

30 January 2017

APPENDIX 4C QUARTERLY REPORT

- Period Ended 31 December 2016

Highlights

- **Strong revenue result consistent with prior quarter**
- **All business divisions trading profitably**
- **Trading platform software enhancement**
- **New loan facility established with Westpac significantly reducing ongoing financing costs**
Garry Crole appointed as a Non-Executive Director and Marika White as Company Secretary

Sequoia Financial Group Limited (**ASX: SEQ**) ("SEQ", "Sequoia" or "the Company") is pleased to provide the following overview of its consolidated statement of cash flows for the quarter ending 31 December 2016 and general market update.

Operating Result

During the quarter, the Company reported receipts from customers of \$9,674,000, which was:

- a modest increase on the record prior quarter (Q1FY17: \$9,562,000)
- an increase of 91% on the previous comparable period (Q2FY16: \$5,076,000)

This result has produced another period of positive net cash flow totalling \$586,000, further strengthening Sequoia's cash position to \$1,876,000 (Q2FY16: \$642,000).

Importantly, the Company has bonds and bank guarantees held with third parties totalling an additional \$1,202,000 and a further \$1,873,000 of investments in listed and non-listed entities recognised in the balance sheet.

Outlook

The Company continues to grow as an integrated financial services provider through its horizontally integrated business model. Each business division within its diversified portfolio has traded profitably year to date with several divisions including Capital Markets Advisory and Software Subscriptions expected to perform well in the upcoming quarter.

As part of the Company's ongoing capital management planning a new loan facility has been established with Westpac Banking Corporation Ltd to provide greater financing flexibility going

forward and a significant reduction in financing costs. Through this new arrangement \$660,000 in maturing Convertible Note obligations were refinanced during the quarter.

A key achievement this quarter was the Software Subscription Division successfully completing enhancement of its new software platform in conjunction with Dion Global Solutions Australia. Importantly, we have already secured a significant new client who was attracted by the improved platform functionality now being made available and is expected to go live in the coming weeks. A staged rollout to existing clients is expected to begin in the first quarter of 2017.

The Company also announced the appointment of Garry Crole as a Non-Executive Director to further strengthen the Board as the Company continues to grow. Marika White also joined as Company Secretary bringing additional skills and experience to the organisation.

Commenting on the Company's performance, Sequoia's Chairman Michael Carter said, *"The Board is very pleased with the Company's steady progress and the delivery of another strong financial result this quarter. We have a robust business development pipeline in place and a growing number of cross divisional opportunities for our products and services suite. As a result the outlook for growth in the year ahead remains very positive."*

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For further information please contact:

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ABOUT SEQUOIA FINANCIAL GROUP LIMITED

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

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Sequoia Financial Group Limited

ABN

90 091 744 884

Quarter ended ("current quarter")

31 December 2016

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Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	9,674	19,236
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(16)	(102)
(d) leased assets	-	-
(e) staff costs	(1,730)	(3,414)
(f) administration and corporate costs	(7,289)	(14,482)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	5
1.5 Interest and other costs of finance paid	(57)	(130)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	586	1,113

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) businesses (see item 10)	-	(50)
(c) investments		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	(50)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	660	660
3.6	Repayment of borrowings	(660)	(660)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	1,290	813
4.2	Net cash from / (used in) operating activities (item 1.9 above)	586	1,113
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(50)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	1,876	1,876

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,876	1,290
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,876	1,290

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

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Bonuses paid in period.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	1,160	660
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

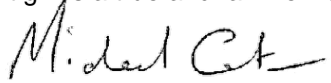
The business loan facility is provided by Westpac Banking Corporation and is a secured facility to the value of \$1,160,000. The variable interest rate payable was 6.51% at the end of the quarter with a 3-year finance term.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	-
9.4 Leased assets	-
9.5 Staff costs	1,700
9.6 Administration and corporate costs	7,300
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	9,000

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:  Date: 30/01/2017
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(Director/Company secretary)

Print name:Michael Carter.....

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. Accounting Standards. ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.
5. These statements exclude bonds and bank guarantees held as at 31 December 2016 of \$1,202,490. The total bond held by the Company's third party clearers is \$1,000,000, bank guarantees are held for the Melbourne premises of \$86,490, the Sydney premise of \$110,000 and a term deposit for \$6,000 is held for a merchant facility.