



16 February 2016

ASX Compliance Pty Ltd
Level 4, North Tower, Rialto
525 Collins Street
Melbourne, VIC 3000

Attention: Mr John Johansson

Dear John,

Disclosure by Sequoia Financial Group Ltd (the "Company")

We refer to your letter dated 10 February 2016 regarding the Company's reported Appendix 4C released on 29 January 2016.

By way of background, just over twelve months ago MDS Financial Group Ltd (now Sequoia Financial Group Ltd) acquired various Sequoia entities. Since the acquisition, the Company has made significant changes including a restructure of operational subsidiaries, rationalisation of the cost base, improvement in aged creditors and strong organic growth of clients and revenues. We have most recently confirmed the rebranding of the Company to Sequoia.

In addition, the Company has successfully raised further working capital to support its operational needs and strategic objectives for expanding the business as evidenced by our Appendix 3B disclosures.

In respect to your letter we respond to your specific questions (1-4) as follows:

1. The Company expects to have positive operating cashflow in the foreseeable future.

The Company's reported negative net operating cashflow for the quarter ended 31 December 2015 was largely due to the timing of legacy payments, the clearing of older creditor's balances and other one-off payments. The Company has made significant advances in recurring revenues and the securing of new clients. These initiatives together with the reduced cost base of the Company are part of our ongoing cashflow forecasting.

2. The Company will continue to raise funds for working capital and/or further acquisitions as required.

In accordance with our Continuous Disclosure obligations, the Company made an announcement on 29 January 2016 and on 15 February 2016 relating to an acquisition which will contribute to its growth. The Company has successfully completed a capital raising for the purpose of the acquisition of a controlling stake in a related business and for additional working capital. The Company regularly reviews its capital management requirements and is confident in its ability to raise capital if and when

required. The Company notes however that the need for further capital to support working capital requirements is now less likely with its' operations moving toward a cashflow positive position.

3. The Company is confident in its ability to continue its operations and meet its objectives.

A robust strategy is in place to meet business objectives with significant advances made over the past 12 months. Funds raised as per recent announcements and continued interest in the Company's strategic direction provide the Company with the scale to continue to improve the overall financial and operational performance.

4. The Company is in compliance with Listing Rule 3.1 and its Continuous Disclosure obligations.

As demonstrated by the recent trading halt request and subsequent announcements, the Company continues to keep the market informed of important financial matters. Importantly, it also notes the provision of commentary on operational performance as part of the Appendix 4C reporting obligations to inform the market of key achievements in the previous quarter.

Please contact the writer if you require any further clarification.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Andrew Phillips', with a stylized flourish at the end.

Andrew Phillips
Company Secretary
Sequoia Financial Group Ltd



10 February 2016

Mr. Andrew Phillips
Company Secretary
Sequoia Financial Group Limited
Level 25, 25 Bligh St.
Sydney NSW 2000

By email: andrew.g.phillips64@gmail.com

Dear Andrew,

Sequoia Financial Group Limited (the “Entity”): ASX Appendix 4C Query

I refer to the Entity’s quarterly report in the form of Appendix 4C for the period ended 31 December 2015 lodged with ASX Market Announcements Platform and released on 29 January 2016 (the “Appendix 4C”).

ASX notes that the Entity has reported:

- negative net operating cash flows for the quarter of \$503,000; and
- cash at the end of the quarter of \$642,000.

It is possible to conclude on the basis of the information provided in the Appendix 4C that if the Entity were to continue to expend cash at the rate for the quarter indicated by the Appendix 4C, the Entity may not have sufficient cash to continue funding its operations. In view of that, please respond to each of the following questions:

1. Does the Entity expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has the Entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does the Entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Can the Entity confirm that it is in compliance with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition in accordance with that Rule that has not already been released to the market?



Please also provide any other information that the Entity considers may be relevant to ASX forming an opinion on whether the Entity is in compliance with Listing Rule 12.2.

When and where to send your response

This request is made under, and in accordance with Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than 09.30am Australian Eastern Daylight Time on Wednesday, 17 February 2016. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Entity's securities under Listing Rule 17.3.

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

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

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

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Entity to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

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

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in the Entity's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;



- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

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

John Johansson

Adviser, Listings Compliance (Melbourne)