



Henry Morgan

Announcement

Henry Morgan Limited

ACN 602 041 770

12 December 2016

Business update

Following shareholder approval received at the meeting of Henry Morgan Limited shareholders on 18 October 2016, the Company has taken its first significant stake in an unlisted, pre-IPO vehicle - JB Broking Ltd, an unlisted financial services company with established and profitable broking and foreign exchange arms, which intends to list in the short to medium term.

JB Markets Pty Ltd, a wholly owned subsidiary of JB Broking Ltd, operates as a securities and derivatives broker and dealer for wholesale and retail clients, and has recently launched a wholesale investment fund.

In addition, JB Broking Ltd has entered into a contract for the acquisition of the companies which own and operate the Crown Currency Exchange and King's Currency Exchange businesses. These businesses have a corporate history of more than 30 years, and provide retail foreign exchange services through a network of well-established and trusted foreign currency exchange stores, with plans to expand in terms of geographical location and services in the coming year.

The first tranche of this acquisition completed last week, with the balance anticipated to occur by the end of January 2017.

The Board of JB Broking Ltd has advised Henry Morgan Limited, as a significant shareholder, that it has resolved to explore various liquidity opportunities, including undertaking a capital raising and/or applying for a stock exchange listing in the New Year. The company intends to offer stock at a conservative multiple of 14.9 times forecast earnings, compared to the average multiple of global peers at 25 times earnings. Management of JB Broking Ltd has forecast a net profit of \$5,579,000 for the fiscal year 2017 and a market valuation of \$83 million.

The Board of Henry Morgan Limited believes that its investment in JB Broking Ltd offers significant potential for value creation, and will impact positively on the size and value of the Henry Morgan Limited Portfolio for the benefit of shareholders.

Managing Director, Stuart McAuliffe, said, "We believe the financial technology (FinTech) space is one of the most significant opportunities globally, with research indicating that investment in this sector is forecast to grow at an annual compound growth rate of 76.38%.¹ Henry Morgan Limited is well placed to take advantage of innovation and new technology that is disrupting traditional financial institutions. Henry Morgan Limited and its management are leading front-end users of technology and innovations particularly in derivatives globally, which provide significant liquidity to markets, exchanges and financial institutions. This investment provides access to expert personnel and systems, and increases our participation in foreign exchange, derivatives and global derivatives exchange interaction, international payments and transfers, advisory, insurance and finance."

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¹ *Fintech in Australia – Trends, Forecasts and Analysis 2015 – 2020*, by Frost & Sullivan