Sequoia Financial Group Ltd
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ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2016

Sydney, 31th August 2016: Sequoia Financial Group Limited (the "Company") is pleased to submit its full year audited results for the financial year ended 30 June 2016.

A copy of the full report is attached and can be downloaded from the Company's website at www.sequoia.com.au

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ABOUT SEQUOIA FINANCIAL GROUP

ASX-listed Sequoia Financial Group Limited (ASX: SEQ) is an integrated financial services company providing products and services to self-directed retail and wholesale clients and those of third party professional service firms. It provides:

- Investment and superannuation products
- Wealth management and advisory services
- Corporate advisory and capital markets expertise
- Retail, wholesale and institutional trading platforms
- Market data and financial news services

Sequoia operates various AFS Licenses and its subsidiary D2MX is an ASX Market Participant

Results for Announcement to the Market

Summary of Financial Information

The Board of Sequoia Financial Group Limited ("the Group") is pleased to report that Sequoia Financial Group (SEQ) has made a profit after tax for the 2016 financial year.

Review of Results

The consolidated group has reported revenue for the year ended 30 June 2016 of $22,980,597, an increase on prior year revenue by 7.4% and a statutory profit after tax of $285,733.

Further to this, the Group is pleased to report total profit attributable to members of $320,397. The comprehensive income reported relates to the revaluation of a strategic shareholding held and subsequent deferred income tax to the Group in relation to the revaluation.

The consolidated entity incurred an operating cash outflow of $248,798 for the year ended 30 June 2016 (2015: $1,761,525).

Full Year Comparison

	12 months ended 30 June 2016 $	12 months ended 30 June 2015 $	Change %
Revenue from ordinary activities	22,980,597	21,406,293	7.4
Profit / (loss) from ordinary activities	285,733	(17,974,192)	101.6
Profit / (loss) for period attributable to members	320,397	(17,974,192)	101.8

Net Tangible Assets per Security

	Current Period	Previous Corresponding Period
Net tangible assets per security	0.20 cents	0.17 cents

Dividend Details

There was no dividend paid or proposed during the year.

Control Gained or Lost over Entities in the Year

On 1 October 2015, the Group acquired 100% interest of Sequoia Wealth Group Pty Ltd (SWG). SWG contributed $830,473 profit to the Group's consolidated profit from ordinary activities during the year ended 30 June 2016.

On 12 February 2016, the Group acquired a further 38.53% interest of Finance TV Pty Ltd (FNN). FNN contributed $69,454 loss to the Group's consolidated profit from ordinary activities during the year ended 30 June 2016.

Statement of Profit or Loss and Other Comprehensive Income

Refer to page 25 of the 30 June 2016 financial report and accompanying notes.

Statement of Financial Position

Refer to page 26 of the 30 June 2016 financial report and accompanying notes.

Statement of Accumulated Losses Movements

Refer to page 27 of the 30 June 2016 financial report and accompanying notes.

Statement of Cash Flows

Refer to page 28 of the 30 June 2016 financial report and accompanying notes.

Sequoia Financial Group Limited

ABN 90 091 744 884

Annual Report 2016

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Sequoia Financial Group Ltd (SEQ) is an integrated financial services Company that provides products and services to self-directed retail and wholesale clients and those of third party professional service firms.

SEQ now offers a comprehensive range of products and services including:

- Investment and superannuation products;
- Wealth management and advisory services;
- Corporate advisory and capital markets expertise;
- Retail, wholesale and institutional trading platforms; and
- Market data and financial news services.

SEQ operates various Australian Financial Services (AFS) Licenses and its subsidiary D2MX Pty Ltd is an Australian Securities Exchange (ASX) market participant.

Portfolio of Companies

D2MX Pty Ltd is an ASX market participant providing advisory and trade execution services to retail investors, institutional and wholesale dealer groups. Services include:

- general and personal advice;
- corporate advisory;
- institutional equity sales; and
- wholesale broking.

Bourse Data Pty Ltd is a software technology Company that develops, sells and supports *The Bourse* market data platform.

Proprietary software platforms include *d2mxIRESS* and *Market Analyser*.

Sequoia Asset Management Pty Ltd is an investment services firm and holder of an Australian Financial Services License. Our team of experts provide general advice on portfolio management, SMSFs, direct shares, superannuation, structured products, option trading, personal insurance, margin lending and cash solutions.

Sequoia Corporate Finance Pty Ltd provides specialised corporate advisory services to clients. Clients include successful domestic and multi-national corporations, emerging growth companies, private equity sponsors and family-owned and entrepreneur-led businesses. We are rigorous in our working practices, ensuring compliance, confidentiality and protection of our client's business.

Finance TV Pty Ltd ("FNN") is a partly owned (50.09%) subsidiary of Sequoia Financial Group Ltd. FNN is an independent news organisation that specialises in both the production and distribution of financial news content, digital communications and productions services to ASX-Listed companies and managed funds. Annually FNN produces more than 3000 video news items.

Sequoia Direct Pty Ltd (formerly known as Trader Dealer Online Pty Ltd) is an online trading Company providing general advice, execution-only trading and software solutions for clients investing in ASX equities, options and warrants.

Sequoia Specialist Investments Pty Ltd ("SSI") is a leading issuer of bespoke investment products to retail, sophisticated and other wholesale investors. SSI has established a suite of products providing investors with exposure to unique investment themes.

Sequoia Superannuation Pty Ltd provides a complete portfolio administration solution to the SMSF market, designed specifically for anyone that has or wants a SMSF. Sequoia Superannuation also provides SMSF portfolio administration solutions to financial planners, stock brokers, mortgage brokers and accountants Australia wide.

Sequoia Wealth Management Pty Ltd offers general and personal advice on financial services products. These products include Australian equities, International Shares, options, corporate finance, managed portfolios, margin lending, fixed income, structured products and contracts for difference (CFD's).

Sequoia Funds Management Pty Ltd manages various activities in bringing unit trust and managed schemes to retail investors.

Chairman's Report

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to our shareholders the Annual Report of Sequoia Financial Group Limited (the Company) for the year ended 30 June 2016.

Over the past 12 months the Company has experienced a strong rise in operating revenue, an improved balance sheet position and a pleasing return to profit. Each of our main business divisions continue to perform well and deliver further scale to our integrated business model.

The Company completed two important transactions during the year with the acquisition of a 100% interest in Sequoia Wealth Group Pty Ltd in October 2015 and a majority interest in Finance TV Pty Ltd trading as Finance News Network in February 2016. These transactions remain consistent with the Boards' ongoing long-term strategic focus toward selectively assessing both organic and acquisition growth opportunities to improve earnings and further build shareholder value.

The overall result for the period was strong year on year growth in operating revenue of 7.4% and net profit after tax totalling $285,733, a particularly pleasing result. In the period the Company also made a number of significant investments including upgrading technology and transitioning to larger premises in Sydney and Melbourne.

Management have also strengthened the balance sheet through the reduction of in approximately $1.9m in trade and other payables over the course of the year. Importantly, our improved balance sheet position is also reflective of an increase in the recognised valuations of our strategic investment holdings in both NobleOak Life Ltd and Finance News Network.

While the Company continues to identify that there is still much work to do, the outlook for the year ahead is very encouraging with revenue from several projects having being recognised post 30 June 2016. I am also delighted to acknowledge the positive feedback resulting from the Sequoia rebranding and website rollout together with the response to date to our new strategic relationship with Aitken Investment Management Pty Ltd, interest in several new innovative investment thematics available for investors and the quality mandates being secured through our corporate advisory activities.

I would like to acknowledge the valuable contribution, hard work and extra commitment made by my fellow Directors over the course of the year as the business has expanded and changes have occurred with the composition and makeup of the Board.

I would especially like to thank the executive team and our staff for their diligence and effort that has underscored this year's result.

Finally, thank you once again to our shareholders for your past and ongoing support. Your patience whilst the business continues to transform and fully realise new business opportunities and its cross divisional synergies is appreciated. We remain committed to initiating a share consolidation to broaden investor support.

Michael Carter

Michael Carter
Chairman
Sequoia Financial Group Ltd

Corporate Governance Statement

The Board of Directors ("the Board") of Sequoia Financial Group Limited ("the Company") is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The table below summarises the Company's compliance with the ASX Corporate Governance Council's Revised Principles and Recommendations.

Principles and Recommendations		Compliance	Comply
Principle 1 – Lay solid foundations for management and oversight			
1.1	Establish the functions reserved to the Board and those delegated to manage and disclose those functions.	The Board is responsible for the overall corporate governance of the Company. The Board has adopted a Board charter that formalises its roles and responsibilities and defines the matters that are reserved for the Board and specific matters that are delegated to management. The Board has adopted a Delegations of Authority that sets limits of authority for senior executives. On appointment of a director, the Company issues a letter of appointment setting out the terms and conditions of appointment to the Board.	Complies.
1.2	Disclose the process for evaluating the performance of senior executives.	Senior executives prepare strategic objectives that are reviewed and signed off by the Board. These objectives must then be met by senior executives as part of their key performance targets. The chief executive officer (CEO) then reviews the performance of the senior executives against those objectives. The Board reviews the CEO's compliance against his and the Company's objectives. These reviews occur annually or more frequently as required.	Complies.
1.3	Provide the information indicated in *Guide to reporting on Principle 1*.	A Board charter has been disclosed on the Company's website and is summarised in this Corporate Governance Statement. A performance evaluation process is included in the Board Charter, which has been disclosed on the Company's website and is summarised in this Corporate Governance Statement. The Board conducted a performance evaluation for senior executives in the financial year in accordance with the process above.	Complies. Complies. Complies.

Corporate Governance Statement

Principles and Recommendations		Compliance	Comply
Principle 2 – Structure the Board to add value			
2.1	A majority of the Board should be independent directors	The majority of the Board's directors are not independent as a majority of the Board are either a substantial shareholder or are executive directors of the Company. Mr Michael Carter is engaged in the capacity of Non–Executive Director and Chairman. Mr Scott Beeton is the Managing Director, Chief Executive Officer and a substantial shareholder. Mr Marcel Collignon is an Executive Director and a substantial shareholder. Mr Delan Pagliaccio was an Executive Director (resigned 2 May 2016). Mr Richard Symon was Chairman and a substantial shareholder (resigned 10 August 2015).	Does not comply however the skills and experience of the Board composition allows the Board to act in the best interests of shareholders. As the Company develops the Board intends to appoint further suitably skilled Independent Directors.
2.2	The chair should be an independent director.	Mr Michael Carter is the Chairman and Non-Executive Director.	Does not comply as the Chairman whilst a Non-Executive Director is a shareholder of the Company. The skills and experience of the Board composition allows the Board to act in the best interests of shareholders.
2.3	The roles of the chair and chief executive officer should not be exercised by the same individual.	Michael Carter is the Chairman and Mr Scott Lionel Beeton is an Executive Director and Chief Executive Officer.	Complies.
2.4	The Board should establish a Nomination and Remuneration Committee.	The Company has established a separate Nomination and Remuneration Committee. The Board has undertaken a review of the mix of skills and experience on the Board in light of the Company's principal activities and direction, and has considered diversity in succession planning. The Board considers the current mix of skills and experience of the members of the Board and its senior management is sufficient to meet the requirements of the Company. The Board supports the nomination and re-election of the directors at the Company's forthcoming Annual General Meeting, should these directors wish to continue on the Board.	Complies.
2.5	Disclose the process for evaluating the performance of the Board, its committees and individual directors.	The Company conducts the process for evaluating the performance of the Board, its committees and individual directors as outlined in the Board Charter which is available on the Company's website. The Board's induction program provides incoming directors with information that will enable them to carry out their duties in the best interests of the Company. This includes supporting ongoing education of directors for the benefit of the Company.	Complies.

Corporate Governance Statement

Principles and Recommendations		Compliance	Comply
2.6	Provide the information indicated in the *Guide to reporting on Principle 2*.	This information has been disclosed (where applicable) in the directors' report attached to this Corporate Governance Statement. Michael Carter, Non-Executive Director and Chairman was appointed in this capacity on the 10 August 2015, he previously held the position of Executive Director. The initial Board appointment was made on the 9 March 2015. Scott Beeton, Managing Director and Chief Executive Officer was appointed to the Board on the 24 December 2014 following the successful transaction with Sequoia Financial Group Ltd. Marcel Collignon, Executive Director was appointed to the Board on the 24 December 2014 following the successful Sequoia Financial Group Ltd transaction. Delan Pagliaccio was appointed to the Board in the capacity of Executive Director on the 7 August 2015, he resigned 2 May 2016. Richard Symon was appointed to the Board in the capacity of Executive Director on the 27 November 2008, he resigned 10 August 2015. The Company has established a separate Nominations and Remuneration Committee. The Board has undertaken a review of the mix of skills and experience on the Board in light of the Company's principal activities and direction, and has considered diversity in succession planning. The Board considers the current mix of skills and experience of members of the Board and its senior management is sufficient to meet the requirements of the Company. In accordance with the information suggested in Guide to Reporting on Principle 2, the Company has disclosed full details of its directors in the director's report attached to this Corporate Governance Statement. Other disclosure material on the Structure of the Board has been made available on the Company's website.	Complies. The Nomination and Remuneration Committees operate under respective separate charters. The Board does not consist of a majority of independent directors however the skills and experience of executive directors allows the Board to act in the best interests of shareholders.

Corporate Governance Statement

Principles and Recommendations		Compliance	Comply
Principle 3 – Promote ethical and responsible decision making			
3.1	Establish a code of conduct and disclose the code or a summary of the code.	The Board has adopted a Code of Conduct. The code establishes a clear set of values that emphasise a culture encompassing strong corporate governance, sound business practices and good ethical conduct. The code is available on the Company's website.	Complies.
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.	The Board has undertaken a review of the mix of skills and experience on the Board in light of the Company's principal activities and direction. The code is available on the Company's website. The Board has a Diversity Policy which acknowledges 'Merit and Ability'. The Company diversity policy can be located on the Company website.	Complies.
3.3	Provide the information indicated in *Guide to reporting on Principle 3*.	On completion and acceptance of a Diversity Policy, the Company will report in each annual report the measurable objectives for achieving gender diversity set by the Board. The Company has two females in executive positions, appointed in accordance with the companies above mentioned policies.	Complies.
		The Company will include in the directors' report the proportion of women executives and their position held within the Company. Number of Board members: 3 Number of female Board members: - Number of senior executive staff: 10 Number of female senior executive staff: 2 Female positions held: - Chief Financial Officer - Compliance Manager	Complies
Principle 4 – Safeguard integrity in financial reporting			
4.1	The Board should establish and audit committee.	The Board has established an Audit Committee which operates under an Audit Committee Charter to focus on issues relevant to the integrity of the Company's financial reporting.	Complies.

Corporate Governance Statement

Principles and Recommendations		Compliance	Comply
4.2	The audit committee should be structured so that it consists of only non-executive directors, a majority of independent directors, is chaired by an independent chair who is not chair of the Board and have a least 3 members.	Members of the Audit Committee are Marcel Collignon (Chair), Scott Beeton and Michael Carter. Marcel Collignon is an Executive Director and is not chair of the Board. The committee consists of two executive directors and one non - executive chairman. During the year Delan Pagliaccio (resigned 2 May 2016) and Richard Symon (resigned 10 August 2015) were members of the audit committee. The Audit Committee did not comply with Recommendation 4.2 in that the committee: • did not consist of only Non-Executive Directors and; • did not consist of a majority of independent Directors.	Does not comply due to the composition of the Committee. However, the Board considers the directors to be the most appropriate members to constitute the audit committee given their technical and broad knowledge of the industry in which the Company operates.
4.3	The audit committee should have a formal charter.	The Board has adopted an Audit Charter. This charter is available on the Company's website.	Complies.
4.4	Provide the information indicated in *Guide to reporting on Principle 4*.	In accordance with the information suggested in *Guide to Reporting on Principle 4*, this has been disclosed in the director's report attached to this Corporate Governance Statement and is summarised in this Corporate Governance Statement. The members of the Audit Committee are appointed by the Board and recommendations from the committee are presented to the Board for further discussion and resolution. The Audit Committee held two meetings during the period to the date of the Directors' report and meets at least twice per annum. The Audit Charter, and information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners (which is determined by the Audit Committee), is available on the Company's website.	Complies.
Principle 5 – Make timely and balanced disclosure			
5.1	Establish written policies designed to ensure compliance with ASX Listing Rules disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	The Company has adopted a Continuous Disclosure Policy, to ensure that it complies with the continuous disclosure regime under the ASX Listing Rules and the Corporations Act 2001. This policy is available on the Company's website	Complies.
5.2	Provide the information indicated in the *Guide to reporting on Principle 5*.	The Company's Continuous Disclosure Policy is available on the Company's website.	Complies.

Corporate Governance Statement

Principles and Recommendations		Compliance	Comply
Principle 6 – Respect the rights of shareholders			
6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose that policy or a summary of that policy.	The Company has adopted a Shareholder Communications Policy. The Company uses its website (www.sequoia.com.au), annual report, market announcements and media disclosures to communicate with its shareholders, as well as encourages participation at general meetings. This policy is available on the Company's website.	Complies.
6.2	Provide the information indicated in the *Guide to reporting on Principle 6*.	The Company's shareholder communications policy is available on the Company's website.	Complies.
Principle 7 – Recognise and manage risk			
7.1	Establish policies for the oversight and management of material business risks and disclose a summary of these policies.	The Company has adopted a Risk Management Statement within each of the Audit Committee Charter and the Risk and Compliance Committee Charters. These Committees are responsible for managing risk; however, ultimate responsibility for risk oversight and risk management rests with the Board. The Audit and Risk and Compliance Committee Charters are available on the Company's website and is summarised in this Corporate Governance Statement.	Complies.
7.2	The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	The Company has identified key risks within the business. In the ordinary course of business, management monitor and manage these risks. Key operational and financial risks are presented to and reviewed by the Board at each Board meeting.	Complies.
7.3	The Board should disclose whether it has received assurance from the chief executive officer and chief financial officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating efficiently in all material respects in relation to the financial reporting risks	The Board has received a statement from the Chief Executive Officer and Chief Financial Officer that the declaration provided in accordance with section 295A of the Corporations Act 2001 is founded on a sound system of risk management and internal control and that they system is operating efficiently and effectively in all material respects in relation to the financial reporting risks.	Complies.

Corporate Governance Statement

Principles and Recommendations		Compliance	Comply
7.4	Provide the information indicated in the *Guide to reporting on Principle 7*.	The Board has adopted an Audit and Risk and Compliance Committee Charter includes a statement of the Company's risk policies. These charters are available on the Company's website and are summarised in this Corporate Governance Statement. The Company has identified key risks within the business and has received a statement of assurance from the Chief Executive Officer and Chief Financial Officer.	Complies.
Principle 8 – Remunerate fairly and responsibly			
8.1	The Board should establish a remuneration committee	The Board has established a Nomination and Remuneration Committee and has adopted a remuneration charter.	Complies.
8.2	The remuneration committee should be structured	The Nomination and Remuneration Committee: • consist of a majority of independent Directors; • are chaired by an independent Director; and; • has three members.	Does not comply due to the composition of the Committee. However, the Board considers the members of the committee to be appropriate.
8.3	Clearly distinguish the structure of Non-Executive Directors' remuneration from that of Executive Directors and senior executives.	The Company complies with the guidelines for executive remuneration packages and non-executive director remuneration. No senior executive is involved directly in deciding their own remuneration.	Complies.
8.4	Provide the information indicated in *Guide to reporting on Principle 8*.	The Board has adopted a Nomination and Remuneration Committee Charter. The Company does not have any schemes for retirement benefits.	Complies.

Sequoia Financial Group Limited's corporate governance practices were in place for the financial year ended 30 June 2016 and to the date of signing the directors' report.

Various corporate governance practices are discussed within this statement. For further information on corporate governance policies adopted by Sequoia Financial Group Limited, refer to our website: www.sequoia.com.au.

As required by the ASX Listing Rules, this statement sets out the extent to which the Company has followed the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ("Recommendations") during the year to 30 June 2016. The Company considers that its governance practices are generally consistent, where possible, with the Recommendations except where stated.

Corporate Governance Statement

Board functions

The Board's primary role is the protection and enhancement of long-term shareholder value.

To fulfil this role, the Board is responsible for the overall corporate governance of the Group including formulating its strategic direction, approving and monitoring capital expenditure, setting remuneration, appointing, removing and creating succession policies for directors and senior executives, establishing and monitoring the achievement of management's goals and ensuring the integrity of internal control and management information systems.

The Board is also responsible for approving and monitoring financial and other reporting.

Responsibilities/functions of the Board include:

- setting the direction, financial objectives and goals for management;
- reviewing and approving strategies for the Company;
- monitoring management's performance against these goals and objectives;
- ensuring there are appropriate standards of Corporate Governance and ethical standards;
- evaluating the performance and determining the remuneration of the senior executive officers of the Company;
- ensuring appropriate risk management systems, internal control, reporting systems and compliance frameworks are in place and operating effectively; and
- ensuring there are plans and procedures for recruitment, training, remuneration and succession planning for senior executives.

The Board has delegated responsibility for operating and administration of the Company to the executive management. Responsibilities are delineated by formal authority delegations.

Matters which are specifically reserved for the Board or its committees include the following:

- appointment of the Chairman and if applicable, the Deputy Chairman;
- appointment and removal of the Chief Executive Officer(s);
- appointment of directors to fill a vacancy or as additional directors;
- establishment of Board committees, their membership and delegated authorities;
- approval of dividends;
- development and review of corporate governance principles and policies;
- approval of major capital expenditure, acquisitions and divestitures in excess of authority levels delegated to management;
- calling meetings of shareholders and;
- any other specific matters nominated by the Board from time to time.

Structure of the Board

The Company's constitution governs the regulation and proceedings of the Board.
It is intended that the composition of the Board be determined using the following principles:

- a minimum of three directors, with a broad range of expertise;
- a majority of directors having extensive knowledge of the Company's industries, and those who do not, having extensive experience in significant aspects of auditing and financial reporting, or risk management of large companies;
- a majority of independent non-executive directors;
- enough directors to serve on various committees without overburdening the directors or making it difficult for them to fully discharge their responsibilities; and,
- a maximum period of ten years' service, subject to re-election every three years (except for the managing director).

At present the Company does not have a majority of independent directors and continues to consist of a majority of executive directors involved in the general management of the Company. The Directors are of the view that maintaining this structure is appropriate to the circumstances of the Group as the Board consolidates the restructure of its operations and repositioning of its business.

The Board only considers directors to be independent where they are independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to interfere with, the exercise of their unfettered and independent judgment. The Board has adopted a definition of independence based on that set out in Principle 2 of the ASX Corporate Governance Revised Principles and Recommendations. The Board will review the independence of each director in light of interests disclosed to the Board from time to time.

Corporate Governance Statement

Below is a summary of directors at Sequoia Financial Group Limited.

There are procedures in place, agreed by the Board, to enable directors in furtherance of their duties to seek independent professional advice at the Company's expense.

The appointment date of each director in office at the date of this report is as follows:

Name	Position
Michael Kenneth Carter	Non-Executive Chairman (appointed as Chairman 10 August 2015)
Scott Lionel Beeton	Executive Director
Marcel John Collignon	Executive Director
Delan Pasquale Pagliaccio	Executive Director (appointed 7 August 2015, resigned 2 May 2016)
Bruce Richard Sydney Symon	Executive Director (resigned 7 August 2015)

Further details on each director can be found in the directors' report attached to this Corporate Governance Statement.

The Board will appoint an independent Non – Executive Director/s at an appropriate time, to be determined by the Board.

Securities trading policy

The Company has adopted a Share Trading Policy which complies with the requirements of ASX Listing Rules.

Under the Company's Share Trading Policy, directors, officers and employees of the Company are prohibited from dealing in the Company's securities at any time that they may be in possession of unpublished price-sensitive information concerning the Company. In addition, there are specified closed periods during which dealing in the Company's securities is prohibited except under very exceptional circumstances. A closed period is the period commencing from the end of a reporting period and concluding on the business day following the announcement to the market of the Company's full year results or half-year results (as the case may be).

Directors, officers and employees can only deal in the Company's securities after having first obtained clearance from the Chairman or his delegate and must notify the Company Secretary when a trade has occurred.

As required by the ASX Listing Rules, the Company notifies the ASX of any transaction conducted by directors in the securities of the Company within five days of the transaction taking place.

The Share Trading Policy has been issued to ASX and can be found on the Company's website.

Audit committee

The Board has established an Audit Committee which operates under a Charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators. The Board has delegated responsibility for establishing and maintaining a framework of internal control and ethical standards to the Audit Committee.

The Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports.

The members of the Audit Committee during the year were:

Scott Beeton
Marcel Collignon (Chair)
Michael Carter

The external auditors and the executive management are invited to audit committee meetings at the discretion of the committee.

For details on the number of meetings of the Audit Committee held during the year and the attendees at those meetings, refer to the directors' report.

Corporate Governance Statement

Risk and Compliance

The responsibility for overseeing risk falls within the charter of the Risk and Compliance Committee. The Company identifies areas of risk within the Company and management and the Board continuously undertake a risk assessment of the Company's operations, procedures and processes. The risk assessment is aimed at identifying the following:

- a culture of risk control and the minimisation of risk throughout the Company, which is being done through natural or instinctive processes by employees of the Company;
- a culture of risk control that can easily identify risks as they arise and amend practices;
- the installation of practices and procedures in all areas of the business that are designed to minimise an event or incident that could have a financial or other effect on the business and its day to day management; and,
- adoption of these practices and procedures to minimise many of the standard commercial risks, ie taking out the appropriate insurance policies, or ensuring compliance reporting is up to date.

CEO and CFO certification

The Chief Executive Officer and Chief Financial Officer have given a written declaration to the Board required by section 295A of the Corporations Act 2001 that in their view:

- the Company's financial report is founded on a sound system of risk management and internal compliance and control which implements the financial policies adopted by the Board;
- the Company's risk management and internal compliance and control system is operating effectively in all material respects;
- the Company's financial statements and notes thereto comply with the accounting standards; and,
- the Company's financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the financial year ended on that date.

Directors' Report

The directors of Sequoia Financial Group Limited formerly MDS Financial Group Limited ("the Company" or "SEQ") present the annual financial report for the Group, being parent entity and its subsidiaries, for the year ended 30 June 2016. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:
The names and particulars of the directors of the Company during or since the beginning of the year are:

Michael Carter
Non–Executive Director and Chairman (initially appointed 9 March 2015 as Executive Director, appointed Non–Executive Chairman 10 August 2015).

Michael Carter has over 25 years' experience in financial services with previous executive roles at companies such as Macquarie Bank (now Macquarie Group), NRMA Insurance Group (now IAG) and Bridges Financial Services / IOOF Holdings.

Michael was Managing Director at Bridges Financial Services, Executive Wealth Management and associated entities until April 2014 and was part of the Leadership Group at IOOF Holdings. Bridges was a Market Participant and a major financial planning organisation.

Michael has a Bachelor of Engineering (Mining) from the University of New South Wales and Diploma of Financial Services. He is a member of the Australian Institute of Company Directors.

Scott Beeton
Executive Director and Managing Director (appointed 24 December 2014).

Scott Beeton has 17 years' experience in the finance industry working in a variety of roles across Superannuation, funds management, investment management, stockbroking, AFSL dealer services & advice.

Scott was appointed Managing Director of SEQ in December 2014, following the approval for SEQ to acquire Sequoia Financial Group and became CEO for the newly formed Group. Scott is co-founder of Sequoia and has developed the capabilities of the various Sequoia businesses.

Scott has a Bachelor of Business from Newcastle University.

Marcel Collignon
Executive Director (appointed 24 December 2014).

Marcel Collignon was appointed as Executive Director in December 2014. Marcel is Founder and Managing Director of Sequoia Specialist Investments and is head of Investment Solutions at Sequoia. For 16 years Marcel, has worked in financial markets developing extensive experience in equities and derivatives, trading, portfolio management, superannuation and financial planning.

Marcel holds a Bachelor of Commerce from the Australian National University, a Diploma of Financial Planning and has completed the ASX derivative accreditation course.

Directorships of other listed companies
Directorships of other listed companies held by directors in the last 3 years immediately before the end of the financial year are as follows:

Director	Company	Exchange	Period from	Period to
DP Pagliaccio	AG Financial Ltd	ASX	20 March 2013	4 December 2014

Directors' shareholdings
The following table sets out the number of each director's relevant interest in shares and options over shares or interest in contracts relating to shares of the Company or a related body corporate as at the date of this report.

Director	Fully paid ordinary shares	Indirect interest in shares	Indirect interest in share options
SL Beeton	1,195,875,439		
MK Carter	52,500,000	-	-
MJ Collignon	412,982,375	-	-
DP Pagliaccio	-	-	-

Remuneration of directors and senior management
Information about the remuneration of directors and key management personnel is set out in the remuneration report of this directors' report on page 21.

Company Secretary
Mr Andrew Phillips

Directors' Report

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.

Review of Operations

The consolidated operating profit after income tax attributable to members is $320,397 (2015 loss: $17,974,212), the comprehensive income attributable to members is $618,042 (2015: Loss $17,974,212).

The main reason for comprehensive income being recognised was due to a favourable revaluation in a strategic shareholding held by the Group.

During the year the Sequoia Financial Group Limited completed two strategic acquisitions, the first being a 100% ownership in Sequoia Wealth Group Pty Ltd and the second being controlling ownership in Finance TV Pty Ltd from 11.56% to 50.09%.

Change in the state of affairs

On the 3rd December 2015, the Company changed its name from MDS Financial Group Limited to Sequoia Financial Group Limited following shareholder approval and in addition to this changed it ASX code from MDS to SEQ.

On the 19th April 2016 the Company changed its registered office from Level 8, 25 Bligh Street, Sydney to Level 36, 50 Bridge Street, Sydney.

Subsequent events

There have not been any matters or circumstance occurring subsequent to the end of the financial year that has significantly affected the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Future Developments

Disclosure of information regarding likely developments in the operations of the Group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Group. Accordingly, this information has not been disclosed in this report.

Environmental regulation and performance

The Group's operations are not involved in any activities that have a marked influence on the environment. As such, the directors are not aware of any material issues affecting the Group or its compliance with the relevant environment agencies or regulatory authorities.

Dividends

There have been no dividends paid or provided for (2015: nil).

Share options

As at the date of this report, there are nil (2015: nil) unissued ordinary shares of Sequoia Financial Group Limited under options.

Indemnification and insurance of officers and auditors

During the financial year, the Company paid premiums based on normal commercial terms and conditions to insure all directors, officers and employees of the Group against the costs and expenses in defending claims brought against the individual while performing services for the Group. The premium paid has not been disclosed as it is subject to the confidentiality provisions of the insurance policy. The Company has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

The Company has previously entered into a Deed of Indemnity, Insurance and Access with each of its current and former directors. The purpose of the Deed is to:

- Confirm the indemnity provided by the Company in favour of Directors under the Company's Constitution;
- Include an obligation upon the Company to maintain adequate Directors and Officers liability insurance; and
- Confirm the right of access to certain documents under the Corporations Act.

Directors’ Report

Directors’ meetings

The following table sets out the number of directors’ meetings held during the financial year and the number of meetings attended by each director (while they were a director). During the financial year, there were ten Board meetings held. All other Board matters arising during the year being resolved by Circulating Resolutions.

Director	Eligible to attend	Attended
SL Beeton	9	9
MK Carter	10	10
MJ Collignon	9	9
DP Pagliaccio	6	6
BRS Symon	2	1

Audit Committee

During the financial year, there were one Audit Committee meetings held. Other matters arising during the year were resolved by Circulating Resolutions.

Member	Eligible to attend	Attended
MK Carter	2	2
MJ Collignon	2	2
DP Pagliaccio	2	2

Remuneration and Nomination Committee

During the financial year, there was one Remuneration and Nomination Committee meeting held. This meeting was added to the agenda of one of the Board meetings held.

Member	Eligible to attend	Attended
MK Carter	1	1
MJ Collignon	1	1
DP Pagliaccio	1	-

Risk and Compliance Committee

During the financial year, there were seven Risk and Compliance Committee meeting held.

Member	Eligible to attend	Attended
SL Beeton	7	7
MK Carter	7	4
MJ Collignon	7	7
DP Pagliaccio	3	2

Governance Committee

During the financial year, there was one Governance Committee meeting held.

Member	Eligible to attend	Attended
MK Carter	1	1
MJ Collignon	1	1
BRS Symon	1	1

Non-audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 22 to the financial statements. Engagement services include the review of financial reports for the Group consolidated accounts, the review of three of the subsidiaries licences and corresponding financial reports and for tax related services for all entities within the Group.

The fees included in general and administrative expenses for the year ended June 2016 for all auditor engaged services are as follows:

	$
Audit services	
Audit or review of the financial report, including licences	134,000
Other services	
Tax services	23,000
	157,000

The directors are satisfied that the provision of non-audit services in the form of tax compliance services and a balance sheet review, during the year, by the auditor (or another person or firm on the auditors' behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 22 to the financial statements do not compromise the external auditor's independence, based on advice received from the audit committee, for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and,
- none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditors own work, acting in a management or decision making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are former audit partners of Hall Chadwick

There are no officers of the Company who are former audit partners of Hall Chadwick.

Auditor's independence declaration

The auditor's independence declaration is included on page 67 of the financial report and forms part of the Directors' Report for the year ended 30 June 2016.

Directors' Report

Summary of Results

Operating Performance

Year ended 30 June	2016 $'000	2015 $'000
Revenue	22,981	21,406
Expenses	(22,479)	(39,728)
Profit / (Loss) before tax	502	**(18,322)**
Tax expense	**(216)**	347
Profit / (Loss) after tax	**286**	**(17,974)**

Cash Flow

Year ended 30 June	2016 $'000	2015 $'000
Operating cash flow	(249)	(1,762)
Investing cash flow	(841)	(287)
Financing cash flow	1,289	865
Net decrease in cash	199	(1,183)
Opening cash	614	1,459
Cash received on acquisition	813	337
Closing cash	**813**	**614**

Financial Position

As at 30 June	2016 $'000	2015 $'000
Total current assets	6,318	12,927
Total non-current assets	22,115	21,569
Total assets	**28,433**	34,496
Total current liabilities	9,005	14,960
Total non-current liabilities	10,133	12,881
Total liabilities	**19,138**	27,841
Net assets	**9,295**	**6,655**

Directors' Report

Business Review

Trading & Execution

During the 2016 financial year, D2MX Pty Ltd transformed compared to the prior year. The "Group" is continuing to attract new wholesale clients (holders of an AFSL issued by ASIC and referred to in the industry as 'shadow brokers') which has seen a revenue contribution increase to the Group of 345% (2016: $8,265,683 and 2015: $1,855,709, prior year was 6 months' contribution). In addition, the execution and trading division has continued to make branding conscious choices, renaming Trader Dealer Online Pty Ltd to Sequoia Direct Pty Ltd, establishing new websites and through the launch of a new wholesale trading platform in the 2017 financial year.

D2MX Pty Ltd has also seen solid and ongoing growth in the number of client trading accounts since January 2016.

Software Subscriptions

SEQ has two analytical software products, robust trading tools that are used by retail and wholesale traders alike. These proprietary trading platforms are branded as Bourse Data and Market Analyser, names that are highly regarded and trusted in the market place, having been established in the share trading industry for over 15 years. Our subscription based software allows easy scanning and analysis of market information through a web based interface for convenient access.

Capital Markets Advisory

The capital markets division is continuing to be a valuable contributor to the "Group". Sequoia Corporate Finance Pty Ltd signed a number of exclusive mandates during the financial year that resulted in positive revenue events which contributed to the financial year result.

Self-Managed Superannuation Fund Administration

Sequoia Superannuation Pty Ltd gained considerable traction during financial year 2016, with an increase in new mandates secured for the administration of SMSFs. The Company has a particular focus on this division as a platform for further growth and as a source of recurring revenue.

Wealth Advisory

Sequoia Asset Management Pty and Sequoia Wealth Management Pty Ltd's specialised teams provide general advice and support regarding portfolio management, SMSFs, direct shares, superannuation, structured products, option trading, personal insurance, margin lending and cash solutions. This division is now seeking to maximise the many cross-selling opportunities for such products and services across the Group's growing and diverse client base.

Investment Solutions

Sequoia Specialist Investments had great success with its structured products during the period, which have been increasingly popular with self-directed investors and third party advisors, and which have generated some excellent returns for investors.

Financial news services

FNN is an independent news organisation that specialises in both the production and distribution of financial news content, digital communications and productions services to ASX-Listed companies and managed funds. Annually FNN produces more than 3000 video news items and is one of the largest suppliers of wholesale online finance video in the country.

Future Developments

The Company has commenced the new financial year strongly. We are encouraged by the growing market profile and new mandates being secured across our key business units. We expect to enhance the trading software options on offer to our wholesale trading clients, allowing further growth in wholesale client relationships this year. Synergies from the strategic investment in FNN and the expansion of our funds management activities are anticipated to be earnings accretive in FY17.

Directors' Report

Sequoia Financial Group Limited ABN 90 091 744 884

Remuneration Report (audited)

The remuneration report, which has been audited, outlines the director and executive remuneration arrangements for the consolidated entity and the Company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The remuneration report is set out under the following main headings:

A. Director and senior management details
B. Remuneration policies
C. Remuneration of directors and senior management
D. Additional information

A. Director and senior management details

Mr Scott Lionel Beeton	Managing Director
Mr Michael Kenneth Carter	Executive Director appointed 9 March 2015, appointed Non-Executive Chairman 10 August 2015
Mr Marcel John Collignon	Executive Director
Mr Bruce Richard Sydney Symon	Executive Director, resigned 7 August 2015
Mr Delan Pasquale Pagliaccio	Executive Director appointed 7 August 2015, resigned 2 May 2016

In addition to the directors noted above, the following persons represent the senior management of the Group during the year:

Mr Andrew Guy Phillips	Company Secretary and Chief Financial Officer until 10 August 2015
Ms Renee Louise Minchin	Chief Financial Officer

B. Remuneration policies

The performance of the Group depends upon the quality of its directors and executives. The Group recognises the need to attract, motivate and retain highly skilled directors and executives.

The Board of Directors, through its Remuneration Committee, accepts responsibility for determining and reviewing remuneration arrangements for the directors and the senior management team. The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of directors and senior managers on a periodic basis by reference to relevant employment market conditions, giving due consideration to the overall profitability and financial resources of the Group, with the objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

The Board proposes to review reward structures and the remuneration arrangements for Directors and executives in conjunction with a return to profitability.

Non-executive director remuneration
Fees and payments to non-executive directors reflect the demands which are made of the directors in fulfilling their responsibilities. Non-executive director fees are reviewed annually by the Board. The constitution of the Company provides that the non-executive directors of the Company are entitled to such remuneration, as determined by the Board, which must not exceed in aggregate the maximum amount determined by the Company in general meeting. The most recent determination was at the Annual General Meeting held on 15 December 2006 where the shareholders approved an aggregate remuneration of $200,000.

Senior management and executive director remuneration
Executive remuneration comprises:

- Fixed remuneration component
- Variable remuneration component including short-term incentive (STI) and long-term incentive (LTI)
- An Employee Share Option Plan was approved at a meeting of shareholders on the 27 November 2015 (LTI)

Fixed remuneration
Fixed remuneration consists of base remuneration as well as employer contributions to superannuation. Remuneration levels are reviewed annually through a process that considers individual performance and that of the overall Group.

Remuneration Report (audited)

Variable remuneration – short term incentive (STI)
STIs are available to executives who achieve revenue and/or profit targets. The Board is responsible for determining who is eligible to participate in STI arrangements as well as the structure of those arrangements. No STI's, including options have been awarded in the current financial year.

Variable remuneration – long term incentive (LTI)
The objective of the LTI plan is to reward senior managers in a manner which aligns this element of remuneration with the creation of shareholder wealth. As such, LTI grants are only made to executives who are able to influence the generation of shareholder wealth and thus have a direct impact on the Group's performance against relevant long term performance hurdles. LTI grants to executives are delivered in the form of options or shares.

No LTI grants were allocated during 2016.

C. Remuneration of directors and senior management

Remuneration shown below relates to the period in which the director or executive was a member of key management personnel. Amounts below have either been paid out or accrued in the period. Included in the cash salary and fees are short term benefits being; director fees, management contracts and fees earned from mandated corporate activity.

	Short-term benefits	Post employment benefits	Share based payments	Total	Short-term benefits	Post employment benefits	Share based payments	Total
	Cash salary and fees	Super-annuation	Shares		Cash salary and fees	Super-annuation	Shares	
	2016				2015			
	$	$	$	$	$	$	$	$
Executive Directors:								
SL Beeton	276,386	19,308	-	295,694	276,867	18,783	-	295,650
MJ Collignon	246,513	19,308	-	265,821	247,983	18,476	-	266,459
DP Pagliaccio	165,000	-	-	165,000	-	-	-	-
BRS Symon	45,000	-	-	45,000	60,000	-	60,000	120,000
MK Carter	-	-	-	-	42,549	4,042	-	46,591
Non-Executive Directors:								
MK Carter	69,745	6,626	-	76,371	-	-	-	-
JGK Khoo	-	-	-	-	-	-	-	-
PJ Stirling	-	-	-	-	-	-	-	-
Other Key Management								
AG Phillips	102,000	-	-	102,000	60,000	-	60,000	120,000
CB Foley	-	-	-	-	152,098	6,460	-	158,558
RL Minchin	131,667	12,508	-	144,175	-	-	-	-
Total	**1,036,311**	**57,750**	**-**	**1,094,061**	**839,497**	**47,761**	**120,000**	**1,007,258**

Directors' Report

Remuneration Report (audited)

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration 2016 $	Fixed remuneration 2015 $	At risk - STI 2016 $	At risk - STI 2015 $	At risk - LTI 2016 $	At risk - LTI 2015 $
Executive Directors:						
SL Beeton	100%	100%	-%	-%	-%	-%
MK Carter	-%	100%	-%	-%	-%	-%
MJ Collignon	100%	100%	-%	-%	-%	-%
BRS Symon	100%	100%	-%	-%	-%	-%
DP Pagliaccio	100%	-%	-%	-%	-%	-%
Non-Executive Directors:						
MK Carter	100%	-%	-%	-%	-%	-%
JGK Khoo	-%	100%	-%	-%	-%	-%
PJ Stirling	-%	100%	-%	-%	-%	-%
Other Key Management Personal						
AG Phillips	100%	100%	-%	-%	-%	-%
CB Foley	-%	100%	-%	-%	-%	-%
RL Minchin	100%	-%	-%	-%	-%	-%

There is no link between remuneration and the market price of the Company's shares.

Shareholding

The number of shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties is set out below;

30 June 2016	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
S Beeton	1,060,903,816	-	134,971,623	-	1,195,875,439
M Carter	2,500,000	-	50,000,000	-	52,500,000
M Collignon	371,469,875	-	41,512,500	-	412,982,375
R Symon	84,691,435	-	-	-	84,691,435
A Phillips	32,071,429	-	21,000,000	-	53,071,429
R Minchin	12,500,000	-	11,764,706	-	24,264,706
	1,564,136,555	-	259,248,829	-	1,823,385,384

30 June 2015	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
S Beeton	143,569,687	-	937,403,467	20,069,338	1,060,903,816
M Carter	-	-	2,500,000	-	2,500,000
M Collignon	15,099,451	-	356,370,424	-	371,469,875
J Khoo	-	-	12,500,000	-	12,500,000
R Symon	68,666,669	8,571,429	7,453,337	-	84,691,435
P Stirling	210,000,000	-	-	-	210,000,000
C Foley	114,242	-	-	-	114,242
A Phillips	60,000	8,571,429	23,494,000	-	32,071,429
	473,510,049	17,142,858	1,303,727,228	20,069,338	1,774,310,797

Escrow shares held by S Beeton and M Collignon are included in the total shareholding, the shares come out of escrow on the 1 October 2016, the escrowed shareholding for each director was 83,025 shares and relate to performance expectations of Sequoia Wealth Group Pty Ltd.

Directors' Report

Remuneration Report (audited)

Key terms of employment contracts
Where contracts have been established, employment terms and conditions of key management personnel and Group executives are formalised in standard contracts of employment. All contracts are for no fixed term with 1 to 3 months' notice required for termination by either party.

Currently not all key management personal have formal contracts, however this will be put into place.

D. Other transactions with directors and senior management

Receivable from and payable to key management personnel
The following balances are outstanding at the reporting date in relation to loan and remuneration arrangements with key management personnel:

	Consolidated	
	2016	**2015**
	$	**$**
Trade receivable from Mr SL Beeton	-	(87,100)
Trade payable to Ms JC Khoo	-	40,000
Trade payables to Mr PJ Stirling	-	27,500
Trade payables to Mr CB Foley	-	70,523

Ms JC Khoo and Mr PJ Stirling have converted the above outstanding debt to equity as at the 6 August 2015. Mr SL Beeton has repaid $87,100 of the loan in full. Mr CB Foley was paid as at the 15 August 2015.

E. Additional information

The following table shows the gross revenue, profits and dividends for the last five years of the listed entity, as well as the share prices at the end of the respective financial years.

	2014	**2015**	**2016**
	$'000	**$'000**	**$'000**
Revenue	6,491	21,406	22,981
Net profit or (loss) after tax	(1,260)	(17,974)	286
Share price at year end	$0.002	$0.001	$0.002
Dividends paid	Nil	Nil	Nil

This concludes the remuneration report, which has been audited.

The directors' report is signed in accordance with a resolution of the directors made pursuant to s298(2) of the Corporations Act 2001.

On behalf of the Directors

Michael Carter

Michael Carter
Chairman

31 August 2016

General Information

The financial report covers Sequoia Financial Group Limited as a consolidated entity consisting of Sequoia Financial Group Limited and the entities it controls. The financial report is presented in Australian dollars, which is Sequoia Financial Group Limited functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

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 36
50 Bridge Street
Sydney NSW 2000

A description of the nature of the consolidated entity's operation and its principal activities are included in the directors' report, which is not part of the financial report.

The financial report was authorised for issue, in accordance with a resolution of directors, on 31 August 2016. The directors have the power to amend and reissue the financial report.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2016

	Note	Consolidated 2016 $	Consolidated 2015 $
Revenue	4	22,980,597	21,406,293
Expenses			
Data fees		(1,139,430)	(575,189)
Dealing and settlement		(6,498,185)	(2,098,539)
Payments to investors		(3,965,169)	(9,690,353)
Commission and hedging		(4,128,428)	(4,773,828)
Employee benefits	5	(4,103,466)	(2,814,908)
Occupancy		(379,491)	(307,135)
Telecommunications		(268,881)	(135,299)
Marketing		(203,995)	(245,994)
General and administrative		(1,390,344)	(1,836,170)
Impairment	5	(160,861)	(17,130,595)
Other expenses		(240,756)	(119,866)
Profit / (loss) before income tax from continuing operations		501,591	(18,321,583)
Income tax (expense)/ benefit	6	(215,858)	347,371
Profit / (loss) from continuing operations		285,733	(17,974,212)
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Fair value gains on available-for-sale financial assets, net of tax		297,645	-
Total other comprehensive income		297,645	-
Total comprehensive income for the year		583,378	(17,974,212)
Total profit/(loss) and comprehensive income attributable to:			
- Members of the parent entity		618,042	(17,974,212)
- Non-controlling interest		(34,664)	-
		583,378	(17,974,212)

	Note	Cents	Cents
Earnings per share for loss attributable to the owners of Sequoia Financial Group Limited			
Basic earnings per share	33	0.008	(40.00)
Diluted earnings per share	33	0.007	(40.00) [1]

[1] All potential ordinary shares, being options to acquire ordinary shares are not considered dilutive, as the exercise of the options would decrease the basic loss per share.

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

Consolidated Statement of Financial Position

As at 30 June 2016

	Note	Consolidated 2016 $	Consolidated 2015 $
Assets			
Cash and cash equivalents	7	812,831	613,527
Trade and other receivables	8	1,594,641	2,582,290
Derivative assets	9	883,111	5,390,430
Income tax receivable		-	10,529
Other assets	10	161,038	152,805
Deferred costs	11	2,865,995	4,177,366
Total current assets		6,317,616	12,926,947
Financial assets	12	1,836,575	1,213,248
Plant and equipment	13	154,647	30,349
Intangible assets	14	8,813,012	7,655,166
Derivative assets	9	5,278,666	5,499,896
Deferred tax assets	6	2,482,036	3,321,786
Other assets	10	1,215,652	1,088,507
Deferred costs	11	2,334,591	2,759,619
Total non-current assets		22,115,179	21,568,571
Total assets		28,432,795	34,495,518
Trade and other payables	15	2,274,715	4,181,572
Derivative liabilities	9	883,111	5,390,430
Employee benefits	18	370,451	267,721
Deferred revenue	17	3,491,262	5,119,825
Borrowings	16	2,060,000	-
Total current liabilities		9,004,539	14,959,548
Borrowings	16	-	1,860,000
Derivative liabilities	9	5,278,666	5,499,896
Employee benefits	18	32,517	13,107
Deferred tax liabilities	6	1,778,045	2,204,782
Deferred revenue	17	3,043,758	3,303,385
Total non-current liabilities		10,132,986	12,881,170
Total liabilities		19,137,525	27,840,718
Net assets		9,295,270	6,654,800
Equity			
Contributed equity	19	26,724,112	24,765,885
Reserves	20	177,098	(482,765)
Accumulated losses		(17,670,141)	(17,628,320)
Parent interest		9,231,069	6,654,800
Non-controlling interest	34	64,201	-
Total equity		9,295,270	6,654,800

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2016

Consolidated	Contributed Equity $	Reserves $	Accumulated Losses $	Non-controlling interest $	Total Equity $
Balance at 1 July 2014	**15,906,960**	**(482,765)**	**345,892**	**-**	**15,770,087**
Comprehensive income:					
Loss for the year	-	-	(17,974,212)	-	(17,974,212)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	(17,974,212)	-	(17,974,212)
Transactions with owners in their capacity as owners:					
Deemed issue of shares from reverse acquisition	8,553,712	-	-	-	8,553,712
Share capital issued	315,000	-	-	-	315,000
Transaction costs	(9,787)	-	-	-	(9,787)
Total transactions with owners and other transfer	8,858,925	-	-	-	8,858,925
Balance at 30 June 2015	**24,765,885**	**(482,765)**	**(17,628,320)**	**-**	**6,654,800**
Balance at 1 July 2015	**24,765,885**	**(482,765)**	**(17,628,320)**	**-**	**6,654,800**
Comprehensive income:					
Profit for the year	-	-	320,397	(34,664)	285,733
Other comprehensive income for the year	-	297,645	-	-	297,645
Total comprehensive income for the year	-	297,645	320,397	(34,664)	583,378
Transactions with owners in their capacity as owners:					
Share capital issued	1,997,514	-	-	-	1,997,514
Transaction costs	(39,287)	-	-	-	(39,287)
Transfer from reserve to accumulated losses	-	362,218	(362,218)	-	-
Recognition of non-controlling interest on acquisition of subsidiary	-	-	-	98,865	98,865
Total transactions with owners and other transfers	1,958,227	362,218	(362,218)	98,865	2,057,092
Balance at 30 June 2016	**26,724,112**	**177,098**	**(17,670,141)**	**64,201**	**9,295,270**

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

Consolidated Statement of Cash Flows
For the year ended 30 June 2016

	Note	Consolidated 2016 $	Consolidated 2015 $
Cash flows from operating activities			
Receipts from customers		20,982,069	22,876,588
Payment to suppliers and employees		(20,827,543)	(23,588,375)
Interest received		5,338	13,493
Interest paid		(240,756)	(119,866)
Income tax paid		(167,906)	(943,365)
Net cash used in operating activities	32	(248,798)	(1,761,525)
Cash flows from investing activities			
Payment for acquisition of subsidiaries, net of cash acquired	31	(571,240)	-
Proceeds from sale of financial assets		41,506	(150,000)
Payment for plant and equipment		(120,874)	-
Payment for intangible assets		(63,556)	-
Payment for bonds, guarantees and other assets		(127,145)	(136,633)
Net cash used in investing activities		(841,309)	(286,633)
Cash flows from financing activities			
Proceeds from borrowings		200,000	560,000
Proceeds from issue of shares, net of transaction costs		1,089,411	305,212
Net cash provided by financing activities		1,289,411	865,212
Net decrease in cash and cash equivalents		199,304	(1,182,946)
Cash acquired from subsidiary on acquisition		-	337,454
Cash and cash equivalents at 1 July		613,527	1,459,019
Cash and cash equivalents at 30 June		812,831	613,527

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

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies

The financial statements are those of the consolidated entity consisting of Sequoia Financial Group Limited (the "Company") and its controlled entities (the "consolidated entity" or "Group"). Separate financial statements of Sequoia Financial Group Limited as an individual entity are no longer presented as a consequence of a change to the Corporations Act 2001, however limited financial information on Sequoia Financial Group Limited as an individual entity is included in Note 28.

The principal accounting policies adopted in the preparation of the financial statements have been consistently applied to all the years presented.

The financial statements were authorised for issue on 31 August 2016 by the directors of the Company.

a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

b) Going concern

The financial report shows that for year ended 30 June 2016 the consolidated entity has a total comprehensive income attributable to members of $618,042 and a negative cash flow from operating cash flows of $248,798 and a large reduction in trade and other payables of $1,906,857.

At balance date the consolidated entity has a current asset deficiency of $2,686,923 a net tangible asset deficiency of $221,733. These conditions indicate an uncertainty that may cast doubt about the consolidated entity's ability to continue as a going concern, however the business continues to improve, which is reducing this uncertainty.

The ability of the consolidated entity to continue as a going concern is dependent upon a number of critical factors, one being the continuation and availability of funds. To this end the consolidated entity is expecting to fund its obligations beyond the reported working capital position as follows:

- The Group is actively seeking new revenue opportunities which will add value to the consolidated Group;
- The Group is benefiting from cross revenue segment opportunities;
- The Group has significantly reduced outstanding creditor obligations; and
- The Group is actively looking for funding alternatives as the Company's risk profile is reducing.

Cash flow forecasts prepared by management demonstrate the consolidated entity has sufficient cash flows to meet its commitments over the next 12 months based on the above factors. For that reason, the financial statements have been prepared on the basis that the consolidated entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business.

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies

c) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Sequoia Financial Group Limited) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 28.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

The consolidated financial statements have been prepared using reverse acquisition accounting. In reverse acquisition accounting, the cost of business combination is deemed to have been incurred by the legal subsidiary Sequoia Group Holdings Pty Ltd (the acquirer for accounting purposes) in the form of equity instruments issued to the owners of the legal parent, Sequoia Financial Group Limited (the acquiree for accounting purposes).

d) Foreign currency translation
The financial report is presented in Australian dollars, which is Sequoia Financial Group Limited's functional and presentation currency.

e) Business combinations
Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred. The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

f) Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income). Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intent to settle simultaneously.

Sequoia Financial Group Limited (the 'head entity') and its wholly-owned Australian controlled entities have formed an income tax consolidated Group under the tax consolidation regime. The head entity and the controlled entities in the tax consolidated Group continue to account for their own current and deferred tax amounts. The tax consolidated Group has applied the Group allocation approach in determining the appropriate amount of taxes to allocate to member of the tax consolidated Group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated Group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated Group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated Group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Note 1. Summary of Significant Accounting Policies (continued)

g) Fair Value of Assets and Liabilities
The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

h) Plant and equipment
Plant and equipment and leasehold improvements are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset.

Depreciation is provided on plant and equipment. Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The depreciable amounts of all fixed assets are depreciated on a reducing balance basis over their estimated useful lives commencing from the time the asset is held ready for use.

	2016	**2015**
Plant and equipment:	11% to 50%	11% to 50%

Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method.

i) Financial Instruments

(i) Recognition and initial measurement
Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

(ii) Classification and subsequent measurement
Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

Financial assets at fair value through profit or loss
Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Available-for-sale investments
Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are expected to be sold after 12 months from the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

Financial liabilities
Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process when the financial liability is derecognised.

Derivative instruments
Derivative instruments entered into by the consolidated Group include options in the equity markets. These derivative instruments are principally used for the risk management of existing financial assets and liabilities. All derivatives, including those used for statement of financial position hedging purposes, are recognised on the statement of financial position and are disclosed as an asset where they have a positive fair value at balance date or as a liability where the fair value at balance date is negative.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and subsequently re-measured to their fair value. Changes in the fair value of derivative instrument that does not qualify for hedge accounting are recognised immediately in the profit or loss in commission and hedging

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

j) Impairment of financial assets
At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a Group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a “loss event”) having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a Group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

k) Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangibles are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill
Where an entity or operation is acquired in a business combination, the identifiable net assets acquired are measured at fair value. The excess of the fair value of the cost of acquisition over the fair value of the identifiable net assets acquired is brought to account as goodwill. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Australian Securities Exchange licence
The licence relating to participant status of the Australian Securities Exchange is being amortised on a straight-line basis over a period of 5 years commencing 1 July 2011.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset’s fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

l) Functional and presentation currency
The functional currency of each of the Group’s entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity’s functional currency.

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

m) Employee benefits

Wages and salaries and annual leave

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Long service leave

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions

Defined contribution superannuation benefits

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments

Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received.

n) Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable that the consolidated entity 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 reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

o) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

p) Revenue and other income

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Rendering of services

Revenue from the provision of services to customers is recognised upon delivery of the service to the customer. Revenue received that relates to the provision for future services is accounted for as deferred income.

Interest revenue

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Commissions and fee income

When the consolidated entity acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the consolidated entity.

Commission and fee income is recognised as related services are performed. Where commissions and fees are subject to the clawback or meeting certain performance hurdles, they are recognised as income at the point when those conditions can no longer affect the outcome.

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

All revenue is stated net of the amount of goods and services tax (GST).

q) Trade Receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting immaterial. Other receivables are recognised at amortised cost, less any provision for impairment.

r) Trade and other payables
Trade and other payables represent the liabilities for goods and services received by the Group that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

s) Borrowings
Borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method. Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the borrowings are classified as non-current.

t) Leases
Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

u) Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

v) Comparative Figures
When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group has retrospectively applied an accounting policy, made a retrospective restatement or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

w) Critical accounting judgements, estimates and assumptions
The preparation of the financial statements requires management to make judgements, estimates and assumption that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances, the resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

(i) Provision for impairment of receivables
The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

(ii) Fair value and hierarchy of financial instruments
The consolidated entity is required to classify financial instruments, measured at fair value, using a three level hierarchy, being Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs). An instrument is required to be classified in its entirety on the basis of the lowest level of valuation inputs that is significant to fair value. Considerable judgement is required to determine what is significant to fair value and therefore which category the financial instrument is placed in can be subjective.

The fair value of financial instruments classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

(iii) Goodwill and other indefinite life intangible assets
The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in Note 1(k). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

(iv) Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

x) Contributed equity
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

y) Dividends
Dividends are recognised when declared during the financial year and no longer at the discretion of the consolidated entity.

z) Earnings per share
Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Sequoia Financial Group Limited, excluding any costs of servicing equity other than ordinary shares, by weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 2. New Accounting Standards for Application in Future Periods

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

- AASB 9*: Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

Note 2. New Accounting Standards for Application in Future Periods (continued)

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods commencing on or after 1 January 2018).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:
- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the directors anticipate that the adoption of AASB 16 will impact the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

Notes to the Financial Statements

Note 3. Operating Segments

Identification of reportable operating segments
The consolidated entity is organised into seven operating segments: trading and execution, software subscriptions, capital markets advisory, SMSF administration, wealth advisory, investment solutions and financial news services. These operating segments 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. There is no aggregation of operating segments.

The information reported to the CODM is on a least a monthly basis.

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

Trading and Execution	Provision of execution only, online trading services
Software Subscriptions	Provision of financial market data and analysis tools for sophisticated investors
Capital Markets Advisory	Provision of capital markets advice and related services
SMSF Administration	Provision of complete market solutions for SMSF
Wealth Advisory	Provision of client advisory services
Investment Solutions	Provision of bespoke investment products
Finance News Services	Provision of financial news services

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.

Notes to the Financial Statements

Note 3. Operating Segments (continued)

2016	Trading and Execution $	Software Subscriptions $	Capital Markets Advisory $	SMSF Administration $
Revenue	8,265,683	1,291,884	701,021	1,884,922
Segment result before impairment expense and revaluation increments to fair value				
Segment result	277,144	486,914	443,828	562,550
Assets				
Segment assets	3,420,738	806,369	583,219	1,872,142
Liabilities				
Segment liabilities	1,377,180	316,884	200,453	169,163

2016	Wealth Advisory $	Investment Solutions $	Financial News Services $	Unallocated $	Total
Revenue	1,520,098	8,723,043	523,209	70,737	22,980,597
Segment result before impairment expense and revaluation increments to fair value					
Segment result	273,027	940,665	(69,454)	(2,628,945)	285,729
Assets					
Segment assets	2,357,346	18,556,296	836,685	-	28,432,795
Liabilities					
Segment liabilities	1,137,639	15,751,619	184,587	-	19,137,525

Notes to the Financial Statements

Note 3. Operating Segments (continued)

2015	Trading and Execution $	Software Subscriptions $	Capital Markets Advisory $	SMSF Administration $
Revenue	1,855,709	684,662	(281,873)	1,765,133
Segment result before impairment expense and revaluation increments to fair value	134,550	56,741	(401,873)	190,939
Impairment (Note 14)	-	(530,000)	-	-
Segment result	134,550	(473,259)	(401,873)	190,939
Assets				
Segment assets	2,658,567	662,293	37,121	2,069,492
Liabilities				
Segment liabilities	784,495	980,432	-	94,798

2015	Wealth Advisory $	Investment Solutions $	Unallocated $	Total $
Revenue	1,400,547	16,345,507	(363,392)	21,406,293
Segment result before impairment expense and revaluation increments to fair value	(431,937)	1,299,799	(1,869,571)	(1,021,352)
Impairment (Note 14)	(5,883,397)	(2,000,000)	(8,539,463)	(16,952,860)
Segment result	(6,315,334)	(700,201)	(10,409,034)	(17,974,212)
Assets				
Segment assets	1,904,340	27,163,703	-	34,495,518
Liabilities				
Segment liabilities	1,993,939	23,987,054	-	27,840,718

Notes to the Financial Statements

Note 4. Revenue

	Consolidated	
	2016	**2015**
	$	**$**
Data subscriptions fees	1,320,224	679,238
Brokerage and commissions revenue	9,147,216	1,809,753
Superannuation product revenue	1,881,653	1,760,350
Structured product revenue	8,796,832	16,341,608
Corporate advisory fees	522,363	34,000
Media revenue	520,255	-
Other Income	359,610	-
Total operating income	22,548,153	20,624,949
Other revenue		
Interest	5,338	13,493
Other	427,106	767,851
Total other revenue	432,444	781,344
Total revenue	22,980,597	21,406,293

Note 5. Expenses

Loss before income tax includes the following specific expenses:

	Consolidated	
a) *Employee benefits expense*	**2016**	**2015**
	$	**$**
Wages and salaries	3,357,611	2,297,737
Other employment costs	745,855	517,171
	4,103,466	2,814,908
b) *Depreciation*		
Plant and equipment	20,555	50,271
Leasehold improvements	9,132	18,800
	29,687	69,071
c) *Amortisation*		
Websites and blackhole	8,774	8,264
Regulator membership	-	15,000
Client list	92,400	85,400
	101,174	108,664
d) *Impairment*		
Goodwill	-	16,952,860
Regulator membership	30,000	-
	30,000	16,952,860
Total depreciation, amortisation and impairment	160,861	17,130,595

Notes to the Financial Statements

Note 6. Income Tax Expense

a) *Income tax expense/ (benefit)*	Consolidated 2016 $	Consolidated 2015 $
Income tax expense		
Under provision in respect of prior year	221,317	111,571
Deferred tax	(5,459)	(458,942)
	215,858	(347,371)
Numerical reconciliation of income tax expense to prima facie income tax payable		
Profit/ loss before income tax	501,591	(18,321,583)
Tax at the Australian rate of 30%	150,477	(5,496,475)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
- Impairment of goodwill	-	5,085,858
- Accounting for reverse acquisition	-	(418,698)
- Losses not previously recognised	-	(43,890)
- Under provision in respect of prior year	(5,459)	80,323
- Impact of tax cost base resetting from acquisition of Sequoia assets	-	201,077
- Tax losses not brought to account	20,801	-
- Other non-allowable items	50,039	244,434
Income tax expense	215,858	(347,371)

b) *Deferred tax*	Deferred tax asset $	Deferred tax liability $
Consolidated		
2016		
Balance at 30 June 2015	3,321,786	2,204,782
Changes in the year	(839,750)	(426,737)
Balance at 30 June 2016	2,482,036	1,778,045
2015		
Balance at 30 June 2014	2,672,325	2,100,493
Changes in the year	649,461	104,289
Balance at 30 June 2015	3,321,786	2,204,782

Notes to the Financial Statements

Note 7. Cash and Cash Equivalents

	Consolidated 2016 $	2015 $
Current		
Cash at bank and on hand	812,831	613,527

Note 8. Trade and Other Receivables

	Consolidated 2016 $	2015 $
Current		
Trade receivables	1,420,379	1,672,519
Related party trade receivables	-	836,016
Provision for impairment	(33,909)	(3,909)
	1,386,470	2,504,626
Other receivables	208,171	77,664
Total trade and other receivables	1,594,641	2,582,290

Impairment of receivables
The Company has recognised an additional impairment to receivables in 2016 of $30,000 (2015: $3,909).

The ageing of the impaired receivables recognised above are as follows:

	Consolidated 2016 $	2015 $
Over 60 days overdue	33,909	3,909
	33,909	3,909

Note 8. Trade and Other Receivables (continued)

Movements in the provision for impairment of receivables are as follows:

	Consolidated 2016 $	Consolidated 2015 $
Opening balance	3,909	-
Additional provisions recognised	30,000	3,909
Closing balance	33,909	3,909

Past due but not impaired
Customers with balances past due but without provision for impairment of receivables amount to $187,132 as at 30 June 2016 (2015: $1,146,956). The consolidated entity did not consider a credit risk on the aggregate balances after reviewing agency credit information and credit terms of customers based on recent collection practices. In 2015 the related party receivables relates to Sequoia Wealth Group Pty Ltd which the Company has acquired during the year.

The ageing of the past due but not impaired receivables are as follows:

	Consolidated 2016 $	Consolidated 2015 $
Trade receivables		
31 to 60 days overdue	29,614	61,482
Over 60 days overdue	153,518	189,458
	182,132	250,940
Related party receivables		
31 to 60 days overdue	-	177,996
Over 60 days overdue	-	718,020
	-	896,016
	182,132	1,146,956

Note 9. Derivative Instruments

	Consolidated 2016 $	Consolidated 2015 $
Current		
Derivative assets	883,111	5,390,430
Non-Current		
Derivative assets	5,278,666	5,499,896
Total derivative assets	6,161,777	10,890,326
Current		
Derivative liabilities	883,111	5,390,430
Non-Current		
Derivative liabilities	5,278,666	5,499,896
Total derivative liabilities	6,161,777	10,890,326

The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in the value of its investment products issued to the Group's investors in accordance with the Group's financial risk management policies (refer to Note 22).

The Group enters into hedging instruments with financial institutions to hedge its exposure to fluctuations in the value of its investment and loan products. The hedging instruments are fair valued by financial institutions to reflect the market value of the hedged instruments. The hedge assets are selected so that the fair value of the hedged liabilities equates to the fair value of the hedged assets and loans. In this way the liabilities and assets are hedged and the risk associated with changes in market conditions has been neutralised.

Information about the Group's exposure to market risk, liquidity risk, and credit risk is disclosed in Note 22. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of derivative financial assets outlined above.

Notes to the Financial Statements

Note 10. Other Assets

	Consolidated 2016 $	2015 $
Current		
Prepayments	161,038	152,301
Other assets	-	504
	161,038	152,805
Non-current		
Bonds and guarantees	1,201,250	1,074,105
Others	14,402	14,402
	1,215,652	1,088,507

Note 11. Deferred Costs

	Consolidated 2016 $	2015 $
Current		
Deferred costs	2,865,995	4,177,366
Non-Current		
Deferred costs	2,334,591	2,759,619
Total deferred costs	5,200,586	6,936,985

Deferred costs, classified as current and non-current, consists of the appropriate recognition of option premium expenses incurred by Sequoia Specialist Investments.

Note 12. Financial Assets

	Consolidated 2016 $	2015 $
Investment in listed entities	437,460	418,747
Investment in listed entities – escrowed shares	-	42,501
Investments in other non-listed entities	1,399,115	752,000
Total financial assets	1,836,575	1,213,248

Note 13. Plant and Equipment

	Consolidated 2016 $	Consolidated 2015 $
Plant and equipment:		
At cost	637,195	560,674
Accumulated depreciation	(550,880)	(530,325)
	86,315	30,349
Leasehold improvements:		
At cost	138,735	61,271
Accumulated depreciation	(70,403)	(61,271)
	68,332	-
Total plant and equipment	154,647	30,349

Reconciliations
Reconciliation of the carrying amount of plant and equipment at the beginning and end of the current financial year as follows:

	Plant and equipment $	Leasehold improvements $	Total $
Consolidated			
Balance at 30 June 2014	45,263	-	45,263
Additions	8,699	-	8,699
Acquisition through business combinations (Note 31)	21,952	4,237	26,189
Depreciation	(45,565)	(4,237)	(49,801)
Balance at 30 June 2015	30,349	-	30,349
Additions	43,410	77,464	120,874
Acquisition through business combinations (Note 31)	33,111	-	33,111
Depreciation	(20,555)	(9,132)	(29,687)
Balance at 30 June 2016	86,315	68,332	154,647

Notes to the Financial Statements

Note 14. Intangible Assets

	Consolidated	
	2016	**2015**
	$	**$**
Goodwill:		
At cost	25,560,156	24,334,692
Accumulated impairment losses	(16,952,860)	(16,952,860)
	8,607,296	7,381,832
Websites:		
At cost	72,112	48,556
Accumulated amortisation	(44,815)	(39,794)
	27,297	8,762
Black hole:		
At cost	29,912	29,912
Accumulated amortisation	(29,912)	(26,159)
	-	3,753
Regulator memberships and licences:		
At cost	102,500	62,500
Accumulated amortisation	(60,000)	(30,000)
	42,500	32,500
Customer list:		
At cost	413,472	413,472
Accumulated amortisation	(277,553)	(185,153)
	135,919	228,319
Total intangibles assets	8,813,012	7,655,166

Note 14. Intangible Assets (continued)

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

	Goodwill	Websites	Regulator membership and licences	Black Hole	Client List	Total
	$	$	$	$	$	$
Consolidated						
Balance at 1 July 2015	14,734,397	-	-	8,766	292,719	15,035,881
Acquisition through business combinations (Note 31)	9,600,295	1,838	47,500		21,000	9,670,633
Additions	-	10,175	-	-	-	10,175
Impairment	(16,952,860)					(16,952,860)
Amortisation	-	(3,251)	(15,000)	(5,013)	(85,400)	(108,664)
Balance at 30 June 2015	7,381,832	8,762	32,500	3,753	228,319	7,655,166
Acquisition through business combinations (Note 31)	1,225,464	-	-	-	-	1,225,464
Additions	-	23,556	40,000	-	-	63,556
Impairment	-	-	(30,000)	-	-	(30,000)
Amortisation	-	(5,021)	-	(3,753)	(92,400)	(101,174)
Balance at 30 June 2016	8,607,296	27,297	42,500	-	135,919	8,813,012

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

	Consolidated	
	2016	2015
	$	$
Sequoia Specialist Investments Pty Ltd	5,162,392	5,162,392
Sequoia Superannuation Pty Ltd	1,688,608	1,688,608
Software Subscriptions Pty Ltd	530,832	530,832
Sequoia Wealth Group Pty Ltd	674,686	-
Finance TV Pty Ltd	550,778	-
	8,607,296	7,381,832

The recoverable amount of the consolidated entity's goodwill has been determined by a value-in-use calculations 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:

Sequoia Specialist Investments Pty Ltd had a revenue growth rate of 1%, with a 1% increase in direct and overhead costs per annum and a discount rate of 15%. In 2015, goodwill associated with Sequoia Specialist Investments was impaired by $2,000,600 due to a conservative approach taken by management.

Sequoia Superannuation Pty Ltd had a revenue growth rate of 5%, with a 2.5% increase in direct and overhead costs per annum and a discount rate of 15%.

Software Subscriptions Pty Ltd had no revenue growth rate, with a 2.5% increase in direct and overhead costs per annum and a discount rate of 15%. The software subscription segment was impaired in 2015 down due to the increasing number of competitive platforms in the market.

Sequoia Wealth Group Pty Ltd had a revenue growth rate of 5%, with a 2.5% increase in direct and overhead costs per annum and a discount rate of 15%.

The goodwill is considered to be sensitive to these assumptions and is carried in the statement of financial position at a written-down value. Impairment has been recognised in respect of goodwill at the end of the reporting period.

Notes to the Financial Statements

Note 14. Intangible Assets (continued)

Websites
Websites are amortised on a straight-line basis over a period of two to five years.

Regulator membership and licences
ASX membership
The cost of acquiring D2MX Pty Ltd's market participant status of the Australian Securities Exchange is being amortised over a period of five years commencing from the time that the Group's existing third-party execution facilities were transferred to D2MX Pty Ltd in August 2011. The membership in D2MX was fully impaired in 2016.

Australian Financial Services Licence (AFSL)
During the year, Sequoia Wealth Management Pty Ltd applied for a AFSL licence. The costs involved with applying for the licence will be amortised over a period of 5 years.

Black hole expenditure
Sequoia Asset Management Pty Ltd has got black hole expenditure relating to the Australian Financial Services Licence (AFSL) application.

Client list
The Company has two separate clients lists: Sequoia Asset Management Pty Ltd acquired a list from JB Global Pty Ltd and the Company acquired a separate client list from MINC and transferred it to Sequoia Direct Pty Ltd (formerly Trader Dealer Pty Ltd). The client lists have a finite life considered to be five years, amortised on a straight-line basis. The customer list in Sequoia Direct Pty Ltd was fully impaired in 2016.

Sensitivity analysis
The recoverable amount of the Sequoia Superannuation Pty Ltd is estimated to be $2,226,674. This exceeds the carrying amount of the CGU at 31 June 2016 by $538,066. If the pre-tax discount rate applied to the cash flow projections of Sequoia Superannuation was 18% instead of 15%, the recoverable amount of the CGU would equal its carrying value.

The recoverable amount of the Sequoia Specialist Investments Pty Ltd is estimated to be $8,164,998. This exceeds the carrying amount of the CGU at 31 June 2016 by $3,002,606. If the pre-tax discount rate applied to the cash flow projections of Sequoia Specialist Investments Pty Ltd was 20% instead of 15%, the recoverable amount of the CGU would still exceed its carrying value.

Note 15. Trade and Other Payables

	Consolidated	
	2016	**2015**
	$	**$**
Current		
Trade payables	1,662,557	3,297,713
Other payables	418,437	262,580
Accruals	193,721	621,279
Total trade and other payables	2,274,715	4,181,572

Note 16. Borrowings

	Consolidated	
	2016	**2015**
	$	**$**
Current		
Convertible notes	2,060,000	-
Non-Current		
Convertible notes	-	1,860,000
Total borrowings	2,060,000	1,860,000

Borrowings comprised of a number of convertible loans to the value of $2,060,000 (2015: $1,860,000). Interest is payable at a rate of between 10.0-12.0 percent per annum. The convertible notes remain outstanding and repayable and are anticipated to be refinanced or repaid as they mature, commencing November 2016 until the 29 January 2017.

Further information about this loan is included as part of Note 22 – Financial Risk Management.

Notes to the Financial Statements

Note 17. Deferred Revenue

	Consolidated	
	2016	2015
	$	$
Current		
Deferred revenue	3,491,262	5,119,825
Non-Current		
Deferred revenue	3,043,758	3,303,385
Total deferred revenue	6,535,020	8,423,210

Deferred revenue, classified as current and non-current, consists of fees paid in advance for customer subscriptions and investment solutions.

Note 18. Employee Benefits

	Consolidated	
	2016	2015
	$	$
Current		
Liability for annual leave	205,394	118,776
Liability for long service leave	165,057	148,945
	370,451	267,721
Non-current		
Liability for long service leave	32,517	13,107
	32,517	13,107

Note 19. Contributed - Equity

	Consolidated	
	2016	2015
	$	$
4,879,870,632 (2015: 3,881,112,532) fully Paid Ordinary shares	26,851,001	24,853,485
Transaction costs	(126,889)	(87,600)
	26,724,112	24,765,885

Movements in ordinary share capital

Details	Date	No of shares	Issue price (cent)	$
Opening balance	Jun 2015	3,881,112,532		24,853,485
Payment in shares	Aug 2015	59,408,100	0.20	118,816
Share placement/ script	Sept 2015	76,000,000	0.20	152,000
Script issue	Oct 2015	375,000,000	0.20	750,000
Placement	Dec 2015	305,850,000	0.20	611,700
Placement	Feb 2016	182,500,000	0.20	365,000
		4,879,870,632		26,851,001

Ordinary shares

Ordinary shares have the right to receive dividends as declared, and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company. The shares have no par value.

Note 19. Contributed – Equity (continued)

Capital risk management

The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns to shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or Company was seen as value adding relative to the current parent entity's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing business in order to maximise synergies.

The consolidated entity is subject to certain financing arrangements covenants and meeting these are given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

Note 20. Reserves

	Consolidated	
	2016	**2015**
	$	**$**
Available for sale reserve	177,098	(482,765)

Available-for-sale reserve records revaluation of available-for-sale financial assets.

	Consolidated	
	2016	**2015**
	$	**$**
Available-for-sale reserve		
Balance at beginning of the financial year	(482,765)	(482,765)
Fair value gains on available-for-sale financial assets	297,645	-
Transfer from reserve to accumulated losses	362,218	-
Balance at end of the financial year	117,098	(482,765)
Accumulated losses		
Balance at the beginning of the financial year	(17,628,320)	345,892
Loss after income tax expense for the year	320,397	(17,974,212)
Transfer from reserve to accumulated losses	(362,218)	-
Balance at the end of the financial year	(17,670,141)	(17,628,320)

Note 21. Dividends

Dividends

No dividends have been paid or declared during 2016 (2015: Nil)

	Company	
	2016	**2015**
	$	**$**
Franking credits		
Franking credits available at the reporting date based on a tax rate of 30%	3,139,720	2,985,198

Note 22. Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, derivative assets and liabilities, convertible notes and loans receivable and payable.

This note provides details of the Group's financial risk management objectives and policies and describes the methods used by management to control risk. In addition, this note includes a discussion of the extent to which financial instruments are used, the associated risks and the business purpose served.

One of the Group's main activities is to issue investments to its product holders which provide returns based on the performance of an underlying reference asset, typically a single index or a single listed equity. Different underlying reference assets, with varying features are issued in separate series. The series are exposed to securities listed on global or local exchanges. The products issued to the product holders have a maturity of 3 years from the date of issue. On maturity, if the investment has performed sufficiently, the product holder has the option to contribute in cash the notional value of the investment on issue date to receive a delivery asset (a liquid security on the ASX) equal to the value of the underlying reference asset or the value in cash of the financial liability. The Group enters into a financial instrument with an investment bank, which hedges each series that is offered to its product holders. The Group ensures that the notional exposure across all its products are covered via the arrangement, and as such mitigates its risk in this fashion.

General Risk Management

The Group has exposure to the following risks from its use of financial instruments:

(a) Market Risk

(b) Credit Risk

(c) Liquidity Risk

See further details in relation to each of these risks towards the end of this note.

Financial Risk Management Policies

The Board of Directors are monitoring and managing financial risk exposures of the Group. The Board of Directors monitors the Group's financial risk management policies and exposures and approves financial transactions within the scope of its authority. It also reviews the effectiveness of internal controls relating to financing risk and interest rate risk.

	Note	2015	2015
Financial Assets		$	$
Cash and cash equivalents	7	812,831	613,527
Trade and other receivable	8	1,594,641	2,582,290
Derivative assets	9	6,161,777	10,890,326
Available-for-sale financial assets	12	1,836,575	1,213,248
Total Financial Assets		10,405,824	15,299,391
Financial Liabilities			
Trade and other payables	15	2,274,715	4,181,572
Derivative liabilities	9	6,161,777	10,890,326
Convertible notes	16	2,060,000	1,860,000
Total Financial Liabilities		10,496,494	16,931,898

Specific Financial Risk Exposures and Management

The main risks the Group are exposed to through its financial instruments are market risk, credit risk and liquidity risk.

a. Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Group's income or value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Group issues a structures product to the product holder that is hedged with the financial instrument that it purchases from an investment bank. The details of the financial instruments are such that the future cash flows from the financial assets offset the cash flows needed to settle the financial liabilities. The Group uses this arrangement to mitigate the market risks below, except for credit risk.

Notes to the Financial Statements

Note 22. Financial Risk Management (continued)

(i) Interest rate risk

Interest rate risk is the risk that the value of the Group's financial instruments will fluctuate due to changes in market interest rates.

The Group's cash and cash equivalents are exposed to Interest rate risk. Interest rate risk in the financial instruments offset with one another, and the Directors of the Group manage the instruments to ensure that this remains the case.

	Floating Interest Rate	Non - Interest Bearing	Fixed Rate 10-12%	Total
2016				
Financial Assets				
Cash and cash equivalents	812,831	-	-	812,831
Trade and other receivables	-	1,594,641	-	1,594,641
Financial Liabilities				
Trade and other payables	-	(2,274,715)	-	(2,274,715)
Convertible notes	-	-	(2,060,000)	(2,060,000)
Net Exposure	**812,831**	**(680,074)**	**(2,060,000)**	**(1,927,243)**
2015				
Financial Assets				
Cash and cash equivalents	613,527	-	-	613,527
Trade and other receivables	-	2,582,290	-	2,582,290
Financial Liabilities				
Trade and other payables	-	(4,181,572)	-	(4,181,572)
Convertible notes	-	-	(1,860,000)	(1,860,000)
Net Exposure	**613,527**	**(1,599,282)**	**(1,860,000)**	**(2,845,755)**

The Group is not exposed to interest rate risk on the financial assets and liabilities held through the profit and loss as the financial asset offsets and hedges the risk of changes in interest rate for the financial liability.

The table below illustrates the sensitivity attributable to profit or loss for the year for reasonably possible changes in interest rates:

2016	**Net Exposure**	**+1% (Op Profit)**	**-1% (Op Profit)**
Cash flow interest rate risk	812,831	8,128	(8,128)

2015	**Net Exposure**	**+1% (Op Profit)**	**-1% (Op Profit)**
Cash flow interest rate risk	613,527	6,135	(6,135)

(ii) Price risk

Price risk arises from changes in underlying investments designated in the financial instruments held by the Group for which values in the future are uncertain.

The Group mitigates the above price risk to ensure that price risk in the financial instruments are offset with one another. The difference in fair value between the financial asset and liability held through profit and loss is as a result of the premium associated with the financial liability arising from being issued in the retail market. The Group does not monitor the price risk associated with the premium, as this would only result if the Group were to transfer the liability, and since the Group has no intention of transferring the financial liability, no disclosures regarding the sensitivity to the risk has been disclosed.

Note 22. Financial Risk Management (continued)

b. Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

Credit risk is managed through the maintenance of procedures (such procedures include the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible, that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating, or in entities that the Board of Directors has otherwise cleared as being financially sound. Where the Group is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, the risk may be further managed through title retention clauses over goods or obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

The financial products issued by Sequoia Specialist Investments Pty Ltd (Issuer) are secured obligations of the Issuer. The issuer may not be able to meet its obligations but has granted Investors a charge which is held on trust by the Security Trustee (Australian Equity Trustee). If the Issuer fails to (i) make a payment or delivery on its due date; or (ii) meet any other obligation and in the Security Trustee's opinion the failure is materially adverse to the investors and cannot be remedied (or has not been remedied within 5 business days of written notice), the Security Trustee may enforce the charge. In this case the investors are unsecured creditors of the provider of the hedge assets. Investors' rights of recourse against the Issuer on a default are limited to the assets subject to the charge. This structure has the effect of passing through the credit rating of the provider of the hedge asset and protecting different financial product series from cross-liability issues (other than on an insolvency of either the Issuer or the provider of the hedge asset). The Issuer will only deal with investment-grade or better bank or a subsidiary of an investment-grade or better bank.
The following table details the Group’s potential exposure, should the counterparties be unable to meet their obligations:

	Fair Value at 30 June 2016	**Notional Value**
Derivative liabilities	6,161,777	113,351,387

c. Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The consolidated Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management’s expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management’s expectations that banking facilities will be rolled forward.

Notes to the Financial Statements

Note 22. Financial Risk Management (continued)

Maturity Analysis

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Consolidated	$	$	$	$	$	$	$	$
Financial liabilities due for payment								
Trade and other payables	2,274,715	4,181,572	-	-	-	-	2,274,715	4,181,572
Derivative liabilities	883,111	5,390,430	5,278,666	5,499,896	-	-	6,161,777	10,890,326
Convertible notes	2,060,000	-	-	1,860,000	-	-	2,060,000	1,860,000
Total contractual outflows	5,217,826	9,572,002	5,278,666	7,359,896	-	-	10,496,492	16,931,898
Financial assets — cash flows realisable								
Cash and cash equivalents	812,831	613,527	-	-	-	-	812,831	613,527
Trade and other receivables	1,594,641	2,582,290	-	-	-	-	1,594,641	2,582,290
Derivative assets	883,111	5,390,430	5,278,666	5,499,896	-	-	6,161,777	10,890,326
Total anticipated inflows	3,290,583	8,586,247	5,278,666	5,499,896	-	-	8,569,249	14,086,143
Net (outflow)/inflow on financial instruments	(1,927,243)	(985,755)	-	1,860,000	-	-	(1,927,243)	(2,845,755)

Fair value measurement

The following table details the consolidated entity's fair values of financial instruments categorised by the following levels:

Level1: Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Measurements based on unobservable inputs for the asset or liability.

2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets/ (liabilities)				
Listed ordinary shares	437,460	-	-	437,460
Unlisted ordinary shares	-	-	1,399,115	1,399,115
Derivative assets	-	6,161,777	-	6,161,777
Derivative liabilities	-	(6,161,777)	-	(6,161,777)
	437,460	-	1,399,115	1,836,575
2015				
Assets/ (liabilities)				
Listed ordinary shares	461,248	-	-	461,248
Unlisted ordinary shares	-	-	752,000	752,000
Derivative assets	-	10,890,326	-	10,890,326
Derivative liabilities	-	(10,890,326)	-	(10,890,326)
	461,248	-	752,000	1,213,248

There were no transfers between levels during the financial year.

Unless otherwise stated, the carrying amounts of financial assets and liabilities reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

Notes to the Financial Statements

Note 23. Key Management Personnel Compensation

Refer to the Remuneration Report contained in the Directors Report for details of the compensation paid or payable to each member of the Group's key management personal (KMP) for the year ended 30 June 2016.

	Consolidated	
	2016	**2015**
	$	**$**
Short-term employee benefits	1,036,311	839,497
Post-employment benefits	57,750	47,761
Share based payments	-	120,000
	1,094,061	1,007,258

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive chairman as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

Post-employment benefits

These amounts are the current-year's estimated costs of providing for the Group's defined benefits scheme post-retirement, superannuation contributions made during the year and post-employment life insurance benefits.

Share-based payments

These amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date.

Further information in relation to KMP remuneration can be found in the Directors' Report.

Note 24. Remuneration of Auditors

During the financial year the following fees were paid or payable for services provided by Hall Chadwick, the auditor of the Company, and its related practices:

	Consolidated	
	2016	**2015**
	$	**$**
Audit services		
Audit or review of the financial report, including licences	134,000	86,000
Other services		
Tax services	23,000	20,000
	157,000	106,000

Note 25. Contingent Liabilities

The consolidated entity provided a credit card facility guarantee to its bankers of $100,000 (2015: $25,000).

Other than the above, there are no contingent liabilities as at 30 June 2016 and 30 June 2015.

Notes to the Financial Statements

Note 26. Capital and Operating Leasing Commitments

	Consolidated	
	2016	**2015**
	$	**$**
Less than one year	531,069	138,543
Between one and five years	417,409	33,750
More than five years	-	-
	948,478	172,293

Commitments relate to the lease of the Group's Melbourne and Sydney premises, insurance commitments and leased technology equipment. The property leases are a non-cancellable lease with rent payable monthly in advance. Contingent rental provisions within the lease agreement require that minimum lease payments shall be increased by 4% per annum. The Group has two five-year operational lease for printers; leased at a flat rate commenced in January 2013 and August 2014.

Note 27. Related Party Transactions

The Groups Main related parties are as follows
Parent entity
Sequoia Financial Group Limited is the parent entity and ultimate controlling entity.

Subsidiaries
Interests in subsidiaries are set out in Note 29.

Key management personnel
Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel. Disclosures relating to key management personnel are set out in Note 23 and the Remuneration Report in the Directors' Report.

Transactions with related parties
The following transactions occurred with related parties which were made on normal commercial terms and conditions no more favourable then those available to other parties unless otherwise stated.

	Consolidated	
	2016	**2015**
Services payable to related parties	**$**	**$**
Payment of services to Symon Financial Services Pty Ltd (director, related entity of Richard Symon), paid in full	-	60,000
Payment of services to Sarah Guy Pty Ltd (key person, related entity of Andrew Phillips), paid in full	-	60,000
Accounts receivable/(payables) from/(to) related parties		
Trade receivable from Sequoia Wealth Management Pty Ltd	- [1]	231
Loans to/(from) key management personal		
Trade receivable from Mr SL Beeton	-	87,100
Trade payable to Ms JC Khoo	-	(40,000)
Trade payable to Mr PJ Stirling	-	(27,500)
Trade payable to Mr CB Foley	-	(70,523)
Remuneration of loan to/(from) key management personal		
Beginning of the year	(50,923)	-
Loan advanced to KMP	-	87,100
Loan advanced from KMP	-	(138,023)
Loan repayment from KMP	(87,100)	-
Loan repaid to KMP	70,523	-
Conversion of loan to equity	67,500	-
End of financial year	-	(50,923)

[1] Refer to Note 31(a)

Notes to the Financial Statements

Note 28. Parent Entity Information

Set out below is the supplementary information about the parent entity.

	Parent 2016 $	Parent 2015 $
Statement of profit or loss and other comprehensive income		
Loss after tax	(846,739)	(503,920)
Total comprehensive income	(846,739)	(503,920)
Statement of financial position		
Total current assets	11,892	260,010
Total non- current assets	12,460,829	11,186,816
Total assets	12,472,721	11,446,826
Total current liabilities	3,097,755	3,376,226
Total liabilities	3,097,755	3,376,226
Net assets	9,374,966	8,070,600
Equity		
Contributed equity	62,351,171	60,388,442
Reserves	-	-
Accumulated losses	(52,976,205)	(52,317,842)
Total equity	9,374,966	8,070,600

Contingent liabilities
There are no contingent liabilities with the parent Company as at 30 June 2016 and 30 June 2015.

Capital commitments – Plant and equipment
The parent entity had no capital commitments for property plant and equipment as at 30 June 2016 and 30 June 2015.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in Note 1, except for investments in subsidiaries are accounted for at cost, less any impairment.

Notes to the Financial Statements

Note 29. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1:

Name of entity	Country of Incorporation	Percentage Owned (%) 2016	2015
Subsidiaries of Sequoia Financial Group Limited			
Sequoia Financial Group Limited (A) (formerly MDS Financial Group Limited)	Australia	100	-
Sequoia Group Holdings Pty Ltd (B)	Australia	100	100
	Australia	100	-
(A) Subsidiaries of Sequoia Financial Group Limited	Australia	100	100
Bourse Data Pty Ltd	Australia	100	100
The Cube Financial Group Pty Ltd	Australia	100	100
D2MX Pty Ltd	Australia	100	100
Market Data Services Pty Ltd	Australia	100	100
MDSnews.com Pty Ltd (A1)	Australia	100	100
(A1) Subsidiaries of MDSnews.com Pty Ltd			
Sequoia Direct Pty Ltd (formerly Trader Dealer Online Pty Ltd)	Australia	100	100
Finance TV Pty Ltd	Australia	50.09	-
(B) Subsidiaries of Sequoia Group Holdings Pty Ltd			
Sequoia Superannuation Pty Ltd (B1)	Australia	100	100
Sequoia Specialist Investments Pty Ltd (B2)	Australia	100	100
Sequoia Asset Management Pty Ltd (B3)	Australia	100	100
Sequoia Lending Pty Ltd	Australia	100	100
Sequoia Funds Management Pty Ltd	Australia	100	100
Sequoia Wealth Group Pty Ltd (B4)	Australia	100	-
(B1) Subsidiaries of Sequoia Superannuation Pty Ltd			
Sequoia Brisbane Pty Ltd	Australia	100	100
(B2) Subsidiaries of Sequoia Specialist Investments Pty Ltd			
Sequoia Nominees No 1 Pty Ltd	Australia	100	100
(B3) Subsidiaries of Sequoia Asset Management Pty Ltd			
Acacia Administrative Services Pty Ltd*	Australia	100	100
(B4) Subsidiaries of Sequoia Wealth Group Pty Ltd			
Sequoia Wealth Management Pty Ltd	Australia	100	-
Sequoia Corporate Finance Pty Ltd	Australia	100	-

***** Acacia Administrative Services Pty Ltd acts as a service entity for the Group with all employees engaged under this entity.

Notes to the Financial Statements

Note 30. Events Occurring After the Reporting Date

There were no subsequent events that occurred after the date of this report.

Note 31. Business Combinations

a. Acquisition of Sequoia Wealth Group Pty Ltd (SWG)

Summary of acquisition

On 14 October 2015, the Group acquired 100% of the issued capital of Sequoia Wealth Group Pty Ltd ("SWG"), a financial services and wealth management Company, for a purchase consideration of $750,000. As contracted, the financial performance of SWG was taken into the results of the Group from 1 October 2015.

The acquisition is part of the Group's overall strategy to expand its diversified financial service offerings. Through acquiring 100% of the issued capital of SWG, the Group has obtained control of the Company.

The purchase was satisfied by the issue of 375,000,000 ordinary shares at an issue price of $0.002 each. The issue price was based on the market price on date of purchase.

	Fair Value $
Purchase consideration – equity issued	750,000
Less: Fair value of net assets at acquisition date	(75,314)
Goodwill (ii)	674,686
Fair value of net assets:	
Cash	7,089
Trade and other receivables (i)	381,228
Plant and equipment	4,589
Other assets	8,963
Trade and other payables	(326,555)
Identifiable assets acquired and liabilities assumed	75,314

(i) The Directors believe the receivables are fully recoverable and no provision for impairment is required.
(ii) The goodwill is attributable to Sequoia Wealth Group Pty Ltd's strong position and developing service offering which complements the Company's business offerings.

Net profit and revenue resulting from the acquisition of Sequoia Wealth Group Pty Ltd amounting to $2,145,171 and $830,473 respectively are included in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2016.

If the acquisition had occurred on 1 July 2015, consolidated revenue and profit for the Group for the year ended 30 June 2016 would have been $23,669,931 and $245,131 respectively.

At the time the financial statements were authorised for issue, the Group had not yet completed the accounting for acquisition of SWG. In particular, the fair values of the net assets and liabilities disclosed above have only been determined provisionally as the independent valuations have not been finalised.

Purchase consideration – cash inflow

	$
Outflow of cash to acquire subsidiary, net of cash acquired	-
Less: Cash acquired	(7,089)
Inflow of cash – investing activities	(7,089)

Notes to the Financial Statements

Note 31. Business Combinations (continued)

b. Acquisition of Finance TV Pty Ltd (FNN)

Summary of acquisition

In 2013, the Group acquired 11.56% of the share capital of Finance TV Pty Ltd ("FNN" or "Finance News Network"). On 12 February 2016, the Group acquired a further 38.53% of the share capital and obtained control of FNN, an independent news organisation that specialises in both the production and distribution of financial news content, digital communications and productions services to ASX-listed companies and manage funds. The Group now holds 50.09% of the share capital of FNN.

As a result of the acquisition, the Group is expected to increase its presence in these markets. The goodwill of $554,789 arising from the acquisition is attributable to the acquired economies of scale expected from combining the operations of FNN and the Group. None of the goodwill recognised is expected to be deductible for income tax purposes.

	Fair Value $
Purchase consideration – equity issued	650,000
Fair value of equity interest in FNN held before the business combination	-
Less Fair value of net assets at acquisition date	(99,222)
Goodwill	550,778
Fair value of net assets:	
Cash	71,671
Trade and other receivables (i)	270,401
Plant and equipment	28,522
Trade and other payables	(115,314)
Employee benefits	(57,193)
	198,087
Less: Non-controlling interest	(98,865)
Identifiable assets acquired and liabilities assumed	99,222

(i) The Directors believe the receivables are fully recoverable and no provision for impairment is required.

The acquired business contributed revenues of $523,209 and net loss of $69,454 to the Group for the period from 12 February 2016 to 30 June 2016.

If the acquisition had occurred on 1 July 2015, consolidated revenue and profit for the Group for the year ended 30 June 2016 would have been $23,738,931 and $317,156 respectively.

At the time the financial statements were authorised for issue, the Group had not yet completed the accounting for acquisition of SWG. In particular, the fair values of the net assets and liabilities disclosed above have only been determined provisionally as the independent valuations have not been finalised.

Purchase consideration – cash inflow

	$
Outflow of cash to acquire subsidiary, net of cash acquired	650,000
Less: Cash acquired	(71,671)
Outflow of cash – investing activities	578,329

Note 31. Business Combinations (continued)

c. Acquisition of Sequoia Group Holdings Pty Ltd (SFG)

In 2015, SEQ acquired 100% of the issued capital of Sequoia Group Holdings Pty Ltd ("SGH"). SGH is a private Company. The acquisition was seen as an opportunity to use the existing listed Company structure of SEQ, to provide existing shareholders of SEQ the opportunity to participate in significant future opportunities that the arrangement offers.

The acquisition was achieved following a share issue of 2,618,445,438 to SGH shareholders. Following completion, the previous shareholders of SEQ hold 31.2% and shareholders of SGH held 68.8% respectively. As a consequence of this and other factors, for accounting purposes the acquisition is accounted for as a reverse acquisition.

	Fair Value $
Purchase consideration	8,553,731
Less: Fair value of net assets at acquisition date	(14,268)
Goodwill (i)	8,539,463
Fair value of net assets:	
Current assets	982,834
Non – current assets	1,975,971
Total assets	2,958,805
Current liabilities	2,973,073
Total liabilities	2,973,073
Net Assets	(14,268)

(i) The acquisition resulted in goodwill of $8,539,463 which has been impaired in the year ended 30 June 2015.
(ii) Receivables and payables have been included at their fair value. Directors were of the opinion that these were fully recoverable and that no impairment of these was required.

Notes to the Financial Statements

Note 32. Reconciliation of Profit/(loss) after Income Tax to Net Cash from Operating Activities

	Consolidated	
	2016	**2015**
(a) Reconciliation of loss for the year to net cash flow used in operating activities:	**$**	**$**
Profit/(loss) for the year	285,733	(17,974,212)
Non-cash flows in operating profit/(loss):		
Depreciation, amortisation and impairment	160,861	17,130,595
Fair value adjustment on investments	-	361,536
Impairment of receivables	30,000	-
Loss on disposal of financial assets	8,402	-
Share-based payments	118,816	
Others	-	98,488
Changes in working capital and provisions:		
(Increase)/decrease in trade and other receivables	1,609,278	1,562,757
(Increase)/decrease in other assets	730	(234,479)
(Increase)/decrease in deferred costs	1,736,399	64,657
(Increase)/decrease in deferred tax assets	839,750	(649,461)
(Decrease)/increase in deferred tax liability	(802,327)	104,289
(Decrease) in trade and other payables	(2,348,726)	(1,487,929)
(Decrease) in deferred revenue	(1,963,190)	(78,969)
Increase/(decrease) in income tax liabilities/assets	10,529	(745,564)
Increase in employee benefits	64,947	86,767
Net cash used in operating activities	(248,798)	(1,761,525)

Note 33. Earnings per Share

	Consolidated	
	2016	**2015**
	$	**$**
Earnings per share from continuing operations		
Profit/ (loss) after income tax attributable to the owners of the Company was used in calculating basic and diluted earnings per share	320,397	(17,974,212)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	4,479,817,035	44,948,808
Adjustments for calculation of ordinary shares used in calculating basic earnings per share:		
Options	360,000,000	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	4,839,817,035	44,948,808
	Cents	**Cents**
Basic earnings per share	0.008	(40.00)
Diluted earnings per share	0.007	(40.00)

Notes to the Financial Statements

Note 34. Transaction with Non-Controlling Interest

Set out below is the summarised financial information for Finance TV Pty Ltd that has non-controlling interest that are material to the Group, before any intragroup eliminations. Note that Finance TV Pty Ltd became a controlled entity of the Group during the reporting year ended 30 June 2016.

	2016 $
Summarised Financial Position	
Current assets	230,000
Non-current assets	28,522
Current liabilities	(127,859)
Non-current liabilities	-
Net assets	130,663
Carrying amount of non-controlling interests	64,201
Summarised Financial Performance	
Revenue	523,209
Loss after tax	73,030
Other comprehensive income after tax	-
Total comprehensive income	73,030
Loss attributable to non-controlling interests	34,664
Summarised Cash Flow Information	
Net cash from operating activities	38,327
Net cash (used in) financing activities	(16,000)
Net increase in cash and cash equivalents	22,327

Directors' Declaration

In the directors' opinion

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the 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.

The directors have been given the declarations required by section 259A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the directors

Michael Carter
Chairman

31 August 2016

HALL CHADWICK (NSW)
Chartered Accountants and Business Advisers

SEQUOIA FINANCIAL GROUP LIMITED
ABN 90 091 744 884
AND ITS CONTROLLED ENTITIES

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AUDITOR'S INDEPENDENCE DECLARATION UNDER S 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 year ended 30 June 2016 there have been no contraventions of:

i. the auditor's independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

ii. any applicable code of professional conduct in relation to the audit.

HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000

DREW TOWNSEND
Partner
Dated: 31 August 2016

HALL CHADWICK (NSW)
Chartered Accountants and Business Advisers

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SEQUOIA FINANCIAL GROUP LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Sequoia Financial Group Limited and its controlled entities, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year 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 year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that is free from material misstatement, whether due to fraud or error. In Note 1, 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 report 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 report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, 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 report 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 report.

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

Independence

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

SEQUOIA FINANCIAL GROUP LIMITED
ABN 90 091 744 884
AND ITS CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SEQUOIA FINANCIAL GROUP LIMITED

Auditor's Opinion

In our opinion:

a. the financial report of Sequoia Financial Group Limited and its controlled entities is in accordance with the Corporations Act 2001, including:

   i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1(b) in the financial report, which indicates that the consolidated entity had a working capital deficiency of $2,686,923 and negative cash flows from operating activities of $248,798 during the year ended 30 June 2016. These conditions, along with other matters as set forth in Note 1(b), indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amount stated in the financial report.

Report on the Remuneration Report

We have audited the remuneration report included in pages 20 to 23 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the remuneration report of Sequoia Financial Group Limited and its controlled entities for the year ended 30 June 2016 complies with s300A of the Corporations Act 2001.

Hall Chadwick

HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000

DREW TOWNSEND
Partner
Dated: 31 August 2016

Additional ASX Information (un-audited)

SHARE HOLDER INFORMATION

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report. This additional information was applicable as at 30 August 2016.

1. Top 20 Shareholders

The names of the twenty largest shareholders of each class of listed securities are listed below:

Rank	Name	Units	% of Units
1.	BEETON ENTERPRISES PTY LTD	1,089,618,392	22.33
2.	VISTA INVESTMENTS (NSW) PTY	407,982,375	8.36
3.	PAMELA BEETON INVESTMENT PTY LTD	358,606,243	7.35
4.	MR PETER STIRLING + MRS ROS STIRLING	223,750,000	4.59
5.	ONE MANAGED INVT FUNDS LTD <SANDON CAPITAL INV LTD A/C>	114,000,000	2.34
6.	INTERPRAC FINANCIAL PLANNING PTY LTD	104,706,501	2.15
7.	AUST EXECUTOR TRUSTEES LTD <KENTGROVE CAPITAL FUND>	100,000,000	2.05
8.	SOPHAT PTY LTD <MATOPHIE SUPER FUND A/C>	97,004,676	1.99
9.	MR BRADLEY JOHN MAGUIRE	83,070,001	1.70
10.	KALI GANDAKI INVESTMENTS PTY LTD <KALI GANDALI INVESTMENT A/C>	83,025,000	1.70
11.	MR HAMISH MCCATHIE	83,025,000	1.70
12.	BURATU PTY LTD <CONNOLLY SUPER FUND A/C>	80,388,999	1.65
13.	AUSTRALIAN EXECUTOR TRUSTEES LIMITED <NO 1 ACCOUNT>	72,500,000	1.49
14.	MANLY LANE PTY LTD <SCOTT & SALLY BEETON SUP A/C>	71,793,466	1.47
15.	MR RICHARD SYMON	68,666,669	1.41
16.	KALI GANDAKI INVESTMENTS PTY LTD <KALI GANDAKI INVESTMENTS A/C>	66,165,797	1.36
17.	JMN SERVICES PTY LTD	60,000,000	1.23
18.	TOTAL LEGEND SUPER P/L <TOTAL LEGEND SUPER A/C>	60,000,000	1.23
19.	KABILA INVESTMENTS PTY LIMITED	53,500,000	1.10
20.	MR ANDREW PHILLIPS	53,071,429	1.09
Totals: Top 20 holders of FULLY PAID ORDINARY (TOTAL)		**3,330,874,548**	**68.26**
Total Remaining Holders Balance		**1,548,996,084**	**31.74**

2. Distribution of equity securities

Analysis of ordinary shareholders by size of holding:

Range	Total holders	Units	% of Issued Capital
1 - 1,000	29	3,415	0.00
1,001 - 5,000	6	15,921	0.00
5,001 - 10,000	14	136,000	0.00
10,001 - 100,000	106	4,577,671	0.09
100,001 - 999,999,999	240	3,868,544,233	79.28
1,000,000,000 - 9,999,999,999	1	1,006,593,392	20.63
Rounding			**0.00**
Total	**396**	**4,879,870,632**	**100.00**

Additional ASX Information (un-audited)

3. Restricted Securities

There are no restricted securities on issue.

4. Voting Rights

The voting rights attaching to ordinary shares, set out in the Company's Constitution are:

(a) at meetings of members, each member is entitled to vote in person or by proxy, attorney or representative; and,

(b) on a show of hands, every person present who is a member has one vote, and on a poll every member present has a vote for each fully paid share owned.

There are no voting rights attached to un-listed ordinary shares or unlisted options, voting rights will be attached to un-listed ordinary shares once issued and to options upon exercise.

5. On-market Buy Back

There is no current on-market buy back.

6. Review of Operations

A review of operations for the Group is set out on pages 2 to 3 and 18 to 19 of this annual report, commencing with the Portfolio of Companies.

Directory

Company Directors

Mr Scott Lionel Beeton	Managing Director
Mr Michael Kenneth Carter	Non-Executive Chairman
Mr Marcel John Collignon	Executive Director

Company Secretary
Mr Andrew Guy Phillips

Registered Office
Level 36
50 Bridge Street
Sydney NSW 2000
Telephone: + 61 2 8114 2222
Facsimile: + 61 2 8114 2200

Share Registry
Computershare Limited
Yarra Falls
452 Johnston Street
Abbotsford VIC 3067

Bankers
National Australia Bank
330 Collins Street
Melbourne VIC 3000

Westpac Australia Bank
275 George Street
Sydney NSW 2000

Auditor
Hall Chadwick
Level 40, 2 Park Street
Sydney NSW 2000

Securities Exchange

The Company's securities are quoted on the official list of the Australian Securities Exchange Limited, the home branch being Melbourne.

ASX Code

SEQ

Sequoia Financial Group Limited is a public Company limited by shares incorporated and domiciled in Australia.