Sequoia Financial Group Limited
Appendix 4D
Half-year report

1. COMPANY DETAILS

Name of entity:	Sequoia Financial Group Limited
ABN:	90 091 744 884
Reporting period:	For the half-year ended 31 December 2018
Previous period:	For the half-year ended 31 December 2017

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

The Group has adopted Accounting Standards AASB 9 'Financial Instruments' and AASB 15 'Revenue from Contracts with Customers' for the half-year ended 31 December 2018. The Accounting Standards have been applied using the transitional rules and therefore comparatives have not been restated.

			$
Revenues from ordinary activities	up	118.2% to	44,812,064
Loss from ordinary activities after tax attributable to the owners of Sequoia Financial Group Limited	down	323.8% to	(1,406,270)
Loss for the half-year attributable to the owners of Sequoia Financial Group Limited	down	323.8% to	(1,406,270)

Dividends

	Amount per security Cents	Franked amount per security Cents
Final dividend for the year ended 30 June 2018	0.50	0.50

Comments
The loss for the Group after providing for income tax and non-controlling interest amounted to $1,406,270 (31 December 2017: profit of $628,324).

3. NET TANGIBLE ASSETS

Dividends

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	8.62	6.02

4. CONTROL GAINED OVER ENTITIES

Not applicable.

5. LOSS OF CONTROL OVER ENTITIES

Not applicable.

6. DIVIDENDS

Current period

	Amount per security Cents	Franked amount per security Cents
Final dividend for the year ended 30 June 2018	0.50	0.50

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

7. DIVIDEND REINVESTMENT PLANS

The following dividend or distribution plans are in operation:

The Company has implemented a Dividend Reinvestment Plan ('DRP'). The DRP was active for the final dividend for the year ended 30 June 2018, where the directors determined that a 2.5% discount would apply.

8. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

Not applicable.

9. FOREIGN ENTITIES

Details of origin of accounting standards used in compiling the report:
Not applicable.

10. AUDIT QUALIFICATION OR REVIEW

Details of audit/review dispute or qualification (if any):
The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

11. ATTACHMENTS

Details of attachments (if any):
The Interim Report of Sequoia Financial Group Limited for the half-year ended 31 December 2018 is attached.

12. SIGNED

Signed ______________________

Date: 28 February 2019

Garry Crole
Chairman
Melbourne

Sequoia Financial Group Limited

ABN 90 091 744 884

Interim Report

31 DECEMBER 2018

sequoia FINANCIAL GROUP

CONTENTS

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Sequoia Financial Group Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2018.

DIRECTORS

The following persons were directors of Sequoia Financial Group Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Garry Peter Crole	Executive Director Chairman Chief Executive Officer from 5 February 2019
Timothy Martin (appointed 5 October 2018)	Non-Executive Director
Kevin Pattison (appointed 5 February 2019)	Non-Executive Director
John Larsen (resigned 18 December 2018)	Former Non-Executive Director
Scott Lionel Beeton (resigned 4 February 2019)	Former Managing Director Former Chief Executive Officer

PRINCIPAL ACTIVITIES

The Group's principal activities offer diversified financial products, including but not limited to investment and superannuation products, wealth management services and retail, wholesale and institutional trading platforms and administrative functions to support accountants and other related entities.

There was no change in the principal activities during the financial half-year.

DIVIDENDS

Dividends paid during the financial half-year were as follows:

	Consolidated	
	31 Dec 2018 $	31 Dec 2017 $
Final dividend for the year ended 30 June 2018 of 0.5 cents per ordinary share*	589,777	-

* The dividend comprised of a cash dividend paid of $286,302 and dividend reinvestment allotment of $303,475, that occurred during the half-year ended 31 December 2018.

REVIEW OF OPERATIONS

The loss for the Group after providing for income tax and non-controlling interest amounted to $1,406,270 (31 December 2017: profit of $628,324).

The financial half-year results reflects a period of integration, one-off charges and management's decision to evaluate at length and subsequently write down the value of a non-core business intangibles. As a result, the Group revised these assets through an impairment charge and additional depreciation and amortisation expense. Management considered market values and decided to defer the launch of its investment products to the second-half of the financial year. This impacted short-term operational cash flow but sets the Group up to be able to perform well over the next six months

There were no material impacts on the adoption of AASB 15 'Revenue from Contracts with Customers'. The statement of financial position continues to reflect contract assets and contract liabilities (previously known as deferred costs and deferred revenue). As at 31 December 2018, the net contract liability position was $5,972,146 (30 June 2018: $6,475,376) which will be realised as profit in future periods as the performance obligations are satisfied.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 24 July 2018, the Company raised $5,000,000 by issuing 15,151,515 new fully paid ordinary shares at $0.33 per share. The placement was strongly supported by both existing and new institutional and sophisticated investors. The proceeds of the placement were used to pay down existing short-term debt and enhance the Group's financial position to support ASX clearing activities.

There were no other significant changes in the state of affairs of the Group during the financial half-year.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

Garry Crole
Chairman

28 February 2019
Melbourne

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF SEQUOIA FINANCIAL GROUP LIMITED

I declare that, to the best of my knowledge and belief during the half-year ended 31 December 2018 there have been:

— no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

— no contraventions of any applicable code of professional conduct in relation to the review.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

N.S. Benbow
Director

Dated this 28h day of February, 2019

CHARTERED ACCOUNTANTS & ADVISORS
Level 20, 181 William Street
Melbourne VIC 3000
Telephone: +61 3 9824 8555
williambuck.com

Statement of profit or loss and other comprehensive income

	Note	Consolidated 31 Dec 2018 $	Consolidated 31 Dec 2017 $
Revenue	4	44,812,064	20,537,056
Expenses			
Data fees		(730,671)	(973,666)
Dealing and settlement		(4,940,051)	(7,467,359)
Commission and hedging		(29,835,788)	(4,927,704)
Employee benefits		(6,007,530)	(4,008,917)
Occupancy		(597,875)	(346,625)
Telecommunications		(613,614)	(258,518)
Marketing		(216,879)	(163,830)
General and administrative		(1,722,959)	(1,196,617)
Operating profit		146,697	1,193,820
Interest revenue calculated using the effective interest method		104,604	39,820
Depreciation and amortisation		(1,190,854)	(159,107)
Impairment of assets		(530,832)	-
Finance costs		(332,405)	(141,002)
(Loss)/profit before income tax (expense)/benefit		(1,802,790)	933,531
Income tax (expense)/benefit		396,520	(297,904)
(Loss)/profit after income tax (expense)/benefit for the half-year		(1,406,270)	635,627
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Gain on the revaluation of financial assets at fair value through other comprehensive income, net of tax		-	3,890
Loss on the revaluation of financial assets at fair value through other comprehensive income, net of tax		(85,685)	-
Other comprehensive income for the half-year, net of tax		(85,685)	3,890
Total comprehensive income for the half-year		(1,491,955)	639,517
(Loss)/profit for the half-year is attributable to:			
Non-controlling interest		-	7,303
Owners of Sequoia Financial Group Limited		(1,406,270)	628,324
		(1,406,270)	635,627
Total comprehensive income for the half-year is attributable to:			
Non-controlling interest		-	7,303
Owners of Sequoia Financial Group Limited		(1,491,955)	632,214
		(1,491,955)	639,517
		Cents	Cents
Basic earnings per share	11	(1.209)	1.001
Diluted earnings per share	11	(1.209)	0.971

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

Statement of financial position

	Note	Consolidated 31 Dec 2018 $	30 Jun 2018 $
Assets			
Current assets			
Cash and cash equivalents		17,067,431	19,031,987
Trade and other receivables		6,560,779	7,088,606
Contract assets and deferred costs		7,812,567	9,211,254
Inventories		-	18,547
Financial assets		2,815,095	1,494,444
Derivative financial instruments		5,293,005	13,924,686
Deposits		194,652	1,306,000
Prepayments		354,626	586,958
Total current assets		40,098,155	52,662,482
Non-current assets			
Contract assets and deferred costs		8,846,804	9,707,879
Derivative financial instruments		13,829,121	17,438,251
Financial assets		127,500	1,944,646
Plant and equipment	5	1,665,478	2,291,997
Intangibles	6	20,673,855	21,322,703
Deferred tax		8,112,003	8,394,867
Other assets		781,783	779,440
Total non-current assets		54,036,544	61,879,783
Total assets		94,134,699	114,542,265
Liabilities			
Current liabilities			
Trade and other payables		10,713,722	13,673,154
Contract liabilities and deferred revenue		10,405,537	11,748,491
Borrowings	7	2,370,874	6,680,717
Derivative financial instruments		5,293,005	13,924,686
Current tax liabilities		1,436,746	1,439,605
Employee benefits		730,646	645,768
Provisions		643,582	643,582
Total current liabilities		31,594,112	48,756,003
Non-current liabilities			
Contract liabilities and deferred revenue		12,225,980	13,646,018
Borrowings		-	719,506
Derivative financial instruments		13,829,121	17,438,251
Deferred tax		5,472,198	6,141,711
Employee benefits		94,091	76,604
Total non-current liabilities		31,621,390	38,022,090
Total liabilities		63,215,502	86,778,093
Net assets		30,919,197	27,764,172
Equity			
Issued capital	8	47,988,058	42,788,182
Reserves		768,095	816,899
Accumulated losses		(17,836,956)	(15,840,909)
Total equity		30,919,197	27,764,172

The above statement of financial position should be read in conjunction with the accompanying notes

Consolidated	Issued equity $	Financial assets at fair value through other comprehensive income reserve $	Share-based payments reserve $	Accumulated losses $	Non-controlling interest $	Total equity $
Balance at 1 July 2017	26,724,112	297,951	110,384	(17,005,876)	75,509	10,202,080
Profit after income tax expense for the half-year	-	-	-	628,324	7,303	635,627
Other comprehensive income for the half-year, net of tax	-	3,890	-	-	-	3,890
Total comprehensive income for the half-year	-	3,890	-	628,324	7,303	639,517
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs	15,927,629	-	-	-	-	15,927,629
Share-based payments	-	-	(30,200)	-	-	(30,200)
Balance at 31 December 2017	42,651,741	301,841	80,184	(16,377,552)	82,812	26,739,026

Consolidated	Issued capital $	Financial assets at fair value through other comprehensive income reserve $	Share-based payments reserve $	Accumulated losses $	Non-controlling interest $	Total equity $
Balance at 1 July 2018	42,788,182	587,481	229,418	(15,840,909)	-	27,764,172
Loss after income tax benefit for the half-year	-	-	-	(1,406,270)	-	(1,406,270)
Other comprehensive income for the half-year, net of tax	-	(85,685)	-	-	-	(85,685)
Total comprehensive income for the half-year	-	(85,685)	-	(1,406,270)	-	(1,491,955)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs (note 8)	4,896,401	-	-	-	-	4,896,401
Vesting of share-based payments	-	-	36,881	-	-	36,881
Dividends (note 9)	303,475	-	-	(589,777)	-	(286,302)
Balance at 31 December 2018	47,988,058	501,796	266,299	(17,836,956)	-	30,919,197

The above statement of changes in equity should be read in conjunction with the accompanying notes

	Note	Consolidated 31 Dec 2018 $	31 Dec 2017 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		44,680,479	25,074,774
Payments to suppliers and employees (inclusive of GST)		(46,944,035)	(17,628,714)
		(2,263,556)	7,446,060
Interest received		104,604	39,820
Interest and other finance costs paid		(332,405)	(141,002)
Net cash (used in)/from operating activities		(2,491,357)	7,344,878
Cash flows from investing activities			
Payments for business combinations, net of cash acquired		-	(639,225)
Payments for plant and equipment		(441,719)	-
Payments for intangibles		(4,600)	-
Payments for investment in financial assets		-	(5,600,000)
Proceeds from release of security deposits		1,109,005	-
Net cash from/(used in) investing activities		662,686	(6,239,225)
Cash flows from financing activities			
Proceeds from issue of shares		5,000,000	3,093,520
Share issue transaction costs		-	(133,721)
Proceeds from borrowings		350,417	2,935,598
Repayment of convertible notes		(5,200,000)	(300,000)
Repayment of leases		-	(23,802)
Dividends paid	9	(286,302)	-
Net cash (used in)/from financing activities		(135,885)	5,571,595
Net (decrease)/increase in cash and cash equivalents		(1,964,556)	6,677,248
Cash and cash equivalents at the beginning of the financial half-year		19,031,987	6,177,418
Cash and cash equivalents at the end of the financial half-year		17,067,431	12,854,666

The Group holds cash reserves which are required to meet its broker licensing commitments. The conditions of the license, amongst other requirements, mandate that its wholly owned subsidiary, Morrison Securities Pty Ltd must maintain at all times core capital greater than $14,000,000, where at least 90% of this core capital is cash at bank.

The above statement of cash flows should be read in conjunction with the accompanying notes

NOTE 1. GENERAL INFORMATION

The financial statements cover Sequoia Financial Group Limited as a Group consisting of Sequoia Financial Group Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Sequoia Financial Group Limited's functional and presentation currency.

Sequoia Financial Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 7
7 Macquarie Place
Sydney NSW 2000

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 February 2019.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements for the interim half-year reporting period ended 31 December 2018 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the Group:

AASB 9 Financial Instruments
The Group has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

The Group previously held investments classified as 'available-for-sale', with changes in fair value of those investments, net of tax, taken to the financial assets at fair value through other comprehensive income reserve. Upon adopting AASB 9, the Group elected to continue to account for these equity investments at 'fair value through other comprehensive income'. As a consequence, there was no adjustment to these financial statements arising from this change.

AASB 15 Revenue from Contracts with Customers
The Group has adopted AASB 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

Impact of adoption
AASB 9 and AASB 15 were adopted using the transitional rules not to restate comparatives. There was no impact on the adoption on opening accumulated losses as at 1 July 2018.

The impact of the new Accounting Standards compared with the previous Accounting Standards on the current reporting period is as follows:

	Current standard (as reported) $	Previous standard $	Change $
Statement of profit or loss			
Revenue	44,812,064	44,916,668	(104,604)
Interest revenue calculated using the effective interest method	104,604	-	104,604
Loss before income tax benefit	(1,802,790)	(1,802,790)	-
Income tax benefit	396,520	396,520	-
Loss for the half-year	(1,406,270)	(1,406,270)	-

Changes to the significant accounting policies

Changes to the significant accounting policies as a result of the new standards adopted since the Annual Report date are as follows.

REVENUE RECOGNITION

The Group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

Timing of revenue recognition

Sequoia Equity Markets Group: The Group offers structured products to investors seeking exposure to investment opportunities. Management determined after lengthy evaluation that there are different types of structured product revenue. Each revenue type has numerous and distinct performance obligations, this allows different treatment to each of these revenue streams.

The different revenue streams include:

- application fee revenue is recognised up-front as it is at a point in time (upon signing contract);
- structured product revenue is released over the duration of the contract as it is earned over a period of time (duration of the contract); and

- coupon premium revenue is earned upon completion of the contract, as it is earned upon concluding the contract (conclusion of contract).

The costs of entering into the contract with wholesale counter parties are matched to the revenue streams. Other revenue streams: For details of the timing of revenue recognised for other streams refer to note 4.

CONTRACT ASSETS

Contract assets are recognised when the Group has transferred goods or services to the customer but where the Group is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

CONTRACT LIABILITIES

Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

NOTE 3. OPERATING SEGMENTS

Identification of reportable operating segments
The Group is organised into five operating segments which are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The information reported to the CODM is on a monthly basis. The CODM reviews operating profit which is earnings before interest, taxation, depreciation and amortisation adjusted for impairment (adjusted 'EBITDA'). Previously the CODM reviewed operating results. Comparatives have been restated accordingly.

Types of products and services
The principal products and services of each of these operating segments are as follows:

Sequoia Wealth Group	Sequoia Wealth Group comprises the Financial Planning, Wealth Management and Corporate advisory business units. This is our personal advice division and specialises in supporting accountants, financial planners, mortgage brokers, insurance advisers and investment advisers with an array of solutions such as AFSL and ACL licensing, merger and acquisitions corporate advice, equity capital market advice, administration and investment platforms, investment and superannuation products, model portfolios, mortgage broking and life insurance advice. This is delivered through adviser networks and dedicated direct relationships with clients.
Sequoia Professional Services Group	Sequoia Professional Services Group provides complete SMSF solutions to Financial Planners, Stock Brokers, Mortgage Brokers and Accountants Australia wide. This division also manages a legal practice establishment business and is an Australian leading provider of General Insurance solutions specifically for accountants.

Sequoia Equity Markets Group	Sequoia Equity Markets Group delivers white label Australian Stockbroking and Specialised Investment solutions to third party institutional and adviser networks that operate their own AFSL such as financial planners, financial advisors, banks, building societies and trading educators.
Sequoia Direct Investment Group	Sequoia Direct Investment Group provides general advice for investors on portfolio management, SMSFs, share trading, superannuation, structured products and insurance. This division also includes market data and trading tools for self-directed investors and has an independent news organisation specialising in finance and business news updates, events and investor communication for ASX-Listed companies.
Head Office	Head Office relates to the corporate running costs of the Group.

All products and services are provided predominantly to customers in Australia.

Intersegment transactions
Intersegment transactions were made at cost. Intersegment transactions are eliminated on consolidation.

Intersegment receivables, payables and loans
Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

NOTE 3. OPERATING SEGMENTS (CONTINUED)

Operating segment information

Consolidated - 31 Dec 2018	Sequoia Wealth Group $	Sequoia Professional Services Group $	Sequoia Equity Markets Group $	Sequoia Direct Investment Group $	Head Office $	Total $
Revenue						
Revenue	14,841,337	1,953,431	25,807,146	2,123,629	187,250	44,912,793
Gains/(losses) on portfolio investments	(102,916)	-	2,187	-	-	(100,729)
Total revenue	14,738,421	1,953,431	25,809,333	2,123,629	187,250	44,812,064
Adjusted EBITDA	446,319	337,228	819,599	229,659	(1,686,108)	146,697
Depreciation and amortisation						(1,190,854)
Impairment of assets						(530,832)
Interest revenue						104,604
Finance costs						(332,405)
Loss before income tax benefit						(1,802,790)
Income tax benefit						396,520
Loss after income tax benefit						(1,406,270)
Assets						
Segment assets	6,727,788	6,764,631	78,475,978	2,166,302	-	94,134,699
Total assets						94,134,699
Liabilities						
Segment liabilities	3,246,996	277,954	58,413,188	1,277,364	-	63,215,502
Total liabilities						63,215,502

Consolidated - 31 Dec 2017	Sequoia Wealth Group $	Sequoia Professional Services Group $	Sequoia Equity Markets Group $	Sequoia Direct Investment Group $	Head Office $	Total $
Revenue						
Revenue	3,108,483	1,657,066	12,599,355	2,399,719	-	19,764,623
Gains/(losses) on portfolio investments	772,433	-	-	-	-	772,433
Total revenue	3,880,916	1,657,066	12,599,355	2,399,719	-	20,537,056
Adjusted EBITDA	527,421	624,282	832,987	588,190	(1,379,060)	1,193,820
Depreciation and amortisation						(159,107)
Interest revenue						39,820
Finance costs						(141,002)
Profit before income tax expense						933,531
Income tax expense						(297,904)
Profit after income tax expense						635,627

NOTE 4. REVENUE

	Consolidated	
	31 Dec 2018 $	31 Dec 2017 $
Revenue from contracts with customers		
Data subscriptions fees	476,914	623,351
Brokerage and commissions revenue	19,083,680	10,778,595
Superannuation product revenue	1,200,893	1,137,785
Structured product revenue	20,702,486	5,285,274
Corporate advisory fees	2,443,901	1,114,839
Media revenue	750,663	752,265
Other income	254,256	72,514
	44,912,793	19,764,623
Other revenue		
Gains/(losses) on portfolio investments	(100,729)	772,433
Revenue	44,812,064	20,537,056

Other revenue includes general service revenue and held for trading revenue.

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

Consolidated - 31 Dec 2018	Sequoia Wealth Group $	Sequoia Professional Services Group $	Sequoia Equity Markets Group $	Sequoia Direct Investment Group $	Head Office $	Total $
Major product lines						
Data subscriptions fees	-	-	61,038	415,876	-	476,914
Brokerage and commissions revenue	13,681,105	-	5,004,334	398,241	-	19,083,680
Superannuation product revenue	-	1,200,893	-	-	-	1,200,893
Structured product revenue	-	-	20,702,486	-	-	20,702,486
Corporate advisory fees	1,149,537	740,888	10,000	543,476	-	2,443,901
Media revenue	-	-	-	750,663	-	750,663
Other income	10,695	11,650	29,288	15,373	187,250	254,256
	14,841,337	1,953,431	25,807,146	2,123,629	187,250	44,912,793
Timing of revenue recognition						
Services transferred at a point in time	14,841,337	1,953,431	5,043,622	957,090	-	22,795,480
Services transferred over time	-	-	20,763,524	1,166,539	187,250	22,117,313
	14,841,337	1,953,431	25,807,146	2,123,629	187,250	44,912,793

Geographical regions

All revenue is derived in Australia.

NOTE 5. NON-CURRENT ASSETS - PLANT AND EQUIPMENT

	Consolidated 31 Dec 2018 $	Consolidated 30 Jun 2018 $
Leasehold improvements - at cost	921,060	915,620
Less: Accumulated depreciation	(282,121)	(221,132)
	638,939	694,488
Plant and equipment - at cost	4,467,423	4,051,320
Less: Accumulated depreciation	(3,440,884)	(2,453,811)
	1,026,539	1,597,509
	1,665,478	2,291,997

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Leasehold improvements $	Plant and equipment $	Total $
Balance at 1 July 2018	694,488	1,597,509	2,291,997
Additions	5,440	436,279	441,719
Depreciation expense	(60,989)	(1,007,249)	(1,068,238)
Balance at 31 December 2018	638,939	1,026,539	1,665,478

NOTE 6. NON-CURRENT ASSETS - INTANGIBLES

	Consolidated 31 Dec 2018 $	Consolidated 30 Jun 2018 $
Goodwill	11,304,708	11,304,708
Less: Impairment	(530,832)	-
	10,773,876	11,304,708
Website - at cost	60,481	74,262
Less: Accumulated amortisation	(52,878)	(66,066)
	7,603	8,196
Customer list - at cost	5,802,704	5,872,704
Less: Accumulated amortisation	(395,781)	(426,422)
	5,406,923	5,446,282
Regulator memberships and licences - at cost	3,916,706	3,916,706
Less: Accumulated amortisation	(73,833)	(67,167)
	3,842,873	3,849,539
Other intangibles - at cost	713,978	713,978
Less: Accumulated amortisation	(71,398)	-
	642,580	713,978
	20,673,855	21,322,703

NOTE 6. NON-CURRENT ASSETS - INTANGIBLES (CONTINUED)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Goodwill $	Website $	Customer list $	Regulator memberships and licences $	Other intangibles $	Total $
Balance at 1 July 2018	11,304,708	8,196	5,446,282	3,849,539	713,978	21,322,703
Additions	-	4,600	-	-	-	4,600
Impairment of assets	(530,832)	-	-	-	-	(530,832)
Amortisation expense	-	(5,193)	(39,359)	(6,666)	(71,398)	(122,616)
Balance at 31 December 2018	10,773,876	7,603	5,406,923	3,842,873	642,580	20,673,855

Impairment testing

Goodwill acquired through business combinations has been allocated to the following cash generating units:

	Consolidated 31 Dec 2018 $	Consolidated 30 Jun 2018 $
Cash generating units ('CGUs'):		
Sequoia Wealth Group	674,686	674,686
Sequoia Professional Services Group	4,386,020	4,386,020
Sequoia Equity Markets Group	5,162,392	5,162,392
Sequoia Direct Investment Group	550,778	1,081,610
	10,773,876	11,304,708

The recoverable amount of the Group's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on a 12-month projection period approved by management and extrapolated for a further 4 years by using key assumptions.

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive.

The following key assumptions were used in the discounted cash flow model in relation to the goodwill associated to various cash generating units:

Key assumptions	Revenue growth rate %	Increase in direct and overhead costs per annum %	Discount rate %
Sequoia Wealth Group	5.0%	2.5%	15.0%
Sequoia Professional Services Group	5.0%	2.5%	15.0%
Sequoia Equity Markets Group	1.0%	2.5%	15.0%
Sequoia Direct Investment Group	2.0%	2.5%	15.0%

NOTE 6. NON-CURRENT ASSETS - INTANGIBLES (CONTINUED)

Based on the value-in-use calculations the goodwill for the Sequoia Direct Investment Group was below recoverable amount and was impaired by $530,832 during the financial period ended 31 December 2018.

The goodwill is considered to be sensitive to these assumptions and is carried in the statement of financial position at a written-down value.

Sensitivity
The directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The sensitivities are as follows:

(a) Revenue growth would need to decrease by more than 1% before goodwill would need to be impaired, with all other assumptions remaining constant.

(b) The discount rate would be required to increase by 1% before goodwill would need to be impaired, with all other assumptions remaining constant.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of goodwill is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

If there are any negative changes in the key assumptions on which the recoverable amount of goodwill is based, this would result in a further impairment charge for goodwill.

NOTE 7. CURRENT LIABILITIES-BORROWINGS

	Consolidated	
	31 Dec 2018 $	30 Jun 2018 $
Bank loans	904,447	364,008
Capital finance	-	5,823,038
Other loans	997,785	3,273
Convertible notes payable	400,000	400,000
Lease liability	68,642	90,398
	2,370,874	6,680,717

Bank loans
Included in bank loans is an amount of $661,579 that is repayable after more than 12 months from the reporting date. However, due to a technical breach of the bank covenants (Earnings before interest and taxation covenant) the loan has been classified as current in accordance with the accounting standards.

Capital finance
During the financial half-year to 31 December 2018 the Group settled its capital finance from share issue proceeds and working capital.

NOTE 8. EQUITY - ISSUED CAPITAL

	Consolidated			
	31 Dec 2018 Shares	30 Jun 2018 Shares	31 Dec 2018 $	30 Jun 2018 $
Ordinary shares - fully paid	118,897,324	102,805,456	47,988,058	42,788,182

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2018	102,805,456		42,788,182
Issue of shares	24 July 2018	15,151,515	$0.33	5,000,000
Issue of shares on Dividend Reinvestment Plan	25 October 2018	940,353	$0.33	303,475
Share issue transaction costs		-		(103,599)
Balance	31 December 2018	118,897,324		47,988,058

NOTE 9. EQUITY - DIVIDENDS

Dividends paid during the financial half-year were as follows:

	Consolidated	
	31 Dec 2018 $	31 Dec 2017 $
Final dividend for the year ended 30 June 2018 of 0.5 cents per ordinary share*	589,777	-

* The dividend comprised of a cash dividend paid of $286,302 and dividend reinvestment allotment of $303,475, that occurred during the half-year ended 31 December 2018.

NOTE 10. CONTINGENT LIABILITIES

The Group has given a bank guarantee as at 31 December 2018 of $767,281 (30 June 2018: $764,938) in relation to rental bonds.

NOTE 11. EARNINGS PER SHARE

	Consolidated	
	31 Dec 2018 $	31 Dec 2017 $
(Loss)/profit after income tax	(1,406,270)	635,627
Non-controlling interest	-	(7,303)
(Loss)/profit after income tax attributable to the owners of Sequoia Financial Group Limited	(1,406,270)	628,324

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	116,337,012	62,756,184
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	-	3,500,000
Performance rights	-	1,300,000
Convertible notes	-	666,668
Weighted average number of ordinary shares used in calculating diluted earnings per share	116,337,012	68,222,852

	Cents	Cents
Basic earnings per share	(1.209)	1.001
Diluted earnings per share	(1.209)	0.971

3,500,000 options over ordinary shares, 1,315,000 performance rights and 666,668 convertible notes have been excluded from the above calculation for the half-year ended 31 December 2018 as their inclusion would be anti-dilutive.

NOTE 12. EVENTS AFTER THE REPORTING PERIOD

In February 2019, the Group sold its entire private share investment of $1,657,850 in Noble Oak.

No other matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

Garry Crole

Chairman

28 February 2019

Melbourne

Sequoia Financial Group Limited

Independent auditor's review report to members

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Sequoia Financial Group Limited (the company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity) which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Sequoia Financial Group Limited is not in accordance with the Corporations Act 2001 including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half year ended on that date; and
b) complying with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Regulations 2001.

Responsibilities of the Directors for the Half-Year Financial Report

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

Auditor's Responsibilities for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including:

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— giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and

— complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

As the auditor of Sequoia Financial Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence
In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

William Buck

William Buck Audit (Vic) Pty Limited
ABN 59 116 151 136

Nicholas Benbow
Director

Dated this 28th day of February, 2019