
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

31 DECEMBER 2015

MOELIS AUSTRALIA LIMITED
(FORMERLY MOELIS AUSTRALIA HOLDINGS PTY LIMITED)
A.B.N. 68 142 008 428

Directors' report	1
Auditors declaration	3
Independent auditor's report	4
Directors' declaration	6
Statement of profit or loss and other comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11

MOELIS AUSTRALIA LIMITED
DIRECTORS REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

The directors of Moelis Australia Limited (the "Company") present their Directors' Report together with the consolidated Financial Statements for the financial year ended 31 December 2015. The consolidated Financial Statements represent the Company and its consolidated entities, Moelis Australia (the "Group").

The names of the directors of the Company during or since the end of the financial period are:

	Appointed	Resigned
Mr K. Moelis	7/07/2010	
Mr J Simon	7/06/2016	
Mr A. Pridham	25/05/2010	
Mr J Biggins	2/02/2017	
Ms M. Miyakawa	7/07/2010	8/06/2016
Mr H. Thomson	5/07/2013	2/02/2017

The above named directors held office during the whole of the financial year and since the end of the financial year, except if otherwise indicated above.

Principal Activities

The group's principal activities in the course of the financial year were:

- corporate finance; and
- asset management.

Review of operations

The total comprehensive income after tax for the year ended 31 December 2015 was a loss of \$(4,280,330), and for the year ended 31 December 2014 it was \$1,499,912. The group is a financial services provider with offices in Sydney and Melbourne. Established in 2009, the group's expertise covers advisory and capital markets, institutional stockbroking and asset management.

Changes in state of affairs

On the balance date of 31 December 2015, the legal name of the Company was Moelis Australia Holdings Pty Ltd. On 3 February 2017 this was changed to Moelis Australia Pty Limited. On 21 March 2017 this was changed to Moelis Australia Limited.

Likey Developments

SuIn January 2017 the board agreed to establish a due diligence process relating to the prospective listing of the securities of the Company on the Australian Stock Exchange (ASX) by way of an IPO. The proposed IPO includes the issue of new shares representing 20% of the expanded issued capital of the Company, to raise approximately \$58.8m. Details of the prospectus share offer and listing can be found in the prospectus which will be lodged with the Australian Stock Exchnage should the IPO proceed.

Whilst the Board is endeavouring to successfully complete ASX listing, there are various statutory, procedural and market related factors which may adversely impact the process, therefore providing no certainty that listing will occur.

Subsequent Events

In June 2015 Moelis Australia Visa Fund Management Pty Ltd (MAVFM) entity, a wholly owned subsidiary of Moelis Australia entered into a contract with a service provider to promote the Company's Significant Investor Visa funds , details of which are included in note 31. In February 2017, MAVFM agreed with the service provider to terminate this agreement in return for a lump sum payment of \$12.6m, conditional on the proposed IPO proceeding. If the IPO proceeds and the service contract is terminated, MAVFM intends to undertake the promotional activities itself.

Dividends

The directors have not at this stage recommended the payment of a dividend in relation to the current financial year.

Key management personnel equity holdings

There were no options or shares under option granted to key management personnel during the financial year.

Indemnification of officers and auditors

During the financial year, the group paid a premium in respect of a contract insuring the directors and officers of the Group against a liability incurred in carrying out their duties to the extent permitted by the Corporations Act 2001. In addition, a deed has been provided to certain directors and officers indemnifying them in certain circumstances from losses incurred by reason of their role.

The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The group has not, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an auditor of the Group.

Auditor's independence declaration

The auditor's independence declaration is included after this report.

Signed in accordance with a resolution of directors.

On behalf of the Directors



A. Pridham

Director

Sydney, 27 March 2017



J. Biggins

Director

Sydney, 27 March 2017



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

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

DX 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

The Board of Directors
Moelis Australia Pty Limited
Governor Phillip Tower
L27/1 Farrer Place
SYDNEY NSW 2000

27 March 2017

Dear Board Members

Moelis Australia Pty 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 Pty Limited.

As lead audit partner for the audit of the financial statements of Moelis Australia Pty Limited for the financial year ended 31 December 2015, 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

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

We have audited the accompanying financial statements of Moelis Australia Limited, which comprises the consolidated statements of financial position as at 31 December 2015 and 31 December 2014, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of cash flows and the statements of changes in equity for the financial years then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the respective year ends or from time to time during the financial years as set out on pages 6 to 49.

Directors' Responsibility for the Financial Statements

The directors of the company are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion:

- (a) the financial statements of Moelis Australia Limited present fairly, in all material respects, the company's and consolidated entity's financial position as at 31 December 2015 and 31 December 2014 and their financial performance for the years then ended in accordance with Australian Accounting Standards; and
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 2.

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU



Delarey Nell
Partner
Chartered Accountants
Sydney, 27 March 2017

MOELIS AUSTRALIA LIMITED
DIRECTORS DECLARATION
FOR THE YEAR ENDED 31 DECEMBER 2015

The directors declare that:

- (i) in the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable;
- (ii) in the directors' opinion, the attached financial statements and notes thereto are in compliance with International Financial Reporting Standards, as stated in note 2.1 to the financial statements; and
- (iii) in the directors' opinion, the attached financial statements and notes thereto are in compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors.

A blue ink signature, appearing to be 'AP', written in a cursive style.

Andrew Pridham
Director

A black ink signature, appearing to be 'JB', written in a cursive style.

Julian Biggins
Director

Date 27 March 2017

MOELIS AUSTRALIA LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

		Year Ended 31 December 2015 Consolidated \$	Year Ended 31 December 2014 Consolidated \$
Fee and commission income	4	46,711,046	39,043,485
Fee and commission expense	3	(7,788,018)	(3,979,185)
Net fee and commission income		38,923,028	35,064,300
Other gains and losses	6	1,213,446	151,975
Bad debt expense	8	-	(375,000)
Investment income	5	534,401	771,985
Net income		40,670,875	35,613,260
Personnel costs		29,221,981	25,404,240
Marketing expenses		1,280,445	1,162,083
Occupancy expenses		2,129,907	1,888,010
Communications, data and information technology expenses		2,212,614	1,881,496
Restructuring costs	31	12,550,000	-
Establishment of Melbourne team and office		-	1,042,964
GWP Write-off		-	1,050,761
Other expenses		1,185,517	864,516
Total expenses		48,580,464	33,294,070
Profit/(loss) before tax		(7,909,589)	2,319,190
Income tax benefit/(expense)	7	2,343,736	(794,997)
PROFIT/(LOSS) FOR THE YEAR		(5,565,853)	1,524,193
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Net unrealised gain/(loss) on AFS investments	30	1,285,523	(24,281)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		(4,280,330)	1,499,912
(LOSS)/PROFIT ATTRIBUTABLE TO:			
Owners of the company		(4,280,330)	1,499,912
Earnings per share			
From continuing operations			
Basic (cents per share)		-59.2	16.2
Diluted (cents per share)		-59.2	16.2

The above statement of comprehensive income is to be read in conjunction with the accompanying notes.

MOELIS AUSTRALIA LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Notes	As at 31 December 2015 Consolidated \$	As at 31 December 2014 Consolidated \$	As at 31 December 2013 Consolidated \$
Assets				
Current assets				
Cash and cash equivalents	18	24,008,626	21,385,102	22,921,589
Receivables	8	9,393,859	7,569,291	2,652,404
Other financial assets available-for-sale	22	4,589,145	5,614,531	5,621,806
Other assets	9	2,319,827	1,376,652	520,391
Total current assets		40,311,457	35,945,576	31,716,190
Non-current assets				
Restricted cash	10	2,924,379	2,924,379	2,814,975
Other assets	13	949,611	1,169,084	435,956
Other financial assets	22	628,588	-	-
Property, plant and equipment	11	689,552	917,793	200,593
Investments in associates	23	1,500,000	1,500,000	-
Deferred tax asset	7	2,648,042	677,233	818,338
Goodwill	12	1,325,505	1,325,505	1,325,505
Total non-current assets		10,665,677	8,513,994	5,595,367
Total assets		50,977,134	44,459,570	37,311,557
Liabilities				
Current liabilities				
Creditors	14	4,903,032	3,925,602	1,630,960
Provisions	15	14,832,477	12,564,087	14,540,127
Total current liabilities		19,735,509	16,489,689	16,171,087
Non-current liabilities				
Creditors	14	166,681	222,242	-
Provisions	15	7,850,024	156,672	-
Deferred rent		233,188	318,905	352,672
Total non-current liabilities		8,249,893	697,819	352,672
Total liabilities		27,985,402	17,187,508	16,523,759
Net assets		22,991,732	27,272,062	20,787,798
Equity				
Issued capital	16	9,400,000	9,400,000	9,400,000
Reserves	30	1,218,001	(67,522)	(43,241)
Retained earnings		6,977,400	12,543,253	11,019,060
Members contribution		5,396,331	5,396,331	411,979
Total shareholders equity		22,991,732	27,272,062	20,787,798

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

MOELIS AUSTRALIA LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

Consolidated	Share Capital \$	Retained Earnings \$	Investments Revaluation Reserve	Members Contribution *	Total Equity \$
Balance at 1 January 2014	9,400,000	11,019,060	(43,241)	411,979	20,787,798
Profit/(loss) for the period	-	1,524,193	-	-	1,524,193
Other comprehensive income for the period	-	-	(24,281)	- *	(24,281)
Members contribution	-	-		4,984,352	4,984,352
Balance at 31 December 2014	9,400,000	12,543,253	(67,522)	5,396,331	27,272,062
Balance at 1 January 2015	9,400,000	12,543,253	(67,522)	5,396,331	27,272,062
Profit/(loss) for the period	-	(5,565,853)	-	-	(5,565,853)
Other comprehensive income for the period	-	-	1,285,523	-	1,285,523
Balance at 31 December 2015	9,400,000	6,977,400	1,218,001	5,396,331	22,991,732

* Represents a contribution from shareholders which does not attract any additional rights to distributions or on the wind up of the group

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

MOELIS AUSTRALIA LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Year Ended 31 December 2015 \$ Consolidated	Year Ended 31 December 2014 \$ Consolidated
Cash flows from operating activities			
Receipts from customers		43,143,719	35,667,139
Interest received		552,163	922,702
Amounts repaid to affiliates (Moelis US) under service agreements		(201,151)	(167,219)
Payments to suppliers and employees		(43,749,202)	(37,241,413)
Cash generated from operations		(254,471)	(818,791)
Income taxes paid		(1,196,431)	(1,620,130)
Net cash generated by operating activities	18	(1,450,902)	(2,438,921)
Cash flows from investing activities			
Payments to acquire financial assets		(2,344,479)	(12,637,942)
Proceeds on sale of financial assets		5,984,879	12,186,196
Investment in joint venture		(500,000)	(1,000,000)
Payments/(receipts) for employee loans		292,884	(1,489,118)
Payments to acquire property, plant and equipment		(30,490)	(830,043)
Net cash (used in)/generated by investing activities		3,402,794	(2,770,907)
Cash flows from financing activities			
Capital contribution		-	4,594,921
Net cash used in financing activities		-	3,594,921
Net cash increase in cash and cash equivalents		1,951,892	(1,614,907)
Cash and cash equivalents at the beginning of the year		21,385,102	22,921,589
Effects of exchange rate changes on the balance of cash held in foreign currencies		671,632	78,420
Cash and cash equivalents at the end of the year	18	24,008,626	21,385,102

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

1 General Information

Moelis Australia Limited (the Company) is a public company incorporated in Australia. The addresses of its registered office and principal place of business are as follows:

Registered Office	Principal Place of business
Level 27, Governor Phillip Tower 1 Farrer Place Sydney NSW 2000	Level 27, Governor Phillip Tower 1 Farrer Place Sydney NSW 2000

The principal activities of the Company and its controlled entities (the Group) are corporate finance and asset management.

2 Significant accounting policies

2.1 Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations. The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity. Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards ('IFRS').

These are the Group's first financial statements prepared in accordance with IFRS. This resulted in no change to recognition and measurement of items within the financial statements. Disclosures have been amended in line with requirements.

2.2 Basis of preparation

The financial statements have been prepared on the basis of historical cost, except for certain financial instruments that are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars. The financial statements represent the period from 1 January 2015 to 31 December 2015.

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 'Impairment of Assets'.

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.

The financial statements were authorised for issue by the Directors on 27 March 2017.

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements:

2.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and 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 unilaterally. 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 power, 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.

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.

The financial statements were authorised for issue by the Directors on 21 March 2017.

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements:

2.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and 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 unilaterally. 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 power, 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.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

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

a Revenue recognition

Commission revenue arising on the Group's institutional stockbroking service is recognised in the profit or loss when the commission is due and payable from the 3rd party clearer on the trade date of the transaction which also reflects the period the services are provided. Asset Management fees are recognised in the period the services are provided. The recognition of advisory revenue is determined with reference to the stage of completion of the transaction at the end of the reporting period and where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent the related expenditure is recoverable.

b Operating lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. The lease on the Sydney premises was renegotiated in 2016 - see note 19.

c Foreign Currency Transactions

The financial statements of the Group are presented in the currency of the primary economic environment in which the Group operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of the Group are expressed in Australian dollars ('\$'), which is the functional currency of the Group and the presentation currency for the consolidated financial statements.

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 retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

d 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 at their nominal values using the remuneration rate expected to apply at the time of settlement.

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.

e Taxation

The Group is a tax-consolidated Group (Group) under Australian taxation law, of which Moelis Australia Limited is the head entity. As a result, Moelis Australia Limited is subject to income tax as the head entity of the Group. The consolidated current and deferred tax amounts for the Group are allocated to the members of the Group using the 'separate taxpayer within group' approach, with deferred taxes being allocated by reference to the carrying amounts in the 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 these amounts.

Entities within the 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, Moelis Australia Limited 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 that 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 from (or distribution to) equity participants arises in relation to income taxes.

The tax sharing agreement entered into between members of the 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 Group. The effect of the tax sharing agreement is that each company in the Group's liability for tax payable by the Group is limited to the amount 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 the 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 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 differences 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.

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 in 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 the business combination.

f Property, plant and equipment

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation 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: computer and office equipment 3 years, furniture and fittings 7 years and 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.

g Impairment of tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible 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 also 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.

h 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 Group 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.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

i 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.

j 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.

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.

k 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. Transaction 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), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. 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.

AFS financial assets

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (i) loans and receivables, (i) held-to-maturity or (iii) financial assets at fair value through profit or loss.

Listed shares held by the Group that are traded in an active market are classified as AFS and are stated at fair value. The Group also has investments in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets and are held at cost. Fair value is determined in the manner described in note 26. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Impairment of financial assets

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.

For AFS equity instruments, including listed or unlisted shares, objective evidence of impairment includes information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered. A significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment for shares classified as available-for-sale.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on an individual basis. Objective evidence of impairment could include the Group's past experience of collecting payments, an increase in the number of delayed payments past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities

Other financial liabilities

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

I Critical accounting judgments and key sources of estimation uncertainty

The preparation of consolidated financial statements requires the use of judgment, estimates and assumptions. Should different assumptions or estimates be applied, the resulting values may change, impacting the net assets and income of the Group. These estimates and assumptions are reviewed on an ongoing basis. The nature of the significant estimates and judgments made are noted below.

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities is disclosed in note 26.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit 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.

The carrying amount of goodwill at 31 December 2015 was \$1.3 million (31 December 2014 \$1.3m).

m Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the 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 for goodwill is recognised directly in profit or loss. An 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.

n 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.

The requirements of AASB 139 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136 'Impairment of Assets' 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.

2.4 Application of new and revised Accounting Standards

Amendments to AASBs and the new Interpretation that are mandatorily effective for the current year

In the current year, the Company has applied a number of amendments to AASBs and a new Interpretation issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 July 2014, and therefore relevant for the current year end.

AASB 2012-3 'Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities'

The amendments to AASB 132 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments have been applied retrospectively. As the Company does not have any offsetting arrangements in place, the application of the amendments does not have any material impact on the financial statements.

AASB 2013-5 'Amendments to Australian Accounting Standards - Investment Entities'

The amendments to AASB 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its and separate financial statements. As the Company is not an investment entity (assessed based on the criteria set out in AASB 10 as at 1 July 2014), the application of the amendments does not have any material impact on the amounts recognised in the Company's financial statements.

AASB 2014-1 'Amendments to Australian Accounting Standards' (Part A: Annual Improvements 2010-2012 and 2011-2013 Cycles)

The Annual Improvements 2010-2012 has made a number of amendments to various AASBs, which are summarised below.

* The amendments to the basis for conclusions of AASB 13 clarify that the issue of AASB 13 and consequential amendments to AASB 139 and AASB 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The Annual Improvements 2011-2013 has made a number of amendments to various AASBs, which are summarised below.

* The amendments to AASB 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, AASB 139 or AASB 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within AASB 132.

The application of these amendments does not have any material impact on the amounts recognised in the Company's financial statements.

AASB 1031 'Materiality', AASB 2013-9 'Amendments to Australian Accounting Standards' - Conceptual Framework, Materiality and Financial Instruments' (Part B: Materiality), AASB 2014-1 'Amendments to Australian Accounting Standards' (Part C: Materiality)

The revised AASB 1031 is an interim standard that cross-references to other Standards and the 'Framework for the Preparation and Presentation of Financial Statements' (issued December 2013) that contain guidance on materiality. The AASB is progressively removing references to AASB 1031 in all Standards and Interpretations. Once all of these references have been removed, AASB 1031 will be withdrawn. The adoption of AASB 1031, AASB 2013-9 (Part B) and AASB 2014-1 (Part C) does not have any material impact on the amounts recognised in the Company's financial statements.

The application of these amendments does not have any material impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations that were issued but not yet effective are listed below.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments' and the relevant amending standards (1)	1 January 2018	31 December 2018
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 January 2018	31 December 2018
AASB 2015-1 'Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2017	31 December 2017
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2017	31 December 2017
AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'	1 July 2015	31 December 2016
AASB 16 'Leases'	1 January 2019	31 December 2019

(1) The AASB has issued the following versions of AASB:

- * AASB 9 'Financial Instruments' (December 2009) and the relevant amending standard;
- * AASB 9 'Financial Instruments' (December 2010) and the relevant amending standards;
- * AASB 2013-9 'Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments', Part C - Financial Instruments
- * AASB 9 'Financial Instruments' (December 2014) and the relevant amending standards

All the standards have an effective date of annual reporting periods beginning on or after 1 January 2018. Either AASB 9 (December 2009) or AASB 9 (December 2010) can be early adopted if the initial application date is before 1 February 2015. After this date only AASB 9 (December 2014) can be early adopted.

The potential effect of the revised Standards/Interpretations on the Company's financial statements has not yet been determined.

MOELIS AUSTRALIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Year Ended 31 December 2015 Consolidated \$	Year Ended 31 December 2014 Consolidated \$
3 Fee and commission expense		
Costs associated with execution and clearing of securities trading	883,802	749,866
Commissions and fees paid on asset management revenue	6,904,216	3,229,319
Total fee and commission expense	<u>7,788,018</u>	<u>3,979,185</u>

4 Segment information

4.1 Services from which reportable segments derive their revenues

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of services provided. The directors of the Company have chosen to organise the Group around differences in services.

Specifically, the Group's reportable segments under AASB 8 are as follows:

- Corporate advisory and equities
- Asset management

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

The asset management segment provides asset and fund management services to Moelis managed funds and to individual clients.

4.2 Segment revenues and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment.

	Segment revenue 31/12/2015	Segment revenue 31/12/2014
Corporate advisory and equities	32,752,430	33,567,826
Asset management	13,958,616	5,475,659
Total for continuing operations	<u>46,711,046</u>	<u>39,043,485</u>

MOELIS AUSTRALIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Year Ended 31 December 2015 Consolidated \$	Year Ended 31 December 2014 Consolidated \$
	Segment profit 31/12/2015	Segment profit 31/12/2014
Corporate advisory and equities	3,206,362	5,034,777
Asset management	(9,565,627)	(1,382,514)
Total for continuing operations	<u>(6,359,265)</u>	<u>3,652,263</u>
Central administration costs	(1,550,324)	(1,333,073)
Profit before tax (continuing operations)	<u>(7,909,589)</u>	<u>2,319,190</u>

Segment revenue reported above represents revenue generated from external customers.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2 and is one of the measures reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

4.3 Segment assets and liabilities

	31/12/2015	31/12/2014
Segment assets		
Corporate advisory and equities	40,571,722	39,021,115
Asset management	6,592,939	4,615,210
Total segment assets	<u>47,164,662</u>	<u>43,636,325</u>
Unallocated	3,812,472	823,245
Consolidated total assets	<u>50,977,134</u>	<u>44,459,570</u>
Segment liabilities		
Corporate advisory and equities	14,278,129	14,676,310
Asset management	13,707,273	2,511,199
Total segment liabilities	<u>27,985,402</u>	<u>17,187,508</u>
Unallocated	-	-
Consolidated total liabilities	<u>27,985,402</u>	<u>17,187,508</u>

MOELIS AUSTRALIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Year Ended 31 December 2015	Year Ended 31 December 2014
Consolidated	Consolidated
\$	\$

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than current and deferred tax assets. Goodwill is allocated to reportable segments as described in note 12. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and
- all liabilities are allocated to reportable segments other than current and deferred tax liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

4.4 Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services.

Corporate finance	32,752,430	33,567,826
Asset management	13,958,616	5,475,659
	<u>46,711,046</u>	<u>39,043,485</u>

4.5 Geographical information

The Group operates in Australia.

4.6 Information about major customers

No single customer contributed 10% or more to the Group's revenue for both 2015 and 2014.

5 Investment income

Continuing operations

Interest income - bank deposits	328,784	414,072
Dividends and distributions from investments	205,617	357,914
	<u>534,401</u>	<u>771,986</u>

The following is an analysis of investment income by category of asset.

Available-for-sale financial assets	205,617	357,914
Cash and bank balances	328,784	414,072
	<u>534,401</u>	<u>771,986</u>

Income relating to realised gains/(losses) on financial assets classified at fair value through profit or loss is included in 'other gains and losses' in note 6.

MOELIS AUSTRALIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Year Ended 31 December 2015 Consolidated \$	Year Ended 31 December 2014 Consolidated \$
6 Other gains and losses		
Continuing operations		
Gain on disposal of available-for-sale investments	633,073	91,827
Net foreign exchange gains/(losses)	580,373	60,148
	<u>1,213,446</u>	<u>151,975</u>
7 Income taxes relating to continuing operations		
7.1 Income tax recognised in profit or loss		
Deferred tax		
In respect of the current year	2,158,299	(151,651)
	<u>2,158,299</u>	<u>(151,651)</u>
Current tax		
In respect of the current year	182,430	(643,979)
In respect of prior years	3,007	633
	<u>185,437</u>	<u>(643,346)</u>
Income tax benefit/(expense) recognised in profit or loss	<u>2,343,736</u>	<u>(794,997)</u>
The income tax for the current year can be reconciled to the accounting profit as follows:		
Profit before tax from continuing operations	<u>(7,909,589)</u>	<u>2,319,190</u>
Income tax expense calculated at 30%	2,372,877	(695,757)
Effect of income that is exempt from tax	-	-
Effect of expenses that are not deductible in determining taxable profit	(32,148)	(99,873)
	<u>2,340,729</u>	<u>(795,630)</u>
Adjustments recognised in the current year in relation to the current tax of prior years	3,007	633
Income tax benefit/(expense) recognised in profit or loss	<u>2,343,736</u>	<u>(794,997)</u>

The tax rate used for the 2015 and 2014 reconciliations above is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

MOELIS AUSTRALIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Year Ended 31 December 2015 Consolidated \$	Year Ended 31 December 2014 Consolidated \$
7.2 Income tax recognised in other comprehensive income		
Deferred tax		
Fair value remeasurement of available-for-sale investments	(550,939)	10,406
Income tax expense recognised in other comprehensive income	<u>(550,939)</u>	<u>10,406</u>
7.3 Current tax assets and liabilities		
Current tax assets		
Tax refund receivable	<u>1,164,431</u>	<u>-</u>
Current tax liabilities		
Income tax payable	<u>-</u>	<u>146,011</u>
7.4 Deferred tax balances		
Deferred tax assets	<u>2,648,042</u>	<u>677,233</u>

	Opening balances	Recognised in profit or loss	Recognised in other comprehensive income	Recognised directly in equity	Reclassified from equity to profit or loss	Acquisitions / disposals	Other	Closing balance
2015								
Temporary differences								
Property, plant & equipment	25,592	5,378	-	-	-	-	-	30,970
AFS financial assets	28,938	-	(550,939)	-	-	-	-	(522,001)
Deferred revenue	(102,656)	(225,049)	-	-	-	-	-	(327,705)
Provisions	386,628	2,666,323	-	-	-	-	-	3,052,950
Doubtful debts	30,686	(7,500)	-	-	-	-	-	23,186
Expense accruals	212,374	108,311	-	-	-	-	-	320,684
Other	95,672	(25,715)	-	-	-	-	-	69,956
	<u>677,233</u>	<u>2,521,747</u>	<u>(550,939)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,648,042</u>

MOELIS AUSTRALIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Year Ended 31 December 2015 Consolidated \$						Year Ended 31 December 2014 Consolidated \$	
2014	Opening balances	Recognised in profit or loss	Recognised in other comprehensive income	Recognised directly in equity	Reclassified from equity to profit or loss	Acquisitions / disposals	Other	Closing balance
Temporary differences								
Property, plant & equipment	34,602	(9,010)	-	-	-	-	-	25,592
AFS financial assets	18,532	-	10,406	-	-	-	-	28,938
Deferred revenue	(72,364)	(30,292)	-	-	-	-	-	(102,656)
Provisions	448,949	(62,321)	-	-	-	-	-	386,628
Doubtful debts	32,674	(1,987)	-	-	-	-	-	30,686
Expense accruals	250,144	(37,770)	-	-	-	-	-	212,374
Other	105,802	(10,130)	-	-	-	-	-	95,672
	818,338	(151,511)	10,406	-	-	-	-	677,233

8 Receivables

Accounts receivable	514,923	617,735
Fees receivable	8,406,757	5,955,228
Interest receivable	25,141	38,598
Affiliate receivable - Moelis US	342,466	-
Sundry debtors	104,572	957,730
	<u>9,393,859</u>	<u>7,569,291</u>

Fees receivable disclosed above include amounts (see below for aged analysis) 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.

Age of receivables that are past due but not impaired

60-90 days	55,416	41,250
90-120 days	-	-
Total	<u>55,416</u>	<u>41,250</u>
Average age (days)	<u>78</u>	<u>76</u>

MOELIS AUSTRALIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Year Ended 31 December 2015 Consolidated \$	Year Ended 31 December 2014 Consolidated \$
<u>Movement in the allowance for doubtful debts</u>		
Balance at beginning of the year	514,788	108,913
Impairment losses recognised on receivables		412,500
Amounts written off during the year as uncollectable	(375,000)	-
Impairment losses reversed	(62,500)	(6,625)
Balance at end of the year	<u>77,288</u>	<u>514,788</u>

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period.

Included in the allowance for doubtful debts are individually impaired trade receivables amounting to \$0 (31 December 2014 \$375,000) which have been placed under liquidation. The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected liquidation proceeds.

9 Other assets (current)

Prepayments	436,436	422,253
Deposits	-	32,704
Income tax refund receivable	1,164,431	146,011
Employee loans	682,579	755,990
Other	36,381	19,694
	<u>2,319,827</u>	<u>1,376,652</u>

10 Restricted cash

Bank guarantee relating to premises leases	2,274,379	2,274,379
Bank guarantee relating to 3rd party clearer	500,000	500,000
Bank guarantee relating to credit card facility	150,000	150,000
	<u>2,924,379</u>	<u>2,924,379</u>

MOELIS AUSTRALIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Year Ended 31 December 2015 Consolidated \$	Year Ended 31 December 2014 Consolidated \$
11 Plant and equipment		
Cost or valuation		
Office equipment - at cost		
Balance at beginning of year	837,528	461,644
Additions	24,046	375,884
Balance at end of year	861,574	837,528
 Furniture and fixtures - at cost		
Balance at beginning of year	196,917	92,188
Additions	2,450	104,729
Balance at end of year	199,367	196,917
 Leasehold improvements - at cost		
Balance at beginning of year	458,054	108,624
Additions	3,994	349,430
Balance at end of year	462,048	458,054
 Accumulated depreciation and impairment		
Balance at beginning of year	(574,706)	(461,862)
Depreciation expense	(258,731)	(112,844)
Balance at end of year	(833,437)	(574,706)
 Total plant and equipment	689,552	917,793

MOELIS AUSTRALIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Year Ended 31 December 2015 Consolidated \$	Year Ended 31 December 2014 Consolidated \$
12 Goodwill		
Cost	1,325,505	1,325,505
	<u>1,325,505</u>	<u>1,325,505</u>

12.1 Allocation of goodwill to cash-generating units

Goodwill has been allocated for impairment testing purposes to the Corporate Finance cash-generating unit.

The recoverable amount of the Corporate Finance segment and cash-generating unit is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors and a discount rate of 2.5% per annum. The directors believe that any reasonable possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

Revenue projections are based on plans for the 6 years 2016 to 2021. The projections are extrapolated in future years based on knowledge and assumptions around the growth in revenue, determined using statistical market data, and the level of expense required to support it. The directors believe that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

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. expectations about possible variations in the amount or timing of those future cash flows;
3. the time value of money, represented by the current market risk-free rate of interest;
4. the price for bearing the uncertainty inherent in the asset; and
5. other factors, such as illiquidity, that market participants would reflect in pricing the future cash flows the entity expects to derive from the asset.

13 Other assets (non current)

Loans to employees	949,611	-	1,169,084
	<u>949,611</u>		<u>1,169,084</u>

MOELIS AUSTRALIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Year Ended 31 December 2015 Consolidated \$	Year Ended 31 December 2014 Consolidated \$
14 Creditors (current)		
Trade creditors	26,437	19,868
Accounts payable and accrued expenses	4,381,872	2,049,607
Affiliate payable - Moelis US	114,309	1,122,860
Other liabilities	225,000	500,000
GST payable (net)	155,414	233,267
	<u>4,903,032</u>	<u>3,925,602</u>
Creditors (non current)		
Other liabilities	<u>166,681</u>	<u>222,242</u>
15 Provisions		
Employee benefits (i)	13,632,501	12,252,102
Onerous lease (ii)	-	468,657
Onerous contract - refer note 31	9,050,000	-
	<u>22,682,501</u>	<u>12,720,759</u>
Curent	14,832,477	12,564,087
Non-current	7,850,024	156,672
	<u>22,682,501</u>	<u>12,720,759</u>

(i) The provision for employee benefits represents annual leave, long service leave and bonus entitlements accrued. The increase in the carrying amount of the current provision is due to the increase in the bonus accrual. The non current provision has increased as more employees have become eligible for long service leave.

(ii) The provision for onerous lease contracts represents the present value of the future lease payments that the Group is presently obligated to make under non-cancellable onerous operating lease contracts, less revenue expected to be earned on the lease, including estimated future sub-lease revenue, where applicable. The estimate may vary as a result of changes in the utilisation of the leased premises and sub-lease arrangements where applicable. The unexpired term of the lease is less than a year.

MOELIS AUSTRALIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Year Ended 31 December 2015 Consolidated \$	Year Ended 31 December 2014 Consolidated \$
16 Issued capital		
Issued and paid up capital	9,400,000	9,400,000
10,000,000 Ordinary shares		
	<u>9,400,000</u>	<u>9,400,000</u>

Ordinary shares carry one vote per share and carry a right to dividends.

17 Dividends

Ordinary shares

Fully franked at a 30% tax rate

-	-
<u>-</u>	<u>-</u>

Adjusted franking account balance

7,713,469

5,352,071

Impact on franking account balance of dividends
not recognised

-

-

For the purpose of the statement of cash flows, cash and cash equivalents include cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

Cash and bank balances	24,008,626	21,385,102
	<u>24,008,626</u>	<u>21,385,102</u>

Reconciliation of profit for the period to net cash flows from operating activities

Cash flows from operating activities

Profit/(loss) for the year	(5,565,853)	1,524,193
Income tax expense recognised in profit or loss	(2,343,736)	794,997
Net foreign exchange (gain)/loss	(580,373)	(60,148)
Realised gain on AFS investments	(633,073)	(91,827)
Expense re equity-settled shared-based payments	-	389,430
Depreciation of non current assets	154,498	112,844
	<u>(8,968,537)</u>	<u>2,669,489</u>

MOELIS AUSTRALIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Year Ended 31 December 2015	Year Ended 31 December 2014
	Consolidated	Consolidated
	\$	\$
Movements in working capital		
(Increase)/decrease in trade and other receivables	(1,824,567)	(4,916,887)
(Increase)/decrease in other assets	1,834	49,558
Increase/(decrease) in trade and other payables	660,776	2,401,552
Increase/(decrease) in other liabilities	(85,719)	(33,767)
Increase/(decrease) in provisions	9,961,742	(988,737)
	<u> </u>	<u> </u>
Cash generated from operations	(254,471)	(818,792)
Income taxes refunded/(paid)	(1,196,431)	(1,620,130)
	<u> </u>	<u> </u>
Net cash generated by operating activities	<u><u>(1,450,902)</u></u>	<u><u>(2,438,921)</u></u>

19 Operating leases

19.1 Leasing arrangements

Moelis & Company Australia Pty Limited signed an operating lease on premises at Level 34, 120 Collins Street Melbourne in 2014 which commenced in 2015 and is due to expire 2021.

Moelis & Company Australia Pty Limited signed an operating lease on premises at Level 23 Governor Phillip Tower, Sydney in 2010 which expired in December 2015. The Company moved premises in March 2012 and signed an operating lease for premises at Level 27 Governor Phillip Tower, Sydney. This lease was renegotiated in 2016 and expires in December 2021

19.2 Payments recognised as an expense

Minimum lease payments	2,315,441	2,160,334
Sub-lease payments received	(347,496)	(334,304)
	<u><u>1,967,945</u></u>	<u><u>1,826,030</u></u>

19.3 Non-cancellable operating lease commitments

Current	2,175,958	2,947,999
2 to 5 years	1,274,389	3,258,047
> 5 years	209,749	-
	<u><u>3,660,096</u></u>	<u><u>6,206,046</u></u>

19.4 Liabilities recognised in respect of non-cancellable operating leases

Onerous lease contracts (note 15)		
Current	<u><u>-</u></u>	<u><u>468,657</u></u>

MOELIS AUSTRALIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Year Ended 31 December 2015	Year Ended 31 December 2014
	Consolidated \$	Consolidated \$
20 Remuneration of auditors		
<i>Auditor of the parent entity</i>		
Audit or review of the financial report	116,390	95,625
Tax related services	15,656	22,105
	<u>132,046</u>	<u>117,730</u>
<i>Other auditors</i>		
Audit or review of the financial report	<u>5,000</u>	<u>-</u>
The auditor of Moelis Australia Pty Limited is Deloitte Touche Tohmatsu.		
21 Employee benefits expense		
<i>Share-based payments</i>		
Equity-settled share-based payments	-	389,430
Cash-settled share-based payments	-	-
	<u>-</u>	<u>389,430</u>
Termination benefits	281,494	119,959
Other employee benefits	28,940,487	24,894,851
Total employee benefits expense	<u>29,221,981</u>	<u>25,404,240</u>
22 Other financial assets		
Current		
<i>Available-for-sale investments</i>		
Listed securities - carried at fair value	<u>4,589,145</u>	<u>5,614,531</u>
Non Current - carried at fair value		
Listed securities	133,588	-
Unlisted securities	495,000	-
	<u>628,588</u>	<u>-</u>
23 Investments in associates		
Investment in Acure Asset Management Ltd	<u>1,500,000</u>	<u>1,500,000</u>

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

MOELIS AUSTRALIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

		Year Ended 31 December 2015 Consolidated \$	Year Ended 31 December 2014 Consolidated \$
<u>Name of associate</u>	<u>Principal activity</u>	<u>Place of incorporation and operation</u>	<u>Proportion of ownership interest and voting power held by the Group</u>
Acure Asset Management Ltd	Asset management	Australia	50%

Summarised financial information in respect of the Group's joint venture is set out below. The summarised financial information below represents amounts shown in the joint ventures financial statements prepared in accordance with AASBs.

Acure Asset Management Ltd

Current assets	2,428,000	1,922,000
Non-current assets	122,000	260,000
Current liabilities	(399,000)	(266,000)
Non-current liabilities	-	-

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	1,303,000	1,274,000
Current financial liabilities (excluding trade and other payables and provisions)	-	-
Non-current financial liabilities (excluding trade and other payables and provisions)	-	-
Revenue		
Profit/(loss) from continuing operations	234,000	(106,000)
Post-tax profit/(loss) from discontinued operations	-	-
Profit/(loss) for the year	234,000	(106,000)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	-	-
Dividends received from associate during year	-	-
Unrecognised share of losses of an associate for the year	-	(53,000)
Cumulative share of loss of an associate	-	(53,000)

MOELIS AUSTRALIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Year Ended 31 December 2015 Consolidated \$	Year Ended 31 December 2014 Consolidated \$
24 Parent entity disclosures		
As at, and throughout, the financial year ending 31 December 2015 the parent entity of the group was Moelis Australia Limited.		
Result of the parent entity		
Profit/(loss) for the period	(2,749,774)	(485)
Other comprehensive income	94,369	11,774
Total comprehensive income/(loss) for the period	<u>(2,655,405)</u>	<u>11,289</u>
Financial position of parent entity at year end		
Current assets	11,763,294	10,479,693
Total assets	15,338,801	16,776,988
Current liabilities	2,136,633	919,415
Total liabilities	2,136,633	919,415
Total equity of the parent entity comprising of:		
Share capital	9,400,000	9,400,000
Capital contribution	5,396,331	5,396,331
Retained earnings	(1,594,163)	1,061,242
Total equity	<u>13,202,168</u>	<u>15,857,573</u>

Parent entity contingencies

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

Parent entity guarantees in respect of the debts of its subsidiaries

There are no guarantees currently in place in relation to the debts of the parent entity's subsidiaries.

25 Employment agreements subject to recovery

The Group has certain bonus payments accrued in 2016 and to be paid in 2017 that are subject to a clawback if the employee leaves within a specified time period. No amounts have been accrued in relation to any potential recoveries as it unlikely any employee will leave within the specified time period.

MOELIS AUSTRALIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Year Ended 31 December 2015	Year Ended 31 December 2014
Consolidated	Consolidated
\$	\$

26 Financial instruments

26.1 Capital management

The Group manages its capital with the aim of ensuring that entities in the Group will be able to continue as a going concern while maximising the return to shareholders. The Group's overall strategy remains unchanged from 2014.

The capital structure of the Group consists of only equity (comprising issued capital, retained earnings and members contributions). The Group has no debt.

A subsidiary of the Group, Moelis Australia Securities Pty Ltd, is a market participant on the ASX and therefore has an externally imposed capital requirement. In addition, the subsidiaries Moelis Australia Securities Pty Ltd, Moelis Australia Advisory Pty Ltd and Moelis Australia Asset Management Ltd all have Australian Financial Services Licenses.

26.2 Categories of financial instruments

Financial assets

Cash and bank balances	24,008,626	21,385,102
Loans and receivables	13,986,809	12,438,438
Available-for-sale financial assets	4,589,145	5,614,531
Other financial assets	628,588	-

Financial liabilities

Creditors	5,069,713	4,147,844
-----------	-----------	-----------

26.3 Financial risk management objectives

The Group's CEO periodically reviews the financial instruments and their associated financial risk and the potential impact on the Group.

26.4 Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and market price of its investments.

Market risk exposures are measured using sensitivity analysis.

There has been no change to the nature of market risks the Group is exposed to, or the manner in which these risks are managed and measured.

MOELIS AUSTRALIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Year Ended 31 December 2015	Year Ended 31 December 2014
Consolidated	Consolidated
\$	\$

26.5 Foreign currency risk management

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. 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 upon revaluation of the foreign currency balances themselves, and realised 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.

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

	<u>Liabilities</u>	
Currency of USA	77,431	48,938
Currency of United Kingdom	3,135	1,477
	<u>Assets</u>	
Currency of USA	6,085,025	5,581,301
Currency of Canada	1,244,310	-

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 20% 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 below would be positive.

MOELIS AUSTRALIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Year Ended 31 December 2015 Consolidated \$	Year Ended 31 December 2014 Consolidated \$
		<u>USD impact</u>
Profit or loss (i)	(600,759)	(553,236)
		<u>CAD impact</u>
Profit or loss (ii)	(124,431)	-

The Group's sensitivity to foreign currency has increased during the current year mainly due to the receipt of USD receivables that have been maintained in a USD bank account.

26.6 Interest rate risk management

As the Group has no borrowings, the Group is only exposed to interest rate risk in relation to the interest income earned on cash at bank.

The Group's exposure to interest rates on the value of financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

A 1% increase or decrease in interest rates represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1.0% lower and all other variables were held constant, the Group's profit for the year ended 31 December 2015 would decrease by \$210,000 (2014: decrease by \$176,000). The decrease is solely attributable to the Group's exposure to interest rates on its cash at bank balances.

The Group's sensitivity to interest rates has increased during the current year due to the increase in cash at bank.

26.7 Other price risks

The Group is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

MOELIS AUSTRALIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Year Ended 31 December 2015	Year Ended 31 December 2014
Consolidated	Consolidated
\$	\$

If market prices had been 5% lower:

- profit for the year ended 31 December 2015 and 2014 would have been unaffected as the investments

are classified as available-for-sale and no investments were disposed of or impaired; and

- other comprehensive income for the year ended 31 December 2015 would decrease by \$260,000 (2014: decrease by \$280,000) as a result of changes in fair value of available-for-sale shares.

The Group's sensitivity to market prices has not changed significantly from the prior year.

26.8 Credit risk management

Credit risk management is the risk that a counterparty defaults on its contractual obligations resulting in financial loss to the Group, most importantly its obligation to pay invoiced fees. The credit worthiness 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 large 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 2015 the Group does not have a significant credit risk exposure to any single counterparty.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

In addition, the Group is exposed to credit risk in relation to bank guarantees given to banks provided by the Group. These guarantees are backed by term deposits and are disclosed as restricted cash in note 10.

The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

MOELIS AUSTRALIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Year Ended 31 December 2015 Consolidated \$	Year Ended 31 December 2014 Consolidated \$
--	--

26.9 Liquidity risk management

The Group has no external borrowings and therefore its liquidity risk is limited to its ability to pay its future overhead expenses. The Group's policy is to maintain liquid assets sufficient to cover, at a minimum, 9 months worth of future overhead expenses assuming no advisory revenue is received in that period.

Liquidity and interest rate tables

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have 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. There is no interest payable on these financial liabilities so only principal cash flows have been disclosed.

	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
31 December 2015	1,831,934	896,098	2,005,560	336,121	0	5,069,713
31 December 2014	2,563,732	623,044	555,560	405,507	0	4,147,843

The following table details the Group's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted 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.

MOELIS AUSTRALIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

		Year Ended 31 December 2015 Consolidated \$				Year Ended 31 December 2014 Consolidated \$	
	Weighted average effective interest rate	Less than 1 month	1-3 months month to 1 year	3 months 1-5 years	5+ years	Total	
31 December 2015							
Non-interest bearing		12,566,469	35,777	1,346,136	2,331,178	0	16,279,560
Variable interest rate instruments	2.0%	24,008,626	0	0	2,924,983	0	26,933,609
		36,575,095	35,777	1,346,136	5,256,161	0	43,213,169
31 December 2014							
Non-interest bearing		12,075,659	15,876	361,601	2,671,638	0	15,124,774
Variable interest rate instruments	1.50%	21,385,102	0	0	2,928,196	0	24,313,298
		33,460,761	15,876	361,601	5,599,834	0	39,438,072

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.

26.10 Fair value of financial instruments

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

26.10.1 Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

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).

MOELIS AUSTRALIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

				Year Ended 31 December 2015 Consolidated \$	Year Ended 31 December 2014 Consolidated \$
<u>Financial assets / financial liabilities</u>		<u>Fair value as at</u> 31/12/2015	<u>Fair value</u> 31/12/2014 <u>hierarchy</u>	<u>Valuation technique(s) and key input(s)</u>	
1) Listed investments available for sale	Assets	Assets \$4,722,733	Assets \$5,614,531 Level 1	Quoted bid prices in an active market.	
2) Unlisted investments	Assets	Assets \$495,000	Assets \$0 Level 2	Based on recent transactions	

26.10.2 Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

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

27 Key management personnel compensation

The aggregate compensation made to directors and other members of key management personnel of the company and the Group is set out below:

Short-term employee benefits	3,508,867	4,388,904
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payment	-	263,840
	<u>3,508,867</u>	<u>4,652,744</u>

28 Related party transactions

Moelis Australia Ltd is a joint venture owned by Moelis International and Magic Trust 1 and Magic Trust 2. Moelis Australia Pty Ltd is the ultimate parent.

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.

MOELIS AUSTRALIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Year Ended 31 December 2015	Year Ended 31 December 2014
	Consolidated	Consolidated
	\$	\$
28.1 Loans to related parties		
Loans to employees	1,632,190	1,925,074
<p>The Group has provided several employees with loans that are used for investment purposes , primarily for investment into Magic Trust 1. The loans are repayable over a maximum term of four years. The loans are limited recourse and the ability of the Company to recover the outstanding loan</p>		
28.2 Other related party transactions		
<p>In addition to the above, there were revenue shares with overseas Moelis entities based on the roles of the teams involved in the deals. There were also costs allocated from overseas Moelis entities for global technology and market data expenses.</p>		
Net revenue shares to the Group	1,089,376	2,077,433
Revenue shares were split as follows:		
Moelis US	1,089,376	2,237,587
Moelis HK	-	(80,077)
Moelis India	-	(80,077)
Net expenses allocated to the Group	(1,280,453)	(653,546)
The main expense categories were:		
Service level agreement - marketing etc	(201,151)	(167,218)
Information services	(589,536)	(317,770)
IT/Technical	(277,954)	(165,517)
Consultants	(173,001)	-
Other	(38,811)	(3,041)

MOELIS AUSTRALIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Year Ended 31 December 2015	Year Ended 31 December 2014
	Consolidated	Consolidated
	\$	\$
29 Share-based payments		
29.1 Synthetic Equity		
<p>In the 2010 and 2011, certain Australian senior executives were granted rights to receive cash distributions in the future (if any) equivalent to what they would receive if they held a direct interest in Moelis & Co Holdings LP ("Synthetic Equity"). Moelis & Co Holdings LP was, at the time of granting, the ultimate parent company of Moelis & Company International LLC, a 50% shareholder in Moelis Australia. Moelis & Co Holdings LP reimburses the Company for any payments made to the Australian executives under the terms of the Synthetic Equity. The Synthetic Equity was subject to an eight year vesting schedule based on continued employment service. The value of the Synthetic Equity was determined at the time of granting and amortised as an expense through the Company's profit or loss on a straight line basis over eight years.</p> <p>In 2014 the Synthetic Equity was cancelled, as a result of the listing of Moelis & Co on the New York Stock Exchange, and the unamortised balance of the value of the Synthetic Equity was expensed in that year.</p>		
30 Reserves (net of income tax)		
Investments revaluation	<u>1,218,001</u>	<u>(67,522)</u>
30.1 Investments revaluation reserve		
Balance at beginning of year	(67,522)	(43,241)
Net gain/(loss) arising on revaluation of available-for-sale financial assets	2,469,535	57,140
Income tax relating to gain/(loss) arising on revaluation of available-for-sale financial assets	(550,939)	10,406
Cumulative (gain)/loss reclassified to profit or loss on sale of available-for-sale financial assets	(633,073)	(91,827)
Cumulative loss reclassified to profit or loss on impairment of available-for-sale financial assets	-	-
Balance at end of year	<u>1,218,001</u>	<u>(67,522)</u>

MOELIS AUSTRALIA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

Year Ended 31 December 2016	Year Ended 31 December 2015
Consolidated	Consolidated
\$	\$

31 Restructuring costs

Moelis Australia's asset management business includes the provision of funds marketed to overseas persons wishing to apply for a significant investor visa ("SIV FM Business") through the Moelis Australia Visa Fund Management Pty Ltd (MAVFM) entity, a wholly owned subsidiary of Moelis Australia. This business was established in 2013 through the collaboration with two parties (Service Providers), each of whom were engaged on 4 July 2013 to perform specific roles. On 30 June 2015, MAVFM agreed with the respective Service Providers to terminate their service and management arrangements. In consideration for the termination, the second Service Provider entered into a new agreement ("Second Services Agreement") on 30 June 2015. The Second Services Agreement has been classified as an onerous contract and a liability ("Second Services Agreement Liability") for the fair value of the future payments to the Second Service Provider has been recognised in the balance sheet as at 31 December 2015, and a corresponding expense has been recorded in the Profit or Loss in the year then ended.

The provision for onerous contract disclosed in note 15 relates to the restructure of the SIV FM Business.

32 Subsequent events note

In June 2015 Moelis Australia Visa Fund Management Pty Ltd (MAVFM) entity, a wholly owned subsidiary of Moelis Australia entered into a contract with a service provider, details of which are included in note 31. In February 2017, MAVFM agreed with the service provider to terminate this agreement in return for a lump sum of \$12.6m.

MOELIS AUSTRALIA PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

33 Subsidiaries

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

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group	
			<u>31/12/2015</u>	<u>31/12/2014</u>
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 & Company Australia 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%
Great Keppel Island Pty Ltd	Dormant	Australia	100%	100%
MAAM GP Pty Ltd	Asset management	Australia	100%	100%
Global Wealth Partners Fund Pty Ltd	Dormant	Australia	100%	100%
Global Wealth Residential Pty Ltd	Asset management	Australia	100%	Nil

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

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

Composition of the Group

Principal Activity	Place of incorporation and operation	Number of wholly-owned subsidiaries	
		<u>31/12/2015</u>	<u>31/12/2014</u>
Coporate Advisory and Equities	Australia	3	3
Asset management	Australia	5	4
Administration	Australia	1	1
		<u>9</u>	<u>8</u>