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Registered number: MC 142158

UK Registered number: FC026495

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Grand Cayman
KY1-1104
Cayman Islands

MORGAN STANLEY TOSTAO LIMITED

Report and financial statements

31 December 2017

MORGAN STANLEY TOSTAO LIMITED

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MORGAN STANLEY TOSTAO LIMITED

STRATEGIC REPORT

The Directors present their Strategic report for Morgan Stanley Tostao Limited (the "Company") for the year ended 31 December 2017.

PRINCIPAL ACTIVITY

The Company is an exempted company incorporated under the laws of the Cayman Islands.

The principal activity of the Company is to enter into financing transactions and investments, however, in 2015, the share capital of the Company was reduced significantly in line with the Directors' intent to cease operating in the foreseeable future. The financial statements have therefore been prepared on a basis other than that of a going concern.

The Company's ultimate parent undertaking and controlling entity is Morgan Stanley, which, together with the Company and Morgan Stanley's other subsidiary undertakings, form the "Morgan Stanley Group".

The management and control of the Company is in the United Kingdom ("UK") and the entity is liable to UK Corporation Tax on its taxable profits.

There have not been any significant changes in the Company's principal activity in the year under review and no significant change in the Company's principal activity is expected.

BUSINESS REVIEW

On 23 June 2016, the UK electorate voted to leave the European Union (the "EU"). On 29 March 2017, the UK invoked Article 50 of the Lisbon Treaty which triggered a two-year period, subject to extension (which would need the unanimous approval of the EU Member States), during which the UK government is expected to negotiate its withdrawal agreement with the EU. Absent any extension, the UK is expected to leave the EU in March 2019. The terms and conditions of the anticipated withdrawal from the EU, and which of the several alternative models of relationship that the UK might ultimately negotiate with the EU, remain uncertain. However, the UK government has stated that the UK will leave the EU single market and will seek a phased period of implementation for the new relationship that may cover the legal and regulatory framework applicable to financial institutions with significant operations in Europe, such as Morgan Stanley. Since any transition or implementation periods and the eventual successor arrangements require agreement of both the UK and the EU, there is a risk that these arrangements may not be agreed by March 2019.

It is difficult to predict the future of the UK's relationship with the EU, which may result in increased volatility in the global financial markets in the short- and medium-term. Potential effects of the UK exit from the EU and potential mitigation actions may vary considerably depending on the timing of withdrawal and the nature of any transition, implementation or successor arrangements. Morgan Stanley is taking steps to make changes to its European operations in an effort to ensure that it can continue to provide cross-border banking and investment services in EU Member States without the need for separate regulatory authorisations in each member state. These changes must be approved by the relevant regulatory authorities and therefore it is currently unclear what the final post-Brexit structure of European operations will be. Depending on the extent to which Morgan Stanley may be required to make material changes to European operations beyond those currently planned, results of Morgan Stanley's operations and business prospects could be negatively affected.

Overview of 2017

The statement of comprehensive income for the year is set out on page 6. The Company's profit after tax for the year was A$353,000 in comparison to a profit after tax of A$59,000 in the prior year. The increase in profit is primarily due to a tax benefit in the current year of A$279,000 and other income of A$22,000. In addition, the net interest income in the year decreased by A$11,000.

STRATEGIC REPORT

BUSINESS REVIEW (CONTINUED)

Overview of 2017 (continued)

The statement of financial position for the Company is as set out on page 8. The Company's total assets at the end of the year were A$1,819,000 in comparison to A$1,766,000 in the prior year. The movement is due to an increase in intercompany receivable from other Morgan Stanley Group undertakings. The Company's total liabilities at the end of the current year were A$1,192,000 in comparison to A$1,492,000 in the prior year. The decrease in total liabilities was primarily attributable to a decrease in amounts due to other Morgan Stanley Group undertakings and current tax liabilities.

The performance of the Company is included in the results of the Morgan Stanley Group which are disclosed in the Morgan Stanley Group's Annual Report on Form 10-K to the United States Securities and Exchange Commission. The Morgan Stanley Group manages its key performance indicators on a global basis but in consideration of individual legal entities. For this reason, the Company's Directors believe that providing further performance indicators for the Company itself would not enhance an understanding of the development, performance or position of the business of the Company.

The risk management section below sets out the Company's and the Morgan Stanley Group's policies for the management of liquidity and cash flow risk and other significant business risks.

Risk management

Risk is an inherent part of the Company's business activity. The Company seeks to identify, assess, monitor and manage each of the various types of risk involved in its business activities, in accordance with defined policies and procedures. The Company has developed its own risk management policy framework, which leverages the risk management policies and procedures of the Morgan Stanley Group, and which include escalation to appropriate senior management personnel of the Company.

Credit risk
Credit risk refers to the risk of loss arising when a borrower, counterparty or issuer does not meet its financial obligations to the Company. Credit risk includes the risk that economic, social and political conditions and events in a foreign country will adversely affect an obligor's ability and willingness to fulfil their obligations.

Credit risk management policies and procedures for the Company are consistent with those of the Morgan Stanley Group and include escalation to appropriate senior management personnel.

Credit risk exposure is managed on a global basis and in consideration of each significant legal entity within the Morgan Stanley Group. The credit risk management policies and procedures establish the framework for identifying, measuring, monitoring and controlling credit risk whilst ensuring transparency of material credit risks and compliance with established limits and escalating risk concentrations to appropriate senior management.

Liquidity risk
Liquidity risk refers to the risk that the Company will be unable to finance its operations due to a loss of access to the capital markets or difficulty in liquidating its assets. Liquidity risk encompasses the Company's ability (or perceived ability) to meet its financial obligations without experiencing significant business disruption or reputational damage that may threaten the Company's viability as a going concern. Liquidity risk also encompasses the associated funding risks triggered by the market or idiosyncratic stress events that may cause unexpected changes in funding needs or an inability to raise new funding.

MORGAN STANLEY TOSTAO LIMITED

STRATEGIC REPORT

BUSINESS REVIEW (CONTINUED)

Risk management (continued)

Liquidity risk
The Morgan Stanley Group's senior management establishes the liquidity and funding policies of the Morgan Stanley Group and the liquidity risk management policies and procedures conducted within the Company are consistent with those of the Morgan Stanley Group. The primary goal of the Morgan Stanley Group's liquidity risk management framework is to ensure that the Morgan Stanley Group, including the Company, has access to adequate funding across a wide range of market conditions and time horizons. The framework is designed to enable the Morgan Stanley Group to fulfil its financial obligations and support the execution of the Company's business strategies.

The Company continues to actively manage its capital and liquidity position to ensure adequate resources are available to support its activities, to enable it to withstand market stresses.

Operational risk
Operational risk refers to the risk of loss, or of damage to the Company's reputation, resulting from inadequate or failed processes, people and systems, or from external events (e.g. fraud, theft, legal and compliance risks, cyber attacks or damage to physical assets). Operational risk relates to the following risk event categories as defined by Basel Capital Standards: internal fraud; external fraud, employment practices and workplace safety; clients, products and business practices; business disruption and system failure; damage to physical assets; and execution, delivery and process management. Legal, regulatory and compliance risk is discussed below under "Legal, regulatory and compliance risk".

Legal, regulatory and compliance risk
Legal, regulatory and compliance risk includes the risk of legal or regulatory sanctions, material financial loss; including fines, penalties, judgements, damages and/ or settlements or loss to reputation which the Company may suffer as a result of a failure to comply with laws, regulations, rules, related self-regulatory organisation standards and codes of conduct applicable to our business activities. This risk also includes compliance with Anti-Money Laundering, anti-corruption and terrorist financing rules and regulations.

The Company, principally through the Morgan Stanley Group's Legal and Compliance Division, has established procedures based on legal and regulatory requirements on a worldwide basis that are designed to facilitate compliance with applicable statutory and regulatory requirements and to require that the Company's policies relating to business conduct, ethics and practices are followed globally.

Approved by the Board and signed on its behalf by EMILY LAING

Emily Laing 27 OCTOBER 2018

Director

MORGAN STANLEY TOSTAO LIMITED

DIRECTORS' REPORT

The Directors present their report and financial statements (which comprise the statement of comprehensive income, the statement of changes in equity, the statement of financial position and the related notes, 1 to 14) for the Company for the year ended 31 December 2017.

RESULTS AND DIVIDENDS

The profit for the year, after tax, was A$353,000 (2016: A$59,000).

During the year, no dividends were paid or proposed (2016: A$nil).

RISK MANAGEMENT AND FUTURE DEVELOPMENTS

Information regarding risk management and future developments has been included in the Strategic report.

DIRECTORS

The following Directors held office throughout the year and to the date of approval of this report:

E T Laino
S I Merry

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

Directors' and Officers' Liability Insurance is taken out by Morgan Stanley, the Company's ultimate parent undertaking, for the benefit of the Directors and Officers of the Company.

DIRECTORS' INDEMNITY

Qualifying third party indemnity provisions (as defined in section 234 of the Companies Act 2006 of the UK (the "Companies Act 2006") were in force during the year and up to and including the date of the Directors' report for the benefit of the Directors of the Company.

EVENTS AFTER THE REPORTING DATE

There have been no significant events since the reporting date.

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The Company was incorporated as an exempt company under the laws of the Cayman Islands. The Directors and the shareholders of the Company require the financial statements of the Company to be prepared in accordance with Part 15 of the Companies Act 2006 of the UK (that would have applied had these been statutory accounts under the Companies Act 2006) and drawn up in Australian dollars.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including Financial Reporting Standard ("FRS') 101 *Reduced Disclosure Framework* ("FRS 101"), have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

MORGAN STANLEY TOSTAO LIMITED

DIRECTORS' REPORT

DIRECTORS' RESPONSIBILITIES STATEMENT (CONTINUED)

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with Part 15 of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board and signed on its behalf by EMILY LAING

Emily Laing 23 OCTOBER 2018

Director

MORGAN STANLEY TOSTAO LIMITED

STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2017

	Note	2017 A$'000	2016 A$'000
Interest income	4	55	894
Interest expense	4	-	(828)
Other income	5	22	-
Other expense	6	(3)	(7)
PROFIT BEFORE TAXATION		74	59
Income tax benefit	7	279	-
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		353	59

All operations were continuing in the current and prior year.

The notes on pages 9 to 16 form an integral part of the financial statements.

MORGAN STANLEY TOSTAO LIMITED

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2017

	Note	Share capital A$'000	Share premium A$'000	Retained earnings A$'000	Total equity A$'000
Balance at 1 January 2016		10	100	(322)	(212)
Profit and total comprehensive income for the year		-	-	59	59
Dividends	11	-	-	427	427
Balance at 31 December 2016		10	100	164	274
Profit and total comprehensive income for the year		-	-	353	353
Balance at 31 December 2017		10	100	517	627

The notes on pages 9 to 16 form an integral part of the financial statements.

MORGAN STANLEY TOSTAO LIMITED
Registered number: MC 142158

STATEMENT OF FINANCIAL POSITION
As at 31 December 2017

	Note	2017 A$'000	2016 A$'000
ASSETS			
Loans and receivables:			
Other receivables	8	1,819	1,766
TOTAL ASSETS		1,819	1,766
LIABILITIES AND EQUITY			
Financial liabilities at amortised cost:			
Other payables	9	1,190	1,214
Current tax liabilities		2	278
TOTAL LIABILITIES		1,192	1,492
EQUITY			
Share capital	10	10	10
Share premium account	10	100	100
Retained earnings		517	164
Equity attributable to owners of the Company		627	274
TOTAL EQUITY		627	274
TOTAL LIABILITIES AND EQUITY		1,819	1,766

These financial statements were approved by the Board and authorised for issue on 23 OCTOBER 2018

Signed on behalf of the Board

Director Emily Laing EMILY LAING

The notes on pages 9 to 16 form an integral part of the financial statements.

1. CORPORATE INFORMATION

The Company is incorporated and domiciled in the Cayman Islands, at the following registered address PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Company is an exempted company and is limited by shares. The registered number of the Company is MC-142158.

Details of the parent and ultimate controlling entity are disclosed in the related party disclosures note 14.

2. BASIS OF PREPARATION

The Company is incorporated under the laws of the Cayman Islands, which permits the use of UK company law and the use of UK accounting standards in the preparation of financial statements.

Statement of compliance

These financial statements are prepared in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law) including FRS 101.

The Company meets the definition of a qualifying entity as defined in FRS 100 *Application of Financial Reporting Requirements*. The Company has taken advantage of the disclosure exemptions available under FRS 101 in relation to financial instruments, fair value measurement, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, accounting standards not yet effective and related party transactions.

Where relevant, equivalent disclosures have been provided in the group accounts of Morgan Stanley & Co. International plc, in which the Company is consolidated. Copies of Morgan Stanley & Co. International plc's accounts can be obtained as detailed at note 14.

New standards and interpretations adopted during the year

The following amendment to standards and interpretations relevant to the Company's operations were adopted during the year. This amendment to standards and interpretations did not have a material impact on the Company's financial statements.

An amendment to International Accounting Standards ("IAS") 12 *Income Taxes* was issued by the International Accounting Standards Board ("IASB") in January 2016, for application in annual periods beginning on or after 1 January 2017. The amendment was endorsed by the EU in November 2017.

There were no other standards or interpretations relevant to the Company's operations which were adopted during the year.

Basis of measurement

The financial statements of the Company are prepared under the historical cost basis, except for certain financial instruments that have been measured at fair value as explained in the accounting policies below, and in accordance with applicable UK Accounting Standards, including FRS 101, and UK company law.

The Company is incorporated under the laws of the Cayman Islands, which permits the use of UK company law and the use of UK accounting standards in the preparation of financial statements.

Critical judgements in applying the Company's accounting policies

No judgements have been made in the process of applying the Company's accounting policies that have had a significant effect on the amounts recognised in the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Functional currency

Items included in the financial statements are measured and presented in Australian dollars, the currency of the primary economic environment in which the Company operates.

All currency amounts in the financial statements and Strategic and Directors' reports are rounded to the nearest thousand Australian dollars.

b. Foreign currencies

All monetary assets and liabilities denominated in currencies other than Australian dollars are translated into Australian dollars at the rates ruling at the reporting date. Transactions and non-monetary assets and liabilities denominated in currencies other than Australian dollars are recorded at the rates prevailing at the dates of the transactions. All translation differences are taken through the statement of comprehensive income. Exchange differences recognised in the statement of comprehensive income are presented in 'Other income' or 'Other expense', except where noted in 3(c) below.

c. Financial instruments

The Company classifies its financial assets as loans and receivables on initial recognition.

The Company classifies its financial liabilities as financial liabilities at amortised cost on initial recognition.

Loans and receivables and financial liabilities at amortised cost

Financial assets classified as loans and receivables are recognised when the Company becomes a party to the contractual provisions of the instrument. They are initially measured at fair value (see note 3(d) below) and subsequently measured at amortised cost less allowance for impairment. Interest is recognised in the statement of comprehensive income in 'Interest income', using the effective interest rate method as described below. Transaction costs that are directly attributable to the acquisition of the financial asset are added to or deducted from the fair value on initial recognition. Impairment losses and reversals of impairment losses on financial assets classified as loans and receivables are recognised in the statement of comprehensive income in 'Other expense'.

Financial assets classified as loans and receivables include other receivables.

Financial liabilities at amortised cost are recognised when the Company becomes a party to the contractual provisions of the instrument. They are initially measured at fair value (see note 3(d) below) and subsequently measured at amortised cost. Interest is recognised in the statement of comprehensive income in 'Interest expense' using the effective interest rate method as described below. Transaction costs that are directly attributable to the issue of the financial liability are added to or deducted from the fair value on initial recognition.

The effective interest rate method is a method of calculating the amortised cost of a financial instrument (or a group of financial instruments) and of allocating the interest income or interest expense over the expected life of the financial instrument. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial instrument (or, where appropriate a shorter period) to the carrying amount of the financial instrument. The effective interest rate is established on initial recognition of the financial instrument. The calculation of the effective interest rate includes all fees and commissions paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Fair value

Fair value measurement
Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. the "exit price") in an orderly transaction between market participants at the measurement date.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, assumptions are set to reflect those that the Company believes market participants would use in pricing the asset or liability at the measurement date.

Where the Company manages a group of financial assets and financial liabilities on the basis of its net exposure to either market risks or credit risk, the Company measures the fair value of that group of financial instruments consistently with how market participants would price the net risk exposure at the measurement date.

In determining fair value, the Company uses various valuation approaches and establishes a hierarchy for inputs used in measuring fair value that maximises the use of relevant observable inputs and minimises the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability that were developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect assumptions the Company believes other market participants would use in pricing the asset or liability, that are developed based on the best information available in the circumstances.

The hierarchy is broken down into three levels based on the observability of inputs as follows, with Level 1 being the highest and Level 3 being the lowest level:

- Level 1 – Quoted prices (unadjusted) in an active market for identical assets or liabilities

  Valuations based on quoted prices in active markets that the Morgan Stanley Group has the ability to access for identical assets or liabilities. Valuation adjustments and block discounts are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgement.

- Level 2 – Valuation techniques using observable inputs

  Valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

- Level 3 – Valuation techniques with significant unobservable inputs

  Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

e. Derecognition of financial assets and liabilities

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risk and rewards of ownership of the asset.

If the asset has been transferred, and the entity neither transfers nor retains substantially all of the risks and rewards of the asset, then the entity determines whether it has retained control of the asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e. Derecognition of financial assets and liabilities (continued)

If the entity has retained control of the asset, it shall continue to recognise the financial asset to the extent of its continuing involvement in the financial asset. If the entity has not retained control of the asset, it derecognises the asset and separately recognises any rights or obligation created or retained in the transfer.

The Company derecognises financial liabilities when the Company's obligations are discharged, cancelled or they expire.

f. Impairment of financial assets

At each reporting date, an assessment is made as to whether there is any objective evidence of impairment in the value of a financial asset classified as loans and receivables. Impairment losses are recognised if an event has occurred which will have an adverse impact on the expected future cash flows of an asset and the expected impact can be reliably estimated.

Impairment losses on loans and receivables are measured as the difference between the carrying amount of the loans and receivables and the present value of estimated cash flows discounted at the asset's original effective interest rate. Such impairment losses are recognised in the statement of comprehensive income within 'Other expense' and are recognised against the carrying amount of the impaired asset on the statement of financial position. Interest on the impaired asset continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset.

If in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed as described for the relevant categories of financial asset in note 3(c). Any reversal is limited to the extent that the value of the asset may not exceed the original amortised cost of the asset had no impairment occurred.

g. Income tax

The tax expense represents the tax currently payable.

The tax currently payable is calculated based on taxable profit for the year. Taxable profit may differ from profit before taxation as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date. Current tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the current tax is also recorded within other comprehensive income or equity respectively.

Current tax assets are offset against current tax liabilities when there is a legally enforceable right to set off current tax assets against current tax liabilities and the Company intends to settle its current tax assets and current tax liabilities on a net basis or to realise the asset and settle the liability simultaneously.

4. INTEREST INCOME AND INTEREST EXPENSE

'Interest income' and 'Interest expense' represent total interest income and total interest expense for financial assets and financial liabilities that are not carried at fair value.

No other gains or losses have been recognised in respect of loans and receivables other than as disclosed as 'Interest income' and foreign exchange differences disclosed in 'Other income' (note 5) within the statement of comprehensive income.

No other gains or losses have been recognised in respect of financial liabilities at amortised cost other than as disclosed as 'Interest expense' and foreign exchange differences disclosed in 'Other expense' (note 6) within the statement of comprehensive income.

5. OTHER INCOME

	2017 A$'000	2016 A$'000
Net foreign exchange gains	22	-

6. OTHER EXPENSE

	2017 A$'000	2016 A$'000
Other	3	-
Net foreign exchange losses	-	7
	3	7

The Company employed no staff during the year (2016: nil).

The amount of remuneration received by Directors in respect of their qualifying services to the Company is disclosed in the related party disclosures note (note 14).

7. INCOME TAX BENFIT

Analysis of benefit in the year

	2017 A$'000	2016 A$'000
Current tax benefit		
UK corporation tax at 19.25% (2016: 20%)		
- Current year	2	-
- Adjustments in respect of prior years	(281)	-
Income tax benefit	(279)	-

Finance (No.2) Act 2015 enacted a reduction in the UK corporation tax rate to 19% with effect from 1 April 2017. Finance Act 2016 enacted a further reduction in the UK corporation tax rate to 17% with effect from 1 April 2020 which will impact the current tax charge in future periods.

7. INCOME TAX BENFIT(CONTINUED)

Reconciliation of effective tax rate

The current year income tax expense is higher (2016: lower) than that resulting from applying the average standard rate of corporation tax in the UK for the year of 19.25% (2016: 20%). The main differences are explained below:

	2017 A$'000	2016 A$'000
Profit before taxation	74	59
Income tax using the average standard rate of corporation tax in the UK of 19.25% (2016: 20%)	14	12
Impact on tax of:		
Tax Over provided in prior years	(273)	-
Group relief received for no cash consideration	(14)	(12)
Currency translation on tax	(7)	-
Other permanent differences	1	-
Total income tax benefit in the statement of comprehensive income	(279)	-

8. OTHER RECEIVABLES

	2017 A$'000	2016 A$'000
Amounts due from other Morgan Stanley Group undertakings	1,819	1,766

9. OTHER PAYABLES

	2017 A$'000	2016 A$'000
Amounts due to other Morgan Stanley Group undertakings	1,190	1,214

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2017

10. EQUITY

Ordinary share capital

	Ordinary shares of A$1 each
	Number
Authorised	
At 1 January 2017 and 31 December 2017	63,000

	Ordinary shares of 1 each	Ordinary shares of 1 each
	Number	**A$'000**
Allotted and fully paid		
At 1 January 2017 and 31 December 2017	10,100	10

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled, on a show of hands, to one vote and, on a poll, one vote per share at meetings of the shareholders of the Company. All shares rank equally with regard to the Company's residual assets.

Reserves

Share Premium

The 'Share premium account' of A$ 100,000 (2016: A$100,000) comprises the capital raised in an issue of shares that exceeds the nominal value of the shares.

11. DIVIDENDS

No dividends were received during the current year. On the 6 December 2016, the Company received a Dividend Return from its parent, Morgan Stanley Dolor Limited, for A$427,000 including interest of A$15,000, being the amount the Company overpaid from its distributable reserves due to a late tax charge being reported in its financial statements in 2015.

12. EXPECTED MATURITY OF ASSETS AND LIABILITIES

None of the Company's assets and liabilities are expected to be recovered or settled more than twelve months after the reporting period (2016: A$none).

13. SEGMENT REPORTING

The Company has only one class of business as described in the Strategic report and operates in one geographic market, Europe, Middle East and Africa ("EMEA").

14. RELATED PARTY DISCLOSURES

Parent and subsidiary relationships

Parent and ultimate controlling entity

The Company's immediate controlling party is Morgan Stanley Dolor Limited, which has its registered office at PO Box 309, Ugland House, Grand Cayman, KY1-1104 and is registered in Cayman Islands. Copies of its financial statements can be obtained from the Registrar of Companies for England and Wales, Companies House, Crown Way, Cardiff CF14 3UZ.

The ultimate parent undertaking and controlling entity and the largest group of which the Company is a member and for which group financial statements are prepared is Morgan Stanley. Morgan Stanley has its registered office c/o The Corporation Trust Company, The Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, United States of America and is incorporated in the state of Delaware in the United States of America. Copies of its financial statements can be obtained from www.morganstanley.com/investorrelations.

Directors' remuneration

The Directors did not receive any remuneration for their qualifying services to the Company during the year (2016: A$nil).