	(338)	(336)	–	–	–	–
Non-current liabilities	(475,271)	(308,558)	(297,947)	–	–	–	–	–	–
Net assets	**635,932**	**41,414**	**51,201**	**17,523**	**34,232**	**21,957**	**–**	**–**	**–**
The above Net assets include the following:									
Cash and cash equivalents	29,638	54,008	53,788	39	6	25	–	–	–
Revenue, expenses and results									
Revenue	303,316	42,046	54,323	2,840	4,780	16,502	–	–	–
Profit/(loss) for the year	24,080	(30,433)	(37,456)	2,578	4,473	16,485	–	–	–
Other comprehensive income for the year	37,056	–	–	–	–	–	–	–	–
Total comprehensive income for the year	61,136	(30,433)	(37,456)	2,578	4,473	16,485	–	–	–

19 Investments in associates and joint ventures (cont.)

19.3 Summarised financial information for the Group's material associates and joint ventures

The following information outlines the level of control the Group has over it's associates and the resultant accounting treatment.

Further information on Moelis Australia Senior Secured Credit Fund II, Moelis Australia Kincare Fund & Moelis Australia Aged Care Fund (Funds)

The magnitude and variability of returns the Group receives from the Funds including the fees it earns as trustee and asset manager and the investment return on its holdings is such that the Group is not considered to control the Funds. Its direct holding in addition to its roles as trustee and asset manager is considered sufficient for the Group to retain significant influence over the Funds.

Further information on Infinite Care Group (Infinite)

The magnitude and variability of returns the Group receives from Infinite, including the fees it earns as trustee and asset manager of the Moelis Australia Aged Care Fund and the investment return on its holdings is such that the Group is not considered to control Infinite. Its direct holding in addition to its roles as trustee and asset manager of Moelis Australia Aged Care Fund is considered sufficient for the Group to retain significant influence over Infinite.

Further information on Redcape Hotel Group (Redcape)

The Group is the responsible entity of Redcape and performs hotel operating and asset management services.

As at 31 December 2019 the Group owned 9.3% (2018: 9.4%) of Redcape and funds managed by the Group own 28.5% (2018: 29.3%). The magnitude and variability of returns the Group receives from Redcape, including the fees it earns as trustee, asset manager and hotel operator, the increase in fees it earns through the 28.5% owned by other Moelis managed funds and the investment return on its direct 9.3% holding is such that the Group is not considered to control Redcape. It's 9.3% direct holding in addition to its roles as responsible entity, asset manager and hotel operator is considered sufficient for the Group to retain significant influence over Redcape.

Further information on Moelis Australia Exchanges Fund

During the year, the Group exited its investment in the Moelis Australia Exchanges Fund.

20 Intangible assets

	2019 $'000	2018 $'000
Carrying amounts of:		
Identifiable intangible assets	13,356	13,397
Cost		
Balance at the beginning of the year	16,542	16,340
Additions	2,134	202
Balance at the end of the year	**18,676**	**16,542**
Accumulated amortisation and impairment		
Balance at the beginning of the year	(3,144)	(706)
Amortisation expense	(2,176)	(2,438)
Balance at reporting period	**(5,320)**	**(3,144)**

Identifiable intangible assets include those recognised as part of the Armada Funds Management (Armada) acquisition, software and trademarks purchased.

20 Intangible assets (cont.)

Identifiable intangible assets recognised as part of the Armada acquisition in 2017 were determined as the net present value of the forecast management fees less operating expenses, based on the expected lives of each fund which ranged from 2 years and 7 months to 7 years and 9 months at the time of acquisition. The aggregate value of intangible assets related to the Armada acquisition as at 31 December was $11.3 million (2018: $13.2 million). Included in the deferred tax liability of the Group is an amount of $3.4 million (2018 $4.0 million) relating to the intangible asset recognised as a result of the acquisition of Armada.

Amortisation of Armada intangible assets

The amortisation of the aggregate value of the intangible assets over their useful lives is based on the forecast profile of the profit generated by the management rights, and is reassessed at the end of each reporting period.

Impairment of Armada intangible assets

Determining whether intangible assets are impaired requires an estimation of the value-in-use. The aggregate recoverable amount of the intangible assets is determined based on a value-in-use calculation which uses post-tax cash flow projections based on financial budgets over 5 years and a post-tax discount rate of 12.5% per annum.

The following elements have been reflected in the calculation of the value-in-use:

(1) expectations as to the likely lives of the management rights;
(2) expectations about variations to management fee rates, and amount and timing of transaction fees;
(3) the reduction in operating costs as individual management rights terminate; and
(4) a discount rate that reflects the relative security of the cashflows and the market pricing for similar management rights.

Sensitivity	Impact on impairment assessment
An increase in the discount rate to 15%	no impact
A decrease in the expected life of each fund by one year	$0.46m

21 Goodwill

	2019 $'000	2018 $'000
Cost	9,827	9,827
Total	**9,827**	**9,827**
Goodwill is allocated to the following cash-generating units (CGU's):		
Corporate advisory and equities	1,326	1,326
Asset management	8,501	8,501
	9,827	**9,827**

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the CGU's to which goodwill has been allocated. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

Goodwill is not amortised but reviewed. It is reviewed for impairment at least annually.

The recoverable amounts of the two items of goodwill are determined based on a value-in-use calculation which uses post-tax cash flow projections based on financial budgets, using the following assumptions:

	CA&E	Asset Management
Timeframe	5 years	5 years
Post tax discount rate	11.0%	12.5%

21 Goodwill (cont.)

The following elements have been reflected in the calculation of the value-in-use:

(1) an estimate of future cash flows the entity expects to derive from the asset;

(2) the time value of money, represented by the current market risk-free rate of interest;

(3) the price for bearing the uncertainty inherent in the asset; and

(4) other factors, such as illiquidity, that market participants would reflect in pricing the future cash flows the entity expects to derive from the asset.

Sensitivity	Impact on impairment assessment
A 5% reduction in cashflows	No impact
An increase in the post tax discount rate to 15%	No impact
A decrease in terminal value growth rate from 2.5% to 1.5%	No impact

	2019 $'000	2018 $'000
22 Trade and other payables		
Current		
Accounts payables and accrued expenses	11,505	13,336
Other liabilities	10,435	2,271
GST payable	1,011	459
	22,951	**16,066**
Non-current		
Preference dividends payable	8,990	4,205
Other liabilities	–	932
	8,990	**5,137**
23 Borrowings		
Current		
Unsecured notes	32,150	–
Unsecured notes – limited recourse	35,030	–
	67,180	–
Non-current		
Unsecured notes	25,000	57,150
Fund preferred units	97,022	–
	122,022	**57,150**

(a) Unsecured notes

	Current	Non-current
Issue date	2017	2018
Maturity date	Sep 2020	Sep 2022
Amount ($m)	32.2	25.0
Interest rate per annum	5.25%	5.75%
Issue costs ($000's)	24.2	6.5

23 Borrowings (cont.)

(b) Unsecured notes – limited recourse notes

On 27 March 2019, the Group established a new unsecured medium term note program. The notes constitute unsecured, unsubordinated obligations of the issuing special purpose Group entity (issuing entity). The issuing entity was capitalised by the Group and invests the proceeds of the note issuance in a diversified portfolio of cash and loans. The notes have sole recourse to the assets of the issuing entity and are not guaranteed by the Company. Whilst the notes have a five year stated maturity, they can be redeemed at the option of note holders subject to a minimum 12 month holding period following issue. No further notes are expected to be issued under this program. A summary of the key terms is below:

Issue	2019
Maturity date	May 2024
Amount ($m)	35.0
Interest rate per annum	variable

The interest rate is calculated at a margin of 4.35% over the RBA cash rate at the time of issue per tranche and then reset in February and August of each year.

(c) Fund preferred units

During the year the Group established Moelis Australia Fixed Income Fund (MAFIF). MAFIF provides investors with exposure to a diversified portfolio of credit investments via an investment in Class A Units (Fund Preferred Units) in the Moelis Australia Master Credit Trust (Master Credit Trust). As a 10% co-investment, the Group holds Class B Units in the Master Credit Trust. The Master Credit Trust is a consolidated entity of the Group.

The Fund Preferred Units held by MAFIF receive a preferential distribution from the realised profit of Master Credit Trust, up to a maximum equal to the RBA Cash Rate plus 4.00%, over the Class B Units, which in turn receive any excess distributable profits after paying the preferential distribution to the Fund Preferred Units. The Class B units further provide a maximum 10% “first loss” capital buffer which affords the Fund Preferred Units preferential treatment on distribution and wind-up of the Master Credit Trust. As such the Group’s economic exposure is to the value of the Class B Units which amounted to $9.7 million at 31 December 2019 (31 December 2018: nil).

Redemptions of the Fund Preferred Units are at the discretion of the Master Credit Trust Trustee and require the consent of the Group and therefore the units are treated as non-current liabilities as the Group has an unconditional right to defer settlement for at least 12 months after the end of the reporting period.

24 Redeemable preference shares

	2019 $’000	2018 $’000
Redeemable preference shares	25,500	25,500

A wholly owned special purpose Group entity has issued Redeemable Preference Shares (RPS) to a fund managed by the Group. All RPS proceeds were used to acquire a loan asset in order for the fund investors to participate in the economics of that loan asset. The loan asset is recognised as a loan receivable in the consolidated statement of financial position.

A summary of the RPS terms and conditions are as follows:

Issue date	2017
Issue price	$1
Dividend rate	15%
Maturity date	Dec 2022

The RPS have no voting rights unless when dividends are in arrears and there is a proposal to reduce capital or approve terms of a buy-back agreement that affects the rights of RPS holders.

Notes to the consolidated financial statements (cont.)

for the year ended 31 December 2019

	2019 $'000	2018 $'000
25 Lease liabilities		
Maturity analysis – contractual undiscounted cashflows		
Less than one year	2,758	–
One to five years	4,794	–
More than five years	1,333	–
Total undiscounted lease liabilities at 31 December 2019	**8,885**	**–**
Lease liabilities included in the statement of financial position		
Balance as at 1 January 2019	9,735	–
Interest incurred	386	–
Payments of lease liabilities	(2,459)	–
Additions	610	–
Incremental borrowing rate adjustment	(287)	–
Balance as at 31 December 2019	**7,985**	**–**
Current	2,459	–
Non-current	5,526	–
Total lease liabilities	**7,985**	–
Amounts recognised in Statement of Comprehensive Income		
Interest on lease liabilities	386	–
Amounts recognised in the Statement of Cash Flows		
Total cash outflow for leases	(2,459)	–

Refer to note 2 for the impacts of adopting AASB 16 Leases

26 Provisions

	2019 $'000	2018 $'000
Employee benefits	29,709	22,814
	29,709	**22,814**
Current	29,451	21,152
Non-current	258	1,662
	29,709	**22,814**

The provision for employee benefits represents annual leave, long service leave and bonus entitlements accrued.

27 Financial instruments – fair values and risk management

Financial risk management objectives

The Group's principal financial assets comprise cash and cash equivalents, trade and other receivables, commercial loans and investments in listed and unlisted securities. The Group's principal financial liabilities comprise of trade and other creditors and borrowings.

The Group's activities expose it to a variety of financial risks: for example market risk (including interest rate risk and foreign currency risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to ensure the potential adverse effects on the financial performance of the Group are kept to within acceptable limits. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk, and ageing analysis for credit risk.

Risk management is carried out by senior management and the Board. The Board identifies and monitors the risk exposure of the Group and determines appropriate procedures, controls and risk limits. Senior management identifies, evaluates and monitors financial risks within the Group's operations.

There has been no change to the nature of the financial risks the Group is exposed to, or the manner in which these risks are managed and measured, other than the risks introduced as a result of the increased provision of commercial loans. The issuance of the loans introduces an additional level of liquidity risk and an additional consideration for the management of the Group's capital.

Categories of financial instruments	2019 $'000	2018 $'000
Financial assets		
Cash and cash equivalents	128,800	86,652
Restricted cash	2,650	5,965
Loans receivable	199,767	111,482
Receivables	32,258	32,231
Listed and unlisted equity securities	26,886	25,574
Deposits	10,407	8
Other assets	481	789
Financial liabilities		
Creditors	31,941	21,203
Unsecured notes	92,180	57,150
Fund preferred units	97,022	–
Redeemable preference shares	25,500	25,500

Financial assets and liabilities are accounted for in accordance with AASB 9 Financial Instruments.

27 Financial instruments – fair values and risk management (cont.)

Capital management

The capital structure of the Group consists of net cash (cash and bank balances offset by the unsecured notes detailed in note 23) and equity (comprising contributed equity, retained earnings and reserves).

The Group manages its capital with the aim of ensuring that the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2018.

The Group's borrowings comprise unsecured loan notes of $92.2m (2018: $57.2m), fund preferred units $97.0m (2018: nil) as well as redeemable preference shares of $25.5m (2018: $25.5m).

Redemptions of the fund preferred units are at the discretion of the Master Credit Trust Trustee and require the consent of the Group and therefore the units are treated as non-current liabilities as the Group has an unconditional right to defer settlement for at least 12 months after the end of the reporting period.

The maturity dates of the unsecured loan notes are shown in the table below. Except for the obligation to pay periodic interest and repay the principal at the end of the term, the terms of the unsecured notes do not include any material undertakings or obligations which, if not complied with, would result in an acceleration of the amount owing. The limited recourse unsecured notes can be redeemed at the option of noteholders subject to a minimum 12 month holding period and are treated as current borrowings.

	2019 $'000	2018 $'000
Maturity Date		
Unsecured notes – current (18 September 2020)	32,150	32,150
Unsecured notes – non-current (14 September 2022)	25,000	25,000
Unsecured notes – limited recourse (16 May 2024)	35,030	–
	92,180	**57,150**

A subsidiary of the Company, Moelis Australia Securities Pty Ltd, is an ASX market participant and therefore has an externally imposed capital requirement. In addition, the subsidiaries Moelis Australia Securities Pty Ltd, Moelis Australia Advisory Pty Ltd, Moelis Australia Asset Management Ltd, Mendoza Ltd and Redcape Hotel Group Management Ltd all have Australian Financial Services Licences with separate capital requirement obligations.

Foreign currency risk

The Group undertakes transactions denominated in foreign currencies, including fees on corporate advisory engagements and expenditure, principally on information technology and data services. The Group does not manage its exposure to advisory revenue denominated in foreign currency until fees are invoiced, as generally the fee receipt of revenue is too uncertain prior to invoicing and not material. Foreign currency debtors and foreign currency bank balances are periodically reviewed relative to the Group's balance sheet and liquidity requirements. Revenue received in foreign currency is sometimes retained in those currencies rather than converted into Australian dollars, in order to meet future foreign denominated expenses or to take advantage of potential future movements in exchange rates. While holding foreign currency balances assists in reducing exposure to adverse movements in exchange rates on future foreign currency denominated expenditure, it does create exposure to adverse unrealised losses should the Group choose to convert the foreign currency balances into Australian dollars at a future date rather than retain them to satisfy future foreign currency denominated expenditure.

Notes to the consolidated financial statements (cont.)

for the year ended 31 December 2019

27 Financial instruments – fair values and risk management (cont.)

Foreign currency risk (cont.)

The carrying amounts of the Group's foreign currency denominated monetary assets at the end of the reporting period are as follows:

	2019 $'000	2018 $'000
Currency of USA	1,553	4,674
Currency of People's Republic of China	5	–
	1,558	**4,674**

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the relevant foreign currencies. 10% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in foreign currency rates. A negative number below indicates a reduction in profit where the Australian dollar strengthens 10% against the relevant currency. For a 10% weakening of the Australian dollar against the relevant currency, there would be a comparable impact on the profit, and the balances would be positive.

Profit or loss		
Currency of USA	155	467
Currency of People's Republic of China	1	–

The Group's sensitivity to foreign currency has reduced during the current year mainly due to a lower USD bank account balance.

Interest rate risk

The Group is exposed to interest rate risk as a decrease in interest rates will reduce the interest income earned on its cash at bank and reduce the interest expense on variable rate borrowings, while the impact will be reversed in the event of an increase in interest rates.

The Group's borrowings via unsecured notes and fund preferred units (refer Note 23) are at fixed and variable rates of interest. Funding via RPS (refer to Note 24) are at a fixed rate of interest.

Interest rate sensitivity analysis

If interest rates had been 1.0% higher or lower and all other variables were held constant, the Group's profit for the year ended 31 December 2019 would increase or decrease by $667,113 (2018: $733,000).

Notes to the consolidated financial statements (cont.)

for the year ended 31 December 2019

27 Financial instruments – fair values and risk management (cont.)

Equity investment market price risk

The Group is exposed to increases and decreases in the market prices of its equity investments, which would cause an increase or decrease in their carrying value and may result in a lower realised profit on sale.

If market prices had been 5% higher or lower:

- profit for the year end 31 December 2019 and 2018 would have been unaffected as the investments are classified as FVTOCI and no investments were disposed of or impaired; and
- other comprehensive income for the year ended 31 December 2019 would be impacted by $1,310,215 (2018: $1,293,000) as a result of changes in fair value of available-for-sale shares.

Credit risk management

Credit risk management is the risk that a counterparty defaults on its contractual obligations resulting in financial loss to the Group. A default may arise through a counterparty failing to repay loans and interest thereon, and through failing to meet its obligation to pay invoiced fees.

Invoices for services

The creditworthiness of clients is taken into account when accepting client assignments, however, the nature of the Group's advisory work includes engaging with clients which are under financial stress where the risk of non-payment of invoices is elevated.

Receivables consist of a number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

As at 31 December 2019, the Group does not have a significant credit risk exposure to any single customer. Note 12 includes a summary of ageing of receivables past due.

Commercial loans

The Group has provided commercial loans during the year. The loans are secured by charges over the assets of the borrowers, with the loans having maturity dates ranging from 3 months to 5 years from the balance sheet date, with an average maturity of 2.1 years. Loans considered non-investment grade carry a commensurately higher rate of interest.

Credit risk analysis is focused on ensuring that risks have been fully identified and that the downside risk is properly understood and acceptable. To facilitate this, detailed due diligence is performed on the counterparty and underlying security.

Cash balances

The credit risk on the banks holding the Group's cash is considered limited because the banks have high credit ratings assigned by international credit-rating agencies.

Liquidity risk management

Liquidity risk is the risk that financial obligations of the Group cannot be met as and when they fall due without incurring significant costs. The Group manages liquidity risk by monitoring forecast cash requirements, both short and longer term, against its current liquid assets. Regard is had to cash flows required over the next 12 months, regulatory obligations such as Australian Financial Services Licence requirements and financial covenants attached to any relevant contractual obligations of the Group.

Notes to the consolidated financial statements (cont.)

for the year ended 31 December 2019

27 Financial instruments – fair values and risk management (cont.)

Liquidity and interest rate tables

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

Liabilities $'000	Weighted average effective Interest rate	Less than 1 month	1-3 months	3-12 months	1-5 years	5 + years	Total
31 December 2019							
Non-interest bearing	–	14,495	7,273	–	10,185	–	31,953
Variable interest rate instruments [1]	5.3%	–	–	35,030	97,022	–	132,052
Fixed interest rate instruments	8.4%	–	–	32,150	50,500	–	82,650
		14,495	**7,273**	**67,180**	**157,707**	–	**246,655**
31 December 2018							
Non-interest bearing	–	9,690	6,376	–	5,137	–	21,203
Fixed interest rate instruments	8.4%	–	–	–	82,650	–	82,650
Total		**9,690**	**6,376**	–	**87,787**	–	**103,853**

The following table details the Group's expected maturity of its non-derivative financial assets. The table has been drawn up based on the undisclosed contractual maturities of the financial assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Assets $'000	Weighted average effective Interest rate	Less than 1 month	1-3 months	3-12 months	1-5 years	5 + years	Total
31 December 2019							
Non-interest bearing		802	19,512	23,365	26,375	–	70,054
Variable interest rate instruments [1]	7.8%	128,800	46	79,008	101,980	–	309,834
Fixed interest rate instruments	6.7%	–	–	12,383	9,000	–	21,383
		129,602	**19,558**	**114,756**	**137,355**	–	**401,271**
31 December 2018							
Non-interest bearing		4,411	15,380	25,922	13,164	–	58,877
Variable interest rate instruments [1]	9.5%	99,395	26,831	29,477	44,643	–	200,345
Fixed interest rate instruments	6.6%	–	–	–	3,471	–	3,471
		103,806	**42,211**	**55,399**	**61,277**	**–**	**262,693**

1 The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

Notes to the consolidated financial statements (cont.)

for the year ended 31 December 2019

27 Financial instruments – fair values and risk management (cont.)

Fair value of financial assets and financial liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis except for measurements that have some similarities to fair value but are not fair value, such as value in use in AASB 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Valuation processes

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation function that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer. The valuation function regularly reviews significant unobservable inputs and valuation adjustments. Significant valuation issues are reported to the group audit committee.

27 Financial instruments – Fair values and risk management (cont.)

Fair value of financial assets and financial liabilities

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

31 December 2019	Mandatorily at FVTPL	FVTOCI-equity instruments	FVTOCI-non-equity instruments	Financial assets at amortised costs	Other liabilities	Total	Level 1 (a)	Level 2 (b)	Level 3 (c)	Total
Loan receivables	9,158		-	-	-	9,158	-	-	9,158	9,158
Non equity securities	682		-	-	-	682	-	682	-	682
Equity securities	-	26,204	-	-	-	26,204	18,725	7,479	-	26,204
Financial assets measured at fair value	**9,840**	**26,204**	**-**	**-**	**-**	**36,044**	**18,725**	**8,161**	**9,158**	**36,044**
Receivables	-	-	-	43,146	-	43,146				
Loan receivables	-	-	-	190,610	-	190,610				
Restricted cash	-	-	-	2,650	-	2,650				
Cash and cash equivalents	-	-	-	128,800	-	128,800				
Financial assets not measured at fair value	**-**	**-**	**-**	**365,206**	**-**	**365,206**				
	-	-	-							
Redeemable preference shares	-	-	-	-	25,500	25,500				
Unsecured loans	-	-	-	-	92,180	92,180				
Fund preferred units	-	-	-	-	97,022	97,022				
Trade payables	-	-	-	-	31,941	31,941				
Financial liabilities not measured at fair value	**-**	**-**	**-**	**-**	**246,643**	**246,643**				

Valuation techniques and key inputs

(a) Quote bid prices in an active market
(b) Based on recent transactions
(c) Valued using a discounted cash flow valuation technique with discount rate inputs of between 6.8 – 7.7%

27 Financial instruments – Fair values and risk management (cont.)

31 December 2018	Mandatorily at FVTPL	FVTOCI-equity instruments	FVTOCI-non-equity instruments	Financial assets at amortised costs	Other liabilities	Total	Level 1 (a)	Level 2 (b)	Total
Loan receivables	281	–	–	–	–	281	–	281	281
Non equity securities	580	–	–	–	–	580	–	580	580
Equity securities	787	23,919	–	–	–	24,706	17,570	7,136	24,706
Financial assets measured at fair value	**1,648**	**23,919**	**–**	**–**	**–**	**25,567**	**17,570**	**7,997**	**25,567**
Receivables	–	–	–	33,511	–	33,511			
Loan receivables	–	–	–	111,201	–	111,201			
Non equity securities	–	–	–	288	–	288			
Restricted cash	–	–	–	5,965	–	5,965			
Cash and cash equivalents	–	–	–	86,652	–	86,652			
Financial assets not measured at fair value	–	**–**	**–**	**237,617**	**–**	**237,617**			
Redeemable preference shares	–	–	–	–	25,500	25,500			
Unsecured loans	–	–	–	–	57,150	57,150			
Trade payables	–	–	–	–	16,993	16,993			
Financial liabilities not measured at fair value	**–**	**–**	**–**	**–**	**99,643**	**99,643**			

Valuation techniques and key inputs

(a) Quoted bid prices in an active market
(b) Based on recent transactions

The Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

Notes to the consolidated financial statements (cont.)

for the year ended 31 December 2019

28 Contributed equity and share options

	2019 $'000	2018 $'000
Ordinary shares - fully paid	156,972	189,924

	Number of shares 2019 $'000	Number of shares 2018 $'000	Contributed equity 2019 $'000	Contributed equity 2018 $'000
Contributed equity at the beginning of the year	**152,415,250**	**153,263,697**	**189,924**	**191,507**
Share repurchase and cancellation	(8,000,000)	–	(27,200)	–
Cost of repurchasing and cancelling shares	–	–	(112)	86
	144,415,250	**153,263,697**	**162,612**	**191,593**
Treasury shares	(1,748,534)	(848,447)	(5,640)	(1,669)
Contributed equity at the end of the year	**142,666,716**	**152,415,250**	**156,972**	**189,924**

Completion of ordinary share buyback and subsequent cancellation

Following shareholder approval at the General Meeting held on 31 October 2019, Moelis Australia Limited bought back 8,000,000 Moelis Australia shares from Moelis & Company at a cost of $27.2 million. These shares have subsequently been cancelled.

The Company had authorised share capital amounting to 147,641,070 ordinary shares at 31 December 2019 (2018: 155,641,070). Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

29 Earnings per share

	2019 Cents per share	2018 Cents per share
Basic earnings per share	15.5	20.0
Diluted earnings per share	14.9	19.4

The earnings used in the calculation of basic and diluted earnings per share is profit after tax.

	2019	2018
Weighted average number of ordinary shares (net of treasury shares) used in calculating basic earnings per share	151,348,830	153,080,455
Potential equity shares		
Share options	1,873,916	2,476,936
Share rights	3,187,526	2,234,375
Restricted shares	1,366,651	–
Weighted average number of ordinary shares (net of treasury shares) and potential equity shares used in calculating diluted earnings per share	157,776,923	157,791,766

Notes to the consolidated financial statements (cont.)

for the year ended 31 December 2019

	2019 $'000	2018 $'000

30 Dividends

During the period, Moelis Australia Limited made the following fully franked dividend payments:

	2019 $'000	2018 $'000
Fully paid ordinary shares		
2017 dividend	–	10,767
2018 dividend	12,558	–
	12,558	**10,767**
Adjusted franking account balance	30,523	15,524

The Directors have declared a fully franked dividend of 10 cents per share, payable on 4 March 2020.

31 Reserves

	2019 $'000	2018 $'000
Investments revaluation reserve	11,598	9,472
FVTOCI reserve	(9,521)	(8,927)
Share-based payments reserve (refer Note 32)	22,888	16,198
	24,965	**16,743**
Investments revaluation reserve		
Balance at the beginning of the year	9,472	3,185
Adjustments from adoption of AASB 9	–	308
Share of other comprehensive income of associates	3,038	8,541
Income tax relating to the revaluations of associates	(912)	(2,562)
Net share of other comprehensive income of associates	**2,126**	**5,979**
Balance at the end of the year	**11,598**	**9,472**
FVTOCI reserve		
Balance at the beginning of the year	(8,927)	–
Adjustments from adoption of AASB 9	–	391
Net loss arising on revaluation of financial assets	(848)	(12,884)
Income tax relating to gain arising on revaluation of financial assets	254	3,566
Net unrealised loss on investments	**(594)**	**(9,318)**
Balance at the end of the year	**(9,521)**	**(8,927)**

Notes to the consolidated financial statements (cont.)

for the year ended 31 December 2019

32 Share-based payments

Share-based payment reserve

	2019 $'000	2018 $'000
Balance at the beginning of the year	16,198	5,308
Amortisation of option fair value	184	448
Amortisation of share rights	3,103	6,275
Amortisation of restricted shares	2,458	–
Amortisation of Armada deferred remuneration	2,708	4,167
Vesting of share-based payments	(1,765)	–
Balance at the end of the year	**22,886**	**16,198**

The component of bonus expected to be paid in shares has been accounted for as a share-based payment, with the amounts accruing over the expected vesting period of between 1 to 3 years. The profit and loss impact (after tax) of the estimated share component for services received as at 31 December 2019 was $1,395,388 (2018 $1,284,163). The accounting standards require the value of the share-based component to be determined when there is a shared understanding of the terms and conditions of the scheme and so the estimate of the accrual to date could change until this grant date is achieved.

(i) Employee share options

The Group has granted options to employees and its Chairman. For accounting purposes, fair value of the options is amortised as an expense over the vesting period of the options.

Prior to the listing of the Company, a number of employees were provided the opportunity to purchase options (share option), with each share option carrying the right to acquire one share in the Company at a future date. As a result of the offer, the Company issued 5,468,750 share options on 8 April 2017.

At the same time, the Company offered the Chairman and Non-Executive Director Mr Jeffrey Browne the opportunity to purchase 781,250 share options, with each share option carrying the right to acquire one share in the Company at a future date.

Each share option is exercisable for a period of one year, commencing on the first exercise date applicable to the relevant tranche (exercise window) as set out in the table below. Each share option expires if it is not exercised within the relevant exercise window. The vesting period of the share options runs from the grant date to the first exercise date as shown in the table below.

Unless otherwise determined by the Board, a share option holder must continue to be employed by the Group in order to exercise the share option.

Share options do not carry any dividend entitlement. Shares issued on exercise of share options will rank equally with other shares of the Company on and from issue. There are no inherent participating rights or entitlements inherent in the share options and share option holders will not be entitled to participate in new issues of capital offered to shareholders during the life of the share options.

The offer price is paid or is payable by the recipient on receipt of the share option.

The table below provides the details of options issued on 8 April 2017

Numbers of Options at beginning of year	Acquired by	Grant date share price	Exercise price of option	Issue price	Earliest date of exercise	Expiry date	Options forfeited during the year	Number of options at year end
1,540,217	Employees	$2.35	$3.00	$0.03	8-Apr-21	7-Apr-22	190,700	1,349,517
1,540,217	Employees	$2.35	$3.15	$0.03	8-Apr-22	7-Apr-23	190,700	1,349,517
1,540,216	Employees	$2.35	$3.36	$0.01	8-Apr-23	7-Apr-24	190,700	1,349,516
390,625	Mr Browne	$2.35	$2.80	$0.02	8-Apr-19	7-Apr-20	–	390,625
390,625	Mr Browne	$2.35	$3.00	$0.02	8-Apr-20	7-Apr-21	–	390,625
5,401,900							**572,100**	**4,829,800**

Notes to the consolidated financial statements (cont.)

for the year ended 31 December 2019

32 Share-based payments (cont.)

(i) Employee share options (cont.)

There were no share options granted during the year.

Fair value of share options granted

The weighted average value of the share options at the time of grant was $0.0375.

The fair value of the share options was calculated using a Black-Scholes model, adjusted for expectations of forfeiture due to employee departures. The assumptions used in calculating the fair value are shown below and are common to all tranches of share options, unless otherwise stated:

- Dividend yield 4.0%
- Risk-free rate 2.5%
- Expected volatility of 30%
- Expected life of option is the maximum term up to last day of the exercise window
- Forfeiture assumptions for the options granted to employees are that 16%, 20% and 23% of Share options are forfeited for tranches 1, 2 and 3 respectively. No allowance for forfeiture has been made for the share options granted to the Chairman.

	Number of options employees	Number of options Chairman	Number of options Total	Weighted average exercise price ($) employee	Weighted average exercise price ($) Chairman
Balance at the beginning of the year	4,620,650	781,250	5,401,900	3.17	2.90
Granted during the year	–	–	–	–	–
Forfeited during the year	(572,100)	–	(572,100)	3.17	–
Exercised during the year	–	–	–	–	–
Expired during the year	–	–	–	–	–
Balance at the end of the year	**4,048,550**	**781,250**	**4,829,800**	**–**	**–**

No share options were issued, forfeited or exercised since year end. 390,625 Chairman share options were exercisable at year end.

(ii) Share rights

Employee benefits include share rights granted to staff on commencement of employment and as part of the bonus incentive scheme, the vesting of which are subject to continuous employment conditions. The value of these grants are amortised over the vesting period, on the basis that employees do not leave prior to vesting. The value of the grant has been determined by reference to the trading in the Company's shares. The amortising period commences from the date employees first had an expectation of receiving an equity component to their annual bonus. Determination of this date required a degree of judgement.

Share rights granted as sign-on incentive

The Company has periodically granted share rights to senior executives commencing employment with the Group. The share rights are priced with reference to the trading price of the Company's shares at the time the offer of employment is made. Vesting is subject to continuous employment, with terms varying on a case by case basis. Amortisation of the expense commences on the day the senior executive starts their employment.

Notes to the consolidated financial statements (cont.)

for the year ended 31 December 2019

32 Share-based payments (cont.)

(ii) Share rights (cont.)

Share rights granted as annual bonus

The share rights have been granted to employees in connection with their annual bonus which entitle the employees to shares in the Company in the future for no payment. The share rights vest over a prescribed vesting period, and are conditional on continuous employment, unless otherwise determined by the Board.

	Number of share rights	Grant date fair value ($)
Opening balance	3,399,398	15,934,546
Granted during the year	401,046	1,486,505
Forfeited during the year	(90,917)	(443,366)
Vested during the year	(522,001)	(2,754,960)
Closing balance	**3,187,526**	**14,272,725**

(iii) Restricted shares

In 2019 the share-based component of remuneration will be delivered as restricted shares in 2020. The restricted shares were priced at the 5-day volume weighted average price of the shares in the Company at 31 December 2019. The restricted shares vest over a prescribed vesting period, and are conditional on continuous employment, unless otherwise determined by the Board. The amortising period has been assessed to commence from the date (1 January 2019) employees first had an expectation of receiving an equity component to their annual bonus.

Restricted shares granted as 2019 annual bonus

As at 31 December 2019, the Group has estimated the expected outcome of the determination of the 2019 annual bonuses, including an estimate of the amount of bonuses to be paid in cash and the amount to be paid in shares.

The profit and loss impact (after tax) of the estimated equity component for services received as at 31 December 2019 was $4,765,005 (31 December 2018: nil).

33 Key Management Personnel compensation

The aggregate compensation made to both Executive and Non-Executive Directors and other members of Key Management Personnel (KMP) of the Company and the Group is set out below. There were 8 KMPs in both 2019 and 2018.

	2019 $'000	2018 $'000
Short-term employee benefits	5,034	4,435
Share-based payment	1,722	1,688
Long service leave	41	89
	6,797	**6,212**

34 Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Loans to related parties

Loans to employees	450	580

The Group has provided several employees with interest-free loans that are used for investment purposes, primarily for investment in funds managed by the Group. The investments purchased have been designated as restricted and are unable to be sold without the approval of the Group. 51% of distributions received on the investments are allocated against the loan balance. The loans are repayable over a maximum term of five years.

Notes to the consolidated financial statements (cont.)

for the year ended 31 December 2019

34 Related party transactions (cont.)

Transactions with Moelis & Company

Moelis & Company Group LP (Moelis & Company) is a global financial institution with subsidiaries and offices in a number of countries. During the year the Group worked with Moelis & Company offices to execute cross border transactions with any revenue share based on the roles of the teams involved. There were also costs allocated from Moelis & Company for global technology and market data expenses.

	2019 $'000	2018 $'000
Net revenue shares to Moelis & Company	–	2,157
Net expenses allocated from Moelis & Company	(102)	(107)
The main expense categories were:		
Information services	(70)	(11)
IT infrastructure	(32)	(96)

Transactions with Key Management Personnel

The following transactions with KMPs took place in 2019:

Andrew Pridham and Julian Biggins entered into property management service arrangements with the Group on the same terms as those offered to third party investors in a property managed by the Group. Total management fees payable by Mr Pridham and Mr Biggins for 2019 amounted to $25,917 and $5,795 respectively.

Christopher Wyke invested $0.2 million alongside, and on the same terms as, third-party investors in the refinancing of a $21.2 million corporate loan provided by the Group to an unrelated entity.

Transactions with funds managed by the Group

The Group is involved in the management of various funds, through it's role as a trustee, manager, financial advisor and underwriter, and charges fees for doing so. The Group also invests in some of the funds which it manages.

	KMP 2019 $'000	Group 2019 $'000	KMP 2018 $'000	Group 2018 $'000
Related party investments				
Redcape Hotel Group	8,054	59,348	6,794	58,547
Moelis Australia Aged Care Fund	4,150	3,833	4,150	6,845
Infinite Care Group	–	2,774	–	4,722
Moelis Australia Senior Secured Credit Fund II	1,598	2,275	1,598	1,901
Moelis Australia Kincare Fund	400	8,721	430	7,247
Moelis Australia Exchange Fund	–	–	2,278	6,448
	14,202	**76,951**	**15,250**	**85,710**

The above amounts for KMPs are recorded at the entry price paid or committed for the relevant investment in accordance with *AASB 124 Related Party Disclosures* and have not been adjusted for subsequent valuation changes.

	2019 $'000	2018 $'000
Related party fees		
Trustee and management fees	20,584	33,808
Financial advisory, underwriting and fund establishment	–	4,515
	20,584	**38,323**
Receivables from related parties		
Current trade and other receivables from related parties	3,932	8,327

Notes to the consolidated financial statements (cont.)

for the year ended 31 December 2019

35 Parent entity disclosures

As at, and throughout, the financial year ended 31 December 2019 the parent entity of the group was Moelis Australia Limited.

	2019 $'000	2018 $'000
Results of the parent entity		
Profit for the year	(642)	8,430
Other comprehensive income	–	–
Total comprehensive income for the year	**(642)**	**8,430**
Financial position of the parent entity at year end		
Current assets	161,522	186,516
Non-current assets	37,449	37,449
Total assets	**198,971**	**223,965**
Current liabilities	1,968	6,361
Non-current liabilities	–	–
Total liabilities	**1,968**	**6,361**
Net assets	**197,003**	**217,604**
Total equity of the parent entity comprising of:		
Contributed equity	174,423	201,735
Reserves	22,877	15,428
Retained earnings	(297)	441
Total equity	**197,003**	**217,604**

The parent entity had no contingencies at year end other than those already disclosed in the financial statements

Notes to the consolidated financial statements (cont.)

for the year ended 31 December 2019

36 Acquisition of interests in subsidiaries

(a) Moelis Australia Master Credit Trust

On 4 January 2019, the Group acquired the power to exercise control in Moelis Australia Master Credit Trust. No gains or losses were incurred from acquisition as it was transacted at arms length. The Group accounts for the entity as a subsidiary from that date onwards.

(b) Subsidiaries

Details of the Group's material subsidiaries at the end of the reporting period are as follows:

			Proportion of ownership interest and voting power held by the Group	
Name of subsidiary	Principal activity	Place of incorporation and operation	31 December 2019	31 December 2018
Moelis Australia Advisory Pty Ltd	Corporate Finance	Australia	100%	100%
Moelis Australia Securities Pty Ltd	Corporate Finance	Australia	100%	100%
Moelis Australia Asset Management Ltd	Asset management	Australia	100%	100%
Moelis Australia Visa Fund Manager Pty Ltd	Asset management	Australia	100%	100%
Moelis Australia Operations Pty Ltd	Administration entity	Australia	100%	100%
Western Funds Management Pty Ltd	Asset management	Australia	100%	100%
A.C.N. 167 316 109 Pty Ltd	Corporate Finance	Australia	100%	100%
Redcape Hotel Group Management Ltd	Asset management	Australia	100%	100%
MAAM GP Pty Ltd	Asset management	Australia	100%	100%
MACDF TT Pty Ltd	Asset management	Australia	100%	100%
Global Wealth Residential Pty Ltd	Asset management	Australia	100%	100%
Rockford Capital Pty Ltd	Asset management	Australia	100%	100%
Armada Funds Management Pty Ltd	Asset management	Australia	100%	100%
Mendoza Ltd	Asset management	Australia	100%	100%
Global Wealth Aged Care Pty Ltd	Asset management	Australia	100%	100%
Moelis Australia Hotel Management Pty Ltd	Asset management	Australia	100%	100%
Moelis Australia Share Plan Pty Ltd	Administration entity	Australia	100%	100%
Moelis Australia Finance Pty Ltd	Administration entity	Australia	100%	100%
Moelis Australia Partners Pty Ltd	Asset management	Australia	100%	100%
MAAM Holdings Pty Ltd	Asset management	Australia	100%	100%
KC Finance Pty Ltd	Asset management	Australia	100%	100%
Eastern Credit Management Pty Ltd	Asset management	Australia	100%	100%
TMASL Finance Pty Ltd	Asset management	Australia	100%	100%
KCF ST Pty Ltd	Asset management	Australia	100%	100%
Moelis Australia Funds Management Pty Ltd	Asset management	Australia	100%	100%
Moelis Australia Foundation Pty Ltd	Administration entity	Australia	100%	100%
MAF Credit Pty Ltd	Asset management	Australia	100%	100%
MAAM Commercial Consulting (Shanghai) Co Ltd	Asset management	China	100%	100%
Moelis Australia Master Credit Trust	Asset management	Australia	100%	0%
Moelis Australia Credit Investments Pty Ltd	Asset management	Australia	100%	0%

Moelis Australia Ltd is the head entity within the tax consolidated group.

The wholly-owned subsidiaries are members of the tax-consolidated group.

Notes to the consolidated financial statements (cont.)

for the year ended 31 December 2019

36 Acquisition of interests in subsidiaries (cont.)

(b) Subsidiaries (cont.)

Composition of the Group		Number of wholly-owned subsidiaries	
Principal Activity	Place of incorporation and operation	31 December 2019	31 December 2018
Asset management	Australia	23	24
Corporate advisory and equities	Australia	3	3
Administration	Australia	4	4
		30	**31**

During the year the Group wound up R88A Finance Pty Ltd.

37 Disposal of interests in subsidiaries

On 1 January 2019, the Group disposed the remaining interest in MAOF3 Pty Ltd, consisting of a loan asset of $12.7 million, which represented all principal and accrued interest. No gains or losses were incurred upon disposal.

On 9 July 2019, the Group disposed the remaining interest in Golden Corridor Management No. 2 Pty Ltd. No gains or losses were incurred upon disposal.

38 Commitments

At 31 December 2019, the Group had capital commitments of $40.7 million (31 December 2018: $27.7 million). Subsequent to 31 December 2019 $5.0 million of this commitment was either cancelled or drawn upon.

39 Subsequent events

There were no material events subsequent to the year end.

Directors' declaration

In the Directors' opinion:

(a) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(b) the financial statements and notes set out on pages 45 to 104 are in accordance with the *Corporations Act 2001* (Cth), including:

(i) compliance with Australian accounting standards; and

(ii) giving a true and fair view of the Company's and the Group's financial positions at 31 December 2019 and their performance for the financial year ended on that date.

Note 1 (a) includes a statement that the financial report complies with International Financial Reporting Standards.

The Directors have been given declarations by the CEO and CFO required by section 295A of the *Corporations Act 2001* (Cth).

This declaration is made in accordance with a resolution of the Directors.

Andrew Pridham
Managing Director and Chief Executive Officer

Sydney

19 February 2020

Jeffrey Browne
Independent Director and Chairman

Sydney

19 February 2020

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Independent Auditor's Report to the Members of Moelis Australia Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Moelis Australia Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 31 December 2019 and of their financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent auditors' report (cont.)

for the year ended 31 December 2019

<table>
<tr><th>Key Audit Matter</th><th>How the scope of our audit responded to the Key Audit Matter</th></tr>
<tr><td>Investment in Redcape

In November 2017, Moelis in conjunction with a number of Moelis managed funds and external investors completed a $677m transaction. The transaction involved Moelis taking a direct 10% investment into Redcape, with total holdings by Moelis and Moelis managed funds of 59%. Moelis determined in FY 17 that Redcape was an associate and was therefore subject to equity accounting method. This equity accounting remained the same when in November 2018, Redcape underwent an IPO.

The share price for Redcape declined subsequent to IPO from $1.13 at listing to $1.11 as at 31 December 2019. The resultant market capitalisation indicating that Moelis investment in Redcape is valued at $57.6m compared to their share of profits from associate to the amount of $59.3m. Moelis has performed an impairment analysis on the investment.</td><td>Our procedures included, but were not limited to:
Analysing management's impairment assessment detailing conclusions made on impairment indicators and noted that the carrying value is supported by the Group's share of net assets of Redcape;
Reconciling the Group's share of net assets of Redcape to the Group's investment in Redcape balance; and
Reviewing the workpapers of the component auditor for Redcape and their assessment of Redcape's impairment assessment.
We assessed the appropriateness of the disclosures in Note 19 to the financial statements.</td></tr>
<tr><td>Investment Banking Revenue Recognition

The revenue generated by the Corporate Advisory Segment within the Group is primarily from investment banking transactions. For the year ended 2019, the advisory segment generated $52.8m in revenue. This revenue stream is recognised by reference to the stage of completion of the transaction at the end of the reporting period as disclosed in Note 1(c) and Note 4.

Revenue recognition required management judgement in respect of when stages of the transaction were completed and revenue was appropriately recognised.</td><td>Our procedures included, but were not limited to:
Evaluating management's controls over the revenue recognition process;
Testing, on a sample basis, the calculation of the fees recognised to the key milestones as outlined in the client engagement letters;
Reviewing subsequent period documentation to assess whether revenue has been recorded in the correct period; and
Reviewing management reporting, board minutes, market available information and making enquiries of management to support the revenue recognised.
We have also assessed the appropriateness of the disclosures in Note 1(c) and Note 4 to the financial statements.</td></tr>
<tr><td>Loan loss allowance under AASB 9 Financial Instruments

As at 31 December 2019, the Group has recognised $4.9m of loss allowance on loans held at amortised cost in accordance with the impairment model under AASB 9 as disclosed in Note 1 (l) and Note 13.

The Group measures loss allowances for a</td><td>Our procedures in conjunction with our specialists included, but were not limited to:
Assessing whether management's expected credit loss model adequately addresses the requirements of AASB 9;
Assessing, on a sample basis, individual exposures to determine if they are classified into appropriate default stages</td></tr>
</table>

financial instrument at an amount equal to the lifetime ECL for stage 2 or stage 3 assets if the credit risk on that financial instrument has increased significantly since recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. Where the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the loss allowance was recognised at an amount equal to a 12 month ECL for stage 1 assets. This loss allowance represents an area of significant judgment and estimation for the Group given the level of assumptions applied in the modelling including, historic loss rates and recoverability	and aging buckets for the purpose of determining impairment loss provision; • Assessing management's assumptions used in the expected credit loss model; and • Assessing adequacy of management overlays to the modelled collective provision by recalculating the coverage provided by the collective impairment provision (including overlays) to loan book, taking into account recent history and performance. We also assessed the appropriateness of the disclosures within notes 1 (l) and 13 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 34 to 41 of the Directors' Report for the year ended 31 December 2019.

In our opinion, the Remuneration Report of Moelis Australia Limited, for the year ended 31 December 2019, complies with section 300A of the *Corporations Act 2001*.

Independent auditors' report (cont.)

for the year ended 31 December 2019

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Delarey Nell
Partner
Chartered Accountants
Sydney, 19 February 2020

Additional information

Dividend Details

Moelis Australia generally pays a dividend on its fully paid ordinary shares once a year following its full-year financial results announcement.

The payment date for the dividend following the announcement of the 2019 results is 4 March 2020.

Share Registry Details

The following information is correct as at 12 February 2020.

Registered Holder	Number of Ordinary Shares Held	% of Ordinary Shares
MOELIS & CO INTERNATIONAL HOLDINGS LLC	29,500,000	20.0%
MAGIC TT PTY LTD	26,800,000	18.2%
MAGIC TT 2 PTY LTD	14,850,000	10.1%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	11,874,426	8.0%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	9,365,226	6.3%
CITICORP NOMINEES PTY LIMITED	5,016,365	3.4%
UBS NOMINEES PTY LTD	5,010,979	3.4%
TOUCHARD PTY LTD <MONAGHAN FAMILY NO 2 A/C>	4,559,077	3.1%
MOELIS AUSTRALIA SHARE PLAN PTY LTD <MOELIS AUST SHARE PLAN A/C>	3,658,168	2.5%
NATIONAL NOMINEES LIMITED	3,484,377	2.4%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	2,808,459	1.9%
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	2,496,890	1.7%
RICHARD GERMAIN AND NINA GERMAIN	1,724,677	1.2%
BNP PARIBAS NOMS PTY LTD <DRP>	1,664,683	1.1%
G J P INVESTMENTS PTY LTD <THE LANGHAM A/C>	651,915	0.4%
WEI YANG	525,532	0.4%
SENO INVESTMENTS PTY LTD	525,000	0.4%
QUOTIDIAN NO. 2 PTY LTD	509,687	0.3%
BUTTONWOOD NOMINEES PTY LTD	458,000	0.3%
AMP LIFE LIMITED	358,669	0.2%

Distribution of Shareholders

Holding	Number of Shareholders	Number of Shares	% of Ordinary Shares
1 – 1000	369	181,067	0.12%
1,001 – 5,000	755	2,262,072	1.53%
5,001 – 10,000	379	2,940,642	1.99%
10,001 – 100,000	421	11,453,250	7.76%
100,001 and over	50	130,804,039	88.60%

Additional information (cont.)

Unmarketable parcels

There were 44 shareholders (representing 769 shares) who held less than a marketable parcel.

Substantial Shareholders

The following holders are registered by the Company as a substantial shareholder, having declared a relevant interest, in accordance with the Corporations Act, in the shares below:

Name	Number of Shares	% of Ordinary Shares
Moelis Australia Limited	45,971,870	31.14%
Moelis & Company Group LP, Moelis & Company International Holdings LLC, Kenneth Moelis	29,500,000	19.98%
Magic TT Pty Limited, Andrew Pridham	26,800,000	18.15%
Magic TT 2 Pty Limited, Christopher Wyke	14,850,000	10.06%

Voting Rights

At meetings of members or classes of members, each member may vote in person or by proxy, attorney or (if the member is a body corporate) corporate representative. On a show of hands, every person present who is a member or a proxy, attorney or corporate representative of a member has one vote and on a poll every member present in person or by proxy, attorney or corporate representative has one vote for each fully paid Share held by the member.

Voting Escrow Shares

As at 12 February 2020, 41,595,744 Shares were subject to voluntary escrow. The voluntary escrow period ends on the dates and for the amount of Shares set out in the table below.

Date of Release	Shares Released from Escrow
10 April 2020	5,000,000
18 July 2020	1,595,744
10 April 2021	11,666,666
10 April 2022	11,666,667
10 April 2023	11,666,667

Options

Size of Holding	Number of Holders	Options
1 – 1000	–	–
1,001 – 5,000	–	–
5,001 – 10,000	7	70,000
10,001 – 100,000	20	876,250
100,001 and over	13	3,883,550
Total	**40**	**4,829,800**

Glossary

Term	Definition
AASB	Australian Accounting standards Board
ASX	Australian Securities Exchange of ASX Limited (ABN 98 008 624 691) and the market operated by ASX Limited.
AUM	Assets under management
Board	The Board of Directors of Moelis Australia Limited
Company	Moelis Australia Limited (ABN 68 142 008 428), a company limited by shares
Corporations Act	*Corporations Act 2001* (Cth)
Directors	The Directors of the Company as at the date of this Report
EBITDA	Earnings before interest, tax, depreciation and amortisation
ECL	Expected credit loss
ECM	Equity capital markets
Employees	Employees of the Group
Employee Share Trust	Moelis Australia Employee Share Trust established by trust deed dated 15 March 2017
EPS	Earnings per share
Equity Incentive Plan	Moelis Australia Equity Incentive Plan
Existing Staff Trusts	Trusts established prior to the IPO of the Company, which hold Shares on behalf of current and former employees of the Group.
FVTOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
Group	The Company and its subsidiaries
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IPO	Initial Public Offering
MAF	The Moelis Australia Foundation
Moelis Australia	The Company and/or its subsidiaries as the context requires
Moelis & Company	Moelis & Company Group LP, listed on the New York Stock Exchange
NPAT	Net profit after tax
NYSE	New York Stock Exchange
REIT	Real Estate Investment Trust
ROU	Right-of-use
Shareholder	The holder of a share
Shares	Fully paid ordinary shares in the capital of the Company
Share options	Options over unissued shares
Share rights	Rights to receive shares at some point in the future.
Small Cap	Any company outside the ASX 100 and measured against the S&P/ASX Small Ordinaries Index
Staff Trustee	Magic TT Pty Ltd (ACN 143 275 138) and Magic TT 2 Pty Ltd (ACN 636 844 356) as trustees of the Existing Staff Trusts

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Corporate directory

Directors

Jeffrey Browne (Chairman)
Kenneth Moelis
Joseph Simon
Andrew Pridham
Julian Biggins

Company Secretary

Janna Robertson

Registered Office

(Principal place of business)
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moelis@boardroomlimited.com.au

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