

## 1. COMPANY DETAILS

Name of entity:	Sequoia Financial Group Limited
ABN:	90 091 744 884
Reporting period:	For the half-year ended 31 December 2016
Previous period:	For the half-year ended 31 December 2015

## 2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

		\$	
Revenues from ordinary activities	up	60.8% to	17,586,324
Profit from ordinary activities after tax attributable to the owners of Sequoia Financial Group Limited	up	14153.5% to	474,073
Profit for the half-year attributable to the owners of Sequoia Financial Group Limited	up	14153.5% to	474,073

### Dividends

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

### Comments

The profit for the Group amounted to \$474,073 (31 December 2015: \$3,326).

## 3. NET TANGIBLE ASSETS

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	2.04	(0.06)

## 4. CONTROL GAINED OVER ENTITIES

Not applicable.

## 5. LOSS OF CONTROL OVER ENTITIES

Not applicable.

## 6. DIVIDENDS

### Current period

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

### Previous period

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

## 7. DIVIDEND REINVESTMENT PLANS

Not applicable.

## 8. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

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Not applicable.

## 9. FOREIGN ENTITIES

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*Details of origin of accounting standards used in compiling the report:*

Not applicable.

## 10. AUDIT QUALIFICATION OR REVIEW

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*Details of audit/review dispute or qualification (if any):*

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

## 11. ATTACHMENTS

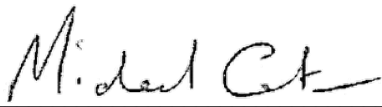
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*Details of attachments (if any):*

The Interim Report of Sequoia Financial Group Limited for the half-year ended 31 December 2016 is attached.

## 12. SIGNED

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Signed \_\_\_\_\_

Date: 27 February 2017

Michael Carter  
Director  
Sydney



Sequoia Financial  
Group Limited

**ABN 90 091 744 884**

# Interim Report

31 DECEMBER 2016

**sequoia**  
FINANCIAL GROUP

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The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Sequoia Financial Group Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2016.

## DIRECTORS

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

Scott Lionel Beeton	Managing Director
Michael Kenneth Carter	Non-Executive Chairman
Marcel John Collignon	Executive Director
Garry Peter Crole	Non-Executive Director (appointed on 18 November 2016)

## 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.

## DIVIDENDS

There were no dividends paid, recommended or declared during the current or previous financial half-year.

## REVIEW OF OPERATIONS

The six months ended 31 December 2016 highlighted the Company's growing profile as a diversified financial services provider and the benefits of its horizontally integrated business model.

The half year profit result of \$474,073 (31 December 2015: \$3,326) is attributable to owners of the Group and reflects all business divisions trading profitably and the additional benefits emerging from our improved scale and new business opportunities being realised.

Importantly, improvements to our cashflow and balance sheet during the period, has assisted us to establish more flexible financing arrangements and reduce these ongoing operating costs. The Company is well positioned to support its growth plans and continues to assess strategic acquisition opportunities in order to add further earnings and scale to its businesses in the period ahead.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

At the Company's Annual General Meeting ('AGM') held on 1 November 2016, the Sequoia Employee Incentive Plan ('SEIP') was approved by shareholders. A summary of the key terms of the SEIP is set out in the Company's notice of the 2016 AGM lodged on the ASX.

On 1 September 2016, the Group acquired an additional 3.03% shareholding in Finance TV Pty Ltd bringing its total shareholding to 53.95%.

On 28 December 2016, Andrew Phillips resigned as Company Secretary and Marika White was appointed as Company Secretary of the Group. Marika has extensive company secretarial experience within the public, private and not-for-profit sectors in Australia and overseas and is a member of the Australian Institute of Company Directors and the Governance Institute of Australia.

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

### **MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL HALF-YEAR**

On 1 February 2017, the Company granted 1,300,000 performance rights under the terms and conditions of the Sequoia Employee Incentive Plan. Vesting of performance rights were made subject to prescribed service and performance conditions. Vesting occurs in tranches on 31 January 2018, 31 January 2019 and 31 January 2020 with the expiry date of all performance rights being 31 January 2022.

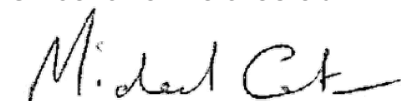
No other matter or circumstance has arisen since 31 December 2016 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

### **AUDITOR'S INDEPENDENCE DECLARATION**

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

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

On behalf of the directors

A handwritten signature in black ink, appearing to read "Michael Carter", written over a horizontal line.

Michael Carter  
Director

27 February 2017  
Sydney

**HALL CHADWICK  (NSW)**

Chartered Accountants and Business Advisers

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

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

**SYDNEY**

Level 40  
2 Park Street  
Sydney NSW 2000  
Australia

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2016 there have been no contraventions of:

- i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. any applicable code of professional conduct in relation to the review.

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Sydney NSW 2001  
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HALL CHADWICK  
Level 40, 2 Park Street  
Sydney NSW 2000



**DREW TOWNSEND**  
**Partner**  
Dated: 27 February 2017

		Consolidated	
	Note	Half-year ended 31 Dec 2016	Half-year ended 31 Dec 2015
		\$	\$
<b>Revenue</b>	4	17,586,324	10,939,059
<b>Expenses</b>			
Data fees		(803,114)	(582,814)
Dealing and settlement		(5,024,853)	(2,861,650)
Payments to investors		(1,408,381)	(1,064,174)
Commission and hedging		(4,697,807)	(3,403,489)
Employee benefits		(3,417,223)	(1,898,461)
Occupancy		(221,411)	(105,084)
Telecommunications		(218,548)	(96,127)
Marketing		(176,273)	(88,618)
General and administrative		(671,377)	(631,622)
Impairment, amortisation and depreciation		(110,429)	(74,355)
Finance costs		(130,210)	(93,353)
<b>Profit before income tax expense</b>		706,698	39,312
Income tax expense		(225,338)	(35,986)
<b>Profit after income tax expense for the half-year</b>		481,360	3,326
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Gain on the revaluation of available-for-sale financial assets, net of tax		36,881	-
Other comprehensive income for the half-year, net of tax		36,881	-
<b>Total comprehensive income for the half-year</b>		518,241	3,326
Profit for the half-year is attributable to:			
Non-controlling interest		7,287	-
Owners of Sequoia Financial Group Limited		474,073	3,326
		481,360	3,326
Total comprehensive income for the half-year is attributable to:			
Non-controlling interest		7,287	-
Owners of Sequoia Financial Group Limited		510,954	3,326
		518,241	3,326
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share		0.9715	0.1226
Diluted earnings per share		0.9241	0.1226

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



		Consolidated	
	Note	31 Dec 2016	30 Jun 2016
		\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		1,876,605	812,831
Trade and other receivables		1,801,230	1,594,641
Derivative financial instruments	5	2,273,693	883,111
Deferred costs		2,960,305	2,865,995
Other assets		169,432	161,038
Total current assets		9,081,265	6,317,616
<b>Non-current assets</b>			
Derivative financial instruments	5	7,820,833	5,278,666
Financial assets	6	1,873,096	1,836,575
Plant and equipment	7	159,614	154,647
Intangibles	8	8,766,432	8,813,012
Deferred tax		2,692,191	2,482,036
Deferred costs		3,230,740	2,334,591
Other assets		1,216,892	1,215,652
Total non-current assets		25,759,798	22,115,179
<b>Total assets</b>		34,841,063	28,432,795
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		2,286,124	2,274,715
Borrowings		2,070,261	2,060,000
Derivative financial instruments	5	2,273,693	883,111
Current tax liabilities		74,306	-
Employee benefits		397,616	370,451
Deferred revenue		3,810,859	3,416,262
Total current liabilities		10,912,859	9,004,539
<b>Non-current liabilities</b>			
Derivative financial instruments	5	7,820,833	5,278,666
Deferred tax		2,200,749	1,778,045
Employee benefits		43,714	32,517
Deferred revenue		4,099,397	3,043,758
Total non-current liabilities		14,164,693	10,132,986
<b>Total liabilities</b>		25,077,552	19,137,525
<b>Net assets</b>		9,763,511	9,295,270
<b>Equity</b>			
Contributed equity	9	26,724,112	26,724,112
Reserves		213,979	177,098
Accumulated losses		(17,241,602)	(17,670,141)
Equity attributable to the owners of Sequoia Financial Group Limited		9,696,489	9,231,069
Non-controlling interest		67,022	64,201
<b>Total equity</b>		9,763,511	9,295,270

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

Consolidated	Contributed equity \$	Reserves \$	Accumulated losses \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2015	24,765,885	(482,765)	(17,628,320)	-	6,654,800
Profit after income tax expense for the half-year	-	-	3,326	-	3,326
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	3,326	-	3,326
<i>Transactions with owners in their capacity as owners:</i>					
Share capital issued	1,632,516	-	-	-	1,632,516
Transaction costs	(4,500)	-	-	-	(4,500)
Balance at 31 December 2015	26,393,901	(482,765)	(17,624,994)	-	8,286,142

Consolidated	Contributed equity \$	Reserves \$	Accumulated losses \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2016	26,724,112	177,098	(17,670,141)	64,201	9,295,270
Profit after income tax expense for the half-year	-	-	474,073	7,287	481,360
Other comprehensive income for the half-year, net of tax	-	36,881	-	-	36,881
Total comprehensive income for the half-year	-	36,881	474,073	7,287	518,241
<i>Transactions with owners in their capacity as owners:</i>					
Transaction with non-controlling interest			(45,534)	(4,466)	(50,000)
Balance at 31 December 2016	26,724,112	213,979	(17,241,602)	67,022	9,763,511

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

	<b>Consolidated</b>	
<b>Note</b>	<b>31 Dec 2016</b>	<b>31 Dec 2015</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	19,290,704	10,865,907
Payments to suppliers and employees (inclusive of GST)	(17,995,825)	(11,120,288)
	1,294,879	(254,381)
Interest received	4,849	821
Interest and other finance costs paid	(130,210)	(93,353)
Net cash from/(used in) operating activities	1,169,518	(346,913)
<b>Cash flows from investing activities</b>		
Payment for purchase of additional equity in subsidiary	(50,000)	-
Cash acquired on purchase of subsidiary	-	7,089
Payments for plant and equipment	(55,744)	-
Payments for intangibles	-	(38,983)
Net cash used in investing activities	(105,744)	(31,894)
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares, net of transaction costs	-	715,684
Proceeds from borrowings	660,000	-
Repayment of borrowings	-	(868,326)
Proceeds from convertible notes	-	560,000
Repayment of convertible notes	(660,000)	-
Net cash from financing activities	-	407,358
Net increase in cash and cash equivalents	1,063,774	28,551
Cash and cash equivalents at the beginning of the financial half-year	812,831	613,527
Cash and cash equivalents at the end of the financial half-year	1,876,605	642,078

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

## NOTE 1. GENERAL INFORMATION

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

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

Level 36  
50 Bridge Street  
Sydney NSW 2000

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 February 2017.

## NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements for the interim half-year reporting period ended 31 December 2016 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

## NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

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

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

## GOING CONCERN

The financial statements have been prepared on a going concern basis of accounting, which assumes the continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business. The financial report shows that for the period ended 31 December 2016, the Group has a total comprehensive income attributable to members of \$510,954 (31 December 2015: \$3,326) and a positive cash

flow from operating activities of \$1,169,518 (31 December 2015: negative cash flow from operating activities of \$346,913).

At balance date the Group has a current asset deficiency of \$1,831,594 (30 Jun 2016: \$2,686,923). This condition indicates an uncertainty that may cast doubt about the Group's ability to continue as a going concern, however the business continues to reduce this uncertainty.

The ability of the Group 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 Group is expecting to fund its obligations beyond the reported working capital position as follows:

- The Group is actively seeking new opportunities externally which will add value to the Group;
- The Group is benefiting from cross division revenue opportunities; and
- The Group has reduced its ongoing funding costs in line with the Company's reduction in risk profile.

Cash flow forecasts prepared by management demonstrate the Group 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 Group 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.

### NOTE 3. OPERATING SEGMENTS

#### *Identification of reportable operating segments*

The Group is organised into seven operating segments which are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The information reported to the CODM is on 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.

### NOTE 3. OPERATING SEGMENTS (CONTINUED)

#### 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.

#### Operating segment information

Consolidated - 31 Dec 2016	Trading and Execution \$	Software Subscriptions \$	Capital Markets Advisory \$	SMSF Administration \$	Wealth Advisory
<b>Revenue</b>					
Revenue	6,353,362	631,253	1,771,549	1,072,121	585,655
<b>Total revenue</b>	6,353,362	631,253	1,771,549	1,072,121	585,655
<b>Segment result before impairment expense and revaluation increments to fair value</b>	271,815	83,913	982,293	309,637	329,060
<b>Assets</b>					
Segment assets	3,379,974	787,535	495,246	1,999,476	1,698,669
<b>Total assets</b>					
<b>Liabilities</b>					
Segment liabilities	1,152,504	303,039	411,220	231,624	336,754

Consolidated - 31 Dec 2016	Investment Solutions \$	Financial News Services \$	Unallocated \$	Total \$
<b>Revenue</b>				
Revenue	6,428,638	674,624	69,122	17,586,324
<b>Total revenue</b>	6,428,638	674,624	69,122	17,586,324
<b>Segment result before impairment expense and revaluation increments to fair value</b>	472,815	15,824	(1,983,997)	481,360
<b>Assets</b>				
Segment assets	25,599,634	880,529	-	34,841,063
<b>Total assets</b>				34,841,063
<b>Liabilities</b>				
Segment liabilities	22,498,683	143,728	-	25,077,552
<b>Total liabilities</b>				25,077,552

### NOTE 3. OPERATING SEGMENTS (CONTINUED)

Consolidated - 31 Dec 2015	Trading and Execution \$	Software Subscriptions \$	Capital Markets Advisory \$	SMSF Administration \$	Wealth Advisory \$
Revenue					
Revenue	3,740,656	715,682	155,000	1,035,856	1,509,596
Total revenue	3,740,656	715,682	155,000	1,035,856	1,509,596
Segment result before impairment expense and revaluation increments to fair value	(141,722)	115,284	(153,199)	102,019	(356,391)
Consolidated - 30 Jun 2016					
Assets					
Segment assets	3,420,738	806,369	583,219	1,872,142	2,357,346
Liabilities					
Segment liabilities	1,377,180	316,884	200,453	169,163	1,137,639
Consolidated - 31 Dec 2015					
	Investment Solutions \$	Financial News Services \$	Unallocated \$	Total \$	
Revenue					
Revenue	4,764,993	-	(982,724)	10,939,059	
Total revenue	4,764,993	-	(982,724)	10,939,059	
Segment result before impairment expense and revaluation increments to fair value	424,047	-	13,288	3,326	
Consolidated - 30 Jun 2016					
Assets					
Segment assets	18,556,296	836,685	-	28,432,795	
Total assets				28,432,795	
Liabilities					
Segment liabilities	15,751,619	184,587	-	19,137,525	
Total liabilities				19,137,525	

## NOTE 4. REVENUE

	Consolidated	
	31 Dec 2016 \$	31 Dec 2015 \$
<i>Sales revenue</i>		
Data subscriptions fees	633,688	693,641
Brokerage and commissions revenue	6,970,087	3,898,030
Superannuation product revenue	1,071,845	1,006,140
Structured product revenue	6,520,221	4,363,172
Corporate advisory fees	1,547,911	168,091
Media revenue	674,620	-
Other income	107,456	117,230
	17,525,828	10,246,304
<i>Other revenue</i>		
Interest	4,849	821
Other revenue	55,647	691,934
	60,496	692,755
Revenue	17,586,324	10,939,059

## NOTE 5. DERIVATIVE FINANCIAL INSTRUMENTS

	Consolidated	
	31 Dec 2016 \$	30 Jun 2016 \$
<i>Current assets</i>		
Derivatives - fair value hedges	2,273,693	883,111
<i>Non-current assets</i>		
Derivatives - fair value hedges	7,820,833	5,278,666
<i>Current liabilities</i>		
Derivatives - fair value hedges	(2,273,693)	(883,111)
<i>Non-current liabilities</i>		
Derivatives - fair value hedges	(7,820,833)	(5,278,666)
	-	-

Refer to note 11 for further information on fair value measurement.

## NOTE 6. NON-CURRENT ASSETS - FINANCIAL ASSETS

	Consolidated	
	31 Dec 2016 \$	30 Jun 2016 \$
Investment in listed entities - at cost	473,981	437,460
Investment in other non-listed entities - at cost	1,399,115	1,399,115
	1,873,096	1,836,575



## NOTE 7. NON-CURRENT ASSETS - PLANT AND EQUIPMENT

	Consolidated	
	31 Dec 2016 \$	30 Jun 2016 \$
Leasehold improvements - at cost	146,655	138,735
Less: Accumulated depreciation	(93,070)	(70,403)
	53,585	68,332
Plant and equipment - at cost	695,687	647,863
Less: Accumulated depreciation	(589,658)	(561,548)
	106,029	86,315
	159,614	154,647

### Reconciliations

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

Consolidated	Leasehold improvements \$	Plant and equipment \$	Total \$
Balance at 1 July 2016	68,332	86,315	154,647
Additions	7,920	47,824	55,744
Depreciation expense	(22,667)	(28,110)	(50,777)
Balance at 31 December 2016	53,585	106,029	159,614

## NOTE 8. NON-CURRENT ASSETS - INTANGIBLES

	Consolidated	
	31 Dec 2016 \$	30 Jun 2016 \$
Goodwill - at cost	25,560,156	25,560,156
Less: Impairment	(16,952,860)	(16,952,860)
	8,607,296	8,607,296
Website - at cost	72,112	72,112
Less: Accumulated amortisation	(49,695)	(44,815)
	22,417	27,297
Customer list - at cost	413,472	413,472
Less: Accumulated amortisation	(316,753)	(277,553)
	96,719	135,919
Regulator memberships and licences - at cost	102,500	102,500
Less: Accumulated amortisation	(62,500)	(60,000)
	40,000	42,500
	8,766,432	8,813,012

## NOTE 8. NON-CURRENT ASSETS - INTANGIBLES (CONTINUED)

### Reconciliations

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

Consolidated	Goodwill \$	Website \$	Customer list \$	Regulator memberships and licences \$	Total \$
Balance at 1 July 2016	8,607,296	27,297	135,919	42,500	8,813,012
Amortisation expense	-	(4,880)	(39,200)	(2,500)	(46,580)
Balance at 31 December 2016	8,607,296	22,417	96,719	40,000	8,766,432

### Impairment testing

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

	Consolidated	
	31 Dec 2016 \$	30 Jun 2016 \$
Cash generating units ('CGUs'):		
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	674,686
Finance TV Pty Ltd	550,778	550,778
	8,607,296	8,607,296

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

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

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

Key assumptions	Revenue growth rate %	Increase in direct and overhead costs per annum %	Discount rate %
Sequoia Specialist Investments Pty Ltd	1.0%	2.5%	15.0%
Sequoia Superannuation Pty Ltd	5.0%	2.5%	15.0%
Software Subscriptions Pty Ltd	-	2.5%	15.0%
Sequoia Wealth Group Pty Ltd	5.0%	2.5%	15.0%

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

Any impairment is recognised in respect of goodwill at the end of the relevant reporting period.

## NOTE 9. EQUITY - CONTRIBUTED EQUITY

Key assumptions	Consolidated			
	31 Dec 2016 Shares	30 Jun 2016 Shares	31 Dec 2016 \$	30 Jun 2016 \$
Ordinary shares - fully paid	48,798,706	4,879,870,632	26,851,001	26,851,001
Transaction costs	-	-	(126,889)	(126,889)
	48,798,706	4,879,870,632	26,724,112	26,724,112

At the Annual General Meeting held on 1 November 2016, the shareholders of Sequoia Financial Group Limited agreed to a 1:100 share consolidation. The movement above reflects the shares on issue after consolidation.

### Movements in ordinary share capital

Details	Date	Shares	\$
Balance	1 July 2016	4,879,870,632	26,851,001
1:100 share consolidation split	11 November 2016	(4,831,071,926)	-
Balance	31 December 2016	48,798,706	26,851,001

### Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

### Share buy-back

There is no current on-market share buy-back.

## NOTE 10. EQUITY - DIVIDENDS

There were no dividends paid, recommended or declared during the current or previous financial half-year.

## NOTE 11. FAIR VALUE MEASUREMENT

### Fair value hierarchy

AASB13 requires disclosure of fair value measurements using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value on a recurring basis:

## NOTE 11. FAIR VALUE MEASUREMENT (CONTINUED)

Consolidated - 31 Dec 2016	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Assets</b>				
Listed ordinary shares	473,981	-	-	473,981
Unlisted ordinary shares	-	-	1,399,115	1,399,115
Derivative financial instruments	-	10,094,526	-	10,094,526
<b>Total assets</b>	<b>473,981</b>	<b>10,094,526</b>	<b>1,399,115</b>	<b>11,967,622</b>
<b>Liabilities</b>				
Derivative financial instruments	-	10,094,526	-	10,094,526
<b>Total liabilities</b>	<b>-</b>	<b>10,094,526</b>	<b>-</b>	<b>10,094,526</b>
<b>Consolidated - 30 Jun 2016</b>	<b>Level 1 \$</b>	<b>Level 2 \$</b>	<b>Level 3 \$</b>	<b>Total \$</b>
<b>Assets</b>				
Listed ordinary shares	437,460	-	-	437,460
Unlisted ordinary shares	-	-	1,399,115	1,399,115
Derivative financial instruments	-	6,161,777	-	6,161,777
<b>Total assets</b>	<b>437,460</b>	<b>6,161,777</b>	<b>1,399,115</b>	<b>7,998,352</b>
<b>Liabilities</b>				
Derivative financial instruments	-	6,161,777	-	6,161,777
<b>Total liabilities</b>	<b>-</b>	<b>6,161,777</b>	<b>-</b>	<b>6,161,777</b>

The Group did not measure any financial assets or liabilities at fair value on a non-recurring basis as at 31 December 2016.

There were no transfers between levels during the financial half-year.

*Valuation techniques for fair value measurements categorised within level 2 and level 3*

Financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Derivative financial instruments include swaps or options in the interest rate and foreign exchange markets have been valued using recent market transactions of another contract that is substantially similar, and valuation techniques including discounted cash flow models and option pricing models, as appropriate.

Unquoted investments have been valued using a price of recent third party transactions.

The valuation process is managed by the Chief Operating Decision Makers ('CODM') of the Group who perform and validate valuations of non-property assets required for financial reporting purposes (including level 3 fair values). Discussion on valuation processes and outcomes are held between the CODM, CFO and audit committee every six months.

## NOTE 12. CONTINGENT LIABILITIES

	Consolidated	
	31 Dec 2016 \$	30 Jun 2016 \$
Guarantees:		
Limited guarantee and indemnity - Sequoia Asset Management	218,000	-
Limited guarantee and indemnity - Sequoia Superannuation	1,160,000	-
	1,378,000	-

## NOTE 13. COMMITMENTS

	Consolidated	
	31 Dec 2016 \$	30 Jun 2016 \$
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	522,784	531,069
One to five years	198,179	417,409
	720,963	948,478

## NOTE 14. EVENTS AFTER THE REPORTING PERIOD

On 1 February 2017, the Company granted 1,300,000 performance rights under the terms and conditions of the Sequoia Employee Incentive Plan. Vesting of performance rights were made subject to prescribed service and performance conditions. Vesting occurs in tranches on 31 January 2018, 31 January 2019 and 31 January 2020 with the expiry date of all performance rights being 31 January 2022.

No other matter or circumstance has arisen since 31 December 2016 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

A handwritten signature in black ink, appearing to read "Michael Carter", written over a horizontal line.

Michael Carter  
Director

27 February 2017  
Sydney

**HALL CHADWICK  (NSW)**

Chartered Accountants and Business Advisers

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

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

**SYDNEY**

Level 40  
2 Park Street  
Sydney NSW 2000  
Australia

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Sydney NSW 2001

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**Report on the Half-year Financial Report**

We have reviewed the accompanying half-year financial report of Sequoia Financial Group Limited, which comprises the consolidated statement of financial position as at 31 December 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 half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

**Directors' Responsibility for the Half-Year Financial Report**

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

**Auditor's Responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Sequoia Financial Group Limited's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Sequoia Financial Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

**Independence**

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

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HALL CHADWICK  (NSW)

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

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

**Conclusion**

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

- (i) giving a true and fair view of Sequoia Financial Group Limited's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

**Material Uncertainty Related to Going Concern**

We draw attention to Note 2 in the financial report, which indicates that the consolidated entity had a working capital deficiency of \$1,831,594 during the half-year ended 31 December 2016. This condition, along with other matters as set forth in Note 2, 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. Our conclusion is not modified in respect of this matter.



HALL CHADWICK  
Level 40, 2 Park Street  
Sydney NSW 2000



**DREW TOWNSEND**

**Partner**

Dated: 27 February 2017