



Henry Morgan

Henry Morgan Limited
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13 November 2017

Mr Adrian Smythe
Manager, Listings Compliance
ASX Compliance Pty Ltd
20 Bridge Street
SYDNEY NSW 2000

By email: Adrian.smythe@asx.com.au

Dear Adrian,

LETTER TO HENRY MORGAN LIMITED (HML) DATED 9 NOVEMBER 2017

In response to each question set out in your letter of Thursday, 9 November 2017:

- Summary of amounts paid by HML to John Bridgeman Limited (**JBL**) for management and performance fees for the year ended 30 June 2017.

RECONCILIATION OF HML MANAGEMENT FEE AND PERFORMANCE FEE PAYABLE TO JBL			
	HML Fee Amount Including GST	HML Fee Amount Excluding GST	JBL Fee Amount Excluding GST
HML Management fees payable to JBL	\$796,168	\$723,789	\$723,789
HML Performance fees payable to JBL	\$7,799,723	\$7,090,657	\$7,090,657
HML Total fees payable to JBL	\$8,595,891	\$7,814,446	\$7,814,446
Reconciliation:			
HML Total fees payable to JBL as reported in the HML annual report	\$8,595,891	\$7,814,446	\$7,814,446
Management consulting fee paid to JBL by an external third party unrelated to HML			\$458
Total as reported in the JBL annual report			\$7,814,904

- Explanation for the discrepancy in the amounts disclosed in the annual report of HML compared to the amount disclosed in the annual report of JBL.



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For GST purposes, HML is an input-taxed supplier and as such does not recover GST paid. The Australian Accounting Standards Board "*Urgent Issues Group Interpretation 1031 Accounting for the Goods and Service Tax (GST)*" (**Interpretation 1031**) requires that "the amount of GST incurred by a purchaser that is not recoverable from the taxation authority shall be recognised... as part of an item of expense." HML is required to include the GST amount in the management and performance fee expense disclosed in its annual report.

Conversely, JBL is required to remit GST it receives from customers to the ATO. For JBL, Interpretation 1031 requires that "Revenues, expenses and assets shall be recognised net of the amount of goods and services tax (GST)". JBL is required to exclude the GST amount from the management and performance fee income disclosed in its annual report.

After accounting for the \$781,445 attributable to the different treatment of GST mandated by Interpretation 1031, the actual discrepancy identified is \$458.

JBL has advised HML that it has identified a discrepancy of \$458 in the amount of the management and performance fee payable by HML that was disclosed in JBL's annual report. The discrepancy is a management consulting fee paid to JBL by an external third party unrelated to HML. In JBL's annual report, the disclosure for the amount of the management and performance fee payable by HML should read \$7,814,446.

3. The Directors of HML, having made enquiries of management, are not aware of any non-compliance with the Listing Rules and, in particular, Listing Rule 3.1. Accordingly, to the best of its knowledge, the Company confirms that it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
4. HML's responses to the questions set in your letter have been authorised and approved in accordance with HML's published continuous disclosure policies.

Yours sincerely

Kevin Mischewski
Company Secretary
Henry Morgan Limited



9 November 2017

Mr Kevin Mischewski
Company Secretary
Henry Morgan Limited
GPO Box 3112
Brisbane QLD 4000

By email: kmischewski@henrymorgan.com.au

Dear Mr Mischewski

HENRY MORGAN LIMITED ("HML")

ASX Limited ("ASX") refers to the following:

- A. HML's Annual Report for the year ended 30 June 2017 lodged with ASX on 30 October 2017, which discloses on page 20 the following payments to John Bridgeman Limited ("JBL"), HML's investment manager.

The Investment Manager has charged management fees of \$796,168 and performance fees of \$7,799,723 including GST during the year.

- B. The Annual Report of JBL for the year ended 30 June 2017 released on National Stock Exchange of Australia on 29 September 2017 which discloses on page 5 the following management and performance fees received from HML.

During the period the Company began charging management and performance fees to HML and BHD. Fees charged to those companies totalled \$7,814,904 and \$80,018 respectively.

Having regard to the above, ASX asks you to respond separately to each of the following questions and requests for information:

1. Please confirm that amounts paid by HML to JBL for management and performance fees respectively for the year ended 30 June 2017.
2. Please explain the discrepancy in the amounts paid for management and performance fees HML to JBL disclosed in the annual report of HML, compared to the amounts disclosed in the annual report of JBL.
3. Please confirm that HML is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
4. Please confirm that HML's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policies or otherwise by its board or an officer with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than 4 p.m. AEDT on Monday, 13 November 2017.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, HML's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at adrian.smythe@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to HML's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that HML's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[Sent electronically without signature]

Adrian Smythe
Manager, Listings Compliance
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