Appendix 4E
Preliminary final report

1. COMPANY DETAILS

Name of entity:	Sequoia Financial Group Limited
ABN:	90 091 744 884
Reporting period:	For the year ended 30 June 2019
Previous period:	For the year ended 30 June 2018

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

				$
Revenues from ordinary activities	up	9.7%	to	83,018,040
Loss from ordinary activities after tax attributable to the owners of Sequoia Financial Group Limited	down	143.3%	to	(1,001,368)
Loss for the year attributable to the owners of Sequoia Financial Group Limited	down	143.3%	to	(1,001,368)

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

3. NET TANGIBLE ASSETS

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	8.87	6.27

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

	Amount per security Cents	Franked amount per security Cents
Final dividend for the year ended 30 June 2018	0.500	0.500

7. DIVIDEND REINVESTMENT PLANS

The Company has implemented a Dividend Reinvestment Plan ('DRP').

The DRP was active for the final dividend for the year ended 30 June 2018 paid out during the year ended 30 June 2019, where the directors determined that a 2.5% discount would apply.

8. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

Not applicable.

9. FOREIGN ENTITIES

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

10. AUDIT QUALIFICATION OR REVIEW

Details of audit/review dispute or qualification (if any):
The financial statements have been audited and an unqualified opinion has been issued.

11. ATTACHMENTS

Details of attachments (if any):
The Annual Report of Sequoia Financial Group Limited for the year ended 30 June 2019 is attached.

12. SIGNED

Date: 19 August 2019

John Larsen
Chairman
Sydney

Sequoia Financial Group Limited

ABN 90 091 744 884

Annual Report

30 JUNE 2019

sequoia
FINANCIAL GROUP

CONTENTS

The 2019 financial year was extremely challenging for everyone associated with Sequoia Financial Group, particularly our staff and shareholders but we are pleased to report the outlook has improved greatly with revenues growing and the business now on a solid financial footing to move forward. Following various acquisitions in previous years, the true effects of integration started to impact our people, and we saw the departure of our CEO and others across the Group.

The 1H19 result was poor as we undertook a thorough review of the Group's assets and liabilities. This saw us write down the value of several assets and we also incurred several other unexpected one-off expenses. At the same time, we were dealing with the impact of the Hayne Royal Commission which has caused ructions through the industry but which overall, we see as a positive for our business.

Our biggest challenge emanated within our **Equity Markets Division** and related to the 2018 Morrison Securities acquisition. Here we needed to overhaul the existing outsourced clearing and execution model, to become a provider of these services directly to our Group companies and other licensees. Our shift from clearing through Pershing significantly impacted our 1H19 results, however we are now 'coming out the other side' with Morrison as one of our faster growing businesses.

The initial costs associated with ramping up our capability to clear almost 5 times the number of trades per month than we were previously handling, is reflected in this period's results, but we believe this initial investment will prove the appropriate strategy over the longer term, as we continue to increase transactions within this business. It's very pleasing to see our team transform this business from incurring heavy monthly losses to three consecutive profitable months in the last quarter of the year. Revenue in this business has increased by over 70% since we moved to self-clearing.

Importantly, we have a strong customer pipeline and are budgeting for 40% increase in revenue for FY2020 for the Morrison business with little, if any, increase in head count. The **Specialist Investment Team** has also performed well in 2019. Our team is filling a market need for sophisticated investment products for self-directed investors and continues to get the support of major banks able to price and place these products through their and our distribution channels.

The **Wealth Management Division** continued to perform well, as it did in 2018, by generating increased revenues and cash flow within InterPrac, Sequoia Wealth Management and Sequoia Asset Management. All three businesses will continue to benefit from the changing landscape within financial services, where many advisors are having to find alternative homes, as banks and insurers start divesting their advisory businesses. This gives Sequoia and InterPrac an excellent opportunity to be very selective about which advisors we onboard over the coming years as we grow these businesses. Our core offering within Wealth Management remains as the provision of education, compliance, licensee oversight and business support packages to advisers, on a fee for advice basis, rather than the generation of income from product sales.

On the **Compliance** front, shareholders would be well aware of some of the industry challenges that were identified during the Hayne Royal Commission. Importantly, the Group has moved to phase out commission-based remuneration in the personal advice business and for a number of years has operated all Divisions on a fee for service model rather than product commissions. This, coupled with the upcoming changes to the professional and educational standards for financial advisors, places the group in a strong position to improve its market share. We continue to invest in our experienced compliance team and this investment has included both an internal and an external functionality which has resonated well with the advisers across the group.

Within the **Direct Division**, Financial News Network performed well, growing revenue, subscribers and viewers. As the media landscape within Australia continues to evolve into the digital space, the need for media, education and financial market information is increasing. The business is ideally placed to take advantage of this. The past investment to build our own studios, and to employ researchers and in-house journalists is seeing the number of attendees at seminars increase and subscriptions to our online media increase month on month. Our news items and videos are viewed over 85,000 times each month directly plus through our 35+ content distribution partners.

Our online retail broking division, Sequoia Direct, in undergoing a website refresh and we are focusing a greater marketing effort on this channel. This is a highly competitive space however we believe that the business has cost and distribution advantages as well a strong technology offering through our Bourse Data platforms.

The **Professional Services Division** results were impacted by investments in software and resources which have a longer-term outlook, and significant write downs. While these investments have caused some short term pain, they are necessary to ensure that this Division can grow and remain competitive in the future. The **superannuation administration** business and **general insurance** business were the positive performers in this unit with many accountants and financial planners within the broader group referring customers to the business.

Throughout the year we undertook a review of the Group's people management framework in order to: speed up the integration of our various businesses under the Sequoia banner; streamline the various remuneration structures currently in force across the Group; improve the link between performance and remuneration; and generally improve the fairness of remuneration and working conditions for all staff across the Group. In order to implement the recommendations of that review, we have employed a full time HR Manager who will be working closely with the CEO throughout 2020, as they deal with the various aspects of this review, including organisational structure, employment contracts, job descriptions, balanced scorecards and remuneration. These changes will ensure that our entire team is pulling in the one direction, and that everyone will be aligned to the Group's ongoing business strategy.

Looking forward

Despite the tough 2019 financial year, we enter 2020 very positively, and expect to deliver a significantly improved FY2020 result for all stakeholders. The Group ended FY2019 with cash and cash equivalents of just under $19M. This was a broadly similar level to FY2018, however we raised additional capital through the year as well as reducing debt from $7.4M to $1.4M. Total equity is currently $31M and our short-term goal is to focus on getting all of the current businesses to generate at least 15% return (before tax) on the non-cash equity component of that equity whilst ensuring that any new acquisition we make is able to generate this type of return.

The changes occurring in the financial industry are profound and part of the reasoning for seeking to put the company on a sounder financial footing is to take advantage of these changes. We are well placed to participate in any rationalisation that may occur and grow our business in a judicious fashion. Sequoia is positioned as an attractive partner to advisers looking to relocate from the major banks and life companies and we will continue to add advisers where it makes sense to do so.

The Board and I understand that shareholders have borne some of the pain in positioning ourselves for the FY2020 and beyond with the share price under-performing but we firmly believe the business has shown improvement in the 2nd half and is primed for sustained growth and profitability.

We thank all staff and shareholders for their patience and support throughout 2019 and look forward to repaying that faith with a strong financial performance in the coming years.

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 year ended 30 June 2019.

DIRECTORS

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

Garry Crole	Executive Director Chief Executive Officer from 5 February 2019
John Larsen (resigned 18 December 2018 and re-appointed 1 March 2019)	Non-Executive Director Chairman from 1 March 2019
Kevin Pattison (appointed 5 February 2019)	Non-Executive Director
Charles Sweeney (appointed 1 March 2019)	Non-Executive Director
Scott Beeton (resigned 4 February 2019)	Former Managing Director Former Chief Executive Officer
Timothy Martin (appointed 5 October 2018 and resigned 1 March 2019)	Former Non-Executive Director

PRINCIPAL ACTIVITIES

The Group's principal activity is to offer financial planners, stock brokers, self-directed investors , superannuation funds and accountants a range of services that include but is not limited to business support and advice, coaching, compliance, education, licensing , wholesale clearing and execution, legal documents, investments, media and administration services.

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

DIVIDENDS

Dividends paid during the financial year were as follows:

	Consolidated	
	2019 $	2018 $
Final dividend for the year ended 30 June 2018 of 0.5 cents per ordinary share*	589,777	-

* The dividend comprised of a cash dividend paid of $286,302 and dividend reinvestment allotment of $303,475, that occurred during the year ended 30 June 2019.

REVIEW OF OPERATIONS

The loss for the Group after providing for income tax and non-controlling interest amounted to $1,001,368 (30 June 2018: profit of $2,310,985).

This financial year was a major transitional one for the Group.

In the first nine months of the year, the Group invested heavily in improving capability to cope with the heavy growth aspirations we have begun to see trend in our direction.

At the same time as investing heavily in these business units we took a conservative stance and wrote down the value of the non-core business, intangibles, fixed assets and wrote off some of the past accrued revenues as bad debts.

Finally, in discussing non-recurring items the Group incurred some heavy acquisition related costs, redundancy costs and contract renegotiation costs associated with improving the technology solutions around the clearing, direct to market sales units and the legal document business.

In addition to the actual write downs we estimate the sum of all the non-recurring items to be around $1.5 million.

That said on the surface the reported operating result of $1,092,882 may seem unfavourable when compared to the prior year.

The decisions made to focus on the long term at short term cost however places the business on a very sound platform to generate growth and in looking forward we are budgeting for revenue growth of between 10% and 40% across the various businesses in the Group.

There were no material impacts on the adoption of AASB 15 "Revenue from Contracts with Customers".

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

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

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

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 7 August 2019, the Company announced the acquisition of Libertas Financial Planning Pty Ltd ('Libertas'). Libertas is a successful financial advice dealer group with approximately 70 authorised representatives. The acquisition provides Sequoia with further scale in the advice marketplace and based on the latest Money Management dealer group survey makes Sequoia one of the largest non-bank owned financial adviser groups in the country.

As part of the consideration the Company will issue 1,500,000 fully paid ordinary shares at 20 cents per share to the seller. $1,000,000 cash will be paid upfront with an additional cash payment in 12 months capped at $1,000,000 subject to revenue and earnings targets being achieved.

At this stage, it is not practicable to disclose the other details of the acquisition given its timing relative to the issue of the financial statements.

No other matter or circumstance has arisen since 30 June 2019 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.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Group does not expect any major developments changes or variation to results if the Group were to continue as normal. However major variation would be expected to revenue and the expected results if shareholders approve any acquisition proposed by the directors.

ENVIRONMENTAL REGULATION

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

INFORMATION ON DIRECTORS

Name: Garry Peter Crole

Title: Chief Executive Officer (from 5 February 2019)

Experience and expertise: Garry is a highly experienced and well-regarded Financial Services Executive. He founded Deakin Financial Planning, an ASX listed company that was later acquired by IOOF. In more recent years, Garry started Interprac Financial Planning Pty Ltd, which is a leading independently owned Australian Financial Services Licensee.

Other current directorships: Non-Executive Director of Glennon Small Companies Limited (ASX: GC1)

Former directorships (last 3 years): Non-Executive Director of Diversa Ltd (ASX: DVA) which merged with OneVue Ltd (ASX: OVH)

Special responsibilities: Member of Risk and Compliance Committee, Audit Committee and Remuneration and Nomination Committee

Interests in shares: 10,777,934 ordinary shares (directly held) and 899,200 ordinary shares (indirectly held)

Interests in options: None

Interests in rights: None

Name: John Larsen

Title: Non-Executive Director (resigned 18 December 2018 and re-appointed 1 March 2019) and Chairman (from 1 March 2019)

Experience and expertise: John brings in excess of 30 years' experience in financial services to the Company, including senior management positions and directorships across various businesses licensed to provide financial services including funds management and stock broking. John has significant experience in the management of private portfolios and individually managed accounts. He was also the Chairman of Odyssey Funds Management between 2002 and 2009, part of the investment committee responsible for ASX listed, Huntley Investment Company Limited, between 2006 and 2008 and previously held the position of Group Investment Manager at ING (then Mercantile Mutual Group) retaining responsibility for the entire Australian investments portfolio with over $500 million of funds under management.

Other current directorships: Non-Executive Director of Glennon Small Companies Limited (ASX: GC1)

Former directorships (last 3 years): None

Special responsibilities: Chair of Audit Committee and member of Remuneration and Nomination Committee

Interests in shares: 101,549 ordinary shares (directly held) and 203,098 ordinary shares (indirectly held)

Interests in options: None

Interests in rights: None

Name: Kevin Pattison

Title: Non-Executive Director (appointed 5 February 2019)

Experience and expertise: Experience and expertise: Kevin has over 30 years' experience in financial services. He has been a Non-Executive Director for the past 4 years on private companies and prior to that he was the CEO of various large national businesses for over 20 years. He is currently the Chairman of MBA Insurance Services.

Other current directorships: None

Former directorships (last 3 years): None

Special responsibilities: Chair of Remuneration and Nomination Committee and member of Risk and Compliance Committee

Interests in shares: 367,500 ordinary shares (indirectly held)

Interests in options: None

Interests in rights: None

Name: Charles Sweeney

Title: Non-Executive Director (appointed 1 March 2019)

Qualifications: B.Comm, LL.B (Melb), Partner of Cooper Grace Ward Lawyers

Experience and expertise: Charles is a partner in Cooper Grace Ward's corporate and commercial group. Charles provides wide-ranging general commercial advice to clients, with particular areas of focus including corporate advisory and intellectual property / information technology. Acting for listed and unlisted public and private clients, Charles advises across a broad range of industries, including agribusiness, financial services, technology and mining. Charles has served as a non-executive director of an ASX listed company (including during its ASX listing) and has practical experience of the issues faced by boards in relation to corporate governance, dealings with regulators (especially ASX and ASIC), major transactions and capital raisings. Charles is also a regular presenter on such topics.

Other current directorships: None

Former directorships (last 3 years): None

Special responsibilities: Chair of Risk and Compliance Committee and member of Audit Committee

Interests in shares: 195,000 ordinary shares (indirectly held)

Interests in options: None

Interests in rights: None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

COMPANY SECRETARY

Mr Hasaka Martin was appointed Company Secretary on 7 August 2018. He is employed by Boardroom Pty Ltd in their Corporate Secretarial Services Division in Melbourne. He is currently completing a Masters of Commercial Law. And holds a Graduate Diploma of Corporate and Securities Law, Banking, Corporate, Finance and Securities Law, a Graduate Diploma in Applied Corporate Governance, a PhD in Biochemistry and Molecular Biology and a B.Ag.Sc (hons) in Molecular Biology and Biochemistry.

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2019, and the number of meetings attended by each director were:

	Full Board		Audit Committee	
	Attended	Held	Attended	Held
G Crole	17	18	3	3
J Larsen	10	10	3	3
K Pattison	5	5	1	1
C Sweeney	2	2	1	1
S Beeton	13	13	1	1
T Martin	12	12	1	1

	Risk and Compliance Committee		Remuneration and Nomination Committee	
	Attended	Held	Attended	Held
G Crole	5	5	3	3
J Larsen	-	-	3	3
K Pattison	1	1	1	1
C Sweeney	1	1	-	-
S Beeton	2	4	2	2
T Martin	3	3	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

REMUNERATION REPORT (AUDITED)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The key management personnel of the Group consisted of the following directors of Sequoia Financial Group Limited:

- Garry Crole - Executive Director and Chief Executive Officer (from 5 February 2019)
- John Larsen - Chairman and Non-Executive Director (resigned 18 December 2018 and re-appointed 1 March 2019)
- Kevin Pattison - Non-Executive Director (appointed 5 February 2019)
- Charles Sweeney - Non-Executive Director (appointed 1 March 2019)
- Scott Beeton - Former Managing Director and Former Chief Executive Officer (resigned 4 February 2019)
- Timothy Martin - Former Non-Executive Director (appointed 5 October 2018 and resigned 1 March 2019)

And the following person:

- Renee Louise Minchin - Chief Financial Officer (on sabbatical leave from 15 March 2019)

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration
The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Board of Directors, through its Remuneration and Nomination Committee, accepts responsibility for determining and reviewing remuneration arrangements for the directors and the senior management team. The Remuneration and Nomination 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.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors' 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.

Variable remuneration – short-term incentive (STI)
STIs are available to executives who achieve performance criteria including compliance. The Board is responsible for determining who is eligible to participate in STI arrangements as well as the structure of those arrangements.

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.

Sequoia Employee Incentive Plan ('SEIP')
On 1 February 2017, the Company established an employee equity scheme, called the Sequoia Employee Incentive Plan ('SEIP') to offer options and performance rights to certain employees employed in the Company.

<u>Options</u>
All options offered under the December 2017 grant were granted for nil consideration and had a $0.45 exercise price.

Options vest in two tranches:

Tranche	Vesting date
Tranche 1	30 June 2018
Tranche 2	30 June 2019

The vesting conditions of the options granted under the December 2017 grant are:

- Tranche 1 - full time employee of the Company and net profit after tax exceeding the 30 June 2017 result; and
- Tranche 2 - full time employee of the Company and net profit after tax exceeding the 30 June 2018 result.

All option tranches expire on 31 December 2019.

Performance rights

All performance rights offered under the February 2017 and October 2018 grants were granted for nil consideration and had a nil exercise price.

Performance rights vest in three tranches:

Tranche	February 2017 Vesting date	October 2017 Vesting date
Tranche 1	31 January 2018	30 June 2019
Tranche 2	31 January 2019	30 June 2020
Tranche 3	31 January 2020	30 June 2021

The vesting conditions of the performance rights granted are:

- 50% of each tranche where the employee meets the service condition; and
- 50% of each tranche where the employee meets the service condition and the Company meets the performance conditions.

All performance rights tranches relating to February 2017 grant expire on 31 January 2022.

The service conditions are that Tranche 1, Tranche 2 and Tranche 3 will vest if continuous employment is maintained with the Company from the date the performance rights are granted until their respective vesting dates.

The performance conditions relating to the February 2017 grant are related to share price hurdles as follows:

- Tranche 1 will vest if the Company's 90 Day VWAP up to and including 31 January 2018 is at least $0.25.
- Tranche 2 will vest if the Company's 90 Day VWAP up to and including 31 January 2019 is at least $0.30.
- Tranche 3 will vest if the Company's 90 Day VWAP up to and including 31 January 2020 is at least $0.35.

All performance rights tranches related to the October 2018 grant expire on 30 June 2023.

The service conditions are that Tranche 1, Tranche 2 and Tranche 3 will vest if continuous employment is maintained with the Company from the date the performance rights are granted until their respective vesting dates.

The performance conditions relating to the October 2018 grant are related to share price hurdles as follows:

- Tranche 1 will vest if the Company's 90 Day VWAP up to and including 30 June 2019 is at least $0.36.
- Tranche 2 will vest if the Company's 90 Day VWAP up to and including 30 June 2020 is at least $0.45.
- Tranche 3 will vest if the Company's 90 Day VWAP up to and including 30 June 2021 is at least $0.55.

Any performance rights which meet the vesting conditions above will be available for exercise up until the expiry date. On exercise of vested performance rights Company shares may be acquired and held by an Employee Share Trust ('EST') to be established for the purpose of settlement. Shares may be held subject to the EST and the Company's Securities Trading Policy.

If the Company provide an EST, the employee can apply to the Trustee to have their shares transferred or sold from the EST, subject to compliance with the Company's Securities Trading Policy.

Consolidated entity performance and link to remuneration
Remuneration for certain individuals is directly linked to the performance of the Group. A portion of cash bonus and incentive payments are dependent on defined earnings per share targets being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the Remuneration and Nomination Committee. Refer to the section 'Additional information' below for details of the earnings and total shareholders return for the last four years.

Use of remuneration consultants
During the financial year ended 30 June 2019, the Group did not engage remuneration consultants, to review its existing remuneration policies and provide recommendations.

Voting and comments made at the Company's 2018 Annual General Meeting ('AGM')
At the 23 November 2018 AGM, 99.94% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2018. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration
Details of the remuneration of key management personnel of the Group are set out in the following tables.

	Short-term benefits				Post-employment benefits	Share-based payments	
2019	**Cash salary and fees $**	**Cash bonus $**	**Directors' fees $**	**Movement in leave entitlements $**	**Super-annuation $**	**Equity-settled $**	**Total $**
Non-Executive Directors:							
J Larsen	39,059	-	-	-	3,711	-	42,770
K Pattison**	-	-	21,250	-	-	-	21,250
C Sweeney**	-	-	18,250	-	-	-	18,250
T Martin*	-	-	15,000	-	-	-	15,000
Executive Directors:							
G Crole	326,920	10,000	-	21,317	20,531	-	378,768
S Beeton*	420,245	60,000	-	(114,105)	15,399	-	381,539
Other Key Management Personnel:							
R Minchin***	180,057	13,699	-	(8,025)	14,817	8,775	209,323
	966,281	83,699	54,500	(100,813)	54,458	8,775	1,066,900

* Remuneration is for the period from 1 July 2018 to date of resignation as a key management personnel.

** Remuneration is for the period from date of appointment as a key management personnel to 30 June 2019.

*** Remuneration is for the period from 1 July 2018 to date of leave of absence as a key management personnel.

	Short-term benefits		Post-employment benefits	Share-based payments	
2018	**Cash salary and fees $**	**Cash bonus $**	**Super-annuation $**	**Equity-settled $**	**Total $**
Non-Executive Directors:					
J Larsen**	15,221	-	1,446	-	16,667
M Carter*	126,374	-	12,005	-	138,379
Executive Directors:					
G Crole	160,235	-	12,565	-	172,800
S Beeton	314,948	60,000	19,835	14,867	409,650
M Collignon*	139,366	-	6,684	-	146,050
Other Key Management Personnel:					
R Minchin	164,384	13,699	16,918	18,000	213,001
	920,528	73,699	69,453	32,867	1,096,547

* Remuneration is for the period from 1 July 2017 to date of resignation as a key management personnel.

** Remuneration is for the period from date of appointment as a key management personnel to 30 June 2018

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

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Non-Executive Directors:						
J Larsen	100%	100%	-	-	-	-
K Pattison	100%	-	-	-	-	-
C Sweeney	100%	-	-	-	-	-
T Martin	100%	-	-	-	-	-
M Carter	-	100%	-	-	-	-
Executive Directors:						
G Crole	97%	100%	3%	-	-	-
S Beeton	84%	81%	16%	15%	-	4%
M Collignon	-	100%	-	-	-	-
Other Key Management Personnel:						
R Minchin	89%	86%	7%	6%	4%	8%

Service agreements

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 one to three months' notice required for termination by either party.

Share-based compensation

Issue of shares
There were no shares issued or granted to directors and other key management personnel as part of compensation during the year ended 30 June 2019.

Options
There were no options over ordinary shares issued or granted to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2019.

Performance *rights*
The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Vesting date and exercisable date	Expiry date	Share price hurdle for vesting	Fair value per right at grant date
1 Feb 2017	31 Jan 2018	31 Jan 2022	$0.000	$0.3200
26 Oct 2018	30 Jun 2019	30 Jun 2023	$0.000	$0.3100

Name	Number of rights granted	Grant date	Vesting date and exercisable date	Expiry date	Share price hurdle for vesting	Fair value per right at grant date
Renee Minchin	100,000	26 Oct 2018	30 Jun 2019	30 Jun 2023	$0.000	$0.3100

Performance rights granted carry no dividend or voting rights.

The number of performance rights over ordinary shares granted to and vested in directors and other key management personnel as part of compensation during the year ended 30 June 2019 are set out below:

Name	Number of rights granted during the year 2019	Number of rights granted during the year 2018	Number of rights vested during the year 2019	Number of rights vested during the year 2018
Renee Minchin	100,000	150,000	33,750	60,000

All performance rights were granted for nil consideration and had a nil exercise price.

Additional information
The earnings of the Group for the five years to 30 June 2019 are summarised below:

	2019 $	2018 $	2017 $	2016 $	2015 $
Sales revenue	83,018,040	75,674,127	35,075,151	22,980,597	21,406,293
Profit/(loss) after income tax	(1,001,368)	2,369,718	725,573	285,733	(17,974,212)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2019	2018	2017	2016	2015
Share price at financial year end ($)	0.170	0.340	0.320	0.200	0.100

Additional disclosures relating to key management personnel

Shareholding
The number of shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
GP Crole***	11,401,500	-	275,634	-	11,677,134
J Larsen***	300,000	-	4,647	-	304,647
K Pattison*	-	-	367,500	-	367,500
C Sweeney***	-	-	195,000	-	195,000
SL Beeton**/***	9,183,358	-	730,024	(9,913,382)	-
RL Minchin	302,647	33,750	-	-	336,397
	21,187,505	33,750	1,572,805	(9,913,382)	12,880,678

* Additions represents holding at date of becoming a key management personnel, not necessarily an addition of holding during the year.

** Disposals/other represents no longer a key management personnel, not necessarily a disposal of holding. Scott Beeton resigned on 4 February 2019.

*** Shares acquired via on-market trade.

Option holding
The number of options over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
SL Beeton	2,000,000	-	-	(2,000,000)	-
	2,000,000	-	-	(2,000,000)	-

* Options were forfeited on date of resignation, 4 February 2019.

Performance rights holding
The number of performance rights over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Performance rights over ordinary shares					
RL Minchin	90,000	100,000	(33,750)	-	156,250
	90,000	100,000	(33,750)	-	156,250

This concludes the remuneration report, which has been audited.

SHARES UNDER OPTION

There were no unissued ordinary shares of Sequoia Financial Group Limited under option outstanding at the date of this report.

SHARES UNDER PERFORMANCE RIGHTS

Unissued ordinary shares of Sequoia Financial Group Limited under performance rights at the date of this report are as follows:

Grant date	Expiry date	Number under rights
1 February 2017	31 January 2022	150,000
26 October 2018	30 June 2023	925,000
		1,075,000

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the Company or of any other body corporate.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

There were no ordinary shares of Sequoia Financial Group Limited issued on the exercise of options during the year ended 30 June 2019 and up to the date of this report.

SHARES ISSUED ON THE EXERCISE OF PERFORMANCE RIGHTS

The following ordinary shares of Sequoia Financial Group Limited were issued during the year ended 30 June 2019 and up to the date of this report on the exercise of performance rights granted:

Date performance rights granted	Share price as at date of exercise	Number of shares issued
1 February 2017	$0.260	112,500

INDEMNITY AND INSURANCE OF OFFICERS

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

INDEMNITY AND INSURANCE OF AUDITOR

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 22 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's 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 requirements of the Corporations Act 2001 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 APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's 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.

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 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

John Larsen
Chairman

19 August 2019
Melbourne

William Buck

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

I declare that, to the best of my knowledge and belief during the year ended 30 June 2019 there have been:

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

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

William Buck

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

N. S. Benbow
Director

Dated this 19th day of August, 2019

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

	Note	Consolidated 2019 $	Consolidated 2018 $
Revenue	5	83,018,040	75,674,127
Expenses			
Data fees		(1,161,134)	(1,806,693)
Dealing and settlement		(8,349,140)	(16,885,741)
Commission and hedging		(54,375,311)	(38,731,824)
Employee benefits	6	(11,734,219)	(9,259,008)
Occupancy		(1,127,414)	(938,733)
Telecommunications		(1,137,711)	(636,949)
Marketing		(393,591)	(421,999)
General and administrative		(3,646,638)	(2,660,293)
Operating profit		1,092,882	4,332,887
Interest revenue calculated using the effective interest method		220,170	99,111
Depreciation and amortisation		(1,563,159)	(473,888)
Impairment of assets	12	(530,832)	(222)
Finance costs		(323,215)	(499,717)
Profit/(loss) before income tax (expense)/benefit		(1,104,154)	3,458,171
Income tax (expense)/benefit	7	102,786	(1,088,453)
Profit/(loss) after income tax (expense)/benefit for the year		(1,001,368)	2,369,718
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Gain on the revaluation of financial assets at fair value through other comprehensive income, net of tax		-	289,530
Loss on the revaluation of financial assets at fair value through other comprehensive income, net of tax		(157,173)	-
Other comprehensive income for the year, net of tax		(157,173)	289,530
Total comprehensive income for the year		(1,158,541)	2,659,248
Profit/(loss) for the year is attributable to:			
Non-controlling interest		-	58,733
Owners of Sequoia Financial Group Limited		(1,001,368)	2,310,985
		(1,001,368)	2,369,718
Total comprehensive income for the year is attributable to:			
Non-controlling interest		-	58,733
Owners of Sequoia Financial Group Limited		(1,158,541)	2,600,515
		(1,158,541)	2,659,248
		Cents	Cents
Basic earnings per share	29	(0.851)	2.800
Diluted earnings per share	29	(0.851)	2.676

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

	Note	Consolidated 2019 $	Consolidated 2018 $
Assets			
Cash and cash equivalents		18,852,029	19,031,987
Trade and other receivables	8	11,675,680	7,088,606
Contract assets and deferred costs	9	7,510,057	9,211,254
Inventories		6,386	18,547
Financial assets	10	675,614	1,494,444
Derivative financial instruments	11	5,042,611	13,924,686
Deposits		138,452	1,306,000
Prepayments		706,591	586,958
Total current assets		44,607,420	52,662,482
Non-current assets			
Contract assets and deferred costs	9	8,078,679	9,707,879
Derivative financial instruments	11	13,719,935	17,438,251
Financial assets		40,000	1,944,646
Plant and equipment		1,654,060	2,291,997
Intangibles	12	20,621,472	21,322,703
Deferred tax	7	7,775,014	8,394,867
Prepayments		392,950	779,440
Total non-current assets		52,282,110	61,879,783
Total assets		96,889,530	114,542,265

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

	Note	Consolidated 2019 $	Consolidated 2018 $
Liabilities			
Current liabilities			
Trade and other payables	13	15,551,526	13,673,154
Contract liabilities and deferred revenue	14	10,585,148	11,748,491
Borrowings	15	1,431,658	6,680,717
Derivative financial instruments	11	5,042,610	13,924,686
Income tax payable		1,759,066	1,439,605
Employee benefits		555,206	645,768
Lease incentives		624,563	643,582
Total current liabilities		35,549,777	48,756,003
Non-current liabilities			
Contract liabilities and deferred revenue	14	11,394,362	13,646,018
Borrowings	15	-	719,506
Derivative financial instruments	11	13,719,936	17,438,251
Deferred tax	7	4,928,398	6,141,711
Employee benefits		124,369	76,604
Total non-current liabilities		30,167,065	38,022,090
Total liabilities		65,716,842	86,778,093
Net assets		31,172,688	27,764,172
Equity			
Issued capital	16	48,025,034	42,788,182
Reserves	17	579,708	816,899
Accumulated losses		(17,432,054)	(15,840,909)
Total equity		31,172,688	27,764,172

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

Consolidated	Issued capital $	Financial assets at fair value through other comprehensive income reserve $	Share-based payments reserve $	Accumulated losses $	Non-controlling interest $	Total equity $
Balance at 1 July 2017	26,724,112	297,951	110,384	(17,005,876)	75,509	10,202,080
Profit after income tax expense for the year	-	-	-	2,310,985	58,733	2,369,718
Other comprehensive income for the year, net of tax	-	289,530	-	-	-	289,530
Total comprehensive income for the year	-	289,530	-	2,310,985	58,733	2,659,248
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs (note 16)	16,064,070	-	-	-	-	16,064,070
Share-based payments	-	-	119,034	-	-	119,034
Acquisition of non-controlling interest	-	-	-	(1,146,018)	(134,242)	(1,280,260)
Balance at 30 June 2018	42,788,182	587,481	229,418	(15,840,909)	-	27,764,172

Consolidated	Issued capital $	Financial assets at fair value through other comprehensive income reserve $	Share-based payments reserve $	Accumulated losses $	Non-controlling interest $	Total equity $
Balance at 1 July 2018	42,788,182	587,481	229,418	(15,840,909)	-	27,764,172
Loss after income tax benefit for the year	-	-	-	(1,001,368)	-	(1,001,368)
Other comprehensive income for the year, net of tax	-	(157,173)	-	-	-	(157,173)
Total comprehensive income for the year	-	(157,173)	-	(1,001,368)	-	(1,158,541)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs (note 16)	5,236,852	-	-	-	-	5,236,852
Share-based payments	-	-	(80,018)	-	-	(80,018)
Dividends paid (note 18)	-	-	-	(589,777)	-	(589,777)
Balance at 30 June 2019	48,025,034	430,308	149,400	(17,432,054)	-	31,172,688

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

	Note	Consolidated 2019 $	Consolidated 2018 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		78,370,946	78,977,716
Payments to suppliers and employees (inclusive of GST)		(77,910,306)	(69,385,242)
		460,640	9,592,474
Interest received		220,170	99,111
Interest and other finance costs paid		(323,215)	(499,717)
Income taxes paid		(171,213)	(320,485)
Net cash from operating activities	28	186,382	8,871,383
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired		-	(771,845)
Payments for purchase of additional equity in subsidiaries		-	(1,280,260)
Payments for investments		-	(296,664)
Payments for plant and equipment		(754,364)	(1,175,937)
Payments for intangibles	12	(4,877)	(716,128)
Payments for bonds, guarantees and other assets		-	(568,548)
Proceeds from disposal of investments		1,709,973	-
Proceeds from disposal of property, plant and equipment		4,418	-
Net cash from/(used in) investing activities		955,150	(4,809,382)
Cash flows from financing activities			
Proceeds from issue of shares		5,236,852	3,096,240
Share issue transaction costs		-	(2,720)
Proceeds from borrowings		-	5,999,048
Repayment of convertible notes		(200,000)	(300,000)
Dividends paid	18	(589,777)	-
Repayment of borrowings		(5,768,565)	-
Net cash from/(used in) financing activities		(1,321,490)	8,792,568
Net increase/(decrease) in cash and cash equivalents		(179,958)	12,854,569
Cash and cash equivalents at the beginning of the financial year		19,031,987	6,177,418
Cash and cash equivalents at the end of the financial year		18,852,029	19,031,987

The Group holds cash reserves which are required to meet its broker licensing commitments. The conditions of the license, amongst other requirements, mandate that its wholly owned subsidiary, Morrison Securities Pty Ltd must maintain at all times core capital greater than $12,000,000, where at least 90% of this core capital is cash at bank.

The above consolidated 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 ('Company' or 'parent entity') and the entities it controlled at the end of, or during, the year (referred to in these financial statements as the 'Group'). The financial statements are presented in Australian dollars, which is Sequoia Financial Group Limited's functional and presentation currency.

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

Level 7
7 Macquarie Place
Sydney NSW 2000

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 19 August 2019. The directors have the power to amend and reissue the financial statements.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, 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.

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

AASB 9 Financial Instruments

The Group has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

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

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

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

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

EXTRACT	Current standard (as reported) $	Previous standard $	Change $
Statement of profit or loss			
Revenue	83,018,040	83,238,210	(220,170)
Interest revenue calculated using the effective interest method	220,170	-	220,170
Loss before income tax benefit	(1,104,154)	(1,104,154)	-
Income tax benefit	102,786	102,786	-
Loss after income tax benefit	(1,001,368)	(1,001,368)	-

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets at fair value through other comprehensive income, financial assets and liabilities at fair value through profit or loss and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 26.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Sequoia Financial Group Limited as at 30 June 2019 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition

The Group recognises revenue as follows:

Revenue from contracts with customers

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

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

Timing of revenue recognition

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

The different revenue streams include:

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

The costs of entering into the contract with wholesale counter parties are matched to the revenue streams.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Revenues from other services, including brokerage, financial planning, superannuation and corporate advisory services are performed as they are rendered to the customer, net of any commissions. For brokerage, this occurs upon the date of settlement of clearing the underlying transaction on behalf of the client. For corporate advisory income relating to a transaction, this occurs upon the execution of the transaction. Where corporate advisory services relate to fees earned under a retainer agreement, revenue is accrued pro-rata according to the servicing of that retainer.

Contract assets and contract liabilities (previously classified as deferred costs and deferred revenue)
Contract assets relate to hedging costs and contract liabilities relate primarily to structured product revenues. The contract assets represents costs deferred and contract liabilities represent revenue deferred due to recognition requirements where the revenue and cost are spread over the product life.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied 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 interests in subsidiaries, associates or 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.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at 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 entities which intend to settle simultaneously.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

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

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation, based upon the maturity date set in the underlying derivative agreement.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at amortised cost
A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

Plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	Over the term of the lease
Plant and equipment	3 years

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

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. Finite life 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 intangible assets 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

Goodwill arises on the acquisition of a business. 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.

Website

Significant costs associated with the development of the revenue generating aspects of the website, including the capacity of placing orders, are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3 years.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Customer list
Customer lists acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 to 10 years.

Regulatory memberships and licences
Costs in relation to regulatory memberships and licences are capitalised as an asset. These costs are not subsequently amortised but reviewed annually for impairment.

Impairment of non-financial assets
Goodwill is not subject to amortisation and is 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 of disposal 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.

Trade and other payables
These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and 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 loans or borrowings are classified as non-current.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

Employee benefits
Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high-quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital
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.

Dividends
Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

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 the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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 tax authority is included in other receivables or other 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 tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2019. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset and lease liability are recognised at the commencement of the lease. The right-of-use asset is recognised at an amount that is equivalent to the initial measurement of the lease liability, adjusted for lease prepayments, lease incentives received, initial direct costs incurred, and an estimate of any future restoration, removal or dismantling costs. The lease liability is recognised at the present value of future lease payments comprising fixed lease payments less incentives, variable lease payments, residual guarantees payable, payment of purchase options where exercise is reasonably certain, and any anticipated termination penalties. The lease payments are discounted at the rate implicit in the lease, or where not readily determinable, the entity's incremental borrowing rate. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Group will adopt this standard from 1 July 2019 and it is expected that the operating and lease commitments identified in note 29 will be required to be included in the consolidated statement of financial position when the standard becomes effective.

New Conceptual Framework for Financial Reporting
A revised Conceptual Framework for Financial Reporting has been issued by the AASB and is applicable for annual reporting periods beginning on or after 1 January 2020. This release impacts for-profit private sector entities that have public accountability that are required by legislation to comply with Australian Accounting Standards and other for-profit entities that voluntarily elect to apply the Conceptual Framework. Phase 2 of the framework is yet to be released which will impact for-profit private sector entities. The application of new definition and recognition criteria as well as new guidance on measurement will result in amendments to several accounting standards. The issue of AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework, also applicable from 1 January 2020, includes such amendments. Where the Group has relied on the conceptual framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under Australian Accounting Standards, the Group may need to revisit such policies. The Group will apply the revised conceptual framework from 1 July 2020 and is yet to assess its impact.

NOTE 3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions 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 (refer to the respective notes) within the next financial year are discussed below.

Goodwill
The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2. 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.

NOTE 3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

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

Other *significant* estimates
Other significant estimates include fair value assessment of derivatives and investments (refer to note 20).

NOTE 4. OPERATING SEGMENTS

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

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

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

Sequoia Wealth Group	Sequoia Wealth Group comprises the Financial Planning, Wealth Management and Corporate advisory business units. This is our personal advice division and specialises in supporting accountants, financial planners, mortgage brokers, insurance advisers and investment advisers with an array of solutions such as AFSL and ACL licensing, merger and acquisitions corporate advice, equity capital market advice, administration and investment platforms, investment and superannuation products, model portfolios, mortgage broking and life insurance advice. This is delivered through adviser networks and dedicated direct relationships with clients.
Sequoia Professional Services Group	Sequoia Professional Services Group provides complete SMSF solutions to Financial Planners, Stock Brokers, Mortgage Brokers and Accountants Australia wide. This division also manages a legal practice establishment business and is an Australian leading provider of General Insurance solutions specifically for accountants.
Sequoia Equity Markets Group	Sequoia Equity Markets Group delivers white label Australian Stockbroking and Specialised Investment solutions to third party institutional and adviser networks that operate their own AFSL such as financial planners, financial advisors, banks, building societies and trading educators.
Sequoia Direct Investment Group	Sequoia Direct Investment Group provides general advice for investors on portfolio management, SMSFs, share trading, superannuation, structured products and insurance. This division also includes market data and trading tools for self-directed investors and has an independent news organisation specialising in finance and business news updates, events and investor communication for ASX-Listed companies.
Head Office	Head Office relates to the corporate running costs of the Group.

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

NOTE 4. 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 - 2019	Sequoia Wealth Group $	Sequoia Professional Services Group $	Sequoia Equity Markets Group $	Sequoia Direct Investment Group $	Head Office $	Total $
Revenue						
Revenue	26,806,237	4,644,997	48,554,256	3,145,461	308,540	83,459,491
Gains/(losses) on portfolio investments	(438,307)	-	(3,144)	-	-	(441,451)
Total revenue	26,367,930	4,644,997	48,551,112	3,145,461	308,540	83,018,040
Adjusted EBITDA	1,939,362	1,842,443	2,714,199	878,496	(6,281,618)	1,092,882
Depreciation and amortisation						(1,563,159)
Impairment of assets						(530,832)
Interest revenue						220,170
Finance costs						(323,215)
Loss before income tax benefit						(1,104,154)
Income tax benefit						102,786
Loss after income tax benefit						(1,001,368)
Assets						
Segment assets	4,291,975	7,438,106	69,256,950	1,002,038	14,900,461	96,889,530
Total assets						96,889,530
Liabilities						
Segment liabilities	1,800,007	431,121	53,409,040	977,006	9,099,668	65,716,842
Total liabilities						65,716,842

NOTE 4. OPERATING SEGMENTS (CONTINUED)

Consolidated - 2018	Sequoia Wealth Group $	Sequoia Professional Services Group $	Sequoia Equity Markets Group $	Sequoia Direct Investment Group $	Head Office $	Total $
Revenue						
Revenue	18,989,482	4,168,623	45,771,151	5,100,571	1,164,434	75,194,261
Gains/(losses) on portfolio investments	479,866	-	-	-	-	479,866
Total revenue	19,469,348	4,168,623	45,771,151	5,100,571	1,164,434	75,674,127
Adjusted EBITDA	2,703,521	1,188,701	1,767,011	944,050	(2,270,396)	4,332,887
Depreciation and amortisation						(473,888)
Impairment of assets						(222)
Interest revenue						99,111
Finance costs						(499,717)
Profit before income tax expense						3,458,171
Income tax expense						(1,088,453)
Profit after income tax expense						2,369,718
Assets						
Segment assets	6,330,185	6,401,348	96,389,821	2,764,420	2,656,491	114,542,265
Total assets						114,542,265
Liabilities						
Segment liabilities	1,953,106	505,416	83,092,348	1,227,223	-	86,778,093
Total liabilities						86,778,093

NOTE 5. REVENUE

	Consolidated 2019 $	Consolidated 2018 $
Sales revenue		
Data subscriptions fees	863,635	1,209,386
Brokerage and commissions revenue	37,711,607	28,670,705
Superannuation product revenue	2,584,074	2,197,532
Structured product revenue	36,707,013	32,979,899
Corporate advisory fees	2,967,596	7,857,531
Media revenue	1,581,260	1,601,788
Leasing	293,766	480,210
Other income	750,540	197,210
	83,459,491	75,194,261
Other revenue		
Gains/(losses) on portfolio investments	(441,451)	479,866
Revenue	83,018,040	75,674,127

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

Disaggregation of revenue

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

Consolidated - 2019	Sequoia Wealth Group $	Sequoia Professional Services Group $	Sequoia Equity Markets Group $	Sequoia Direct Investment Group $	Head Office $	Total $
Timing of revenue recognition						
Services transferred at a point in time	26,367,930	4,644,997	11,725,198	819,467	308,540	43,866,132
Services transferred over time	-	-	36,825,914	2,325,994	-	39,151,908
	26,367,930	4,644,997	48,551,112	3,145,461	308,540	83,018,040

AASB 15 was adopted using the transitional rules not to restate comparatives. As such, no disaggregation of revenue is disclosed for the year ended 30 June 2018.

NOTE 6. EXPENSES

	Consolidated 2019 $	Consolidated 2018 $
Profit/(loss) before income tax includes the following specific expenses:		
Rental expense relating to operating leases		
Minimum lease payments	1,046,956	885,109
Employee benefits		
Wages and salaries	8,653,292	7,115,620
Defined contribution superannuation expense	731,184	599,504
Other employment costs	2,349,743	1,543,884
Total employee benefits	11,734,219	9,259,008

NOTE 7. INCOME TAX

	Consolidated 2019 $	Consolidated 2018 $
Income tax expense/(benefit)		
Current tax	500,152	1,522,876
Deferred tax - origination and reversal of temporary differences	(606,428)	(450,853)
Adjustment recognised for prior periods	3,490	16,430
Aggregate income tax expense/(benefit)	(102,786)	1,088,453
Deferred tax included in income tax expense/(benefit) comprises:		
Decrease/(increase) in deferred tax assets	606,885	(2,101,073)
Increase/(decrease) in deferred tax liabilities	(1,213,313)	1,650,220
Deferred tax - origination and reversal of temporary differences	(606,428)	(450,853)
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Profit/(loss) before income tax (expense)/benefit	(1,104,154)	3,458,171
Tax at the statutory tax rate of 30%	(331,246)	1,037,451
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Impairment of goodwill	159,250	-
Sundry items	65,720	34,572
	(106,276)	1,072,023
Adjustment recognised for prior periods	3,490	16,430
Income tax expense/(benefit)	(102,786)	1,088,453

NOTE 7. INCOME TAX (CONTINUED)

	Consolidated 2019 $	Consolidated 2018 $
Amounts charged/(credited) directly to equity		
Deferred tax assets	12,968	23,871
Deferred tax liabilities	-	(46,070)
	12,968	(22,199)

	Consolidated 2019 $	Consolidated 2018 $
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Allowance for expected credit losses	63,153	36,052
Employee benefits	225,664	235,880
Accrued expenses	390,875	385,092
Deferred income	6,593,853	7,618,353
Share issue expenses	37,226	24,258
Net fair value loss on investment	138,712	14,954
Deferred tax assets attributable to business combinations	109,976	80,278
Lease incentives	215,555	-
Deferred tax asset	7,775,014	8,394,867
Movements:		
Opening balance	8,394,867	5,718,881
Credited/(charged) to profit or loss	(606,885)	2,101,073
Charged to equity	(12,968)	(23,871)
Additions through business combinations	-	598,784
Closing balance	7,775,014	8,394,867

NOTE 7. INCOME TAX (CONTINUED)

	Consolidated 2019 $	Consolidated 2018 $
Deferred tax liability		
Deferred tax liability comprises temporary differences attributable to:		
Financial assets at fair value through other comprehensive income	251,778	251,778
Deferred expenses	4,676,620	5,889,933
Deferred tax liability	4,928,398	6,141,711
Movements:		
Opening balance	6,141,711	4,537,561
Charged/(credited) to profit or loss	(1,213,313)	1,650,220
Credited to equity	-	(46,070)
Closing balance	4,928,398	6,141,711

NOTE 8. TRADE AND OTHER RECEIVABLES

	Consolidated 2019 $	Consolidated 2018 $
Current assets		
Trade receivables	766,543	2,110,743
Less: Allowance for expected credit losses	(210,510)	(120,174)
	556,033	1,990,569
Other receivables	11,119,647	5,098,037
	11,675,680	7,088,606

* Includes trade settlement receivable for Morrison Securities Pty Ltd of $9,782,441 in 2019.

Allowance for expected credit losses

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

Consolidated	Expected credit loss rate 2019 %	Expected credit loss rate 2018 %	Carrying amount 2019 $	Carrying amount 2018 $	Allowance for expected credit losses 2019 $	Allowance for expected credit losses 2018 $
Not overdue	-	-	10,909,150	7,088,606	-	-
1 to 30 days overdue	3.27%	-	437,146	-	14,300	-
31 to 60 days overdue	12.21%	-	117,087	-	14,300	-
Over 60 days overdue	43.03%	100.00%	422,807	120,174	181,910	120,174
			11,886,190	7,208,780	210,510	120,174

NOTE 8. TRADE AND OTHER RECEIVABLES (CONTINUED)

Movements in the allowance for expected credit losses are as follows:

	Consolidated	
	2019 $	2018 $
Opening balance	120,174	60,551
Additional provisions recognised	90,336	59,623
Closing balance	210,510	120,174

NOTE 9. CONTRACT ASSETS AND DEFERRED COSTS

	Consolidated	
	2019 $	2018 $
Current assets		
Contract assets - deferred costs	7,510,057	9,211,254
Non-current assets		
Contract assets - deferred costs	8,078,679	9,707,879

Contract assets - deferred costs relates to hedging costs. The costs are deferred due to recognition requirements where the revenue and cost is spread over the product life.

Changes in contract assets and liabilities reflect both:

(a) the release of deferred revenues and costs to the profit and loss through the performance of a contract; and

(b) new receipts and prepayments for contracts that are yet to be performed.

NOTE 10. FINANCIAL ASSETS

	Consolidated	
	2019 $	2018 $
Current assets		
Investment in shares	675,614	1,494,444
Reconciliation		
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:		
Opening fair value	1,494,444	26,460
Net additions/(disposals)	(307,447)	1,644,259
Revaluation decrements	(511,383)	(176,275)
Contract assets - deferred costs	675,614	1,494,444

Refer to note 20 for further information on fair value measurement.

Ordinary shares are held in ASX listed companies and are actively traded.

NOTE 11. DERIVATIVE FINANCIAL INSTRUMENTS

	Consolidated	
	2019 $	2018 $
Current assets		
Derivatives - financial assets	5,042,611	13,924,686
Non-current assets		
Derivatives - financial assets	13,719,935	17,438,251
Current liabilities		
Derivatives - financial liabilities	(5,042,610)	(13,924,686)
Non-current liabilities		
Derivatives - financial liabilities	(13,719,936)	(17,438,251)

Refer to note 19 for further information on financial instruments.

Refer to note 20 for further information on fair value measurement.

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 20).

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 19. 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.

Sequoia has an obligation to its clients to pay the value of the investment at expiry. The current asset amount and the non-current asset amount equals that of the investment obligation described as a current liability and a non-current liability. The carrying amount equals the amount of the investment obligation. The rise or fall offset each other.

NOTE 12. INTANGIBLES

	Consolidated 2019 $	Consolidated 2018 $
Non-current assets		
Goodwill	11,304,708	11,304,708
Less: Impairment	(530,832)	-
	10,773,876	11,304,708
Website - at cost	60,831	74,262
Less: Accumulated amortisation	(52,951)	(66,066)
	7,880	8,196
Customer list - at cost	5,872,704	5,872,704
Less: Accumulated amortisation	(508,306)	(426,422)
	5,364,398	5,446,282
Regulatory memberships and licences - at cost	3,845,121	3,849,539
Other intangibles - at cost	713,978	713,978
Less: Accumulated amortisation	(83,781)	-
	630,197	713,978
	20,621,472	21,322,703

Reconciliations

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

Consolidated	Goodwill $	Website $	Customer list $	Regulatory memberships and licences $	Other intangibles $	Total $
Balance at 1 July 2017	8,607,296	17,290	58,980	35,556	-	8,719,122
Additions	-	2,150	-	-	713,978	716,128
Additions through business combinations	2,697,412	-	5,459,232	3,814,206	-	11,970,850
Amortisation expense	-	(11,244)	(71,930)	(223)	-	(83,397)
Balance at 30 June 2018	11,304,708	8,196	5,446,282	3,849,539	713,978	21,322,703
Additions	-	4,877	-	-	-	4,877
Disposals	-	-	-	(4,418)	-	(4,418)
Impairment of assets	(530,832)	-	-	-	-	(530,832)
Amortisation expense	-	(5,193)	(81,884)	-	(83,781)	(170,858)
Balance at 30 June 2019	10,773,876	7,880	5,364,398	3,845,121	630,197	20,621,472

NOTE 12. INTANGIBLES (CONTINUED)

Impairment testing

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

	Consolidated	
	2019 $	2018 $
Cash generating units ('CGUs'):		
Sequoia Wealth Group	674,686	674,686
Sequoia Professional Services Group	4,386,020	4,386,020
Sequoia Equity Markets Group	5,162,392	5,162,392
Sequoia Direct Investment Group	550,778	1,081,610
	10,773,876	11,304,708

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

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

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

Key assumptions	Revenue growth rate %	Cost of sales growth rate %	Pre-tax discount rate %
Sequoia Wealth Group	3.0%	2.5%	15.0%
Sequoia Professional Services Group	3.0%	2.5%	15.0%
Sequoia Equity Markets Group	3.0%	2.5%	15.0%
Sequoia Direct Investment Group	3.0%	2.5%	15.0%

Based on the value-in-use calculations the goodwill for the Sequoia Direct Investment Group was below recoverable amount and was impaired by $530,832 during the financial year ended 30 June 2019.

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

Sensitivity

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

(a) Revenue growth would need to decrease by 0.5% before goodwill would need to be impaired, with all other assumptions remaining constant.

(b) The discount rate would be required to increase by 2% before goodwill would need to be impaired, with all other assumptions remaining constant.

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

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

NOTE 13. TRADE AND OTHER PAYABLES

	Consolidated	
	2019 $	2018 $
Current liabilities		
Trade payables	10,990,779	8,099,325
Accrued expenses	3,391,747	4,831,966
Client trading and security bond	1,169,000	-
Other payables	-	741,863
	15,551,526	13,673,154

Refer to note 19 for further information on financial instruments.

NOTE 14. CONTRACT LIABILITIES AND DEFERRED REVENUE

	Consolidated	
	2019 $	2018 $
Current liabilities		
Contract liabilities - deferred revenue	10,585,148	11,748,491
Non-current liabilities		
Contract liabilities - deferred revenue	11,394,362	13,646,018

Contract liabilities - deferred revenue relate primarily to structured product revenues. The revenue is deferred due to recognition requirements where the revenue and cost are spread over the product life.

Changes in contract assets and liabilities reflect both:

(a) the release of deferred revenues and costs to the profit and loss through the performance of a contract; and

(b) new receipts and prepayments for contracts that are yet to be performed.

NOTE 15. BORROWINGS

	Consolidated 2019 $	Consolidated 2018 $
Current liabilities		
Bank loans	785,225	364,008
Capital finance	400,000	5,823,038
Other loans	100	3,273
Convertible notes payable	200,000	400,000
Lease liability	46,333	90,398
	1,431,658	6,680,717
Non-current liabilities		
Bank loans	-	719,506

Refer to note 19 for further information on financial instruments.

Interest on borrowings is payable at rates between 4% and 12%.

Bank loans
Included in bank loans is an amount of $785,225 that is repayable after more than 12 months from the reporting date. However, due to a technical breach of the bank covenants (Earnings before interest and taxation covenant) the loan has been classified as current in accordance with the accounting standards.

Capital finance
During the financial year to 30 June 2019, the Group settled its capital finance from share issue proceeds and working capital.

Convertible notes payable
Convertible notes payable comprised a number of convertible loans to the value of $200,000 (2018: $400,000). Interest is payable at a rate of 7 (2018: 7) percent per annum.

Total secured liabilities
The total secured liabilities are as follows:

	Consolidated 2019 $	Consolidated 2018 $
Bank loans	785,225	1,083,514
Lease liability	46,333	90,398
	831,558	1,173,912

Assets pledged as security
The bank loans are secured by first mortgages over all assets.

The lease liabilities are effectively secured as the rights to the leased assets, recognised in the statement of financial position, revert to the lessor in the event of default.

NOTE 15. BORROWINGS (CONTINUED)

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	2019 $	2018 $
Total facilities		
Bank loans	861,063	971,172
Used at the reporting date		
Bank loans	785,225	877,906
Unused at the reporting date		
Bank loans	75,838	93,266

NOTE 16. ISSUED CAPITAL

	Consolidated			
	2019 Shares	2018 Shares	2019 $	2018 $
Ordinary shares - fully paid	119,009,824	102,805,456	48,025,034	42,788,182

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2017	48,798,706		26,724,112
Issue of shares	4 September 2017	3,394,750	$0.320	1,086,320
Issue of shares	15 September 2017	5,583,750	$0.320	1,786,800
Issue of shares	18 September 2017	501,250	$0.320	160,400
Issue of shares on acquisition of Morrison Securities Pty Ltd	18 September 2017	1,562,500	$0.360	562,500
Issue of shares	25 September 2017	187,500	$0.320	60,000
Issue of shares on acquisition of Interprac Ltd	1 December 2017	42,777,000	$0.290	12,405,330
Share issue transaction costs				2,720
Balance	30 June 2018	102,805,456		42,788,182
Issue of shares	24 July 2018	15,151,515	$0.330	5,000,000
Issue of shares on Dividend Reinvestment Plan	25 October 2018	940,353	$0.323	303,475
Issue of shares on exercise of performance rights under the Long Term Incentive Plan	19 February 2019	112,500	$0.260	29,250
Share issue transaction costs				(95,873)
Balance	30 June 2019	119,009,824		48,025,034

NOTE 16. ISSUED CAPITAL (CONTINUED)

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.

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

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

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

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

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

The capital risk management policy remains unchanged from the 2018 Annual Report.

NOTE 17. RESERVES

	Consolidated	
	2019 $	2018 $
Financial assets at fair value through other comprehensive income reserve	430,308	587,481
Share-based payments reserve	149,400	229,418
	579,708	816,899

Financial assets at fair value through other comprehensive income reserve
The reserve is used to recognise increments and decrements in the fair value of financial assets at fair value through other comprehensive income.

NOTE 18. DIVIDENDS

Dividends
Dividends paid during the financial year were as follows:

	Consolidated	
	2019 $	2018 $
Final dividend for the year ended 30 June 2018 of 0.5 cents per ordinary share*	589,777	-

* The dividend comprised of a cash dividend paid of $286,302 and dividend reinvestment allotment of $303,475, that occurred during the year ended 30 June 2019.

Franking credits

	Consolidated	
	2019 $	2018 $
Franking credits available for subsequent financial years based on a tax rate of 30%	6,160,369	3,238,375

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

NOTE 19. FINANCIAL INSTRUMENTS

Financial risk management objectives
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 between 18 months and 48 months 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.

NOTE 19. FINANCIAL INSTRUMENTS (CONTINUED)

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk.

The Board of Directors monitor and manage 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.

	Consolidated	
	2019 $	2018 $
Financial assets		
Cash and cash equivalents	18,852,029	19,031,987
Trade and other receivables	11,675,680	7,088,606
Derivative assets	18,762,546	31,362,937
Financial assets	715,614	3,439,090
Total financial assets	50,005,869	60,922,620
Financial liabilities		
Trade and other payables	13,680,088	13,673,154
Derivative liabilities	18,762,546	31,362,937
Bank loans and capital finance	831,558	6,906,552
Convertible notes	200,000	400,000
Other loans	400,100	3,273
Total financial liabilities	33,874,292	52,345,916

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 structured 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.

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 by ensuring that price risk in the financial instruments is 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 price risk 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 price risk have been made.

The Group is, therefore, not exposed to any significant price risk.

NOTE 19. FINANCIAL INSTRUMENTS (CONTINUED)

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, however the Directors of the Group manage financial instruments to ensure that interest rate risk remains hedged and is therefore offsetting.

The Group is also exposed to interest rate risk arising from long-term borrowings. Borrowings obtained at variable rates expose the Group to interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk.

The Group is not exposed to any significant interest rate risk.

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.

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

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.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

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 by 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. Investors are granted a charge which is held on trust by the security 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

NOTE 19. FINANCIAL INSTRUMENTS (CONTINUED)

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 an investment-grade (or better) bank or a subsidiary of an investment-grade (or better) bank.

Investments grades are a rating or indicator of particular debt obligations which have a reasonably low risk of default. Various rating agencies rate an investment bank's creditworthiness. Different rating firms use different designations. Sequoia Specialist Investments Pty Ltd hedge providers are considered "investment grade" and the credit worthiness of our investment bank hedge contracts providers are between high credit quality ('AAA' and 'AA') and medium credit quality ('A' and 'BBB'). Therefore, the risk of default of the selected hedge providers are considered low. In addition, if the investment bank were to unexpectedly default the resulting financial risk would be ultimately borne by the end investor, due to the pass through of the credit risk of the hedge provider to the end investor.

The following tables detail the Group's potential exposure, should the counterparties be unable to meet their obligations:

2019	Fair value $	Notional value $
Derivative liabilities	18,762,546	289,458,434

2018	Fair value $	Notional value $
Derivative assets	31,362,937	253,865,633

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the Group's maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid.

NOTE 19. FINANCIAL INSTRUMENTS (CONTINUED)

Consolidated - 2019	1 year or less $	Between 1 and 5 years $	Remaining contractual maturities $
Non-derivatives			
Non-interest bearing			
Trade payables	10,990,779	-	10,990,779
Client trading and security bond	1,169,000	-	1,169,000
Interest-bearing - variable			
Bank loans	831,558	-	831,558
Other loans	400,100	-	400,100
Interest-bearing - fixed rate			
Convertible notes payable	200,000	-	200,000
Total non-derivatives	13,591,437	-	13,591,437
Derivatives			
Value hedges, net settled	5,042,610	13,719,936	18,762,546
Total derivatives	5,042,610	13,719,936	18,762,546

Consolidated - 2018	1 year or less $	Between 1 and 5 years $	Remaining contractual maturities $
Non-derivatives			
Non-interest bearing			
Trade payables	8,099,325	-	8,099,325
Other payables	741,863	-	741,863
Interest-bearing - variable			
Bank loans	364,008	719,506	1,083,514
Other loans	3,273	-	3,273
Interest-bearing - fixed rate			
Capital finance	5,823,038	-	5,823,038
Convertible notes payable	400,000	-	400,000
Total non-derivatives	15,431,507	719,506	16,151,013
Derivatives			
Value hedges, net settled	13,924,686	17,438,251	31,362,937
Total derivatives	13,924,686	17,438,251	31,362,937

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

NOTE 20. FAIR VALUE MEASUREMENT

Fair value hierarchy
The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, 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

Consolidated - 2019	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Listed ordinary shares	675,614	-	-	675,614
Unlisted ordinary shares	-	-	40,000	40,000
Derivative financial instruments	-	18,762,546	-	18,762,546
Total assets	675,614	18,762,546	40,000	19,478,160
Liabilities				
Derivative financial instruments	-	18,762,546	-	18,762,546
Total liabilities	-	18,762,546	-	18,762,546

Consolidated - 2018	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Listed ordinary shares	1,494,444	-	-	1,494,444
Unlisted ordinary shares	-	1,818,850	125,796	1,944,646
Derivative financial instruments	-	31,362,937	-	31,362,937
Total assets	1,494,444	33,181,787	125,796	34,802,027
Liabilities				
Derivative financial instruments	-	31,362,937	-	31,362,937
Total liabilities	-	31,362,937	-	31,362,937

There were no transfers between levels during the financial year.

Convertible notes are held at amortised cost so are excluded from the fair value tables above.

The carrying amounts of trade and other receivables, trade and other payables and other financial liabilities 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 liabilities.

Valuation techniques for fair value measurements categorised within level 2 and level 3
Financial instruments that are not traded in an active market are determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is

NOTE 20. FAIR VALUE MEASUREMENT (CONTINUED)

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.

Unquoted investments have been valued using prices evident in 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.

Level 3 assets and liabilities
Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

Consolidated	Unlisted ordinary shares $
Balance at 1 July 2017	-
Additions	125,796
Balance at 30 June 2018	125,796
Disposals	(85,796)
Balance at 30 June 2019	40,000

NOTE 21. KEY MANAGEMENT PERSONNEL DISCLOSURES

Compensation
The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	2019 $	2018 $
Short-term employee benefits	1,003,667	994,227
Post-employment benefits	54,458	69,453
Share-based payments	8,775	32,867
	1,066,900	1,096,547

NOTE 22. REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by William Buck, the auditor of the Company:

	Consolidated	
	2019 $	2018 $
Audit services - William Buck		
Audit or review of the financial statements	154,410	149,250
Other services - William Buck		
Tax services	81,627	27,850
Other services	23,118	21,938
	104,745	49,788
	259,155	199,038

NOTE 23. CONTINGENT LIABILITIES

The Group has given a bank guarantee as at 30 June 2019 of $677,238 (2018: $764,938) in relation to rental bonds.

NOTE 24. COMMITMENTS

	Consolidated	
	2019 $	2018 $
Commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	1,197,904	902,650
One to five years	2,626,464	3,314,707
More than five years	-	306,141
	3,824,368	4,523,498

Operating lease commitments includes contracted amounts for the Group's Melbourne and Sydney premises, insurance commitments and leased technology equipment under non-cancellable operating leases. The property leases are payable monthly in advance and have contingent rental provisions within the lease agreement which require that minimum lease payments shall be increased by 4% per annum with options to extend for between 2.7 years and 3 years. The Group has two five-year operational lease for printers, leased at a flat-rate and expiring in February 2024.

NOTE 25. RELATED PARTY TRANSACTIONS

Parent entity
Sequoia Financial Group Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 27.

NOTE 25. RELATED PARTY TRANSACTIONS (CONTINUED)

Key management personnel
Disclosures relating to key management personnel are set out in note 21 and the remuneration report included in the directors' report.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	2019 $	2018 $
Other transactions:		
Loan to Director, Garry Crole	-	10,056

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

NOTE 26. PARENT ENTITY INFORMATION

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

Statement of profit or loss and other comprehensive income

	Parent	
	2019 $	2018 $
Profit/(loss) after income tax	292,688	(370,481)
Total comprehensive income	292,688	(370,481)

Statement of financial position

	Parent	
	2019 $	2018 $
Total current assets	165,317	41,194
Total assets	33,914,269	36,266,384
Total current liabilities	3,115,729	8,157,640
Total liabilities	5,065,803	11,819,692
Equity		
Issued capital	83,958,163	78,691,011
Financial assets at fair value through other comprehensive income reserve	46,070	-
Share-based payments reserve	149,400	229,418
Accumulated losses	(55,305,167)	(54,473,737)
Total equity	28,848,466	24,446,692

NOTE 26. PARENT ENTITY INFORMATION (CONTINUED)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity has guaranteed the bank loan by a general security arrangement over existing and future assets and undertakings in the case of default by Sequoia Superannuation Pty Ltd and Sequoia Asset Management Pty Ltd at 30 June 2019 and 30 June 2018.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2019 and 30 June 2018.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2019 and 30 June 2018.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

NOTE 27. INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries with non-controlling interests in accordance with the accounting policy described in note 2:

			Parent	
Name	Note	Principal place of business / Country of incorporation	Ownership interest 2019 %	Ownership interest 2018 %
Sequoia Financial Group Limited		Australia	100.00%	100.00%
Sequoia Group Holdings Pty Ltd		Australia	100.00%	100.00%
Sequoia Financial Australia Ltd	(a)	Australia	100.00%	100.00%
Sequoia Wealth Group Pty Ltd	(a)	Australia	100.00%	100.00%
My Own Super Fund Pty Ltd	(a)	Australia	100.00%	100.00%
Bourse Data Pty Ltd	(a)	Australia	100.00%	100.00%
The Cube Financial Group Ltd	(a)	Australia	100.00%	100.00%
D2MX Pty Ltd****	(a)	Australia	-	100.00%
Trader Dealer Online Pty Ltd	(a)	Australia	100.00%	100.00%
MDSnews.com Pty Ltd	(a)	Australia	100.00%	100.00%
Interprac Pty Ltd	(a)	Australia	100.00%	100.00%
Sequoia Direct Pty Ltd	(b)	Australia	100.00%	-
Finance TV Pty Ltd	(c)	Australia	100.00%	100.00%
Morrison Securities Pty Ltd	(c)	Australia	100.00%	100.00%
Sequoia Superannuation Pty Ltd	(c)	Australia	100.00%	100.00%
Sequoia Specialist Investments Pty Ltd	(c)	Australia	100.00%	100.00%
Sequoia Asset Management Pty Ltd	(c)	Australia	100.00%	100.00%

NOTE 27. INTERESTS IN SUBSIDIARIES (CONTINUED)

Sequoia Lending Pty Ltd	(c)	Australia	100.00%	100.00%
Sequoia Funds Management Pty Ltd	(c)	Australia	100.00%	100.00%
Sequoia Investment Management Pty Ltd	(c)	Australia	100.00%	-
Sequoia Brisbane Pty Ltd	(c)	Australia	100.00%	100.00%
Acacia Administrative Services Pty Ltd*	(c)	Australia	100.00%	100.00%
Sequoia Nominees No 1, Pty Ltd	(d)	Australia	100.00%	100.00%
Sequoia Wealth Management Pty Ltd	(e)	Australia	100.00%	100.00%
Sequoia Corporate Finance Pty Ltd	(e)	Australia	100.00%	100.00%
Centreboard Super Pty Ltd **	(c) (f)	Australia	100.00%	100.00%
Property Engine Pty Ltd	(f)	Australia	100.00%	100.00%
Investor1st Pty Ltd	(f)	Australia	100.00%	100.00%
Investorfirst Pty Ltd	(f)	Australia	100.00%	100.00%
InterPrac Financial Planning Pty Ltd***	(f)	Australia	100.00%	100.00%
Sage Capital Group Pty Ltd	(f)	Australia	100.00%	100.00%
Interprac Securities Pty Ltd	(f)	Australia	100.00%	100.00%
Interprac General Insurance Pty Ltd	(f)	Australia	100.00%	100.00%
InterPrac Mortgage Management Pty Ltd	(f)	Australia	100.00%	100.00%
InterPrac Finance Services Pty Ltd	(f)	Australia	100.00%	100.00%
SMSF Engine Pty Ltd	(f)	Australia	100.00%	100.00%

(a) Subsidiary of Sequoia Financial Group Limited

(b) Subsidiary of MDSnews.com Pty Ltd

(c) Subsidiary of Sequoia Group Holdings Pty Ltd

(d) Subsidiary of Sequoia Specialist Investments Pty Ltd

(e) Subsidiary of Sequoia Wealth Group Pty Ltd

(f) Subsidiary of Interprac Pty Ltd

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

** 50% owned by Sequoia Group Holdings Pty Ltd and 50% owned by Interprac Pty Ltd.

*** 50% owned by Interprac Pty Ltd and 50% owned by Sage Capital Group Pty Ltd.

**** D2MX Pty Ltd was sold on 1 January 2019.

NOTE 28. CASH FLOW INFORMATION

Reconciliation of profit/(loss) after income tax to net cash from operating activities

	Consolidated 2019 $	Consolidated 2018 $
Profit/(loss) after income tax (expense)/benefit for the year	(1,001,368)	2,369,718
Adjustments for:		
Depreciation and amortisation	1,563,159	473,888
Impairment of non-current assets	530,832	222
Impairment of investments	37,500	-
Net loss on disposal of non-current assets	-	1,705
Share-based payments	(80,018)	119,034
Non-cash expenses	-	2,720
Change in operating assets and liabilities:		
Increase in trade and other receivables	(4,587,074)	(4,497,549)
Decrease in contract assets and deferred costs	3,330,397	-
Decrease/(increase) in inventories	12,161	(18,547)
Decrease/(increase) in deferred tax assets	619,853	(2,629,916)
Decrease/(increase) in other operating assets	2,253,235	(1,018,697)
Increase in trade and other payables	1,878,372	3,106,248
Decrease in contract liabilities and deferred revenue	(3,414,999)	-
Increase in provision for income tax	319,461	589,910
Increase/(decrease) in deferred tax liabilities	(1,213,313)	1,604,150
Increase/(decrease) in employee benefits	(42,797)	234,406
Increase/(decrease) in other provisions	(19,019)	643,582
Increase in other operating liabilities	-	7,890,509
Net cash from operating activities	186,382	8,871,383

Changes in liabilities arising from financing activities

Consolidated	Bank loans $	Capital finance $	Other loans $	Convertible notes $	Lease liability $	Total $
Balance at 1 July 2017	986,688	14,487	-	700,000	-	1,701,175
Net cash from/(used in) financing activities	96,826	5,808,551	3,273	(300,000)	90,398	5,699,048
Balance at 30 June 2018	1,083,514	5,823,038	3,273	400,000	90,398	7,400,223
Net cash from/(used in) financing activities	(251,956)	(5,823,038)	396,827	(200,000)	(90,398)	(5,968,565)
Balance at 30 June 2019	831,558	-	400,100	200,000	-	1,431,658

NOTE 29. EARNINGS PER SHARE

	Consolidated 30 Jun 2019 $	Consolidated 30 Jun 2018 $
Profit/(loss) after income tax	(1,001,368)	2,369,718
Non-controlling interest	-	(58,733)
Profit/(loss) after income tax attributable to the owners of Sequoia Financial Group Limited	(1,001,368)	2,310,985

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	117,643,751	82,523,837
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	-	3,500,000
Performance rights	-	340,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	117,643,751	86,363,837

	Cents	Cents
Basic earnings per share	(0.851)	2.800
Diluted earnings per share	(0.851)	2.676

705,000 performance rights have been excluded from the above calculation for the year ended 30 June 2019 as their inclusion would be anti-dilutive.

NOTE 30. EVENTS AFTER THE REPORTING PERIOD

On 7 August 2019, the Company announced the acquisition of Libertas Financial Planning Pty Ltd ('Libertas'). Libertas is a successful financial advice dealer group with approximately 70 authorised representatives. The acquisition provides Sequoia with further scale in the advice marketplace and based on the latest Money Management dealer group survey makes Sequoia one of the largest non-bank owned financial adviser groups in the country.

As part of the consideration the Company will issue 1,500,000 fully paid ordinary shares at 20 cents per share to the seller. $1,000,000 cash will be paid upfront with an additional cash payment in 12 months capped at $1,000,000 subject to revenue and earnings targets being achieved.

At this stage, it is not practicable to disclose the other details of the acquisition given its timing relative to the issue of the financial statements.

No other matter or circumstance has arisen since 30 June 2019 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, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the financial 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 295A of the Corporations Act 2001.

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

On behalf of the directors

John Larsen
Chairman

19 August 2019
Melbourne

William Buck

Sequoia Financial Group Limited

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Sequoia Financial Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, 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, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:
(i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

CHARTERED ACCOUNTANTS & ADVISORS

Level 20, 181 William Street
Melbourne VIC 3000

Telephone: +61 3 9824 8555

williambuck.com

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

ASSESSMENT OF CARRYING VALUE OF INTANGIBLE ASSETS	
Area of focus	**How our audit addressed it**
The Group's net assets include a significant amount of intangible assets, the majority of which have originated from acquisitions in prior years. There is a risk that the entities in the Group may not trade in line with initial expectations and forecasts, resulting in the carrying amount of intangible assets exceeding the recoverable amount and therefore requiring impairment. The recoverable amounts of the four cash generating units (CGUs) and unallocated goodwill have been calculated based upon on their value-in-use. These recoverable amounts use discounted cash flow forecasts in which the Directors make judgements over certain key inputs, for example but not limited to revenue growth, discount rates applied, long term growth rates and inflation rates. Overall due to the high level of judgement involved, and the significant carrying amounts involved, we have determined that this is a key judgemental area that our audit concentrated on.	Our audit procedures included: — A detailed evaluation of the Group's budgeting procedures upon which the forecasts are based and testing the principles and integrity of the discounted future cash flow models; — Testing the accuracy of the calculation derived from each forecast model and we assessed key inputs in the calculations such as revenue growth, discount rates and working capital assumptions, by reference to the Board approved forecasts, data external to the Group and our own views. — Assessing the objectivity, skill and experience of the external specialist engaged by the Group to assess the recoverable value of each CGU and also engaging our own valuation specialists when considering the appropriateness of the discount rates and the long term growth rates. — We reviewed the historical accuracy by comparing actual results with the original forecasts. We also considered the adequacy of the Group's disclosures in relation to the impairment testing.

REVENUE RECOGNITION FOR SPECIALIST SOLUTIONS INVESTMENTS PRODUCTS	
Area of focus	**How our audit addressed it**
The Specialist Solutions Investments business segment (SSI) represents a significant portion of the revenues and profitability of the Group. SSI earns revenue by providing a counter-party solution for its clients in their trading of market risks (principally foreign exchange and equities) in medium to long-term derivative products. Sequoia effectively on-sells the derivative exposure it has with its clients to Tier 1 investment banks with contracts that completely match that derivative exposure. The margin it earns from this arrangement is priced separately and is deferred (together with direct costs) on a straight-line over the course of each contract on a gross basis in the financial statements (deferred costs and deferred revenue). The derivative positions, which are held at fair value with changes in fair value through the profit or loss, are also reflected at their unhedged values on the statement of financial position. From our perspective, the key risks for this arrangement include the following matters: - The risk that client-driven derivative exposures are not matched 1-for-1 with wholesale contracts; - The risk of default by the investment banks providing wholesale derivative hedge positions; and - The potential for revenue to be recognised in-advance of the services provided to the client, including other revenues related with SSI including non-refundable application fees, which are earned up-front and at-risk coupon fees, which are earned at the close of each contract.	— For a sample of structured products, we agreed the terms and condition, including but not limited to, interest rates, notional hedged units, product maturity, trade dates and hedge premiums paid to supporting documents, including Product Disclosure Statements, Market-to-Market (MTM) valuations, Market registry allotment reports and bank statements. — We re-calculated the model for deferral and subsequent release of revenue and costs relating to the structured products and reconciled closing positions to the statement of financial position and statement of financial performance; — We examined application fees and coupon fees and ensured that they were accrued to the appropriate accounting period; and — We reviewed the accuracy of the current and non-current classification of deferred revenue and deferred costs. We also considered the adequacy of the Group's disclosures in relation to revenue recognition. We also reviewed the Group's accounting policies for its revenue and cost streams attached to the SSI segment, to ensure that they were appropriately harmonised to AASB 15, including disclosures made in these financial statements.

William Buck

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities

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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:
http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our independent auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Sequoia Financial Group Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 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.

William Buck

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

N. S. Benbow
Director

Dated this 19th day of August, 2019

The shareholder information set out below was applicable as at 12 August 2019.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares
1 to 1,000	157
1,001 to 5,000	59
5,001 to 10,000	26
10,001 to 100,000	117
100,001 and over	102
	461
Holding less than a marketable parcel	-

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
SARGON CAPITAL PTY LTD	23,032,816	19.32
UNRANDOM PTY LTD (UNRANDOM A/C)	10,461,500	8.78
MR GARRY PETER CROLE	10,026,470	8.41
BEETON ENTERPRISES PTY LTD (THE SCOTT & SALLY BEETON A/C)	8,253,068	6.92
COJONES PTY LTD (THE JONES FAMILY TRUST NO 2)	6,394,052	5.36
NATIONAL NOMINEES LIMITED	3,930,722	3.30
TOCLO INVESTMENTS PTY LTD (THE TLC INVESTMENT TRUST)	3,433,381	2.88
PAMELA BEETON INVESTMENTS PTY LTD	2,586,063	2.17
MR PETER STIRLING + MRS ROS STIRLING	2,237,500	1.88
RUFFY STEEDEN LEGACY PTY LTD (RUFFY STEEDEN LEGACY SUPERANNUATION FUND)	1,886,500	1.58
MR ANTHONY CHRISTOPHER JONES	1,492,773	1.25
TIBARRUM PTY LTD (PAUL ROBINSON FAM S/F A/C)	1,251,093	1.05
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	1,248,128	1.05
VONETTA PTY LTD (TRBC S/F A/C)	1,193,238	1.00
WATERLINE PROPERTIES PTY LTD (MURNANE FAMILY A/C)	1,151,500	0.97
GROMORE INVESTMENT HOLDINGS PTY LTD	1,110,000	0.93
COJONES PTY LTD (JONES FAMILY NO 2 A/C)	1,063,288	0.89
TIBARRUM PTY LTD (PAUL ROBINSON FAM S/F A/C)	1,038,907	0.87
MR ROGER C COTTON + MRS JUNE COTTON	1,016,000	0.85
DS VENTURES PTY LTD	984,143	0.83
	83,791,142	70.29

Unquoted equity securities

	Number on issue	Number of holders
Performance rights	705,000	18

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
SARGON CAPITAL PTY LTD	23,032,816	19.32
UNRANDOM PTY LTD (UNRANDOM A/C)	10,461,500	8.78
MR GARRY PETER CROLE	10,026,470	8.41
BEETON ENTERPRISES PTY LTD (THE SCOTT & SALLY BEETON A/C)	8,253,068	6.92
COJONES PTY LTD (THE JONES FAMILY TRUST NO 2)	6,394,052	5.36

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

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.

There are no other classes of equity securities.

Restricted securities

There are no restricted securities on issue.

Corporate directory

Directors	Garry Crole John Larsen Kevin Pattison Charles Sweeney
Company secretary	Hasaka Martin
Registered office	Level 7 7 Macquarie Place Sydney NSW 2000 Telephone: + 61 2 8114 2222 Facsimile: + 61 2 8114 2200
Share register	Registry Direct Level 6 2 Russell Street Melbourne VIC 2000 Telephone: 1300 556 635 Facsimile: +61 3 9111 5652
Auditor	William Buck Level 20 181 William Street Melbourne VIC 3000
Bankers	National Australia Bank 330 Collins Street Melbourne VIC 3000 Westpac Australia Bank Royal Exchange, Cnr Pitt & Bridge Streets Sydney NSW 2000 Maldon & District Community Bank® Branch of Bendigo Bank 81 High Street Maldon VIC 3463 Commonwealth Bank of Australia Level 20, Tower 1 Collins Square 727 Collins Street Melbourne VIC 3008

Corporate directory

Stock exchange listing	Sequoia Financial Group Limited shares are listed on the Australian Securities Exchange (ASX code: SEQ)
Website	www.sequoia.com.au
Corporate Governance Statement	The Board of Directors of Sequoia Financial Group Limited is committed to maintaining high standards of Corporate Governance. This Corporate Governance Statement discloses the extent to which the Company has followed the 4th Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ('ASX Principles and Recommendations'). The Corporate Governance Statement adopted by the Board can be found in the Company's Corporate Governance section: www.sequoia.com.au/about-sequoia/corporate-governance/