This is annexure A of 35 pages referred to in Form 388 "Copy of financial statements and reports"

Mr Robert Bernard Kelly
Executive Director

STEADFAST GROUP LIMITED AND ITS CONTROLLED ENTITIES

ABN 98 073 659 677

2010 ANNUAL REPORT

STEADFAST GROUP LIMITED AND ITS CONTROLLED ENTITIES
ABN 98 073 659 677

TABLE OF CONTENTS

STEADFAST GROUP LIMITED AND ITS CONTROLLED ENTITIES
ABN 98 073 659 677
DIRECTORS' REPORT

Your Directors present their report together with the financial statements of the Consolidated Group, being Steadfast Group Limited (the Company) and its Controlled Entities for the financial year ended 30 June 2010.

Directors

The names of the Directors in office at any time during or since the end of the financial year are:

Names	Qualifications and Experience
Robert Bernard Kelly Executive Director Chairman of the Board of Directors Member – Finance and Audit Committee Member – Governance Nomination and Remuneration Committee Chairman – Professional Indemnity Committee	Mr Kelly is a Qualified Practising Insurance Broker and a Fellow of the National Insurance Brokers Association (NIBA). He is a Senior Associate, Certified Insurance Professional and holds a Diploma in Financial Services (General Insurance Broking) of the Australian and New Zealand Institute of Insurance & Finance (ANZIIF). He also has a Diploma in Occupational Health and Safety and a Graduate Diploma in Australian Risk Management. He has been associated with the Insurance Industry for 41 years and has worked during this period as a Risk Manager, General Insurance Broker and Underwriting Agent. Mr Kelly holds a directorship in the following companies: - ACORD (Association for Cooperative Operations Research & Development) - Car Rental Insurance Pty Ltd - Delaney Kelly Golding Pty Ltd - Earthsure Pty Ltd - Erato Limited - Macquarie Premium Funding Pty Ltd - Miramar Underwriting Agency Pty Ltd - Nexus Investments Pty Ltd - Premium Amortisation Corporation Pty Ltd - Rentsure Pty Ltd - SME Insurance Survey's Pty Ltd - Snowsure Pty Ltd - Steadfast Brokers Pty Ltd - Steadfast Convention Pty Ltd - Steadfast Finance Pty Limited - Steadfast Financial Planners Pty Ltd - Steadfast Financial Services Pty Ltd - Steadfast Hub Pty Ltd - Steadfast Insurance Advisors Pty Ltd - Steadfast Insurance Brokers Pty Ltd - Steadfast Insurance Consultants Pty Ltd - Steadfast Insurance Management Pty Ltd - Steadfast Insurance Pty Ltd - Steadfast Insurance Services Pty Ltd - Steadfast NZ Pty Ltd

Names	**Qualifications and Experience**
Robert Bernard Kelly (continued)	- Steadfast Premium Funding Pty Ltd - Steadfast Risk Services Pty Ltd - Steadfast Underwriting Agency Pty Ltd
Gregory John Rynenberg Deputy Chairman Non-Executive Director Chairman – Finance and Audit Committee Member – Governance Nomination and Remuneration Committee	Mr Rynenberg is a Qualified Practising Insurance Broker, a Fellow of NIBA and an Associate of ANZIIF. Mr Rynenberg holds an Advanced Diploma in Financial Services (General Insurance Broking). Mr Rynenberg has 32 years experience in the General Insurance Broking Industry, 25 years of those conducting his own business. Mr Rynenberg holds a directorship in the following companies: - Curlhurst Pty Ltd - East West Insurance Brokers Pty Ltd - East West Holdings Pty Ltd - Erato Limited - Flexifund Australia Pty Ltd - Moreton Bay Boys College Pty Ltd - Ryno Insurance Services Pty Ltd - Steadfast Hub Pty Ltd
Christopher Baker Non-Executive Director Member – SVU Committee	Mr Baker is a General Insurance Broker who holds a Diploma of Financial Services (General Insurance Broking) and a Diploma in Front Line Management. He is a Certified Insurance Professional and Qualified Practising Insurance Broker. He is a member of NIBA, Australian Insurance Law Association and a Senior Associate of ANZIIF. Mr Baker has been in the General Insurance Broking Industry for 33 years, 24 years of those conducting his own business. Mr Baker holds a directorship in the following companies: - ANCA (Tas) Pty Ltd - Taswide Financial Solutions Pty Ltd
Kenneth Bayley Non-Executive Director	Mr Bayley is an Insurance Broker. He has been associated with the Insurance Industry for over 44 years, 34 years of which he has conducted his own business. He holds a Diploma in Financial Services (General Insurance Broking). Mr Bayley holds a directorship in the following companies: - Bayley Superannuation Fund Pty Ltd - Cashrest Pty Ltd - Statewide Insurance Brokers Pty Ltd

Names	**Qualifications and Experience**
Paul Francis Moran Non-Executive Director	Mr Moran is a Qualified Practising Insurance Broker and member of NIBA. He holds a Diploma of Financial Services (General Insurance Broking). Mr Moran has been associated with the Insurance Industry for 51 years, with 31 years of those conducting his own business. Mr Moran holds a directorship in the following companies: - Independent Repairers and Transport Operations Pty Ltd - Moran Administration Services Pty Ltd - Moran Insurance Brokers Pty Ltd - Moran Management Services Pty Ltd - Moran Superannuation Services Pty Ltd - Moran Ultimate Extended Warranty Pty Ltd
Stephen Donald Nichols Non-Executive Director	Mr Nichols is an Insurance Broker who holds a Diploma in Financial Services (General Insurance Broking). Mr Nichols has been associated with the Insurance Industry for 28 years, the last 20 of those conducting his own business. Mr Nichols holds a directorship in the following companies: - Allsafe Insurance Brokers Pty Ltd - Allsafe Financial Services Pty Ltd - Insurance Broker Marketing Pty Ltd - Parkclose Investment Pty Ltd
Michael Olofinsky Non-Executive Director	Mr Olofinsky is a Qualified Practising Insurance Broker and an Associate of ANZIIF. He has been associated with the Insurance Industry for over 40 years. Mr Olofinsky holds a directorship in the following companies: - Brookvale Finance Brokers Pty Ltd - Brookvale Insurance Brokers Pty Ltd - Isibee Pty Ltd - Miramar Underwriting Agency Pty Ltd - SME Insurance Survey's Pty Ltd
Graham John Stevens Non-Executive Director	Mr Stevens is a Qualified Practising Insurance Broker. He has been involved in the Insurance Industry for some 40 years, holds a Diploma in Financial Services (General Insurance Broking) and is a Board member of NIBA. Mr Stevens holds a directorship in the following companies: - Edgewise Insurance Brokers Pty Ltd - Express Insurance Pty Ltd - GIS Pty Ltd - GJ Stevens Pty Ltd - Insurance Claims Solutions - Insurenet Pty Ltd - National Insurance Brokers Association - ProRisk Insurance Brokers Pty Ltd

Names	**Qualifications and Experience**
Graham John Stevens (continued)	- Stevens Superannuation Pty Ltd - Zamet Pty Ltd
Gregory Stewart Non-Executive Director Chairman – Convention Committee Member – Governance Nomination and Remuneration Committee	Mr Stewart has been associated with the Insurance Industry for over 18 years. He holds a diploma in Financial Services (General Insurance Broking). Mr Stewart holds a directorship in the following companies: - Advance Car Rentals Pty Ltd - Advance Car Rentals N.T. Pty Ltd - Advance Finance Pty Ltd - G + A Stewart Nominees Pty Ltd - Gama Finance Pty Ltd - Glitter Pty Ltd - Holdfast Finance Pty Ltd - Holdfast Insurance Brokers Pty Ltd - Macquarie Premium Funding Pty Ltd - Migration Corporation Of Australia Pty Ltd - Steadfast Convention Pty Ltd
Jonathan Upton Non-Executive Director Member – Finance and Audit Committee Member – Professional Indemnity Committee	Mr Upton is a Qualified Practising Insurance Broker (QPIB), an Associate of NIBA, an Associate Fellow of the Australian Institute of Management (AFAIM), holds a Diploma of Financial Services (General Insurance Broking) and is a Justice of the Peace. Mr Upton has 38 years in the General and Life Insurance Broking Industry, 32 years of those conducting his own business. Mr Upton holds a directorship in the following companies: - Commercial Strata Insurance Services Pty Ltd - Delhi Properties Pty Ltd - Erato Limited - Indemnity Corporation Financial Advisers Pty Ltd - Indemnity Corporation Financial Services Pty Ltd - Indemnity Corporation Pty Ltd - Netsafe Global Pty Ltd - NetSafe Pty Ltd - NGB Industries Limited - OH & S Indemnity Pty Ltd - United Underwriting Agencies Pty Ltd - Upton Grange Australia Pty Ltd - Upton Grange Holdings Pty Ltd - Upton Grange Pty Ltd

Names	**Qualifications and Experience**
Joseph Vella Non-Executive Director	Mr Vella is a Qualified Practising Insurance Broker and holds a Diploma of Financial Services (General Insurance Broking). He is an Associate of NIBA and an Associate of ANZIIF. He has been associated with the Insurance Industry for over 33 years. Mr Vella holds a directorship in the following companies: - Cairns Regional Gallery Foundation - IDT International Limited Company (Seattle USA) - JG & MA Vella Superannuation Fund Pty Ltd - Joe Vella Insurance Brokers Pty Ltd - Natren Pty Ltd - One Group Financial Services Pty Ltd
Rick Wolozny Non-Executive Director Chairman – Governance and Nomination Committee	Mr Wolozny is a Qualified Practising Insurance Broker and an Associate of ANZIIF. He has 36 years experience in the Insurance Industry. Mr Wolozny holds a directorship in the following companies: - Penview Holdings Pty Ltd - Teevan Pty Ltd - Trident Insurance Group Pty Ltd
Jennifer Varley Company Secretary	Mrs Varley holds an Associate Diploma in Business (Accounting) and is a member of the National Institute of Accountants, National Tax & Accountants Association, Taxation Institute of Australia and the Australian Human Resources Institute and is a Justice of the Peace. She has 24 years experience in accounting.

Directors' Interests

Each Director is a representative of a Steadfast Shareholder. Interest in the shares of the Company by the Steadfast Shareholders were:

	Ordinary Shares
Robert Bernard Kelly	5
Gregory John Rynenberg	5
Christopher Baker	5
Kenneth Bayley	5
Paul Francis Moran	5
Stephen Donald Nichols	5
Michael Olofinsky	5
Graham John Stevens	5
Gregory Stewart	5
Jonathan Upton	5
Joseph Vella	5
Rick Wolozny	5

Steadfast Companies

Steadfast has registered the following companies whose sole Director and Secretary is Robert Bernard Kelly:

- Steadfast Brokers Pty Ltd
- Steadfast Finance Pty Ltd
- Steadfast Financial Planners Pty Ltd
- Steadfast Financial Services Pty Ltd
- Steadfast Insurance Advisors Pty Ltd
- Steadfast Insurance Brokers Pty Ltd
- Steadfast Insurance Consultants Pty Ltd
- Steadfast Insurance Management Pty Ltd
- Steadfast Insurance Pty Ltd
- Steadfast Insurance Services Pty Ltd
- Steadfast NZ Pty Ltd
- Steadfast Premium Funding Pty Ltd
- Steadfast Risk Services Pty Ltd
- Steadfast Underwriting Agency Pty Ltd

Steadfast has registered the following company whose Directors are Robert Bernard Kelly, Gregory John Rynenberg and Jonathan Upton:

- Erato Limited

None of the above entities are trading.

Steadfast has the following company trading whose Directors are Robert Bernard Kelly and Gregory Stewart:

- Steadfast Convention Pty Ltd

Steadfast has the following company that commenced trading on 1 July 2009 whose Directors are Robert Bernard Kelly and Gregory John Rynenberg:

- Steadfast Hub Pty Ltd

Directors' Meetings

The number of Directors' meetings and number of meetings attended by each of the Directors of the Company during the financial year were:

Director	**Number Meetings**	**Number Attended**
Robert Bernard Kelly	8	8
Gregory John Rynenberg	8	5
Christopher Baker	8	8
Kenneth Bayley	8	6
Paul Francis Moran	8	8
Stephen Donald Nichols	8	8

Directors' Meetings (continued)

	Number Meetings	Number Attended
Michael Olofinsky	8	8
Graham John Stevens	8	8
Gregory Stewart	8	6
Jonathan Upton	8	8
Joseph Vella	8	8
Rick Wolozny	8	8

Principal Activity
The principal activity of the Consolidated Group during the financial year was provision of services to its Shareholders to reduce their overheads and increase their revenue.

Results
The consolidated profit of the Consolidated Group after providing for income tax amounted to $3,581,110 (2009: $1,064,354).

Review of Operations
The corporate objective of the Consolidated Group was to reduce overhead costs of Australian owned general insurance brokerages and to seek out opportunities that will further enhance their returns. Specific benefits to Shareholders being targeted by the Consolidated Group at present include:
- Marketing preferred premium funding products and insurance partner products to Shareholders;
- Development of generic underwriting products;
- Best practice compliance and training solutions;
- Supply of technical operations standards manual;
- Sourcing group buying discounts and services from non-insurance providers to assist Shareholders to manage their operational costs; and
- Development of software to reduce back-office costs.

During the financial year, there was the Annual Convention held in March 2010 by Steadfast Convention Pty Ltd (Steadfast Convention). Revenue for Steadfast Convention was $1,874,242 (2009: $1,753,341), and expenses were $1,985,536 (2009: $1,716,080) resulting in a loss of $111,294 (2009: profit of $37,261).

Dividends Paid or Recommended
As disclosed in Prospectus No 1, the Company was established to provide its Shareholders with benefits that may arise from group buying rather than as a conventional investment which returns dividends and capital growth. However, the Board may declare dividends from time to time as an additional benefit to Shareholders.

Dividends declared by the Company to Shareholders for the financial year amounted to $1,354,011. All dividends declared by the Company are fully franked.

Rebates Paid to Shareholders
The Company derives income as a result of the revenue generated by the sale of Steadfast preferred products by its Shareholders through Steadfast's strategic partners. Steadfast rebates for the current year to Shareholders were approved by the Board at the rate of up to 36.29% on qualifying income and amounted to $6,145,989 (Rebates for 2009 were paid at 50% and amounted to $7,220,106). Rebates to Shareholders in respect of Macquarie Premium Funding amounted to $2,375,469 (2009: $747,351).

Significant Changes in State of Affairs
During the year, SME Insurance Survey's Pty Ltd was incorporated where 50% of total shares in the entity are owned by the company, in turn creating an associate relationship.

After Balance Date Events
No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Consolidated Group, the results of those operations or the state of affairs of the Consolidated Group in future financial years.

Future Developments
The Consolidated Group will continue to develop further opportunities to reduce the overhead costs of Shareholders and further enhance their returns. The Company continues to develop back office computer software solutions to further reduce operating expenses.

Environmental Issues
The Consolidated Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Options
No options to shares in the Consolidated Group have been granted during the financial year and there were no options outstanding at the end of the financial year.

Benefits under Contract with Directors
The Company pays Shareholders Service expenses to Netsafe Global Pty Ltd of which Jonathan Upton (a Director of Steadfast) is also a Director.

Indemnifying Directors and Officers
During or since the financial year the Consolidated Group has paid premiums to insure all its Directors and Officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Consolidated Group, other than conduct involving a willful breach of duty in relation to the Consolidated Group. The total premium paid during the year was $9,422 (2009: $9,422).

Proceedings on Behalf of the Company
No person has applied for leave of Court to bring proceedings on behalf of the Company or 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 any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Auditor's Independence Declaration
The lead Auditor's Independence Declaration for the year ended 30 June 2010 has been received and can be found on page 9 of the Financial Report.

Signed in accordance with a resolution of the Board of Directors:

....

Robert Bernard Kelly
Executive Director

Dated in Sydney, this 21 day of October 2010

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF STEADFAST GROUP LIMITED AND ITS CONTROLLED ENTITIES

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Steadfast Group Limited and its Controlled Entities for the year ended 30 June 2010, I declare that, to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

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

Moore Stephens Sydney

MOORE STEPHENS SYDNEY
Chartered Accountants

JBWebster

J WEBSTER
Partner

Dated in Sydney this 26th day of October 2010

Moore Stephens Sydney ABN 90 773 984 843
Level 7, 20 Hunter Street, Sydney NSW 2000
GPO Box 473, Sydney NSW 2001
Telephone: +61 2 8236 7700 Facsimile: +61 2 9233 4636
Email: sydney@moorestephens.com.au Web: www.moorestephens.com.au

STEADFAST GROUP LIMITED AND ITS CONTROLLED ENTITIES
ABN 98 073 659 677

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 $	2009 $
Revenue	2	**17,915,098**	15,528,440
Other income	2	**1,002,028**	605,461
Employee benefits expense		**(3,058,399)**	(2,253,239)
Rebates to shareholders	3	**(8,521,458)**	(7,967,457)
Cost of shareholder services		**(2,958,621)**	(4,148,649)
Board expenses	3	**(1,112,189)**	(535,355)
Administration and utility expenses		**(845,948)**	(987,690)
Research and development expenses		**(1,496,044)**	-
Other expenses		**(596,246)**	(503,524)
Share of net profits of associate and joint venture		**3,240,500**	1,226,040
Profit before income tax		**3,568,721**	964,027
Income tax benefit	5	**12,389**	100,327
Profit for the year		**3,581,110**	1,064,354
Other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		**3,581,110**	1,064,354

The accompanying notes form part of the financial statements.

STEADFAST GROUP LIMITED AND ITS CONTROLLED ENTITIES
ABN 98 073 659 677

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	Note	2010 $	2009 $
CURRENT ASSETS			
Cash and cash equivalents	7	**6,061,474**	4,165,695
Trade and other receivables	8	**8,765,487**	5,950,943
Current tax assets	16	**271,992**	209,429
Other current assets	9	**97,179**	128,889
TOTAL CURRENT ASSETS		**15,196,132**	10,454,956
NON-CURRENT ASSETS			
Property, plant and equipment	10	**4,059,175**	4,196,943
Deferred tax assets	16	**181,329**	180,309
Investments accounted for using the equity method	11	**1,619,100**	1,228,719
TOTAL NON-CURRENT ASSETS		**5,859,604**	5,605,971
TOTAL ASSETS		**21,055,736**	16,060,927
CURRENT LIABILITIES			
Trade and other payables	14	**3,150,497**	2,602,684
Dividends payable	19	**1,354,011**	-
Short-term provisions	17(b)	**8,730,524**	8,043,909
TOTAL CURRENT LIABILITIES		**13,235,032**	10,646,593
NON-CURRENT LIABILITIES			
Financial liabilities	15	**50,030**	50,000
Deferred tax liabilities	16	**7,524**	4,143
Long-term provisions	17(b)	**243,956**	172,076
TOTAL NON-CURRENT LIABILITIES		**301,510**	226,219
TOTAL LIABILITIES		**13,536,542**	10,872,812
NET ASSETS		**7,519,194**	5,188,115
EQUITY			
Issued capital	18	**247,079**	143,099
Dividends proposed	19	**(1,354,011)**	-
Retained earnings	20	**8,626,126**	5,045,016
TOTAL EQUITY		**7,519,194**	5,188,115

The accompanying notes form part of the financial statements.

STEADFAST GROUP LIMITED AND ITS CONTROLLED ENTITIES
ABN 98 073 659 677

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010

	Note	Issued Share Capital $	Retained Earnings $	Total $
Balance at 1 July 2008		135,348	3,980,662	4,116,010
Shares issued during the year		7,751	-	7,751
Profit after income tax for the year		-	1,064,354	1,064,354
Other comprehensive income		-	-	-
Sub-total		7,751	1,064,354	1,072,105
Balance at 30 June 2009	18	143,099	5,045,016	5,188,115
Balance at 1 July 2009		**143,099**	**5,045,016**	**5,188,115**
Shares issued during the year		**103,980**	**-**	**103,980**
Profit after income tax for the year		**-**	**3,581,110**	**3,581,110**
Other comprehensive income		**-**	**-**	**-**
Sub-total		**103,980**	**3,581,110**	**3,685,090**
Dividends paid or provided for		**-**	**(1,354,011)**	**(1,354,011)**
Balance at 30 June 2010	18	**247,079**	**7,272,115**	**7,519,194**

The accompanying notes form part of the financial statements.

STEADFAST GROUP LIMITED AND ITS CONTROLLED ENTITIES
ABN 98 073 659 677

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 $	2009 $
Cash Flows from Operating Activities			
Receipts from customers/shareholders		**16,918,333**	16,234,721
Payments to suppliers and employees		**(15,085,538)**	(14,536,892)
Interest received		**128,955**	281,228
Interest paid		**(6,658)**	(188,659)
Income tax paid		**(47,813)**	(588,964)
Net cash provided by operating activities	24(b)	**1,907,279**	1,201,434
Cash Flows from Investing Activities			
Dividends received		**-**	-
Disposal of plant and equipment		**200**	-
Purchase of plant and equipment		**(115,680)**	(67,614)
Net cash provided by/(used in) investing activities		**(115,480)**	(67,614)
Cash Flows from Financing Activities			
Proceeds from issue of shares		**103,980**	7,751
Repayment of borrowings		**(1,000,000)**	(2,500,000)
Proceeds from borrowings		**1,000,000**	-
Net cash provided by/(used in) financing activities		**103,980**	(2,492,249)
Net increase/(decrease) in cash held		**1,895,779**	(1,358,429)
Cash and cash equivalents at 1 July 2009		**4,165,695**	5,524,124
Cash and cash equivalents at 30 June 2010	24(a)	**6,061,474**	4,165,695

The accompanying notes form part of the financial statements.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the consolidated financial statements and notes of Steadfast Group Limited (the Company) and its controlled entities (the Consolidated Group or the Group).

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001.*

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(a) Principles of Consolidation
The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Steadfast Group Limited at the end of the reporting period.

A list of controlled entities is contained in Note 28 to the financial statements.

As at reporting date, the assets and liabilities of the controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the Consolidated Group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

All inter-group balances and transactions between entities in the Consolidated Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the Equity section of the Consolidated Statement of Financial Position and Statement of Comprehensive Income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

(b) Income Tax
The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Income Tax (continued)

Tax consolidation

The Consolidated Group and its wholly-owned Australian subsidiaries have formed an income tax Consolidated Group under tax consolidation legislation. Each entity in the Group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The Group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 1 July 2009. The tax consolidated group has entered a tax funding arrangement whereby each company in the Group contributes to the income tax payable by the Group in proportion to their contribution to the Group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity.

(c) Trade and Other Receivables

Trade and other receivables are generally settled within 30 to 60 days. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts.

(d) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remain unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

(e) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Consolidated Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the Consolidated Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(f) Revenue and Other Income

The Group has negotiated with preferred partner insurance companies and preferred premium funders to receive a marketing and administration fee based on the amount of preferred product business its shareholders place with those companies. These amounts will be recognised as income as they are earned.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

Dividend revenue is recognised when the right to receive the dividend has been established.

All revenue is stated net of the amount of GST.

(g) Property, Plant and Equipment

Each class of plant and equipment is carried at cost or fair value less, as indicated where applicable, any accumulated depreciation and impairment losses.

Property

Buildings are accounted for on a cost basis less accumulated depreciation.

Plant and Equipment

Plant and equipment is measured on the cost basis less depreciation.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Consolidated Statement of Comprehensive Income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Consolidated Group commencing from the time the asset is held ready for use.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Property, Plant and Equipment (continued)
The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Freehold improvements	6.67 - 100%
Furniture and fittings	20%
Office equipment	10 - 100%
Computer equipment	33.33 - 100%
Computer software	100%
Building	2.5%

The assets' residual values and useful lives are reviewed and adjusted if appropriate at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Consolidated Statement of Comprehensive Income.

(h) Segment Reporting
The Consolidated Group operates in Australia only and the principal activity is the provision of services to Shareholders to reduce their overheads and increase their revenue.

(i) Intangibles
(i) Research and development
Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

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

(k) Investments in Associates
Associate companies are companies in which the Group has significant influence through holding, directly or indirectly, 20% or more of the voting power of the company. Investments in associates are accounted for in the financial statements by applying the equity method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate company. In addition the Group's share of the profit or loss of the associate company is included in the Group's profit or loss.

The carrying amount of the investment includes goodwill relating to the associate. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the investor's share of the associate's profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the relation to the Group's investment in the associate.

When the reporting dates of the Group and the associate are different, the associate prepares, for the Group's use, financial statements as of the same date as the financial statements of the Group with adjustments being made for the effects of significant transactions or events that occur between that date and the date of the investor's financial statements.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Group will resume the recognisation of its share of those profits once its share of the profits equals the share of the losses not recognised.

Details of the Group's investments in associates are shown at Note 12.

(l) Interests in Joint Ventures
The Consolidated Group's share of the assets, liabilities, revenue and expenses of jointly controlled assets have been included in the appropriate line items of the consolidated financial statements.

The Consolidated Group's interests in joint venture entities are brought to account using the equity method of accounting in the consolidated financial statements.

Where the Group contributes assets to the joint venture or if the Group purchases assets from the joint venture, only the portion of the gain or loss that is not attributable to the Group's share of the joint venture shall be recognised. The Group however will recognise the full amount of any loss when the contribution results in a reduction in the net realisable value of current assets or an impairment loss.

Details of the Group's investment in joint ventures is shown at Note 13.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at reporting date.

(n) Financial Instruments

Initial recognition and measurement

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

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

Classification and subsequent measurement

Financial instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

a. the amount at which the financial asset or financial liability is measured at initial recognition;
b. less principal repayments;
c. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
d. less any reduction for impairment.

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

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period (all other loans and receivables are classified as non-current assets).

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period (all other investments are classified as current assets).

(iii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

(iv) Impairment of assets

At each reporting date, the Group reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Consolidated Statement of Comprehensive Income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(o) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Employee Benefits (continued)
Contributions are made by the Group to employee superannuation funds and are charged as expenses when incurred.

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

(q) Borrowing Costs
Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

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

(s) Critical Accounting Estimates and Judgements
The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key Estimates — Impairment
The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. There is no impairment required at 30 June 2010.

Key Judgments - Provision for Impairment of Receivables
The intercompany loan receivable from Steadfast Hub Pty Ltd was written off at year end, as it was deemed unrecoverable.

(t) Adoption of New and Revised Accounting Standards
During the current year the Group adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of the Group.

AASB 101: Presentation of Financial Statements
In September 2007 the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the Group's financial statements.

Disclosure impact
Terminology changes — The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity — The revised AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the Statement of Changes in Equity, with non-owner changes in equity presented in the Statement of Comprehensive Income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the Statement of Changes in Equity.

Statement of Comprehensive Income — The revised AASB 101 requires all income and expenses to be presented in either one statement, the Statement of Comprehensive Income, or two statements, a separate Income Statement and a Statement of Comprehensive Income. The previous version of AASB 101 required only the presentation of a single income statement.

The Group's financial statements now contain a Statement of Comprehensive Income.

Other comprehensive income — The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises of income and expenses that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the Statement of Comprehensive Income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

(u) New Accounting Standards for Application in Future Periods
The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

(i) AASB 9: Financial Instruments and AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013).

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) New Accounting Standards for Application in Future Periods (continued)

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The Group has not yet determined the potential impact on the financial statements.

The changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and
- reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on:

  a. the objective of the entity's business model for managing the financial assets; and

  b. the characteristics of the contractual cash flows.

The Group does not anticipate the early adoption of any of the above Australian Accounting Standards.

The financial report was authorised for issue on 26 October 2010 by the Board of Directors.

		Note	2010 $	2009 $
2.	**REVENUE AND OTHER INCOME**			
	OPERATING ACTIVITIES			
	Fee Income			
	Marketing and administration fees		**16,947,393**	14,452,212
	Shareholder fees received		**838,750**	795,000
	Interest received	2(a)	**128,955**	281,228
	Total Revenue		**17,915,098**	15,528,440
	NON-OPERATING ACTIVITIES			
	Other Income			
	Net conference (loss) / income		**(111,294)**	37,260
	Merchandising fees		**928**	1,128
	Underwriters room fees		**420,000**	390,000
	Rebate income		**100,000**	155,433
	Sundry income		**14,396**	21,639
	Erato claims expense benefit		**577,998**	-
	Total Other Income		**1,002,028**	605,460
	(a) Interest revenue from:			
	- financial institutions		**128,955**	281,228
3.	**PROFIT BEFORE INCOME TAX**			
	Profit from ordinary activities before income tax expense has been determined after:			
	Research and development cost		**1,496,044**	1,142,024
	Rebates given to shareholders		**8,521,458**	7,967,457
	Board expenses		**1,112,189**	535,355
	Depreciation		**254,332**	282,718
	Contributions to superannuation		**226,670**	174,475
4.	**AUDITOR'S REMUNERATION**			
	Remuneration of the auditor of the economic entity for:			
	- auditing or reviewing the financial report		**42,500**	36,000
	- taxation services		**29,219**	28,955
	- other services		**28,176**	12,200
			99,895	77,155
5.	**INCOME TAX EXPENSE**			
(a)	The components of tax expense comprise:			
	Current tax		**(10,028)**	(7,812)
	Deferred tax		**(2,361)**	(92,515)
			(12,389)	(100,327)
(b)	The prima facie tax payable on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:			
	Net profit before tax		**3,568,721**	964,027
	Prima facie tax payable on profit from ordinary activities before income tax at 30% (2009: 30%)		**1,070,616**	289,208
	Add tax effect of:			
	Adjustments to income derived:			
	Increase in dividends		**376,180**	150,000
	Franking credits		**161,220**	64,286
	Entertainment (non- deductible)		**5,117**	-
	Less tax effect of:			
	Non-deductible expenditure		**(596)**	61
	Share of associate and joint venture net profit after tax		**(972,150)**	(367,812)
	General interest charges debited to provision for income tax		**-**	(1,016)

	2010 $	2009 $
5. INCOME TAX EXPENSE (continued)		
Rebates/tax offsets	**(537,399)**	(140,327)
De-recognition of deferred tax asset on doubtful debts provision	**-**	-
Franking credits converted to losses	**-**	(73,372)
Prior year tax losses not previously recognised now brought to account	**(100,648)**	-
Over provision of prior year income tax	**(14,729)**	(21,355)
Income tax expense attributable to operating profit	**(12,389)**	(100,327)
The applicable weighted average effective tax rates are as follows:	**(0.35%)**	**(10.41%)**

6. FRANKING CREDITS

	2010 $	2009 $
Class C franking credits available to shareholders for subsequent financial years	**2,660,730**	2,000,879

Balance of franking account at year end adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and franking credits that may be prevented from distribution in subsequent financial years.

7. CASH AND CASH EQUIVALENTS

	2010 $	2009 $
Cash at bank and on hand	**4,311,330**	3,175,695
Short-term bank deposits	**1,750,144**	990,000
	6,061,474	4,165,695

The weighted average interest rate at year end on cash is 3.91% (2009: 3.46%).
The effective interest rate on short term deposits was 5.87% (2009: 4.35%). These deposits have an average maturity of 90 days.

8. TRADE AND OTHER RECEIVABLES

	2010 $	2009 $
(a) Current		
Trade receivables	**5,914,868**	4,563,201
Other receivables	**2,850,619**	1,387,742
	8,765,487	5,950,943

Receivables are non-interest bearing and unsecured.

9. OTHER ASSETS

	2010 $	2009 $
Current		
Prepayments and other assets	**97,179**	128,889

10. PROPERTY, PLANT AND EQUIPMENT

	2010 $	2009 $
Buildings at cost	**3,624,262**	3,624,262
Less: accumulated depreciation	**(246,251)**	(155,645)
Total buildings	**3,378,011**	3,468,617
Plant and Equipment		
Office equipment at cost	**136,246**	114,817
Less: accumulated depreciation	**(78,135)**	(54,486)
	58,111	60,331
Computer equipment at cost	**291,996**	220,245
Less: accumulated depreciation	**(203,150)**	(168,827)
	88,846	51,418
Computer software at cost	**53,716**	42,941
Less: accumulated depreciation	**(53,716)**	(42,941)
	-	-
Furniture and fittings at cost	**408,328**	398,816
Less: accumulated depreciation	**(244,565)**	(187,235)
	163,763	211,581

	Note	2010 $	2009 $
10. PROPERTY, PLANT AND EQUIPMENT (continued)			
Freehold improvements at cost		**557,509**	555,295
Less: accumulated depreciation		**(187,065)**	(150,299)
		370,444	404,996
Total plant and equipment		**681,164**	728,326
Total property, plant and equipment		**4,059,175**	4,196,943

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of fixed asset between the beginning and end of the financial year is as follows:

	Office Equipment $	Computer Equipment $	Computer Software $	Furniture & Fittings $	Freehold Improvements $	Total $
Balance at 1 July 2008	59,732	54,219	18,944	257,214	441,391	**831,500**
Additions	17,720	24,325	16,047	9,263	257	**67,612**
Disposals	-	-	-	-	-	**-**
Depreciation expense	(17,121)	(27,126)	(34,991)	(54,896)	(36,652)	**(170,786)**
Balance at 30 June 2009	60,331	51,418	-	211,581	404,996	**728,326**
Balance at 1 July 2009	**60,331**	**51,418**	**-**	**211,581**	**404,996**	**728,326**
Additions	**21,428**	**71,752**	**10,774**	**9,512**	**2,213**	**115,679**
Disposals	**(1,084)**	**-**	**-**	**-**	**-**	**(1,084)**
Depreciation expense	**(22,564)**	**(34,324)**	**(10,774)**	**(57,330)**	**(36,765)**	**(161,757)**
Balance at 30 June 2010	**58,111**	**88,846**	**-**	**163,763**	**370,444**	**681,164**

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Note	2010 $	2009 $
Associated companies	12	**1,618,600**	1,228,219
Interests in joint venture entities	13	**500**	500
		1,619,100	1,228,719

12. ASSOCIATED COMPANIES

Interests are held in the following associated companies

Name of Company (share type)	Principal Activities	Country of Incorporation	Ownership interest* 2010 %	Ownership interest* 2009 %	Carrying amount of investment 2010 $	Carrying amount of investment 2009 $
Associate:						
Miramar Underwriting Agency Pty Ltd (ordinary)	Insurance underwriting	Australia	**50**	50	**1,608,028**	1,228,219
SME Insurance Survey's Pty Ltd (ordinary)	Insurance surveying	Australia	**50**	-	**10,572**	-
					1,618,600	1,228,219

* Voting power only relates to the ordinary shares ownership interest

Miramar Underwriting Agency Pty Ltd is considered to be an associate as control lies with the Executive Directors of Miramar.

SME Insurance Survey's Pty Ltd is considered to be an associate as control lies with the Executive Directors of SME Insurance Survey's.

12. ASSOCIATED COMPANIES (continued)

(a) Movements During the Year in Equity Accounted Investment in Associated Companies

	2010 $	2009 $
Balance at beginning of the financial year	1,228,219	1,181,306
Add: new investments during the year	500	-
Share of associated company's profit after income tax (Miramar Underwriting Agency Pty Ltd)	1,154,809	646,913
Share of associated company's profit after income tax (SME Insurance Survey's Pty Ltd)	10,072	-
Less: Dividend revenue from associated company (Miramar Underwriting Agency Pty Ltd)	(775,000)	(600,000)
Balance at the end of the financial year	1,618,600	1,228,219

Dividends received from Miramar Underwriting Agency Pty Ltd are shown as cash amounts. Dividends are fully franked. The grossed up value of the dividends (reflecting the attached franking credits) are $1,107,143.

(b) Equity accounted profits of associates are broken down as follows:

	2010 $	2009 $
Miramar Underwriting Agency Pty Ltd		
Share of associate's profit before income tax expense	1,655,911	933,303
Share of associate's income tax expense	(501,102)	(286,390)
Share of associate's profit after income tax	1,154,809	646,913
SME Insurance Survey's Pty Ltd		
Share of associate's profit before income tax expense	14,388	-
Share of associate's income tax expense	(4,317)	-
Share of associate's profit after income tax	10,072	-
Net total	1,164,880	646,913

(c) Summarised Presentation of Aggregate Assets, Liabilities and Performance of Associates

	2010 $	2009 $
Current assets	14,360,552	9,451,537
Non-current assets	364,931	319,600
Total assets	14,725,483	9,771,137
Current liabilities	12,268,717	8,500,989
Non-Current liabilities	870,600	464,748
Total liabilities	13,139,317	8,965,736
Net assets	1,586,167	805,401
Revenues	9,124,416	7,114,367
Profit after income tax of associates	3,340,599	1,866,594

13. JOINT VENTURE

Interests are held in the following joint venture

Name of Company (share type)	Principal Activities	Country of Incorporation	Ownership interest 2010 %	Ownership interest 2009 %	Carrying amount of investment 2010 $	Carrying amount of investment 2009 $
Joint Venture:						
Macquarie Premium Funding Pty Ltd (ordinary)	Insurance premium funding	Australia	50	50	500	500

(a) Movements During the Year in Equity Accounted Investment in Joint Venture

	2010 $	2009 $
Balance at beginning of the financial year	500	75,305
Add: Share of joint venture's profit after income tax (Macquarie Premium Funding Pty Ltd)	2,075,619	579,127
Less: Dividend revenue from joint venture (Macquarie Premium Funding Pty Ltd)	(2,075,619)	(653,932)
Balance at the end of the financial year	500	500

	2010 $	2009 $

13. JOINT VENTURE (continued)

Dividends received from Macquarie Premium Funding Pty Ltd are shown as cash amounts. Dividends are fully franked. The grossed up value of the dividends (reflecting the attached franking credits) are $2,965,170.

(b) Equity accounted profit of the joint venture is broken down as follows:

	2010 $	2009 $
Macquarie Premium Funding Pty Ltd		
Share of joint venture's profit before income tax expense	**3,278,383**	1,245,688
Share of joint venture's income tax expense	**(1,202,764)**	(666,561)
Share of joint venture's profit after income tax	**2,075,619**	579,127

(c) Summarised Presentation of Aggregate Assets, Liabilities and Performance of the Joint Venture

	2010 $	2009 $
Current assets	**12,373,025**	8,145,190
Non-current assets	**53,622**	25,685
Total assets	**12,426,647**	8,170,875
Current liabilities	**6,519,144**	4,586,978
Non-Current liabilities	**360,000**	356,882
Total liabilities	**6,879,144**	4,943,860
Net assets	**5,547,503**	3,227,015
Revenues	**23,438,938**	16,474,271
Expenses	**15,486,909**	11,838,936
Profit after income tax of joint ventures	**7,952,029**	4,635,335

*The assets, liabilities and performance of Joint Venture is before the dividend of $5,546,502 declared to shareholders.

14. TRADE AND OTHER PAYABLES

	2010 $	2009 $
CURRENT		
Trade payables	**1,553,764**	1,154,699
Sundry payables and accrued expenses	**949**	3,254
Membership received in advance	**770,000**	764,500
Marketing and administration fee received in advance	**126,244**	115,015
Donations not yet forwarded to Create Foundation	**8,720**	1,800
Other tax liabilities	**690,820**	563,416
	3,150,497	2,602,684

Trade and sundry creditors are usually settled within the terms of payment offered, which is normally within 30 days. They are unsecured and non-interest bearing.

15. FINANCIAL LIABILITIES

	2010 $	2009 $
NON-CURRENT		
Bank loan secured	**50,030**	50,000

(a) The carrying amounts of non-current assets pledged as security are:

	2010 $	2009 $
First Mortgage: Freehold land and buildings	**3,378,011**	3,468,617

(b) The bank loan is secured by a registered first mortgage over Level 3, 99 Bathurst Street, Sydney.
The loan bears interest at a variable commercial rate and is repayable over a period of 5 years.

16. TAX

	2010 $	2009 $
Assets		
CURRENT		
Income Tax	**271,992**	209,429

16. TAX (continued)

	2010 $	2009 $
Liabilities		
CURRENT		
Income Tax	-	-

NON-CURRENT	Opening Balance	Charged to Income	Charged directly to Equity	Closing Balance
Deferred tax liabilities				
Property, plant and equipment - tax allowance	37	4,106	-	4,143
Balance at 30 June 2009	37	4,106	-	4,143
Property, plant and equipment - tax allowance	**4,143**	**3,381**	**-**	**7,524**
Balance at 30 June 2010	**4,143**	**3,381**	**-**	**7,524**
Deferred tax assets				
Provisions	68,894	5,665	-	74,559
Tax losses	-	73,959	-	73,959
Other	14,794	16,997	-	31,791
Balance at 30 June 2009	83,688	96,621	-	180,309
Provisions	**74,559**	**52,303**	**-**	**126,862**
Tax losses	**73,959**	**(73,959)**	**-**	**-**
Other	**31,791**	**22,676**	**-**	**54,467**
Balance at 30 June 2010	**180,309**	**1,020**	**-**	**181,329**

17. PROVISIONS

(a) Movements in Provisions

Movement in balances for each class of provision between the beginning and end of the financial year is as follows:

	Short-Term Employee Benefits $	Long-Term Employee Benefits $	Rebates $	Total $
Opening balance as at 1 July 2009	76,452	172,076	7,967,457	**8,215,985**
Additional provisions	102,463	71,880	584,152	**758,495**
Balance as at 30 June 2010	178,915	243,956	8,551,609	**8,974,480**

(b) Analysis of Total Provisions	2010 $	2009 $
CURRENT		
Provision for rebate to shareholders:		
- Steadfast Group Ltd	**6,174,603**	7,220,106
- Macquarie Premium Funding Pty Ltd	**2,377,006**	747,351
Employee entitlements	**178,915**	76,452
	8,730,524	8,043,909
NON CURRENT		
Employee entitlements	**243,956**	172,076
Total employee entitlement liability	**422,871**	248,528
Average number of employees	**23**	19

c) Provision for Long-term Employee Benefits

A provision has been recognised for non-current employee benefits relating to long service leave for employees.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits has been included in Note 1.

(d) Provision for Rebates

A provision of $8,551,609 has been recognised for estimated rebates to shareholders. The provision consists of rebates from Steadfast Group to Shareholders of $6,145,989 plus a further rebate amount attributable to Macquarie Premium Funding. The Steadfast rebate to Shareholders calculation has been determined based on 36.29% of eligible income received from Steadfast's preferred partner insurance companies.

	2010 $	2009 $
18. ISSUED CAPITAL		
(a) Ordinary Shares		
(i) 1,425 fully paid ordinary shares (2009: 1,395 ordinary shares)	**247,079**	143,099

The Company has authorised share capital amounting to 100,000,000 with $1 par value.

	No.	No.
(ii) At the beginning of reporting period	**1,395**	1,395
Shares issued during the year:		
- 12 August 2009	**5**	-
- 28 September 2009	**5**	-
- 22 December 2009	**5**	-
- 22 December 2009	**5**	-
- 16 February 2010	**5**	-
- 4 March 2010	**5**	-
At the end of the reporting period	**1,425**	1,395

On:
- 12 August 2009 the Company issued five shares valued at $2,960 each.
- 28 September 2009 the Company issued five shares valued at $2,960 each.
- 22 December 2009 the Company issued two lots of five shares at $3,719 each.
- 16 February 2010 the Company issued five shares at $3,719 each.
- 4 March 2010 the Company issued five shares at $3,719 each.

Ordinary shares participate in dividends and the proceeds on winding up of the Group in the proportion to the number of shares held. At shareholders meetings each five ordinary shares are entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

(b) Capital Management

The Board controls the capital of the Group through strict procedures and criteria for the issuing of new shareholdings to maintain the quality of Shareholders.

The Group's debt and capital include ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

	$	$
19. DIVIDENDS PROPOSED		
Dividends proposed to Shareholders	**1,354,011**	-
20. RETAINED EARNINGS		
Retained profits at the beginning of the financial year	**5,045,016**	3,980,662
Net profit attributable to the Group	**3,581,110**	1,064,354
Retained profits at the end of the financial year	**8,626,126**	5,045,016

21. KEY MANAGEMENT PERSONNEL COMPENSATION

Management Personnel

Robert Kelly (Executive Chairman)
John Phillips (Chief Executive Officer)

	Short-Term Employee Benefits $	Post-Employment Benefits $	Other Long Term Benefits $	Termination Benefits $	Share-Based Payments $	Total $
2010						
Total compensation	**594,009**	**49,770**	-	-	-	**643,779**
2009						
Total compensation	622,799	39,533	-	-	-	662,332
(a) Directors' Fees						
Robert Kelly	210,000	-	-	-	-	**210,000**
Gregory Rynenberg	105,000	-	-	-	-	**105,000**
Christopher Baker	35,833	-	-	-	-	**35,833**
Kenneth Bayley	30,000	-	-	-	-	**30,000**
Paul Moran	30,000	-	-	-	-	**30,000**
Stephen Nichols	30,000	-	-	-	-	**30,000**

21. KEY MANAGEMENT PERSONNEL COMPENSATION (continued)

(a) Directors' Fees (continued)

	Short-Term Employee Benefits $	Post-Employment Benefits $	Other Long Term Benefits $	Termination Benefits $	Share-Based Payments $	Total $
Michael Olofinsky	60,000	-	-	-	-	**60,000**
Graham Stevens	30,000	-	-	-	-	**30,000**
Gregory Stewart	130,000	-	-	-	-	**130,000**
Joseph Vella	30,000	-	-	-	-	**30,000**
Jonathan Upton	70,000	-	-	-	-	**70,000**
Rick Wolozny	70,000	-	-	-	-	**70,000**
	830,833	-	-	-	-	**830,833**

22. RELATED PARTY DISCLOSURES

(a) Directors
The names of the persons who were directors of the Group at any time during the financial year are as follows: Robert Kelly, Gregory Rynenberg, Christopher Baker, Kenneth Bayley, Paul Moran, Stephen Nichols, Michael Olofinsky, Graham Stevens, Gregory Stewart, Joseph Vella, Jonathan Upton and Rick Wolozny.

	2010 $	2009 $
(b) Transactions with directors and director-related parties		
Amounts paid to directors and director-related entities on the same basis as with other shareholders.	**429,354**	519,084
Fees paid to Robert Kelly for the provision of services on normal commercial terms.	**310,000**	327,500
Marketing and Administration fees received from director-related entities during the year include:		
- Indemnity Corporation Pty Ltd	**9,723**	6,185
- Rentsure Pty Ltd	**8,937**	8,939
- Ryno Insurance Services Pty Ltd	**20,190**	24,969
- Trident Insurance Group Pty Ltd	**7,743**	13,592
Shareholder service expenses paid to director-related entities during the year include:		
- Netsafe Global Pty Ltd	**75,000**	75,000
(c) Associated Company		
The Company received a Marketing and Administration fee from Miramar Underwriting Agency Pty Ltd for shareholder services provided during the year.	**283,770**	340,577
(d) Joint Venture		
The Company received a Premium Funding fee from Macquarie Premium Funding Pty Ltd during the year.	**1,831,887**	1,508,930
(e) Debtors and creditors		
Included in trade and other debtors of the parent entity are:		
Steadfast Hub Pty Ltd	**210**	-
Miramar Underwriting Agency Pty Ltd	**958,804**	704,396
Macquarie Premium Funding Pty Ltd	**2,655,602**	1,140,324
Included in trade creditors of the parent entity are:		
Miramar Underwriting Agency Pty Ltd	**-**	34,728
(f) Other Transactions		
Loan receivable by the parent entity from:		
Steadfast Convention Pty Ltd	**100,000**	-
Member services expenses:		
Miramar Underwriting Agency Pty Ltd	**5,367**	28,964
Macquarie Premium Funding Pty Ltd	**16,020**	7,942
SME Insurance Survey's Pty Ltd	**2,178**	-

(g) Steadfast Hub Pty Ltd is a new subsidiary of the Company. It was registered on 15 May 2009 and commenced its business operations on 1 July 2009.

22. RELATED PARTY DISCLOSURES (continued)

(h) SME Insurance Survey's Pty Ltd is an associate of the Company where 50% of total shares are owned by Steadfast Group Ltd whilst the remaining shares are owned by Simon Lightbody (20%), Anthony Jodrell (20%) and some minority shareholders. This entity was registered on 14 July 2009 and established primarily to address the survey requirements of Miramar Underwriting Agency Pty Ltd.

23. SEGMENT REPORTING

The Group operates predominantly in one business and geographical segment being the provision of services to shareholders throughout Australia.

24. CASH FLOW INFORMATION

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the Consolidated Statement of Cash Flows is reconciled to the related items in the Consolidated Statement of Financial Position as follows:

	2010 $	2009 $
Cash at bank	**6,061,474**	4,165,695

(b) Reconciliation of cash flow from operations with profit from ordinary activities after income tax

	2010 $	2009 $
Profit from ordinary activities after income tax	**3,581,110**	1,064,354
Share of associated company and joint venture net profit after income tax and dividends	**(391,465)**	27,890
Add non-cash flows in profit from ordinary activities:		
Depreciation	**254,332**	282,718
Change in assets and liabilities:		
(Increase) in receivables	**(2,814,544)**	(974,272)
Decrease / (Increase) in other assets	**31,710**	(3,084)
(Increase) in tax assets	**(1,020)**	(96,621)
Increase / (Decrease) in payables	**547,843**	(305,293)
Increase in provisions	**758,495**	1,798,412
Increase / (Decrease) in tax liabilities	**(59,182)**	(592,670)
Net cash provided by operating activities	**1,907,279**	1,201,434

25. FINANCIAL RISK MANAGEMENT

(a) Financial Risk Management Policies

The Group's financial instruments consist mainly of deposits with banks, accounts receivable/payable and investments in two associates and a joint venture.

The Group does not have any derivative instruments at 30 June 2010.

i. Treasury Risk Management

The Directors' overall risk management strategy seeks to assist the Group in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board of Directors of the Group on a regular basis. These include credit risk policies and future cash flow requirements.

ii. Financial Risk Exposures and Management

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

Interest rate risk

The Group is not materially exposed to fluctuations in interest rates.

Foreign currency risk

The Group is not materially exposed to fluctuations in foreign currencies.

Liquidity risk

The Group manages liquidity risk by monitoring cash flow forecasts and ensuring that adequate unutilised borrowing facilities are maintained.

25. FINANCIAL RISK MANAGEMENT (continued)

ii. Financial Risk Exposures and Management (continued)

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 Consolidated Statement of Financial Position and notes to the financial statements.

The Group does not have any material credit risk exposure to a single receivable or group of receivables under financial instruments entered into by the Group.

There are no amounts of collateral held as security at 30 June 2010.

Credit risk is managed and reviewed regularly by the Directors. It primarily arises from deposits with financial institutions.

The receivables balances at 30 June 2010 and 30 June 2009 do not include any counterparties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.

Price risk

The Group is not exposed to any material commodity price risk.

(b) Financial Instrument Composition and Maturity Analysis

The table on the next page reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such the amounts may not reconcile to the Consolidated Statement of Financial Position.

	Floating Interest Rate		Non interest bearing		TOTAL	
	2010	2009	2010	2009	2010	2009
	$	$	$	$	$	$
Financial Assets						
Cash and cash equivalents	**6,061,474**	4,165,695	-	-	**6,061,474**	4,165,695
Trade and other receivables	-	-	**8,765,487**	5,950,943	**8,765,487**	5,950,943
Investments accounted for using equity method	-	-	**1,618,600**	1,228,719	**1,618,600**	1,228,719
	6,061,474	4,165,695	**10,384,087**	7,179,662	**16,445,561**	11,345,357
Weighted average interest rate	**4.58%**	3.46%				
Financial Liabilities						
Trade and other payables	-	-	**3,150,497**	2,602,684	**3,150,497**	2,602,684
Dividends payable	-	-	**1,354,011**	-	**1,354,011**	-
Bank loans	**50,030**	50,000	-	-	**50,030**	50,000
Short-term provisions	-	-	**8,730,524**	8,043,909	**8,730,524**	8,043,909
	50,030	50,000	**13,235,032**	10,646,593	**13,285,062**	10,696,593
Weighted average interest rate	**7.49%**	7.79%				

	2010	2009
	$	$
Trade and sundry payables are expected to be paid as follows:		
Less than 6 months	**3,150,497**	2,602,684
6 months to 1 year	-	-
	3,150,497	2,602,684

(c) Net Fair Values

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Consolidated Statement of Financial Position and in the notes to the financial statements.

	2010		2009	
	Net Carrying Amount	Net Fair Value	Net Carrying Amount	Net Fair Value
	$	$	$	$
Financial Assets				
Cash and cash equivalents	**6,061,474**	**6,061,474**	4,165,695	4,165,695
Investments accounted for using the equity method	**1,619,100**	**1,619,100**	1,228,719	1,228,719
Trade and other receivables	**8,765,487**	**8,765,487**	5,950,943	5,950,943
	16,446,061	**16,446,061**	11,345,357	11,345,357

25. FINANCIAL RISK MANAGEMENT (continued)

	2010		2009	
	Carrying Amount $	Net Fair Value $	Carrying Amount $	Net Fair Value $
Financial Liabilities				
Bank loan secured	**50,030**	**50,030**	50,000	50,000
Dividends payable	**1,354,011**	**1,354,011**	-	-
Trade and other payables	**3,150,497**	**3,150,497**	2,602,684	2,602,684
	4,554,538	**4,554,538**	2,652,684	2,652,684

Fair values are materially in line with carrying values.

(d) Sensitivity Analysis

Interest rate risk
The Group has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on current year results and equity which could result from a change in the risk.

As at 30 June 2010, the effect on profit and equity as a result of the changes in interest rate, with all other variables remaining constant would be as follows:

	2010 $	2009 $
Change in profit		
Increase in interest rate by 2%	**(57,982)**	(41,402)
Decrease in interest rate by 2%	**57,982**	41,402
Change in equity		
Increase in interest rate by 2%	**(39,484)**	(41,402)
Decrease in interest rate by 2%	**39,484**	41,402

This sensitivity analysis has been performed on the assumption that all other variables remain unchanged and is net after tax.

Foreign currency risk
The Group is not materially exposed to movements in foreign currencies.

26. EVENTS AFTER THE REPORTING PERIOD

Since the end of the financial year, the Directors have not become aware of any matter or circumstance not otherwise dealt with in the financial statements that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

27. PARENT ENTITY DISCLOSURES

In accordance with the *Corporations Amendment (Corporate Reporting Reform) Act 2010* and the *Corporations Act 2001*, the following summarised parent entity information is set out below.

As at, and throughout the financial year ending 30 June 2010 the parent company of the Group was Steadfast Group Limited.

	2010 $	2009 $
Profit of the parent entity		
Profit for the year	**3,145,734**	1,059,201
Total comprehensive income for the year	**3,145,734**	1,059,201
Financial position of the parent entity as at 30 June 2010		
Current assets	**15,013,014**	10,389,135
Total assets	**20,262,931**	15,266,888
Current liabilities	**13,683,919**	10,658,834
Total liabilities	**13,985,318**	10,884,979
Net assets	**6,277,613**	4,381,909
Total equity of the parent entity comprises of		
Issued capital	**247,079**	143,099
Retained profits	**6,030,534**	4,238,810
Total equity attributable to shareholders of the parent entity	**6,277,613**	4,381,909

28. CONTROLLED ENTITIES

Controlled entities consolidated	**Country of Incorporation**	**Percentage Owned (%) ***	
Subsidiaries of Steadfast Group Limited:		**2010**	**2009**
Trading:			
Steadfast Convention Pty Ltd	Australia	**100**	100
Steafast Hub Pty Ltd	Australia	**100**	100
Dormant:			
Steadfast Brokers Pty Ltd	Australia	**100**	100
Steadfast Finance Pty Ltd	Australia	**100**	100
Steadfast Financial Planners Pty Ltd	Australia	**100**	100
Steadfast Financial Services Pty Ltd	Australia	**100**	100
Steadfast Insurance Advisors Pty Ltd	Australia	**100**	100
Steadfast Insurance Brokers Pty Ltd	Australia	**100**	100
Steadfast Insurance Consultants Pty Ltd	Australia	**100**	100
Steadfast Insurance Management Pty Ltd	Australia	**100**	100
Steadfast Insurance Pty Ltd	Australia	**100**	100
Steadfast Insurance Services Pty Ltd	Australia	**100**	100
Steadfast NZ Pty Ltd	Australia	**100**	100
Steadfast Premium Funding Pty Ltd	Australia	**100**	100
Steadfast Risk Services Pty Ltd	Australia	**100**	100
Steadfast Underwriting Agency Pty Ltd	Australia	**100**	100

** Percentage of voting power is in proportion to ownership.*

29. COMPANY DETAILS

The registered office and principal place of business of the Company is:

Level 3
97-99 Bathurst Street
SYDNEY NSW 2000

STEADFAST GROUP LIMITED AND ITS CONTROLLED ENTITIES
ABN 98 073 659 677
DIRECTORS' DECLARATION

The Directors of the Company declare that:

1 The financial statements and notes, as set out on pages 10 to 31 are in accordance with the *Corporations Act 2001* and:
   (a) comply with Accounting Standards and the Corporations Regulations 2001; and
   (b) give a true and fair view of the financial position as at 30 June 2010 and of the performance for the year ended on that date of the Company and Consolidated Group.

2 In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Robert Bernard Kelly
Executive Director

Dated in Sydney, this 26 day of October 2010

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF STEADFAST GROUP LIMITED AND ITS CONTROLLED ENTITIES

We have audited the accompanying financial report of Steadfast Group Limited and its Controlled Entities (the consolidated entity), which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Moore Stephens Sydney ABN 90 773 984 843
Level 7, 20 Hunter Street, Sydney NSW 2000
GPO Box 473, Sydney NSW 2001
Telephone: +61 2 8236 7700 Facsimile: +61 2 9233 4636
Email: sydney@moorestephens.com.au Web: www.moorestephens.com.au

Independence

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

Auditor's Opinion

In our opinion:

(a) the financial report of Steadfast Group Limited and its Controlled Entities is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

Moore Stephens Sydney

MOORE STEPHENS SYDNEY
Chartered Accountants

JB Webster

J WEBSTER
Partner

Dated in Sydney this 26th day of October 2010