Steadfast Group Limited and controlled entities

Appendix 4E (rule 4.3A)
Preliminary final report for the year ended 30 June 2013

Results for announcement to the Market
(All comparisons to year ended 30 June 2012)

	2013 $'000	Up/Down	% Movement
Revenues from ordinary activities	37,798	3,662	11%
Earnings before interest expense, tax and amortisation expense (EBITA) from ordinary activities excluding significant items (Note 1)	12,343	2,468	27%
EBITA from ordinary activities (Note 1)	(11,439)	(19,969)	(234%)
Profit/(loss) from ordinary activities after tax attributable to shareholders	(13,437)	(19,611)	(318%)
Net profit/(loss) after tax attributable to shareholders	(13,437)	(19,611)	(318%)

Note 1:

The table below provided the reconciliation between the EBITA from ordinary activities excluding significant items and EBITA from ordinary activities.

	2013 $'000
Earnings before interest expense, tax and amortisation expense (EBITA) from ordinary activities excluding significant items (Note 1)	12,343
Less:	
Due diligence and restructure costs	(13,304)
Share based payment (re-weighting of shares)	(10,478)
EBITA from ordinary activities (Note 1)	(11,439)

During the financial year ended 30 June 2013, the Group incurred a total of $23,782,000 one-off significant expenses which arose due to specific activities to facilitate the Company listing on the Australian Securities Exchange. These expenses were:

- $13,304,000 in relation to due diligence and restructure on acquisition of equity interests in subsidiaries, associates and other business assets, including certain costs occurred during the financial year for those acquisitions completed in August 2013; and
- $10,478,000 of share based (non-recurring) expense recognised in relation to the re-weighting of shares allocated to the existing shareholders.

Some of the financial data in the table above, namely the EBITA related items, are not disclosed in accordance with current Australian Accounting Standards requirements. However, all financial data is based on the information disclosed in the audited financial statements and notes to the financial statements of the Group and follow the recognition requirements of Australian Accounting Standards.

Dividend information

	Amount per share (cents)	Franked amount per share (cents)	Tax rate for franking credit (%)
Interim 2013 dividend per share	-	-	-
Final 2013 dividend per share	-	-	-

The Company has a Dividend Reinvestment Plan (DRP) in place. The DRP will not operate as no final dividend is declared for the financial year ended 30 June 2013.

	30 June 2013 ($)	30 June 2012 ($)
Net tangible assets/(liabilities) per ordinary share	(16,969)	10,373

Additional Appendix 4E disclosure requirements can be found in the Directors' report and the 30 June 2013 financial statements and accompanying notes (refer to attachment A).

This report is based on the consolidated financial statements which have been audited by KPMG.

Attachment A

Steadfast Group Limited
Annual Report
For the year ended 30 June 2013

Steadfast

STRENGTH WHEN YOU NEED IT

BUILDING ON OUR STRENGTH

Annual Report 2013

Setting the foundations for future GROWTH

Contents

FY13 has been an exciting year for Steadfast

During the year, Steadfast set the foundations to become a consolidator of insurance brokers and underwriting agencies in addition to being the leading provider of services to its network of brokers. This involved restructuring the operations of Steadfast in order to facilitate the listing of its Shares on the ASX through an Initial Public Offering, and making investments in insurance brokers, underwriting agencies and ancillary service organisations.

We remain Australia's largest general insurance broking network measured by annual premiums placed and number of licensed brokers and have now become a significant player in New Zealand with an equity interest in Rothbury Group, New Zealand's fourth largest general insurance broker.

We also have strengthened our position as a leading premium funder in Australia with the purchase of Pacific Premium Funding by Macquarie Premium Funding, our joint venture with Macquarie Bank.

The size of the Steadfast Network, its well-established relationships with a number of leading underwriters in Australia and overseas as well as its ability to leverage its diversified business model, position Steadfast strongly to take advantage of future growth opportunities.

Steadfast is the leading distribution channel of general insurance products and services to the small and medium sized enterprise (SME) market in Australia and New Zealand

Our history and achievements

1996

Founded in 1996 as a collective buying and service group for independent brokers

$4.0bn

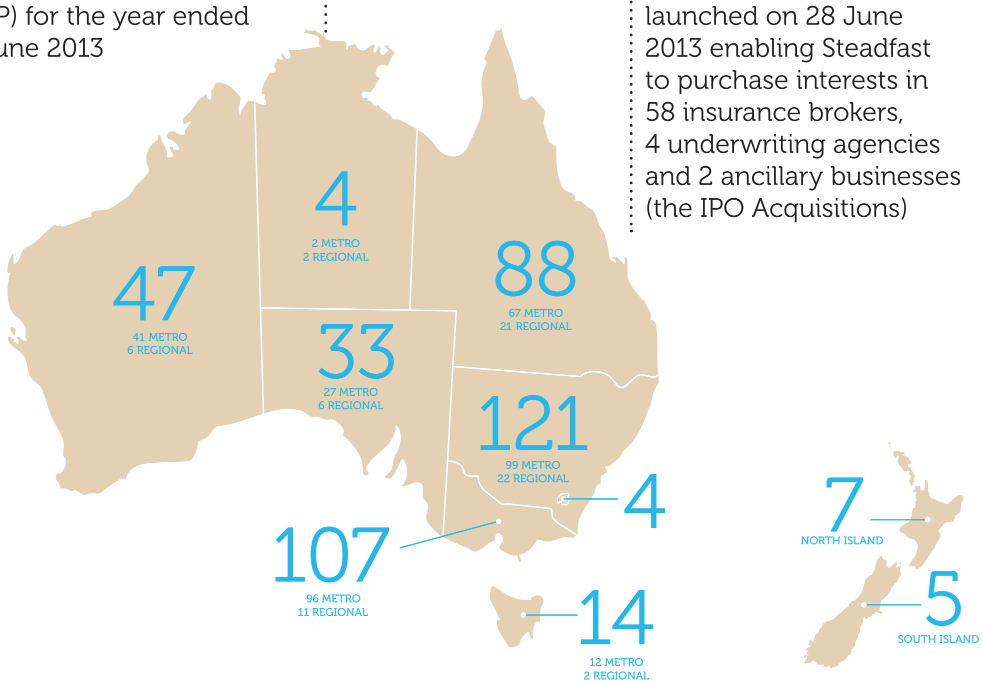
Grown from 43 to ~280 broker businesses representing $4.0 billion in Gross Written Premiums (GWP) for the year ended 30 June 2013

430

430 offices across all Australian states and territories and New Zealand

$334m

Raised approximately $334 million before costs through an Initial Public Offering (IPO) which launched on 28 June 2013 enabling Steadfast to purchase interests in 58 insurance brokers, 4 underwriting agencies and 2 ancillary businesses (the IPO Acquisitions)



SDF

LARGEST

general insurance broker network in Australia[1]

The IPO Acquisitions completed on 7 August 2013, and Steadfast's ordinary shares were listed on the ASX under the code "SDF"

FOLLOWING LISTING, STEADFAST HAS OPERATIONS IN FOUR KEY LINES OF BUSINESS:

1.

INSURANCE BROKING

Equity interests in 62 insurance broking businesses (Steadfast Equity Brokers) and provider of support services to ~280 Steadfast Network Brokers

2.

INSURANCE UNDERWRITING AGENCIES

Ownership interests in 4 insurance underwriting agencies which develop and market insurance products in niche segments

3.

PREMIUM FUNDING

50% interest in Macquarie Premium Funding, one of the largest originators of premium funding products in Australia

4.

ANCILLARY SERVICES

Equity interests in complementary businesses providing back office services, legal services and life insurance broking

Note:
1 Measured by annual premiums placed and number of licensed brokers.

2013 Financial Highlights

$4.0bn

in Gross Written Premiums (GWP)
placed by the Steadfast Network on which fees and commissions and M&A Fees are based

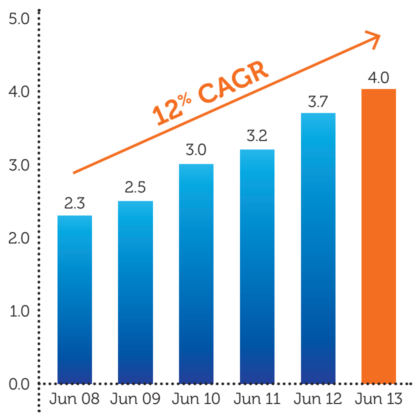
$24.5m

Marketing & Administration (M&A) Fees
paid to Steadfast by its Strategic Partners and other product partners

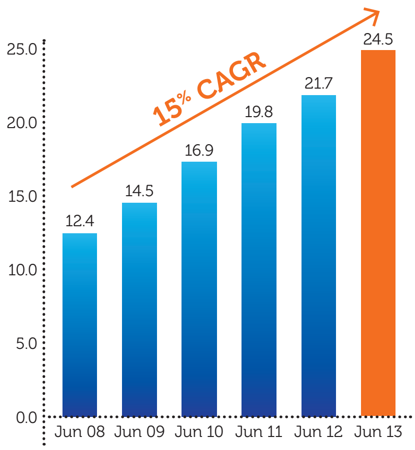
Acquisitions

- 3 broker businesses in Australia (100%)
- Rothbury Group, the fourth largest broker in New Zealand (17.9%)
- Sports Underwriting Agency (80%)

Steadfast Network Gross Written Premiums
$ billions



Marketing & Administration Fees
$ millions



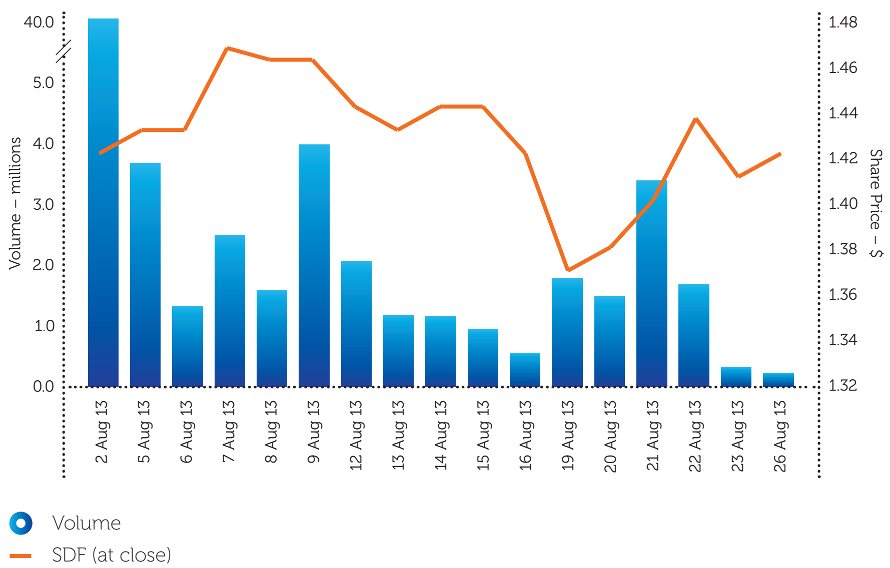
IPO acquisitions made in August 2013

- 58 broker businesses in Australia (equity interests between 25% and 100%)
- Rothbury Group (a further 12.2%)
- 2 underwriting agencies (39.5% and 100%)
- White Outsourcing (87.5%)
- Meridian Lawyers (25%)

$711m

market capitalisation
as at 26 August 2013

Final Price of SDF shares was $1.15 on 2 August 2013.
Shares closed at $1.42 on 26 August 2013.



Source: tradingroom.com.au

Letter from the Chairman

Our Initial Public Offering (IPO) was a significant achievement for Steadfast and its Broker Network. The IPO provides the Group with an excellent platform for strong growth and succession.

Frank O'Halloran, AM

Dear Shareholders,

On behalf of your Directors I would like to welcome you as a shareholder in Steadfast Group Limited. We are very pleased with our strong shareholder base made up of Steadfast Network Brokers, institutional and retail shareholders, and employees.

Our Initial Public Offering (IPO) was a significant achievement for Steadfast and its broker network. The IPO provides the Group with an excellent platform for strong growth and succession. Steadfast ordinary shares have traded on an unconditional and normal settlement basis since 14 August 2013. As at 26 August 2013, Steadfast's market capitalisation was $711 million.

I would like to thank everyone involved in the IPO process as well as those who built Steadfast to where it is today. Steadfast is the largest insurance broker network in Australia (based on annual premiums placed and number of licensed brokers) and a leading network in New Zealand. It has equity interests in 62 broker businesses, 4 underwriting agencies and 2 ancillary service organisations and a 50% interest in Macquarie Premium Funding.

The IPO was conducted to fund 60 acquisitions, to facilitate succession planning within the network through a co-ownership model to ensure the network continues to grow and prosper, and to enhance Steadfast's financial flexibility to pursue the growth opportunities through funds raised and improved access to capital markets.

Employees of the businesses within the Steadfast Network along with your Directors, management and other employees of Steadfast Network Brokers hold approximately 37% of the ordinary shares in Steadfast, re-affirming their commitment to the business and its future success.

The 2013 audited results in this report include a number of one-off items related to the IPO and the IPO acquisitions which were completed after 30 June 2013. We are pleased to report that for the financial year ended 2013 Steadfast Group Limited, assuming all IPO acquisitions and other acquisitions are included for a full year, is slightly ahead of expectations for revenue and for earnings before interest expense, income tax and amortisation (EBITA) forecast in the IPO prospectus. The Balance Sheet post the IPO has net assets over $500 million, substantially reduced debt and excess cash.

Your Directors have set the maximum debt at 15% of shareholders' funds plus debt. This together with excess cash and expected retained profits gives us around $110 million for potential acquisitions and other growth initiatives in the 2014 financial year without raising further equity. In the financial year ending 2014, we intend to only look at acquisitions that are earnings per share accretive within the first year of ownership.

Steadfast Directors, management and employees are committed to deliver to our shareholders the benefits from our key strengths and opportunities summarised below:

> Organic growth from our extensive distribution network in a resilient industry segment, the Australian and New Zealand general insurance markets, which has exhibited stable premium increases over recent years.

> Growth from acquisitions and cross-selling of existing and new products. We are a natural acquirer of Steadfast Network Brokers and non aligned brokers.

> Delivering synergies from the acquisitions made to date and for the Steadfast Network. We are working to develop common back office solutions to increase efficiency and reduce costs.

> Building on our existing underwriting agencies with particular focus on specialist products and driving down costs of servicing and administration.

> Implementing succession and incentive plans for our experienced senior management and acquired businesses. Our incentive plans are aligned with shareholders interests and are focused on achieving personal objectives and strong earnings per share growth.

The Board monitors the operational and financial position of Steadfast and oversees its business strategy. We are focused on ensuring that Steadfast is soundly managed and operates in an appropriate environment of corporate governance. Accordingly, the Board and management have created a framework for managing Steadfast. This included adopting relevant internal controls, risk management processes and corporate governance policies and practices for continuous disclosure and effective shareholder communications.

On behalf of the Board, I would like to thank your Chief Executive Officer, Robert Kelly, and his team for their significant contribution to the success of your IPO. I would also like to thank my fellow Directors for the extensive time required to implement the necessary corporate governance framework and meet the substantial requirements for the IPO.

Yours faithfully,

Frank O'Halloran, AM
Chairman

Letter from Managing Director & Chief Executive Officer

We remain committed to all the Steadfast Network Brokers who are the core of our business and growth. They give us scale that is difficult to replicate. This together with our successful listing makes us very attractive to new brokers wanting to join the Steadfast Network. Our network throughout Australia and New Zealand also provides strong distribution for product providers such as insurance companies.

Robert Kelly, MD & CEO

In the past year, we have transformed Steadfast from an unlisted company into an ASX traded entity under the code SDF.

The listing follows 17 years of building Steadfast Group into Australia's largest broker cluster group. The listing enables us to be an acquirer of insurance brokers, underwriting agencies and a series of ancillary businesses. Most acquisitions are made on a co-ownership basis. We are focused on choosing successful and profitable businesses and their dynamic management. Acquisitions will enable us to generate new revenue streams and significant improvement in profitability.

The IPO and the completion of the IPO acquisitions occurred after the close of the 2013 financial year which means the profit from those acquisitions will be reflected in the next financial year (FY14), as detailed in the IPO prospectus.

New revenue and profit drivers

Past revenue is expected to grow in line with the market and be enhanced by our pre and post IPO acquisitions, new acquisitions and the development of our underwriting agencies.

The pre and post IPO acquisitions made in the past year of 62 insurance broker businesses, 4 underwriting agencies and 2 ancillary service organisations will benefit revenue and profit in FY14.

In addition to acquisitions and the development of our underwriting agencies we will benefit from economies of scale and some unique back office cost synergies. There are two main strategies in place to achieve this expense reduction:

> Firstly through merging smaller acquired brokers with larger ones which we refer to as "hubbing". This helps with succession planning, retaining and incentivising key employees, and creating cost savings by eliminating back office duplication. We are on target to complete the first two hubs by December 2013; and

> Secondly through implementing our common back office platform developed with the help of external parties and the skills of the White Outsourcing team (one of our ancillary service acquisitions). The IPO prospectus included a budgeted $600,000 in the FY14 cash flows for the development and implementation of this platform with the pilot operation expected to occur during FY14.

Commitment to the broker network

We remain committed to all the Steadfast Network Brokers who are the core of our business and growth. They give us scale that is difficult to replicate. This together with our successful listing makes us very attractive to new brokers wanting to join the Steadfast Network. Our network throughout Australia and New Zealand also provides strong distribution for product providers such as insurance companies. We will continue to provide the required support to all our brokers to ensure they have the tools they need to provide the right professional service and advice to their clients.

Steadfast's ethos 'Strength when you need it' will remain anchored by its determination to deliver a suite of products and services that are innovative, dynamic and best in class, and available only to the Steadfast Broker Network. Products and services such as the Steadfast Virtual Underwriter ("SVU"), the Erato Program, and Steadfast Triage are a few of the advantages of being part of Steadfast. Another key advantage is the fact that brokers in Steadfast will continue to have the ability to remain independently owned and operated. The ASX listing provides insurance brokers with an ability to capitalise on years of hard work by selling part or all of their business to the Steadfast Group.

For a complete list of the advantages of being a Steadfast Network Broker, see pages 12 and 13.

Growth opportunities

In FY13, the Gross Written Premiums ("GWP") placed by the Steadfast Network amounted to $4.0 billion. GWP is a key driver of revenue for the Group. Over the past 5 years, our network GWP has grown on average 12% per annum. This compares favourably to the APRA growth of Commercial Insurance premiums which has been on average 5% over the same period. Our higher growth rate is primarily due to the advantages of being part of the Steadfast Network and the attraction of new brokers who wish to gain access to our network. With our products, services and knowledge of the business of insurance manufacture, service and distribution, we are in a strong position to help brokers maximise their growth potential.

A lot of our growth historically leverages from rises in GWP due to higher volumes, inflation and rises in premium rates. Going forward we expect to see more growth through the cross-sell of products and services and through acquisitions. Cross-sell products and services include premium funding, underwriting agency services, legal services and life insurance. In terms of growth through acquisitions, there are over 200 brokers in the Steadfast Network in which we have no equity interests. We are the natural acquirer of these businesses and usually the first stop in any sale process.

Pages 10 and 11 outline in more detail our organic growth and growth through acquisitions strategies.

FY13 statutory financial results

In FY13, Steadfast acquired an 80% interest in Sports Underwriting Agency and interests in 4 insurance broker businesses – 3 in Australia of which we purchased 100% and our first broker in New Zealand, Rothbury Group, of which we purchased 17.9%. In August 2013 our equity interest in Rothbury was increased to 30%.

Revenue for the year ended 30 June 2013 was $37.8 million consisting of $24.5 million from M&A Fees, $5.8 million from equity interests in Sports Underwriting and 4 insurance broker businesses, $2.9 million from investments in Macquarie Premium Funding and Miramar, and $4.6 million in other income including fees from Steadfast brokers, the Steadfast Convention and interest income. M&A Fees increased 13% compared to FY12, which exceeded the network's gross written premium year-over-year growth and demonstrates the value we provide to our insurance underwriters.

The IPO resulted in a number of one-off costs totalling $23.8 million. The significant expenses were $13.3 million for due diligence and restructure costs and a $10.5 million non cash expense from the re-weighting of shares (with a corresponding offset to retained profits). Excluding these IPO costs, earnings before interest expense, tax and amortisation expenses (EBITA) was $12.3 million compared with $9.7 million last year.

As outlined in our IPO prospectus we had forecast a loss before tax of $15.7 million for FY13. Due to additional revenue from acquisitions, cost savings and the Group's M&A Fees being higher than expected, the actual loss before tax of $13.4 million was slightly better than we expected.

Pro-forma FY13 results

We are pleased that all of the planned IPO acquisitions completed contemporaneously with the IPO. Assuming we had owned them as at 1 July 2012, our IFRS revenue and EBITA would have been $144.9 million and $57.4 million, respectively. These figures are slightly better than our IPO of revenue and EBITA of $143.6 million and $56.4 million or by 0.8% and 1.8% respectively.

Balance sheet

As at 30 June 2013, we had net assets of $12 million including debt of $37 million. In August 2013, we raised $334 million to fund the cash consideration payable on completion for the IPO acquisitions, pay down debt and create balance sheet capacity to fund future acquisitions. Post IPO and the completion of the IPO acquisitions, our balance sheet has net assets of over $500 million including $25 million of cash and debt capacity of $85 million (based on a 15% gearing ratio) to fund future acquisitions.

We expect strong cash flow generation going forward as brokers are required to pay a dividend of at least 75% of after-tax profits bi-annually. However, these cash flows are not expected to manifest until the second half of FY14.

Outlook for 2014

In light of the pro-forma FY13 figures being slightly ahead of our forecasts and our market outlook, we reaffirm our FY14 pro-forma forecasts outlined in the IPO prospectus including IFRS revenue of $152.0 million and EBITA of $60.6 million.

It is important to note that these forecasts are based on the following assumptions:

> organic revenue growth of 5.0% for all brokers (aggregated view);

> margin expansion through revenue growth exceeding net expense growth;

> 35% of M&A Fees rebated to Steadfast Network Brokers;

> budgeted $600,000 spend on the development and implementation of a back office platform with no synergies forecast (i.e. all synergies realised will be additional to forecast earnings); and

> no acquisitions in 2014.

Leadership team

We have a superb team assembled to lead the Company into a new growth phase. We are honoured that Frank O'Halloran AM chairs Steadfast. In addition to his 35 years' experience at QBE Insurance Group including 14 years as CEO, it is hard to find anyone more enthusiastic about Steadfast and its business model. The biographies of our other Directors as well as our executive management team are also impressive and provide us with the depth and breadth of experience required to execute our growth strategy and operate as a listed company.

Thank you

In preparing for the IPO, I did not realise the amount of work required and was amazed by the tireless efforts from everyone involved – the Board, management, the due diligence team, our employees, the joint lead managers and our finance and legal teams.

Thank you all for your amazing hard work in getting us through the IPO. I was humbled by the enormous support shown by the brokers and the market in believing in our potential to grow and add shareholder value.

I look forward to updating you over the next 12 months about building on our strength.

Yours faithfully,

Robert Kelly
Managing Director & CEO

Board of Directors

Steadfast has a strong Board with the relevant expertise to execute its business strategy as a listed entity. Each of the Directors has at least 30 years' experience in the financial services industry with a combined depth of experience in the insurance industry.

1. Frank O'Halloran, 2. Robert Kelly, 3. David Liddy, 4. Anne O'Driscoll, 5. Philip Purcell, 6. Greg Rynenberg, 7. Jonathan Upton

Frank O'Halloran, AM
Non-Executive and independent Chairman

Frank has over 35 years' experience at QBE Insurance Group Limited where he was Chief Executive Officer from 1998 until August 2012. He also worked with Coopers & Lybrand (now PwC) for 13 years where he commenced his career as a Chartered Accountant.

Frank has been active in the insurance industry, holding many representative positions in the Insurance Council of Australia (ICA), including President and Director of the ICA in 1999-2000. He was inducted into the International Insurance Hall of Fame in 2010.

Robert Kelly
Managing Director & CEO

See biography on page 9.

David Liddy
Non-Executive Director (independent)

David has over 43 years' experience in banking, including international postings in London and Hong Kong. He was Managing Director of Bank of Queensland from April 2001 to August 2011 and has a Masters in Business Administration.

David is currently Chairman of Collection House Limited, Financial Basics Foundation and Financial Basics Community Foundation. He is a Senior Fellow of the Financial Services Institute of Australasia and a Fellow of the Australian Institute of Company Directors.

Anne O'Driscoll
Non-Executive Director (independent)

Anne has 30 years of business experience, mainly in financial services. She was CFO of Genworth Australia from 2009 to 2012 and spent over 13 years with Insurance Australia Group. She held prior positions with Coopers & Lybrand (now PwC) in Sydney and London and with Deloitte in Dublin, where she commenced her career as a Chartered Accountant.

Anne is on the Advisory Board of the NSW Self-Insurance Corporation. She is a Fellow of ANZIIF, a Graduate Member of the Australian Institute of Company Directors and has attended Harvard Business School's Advanced Management Program.

Philip Purcell
Non-Executive Director (independent)

Philip has over 39 years' experience in the insurance and legal industries, working as a solicitor in claims, corporate and regulatory areas. He has been a partner at Dunhill Madden Butler, PricewaterhouseCoopers Legal and Ebsworth and Ebsworth, where he assisted with the growth and management of these firms.

Philip currently holds two Board positions with GE in Australia, is a Consultant to the international law firm, Holman Fenwick Willan and provides advice to clients who are engaged in mediation of commercial disputes.

Greg Rynenberg
Non-Executive Director (independent)

Greg has 37 years of experience in the general insurance broking industry with 29 years spent running his own business, East West Group, which now employs more than 25 industry specialists. East West Group is a Steadfast Network Broker but not a Steadfast Equity Broker.

Greg is a Qualified Practicing Insurance Broker, Fellow of NIBA and an Associate of ANZIIF. He holds an Advanced Diploma in Financial Services (General Insurance Broking).

Jonathan Upton
Non-Executive Director (non-independent)

Jonathan has 40 years' experience in the general and life insurance broking industry. For the past 34 years, he has been running his own corporate insurance broking business, IRS Steadfast Pty Ltd (formerly Indemnity Corporation). Following its partial sale to Steadfast in August 2013, IRS Steadfast is a Steadfast Equity Broker.

Jonathan is a Qualified Practicing Insurance Broker, an Associate of NIBA, an Associate Fellow of The Australian Institute of Management, a Member of the Australian Institute of Company Directors and holds a Diploma of Financial Services (General Insurance Broking). He is also a Justice of the Peace.

Executive Management Team

The Executive Management Team consists of experienced professionals with the track records necessary to develop and grow the Steadfast Network and operate as a listed company.

From left to right: Allan Reynolds, Linda Ellis, Robert Kelly, Cameron McCullagh, Samantha Hollman and Stephen Humphrys

Robert Kelly

Managing Director & CEO

Robert co-founded Steadfast in April 1996. With more than 44 years' experience in the insurance industry, Robert has held senior roles as a risk manager, general insurance broker and underwriting agent. Robert was named Insurance Industry Leader of the Year at the 2011 Annual Australian Insurance Industry Awards and the Third Most Influential Person in the Insurance Industry in 2012, by Insurance News Magazine.

Robert is a Qualified Practicing Insurance Broker and a Fellow of the National Insurance Brokers Association. He is a Senior Associate, Certified Insurance Professional and holds a Diploma in Financial Services (General Insurance Broker) from ANZIIF. He also has a Diploma in Occupational Health and Safety and a Graduate Diploma in Australian Risk Management.

Cameron McCullagh

Chief Operating Officer

Cameron joined Steadfast in 2011. He trained as a Chartered Accountant with KPMG and is an experienced finance professional, with 32 years' experience in accounting, financial management and corporate strategy. Prior to joining Steadfast, Cameron was CEO of Employers Mutual.

Cameron is a director of a number of Steadfast Group companies, Hospitality Employers Mutual Limited, Leading Edge Group Limited and Lease Company of Australia Limited. Cameron was Chairman of White Outsourcing until June 2013 and served as a director of the company from November 2012 to March 2013.

Stephen Humphrys

Chief Financial Officer

Stephen joined Steadfast in January 2013. He has over 20 years' experience as a Chartered Accountant, being Managing Director of Moore Stephens Sydney for ten years and Chairman of Moore Stephens Australiasia for three years.

Stephen has a wide range of experience in all areas of professional accounting and taxation across a broad spectrum of industry sectors and is a Fellow of the Institute of Chartered Accountants and a registered tax agent.

Allan Reynolds

Executive General Manager Operations

Allan joined Steadfast in 2002. With a background in product development and distribution, corporate strategy and portfolio management, Allan has more than 38 years of industry experience in the general insurance broking industry.

He holds a Diploma of Business Studies (Insurance) and is a Certified Insurance Professional and a Fellow of ANZIIF.

Samantha Hollman

Executive General Manager – Strategic Projects

Sam joined Steadfast in 2000, holding key roles in broker services, project management and marketing and communications, and is currently Executive General Manager – Strategic Projects. She has more than 18 years' experience in the insurance industry.

During the last five years, Sam has worked closely with the Chairman, the CEO and the Board, implementing strategic initiatives for the Group, including marketing trips to the UK and North America to review projects on an international level.

Linda Ellis

Group Company Secretary & General Counsel

Linda joined Steadfast in June 2013. She is a lawyer with over 15 years' experience gained at top tier international law firms. She has held prior positions with Mallesons Stephen Jaques (now King & Wood Mallesons) and Atanaskovic Hartnell in Sydney and with Clifford Chance in London.

Linda has a wide range of experience in corporate and commercial law, including in connection with mergers and acquisitions, capital markets and corporate governance. She is admitted to practice as a solicitor of the Supreme Court of New South Wales.

Organic Growth Opportunities

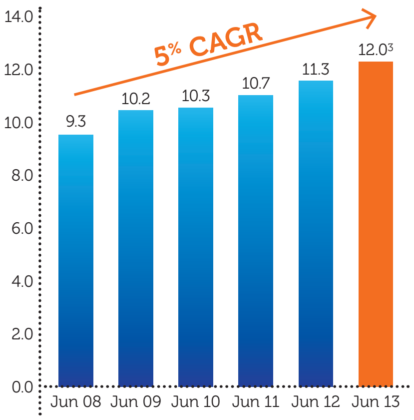
Steadfast has a history of strong organic growth which has mainly been driven by price and volume rises in insurance premiums or growth in GWP. Going forward, we expect to benefit from cross-selling synergies of Steadfast Network products and services.

Growth in GWP

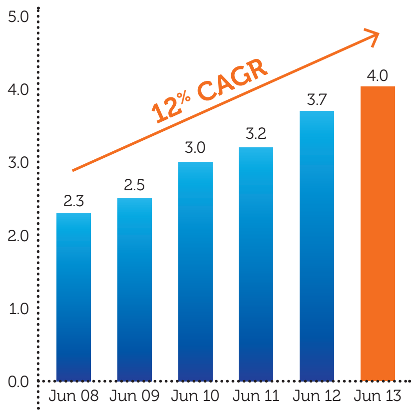
Steadfast Network's GWP growth has historically outperformed GWP growth in the commercial lines of the general insurance market due to the scale and network benefits of Steadfast. Its size, infrastructure, services and buying power provide brokers with the knowledge and support to maximise their revenue generation potential.

Over the past 5 years, Steadfast Network's gross written premiums have increased on average by 12% a year. In comparison, the gross earned premiums of Australian commercial lines have risen by 5% annually.

Total Australian commercial lines gross earned premiums [1,2]
$ billions



Steadfast Network Gross Written Premiums
$ billions



Notes:

1. Source: APRA. Commercial lines assumed to be commercial motor vehicles, fire and industrial special risks, marine and aviation, employers' liability, professional indemnity and public and product liability.
2. Premiums calculated for the 12 months to June each year. Premium figures for 2006-2010 based on gross written premiums (gross earned premiums for that period not published by APRA) and based on direct insurers only. Premium figures from 2010 based on gross earned premiums and comprise total industry (direct and reinsurance).
3. Represents forecast for 12 months to June 2013 based on annualised 6 months to December 2012 data.

Cross Sell of Products and Services

Steadfast leverages the distribution capability of Steadfast Network Brokers in order to cross-sell products and services from complementary businesses in the Steadfast Network.

Steadfast Network Brokers

Premium Funding

Steadfast holds a 50% equity interest in Macquarie Premium Funding (MPF), with the remaining 50% held by Macquarie Bank. MPF is one of the largest premium funders in Australia. In FY13, MPF arranged approximately $950 million in premium funding for policyholders of which Steadfast Network Brokers sold 68% or close to $650 million. In March 2013, MPF acquired Pacific Premium Funding, adding $600 million in premium funding for policyholders.

Underwriting Agencies

Steadfast holds equity interests in four underwriting agencies, collectively referred to as Steadfast Underwriting Agencies. These underwriting agencies act as agents on behalf of general insurers, providing product expertise, claims management and distribution for specialised insurance policies.

Legal Services

Steadfast has a 25% interest in Meridian Lawyers which provides legal services to local and overseas insurers, professional member associations and a number of SME customers. Established in 2004, Meridian Lawyers has grown to be a mid-tier insurance law practice with complementary commercial, employment and commercial litigation practices.

Steadfast Life

Due to the demand for life insurance by Steadfast Network Broker customers, Steadfast has established Steadfast Life. Steadfast Life offers a suite of life and risk products from a variety of life insurance companies which Steadfast Network Brokers can sell to their clients.

Growth by Acquisition

We have tremendous opportunity to grow through acquiring insurance brokers from within and outside the Steadfast Network.

Overview of Australian General Insurance Intermediaries

Insurance Intermediaries consist of multi-national brokers, consolidator groups, broker clusters, underwriting agencies and sole brokers. Steadfast is a consolidator and broker cluster group.

As at 31 December 2012, there were 851 *active general insurance brokers* (source: APRA) of which 279 were Steadfast Network Brokers. Of the 62 brokers acquired or partially acquired by Steadfast, referred to as Steadfast Equity Brokers, 58 belong to the Steadfast Network.

Active general insurance brokers are defined as general insurance intermediaries that are AFSL holders authorised to deal in general insurance policies and that placed business directly with insurers in the six month period ended 31 December 2012.

Steadfast is the natural acquirer of further interests in Steadfast Network Brokers

We are in most cases the acquirer of choice for Steadfast Network Brokers and also appeal to non-aligned brokers due to our scale and benefits. This is encouraging going forward as we continue to assess future acquisitions.

Steadfast will actively consider further investments in insurance brokers, including Steadfast Network Brokers and Steadfast Equity Brokers.

However, all acquisitions will be considered on the basis of their potential to add value to the Steadfast business and its Shareholders. Steadfast will also consider the use of consolidating brokers ("hubbing") as part of its acquisition process.

ACQUISITION CRITERIA for acquiring equity interests in insurance brokers

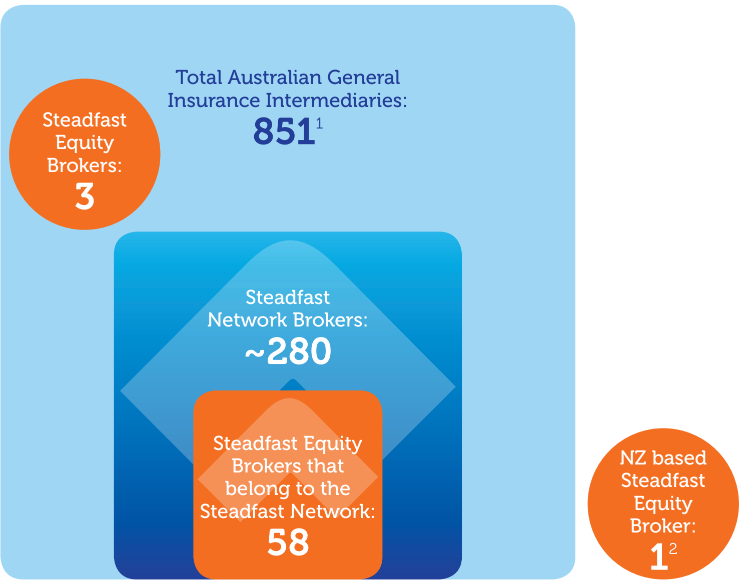
> Disciplined due diligence process that takes into account both quantitative and qualitative criteria

> EPS accretive to shareholders within the first 12 months assuming 85% equity funding

> Intend to principally fund via debt and cash in the near term

> May also issue equity to further align vendors

> Established balance sheet capacity to support acquisitions



Steadfast Equity Brokers	62[2]
Steadfast Network Brokers	~280
Australian General Insurance Intermediaries	851

Notes:
1. APRA Intermediated General Insurance Statistics December 2012 (Issued March 2013).
2. Rothbury Group, a Steadfast Equity Broker, is based in New Zealand.

When evaluating insurance brokers to acquire, we take into account both quantitative and qualitative criteria such as culture and fit, key person risk and revenue concentration.

In terms of quantitative criteria, the acquisitions are expected to be earnings per share (EPS) accretive within 12 months of acquisition when assuming at least 85% of the acquisition price is equity funded (irrespective of the actual level of equity funding for the transaction).

Steadfast expects that any acquisitions made in the first year post-listing will be primarily funded by debt or available cash resources due to its current balance sheet capacity. Steadfast may also issue shares at the prevailing market price to fund certain transactions and to align vendors' interests.

Advantages of Being a Steadfast Network Broker

The key advantage of being a Steadfast Network Broker is the ability to access the support and collective scale benefits of the largest insurance broking network in Australia and New Zealand, while at the same time remain independently owned and operated.

ADVANTAGES OF BEING A STEADFAST NETWORK BROKER

- Ability to remain independently owned and operated
- Access to Strategic Partners
- Collective negotiating
- Steadfast Virtual Underwriter
- Erato Program
- Steadfast Triage
- Training and support
- Networking and industry events
- Discounted goods and services
- Marketing

These benefits include:

Access to Strategic Partners

Steadfast has cultivated solid relationships with a significant number of carefully selected insurers, underwriters and specialist insurance providers – referred to as our Strategic Partners. Also included in this select group are Steadfast Underwriting Agencies and Macquarie Premium Funding. All Steadfast Network Brokers have access to our Strategic Partners and hence a market of product and service providers.

Collective negotiating

Steadfast negotiates with insurers, underwriting agencies and premium funders on behalf of the Steadfast Network. As a result, Steadfast Network Brokers are able to offer products with pricing and terms more favourable than could be achieved by the brokers negotiating individually.

Steadfast Network Brokers also have the benefit of exclusive Steadfast-negotiated policy wordings, which provide access to policies that offer broader coverage than the standard product offerings of the major insurers and underwriting agencies.

Steadfast Virtual Underwriter

Steadfast Virtual Underwriter (SVU) is a web-based tool, developed and funded by Steadfast, that enables Steadfast Network Brokers to obtain multiple, detailed quotes from a variety of Strategic Partners using only one data input. The SVU empowers brokers and their clients by delivering the information they need to make an informed choice, quickly and cost-effectively.

Erato Program

The Erato Program is a professional indemnity program and error rectification service offered to Steadfast Network Brokers, which provides coverage for errors and omissions by Steadfast Network Brokers. The program provides cover of $100 million for any one event and $214 million in aggregate, with one automatic reinstatement per annum. One of the key benefits of the Erato Program is that it provides Steadfast Network Brokers with access to a higher level of professional indemnity cover than would be the case had the broker purchased cover individually.

Steadfast Triage

Steadfast Triage is a managed escalation process designed to support brokers in areas impacting client interaction and business relationships including claims, ethics and placement issues. Working closely with the brokers, we help to clarify the facts of the situation, apply established standards of best practice and assist with the resolution of disputes involving customers, insurers and other brokers.

Training and support

Training programs include online access to specially developed training modules, face-to-face training on Steadfast products, processes and industry-related themes, and training from third parties including selected referral partners.

We support our brokers with web-based tools and help lines managed by experts in the areas of compliance, contractual liability, human resources, and legal and technical advice.

Networking and industry events

Regular networking and industry events include Steadfast Network Broker town hall meetings, held three times annually Australia wide, and the annual Steadfast Convention. The town hall meetings are held to keep brokers up to date with new developments and are used to gather feedback. The Steadfast Convention is the largest insurance conference in Australia attended by Steadfast Network Brokers, Strategic Partners and service providers.

Discounted goods and services

We give our brokers access to a range of discounted goods and services through our extensive network of selected referral partners including insurance service providers and business service providers.

Marketing

Steadfast provides marketing support to Steadfast Network Brokers, including promotional material, marketing collateral and brand awareness.

During FY13, Steadfast conducted an awareness campaign designed to promote the Steadfast brand and the Steadfast Network. Key features of the campaign included:

> a refreshed logo and brand identity;

> an improved public website, creating a centralised online channel to drive business to brokers in the Steadfast Network;

> interactive multimedia materials, including online videos and information;

> support for brokers seeking to refresh their own business websites; and

> a media strategy including television, print, outdoor and digital.

Steadfast Convention

The Steadfast Convention is Australia's largest insurance conference attended by Steadfast Network Brokers, Strategic Partners and Service Providers.

2,400+
delegates

86
sponsors and exhibitors

144
booths

Since its inception in 1999 with just 200 delegates, the Steadfast Convention has grown to become Australia's largest insurance conference. In 2013 our convention was attended by more than 2,400 delegates with 86 sponsors and exhibitors and 144 booths. The growth the Steadfast Convention has experienced since its inception showcases the strength of our Group in the insurance industry.

Only Steadfast Network Brokers and our Strategic Partners and Service Providers are allowed access to the convention.

Steadfast's Annual Convention combines business sessions and networking into one event. The exhibition space is termed 'The Marketplace'. Steadfast Network Brokers, Strategic Partners and service providers utilise this space to discuss business, develop initiatives and enhance relationships. This platform is a business opportunity for all parties involved and has become a true 'marketplace' to conduct business.

The Steadfast Convention provides a range of benefits to our brokers, including:

> insights and analysis from leading industry figures and economic commentators, business specialists and inspirational speakers from the corporate world and beyond;

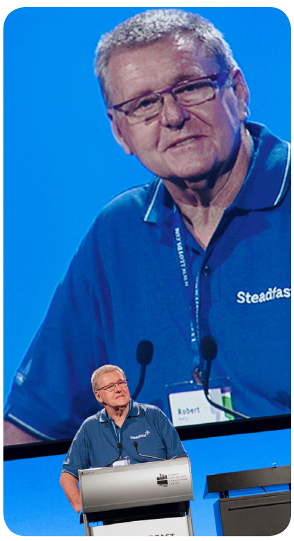
> an opportunity to build and sustain relationships with key Strategic Partners and brokers from the Steadfast Network;

> briefings from Strategic Partners, keeping our brokers up to date with new product offerings and industry developments;

> exclusive broker-only sessions; and

> an opportunity to share and provide feedback on the Group's corporate direction.

The Convention has been accredited by both the Australian and New Zealand Institute of Insurance and Finance (ANZIIF) and the National Insurance Brokers Association (NIBA). Our brokers earn Continuing Professional Development (CPD) points for attendance at the Convention.



Steadfast Foundation

Steadfast donates around 1% of M&A Fees to charitable causes each financial year.

$1.2m

contributed to charities over the last 8 years

$760,000

donated by Steadfast Convention attendees since 1999

Since Steadfast was founded, our brokers and Strategic Partners have consistently demonstrated their generosity and commitment to supporting the communities where we live and work. As a result, Steadfast has always been a substantial contributor to charity, typically donating around 1% of our M&A Fees to charitable causes each financial year.

The Steadfast Foundation was created to provide a more robust and sustainable structure for these donations. As well as managing and distributing funds from the Steadfast Group, it provides a mechanism for Steadfast Network Brokers and the public to donate to causes that are important to them, particularly in times of national emergency.

Charities we have supported through the Foundation include:

> beyondblue
> Cancer Council Australia
> The Create Foundation
> Diabetes Australia
> The Exodus Foundation
> Make a Wish Australia
> McGrath Foundation
> Mission Australia
> The Movember Foundation
> The National Breast Cancer Foundation
> The Prostate Cancer Foundation of Australia
> The Royal Flying Doctor Service
> The Salvation Army
> The Starlight Foundation
> Surf Lifesaving Australia
> Youth off the Streets

Over the last 8 years, Steadfast Group Limited and the Steadfast Foundation have contributed almost $1.2 million to these and other charities.

As well as the ongoing activities of the Steadfast Foundation, our brokers help to raise funds for a local charity based near the location of our annual Steadfast Convention. In 2013, Steadfast Convention attendees donated more than $160,000 to KidsXpress, which helps children impacted by emotional trauma. Using empowering expressive therapies, KidsXpress helps children process their experiences, express themselves safely, and learn positive coping strategies for life.

Since the Steadfast Convention began in 1999, our brokers have raised around $760,000 for charities including:

> Angel Flight
> Apex Foundation – Destiny Youth Trust
> The Australian Institution of Suicide Research and Prevention
> Inspire Foundation
> KidsXpress
> The Mirabel Foundation
> Student Care Australia
> United Way WA
> Youngcare

We would like to thank our brokers and Strategic Partners for their continued generosity.

Steadfast FOUNDATION

Corporate Governance Statement

The Directors and management of Steadfast Group Limited are committed to achieving high corporate governance standards and to following the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. In preparation for listing on the ASX, the Board adopted corporate governance policies and practices which are outlined in the Charters and Policies found in the Corporate Governance Section in the Investor Relations Centre on our website at www.steadfast.com.au.

The Group's main corporate governance policies are summarised below under the eight principles that the ASX Corporate Governance Council believes underlie good corporate governance.

If Steadfast proposes to depart from the ASX Corporate Governance recommendations in future, it plans to disclose any departures in the relevant annual report.

Principle 1 – Lay solid foundations for management and oversight

Role of the Board
Steadfast has established a Board charter which sets out the responsibilities of the Board and the responsibilities of senior management. The schedule of matters reserved for the Board for approval includes:

> the Group's overall strategic direction and monitoring performance against the strategic and business plans;

> overseeing all aspects of the Group's financial position and approving the business planning process and timetables, including operating budgets;

> overseeing the Group's reporting systems and overall framework for internal controls; and

> approving and monitoring major projects.

The Board delegates authority to the Managing Director & CEO for the day to day operations of the Group, its subsidiaries and their respective operations.

Performance evaluation of senior management
The Board charter provides that the Board is responsible for ensuring there is an appropriate process in place to review the performance of senior management. Executive management are reviewed by the Managing Director & CEO. The Managing Director & CEO is reviewed by the Chairman.

The review process involves a performance management process ("PMP") with a performance assessment rating out of a maximum of 5.

No employee is entitled to awards under the Short Term Incentive Plan or Long Term Incentive Plan if their PMP rating is less than 3 out of a maximum of 5. The PMP involves a set of specified objectives and criteria against which performance is measured.

Steadfast intends to conduct annual performance evaluations for senior executives in accordance with the process disclosed.

Principle 2 – Structure the Board to add value

Composition of the Steadfast Board
The role of Chairman and the role of Managing Director & CEO are exercised by different individuals, being Frank O'Halloran and Robert Kelly respectively.

The Board is comprised of a majority of independent Directors including the Chairman. The Board is comprised of 7 Directors, with 5 characterised as independent by Steadfast, being Frank O'Halloran, David Liddy, Anne O'Driscoll, Philip Purcell and Greg Rynenberg.

The Board takes a qualitative approach to materiality and assesses independence on a case by case basis, by reference to each Director's particular circumstances rather than applying strict quantitative thresholds.

When reviewing independence of Directors, the Board decided to rebase tenure from 2013 in view of the significant changes in the Group's operations post its restructure and listing.

The Board charter sets out the mix of skills that Steadfast is looking to achieve in its Board and provides the procedure for Directors to seek external professional advice at the expense of Steadfast. All of the Directors have extensive industry experience in a range of insurance broking, general insurance, professional services and financial management. The following table provides specific information regarding the Directors:

Name	Position	Joined Board	Experience (years)/industry	Independence
Frank O'Halloran	Non-Executive Chairman of the Board	2012	43/insurance	Independent
Robert Kelly	Managing Director & CEO	1996	44/insurance	Non-independent
David Liddy	Non-Executive Director	2013	43/banking	Independent
Anne O'Driscoll	Non-Executive Director	2013	30/accounting & insurance	Independent
Philip Purcell	Non-Executive Director	2013	39/legal & insurance	Independent
Greg Rynenberg	Non-Executive Director	1998	37/insurance	Independent [1]
Jonathan Upton	Non-Executive Director	2005	40/insurance	Non-independent [1]

Further details of the Directors are disclosed on page 8 and page 21.

Note:
1 Greg Rynenberg and Jonathan Upton each own and manage a broker business in the Steadfast Network. Mr Rynenberg is deemed independent as he did not sell any of his broker business to Steadfast. Mr Upton is deemed non-independent as he sold part of his broker business to Steadfast.

Nomination Committee

The Board has established a Nomination Committee which is currently comprised of the full Board and accordingly, comprises a majority of independent Directors. The Chairman of the Nomination Committee is the Chairman of the Board, being Frank O'Halloran (who is an independent Director).

As the Nomination Committee is comprised of the full Board, the Board's nomination functions are included in the Board Charter that sets out its roles, responsibilities, composition and structure. The Board charter also sets out the Board's policy for the nomination and appointment of Directors and the procedure for the selection and appointment of new Directors.

The Nomination Committee will meet at least four times each year.

Performance evaluation of the Board

The Board charter provides that the Board is responsible for developing and implementing a formal process to assess its own performance. The Board, and each committee established by the Board, will perform an annual self-evaluation. Each year, the Directors will be requested to provide to the Board their assessments of the effectiveness of the Board and the committees on which they serve.

Steadfast also currently intends to disclose in future annual reports whether a performance evaluation for the Board, its committees and Directors has taken place in the relevant reporting period and whether it was in accordance with the process disclosed.

Principle 3 – Promote ethical and responsible decision making

Code of Conduct

Steadfast has established a Code of Conduct which provides an ethical and legal framework for all Directors, officers, employees, contractors and certain other individuals in the conduct of Steadfast's business to safeguard the confidence of Steadfast's stakeholders.

Anti-Bribery & Corruption Policy

Steadfast has also established an Anti-Bribery & Corruption Policy which sets out the behaviour and standards Steadfast expects its employees, consultants, contractors and agents to comply with in conducting business.

The Code of Conduct and the Anti-Bribery & Corruption Policy give employees responsibility for reporting unethical or suspicious behaviour.

Securities Trading Policy

A Securities Trading Policy has been established to set out Steadfast's trading policy on buying and selling securities of Steadfast including shares, options, derivatives and other financial products of Steadfast that are able to be traded on a financial market.

By law, all Directors, officers, employees, contractors, family and associates are prohibited from trading in the Company's securities at any time if they are in possession of non-public price sensitive information regarding the Group and its securities ("insider information").

In addition, the policy identifies all Directors, officers, other key management personnel of Steadfast, senior members of the financial team, and any other person designated by the Board from time to time as a "Designated Person". The definition of a Designated Person extends to include family and associates of Designated Persons.

Subject to not being in possession of insider information and the requirements of Steadfast's Securities Trading Policy, Designated Persons may only deal in Steadfast's securities during the following trading windows:

a) the 30 day period beginning on the business day after Steadfast's half yearly results are announced to the ASX;

b) the 30 day period beginning on the business day after Steadfast's annual results are announced to the ASX;

c) the 30 day period beginning on the business day after Steadfast's annual general meeting;

d) at any time a prospectus or similar disclosure document has been lodged with the Australian Securities and Investments Commission and is open for acceptances; and

e) at any other times as the Steadfast Board permits.

In addition, Designated Persons are prohibited from entering into margin lending arrangements relating to Steadfast's shares; prohibited from short-term or speculative trading in Steadfast's shares or in financial products associated with Steadfast's securities; and prohibited from entering into transactions or arrangements with anyone which could have the effect of limiting their exposure to risk relating to an element of their remuneration that:

> has not vested; or

> has vested but remains subject to a holding lock.

Diversity Policy

Steadfast has established a Diversity Policy which outlines Steadfast's commitment to diversity including gender diversity, Board and senior executive diversity, work and life balance, and ability not disability. Steadfast is committed to an inclusive workplace that embraces and promotes diversity as part of our corporate culture. This involves providing supportive and inclusive diversity-related workplace policies, programs and practices within our business.

In terms of gender diversity, the proportion of women employed within the Group is as follows:

> Women on the Board: 14%

> Women in senior management positions: 33%

> Women in the organisation: 54% (corporate office only)

The Diversity Policy includes a requirement for the Board to obtain recommendations from management and approve measurable objectives for achieving diversity, including gender diversity, within the organisation. The Board will also receive an annual report from management on the progress against the objectives. Steadfast will provide its measurable objectives for achieving gender diversity and its progress in achieving those objectives in future annual reports.

Principle 4 – Safeguard integrity in financial reporting

Audit & Risk Committee

The Board has established an Audit & Risk Committee to:

> Ensure the integrity of external financial reporting;

> Safeguard the independence of the external auditor;

> Ensure that Directors are provided with financial and non-financial information that is of high quality and relevance;

> Ensure that systems or procedures are in place so that Steadfast complies with relevant statutory and regulatory requirements, including the Risk Management Framework, Compliance Management Framework and Internal Audit Plan; and

> Assess financial and other risks arising from the Group's operations and consider the adequacy of measures taken to moderate those risks.

The Audit & Risk Committee is currently comprised of 6 Non-Executive Directors, the majority of whom are independent including the Chairman. The Directors currently serving on the Audit & Risk Committee are Anne O'Driscoll (Chair), Frank O'Halloran, David Liddy, Philip Purcell, Greg Rynenberg and Jonathan Upton.

A charter has been adopted for the Audit & Risk Committee which discloses that the committee's responsibilities in relation to the external audit include:

> to conduct audit tenders when considered necessary and recommend the appointment of an external auditor; and

> to assess the performance of the external auditor on an annual basis and to consider whether it is appropriate to propose to the Board that an auditor be removed, or that competitive tenders for audit work be sought.

Principle 5 – Make timely and balanced disclosure; and Principle 6 – Respect the rights of shareholders

Disclosure & Communication Policy

Steadfast has established a Disclosure & Communication Policy which firstly, ensures that the Group complies with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act; and secondly, provides effective communication to the market and Steadfast shareholders.

The Disclosure & Communication Policy outlines the processes that Steadfast implements to ensure compliance with its continuous disclosure obligations, particularly at the senior executive level through the establishment of a Disclosure Committee which currently comprises the Managing Director & CEO, Chief Financial Officer and Group Company Secretary & General Counsel.

The Group is required to immediately disclose to the ASX any information concerning Steadfast which is not generally available and which, if it was made available, a reasonable person would expect to have a material effect on the price or value of Steadfast's securities.

Steadfast's Disclosure & Communications Policy also ensures that Shareholders are informed of all major developments affecting Steadfast through effective communication materials and processes. Shareholder communications include half yearly and annual reports, market announcements and media releases, all of which are available in the Investor section of the Steadfast website in addition to background information on the Steadfast Group. Shareholders are encouraged to attend general meetings for the opportunity to meet the Board and senior management.

Principle 7 – Recognise and manage risk

Risk Management Policy
Steadfast has established a Risk Management Policy which sets out its approach to the oversight and management of risks.

The Board is responsible for reviewing and approving Steadfast's overall risk management strategy, including determining the Group's appetite for risk.

In determining the risk appetite for Steadfast, the Board has determined that the Group has a moderate tolerance for risk taking. Where Steadfast enters into a transaction or acts on a particular decision, the risks are justified by greater rewards and action taken to mitigate the exposure to risk. While Steadfast is willing to take on a moderate level of risk, Steadfast remains risk aware. As a result management has incorporated risk management into strategic planning and decision making to understand and prioritise the management of material business risks.

The Board has delegated to the Audit and Risk Committee responsibility for recommending to the Board the Group's risk versus reward strategy, approving frameworks and setting the Group's risk appetite.

The Audit & Risk Committee:

> reviews the Group's risk appetite, including strategic, operational, financial, legal and regulatory, reputational and counterparty risk;

> reviews and approves the frameworks for managing risk and compliance;

> reviews the limits and conditions that apply to the taking of risk, including the authority delegated by the Board to the Managing Director & CEO and Executive Management Team;

> provides recommendations to the Board on the Group's risk-reward strategy; and

> monitors the risk profile, performance, and exposure against risk appetite and the management and control of the Group's risks.

Steadfast management is responsible for managing operational risk and implementing risk mitigation measures.

Steadfast appointed a Chief Risk Officer in June 2013 who reports to the CFO to:

> co-ordinate the implementation of the risk management frameworks, risk profile and treatment strategies;

> facilitate, challenge and drive risk management development within the Group; and

> report to senior management and the Audit & Risk Committee at regular intervals on the risk management process and material business risks.

Management has reported to the Board as to the effectiveness of Steadfast's material business risks.

The Board has a process in place to receive written assurances from the Managing Director & CEO and Chief Financial Officer that the declarations that will be provided under section 295A of the Corporations Act are founded on a sound system of risk management and internal control and that the system is operating in all material respects in relation to financial reporting risks. The Board will seek these assurances prior to approving future annual financial statements, and all half year and full year results.

The Board obtained these assurances prior to approving the annual financial statements for the year ended 30 June 2013.

Principle 8 – Remunerate fairly and responsibly

Remuneration & Succession Planning Committee
The Board has established a Remuneration & Succession Planning Committee which:

> establishes, reviews and recommends to the Board the compensation and incentive plans for Steadfast's executive team and reviews the performance of Steadfast's executive officers with respect to these elements of compensation; and

> reviews the succession planning for key executives of Steadfast as well as the key executives of the 20 largest Steadfast Equity Brokers, measured by size of brokerage income.

The Remuneration & Succession Planning Committee is currently comprised of 6 Non-Executive Directors, the majority of whom are independent including the Chairman. The Directors currently serving on the Remuneration & Succession Planning Committee are David Liddy (Chair), Frank O'Halloran, Anne O'Driscoll, Philip Purcell, Greg Rynenberg and Jonathan Upton.

The Remuneration & Succession Planning Committee is responsible for reviewing and recommending to the Board remuneration arrangements of senior executives and Directors, equity-based incentive plans and other employee benefit programs.

Steadfast distinguishes the remuneration of executive Directors and senior executives from that of Non-Executive Directors by offering the Managing Director & CEO and other senior executives a mix of fixed and incentive remuneration in certain circumstances (e.g., under the short term incentive plan and long term incentive plan). Remuneration of Non-Executive Directors is fixed.

Steadfast does not currently have in place any schemes for retirement benefits, other than superannuation, for Non-Executive Directors.

2013 Financial Report Contents

Directors' report

The Directors present their report together with the consolidated financial statements of the Group comprising of Steadfast Group Limited (the Company), and its subsidiaries, and the Group's interest in associates and jointly controlled entities (the Group) for the financial year ended 30 June 2013 and the auditor's report thereon.

Directors

The Directors of the Company at any time during or since the end of the financial year are as follows. Directors were in office for the entire period unless otherwise stated.

Name	Date of appointment/resignation
Chairman	
Frank O'Halloran, AM	Appointed 21 October 2012
Other Directors	
Robert Kelly	Appointed 18 April 1996
David Liddy	Appointed 1 January 2013
Anne O'Driscoll	Appointed 1 July 2013
Philip Purcell	Appointed 1 February 2013
Greg Rynenberg	Appointed 10 August 1998
Jonathan Upton	Appointed 9 May 2005
Former Directors	
Christopher Baker	Resigned 6 October 2012
Cameron Bott	Resigned 6 October 2012
Michael Olofinsky	Resigned 6 October 2012
Richard Post	Resigned 6 October 2012
Shayne Smith	Resigned 6 October 2012
Graham Stevens	Resigned 20 August 2012
Gregory Stewart	Resigned 6 October 2012
Joseph Vella	Resigned 6 October 2012
John Wolozny	Resigned 6 October 2012
Cameron McCullagh	Appointed 6 October 2012 and resigned 25 March 2013

Directorships of other listed companies

Directorships of other listed companies held by the Directors in the three years preceding the end of the financial year are as follows.

Name	Company	Period of directorship
Frank O'Halloran, AM	QBE Insurance Group Limited	From 1984 to August 2012
Robert Kelly	None	
David Liddy	Bank of Queensland Limited	From April 2001 to August 2011
	Collection House Limited	From March 2012
	Emerchants Limited	From April 2012
Anne O'Driscoll	None	
Philip Purcell	None	
Greg Rynenberg	None	
Jonathan Upton	None	

Particulars of the Directors' qualification and experience are set out under Board of Directors on page 8.

Company secretary

Linda Ellis, BEc, LLB (Hons class1)

Linda Ellis joined the Company in June 2013 as Group Company Secretary & General Counsel. Linda is a lawyer with 15 years experience. Further details of Linda's experience are set out under Executive Management Team on page 9.

Peter Roberts, BBus, CA

Peter Roberts was appointed Company Secretary in May 2013 and has over 20 years experience in the fields of chartered accountancy and specialised back office services to the financial services sector.

Directors' meetings

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year are as follows.

Director	Board		Remuneration & Succession Planning Committee	
Total number of meetings held	12		1	
	Eligible to attend as a member	Attended as a member	Eligible to attend as a member	Attended as a member
Current Directors				
Frank O'Halloran, AM[a]	9	9	1	1
Robert Kelly	12	12	–	–
David Liddy[a], [b]	8	4	1	1
Philip Purcell[a]	8	8	1	1
Greg Rynenberg	12	11	1	1
Jonathan Upton	12	12	1	1
Former Directors[c]				
Christopher Baker	3	3	–	–
Cameron Bott	3	3	–	–
Michael Olofinsky	3	3	–	–
Richard Post	3	3	–	–
Shayne Smith	3	3	–	–
Graham Stevens	2	2	–	–
Gregory Stewart	3	3	–	–
Joseph Vella	3	3	–	–
John Wolozny	3	3	–	–
Cameron McCullagh	3	3	–	–

Note:

(a) Frank O'Halloran, David Liddy and Philip Purcell were appointed during the financial year on 21 October 2012, 1 January 2013 and 1 February 2013, respectively. Anne O'Driscoll was appointed subsequent to the financial year on 1 July 2013.

(b) David Liddy was on leave arranged prior to joining the Board and unable to attend certain Board meetings held during May and June 2013.

(c) These directors resigned during the financial year.

In addition to the Remuneration & Succession Planning Committee, the Board also established the Audit & Risk Committee and the Nomination Committee. These committees held their first meetings after the end of the financial year ended 30 June 2013. Particular details of the responsibilities and members of the Board and the various committees are set out in the Corporate Governance Statement on pages 16 to 19.

Principal activities

The principal activities of the Group during the financial year were:

> the provision of services to ~280 insurance broking businesses in Australia and New Zealand. Between December 2012 and April 2013, the Company acquired equity interests in four broking businesses including its first in New Zealand, Rothbury Group;

> equity interests in two underwriting agencies, including Sports Underwriting which was acquired during December 2012; and

> a 50% interest in Macquarie Premium Funding, one of the largest originators of premium funding products in Australia.

Operating and financial review

Operating results for the financial year

	2013 $'000	2012 $'000
EBITA – consolidated entities	**7,871**	5,850
Share of EBITA from associates and joint venture	**4,472**	3,845
EBITA from core operations	**12,343**	9,695
Less:		
Due diligence and restructure costs	**(13,304)**	(1,165)
Share based payment expense on re-weighting of shares	**(10,478)**	–
EBITA	**(11,439)**	8,530
Finance costs – consolidated entities	**(1,188)**	(4)
Finance costs – associates and joint venture (note 37)	**(17)**	–
Amortisation expense – consolidated entities	**(521)**	(9)
Amortisation expense – associates and joint venture (notes 37, 38)	**(235)**	–
Net profit/(loss) before income tax	**(13,400)**	8,517
Income tax (expense)/benefit– consolidated entities	**1,421**	(1,205)
Income tax (expense)/benefit – associates and joint venture (notes 37, 38)	**(1,288)**	(1,138)
Net profit/(loss) after income tax (expense)/benefit for the year	**(13,267)**	6,174
Non-controlling interest	**(170)**	–
Net profit/(loss) after income tax attributable to owners of Steadfast Group Limited	**(13,437)**	6,174

The Group's net loss after income tax attributable to owners for the financial year was $13,437,000 (2012: profit after tax of $6,174,000).

The Group's net loss before income tax was $13,400,000, which compares favourably to the forecast of $15,700,000 included in the prospectus issued for the initial public retail and institutional offer.

The Group's earnings from core operations before interest expense, tax and amortisation expenses (EBITA) for the financial year were a profit of $12,343,000 (2012: earnings of $9,695,000).

The increase in net loss after tax and decrease in EBITA were mainly due to:

> a net profit and EBITA of $1,267,000 and $2,537,000, respectively, generated/shared from the subsidiaries and associate acquired during the financial year;

> an increase in non-recurring expenses which arose due to specific activities to facilitate the Company restructure and listing on the Australian Securities Exchange (ASX). The significant expenses were:
  - $13,304,000 in relation to due diligence and restructure on acquisition of equity interests in subsidiaries, associates and other business assets, including certain costs incurred during the financial year for those acquisitions completed in August 2013; and
  - $10,478,000 of share based payment expenses recognised in relation to the re-weighting of shares allocated to the existing shareholders; and

> an increase in finance costs of $1,184,000 in relation to increased in loans and borrowings to fund the acquisition of subsidiaries, associates and business assets during the financial year.

Some of the financial data in the table above, namely the EBITA related items, are not disclosed in accordance with current Australian Accounting Standards requirements. However, all financial data is based on the information disclosed in the audited financial statements and notes to the financial statements of the Group and follow the recognition requirements of Australian Accounting Standards.

Review of financial condition

Financial position

The total assets of the Group as at 30 June 2013 were $97.729 million compared to $33.446 million as at 30 June 2012. The increase was mainly attributable to:

- an increase in various assets (including identifiable assets, identifiable intangibles and goodwill) due to the acquisition of subsidiaries, associates and business assets as follows:
  - 100% interest in Wasal Holdings Pty Ltd and its wholly owned subsidiary, Wagland Salter & Associates Pty Limited on 30 November 2012;
  - 80% interest in Sports Underwriting Australia Pty Limited on 12 December 2012;
  - 100% interest in DMA Insurance Brokers Pty Limited on 30 January 2013;
  - business assets of Newmarket Insurance Brokers Pty Limited on 28 February 2013;
  - 17.9% interest in Rothbury Group on 1 April 2013;
  - business assets of an Authorised Representive of Wagland Salter & Associates Pty Limited on 10 May 2013; and
- an increase in prepayment of $1.177 million primarily due to the costs on due diligence and restructure costs to facilitate the listing of the Company on the ASX. These costs will be deducted from the issued capital in the next financial year when the listing of the Company is completed.

The total liabilities of the Group as at 30 June 2013 were $85.347 million compared to $18.975 million as at 30 June 2012. The increase was mainly attributable to:

- an increase in various liabilities due to the acquisition of subsidiaries; and
- an increase in loans and borrowings to partially fund the acquisition of subsidiaries, associates and business assets. These loans were repaid in August 2013 following the capital raising and listing of the Company on the ASX.

The decrease in the Group's equity from $14.471 million at 30 June 2012 to $12.382 million at 30 June 2013 largely reflects a decrease in net profit attributable to the owners of the Company due to the one off due diligence and restructure costs.

Cash from operations

The net cash inflow from operating activities for the financial year ended 30 June 2013 was $2.946 million compared to $2.139 million for the prior financial year. The increase is mainly due to:

- an increase in gross cash inflows and outflows from operating activities of the acquired subsidiaries; and
- an increase in cash flows from core operations.

The majority of the transaction costs on listing of the Company on the ASX were paid upon successful listing in August 2013.

The Group invested into a number of businesses as outlined above in anticipation of the listing on the ASX. These acquisitions were primarily funded by bank borrowings which were repaid in August 2013 as planned from the proceeds of the initial public retail and institutional offer.

Capital management

On 14 June 2013, an Extraordinary General Meeting was held to change the constitution of the Company to facilitate the listing of the Company on the ASX. In August 2013, the Company successfully listed on the ASX.

During the Extraordinary General Meeting, the shareholders also voted to adopt a re-weighting of shares between owners from an equal allocation basis to a combination of equal allocation and one based on past support of various products and businesses.

This re-weighting did not change the existing dollar value of share capital as at 30 June 2013 or at listing in August 2013. However, it had a one-off effect of causing a share based payment expense of $10.478 million, offset by an increase in retained earnings for the financial year.

As at the date of this report, the Company has a total of 500.873 million ordinary shares on issue resulting from:

- 65.588 million for re-weighting shares;
- 10.900 million for executive shares;
- 134.210 million for consideration shares; and
- 290.175 million for individual and institutional investors.

In addition, there are 1,395 preferred capital shares which arose from the conversion of the ordinary share capital on issue as at 30 June 2013. Pursuant to the resolution of the Extraordinary General Meeting held on 14 June 2013, the rights of these shares were substantially diminished as a result of the successful listing on the ASX. Refer to note 23 for further details of the change in capital structure subsequent to 30 June 2013.

Likely developments

The Group's business strategy going forward is to grow shareholder value through maintaining and growing its market position in the provision of insurance and related services, with a core focus on general insurance broking.

To achieve this strategy, the Group will in particular focus on:

> acquiring equity interests in insurance brokers;

> continuing to support the growth and development of Steadfast Network Brokers, Steadfast underwriting agencies, Premium funders and other ancillary businesses;

> maintaining and developing its relationship with Strategic Partners;

> realisation of back office synergies;

> executing acquisitions of non-insurance broking businesses (such as underwriting agencies and premium funders) which offer complementary products and services; and

> the cross-sell of products and services between Steadfast Network Brokers and other businesses with which the Group has a relationship.

In assessing future business acquisitions described above, certain acquisition criteria will be applied, including that an acquisition is expected to be earnings per share accretive for the Group within 12 months of the acquisition concerned (assuming the acquisition is at least 85% equity funded).

The Group intends to work closely with the existing management team of each acquired business, and allow each business to operate in a manner consistent with the Group's co-ownership model. In most cases, this model involves ongoing equity participation of key management personnel in the business acquired.

Further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

Dividends

Details of dividends paid or declared by the Company are set out in note 26.

No dividends were declared by the Company during the financial year or subsequent to the reporting date. $168,000 of the declared dividends for the last financial year were paid during the financial year ended 30 June 2013.

Significant changes in the state of affairs

During this financial year:

> The Company acquired interests in four insurance broking businesses (including one in New Zealand) and an underwriting agency. Refer to note 35 for further details.

> The Company was restructured in anticipation of its listing on the ASX. This included significant due diligence costs on potential acquisitions, changing the constitution of the Company at the Extraordinary General Meeting and preparation of a Prospectus to assist in the equity raising to fund further acquisitions and repay debt obtained for the purchase of businesses. The Company successfully listed on the ASX in August 2013.

Apart from the above, there were no other significant changes in the state of affairs of the Group.

Events subsequent to reporting date

Subsequent to 30 June 2013, the following matters have arisen:

> listing of the Company on the ASX including the raising of $333.703 million of cash proceeds in the initial public retail and institutional offer and the issue of 500.873 million ordinary shares;

> completion of 64 acquisitions of subsidiaries, associates and business assets as planned. The total consideration paid for these acquisitions were $379.180 million. These acquisitions were partially funded by the proceeds of the initial public retail and institutional offer and partially funded by the Company's ordinary shares issued (consideration shares); and

> repayment of $36.623 million of bank borrowings which were used for funding the acquisition of businesses during the financial year.

Further details of matters subsequent to the end of the financial year are set out in note 39.

Environmental regulation

The Group's operations are not subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory legislation.

Directors' interests

In August 2013, the Company listed on the ASX with ordinary shares on issue of 500.873 million shares. The holdings of ordinary shares by the Company's Directors might include re-weighting shares, considerations shares, executive shares and/or acquisitions through the initial public retail offer.

The relevant interest of each Director in the listed securities, ordinary shares by the Company, as notified by the Directors to the ASX in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows.

	Shares held directly	Shares held indirectly*
Frank O'Halloran, AM	521,739	626,086
Robert Kelly	5,000,000	248,721
David Liddy	–	217,391
Anne O'Driscoll	–	108,695
Philip Purcell	–	86,956
Greg Rynenberg	–	534,238
Jonathan Upton	–	2,196,099

* These shares are held by the Directors or their related parties, inclusive of entities controlled, jointly controlled or significantly influenced by the Directors, as notified by the Directors to the ASX in accordance with S205G of the Corporations Act 2001.

No share options have been granted during or after the financial year.

Indemnification and insurance of officers

The Company has entered into deeds of access, insurance and indemnity, with each Director and officer which contain rights of access to certain books and records of the Company for a period of seven years after the Director and officer ceases to hold office. This seven year period can be extended where certain proceedings or investigations commence before the seven year period expires.

In respect of the indemnity of the Directors and officers, the Company is required, pursuant to the constitution, to indemnify all Directors and officers, past and present, against all liabilities allowed under law. Under the deed of access, insurance and indemnity, the Company indemnifies parties against all liabilities to another person that may arise from their position as a Director or an officer of the Company or its subsidiaries to the extent permitted by law. The deed stipulates that the Company will meet the full amount of any such liabilities, including reasonable legal costs and expenses.

In respect of insurance being obtained on behalf of the Directors and officers, the Company may arrange and maintain Directors' and officers' insurance for its Directors and officers to the extent permitted by law. Under the deed of access, insurance and indemnity, the Company must obtain such insurance during each Director's and officer's period of office and for a period of seven years after a Director or an officer ceases to hold office. This seven year period can be extended where certain proceedings or investigations commence before the seven year period expires.

Disclosure of the insurance premiums and the nature of liabilities covered by such insurance are prohibited by the relevant contract of insurance.

Non-audit services

During the financial year KPMG, the Group's auditor, has performed certain other services in addition to their statutory duties.

The Board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services during the financial year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

> all non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Board to ensure they do not impact the integrity and objectivity of the auditor; and

> the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Group, KPMG, and its network firms, for audit and non-audit services provided during the financial year are set out below.

	2013 $
Services other than audit and review of financial statements	
Other assurance services	
Due diligence services	**1,212,212**
Investigating accountant services	**1,909,968**
Other services	
Taxation advisory services	**140,097**
Other services	**267,296**
	3,529,573
Audit services	
Audit or review of the financial statements	**438,200**
	3,967,773

Officer who was previously a partner of the auditor

Stephen Humphrys is currently an officer of the Group and was previously managing partner of Moore Stephens Sydney, the Company's former auditor, at the time when Moore Stephens Sydney was the auditor of the Company.

Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 41 and forms part of the Directors' report for the financial year ended 30 June 2013.

Rounding off

The Group is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Remuneration Report – Audited

Introduction

The remuneration report outlines Steadfast Group's remuneration philosophy, framework and outcomes for the financial year ended 30 June 2013 (FY13) for all key management personnel, including all Non-executive Directors and the Executive Team made up of the Managing Director & CEO (MD & CEO) and his direct reports. Key management personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the entity.

The Company successfully listed on the ASX in August 2013. This remuneration report for the financial year ended 30 June 2013 is the Group's first remuneration report.

The current key management personnel of the Group for the entire financial year unless otherwise stated, are as follows.

Table 1 – Executive Team

Name	Role	Date of appointment
Robert Kelly	Managing Director & CEO	18 April 1996
Cameron McCullagh	Chief Operating Officer	28 April 2011
Stephen Humphrys	Chief Financial Officer	2 January 2013
Allan Reynolds	Executive General Manager	5 December 2002
Samantha Hollman	Executive General Manager – Strategic Projects	4 January 2000
Linda Ellis	Group Company Secretary & General Counsel	3 June 2013

Table 2 – Non-executive Directors

Name	Date of appointment
Frank O'Halloran, AM	21 October 2012
David Liddy	1 January 2013
Philip Purcell	1 February 2013
Greg Rynenberg	10 August 1998
Jonathan Upton	9 May 2005

Anne O'Driscoll was appointed a Non-executive Director and Chairman of the Audit & Risk Committee from 1 July 2013.

David Liddy is Chairman of the Remuneration & Succession Planning Committee.

When reviewing independence of Directors, the Board decided to rebase tenure for Greg Rynenberg from 2013 in view of the significant changes in the Group's operations post its restructure and listing.

Tables 1 and 2 do not include key management personnel who resigned or retired during the current financial year. Their names and remuneration is disclosed in Tables 5 and 8.

Executive remuneration structure and governance

This report meets the remuneration reporting requirements of the Corporations Act 2001 and Accounting Standard AASB 124 Related Party Disclosures. The term remuneration used in this report has the same meaning as compensation as prescribed in AASB 124.

Remuneration & Succession Planning Committee

The Remuneration & Succession Planning Committee of the Board is responsible for reviewing and determining remuneration arrangement for the Non-executive Directors and the Executive Team made up of the Managing Director & CEO and his direct reports.

Remuneration philosophy

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 achievement of strategic objectives and the creation of value for shareholders and conforms to market practice for delivery of reward.

The Board embodies the following principles in its remuneration framework:

> a performance based reward structure;
> competitive and reasonable rewards to attract and retain high calibre executives;
> strong links between executive rewards and shareholder value;
> a significant proportion of executive remuneration is at risk, that is linked to achievement of pre-determined performance targets; and
> transparent reward structures.

Involvement of external remuneration advisors

The Remuneration & Succession Planning Committee (Committee) directly engages and considers market remuneration data from remuneration consultants as required. The data provided by remuneration consultants is used as a guide and all remuneration decisions in respect of the Executive Team are made by the Board. For the financial year ended 30 June 2013, no remuneration consultant was engaged to provide services to the Committee. Going forward, the Committee intends to engage remuneration consultants.

Remuneration structure

The Group aims to reward executives with a level of remuneration commensurate with their responsibilities and position within the Group and their ability to influence shareholder value creation.

The remuneration framework links rewards with the strategic goals and performance of the Group and provides a market competitive mix of both fixed and variable rewards including a blend of short and long term incentives. The Group has adopted an approach to position fixed remuneration at the market median with total remuneration at the upper quartile (depending on the time the executive has been in their position).

The targeted remuneration mix for the Executive Team is 40% fixed and 60% variable (at risk).

Table 3 below outlines the details of key elements of executive remuneration, the purpose, performance hurdles (where applicable) and the FY13 outcome.

Remuneration structure for the financial year ended 30 June 2013

In FY13, the Executive Team was awarded the following types of remuneration:

> cash salary and superannuation contribution (based on legislative requirements);
> non-monetary benefits in the form of car parking (and FBT) and income protection and life insurance; and
> conditional rights, refer to Additional information – conditional rights and Table 9 for further details.

No short term incentive (in the form of either cash or deferred equity awards) or long term incentive were paid or awarded.

Remuneration structure for the financial year ending 30 June 2014

The listing of the Company has necessitated a review of the remuneration structure to commence operation from 1 July 2013 (FY14).

New short term incentive and long term incentive plan with performance hurdles set to align and link to shareholder value have been put in place for the Executive Team. Earnings per share growth has been chosen as the performance hurdle that members of the Executive Team are required to meet to ensure alignment with shareholder objectives.

Tables 12 and 13 outline the remuneration structure and details of maximum potential remuneration from short term and long term incentive plans which are available to the Executive Team for FY14 as approved by the Committee.

Upon successful listing of the Company on the ASX, $10.900 million of Executive loans were provided to four members of the Executive Team to acquire 10.900 million Executive Shares at $1.00 per share. Refer to Executive loans and Executive Shares section for further details.

Table 3 – Key elements of executive remuneration

	Purpose and link to strategy	Operation and outcome for FY13	Opportunity	Performance metrics
Fixed remuneration:				
Cash salary and superannuation	Helps to attract and retain high calibre executives Reflects individual role, experience and performance	Reviewed annually by the Remuneration & Succession Planning Committee and fixed for 12 months, with any changes effecting from 1 July each financial year. Decision influenced by: > role, experience and performance > reference to comparative remuneration in the market > total organisational salary budgets	***FY13*** 100% of total remuneration ***FY14*** Target at 40% of total remuneration	Personal objectives set each year
Non-monetary benefits	Helps to attract and retain high calibre executives	Executive Team is provided with car parking, income protection and life insurance	Car parking cost per annum: $4,000 Income protection and life insurance: $9,000	Personal objectives set each year
Variable and at risk remuneration:				
Short term incentive (STI)	Recognises the contributions and achievements of the Executive Team	For FY13, no short term incentive (in cash) was awarded New short term incentive plan consisting of cash and deferred equity awards is effective in FY14 EPS growth will be measured against the FY13 forecast EPS of 5.4 cents	***FY14*** Both STI and LTI are discretionary, performance based, at risk reward arrangements The combined total of STI and LTI is targeted at 60% of total remuneration	***Applicable for FY14 onwards*** *STI – Cash award* > achievements of personal objectives > earnings per share (EPS) minimum growth hurdle of 5% to be met *STI – Deferred equity award* > continuous employment and performance rating to be met for the three year vesting period; and > EPS minimum growth of 5% to be met
Long term incentive (LTI)	Provides opportunity for the Executive Team to acquire equity in the Company as a reward for increasing EPS over the longer term	LTI was not in operation for FY13 This is a new remuneration incentive plan and is effective in FY14 EPS growth will be measured against the FY13 forecast EPS of 5.4 cents		***Applicable for FY14 onwards*** *LTI – Deferred equity award* > continuous employment and performance rating to be met for the five year vesting period; and > the Group's average diluted EPS increasing by a compound 10% per annum over the five year vesting period

Shareholding requirements

There is no specific policy requiring the Executive Team to hold any ordinary shares of the Company. However, the Executive Team will hold ordinary shares, post listing of the Company, by the following means:

> re-weighting shares allocated to the shareholders who held ordinary shares before the Company's change of constitution as approved by its Extraordinary General Meeting in June 2013;

> for four members, acquisition of Executive Shares through the Executive Loans Arrangement (refer to Executive loans and Executive Shares section and Table 10 – Executive loans for details);

> conditional rights conversion into ordinary shares at the end of August 2014 (refer to Table 9 – Conditional rights allocated to the Executive Team for details); and

> potential vesting of equity awards granted through the short term and long term incentive plans in the financial years from 1 July 2013 onwards (refer to Table 3 – Key elements of executive remuneration for further details of the incentive plans).

Historical analysis of financial performance

The following table outlines the returns of the Group delivered to its shareholders. The Company has gone through significant development and transformation to facilitate its successful listing on the ASX in August 2013. As a result, historical analysis of financial performance for the financial years prior to 2013 does not provide meaningful comparative information to the users of this report.

Table 4 – Key financial performance indicators

	2009	2010	2011	2012	**2013**
Net profit/(loss) attributable to owners of the Company ($'000)	1,064	3,581	2,810	6,174	**(13,437)**

Dividends paid in 2010 and 2012 were $950.183 per share and $1,351.250 per share, respectively. The dividends per share calculated were based on 1,425 and 1,395 shares on issue as at 30 June 2010 and 2012, respectively. Upon ASX listing, 500.873 million shares were issued. The historical comparative basic and diluted earnings per share, dividend paid per share cannot be used as an indication of further earnings and dividends per share.

Executive remuneration in details

The table below provides remuneration details for the Executive Team (including the MD & CEO and his direct reports).

For an executive who was newly appointed to the Executive Team during either financial year, the remuneration information provided in the table below relates to the period from the date of their appointment as key management personnel (KMP) to the year ended 30 June. Refer to Table 1 – Executive Team for KMP who were appointed during the financial year ended 30 June 2013.

The table below also contains remuneration information of KMP who resigned during the current financial year from 1 July to the date of their resignation.

Table 5 – Total executive remuneration of the Group

	Short term employment benefits			Post employment benefits	Other long term employment benefits	Termination benefits	Sub total (excluding share based payments)	Share based payments	Total
Table note	(1)	(2)	(3)	(4)	(5)			(6)	
	Cash salary and leave accruals $	Short term incentive $	Non-monetary benefits $	Superannuation $	Long service leave accruals $	$	$	Value of rights granted $	$
Current Executive Team (including Managing Director):									
Robert Kelly, Managing Director & CEO									
2013	**869,013**	**–**	**16,727**	**21,784**	**52,093**	**–**	**959,617**	**–**	**959,617**
2012	585,257	–	6,792	7,228	30,357	–	629,634	–	629,634
Cameron McCullagh, Chief Operating Officer[7]									
2013	**529,773**	**–**	**8,995**	**18,243**	**14,677**	**–**	**571,688**	**–**	**571,688**
2012	183,086	–	7,944	17,582	7,769	–	216,381	–	216,381
Stephen Humphrys, Chief Financial Officer, KMP since 2 January 2013									
2013	**190,375**	**–**	**6,962**	**8,235**	**3,875**	**–**	**209,447**	**6,519**	**215,966**
Allan Reynolds, Executive General Manager									
2013	**330,807**	**–**	**9,362**	**21,784**	**13,029**	**–**	**374,982**	**6,519**	**381,501**
2012	285,661	–	2,141	29,246	7,917	–	324,965	–	324,965
Samantha Hollman, Executive General Manager – Strategic Projects									
2013	**219,514**	**–**	**9,867**	**19,252**	**2,470**	**–**	**251,103**	**3,259**	**254,362**
2012	179,492	–	5,049	14,956	(22,369)	–	177,128	–	177,128
Linda Ellis, Group Company Secretary & General Counsel, KMP since 3 June 2013									
2013	**19,635**	**–**	**550**	**1,373**	**358**	**–**	**21,916**	**2,933**	**24,849**
Former key management personnel ceased during the financial year:									
Dana Williams, former Chief Financial Officer, KMP from 13 August 2012 to 9 November 2012									
2013	**70,930**	**–**	**1,238**	**5,070**	**–**	**–**	**77,238**	**–**	**77,238**
Jenny Varley, former Company Secretary, KMP until 31 May 2013[8]									
2013	**258,928**	**–**	**6,968**	**18,851**	**13,558**	**284,271**	**582,576**	**–**	**582,576**
2012	230,075	–	1,758	20,215	9,234	–	261,282	–	261,282

Table note

(1) Cash salary includes amounts paid in cash plus any salary sacrifice items. Annual leave accruals are determined as per Accounting Standard, AASB 119 Employee Benefits. In prior year, Mr Kelly's service to the Group was mainly charged as service fee and he did not request to contribute part of his service fee to a superannuation fund.

(2) No short term incentive payment was awarded to any KMP for the current and prior financial year.

(3) This amount includes car parking and the relevant fringe benefit tax, cost of income protection and life insurance and other benefits provided by the Group.

(4) Superannuation contribution is paid in line with legislative requirements.

(5) Long service leave accruals are determined as per AASB 119 Employee Benefits.

(6) During the financial year, some members of the Executive Team were allocated with conditional rights which will convert to the Company's ordinary shares free of costs at the end of August 2014 subject to continuing employment at that time and their performance meeting the minimum criteria as agreed. An allocated portion of the unvested conditional rights is included in the total remuneration disclosure above. The value of the conditional rights is calculated based on the expected share price, less expected dividends without discounting (due to immaterial time value over the vesting period). Refer to Note 42 Share based payments for further details.

(7) Cameron McCullagh was appointed a Director of the Company from 6 October 2012 to 25 March 2013. Mr McCullagh did not receive any other remuneration in the officer role as a director.

(8) Jenny Varley ceased as key management personnel on 31 May 2013. However, her termination date will be at the end of September 2013. The termination benefits represent the total estimated payments to be settled.

Executive service agreements

Steadfast Group Limited has ongoing executive service agreements (Executive Agreements) with each of the member of the Executive Team. These Executive Agreements may be terminated by written notice from either party or by the Company making a payment in lieu of notice.

The Executive Agreements outline the components of remuneration paid to executives and require the remuneration of executives to be reviewed annually. The Executive Agreements do not require the Company to increase base salary, pay a short term incentive or offer a long term incentive in any given year.

The table below contains the key terms of the Executive Team's Executive Agreements. The Executive Agreements do not provide for any termination payments, other than payment in lieu of notice by the Company.

Table 6 – Key terms of executive service agreements

Name	Termination notice by the employee not earlier than	Notice period from the Company	Notice period from the employee	Termination provisions in relation to payment in lieu of notice
Robert Kelly	21/10/2015	12 months	12 months	12 months fixed remuneration
Cameron McCullagh	01/07/2014	6 months	6 months	6 months fixed remuneration
Stephen Humphrys	01/07/2014	6 months	6 months	6 months fixed remuneration
Allan Reynolds	01/07/2014	6 months	6 months	6 months fixed remuneration
Samantha Hollman	01/07/2014	6 months	6 months	6 months fixed remuneration
Linda Ellis	01/07/2014	6 months	6 months	6 months fixed remuneration

In accordance with the Corporations Act 2001 requirements, termination provisions could include the payment of unused annual leave and long service leave accruals where applicable.

Retrenchment entitlements

In the event of redundancy, Robert Kelly will be paid an amount equal to 12 months fixed remuneration.

Termination under other situations

In the event of gross negligence or gross misconduct, the Company may terminate the Executive Agreement immediately by notice in writing and without payment in lieu of notice.

Non-executive Directors remuneration

Structure and policy

Non-executive Directors fees are determined within an aggregate Directors' fee pool limit which is reviewed periodically and recommended for approval by shareholders.

The fee structure is designed to provide the Group with the ability to attract and retain directors of the highest calibre.

The aggregate amount of remuneration sought to be approved by shareholders and the manner in which it is paid to Directors is reviewed annually. The Board considers advice from external consultants as well as fees paid to Non-executive Directors of comparable companies when undertaking the review process.

Board and committee fees

Non-executive Director remuneration consists of three components:

- Board fees;
- committee fees and where relevant subsidiary board fees; and
- superannuation which is paid in line with legislative requirements.

Directors do not receive retirement benefits beyond statutory superannuation contributions and do not participate in any incentive programs.

Directors may also be reimbursed for travel and other expenses incurred in attending to the Company's affairs.

In the Extraordinary General Meeting held on 14 June 2013, the shareholders approved the maximum aggregate directors' fee pool of $900,000 per annum for each financial year effective 1 July 2013.

Table 7 – Steadfast's board or committee annual fee (inclusive of superannuation)

Board/committee	Role	2013 $
Board	Chairman	200,000
	Non-executive Directors	100,000
Audit & Risk Committee	Chairman	7,500
	Non-executive Directors	Nil
Remuneration & Succession Planning Committee	Chairman	7,500
	Non-executive Directors	Nil

No additional remuneration will be paid for the Chairman and members of the Nomination Committee.

Non-executive Director remuneration in details

The table below provides remuneration details of the Non-executive Directors (including those Non-executive Directors who retired during the financial year) on the Company's Board.

For those Directors who appointed during the financial year, the remuneration information provided in the table below relates to the period from the date of their appointment to the year ended 30 June.

Table 8 – Total director remuneration of the Group

	Short term employment benefits		Post employment benefits	Total
	Board fees $	Other boards and committee fees $	Super-annuation $	$
Current Directors:				
Frank O'Halloran, AM, appointed 21 October 2012				
2013	**127,780**	**–**	**11,468**	**139,248**
David Liddy, appointed 1 January 2013				
2013	**49,313**	**–**	**4,438**	**53,751**
Philip Purcell, appointed 1 February 2013				
2013	**38,226**	**–**	**3,440**	**41,666**
Greg Rynenberg				
2013	**80,982**	**22,652**	**6,227**	**109,861**
2012*	77,500	52,500	–	130,000
Jonathan Upton				
2013	**107,986**	**12,000**	**4,817**	**124,803**
2012*	115,750	–	–	115,750

* These directors charged the Group a service fee for being holding the office as a director for the Company's or its subsidiaries board and committees. They did not request to contribute any of their service fees to their superannuation funds.

Table 8 – Total director remuneration of the Group (continued)

	Short term employment benefits		Post employment benefits	Total
	Board fees $	Other boards and committee fees $	Super-annuation $	$
Former Directors retired during the financial year:				
Christopher Baker, retired 6 October 2012				
2013	**12,014**	**31,554**	**1,111**	**44,679**
2012*	30,000	21,000	–	51,000
Cameron Bott, retired 6 October 2012				
2013*	**22,313**	**22,050**	**–**	**44,363**
2012*	30,000	12,250	–	42,250
Michael Olofinsky, retired 6 October 2012				
2013	**29,214**	**–**	**1,411**	**30,625**
2012*	30,000	–	–	30,000
Richard Post, retired 6 October 2012				
2013	**12,014**	**–**	**1,111**	**13,125**
2012*	30,000	–	–	30,000
Shayne Smith, appointed 19 October 2011 and retired 6 October 2012				
2013*	**13,125**	**–**	**–**	**13,125**
2012*	20,000	–	–	20,000
Graham Stevens, retired 20 August 2012				
2013*	**13,125**	**–**	**–**	**13,125**
2012*	30,000	–	–	30,000
Gregory Stewart, retired 6 October 2012				
2013*	**22,313**	**55,125**	**–**	**77,438**
2012*	81,000	52,500	–	133,500
Joseph Vella, retired 6 October 2012				
2013*	**13,125**	**–**	**–**	**13,125**
2012*	30,000	–	–	30,000
John Wolozny, retired 6 October 2012				
2013*	**36,094**	**–**	**–**	**36,094**
2012*	82,500	–	–	82,500

* These directors charged the Group a service fee for being holding the office as a director for the Company's or its subsidiaries board and committees. They did not request to contribute any of their service fees to their superannuation funds.

Shareholdings requirements

Non-executive Directors are not required under the Company's constitution to hold any ordinary shares of the Company.

However, contained in each Director's letter of appointment from the Company is a term and condition that the Non-executive Directors must hold an amount equal to 50% of their annual remuneration in the Company's ordinary shares by the end of their second year in office. At the date of this report, all Directors have complied with the requirement.

Additional information

In August 2013, the Company successfully listed on the ASX. The Executive Team and Non-executive Directors acquired equity interests in the Company through a range of specific arrangements. Those arrangements or additional interests obtained are provided as follows.

Conditional rights

During the financial year, the Remuneration & Succession Planning Committee approved the allocation of conditional rights to selected employees who have contributed to the listing of the Company. The conditional rights allocated are free of costs, will convert to one ordinary share per right at the end of August 2014 subject to the continuing employment at that time and the performance of the employee meeting the minimum criteria as agreed by management (or the Remuneration & Succession Planning Committee for the Executive Team). The table below provides the number of conditional rights allocated to four members of the Executive Team on 31 May 2013.

Table 9 – Conditional rights allocated to the Executive Team

	Rights allocated during the year Number	Rights held at 30 June 2013 Number
Stephen Humphrys	100,000	100,000
Allan Reynolds	100,000	100,000
Samantha Hollman	50,000	50,000
Linda Ellis	45,000	45,000
	295,000	295,000

The fair value of the conditional rights as recognised at 30 June 2013 is $0.98.

Executive loans and Executive Shares

In the Extraordinary General Meeting held on 14 June 2013, the shareholders approved the Company to make full recourse loans to four members of the Executive Team. They have entered into loan agreements with the Company (Executive Loan Agreements). Under the Executive Loan Agreements, the Company provided loans to the executives with the loan proceeds to be used only to fund the purchase of Executive Shares at a fixed price of $1.00 per Executive Share upon the successful float of the Company on the ASX.

The loans are intended:

- to recognise and reward the services and contributions provided by these executives to the development and ongoing transformation of the Company;
- to assist in the retention of these executives; and
- are part of the Company's remuneration strategy to align the interests of the Executive Team to shareholder value.

The key terms of the Executive Loan Agreements are:

- interest free, unsecured and full recourse loans; and
- to be repaid in full five years after the date on which the loans are provided.

The Executive Shares will be subject to escrow restrictions. The key restrictions are:

- the executives agreed not to, for the period from the receipt by the executives of the Executive Shares until the end of the term of the loan (or upon the loan being accelerated due to an event of default), dispose of the Executive Shares or grant security over the Executive Shares (subject to certain exceptions as set out below) without the prior consent of the Board; and
- the executives agreed to the application of a holding lock in respect of the Executive Shares.

In FY14, the Executive loans will be recognised at fair value. The Executive loans are interest free loans, and the Executive Shares are issued at a fixed price of $1.00 (being the minimum price to meet the condition of listing). The fixed price is different to the final share price of the Company determined by the Board under the terms of the initial public offering. A share based employment benefit will be recorded to recognise the difference between the cost and the fair value of the Executive loans.

The exceptions to the above escrow restrictions on Executive Shares are:

> if the disposal does not cause the executive to breach the trading restrictions and the Executive Shares are disposed of during the permitted trading window under the Executive Loan Agreements. Under the trading restrictions, each executive may only sell their Executive Shares as below:

Period	Amount of Executive Shares may be sold
12 months ended 31 August 2015	≤ 20% of total Executive Shares
12 months ended 31 August 2016	≤ 40% of total Executive Shares
12 months ended 31 August 2017	≤ 60% of total Executive Shares
12 months ended 31 August 2018	≤ 80% of total Executive Shares
12 months ended 31 August 2019	≤ 100% of total Executive Shares

> the proceeds from the disposal of the Executive Shares will be applied towards the repayment of the Executive loans first in the same proportion as the percentage of total Executive Shares disposed. The executives are entitled to retain any profits or gains from the disposal of the Executive Shares.

> the disposal is made in the event of the death of the executive, the executive being declared bankrupt or the executive ceasing to be employed by the Company as a consequence of any applicable contract of employment, ill health or retirement.

The table below provides the amount of the executive recourse loans provided to these four executives. Table 11 provides details of Executive Shares acquired on 2 August 2013 (date of listing of the Company).

Table 10 – Executive loans

	Executive loans $
Robert Kelly	5,000,000
Cameron McCullagh	4,000,000
Stephen Humphrys	1,000,000
Allan Reynolds	900,000
	10,900,000

Shareholdings of the Executive Team and Non-executive Directors

Following the successful listing of the Company in August 2013, the Executive Team and Non-executive Directors acquired the Company's ordinary shares through the initial public retail offer, re-weighting shares, consideration shares and Executive Shares.

These shares are held directly by the Executive Team and Non-executive Directors or indirectly by the Executive Team's and Non-executive Directors' related parties, inclusive of entities controlled, jointly controlled or significantly influenced by them.

The table below summarises all these allocations.

Table 11 – Shareholdings of the Executive Team and Non-executive Directors

	Initial public retail offer	Re-weighting shares Number	Consideration shares Number	Executive Shares Number	Total Number
Frank O'Halloran, AM	1,147,825	–	–	–	1,147,825
Robert Kelly	98,260	150,461	–	5,000,000	5,248,721
David Liddy	217,391	–	–	–	217,391
Anne O'Driscoll	108,695	–	–	–	108,695
Philip Purcell	86,956	–	–	–	86,956
Greg Rynenberg	247,824	286,414	–	–	534,238
Jonathan Upton	17,390	478,709	1,700,000	–	2,196,099
Cameron McCullagh	26,086	–	–	4,000,000	4,026,086
Stephen Humphrys	–	–	–	1,000,000	1,000,000
Allan Reynolds	13,043	–	–	900,000	913,043
Samantha Hollman	173,913	–	–	–	173,913
Linda Ellis	60,869	–	–	–	60,869

Other information

Anne O'Driscoll, a Director of the Company from 1 July 2013, was engaged as a consultant to the Company to assist in managing the Restructure and Listing between December 2012 and June 2013. Her total remuneration for these services up to 30 June 2013 amounted to $224,965.

Potential remuneration of the Executive Team

Table 12 outlines the potential remuneration of the Executive Team for the financial year ending 30 June 2014 (FY14) as approved by the Remuneration & Succession Planning Committee. This reflects the new remuneration structure of the Company from 1 July 2013 onwards.

Table 13 outlines the maximum allocation of an award under the short term incentive plan (STI Plan) which varies by executive and will only be vested if the performance hurdles and earnings per share (EPS) growth threshold set out in the schedule in this table are achieved. EPS growth will be measured against the FY13 forecast EPS of 5.4 cents.

The performance hurdles for the long term incentive plan (LTI Plan) are:

- continuous employment and performance rating to be met for the five year vesting period; and
- the Group's average diluted EPS increasing by a compound 10% per annum over the five year vesting period.

Table 12 – Potential remuneration of the Executive Management Team for FY14

		Maximum award as a % of fixed remuneration		
	Fixed remuneration	STI – cash	STI – deferred equity awards	LTI – deferred equity awards
Robert Kelly	$780,000	75%	50%	50%
Cameron McCullagh	$572,000	45%	30%	35%
Stephen Humphrys	$425,000	45%	30%	35%
Allan Reynolds	$340,827	30%	20%	15%
Samantha Hollman	$252,578	30%	20%	15%
Linda Ellis	$277,410	30%	20%	15%

Table 13 – STI Plan performance hurdle for FY14

	FY14 STI Plan maximum award as a % of fixed remuneration			Proportional allocation	
FY14 EPS growth achieved	Robert Kelly	Cameron McCullagh and Stephen Humphrys	Allan Reynolds, Samantha Hollman and Linda Ellis	STI – cash	STI – deferred equity awards
<5.0%	0.0%	0.0%	0.0%	0.0%	0.0%
5.0%	20.0%	20.0%	20.0%	60.0%	40.0%
7.5%	37.5%	29.2%	25.0%	60.0%	40.0%
10.0%	55.0%	38.3%	30.0%	60.0%	40.0%
12.5%	72.5%	47.5%	35.0%	60.0%	40.0%
15.0%	90.0%	56.7%	40.0%	60.0%	40.0%
17.5%	107.5%	65.8%	45.0%	60.0%	40.0%
20.0%	125.0%	75.0%	50.0%	60.0%	40.0%

Signed at Sydney this 30th August 2013 in accordance with a resolution of the Directors.

Frank O'Halloran AM
Chairman

Robert Kelly
Director

Lead auditor's independence declaration

under Section 307C of the Corporations Act 2001

To the directors of Steadfast Group Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2013 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.

KPMG

KPMG

Andrew Dickinson
Partner

Sydney
30 August 2013

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Statement of comprehensive income

For the year ended 30 June 2013

	Note	Consolidated 2013 $'000	2012 $'000
Revenue	5	**34,769**	31,337
Other income		**97**	93
Share of profits of associates and joint venture accounted for using the equity method		**2,932**	2,706
		37,798	34,136
Expenses			
Employment expenses		**(10,566)**	(5,982)
Occupancy expenses		**(610)**	(249)
Other expenses (include selling and administration expenses)		**(9,433)**	(7,284)
Member rebates		**(5,894)**	(11,809)
Depreciation and amortisation expenses	6	**(1,013)**	(264)
Finance costs	6	**(1,188)**	(4)
Due diligence and restructure costs	6	**(23,782)**	(1,165)
Profit/(loss) before income tax (expense)/benefit		**(14,688)**	7,379
Income tax (expense)/benefit	7	**1,421**	(1,205)
Profit/(loss) after income tax (expense)/benefit for the year		**(13,267)**	6,174
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net movement in foreign currency translation reserve		**224**	–
Income tax expense on other comprehensive income	7	**(67)**	–
Other comprehensive income for the year, net of tax	24	**157**	–
Total comprehensive income for the year attributable to the owners of Steadfast Group Limited		**(13,110)**	6,174
Profit/(loss) for the year is attributable to:			
Non-controlling interest		**170**	–
Owners of Steadfast Group Limited		**(13,437)**	6,174
		(13,267)	6,174
Total comprehensive income for the year is attributable to:			
Non-controlling interest		**170**	–
Owners of Steadfast Group Limited		**(13,280)**	6,174
		(13,110)	6,174
		$	$
Basic earnings per share (1,395 shares on issue)	41	**(9,632.258)**	4,446.208
Diluted earnings per share (1,395 shares on issue)	41	**(9,632.258)**	4,446.208

The above statement of comprehensive income should be read in conjunction with the notes to the financial statements.

Statement of financial position

As at 30 June 2013

	Note	Consolidated 2013 $'000	2012 $'000
Assets			
Current assets			
Cash and cash equivalents	8	**11,478**	9,990
Trade and other receivables	9	**20,097**	14,677
Other	10	**1,506**	329
Total current assets		**33,081**	24,996
Non-current assets			
Investments	11	**15,510**	4,005
Property, plant and equipment	12	**12,944**	3,717
Intangible assets and goodwill	13	**36,054**	–
Deferred tax assets	14	**138**	726
Other		**2**	2
Total non-current assets		**64,648**	8,450
Total assets		**97,729**	33,446
Liabilities			
Current liabilities			
Trade and other payables	15	**37,084**	4,747
Borrowings	16	**3,094**	50
Income tax payable	17	**1,001**	–
Provisions	18	**7,354**	12,114
Total current liabilities		**48,533**	16,911
Non-current liabilities			
Other payables	19	**1,524**	–
Borrowings	20	**33,529**	–
Deferred tax liabilities	21	**1,021**	1,774
Provisions	22	**740**	290
Total non-current liabilities		**36,814**	2,064
Total liabilities		**85,347**	18,975
Net assets		**12,382**	14,471
Equity			
Issued capital	23	**317**	317
Reserves	24	**157**	–
Retained profits		**11,195**	14,154
Equity attributable to the owners of Steadfast Group Limited		**11,669**	14,471
Non-controlling interest	25	**713**	–
Total equity		**12,382**	14,471

The above statement of financial position should be read in conjunction with the notes to the financial statements.

Statement of changes in equity

For the year ended 30 June 2013

Consolidated – 2012	Issued capital $'000	Reserves $'000	Retained profits $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2011	246	34	9,865	–	10,145
Profit after income tax expense for the year	–	–	6,174	–	6,174
Other comprehensive income for the year, net of tax	–	–	–	–	–
Total comprehensive income for the year	–	–	6,174	–	6,174
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 23)	89	–	–	–	89
Shares bought back during the year (notes 23, 24)	(18)	(34)	–	–	(52)
Dividends paid (note 26)	–	–	(1,885)	–	(1,885)
Balance at 30 June 2012	317	–	14,154	–	14,471

Consolidated – 2013	Issued capital $'000	Reserves $'000	Retained profits $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2012	**317**	**–**	**14,154**	**–**	**14,471**
Profit/(loss) after income tax (expense)/benefit for the year	**–**	**–**	**(13,437)**	**170**	**(13,267)**
Other comprehensive income for the year, net of tax	**–**	**157**	**–**	**–**	**157**
Total comprehensive income for the year	**–**	**157**	**(13,437)**	**170**	**(13,110)**
Transactions with owners in their capacity as owners:					
Share based payment on re-weighting shares (note 6)	**–**	**–**	**10,478**	**–**	**10,478**
Acquisition of subsidiary with non-controlling interest (note 35)	**–**	**–**	**–**	**543**	**543**
Balance at 30 June 2013	**317**	**157**	**11,195**	**713**	**12,382**

The above statement of changes in equity should be read in conjunction with the notes to the financial statements.

Statement of cash flows

For the year ended 30 June 2013

	Note	Consolidated 2013 $'000	2012 $'000
Cash flows from operating activities			
Receipts from customers		**36,988**	23,246
Payments to suppliers and employees and members rebate		**(35,308)**	(23,919)
Dividends received from associates and joint venture		**2,778**	2,420
Interest received		**300**	396
Interest and other finance costs paid		**(1,188)**	(4)
Income taxes paid		**(624)**	–
Net cash from operating activities	40	**2,946**	2,139
Cash flows from investing activities			
Payment for acquisitions of subsidiaries and business assets, net of cash acquired		**(18,173)**	–
Payments for property, plant and equipment	12	**(9,446)**	(50)
Payments for intangible assets	13	**(103)**	(9)
Payments for investments in associates and joint venture		**(8,780)**	–
Net cash used in investing activities		**(36,502)**	(59)
Cash flows from financing activities			
Proceeds from issue of shares	23	**–**	89
Proceeds from borrowings		**38,872**	–
Payments for share buy-backs		**–**	(52)
Dividends paid	26	**(168)**	(1,717)
Repayment of borrowings		**(3,660)**	–
Net cash from/(used in) financing activities		**35,044**	(1,680)
Net increase in cash and cash equivalents		**1,488**	400
Cash and cash equivalents at the beginning of the financial year		**9,990**	9,590
Cash and cash equivalents at the end of the financial year	8	**11,478**	9,990

The above statement of cash flows should be read in conjunction with the notes to the financial statements.

Note 1. General information

The financial report covers Steadfast Group Limited as a consolidated entity consisting of Steadfast Group Limited and the entities it controlled and the Group's interests in associates and joint venture. The financial report is presented in Australian dollars, which is Steadfast Group Limited's functional and presentation currency.

Steadfast Group Limited is a for profit listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Level 3, 99 Bathurst Street, Sydney NSW 2000.

A description of the nature of the consolidated entity's operations and its principal activities are included in the Directors' report, which is not part of the financial report.

The financial report was authorised for issue, in accordance with a resolution of Directors, on 30 August 2013.

Note 2. Significant accounting policies

Statement of compliance

This financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board and the ASX listing rules, as appropriate for for profit oriented entities.

International Financial Reporting Standards (IFRS) refer to the overall framework of standards and pronouncements approved by the International Accounting Standards Board. IFRS forms the basis of the Australian Accounting Standards. This financial report of the consolidated entity complies with IFRS.

Basis of preparation of the financial report

The significant accounting policies adopted in the preparation of this financial report are set out below. The accounting policies adopted in the preparation of this financial report have been applied consistently by all entities in the consolidated entity and are the same as those applied for the previous reporting period unless otherwise noted.

Historical cost convention

The financial statements have been prepared under the historical cost convention, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

New Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new recognition and measurement requirements, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the year ended 30 June 2013. These Accounting Standards and Interpretations have not had any material effect on the financial position and performance of the Group.

For those new accounting standards not applicable for the financial year ended 30 June 2013, refer to New Accounting Standards and Interpretations not early adopted section in this note for further details and potential impact to the consolidated entity.

Going concern

The consolidated financial statements have been prepared on a going concern basis.

As of 30 June 2013 the consolidated entity's current liabilities exceed current assets by $15.452 million. This is mainly due to $8.340 million of deferred consideration payable for the acquisition of businesses in the period being shown as a current liability as well as $3.094 million of current bank loans in relation to the acquisition of businesses during the financial year.

In August 2013, the Company was successfully listed on the ASX, raised $333.703 million capital in cash for settlement of the acquisition of businesses completed during the financial year ended 30 June 2013 as well as business acquired upon listing, repayment of debt facilities, payment of due diligence and restructure costs related to the successful listing of the Company and to raise $25.000 million for future acquisitions. The Directors therefore believe the going concern assumption to be appropriate.

Comparative information

Prior year comparative information has been revised in this financial report, purely for reclassification purposes in accordance with the Group's current business model. The reclassifications include:

- Expenses categories in the statement of comprehensive income
- Dividend received classified as operating cash inflows in the statement of cash flows
- Cash and cash equivalents categories in note 8 Current assets – cash and cash equivalents
- Dividend receivable from joint venture included in other receivable in note 9 – trade and other receivables
- Investment in joint venture in note 11 – investments

Rounding

Amounts in this financial report have been rounded to the nearest thousand dollars, unless otherwise stated. The consolidated entity is the kind referred to in the class order 98/100 dated 10 July 1998 issued by the Australian Securities & Investments Commission. All rounding has been conducted in accordance with that class order.

Principles of consolidation

The consolidated financial statements of Steadfast Group Limited (the Company or parent entity) and its subsidiaries (consolidated entity or the Group) incorporate the assets and liabilities of the Company and all subsidiaries and the results of the Company and all subsidiaries.

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.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated.

Note 2. Significant accounting policies (continued)

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 consolidated entity.

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 entity.

Where the parent entity 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 parent entity 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.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured.

Revenue is measured at the fair value of the consideration received or receivable.

Marketing and administration fees

The Company has negotiated with Strategic Partners to receive marketing and administration fees based on the amount of business placed with those companies for the consolidated entity's preferred products. These amounts are recognised as revenue when base premium is placed (in the case of insurers and underwriting agencies) or premiums funded (in the case of premium funders).

Fees and commission income

Commission, brokerage and fees are recognised when the related service has been provided and it is probable that the consolidated entity will be compensated for services rendered and the amount of consideration for such services can be reliably measured. This is deemed to be the invoice date. An allowance is made for anticipated lapses and cancellations.

Interest revenue

Interest revenue is recognised on an accruals basis using the effective interest method.

Dividends revenue

Dividends revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting as a reduction in the carrying amount of the investment.

Claims experience benefit

The consolidated entity may receive a claims experience benefit payment or payments in respect of the Erato Professional Indemnity scheme. Revenue is recognised for a claims experience benefit for a particular policy year when it is likely that a claims experience benefit is receivable and the amount can be measured reliably.

Factors taken into account in recognising a claims experience benefit include the number of years that have passed since the end of a policy year and whether various claims have been closed or can be reliably measured.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Finance costs

Finance costs include interest, which is accrued at the contracted rate and included in payables, amortisation of transaction costs which are capitalised, presented together with the borrowings, and amortised over the life of the borrowings or a shorter period if appropriate.

Share based payments with non employees

Share based payments with non employees are measured at the fair value of the equity instruments granted at the date services or goods were received, or at the grant date if no goods or services are identified. An expense is recognised as the good or service is received, or on the grant date if no good or service is identified.

Employee benefits

Short term employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short term cash bonus or profit sharing plans if the consolidated entity has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Share based payment transactions

The grant date fair value of share based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in provision for employee benefits, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share based payment awards with non-vesting conditions, the grant date fair value of the share based payment is measured to reflect such conditions, and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period that the employees unconditionally become entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognised as employee benefit expenses in profit or loss.

Note 2. Significant accounting policies (continued)

Income tax

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply 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 investments in subsidiaries, associates or interests in 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 amounts 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 and either the same taxable entity or different taxable entities which intend to settle simultaneously.

The Company (the head entity) and its wholly owned Australian controlled entities have formed an income tax consolidated group under the tax consolidation regime.

The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts.

The tax consolidated group has applied the standalone taxpayer approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group in proportion to their contribution to the consolidated entity taxable income.

Differences between the amount of net tax asset or liability derecognised and the net amounts recognised pursuant to the funding agreements are recognised as either a contribution by, or distribution from, the subsidiaries to the head entity.

Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Australian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve, in equity.

However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to the non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such items are considered to form part of the net investment in the foreign operation and are recognised in other comprehensive income, and presented within equity in the translation reserve.

Earnings per share

Basic earnings per share is calculated as net profit attributable to owners of the parent entity, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to owners of the parent entity, adjusted for:

> the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and

> other non-discretionary changes in revenues or expenses during the period that would result from the conversion of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares.

Note 2. Significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents includes cash in bank, deposits held at call with financial institutions, and 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.

Cash also includes balances from insurance broking and underwriting agency accounts in respect of controlled entities, but transactions to and from these accounts have been excluded from the cash flow statements.

Cash held on trust relates to cash held for insurance premiums received from policyholders which will ultimately be paid to underwriters. Cash held on trust cannot be used to meet business operations/operating expenses other than payments to underwriters and/or refunds to policyholders.

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 provision for impairment.

Trade receivables are generally due for settlement within 30 to 60 days. Collectability of trade receivables is reviewed on an ongoing basis.

Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Other receivables are recognised at amortised cost, less any provision for impairment.

Investments in associates

Investments in associates are accounted for using the equity method and are carried at the lower of the equity accounted amount and the recoverable amount.

Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associates.

The investor's share of the post tax profit or loss of the investee is included in the profit or loss of the consolidated entity and disclosed as a separate line in the statement of comprehensive income. Dividend received or receivable reduce the carrying amount of the investment and are not included as dividend revenue of the consolidated entity. Movements in the total equity of the investee that are not recognised in the profit or loss of the investee are recognised directly in equity of the consolidated entity and disclosed in the statement of changes in equity.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

When the associate subsequently makes profit, the consolidated entity will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

Investment in joint ventures

Investments in joint ventures are accounted for using the equity method and are carried at the lower of the equity accounted amount and the recoverable amount.

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

Under the equity method, the share of the post tax profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income.

Dividends earned from joint venture entities reduce the carrying amount of the investment.

Property, plant and equipment

Buildings, plant and equipment are 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 property, plant and equipment over its expected useful life as follows:

- buildings 40 years;
- freehold improvements 3 to 10 years;
- motor vehicles 4 to 5 years;
- fittings and other equipment 1 to 10 years.

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

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to the statement of comprehensive income.

Software

Significant costs associated with development of software will be deferred and amortised on a straight-line basis over the period of their expected benefit.

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 ownership of leased assets; and operating leases, under which the lessor effectively retains substantially all such risks and benefits. Operating lease payments, net of any incentives received from the lessor, are charged to statement of comprehensive income on a straight-line basis over the term of the lease.

Note 2. Significant accounting policies (continued)

Business combinations

The acquisition method of accounting is used to account for all business combinations.

Cost is measured as the fair value of the assets given, shares issued or liabilities assumed at the date of exchange.

All acquisition costs including stamp duty and legal fees are recognised in the statement of comprehensive income as incurred. A change in the ownership interest in a controlled entity (without loss of control) is accounted for as a transaction with owners in their capacity as owners, and these transactions will not give rise to a gain or loss.

Where there is a change in ownership and the consolidated entity loses control, the gain or loss will be recognised in the statement of comprehensive income. The carrying value of non-controlling interest is reset to fair value.

In the period a new business is acquired, an estimate is made of the fair value of the future contingent consideration. Any variation to this amount in future periods is recognised through the statement of comprehensive income.

Over accruals are recognised as income in the period the amount is reversed, and any under accruals are charged as an expense against profits in the statement of comprehensive income.

All identifiable assets acquired and liabilities and contingent liabilities assumed in the business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

The contingent consideration is carried in the statement of financial position at net present value.

The unwinding of the discount is recognised as an interest expense in the statement of comprehensive income. This is offset to an extent by a deferred tax credit.

Revaluation

When a business combination occurs, the acquiree's identifiable assets and liabilities are restated to their fair value at the date of the exchange transaction to determine the amount of any goodwill associated with the transaction.

Any adjustment to those fair values relating to previously held interests of the acquiree is accounted for as an adjustment to fair value and the movement is reflected in the statement of comprehensive income as either a profit or loss.

Intangible assets

Goodwill

Goodwill on acquisition is initially measured at cost, being the excess of the cost of the business combination over the acquirer's interest in the fair value of the identifiable net assets acquired at the date of acquisition.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses and is not amortised.

Goodwill is reviewed for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. As at the acquisition date, any goodwill acquired is allocated to each of the cash generating units expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the cash generating unit to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of a cash generating unit and part of the operation of that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

Impairment losses recognised for goodwill are not subsequently reversed.

Identifiable intangible assets

Identifiable intangible assets acquired separately or in a business combination (mainly customer relationships) are initially measured at cost.

The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. The useful lives of these intangible assets are assessed on acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment costs. Internally generated intangible assets are not capitalised and expenditure is charged against profits in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful life, currently estimated to be up to ten years, and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an identifiable intangible asset with a finite useful life is reviewed at least at each financial year end.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate.

The amortisation expense on identifiable intangible assets with finite lives is recognised in the profit and loss and disclosed in depreciation and amortisation expenses line in the statement of comprehensive income.

Gains or losses arising from derecognition of an identifiable intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income when the asset is derecognised.

Loans to joint ventures

Loans to joint ventures are recognised when cash is advanced. They are initially recognised at fair value, and subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment. Interest income on loans to joint ventures is recognised on an accruals basis.

Note 2. Significant accounting policies (continued)

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial period 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 to 90 days of recognition.

Loans and borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, less any directly attributed transaction costs.

These 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.

Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability.

Where discounting is used, the increase in provision due to the passage of time is recognised as a finance cost.

Employee benefits

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave is recognised in current and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method.

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 national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Contributions to superannuation

Contributions are made to employees' defined contribution superannuation funds and are expensed in the period in which they are incurred.

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 period.

Goods and services tax and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated goods and services tax (GST), unless the GST incurred is not recoverable from the tax authority. Where GST is not recoverable, 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, except for the GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the tax authority, which 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.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Managing Director & CEO.

Note 2. Significant accounting policies (continued)

New Accounting Standards and Interpretations not early adopted

The consolidated entity has not early adopted and applied any new, revised or amending Accounting Standards and Interpretations that are not yet mandatory for the financial year ended 30 June 2013.

New, revised or amending Accounting Standards and Interpretations will be adopted by the consolidated entity in the operating year commencing 1 July after the effective date of these standards and interpretations as set out in the table below.

Title	Description	Effective date	Operating year	Note
AASB 9	Financial Instruments	1 January 2015	30 June 2016	A
AASB 2009-11	Amendments to Australian Accounting Standards arising from AASB 9	1 January 2015	30 June 2016	A
AASB 2010-7	Amendments to Australian Accounting Standards arising from AASB 9	1 January 2015	30 June 2016	A
AASB 2012-6	Amendments to Australian Accounting Standards arising from AASB 9	1 January 2015	30 June 2016	A
AASB 10	Consolidated Financial Statements	1 January 2013	30 June 2014	A
AASB 11	Joint Arrangements	1 January 2013	30 June 2014	A
AASB 12	Disclosure of Interests in Other Entities	1 January 2013	30 June 2014	B
AASB 13	Fair Value Measurement	1 January 2013	30 June 2014	A
AASB 2011-8	Amendments to Australian Accounting Standards arising from AASB 13	1 January 2013	30 June 2014	A
AASB 127	Separate Financial Statements (Revised)	1 January 2013	30 June 2014	A
AASB 128	Investments in Associates and Joint Ventures (Revised)	1 January 2013	30 June 2014	A
AASB 119	Employee Benefits (September 2011)	1 January 2013	30 June 2014	A, B
AASB 2010-10	Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)	1 January 2013	30 June 2014	A, B
AASB 2011-4	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements	1 July 2013	30 June 2015	B
AASB 2011-7	Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards	1 January 2013	30 June 2014	A
AASB 2012-2	Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013	30 June 2014	C
AASB 2012-3	Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2014	30 June 2016	C
AASB 2012-5	Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle	1 January 2013	30 June 2014	A
AASB 2012-9	Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039	1 January 2013	30 June 2014	A
AASB 2012-10	Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments	1 January 2013	30 June 2014	A
AASB 2013-3	Amendments to AASB 136 – Recoverable Amounts Disclosures for Non-Financial Assets	1 January 2014	30 June 2016	B

Table note

A These changes are not expected to have a significant, if any, financial impact.

B These changes will impact disclosures when preparing the annual financial report.

C Not applicable.

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 may differ from 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.

Fair value of assets acquired

The consolidated entity measures the net assets acquired in a business combination at their fair value at the date of acquisition.

Fair value is estimated with reference to the market transactions for similar assets or discounted cash flow analysis.

Deferred consideration

The consolidated entity has made a best estimate of the amount of consideration payable for the acquisitions where there is a variable purchase price (for example, a multiple of future period earnings before interest expense, tax and amortisation (EBITA)) after performing due diligence on the acquisition. Should the final EBITA vary from these best estimates, the consolidated entity will be required to finance or reduce the final consideration payable and recognise the difference as expense or income.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill

Goodwill is assessed annually for impairment.

Recoverable amount of goodwill is estimated using discounted cash flow analysis of the relevant cash generating unit (CGU) deducting the carrying amount of the identifiable net assets of the CGU. Key assumptions used in the calculation of recoverable amounts are the discount rates, terminal value growth rates and EBITA growth rates.

Intangible assets

The carrying amounts of intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of the intangible asset exceeds its recoverable amount.

Recovery of deferred tax assets

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

Rebates provision

The provision represents the rebates from the consolidated entity to Steadfast Network brokers and is calculated based on a percentage of eligible income received from the consolidated entity's preferred insurance and funder partners. The actual amount of rebate finally paid may vary from the estimated amount.

Share based payment expense on re-weighting of shares

During the Extraordinary General Meeting held in June 2013, the shareholders voted to adopt a re-weighting of shares between owners from an equal allocation basis to a combination of equal allocation and one based on past support of various products and businesses. This resulted in a share based payment expense for those brokers receiving more than the average shareholding. The Group applied judgement in determining the fair value of services provided by the brokers who were the recipients of the re-weighted shares in excess of average shareholding post the re-weighting of shares assessment.

Note 4. Operating segments

The Company's corporate structure includes equity investments in insurance intermediary entities (insurance broking and underwriting agencies). Discrete financial information about each of these entities is reported to management on a regular basis and accordingly management considers each entity to be a discrete business operation. The Company believes that all of the Group's equity investments in insurance intermediary entities exhibit similar economic characteristics and have therefore been aggregated into a single reporting segment, being the general insurance intermediary sector. This assessment is based on each of the business operations having similar products and services, similar types of customer, employing similar operating processes and procedures and operating within a common regulatory environment. The Group is in the business of distributing and advising on insurance products in Australia and New Zealand.

In addition to reviewing performance based on statutory profit after tax, the Chief Operating Decision Maker (being the Managing Director & CEO) also reviews the additional performance measure, earnings before interest expense, tax, and amortisation (EBITA) broken down by consolidated entities, and associates and joint venture.

The additional performance measure, EBITA, and other related information broken down by consolidated entities, and associates and joint venture provided on a regular basis to the Chief Operating Decision Maker is outlined in the table below.

	2013 $'000	2012 $'000
EBITA – consolidated entities	**7,871**	5,850
Share of EBITA from associates and joint venture	**4,472**	3,845
EBITA from core operations	**12,343**	9,695
Less:		
Due diligence and restructure costs	**(13,304)**	(1,165)
Share based payment expense on re-weighting of shares	**(10,478)**	–
EBITA	**(11,439)**	8,530
Finance costs – consolidated entities	**(1,188)**	(4)
Finance costs – associates and joint venture (note 37)	**(17)**	–
Amortisation expense – consolidated entities	**(521)**	(9)
Amortisation expense – associates and joint venture (notes 37, 38)	**(235)**	–
Net profit/(loss) before income tax	**(13,400)**	8,517
Income tax (expense)/benefit – consolidated entities	**1,421**	(1,205)
Income tax (expense)/benefit – associates and joint venture (notes 37, 38)	**(1,288)**	(1,138)
Profit/(loss) after income tax (expense)/benefit for the year	**(13,267)**	6,174
Non-controlling interest	**(170)**	–
Net profit/(loss) after income tax attributable to owners of Steadfast Group Limited	**(13,437)**	6,174

Note 5. Revenue

	Consolidated 2013 $'000	2012 $'000
Sales revenue		
Marketing and administration fees	**24,513**	21,663
Fee and commission income	**5,623**	–
	30,136	21,663
Other revenue		
Interest	**340**	396
Other revenue	**4,293**	9,278
	4,633	9,674
Revenue	**34,769**	31,337

Note 6. Expenses

	Consolidated 2013 $'000	2012 $'000
Profit/(loss) before income tax includes the following specific expenses:		
Due diligence and restructure costs[(a)]		
Due diligence and restructure costs on acquisition of businesses	**13,304**	1,165
Share based payment expenses on re-weighting of shares[(b)]	**10,478**	–
Due diligence and restructure costs	**23,782**	1,165

(a) The due diligence and restructure costs are expected to be non-recurring expenses and arose due to specific activities to facilitate the Company listing on the ASX in August 2013.

(b) At the Extraordinary General Meeting of shareholders in June 2013, the shareholders agreed to restructure the shareholdings from an equal holding to a combination of an equal and proportionate holding based on past services provided to the Group. This resulted in a share based payment expense for those brokers receiving more than the average shareholding. The retained earnings of the Group were increased by a corresponding amount.

	2013 $'000	2012 $'000
Depreciation and amortisation		
Depreciation expense (note 12)	**492**	255
Amortisation expense (note 13)	**521**	9
Total depreciation and amortisation	**1,013**	264
Finance costs		
Interest and finance charges paid/payable	**1,188**	4
Rental expense relating to operating leases		
Minimum lease payments	**251**	9
Employee benefits		
Contributions to defined contribution superannuation funds	**687**	310
Share based payments	**64**	–
Transfers to provisions charged to profit or loss		
Restructuring provision	**400**	–

Note 7. Income tax expense/(benefit)

	Consolidated 2013 $'000	Consolidated 2012 $'000
Income tax expense/(benefit)		
Current tax	**1,495**	–
Deferred tax – origination and reversal of temporary differences	**(2,916)**	1,205
Aggregate income tax expense/(benefit)	**(1,421)**	1,205
Deferred tax included in income tax expense/(benefit) comprises:		
Increase in deferred tax assets (note 14)	**(1,200)**	(558)
Increase/(decrease) in deferred tax liabilities (note 21)	**(1,716)**	1,763
Deferred tax – origination and reversal of temporary differences	**(2,916)**	1,205
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Profit/(loss) before income tax expense/(benefit)	**(14,688)**	7,379
Tax at the statutory tax rate of 30%	**(4,406)**	2,214
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses – share based payment expenses on re-weighting of shares	**3,144**	–
Share of after tax profits of associates and joint venture	**(880)**	(814)
Non-deductible expenses – other (including restructure costs)	**721**	11
	(1,421)	1,411
Prior year tax losses not recognised now recouped	**–**	(206)
Income tax expense/(benefit)	**(1,421)**	1,205

	Consolidated 2013 $'000	Consolidated 2012 $'000
Amounts charged directly to equity		
Deferred tax liabilities (note 21)	**67**	–

Note 8. Current assets – cash and cash equivalents

	Consolidated 2013 $'000	Consolidated 2012 $'000
Cash and cash equivalents	**3,235**	9,189
Cash and cash equivalents – trust	**8,243**	801
	11,478	9,990

Note 9. Current assets – trade and other receivables

	Consolidated 2013 $'000	Consolidated 2012 $'000
Trade receivables	**19,367**	7,962
Other receivables	**730**	6,715
	20,097	14,677

Note 10. Current assets – other

	Consolidated 2013 $'000	Consolidated 2012 $'000
Prepayments	**1,506**	329

As at 30 June 2013, the balance of prepayments included transaction costs of $1,359,000 in relation to the issue of share capital resulting from the restructure and successful listing of the Company on the ASX in August 2013. These transaction costs will net off against share capital issued in the next reporting period.

Note 11. Non-current assets – investments

	Consolidated 2013 $'000	Consolidated 2012 $'000
Investments in associates (note 37)		
Miramar Underwriting Agency Pty Ltd	**1,383**	1,521
Rothbury Group Limited	**6,836**	–
SME Insurance Survey's Pty Ltd	**–**	22
	8,219	1,543
Investment in joint venture (note 38)		
Macquarie Premium Funding Pty Ltd	**3,593**	2,462
Loan to joint venture (note 33)		
Macquarie Premium Funding Pty Ltd	**3,698**	–
	15,510	4,005

Note 12. Non-current assets – property, plant and equipment

	Consolidated 2013 $'000	Consolidated 2012 $'000
Buildings – at cost	**12,066**	3,624
Less: Accumulated depreciation	**(687)**	(427)
	11,379	3,197
Freehold improvements – at cost	**1,405**	587
Less: Accumulated depreciation	**(311)**	(263)
	1,094	324
Fittings and other equipment – at cost	**1,310**	971
Less: Accumulated depreciation	**(945)**	(775)
	365	196
Motor vehicles – at cost	**120**	–
Less: Accumulated depreciation	**(14)**	–
	106	–
	12,944	3,717

Reconciliations

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

Consolidated	Buildings $'000	Freehold improvements $'000	Fittings and other equipment $'000	Motor vehicles $'000	Total $'000
Balance at 1 July 2011	3,287	355	280	–	3,922
Additions	–	7	43	–	50
Depreciation expense	(90)	(38)	(127)	–	(255)
Balance at 30 June 2012	3,197	324	196	–	3,717
Additions	**8,442**	**818**	**186**	**–**	**9,446**
Additions through business combinations (note 35)	**–**	**–**	**153**	**120**	**273**
Depreciation expense	**(260)**	**(48)**	**(170)**	**(14)**	**(492)**
Balance at 30 June 2013	**11,379**	**1,094**	**365**	**106**	**12,944**

Note 13. Non-current assets – intangible assets and goodwill

	Consolidated 2013 $'000	2012 $'000
Goodwill – at cost	**28,131**	–
	28,131	–
Customer relationships – at cost	**8,339**	–
Less: Accumulated amortisation	**(421)**	–
	7,918	–
Software – at cost	**189**	84
Less: Accumulated amortisation	**(184)**	(84)
	5	–
	36,054	–

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 $'000	Customer relationships $'000	Software $'000	Total $'000
Balance at 1 July 2011	–	–	–	–
Additions	–	–	9	9
Amortisation expense	–	–	(9)	(9)
Balance at 30 June 2012	–	–	–	–
Additions	**–**	**–**	**103**	**103**
Additions through business combinations (note 35)	**28,131**	**8,339**	**2**	**36,472**
Amortisation expense	**–**	**(421)**	**(100)**	**(521)**
Balance at 30 June 2013	**28,131**	**7,918**	**5**	**36,054**

Note 13. Non-current assets – intangible assets and goodwill (continued)

Impairment testing of identifiable intangibles and goodwill

The recoverable amount of identifiable intangibles (customer relationships) and goodwill arising on consolidation of subsidiaries and acquired business assets is determined based on the higher of the Directors' estimate of fair value of the cash generating unit (CGU) to which they relate less costs to sell and its value in use.

In performing impairment testing, each subsidiary or portfolio of business assets acquired (refer note 35) is considered a separate CGU or grouped into one CGU where operations are linked. The value in use for each CGU has been determined using a discounted cash flow model, based on one year projection period approved by the directors and extrapolated for a further 4 years using a steady revenue growth rate, together with a terminal value. The profit margins are adjusted for extrapolated years to reflect the directors' estimate of sustainable margins for each CGU.

The following key assumptions were used in discounted cash flow models for value in use calculations for all CGUs (comparable assumptions for previous year are not disclosed as there were no identifiable intangibles and goodwill on consolidation):

- post tax discount rates of 11.2% to 13.1% (pre-tax 15.1% to 17.9%);
- revenue growth of 4% between the financial years between 2015 and 2018; and
- long term revenue growth of 2.5% per annum.

Post tax discount rates of between 11.2% and 13.1% reflect the consolidated entity's weighted average cost of capital (WACC), adjusted for additional risks specific to each CGU. The WACC takes into account market risks, size of the business, current borrowing interest rates, borrowing capacity of the businesses and the risk free rate. External expert advice has been sought in relation to the determination of appropriate discount rates to be used.

Directors have estimated a revenue growth of 5% for the financial years between 2015 and 2018 based on short term industry forecasts and have no reason to revise this estimation based on current performance. A conservative revenue growth of 4% between 2015 and 2018 is being used in the impairment testing.

Directors believe that the long term revenue growth rate of 2.5% is prudent and justified, based on the current economic outlook and market conditions.

The fair value assessment for each CGU is based on the directors' estimates of earnings before interest expense, tax and amortisation (EBITA) tested against current and prior year EBITA. The sustainable EBITA for each CGU is multiplied by an earnings multiple appropriate for similar businesses. Directors may also consider an estimate of fair value with reference to a multiple of after tax earnings, commission and fee income or other measures for each CGU based on market practice for acquisition of similar businesses. Fair value measures were not used to determine the recoverable value of any CGU in the current period.

The recoverable values are compared to the carrying value for each CGU and in the event that the carrying value exceeds the recoverable amount, an impairment loss is recognised.

No reasonable possible change in assumptions would result in the recoverable amount of a CGU being materially less than the carrying value.

Note 14. Non-current assets – deferred tax assets

	Consolidated 2013 $'000	2012 $'000
Deferred tax assets comprise temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	**–**	2
Accrued expenses	**694**	–
Provisions	**603**	196
Software development pool and capitalised projects	**205**	206
Expenditure claimable over five years	**510**	254
Property other than depreciating assets	**79**	57
Others	**1**	11
Deferred tax assets	**2,092**	726
Movements:		
Balance at the beginning of the financial year	**726**	168
Credited to profit or loss (note 7)	**1,200**	558
Additions through business combinations (note 35)	**166**	–
Balance at the end of the financial year before offset	**2,092**	726
Less: offset against deferred tax liabilities (note 21)	**(1,954)**	–
Balance at the end of the financial year	**138**	726

Note 15. Current liabilities – trade and other payables

	Consolidated 2013 $'000	2012 $'000
Trade payables	**26,211**	1,056
Trust Account (Erato funds)	**1,203**	801
Unearned income	**198**	1,125
Deferred consideration for acquired businesses (note 35)	**8,340**	–
Other tax liabilities	**616**	1,591
Dividend payables	**–**	168
Other payables	**516**	6
	37,084	4,747

Refer to note 27 for further information on financial instruments.

Note 16. Current liabilities – borrowings

	Consolidated 2013 $'000	Consolidated 2012 $'000
Bank loans	**3,094**	50

Refer to note 20 for further information on the bank facilities drawn down and note 27 for further information on financial instruments.

Note 17. Current liabilities – income tax payable

	Consolidated 2013 $'000	Consolidated 2012 $'000
Provision for income tax	**1,001**	–

Note 18. Current liabilities – provisions

	Consolidated 2013 $'000	Consolidated 2012 $'000
Restructuring	**400**	–
Employee benefits	**934**	281
Rebates	**6,020**	11,833
	7,354	12,114

Rebates

The provision represents the rebates due from the consolidated entity to Steadfast Network brokers and includes a rebate attributable to Macquarie Premium Funding of $Nil (2012: $2,660,000).

Movements in provisions

Movements in the rebates provision during the current financial year, are set out below:

Consolidated – 2013	Rebates $'000
Balance at the beginning of the financial year	**11,833**
Additional provisions recognised	**5,894**
Payments	**(11,707)**
Balance at the end of the financial year	**6,020**

Note 19. Non-current liabilities – other payables

	Consolidated	
	2013 $'000	2012 $'000
Deferred consideration	**1,524**	–

Refer to note 27 for further information on financial instruments.

Refer to note 35 for further information on deferred consideration payable for the acquired businesses during the financial year ended 30 June 2013.

Note 20. Non-current liabilities – borrowings

	Consolidated	
	2013 $'000	2012 $'000
Bank loans	**33,529**	–

Refer to note 27 for further information on financial instruments.

Bank facility details

As 30 June 2013, the Company had $44.430 million in secured cash advance term and revolving loan facilities (2012: $2.000 million of lines of credit) with Macquarie Bank Limited (Macquarie Bank). The expiry date of the current Macquarie Bank facilities is 12 October 2015. As at 30 June 2013, there was $7.807 million of undrawn facilities (2012: $2.000 million unutilised lines of credit).

Repayment subsequent to 30 June 2013

With the successful listing of the Company on the ASX in August 2013, the Macquarie Bank facilities were fully repaid by the Company on 7 August 2013. The repayment was funded by cash raised through the public and institutional offer in relation to the listing of the Company on the ASX. Upon repayment of the Macquarie Bank facilities, the associated guarantee and indemnity were effectively withdrawn.

Key terms and conditions of banking facilities

The key terms and conditions of the banking facilities are set out below. All the guarantee and indemnity provide by the Group to Macquarie Bank as described below were effectively withdrawn in August 2013 upon the repayment of the facilities outstanding as at 30 June 2013:

Interest

The Company paid Macquarie Bank interest at a variable rate (2012: variable rate). A line fee is also payable by the Company on any undrawn amounts under the Macquarie Bank facilities.

Guarantee

The Company and its subsidiaries (the Guarantors) had granted a guarantee and indemnity in favour of Macquarie Bank in respect of the Company's obligation under the Macquarie Bank facilities.

Security

2013: Macquarie Bank facilities

The Company and the Guarantors have granted various securities to secure the Macquarie Bank facilities including:

> security interests over all of their present and after-acquired assets and undertakings in favour of Macquarie Bank;

> mortgages over Levels 1, 3 and 5, 97-99 Bathurst Street, Sydney NSW 2000 in favour of Macquarie Bank; and

> mortgages over any money or negotiable instrument received in payment of any claim on, or on cancellation of, any insurance policy in respect of the above property in favour of Macquarie Bank.

Note 20. Non-current liabilities – borrowings (continued)

New subsidiaries

The Company provided to Macquarie Bank, in respect of any entity being acquired by the Company in its entirety, guarantee and security in the form of a registered first ranking security over all the present and after acquired assets and undertakings of that acquired entity.

2012: Lines of credit

The line of credit was secured by a registered first mortgage, over Level 3, 97-99 Bathurst Street Sydney. The security was discharged on 12 September 2012.

Representations, warranties, undertakings and defaults

The Macquarie Bank facilities contained a number of representations, warranties and undertakings (including financial covenants and reporting obligations) from the Company and the Guarantors that are customary for a facility of this nature, including covenants ensuring that the Company maintains a Group debt to EBITDA ratio below agreed levels and a Group debt service cover ratio above agreed levels.

The Macquarie Bank facility agreements contained a list of events of default which are customary for finance facilities of this nature. These events of default include failure to pay any amounts in accordance with the finance documents, failure to comply with any other provision of the finance documents, misrepresentation of facts pertaining to any finance document, any borrowing or surety becomes prematurely due or is not paid when due, the occurrence of an insolvency event and the occurrence of an event which, in Macquarie Bank's opinion, may have had a material adverse effect. If an event of default occurs, Macquarie Bank may declare that its obligations under the finance documents are cancelled and/or the balance outstanding under the Macquarie Bank facilities is immediately due and payable.

There were no breaches of covenants or default during the financial year.

Note 21. Non-current liabilities – deferred tax liabilities

	Consolidated	
	2013 $'000	**2012 $'000**
Deferred tax liabilities comprise temporary differences attributable to:		
Amounts recognised in profit or loss:		
Intangible assets	**2,369**	–
Accrued income	**519**	1,757
Property, plant and equipment	**20**	14
Prepayments	**–**	3
Others	**67**	–
Deferred tax liabilities	**2,975**	1,774
Movements:		
Balance at the beginning of the financial year	**1,774**	11
Charged/(credited) to profit or loss (note 7)	**(1,716)**	1,763
Charged to equity	**67**	–
Additions through business combinations (note 35)	**2,850**	–
Balance at the end of the financial year before offset	**2,975**	1,774
Less: offset against deferred tax assets (note 14)	**(1,954)**	–
Balance at the end of the financial year	**1,021**	1,774

Note 22. Non-current liabilities – provisions

	Consolidated	
	2013 $'000	2012 $'000
Employee benefits	**740**	290

Note 23. Equity – issued capital

	Consolidated		Consolidated	
	2013 No. of shares	2012 No. of shares	**2013 $'000**	2012 $'000
Ordinary shares – fully paid	**1,395**	1,395	**317**	317

Movements in ordinary share capital

Details	Date	No. of shares	Issue price	$'000
Balance	1 July 2011	1,390		246
Share buy-back	25 July 2011	(10)	$1,860.00	(18)
Shares issued	23 April 2012	15	$5,950.67	89
Balance	30 June 2012	1,395		317
Balance	30 June 2013	**1,395**		**317**

Ordinary shares

Ordinary shares on issue at 30 June 2013 entitle the holder to participate in dividends in proportion to the volume of business. Ordinary shares participate in the proceeds on winding up of the parent entity in proportion to the number of shares held.

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

Capital risk management

The consolidated entity's objectives when managing capital are 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.

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

Note 23. Equity – issued capital (continued)

Restructure of capital during the financial year

On 14 June 2013, an Extraordinary General Meeting was held to change the constitution of the Company to facilitate the listing of the Company on the ASX. In August 2013, the Company was successfully listed on the ASX.

During the Extraordinary General Meeting, the shareholders also voted to adopt a re-weighting of shares between owners from an equal allocation basis to a combination of equal allocation and one based on past support of various products and businesses.

In addition, as part of this, and effective from the date of listing on the ASX, the existing 1,395 issued ordinary shares before restructure of capital were converted into 1,395 preferred capital shares upon the issue of re-weighting shares. The terms and conditions of the preferred capital shares are that they:

- do not carry any voting rights at a general meeting;
- do not carry any rights to receive dividends; and
- are entitled to a return of capital of $0.01 per preferred share in priority to the ordinary shares in the event of the winding up of the Company but will not participate in any other distribution of surplus assets or profits.

This re-weighting did not change the dollar value of share capital which existed as at 30 June 2013 or at listing in August 2013. However, it had a one-off effect of causing a share based payment expense of $10.478 million, offset by an increase in retained earnings for the financial year. The expense reflected the value transferred to owners whose proportionate holding in the Company increased as a result of past services provided to the Company.

Share based payments on re-weighting shares with non employees

As explained above, the Company implemented a re-weighting of shares between the existing owners of the Company. The re-weighting determined the number of ordinary shares to be issued to each owner upon successful listing of the Company.

The Company considered that it was important that the relative value provided by each of the Company's existing owners (each of them owned five ordinary shares before the re-weighting of shares assessment) was recognised through their future shareholdings in the Company. Therefore, the re-weighting of shares assessment had reference to a number of factors relating to each owner's past contribution to the Company. The outcome of the re-weighting assessment resulted in a total of 65.588 million of ordinary shares to be issued to the existing owners in August 2013 upon the listing of the Company. This re-weighting assessment also changed the shareholdings from five ordinary shares per owners to various numbers of shares per owners, with some of the owners holding more than the average number of shares on issue at listing and some of the owners holding less than the average number of shares.

There were four elements (Re-weighting criteria) which were taken into account when assessing the number of re-weighting shares an owner was entitled to. The total number of shares assessed from Re-weighting criteria represented the total number of shares to be issued to each existing owner upon successful listing of the Company. The details of the Re-weighting criteria are provided below.

Equal allocation

An equal allocation of the Company's shares based on net tangible assets plus a multiple of 6.7 times the estimated normalised ongoing profits of the Company (excluding acquisitions and the profit that the other elements are based on in the re-weighting of shares assessment) divided by 1,395 shares which were held by existing owners. This calculation resulted in each existing owner being allocated 98,000 ordinary shares.

Marketing and administration fees contribution

30% of each existing owners' (who had been an owner since 1 July 2011) rebates for the year ended 30 June 2012 multiplied by 6.5. For those owners who became owners post 1 July 2011, an estimated owner's rebates would be calculated as if that owner had been an owner for the full financial year ended 30 June 2012.

Claims experience benefits contribution

The value of the claims experience benefits related to the Erato Professional Indemnity scheme for the 2005 to 2007 policy years, allocated on a pro rata basis for each of those policy years based on the individual owner's premiums in the respective years.

Macquarie Premium Funding contribution

The contribution by each owner to the value realised by the Company in relation to its involvement with Macquarie Premium Funding (MPF). This value has been calculated by reference to an estimate of the Company's interests in MPF multiplied by 5.8. 80% of that value is allocated to those owners who had supported MPF, calculated based on the volume supported by owners over the three years to 31 January 2013.

Note 23. Equity – issued capital (continued)

Issue of new capital subsequent to 30 June 2013

In August 2013, the Company has a total of 500.873 million ordinary shares on issue resulting from:

> 65.588 million for re-weighting shares;
> 10.900 million for executive shares;
> 134.210 million for consideration shares; and
> 290.175 million for individual and institutional investors.

The cash proceeds raised from listing of the Company was $333.703 million.

In addition, 1,395 ordinary shares on issue at 30 June 2013 had been converted into 1,395 preferred capital shares.

Note 24. Equity – reserves

	Consolidated	
	2013 $'000	2012 $'000
Foreign currency translation reserve	**157**	–

Consolidated	Foreign currency translation reserve $'000	Shares buy-back $'000	Total $'000
Balance at 1 July 2011	–	34	34
Share buy-back	–	(34)	(34)
Balance at 30 June 2012	–	–	–
Other comprehensive income	**157**	**–**	**157**
Balance at 30 June 2013	**157**	**–**	**157**

Foreign currency translation reserve

The foreign currency translation reserve records the foreign currency differences from the translation of the equity accounted associate that has a functional currency other than Australian dollars.

Shares buy-back reserve

The reserve is used to recognise shares bought back from shareholders.

Note 25. Equity – non-controlling interest

	Consolidated	
	2013 $'000	2012 $'000
Movements:		
Balance at the beginning of the financial year	**–**	–
Acquisition of subsidiary with non-controlling interest (note 35)	**543**	–
Profit/(loss) after income tax (expense)/benefit for the year	**170**	–
Balance at the end of the financial year	**713**	–

Note 26. Equity – dividends

Dividends

	Consolidated	
	2013 $'000	2012 $'000
Dividend paid for the year ended 30 June 2011	**–**	177
Dividend paid for the year ended 30 June 2011 in respect of Macquarie Premium Funding	**–**	1,540
Dividend payable for the year ended 30 June 2012	**–**	168
	–	1,885

No dividends declared by the Company during the financial year or subsequent to the reporting date. $168,000 of the declared dividends for the last financial year were paid during the financial year ended 30 June 2013.

Franking credits

	Consolidated	
	2013 $'000	2012 $'000
Franking credits available for subsequent financial years based on a tax rate of 30%	**4,310**	4,009

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; and
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

Note 27. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: interest rate risk, credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk and ageing analysis for credit risk.

Risk management is carried out by senior finance executives (finance) under policies approved by the Board of Directors (the Board). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and may hedge financial risks within the consolidated entity's operating units. Finance reports to the Board on a regular basis.

Market risk

Interest rate risk

As at the reporting date, the consolidated entity had the following variable rate bank accounts and borrowings.

Consolidated	2013 Weighted average interest rate %	2013 Balance $'000	2012 Weighted average interest rate %	2012 Balance $'000
Cash at bank	**1.72**	**10,530**	2.89	8,985
Cash on deposit	**4.02**	**937**	5.55	1,000
Bank loans	**6.95**	**(36,623)**	8.05	(50)
Net exposure to cash flow interest rate risk		**(25,156)**		9,935

The consolidated entity held $11,000 (2012: $5,000) cash in hand which did not generate any interest income at the end of the financial year.

An official increase/decrease in interest rates of one hundred (2012: one hundred) basis points would have an adverse/favourable effect on profit/(loss) after tax of 176,000 (2012: favourable/adverse effect of $70,000) per annum.

The basis point change is based on the expected volatility of interest rates using market data, historical trends over prior years and the consolidated entity's ongoing relationships with financial institutions.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting 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 consolidated entity does not hold any collateral.

Credit risk of the consolidated entity mainly arises from cash and cash equivalents, trade and other receivables and loan to joint venture.

Although there is a concentration of cash and cash equivalents held with a major bank, credit risk is not considered significant.

The consolidated entity's exposure to credit risk is concentrated in the financial services industry with parties which are considered to be of sufficiently high credit quality. Trade receivables include amounts due from policyholders in respect of insurances arranged by controlled entities. Insurance brokers and underwriting agencies have credit terms of 90 days from policy inception to pay funds received from policyholders to insurers. Should policyholders not pay, the insurance policy is cancelled by the insurer and a credit given against the amount due. The consolidated entity's credit risk exposure in relation to these receivables is limited to commissions and fees charged. Commission revenue is recognised after taking into account an allowance for expected revenue losses on policy lapses and cancellations, based on past experience.

The loan to joint venture is provided with a fixed maturity date, 7 years from March 2013. The credit risk from the joint venture party is considered to be low as it is a loan secured by all present and future assets of the joint venture party.

Note 27. Financial instruments (continued)

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity 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 consolidated entity 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.

The following tables detail the consolidated entity's remaining contractual 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.

Consolidated – 2013	**Weighted average interest rate %**	**1 year or less $'000**	**Between 1 and 2 years $'000**	**Between 2 and 5 years $'000**	**Over 5 years $'000**	**Remaining contractual maturities $'000**
Non-derivatives						
Non-interest bearing						
Trade and other payables		**28,744**	**–**	**–**	**–**	**28,744**
Deferred consideration		**8,340**	**1,524**	**–**	**–**	**9,864**
Interest-bearing – variable rate						
Bank loans	**6.95**	**3,094**	**3,094**	**30,435**	**–**	**36,623**
Total non-derivatives		**40,178**	**4,618**	**30,435**	**–**	**75,231**

Consolidated – 2012	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade and other payables		4,747	–	–	–	4,747
Interest-bearing – variable rate						
Bank loans	8.05	50	–	–	–	50
Total non-derivatives		4,797	–	–	–	4,797

The cash flows in the maturity analysis above are not reflective of events that occurred subsequent to balance date. The Company successfully completed its capital raising through the initial public retail and institutional offer through the ASX and repaid all bank loans. The capital raised also provided funding for the settlement of deferred consideration payable through a combination of cash and shares.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to 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 instruments.

Note 28. Key management personnel disclosures

Compensation

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

	Consolidated 2013 $	Consolidated 2012 $
Short term employee benefits	**3,270,649**	2,182,255
Post employment benefits	**148,615**	89,227
Long term benefits	**100,060**	32,908
Termination payments	**284,271**	–
Share based payments	**19,230**	–
	3,822,825	2,304,390

Shareholding

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

2013	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Robert Kelly	**5**	**–**	**–**	**–**	**5**
Greg Rynenberg	**5**	**–**	**–**	**–**	**5**
Jonathan Upton	**5**	**–**	**–**	**–**	**5**
Christopher Baker *	**5**	**–**	**–**	**(5)**	**–**
Cameron Bott *	**5**	**–**	**–**	**(5)**	**–**
Michael Olofinsky *	**5**	**–**	**–**	**(5)**	**–**
Richard Post *	**5**	**–**	**–**	**(5)**	**–**
Shayne Smith *	**5**	**–**	**–**	**(5)**	**–**
Graham Stevens *	**5**	**–**	**–**	**(5)**	**–**
Gregory Stewart *	**5**	**–**	**–**	**(5)**	**–**
Joseph Vella *	**5**	**–**	**–**	**(5)**	**–**
John Wolozny *	**5**	**–**	**–**	**(5)**	**–**
	60	**–**	**–**	**(45)**	**15**

* Disposals/other – represents the Non-executive Directors who resigned from office and not a disposal of their shareholding during the financial period.

Note 28. Key management personnel disclosures (continued)

2012	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Robert Kelly	5	–	–	–	5
Greg Rynenberg	5	–	–	–	5
Christopher Baker	5	–	–	–	5
Cameron Bott	5	–	–	–	5
Michael Olofinsky	5	–	–	–	5
Richard Post	5	–	–	–	5
Graham Stevens	5	–	–	–	5
Gregory Stewart	5	–	–	–	5
Jonathan Upton	5	–	–	–	5
Joseph Vella	5	–	–	–	5
John Wolozny	5	–	–	–	5
Shayne Smith[(a)]	–	–	5	–	5
Stephen Nichols[(b)]	5	–	–	(5)	–
	60	–	5	(5)	60

(a) Additions – represents the Non-executive Director who was appointed to the Board and not an addition of his shareholding during the financial period.

(b) Disposals/other – represents the Non-executive Director who resigned from office and not a disposal of his shareholding during the financial period.

The shareholdings above represent the shares held by each director's Australian Financial Services licensed entity.

Related party transactions

Related party transactions are set out in note 33.

Note 29. Remuneration of auditors

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

	Consolidated 2013 $	Consolidated 2012 $
Audit services		
Audit or review of the financial statements (2012: Moore Stephens Sydney)	**438,200**	41,000
Services other than audit and review of financial statements		
Other assurance services		
Due diligence services	**1,212,212**	–
Investigating accountant services	**1,909,968**	–
Other assurance service		
Taxation advisory services	**140,097**	–
Other services (2012: Moore Stephens Sydney)	**267,296**	190,580
	3,529,573	190,580
	3,967,773	231,580

Note 30. Contingent assets

Claims experience benefit

The Company may receive a claims experience benefit payment or payments in respect of the Erato Professional Indemnity scheme (Erato). Where the revenue recognition criteria listed in note 2 for the Erato claims experience benefit have not been met, the timing and amount of any such payments are still too uncertain and dependent upon future events. In these circumstances it is not practical to include an estimate of the financial effect of any potential claims experience benefit as considered by AASB 137.

Note 31. Contingent liabilities

During the financial year ended 30 June 2013, the Company appointed joint lead managers to assist in the listing on the ASX under an Offer Management Agreement. Pursuant to that agreement, fees would be payable only if the listing of the Company was completed. The amount of fees payable was contingent on the actual cash raised on initial public retail and institutional offer. Base fees of $9.000 million were paid in August 2013 as a result of successfully raising $333.703 million in the listing. The Company also applied its discretion to pay an incentive fee of $1.669 million. These costs will be disclosed as part of the transaction costs deducted from share capital raised in August 2013.

There were no contingent liabilities as at 30 June 2012.

Note 32. Commitments

	Consolidated	
	2013 $'000	2012 $'000
Lease commitments – operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	**74**	–
One to five years	**256**	–
	330	–

Lease commitments – operating corresponds to a non-cancellable lease for property committed at the reporting date but not recognised as liabilities or payable.

Note 33. Related party transactions

Parent entity

Steadfast Group Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 36.

Associates

Interests in associates are set out in note 37.

Joint ventures

Interests in joint ventures are set out in note 38.

Key management personnel

Disclosures relating to key management personnel are set out in note 28 and the remuneration report in the Directors' report.

Note 33. Related party transactions (continued)

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated 2013 $	2012 $
Sale of goods and services:		
Marketing and administration fees received from Directors' and former Directors' related entities on normal commercial terms	**35,948**	41,635
Marketing and administration fees received from associates on normal commercial terms	**366,351**	367,754
Marketing and administration fees received from joint venture on normal commercial terms	**3,157,769**	2,094,326
Payment for goods and services:		
Estimated rebate expense to Directors' and former Directors' related entities on the same basis with other shareholders	**92,495**	753,516

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated 2013 $	2012 $
Current receivables:		
Trade receivables from associates	**82,516**	95,089
Trade receivables from joint venture	**902,031**	660,048
Trade receivables from Directors' related entities	**–**	140,134
Dividend receivable from associates	**430,943**	450,000
Current payables:		
Trade payables to associates	**587**	–

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated 2013 $	2012 $
Non-current receivables:		
Loan to joint venture	**3,698,268**	–

The loan to joint venture, Macquarie Premium Funding Pty Ltd (Macquarie Premium Funding) has a face value of $3,618,750. The loan receivable balance as at 30 June 2013 includes an accrued interest of $79,518. The loan was provided to Macquarie Premium Funding to fund the acquisition of Pacific Premium Funding Pty Limited.

Key terms and conditions:

> Variable interest rate based on the aggregate of Macquarie Bank Limited (MBL) Reference Rate and a margin of 2% per annum. The MBL Reference Rate refers to the interest rate determined by MBL and published by MBL at any time on its website.

> The loan is repayable seven years from the date of initial advance, which occurred in March 2013.

> The loan is secured by all present and future assets of Macquarie Premium Funding.

Note 34. Parent entity information

Statement of comprehensive income

	Parent	
	2013 $'000	2012 $'000
Profit/(loss) after income tax	**(13,748)**	6,856
Total comprehensive income	**(13,748)**	6,856

Statement of financial position

	Parent	
	2013 $'000	2012 $'000
Total current assets	**10,966**	24,292
Total assets	**62,058**	28,692
Total current liabilities	**20,960**	16,665
Total liabilities	**54,776**	16,917
Equity		
Issued capital	**317**	317
Retained profits	**6,965**	11,458
Total equity	**7,282**	11,775

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2013 and 30 June 2012.

Contingent liabilities

During the financial year ended 30 June 2013, the parent entity appointed joint lead managers to assist in the listing on the ASX under an Offer Management Agreement. Pursuant to that agreement, fees would be payable only if the listing of the parent entity was completed. The amount of fees payable was contingent on the actual cash raised on initial public retail and institutional offer. Base fees of $9.000 million were paid in August 2013 as a result of successfully raising $333.703 million in the listing. The parent entity also applied its discretion to pay an incentive fee of $1.669 million. These costs will be disclosed as part of the transaction costs deducted from share capital raised in August 2013.

There were no contingent liabilities as at 30 June 2012.

Capital commitments – Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment at as 30 June 2013 and 30 June 2012.

Significant accounting policies

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

> Investments in subsidiaries are accounted for at cost, less any impairment. 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.

> Investments in associates are accounted for at cost, less any impairment in the parent entity.

Note 34. Parent entity information (continued)

Going concern

The parent entity financial statements have been prepared on a going concern basis.

As of 30 June 2013 the parent entity's current liabilities exceed current assets by $9.994 million. This is mainly due to $8.340 million of deferred consideration payable for the acquisition of businesses in the period being shown as a current liability as well as $3.094 million of current bank loans in relation to the acquisition of businesses during the financial year.

In August 2013, the parent entity was successfully listed on the ASX, raised $333.703 million capital in cash for settlement of the acquisition of businesses completed during the financial year ended 30 June 2013 as well as businesses acquired upon listing, repayment of debt facilities, payment of due diligence and restructure costs related to the successful listing of the Company and to raise $25.000 million for future acquisitions. The Directors therefore believe the going concern assumption to be appropriate.

Note 35. Business combinations

A major strategy of the Group is to acquire broking portfolios or interests in insurance intermediary businesses ranging from 25% to 100%. The terms of these acquisitions vary in line with negotiations with individual vendors but are structured to have the principals of the business holding sufficient remaining ownership interests to achieve the Group's benchmarks or return on investment and/or to take advantage of the rationalisation in the broking industry.

Acquisition of subsidiaries

During the financial year ended 30 June 2013, the Group acquired the following subsidiaries:

> Wasal Holdings Pty Ltd and its wholly owned subsidiary, Wagland Salter & Associates Pty Limited (Wagland), an insurance broker in New South Wales;

> Sports Underwriting Australia Pty Ltd (Sports), an insurance underwriting agency in Victoria; and

> DMA Unit Trust and DMA Insurance Brokers Pty Ltd (DMA), an insurance broker in New South Wales.

General details of the acquisitions

	Wagland	Sports	DMA
Acquisition date	30/11/2012	12/12/2012	30/01/2013
Voting shares at 1 July 2012	–%	–%	–%
Voting shares acquired	100.0%	80.0%	100.0%
Voting shares at 30 June 2013	100.0%	80.0%	100.0%
Non-controlling interest at 30 June 2013	–%	20.0%	–%

Consideration transferred

	Wagland $'000	Sports $'000	DMA $'000
Cash	4,055	4,334	9,046
Deferred consideration – shares[(a)]	1,352	5,750	–
Deferred consideration[(b)]	202	1,036	–
Total	5,609	11,120	9,046

(a) On 7 August 2013, 25% and 50% of the purchase price for Wagland and Sports were settled with ordinary shares issued by the Company. The shares are valued at $1.15 per share which is the final share price of the Company determined by the Board under the terms of the initial public offering. As at 30 June 2013, these amounts were classified as current liabilities and disclosed separately in note 15 current liabilities – trade and other payables as the amounts were expected to be settled as cash if the listing of the Company was not successful.

(b) The deferred consideration for Sports is subject to adjustment based on the earnings before interest expense, income tax and amortisation expenses (EBITA) for the financial year ended 30 June 2013. The amount recognised has been based on 2013 forecast EBITA.

Note 35. Business combinations (continued)

Identifiable assets and liabilities acquired

	Wagland $'000	Sports $'000	DMA $'000
Cash and cash equivalents	1,596	1,925	1,489
Trade and other receivables*	1,398	3,701	1,445
Property, plant and equipment	67	48	143
Deferred tax assets	81	13	52
Identifiable intangibles	972	3,000	2,538
Other assets	30	–	3
Trade and other payables	(2,549)	(4,700)	(2,694)
Income tax payable	(67)	(164)	–
Provisions	(268)	(34)	(174)
Deferred tax liabilities	(408)	(1,073)	(820)
Other liabilities	–	–	(1,360)
Total net identifiable assets	852	2,716	622

* The trade receivables comprise contractual amounts and are expected to be fully recoverable.

If new information obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date identifies adjustments to the above amount of provisions, or any additional provisions that existed at the acquisition date, then the acquisition accounting will be revised.

Goodwill on acquisition

	Wagland $'000	Sports $'000	DMA $'000
Total consideration paid	5,609	11,120	9,046
Total net identifiable assets acquired	(852)	(2,716)	(622)
Non-controlling interest acquired(a)	–	543	–
Goodwill on acquisition(b)	4,757	8,947	8,424

(a) Non-controlling interest acquired are based on the proportionate ownership interest in the total net identifiable assets recognised at the acquisition date.

(b) Goodwill represents the excess of the purchase consideration over the fair value of identifiable net assets acquired and non-controlling interest at the acquisition date. The majority of the goodwill relates to benefits from the combination of synergies as well as the acquired subsidiaries ability to generate future profits. None of the goodwill recognised is expected to be deductible for tax purposes.

Acquisition of business assets

On 28 February 2013, the Group acquired the business assets of Newmarket Insurance Brokers Pty Ltd (Newmarket) for a payment of $6,778,800, with 80% of the purchase price initially payable. The remaining 20% is recognised as deferred consideration and is subject to adjustment based on an earn out based on earnings over the financial years ending 30 June 2013 and 2014.

On 10 May 2013, the Group acquired the business assets of an Authorised Representative of Wagland Salter & Associates Pty Limited (Authorised Representative of WSA) for a payment of $456,000, being acquisition of client list and goodwill. The deferred consideration for Authorised Representative of WSA is subject to adjustment based on the fee and commission income for the financial years ending 30 June 2014 and 2015. The amount recognised has been based on forecast fee and commission income.

Note 35. Business combinations (continued)

Consideration transferred

	Newmarket $'000	Authorised Representative of WSA $'000
Cash	5,406	304
Deferred consideration*	1,372	152
Total	6,778	456

* The deferred consideration is an estimate based on the assumption that the acquirees will meet the forecast earnings target.

Identifiable assets and liabilities acquired

	Newmarket $'000	Authorised Representative of WSA $'000
Property, plant and equipment	15	–
Deferred tax assets	20	–
Identifiable intangibles	1,545	284
Provisions	(84)	–
Deferred tax liabilities	(464)	(85)
Total net identifiable assets	1,032	199

If new information obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date identifies adjustments to the above amount of provisions, or any additional provisions that existed at the acquisition date, then the acquisition accounting will be revised.

Goodwill on acquisition

	Newmarket $'000	Authorised Representative of WSA $'000
Total consideration paid	6,778	456
Total net identifiable assets acquired	(1,032)	(199)
Goodwill on acquisition*	5,746	257

* Goodwill represents the excess of the purchase consideration over the fair value of identifiable net assets acquired at the acquisition date. The majority of the goodwill relates to benefits from the combination of synergies as well as the acquired subsidiaries ability to generate future profits. None of the goodwill recognised is expected to be deductible for tax purposes.

Note 35. Business combinations (continued)

Financial performance of acquired subsidiaries and business assets

The contribution by the acquired subsidiaries to the financial performance of the Group was outlined in the table below.

	Wagland* $'000	Sports $'000	DMA $'000	Newmarket $'000
Contribution for the period since acquisition				
Revenue	1,371	1,988	1,633	831
Profit after income tax	227	778	188	(20)

* The contribution by the Authorised Representative of WSA is included in the result of Wagland.

If the acquisitions of subsidiaries and business assets occurred on 1 July 2012, the Group's total revenue and loss after income tax attributable to the owners of the Company for the year ended 30 June 2013 would have been $40,664,000 and $12,328,000, respectively.

Acquisition-related costs

The Group incurred acquisition-related costs related to external legal fees and due diligence costs for businesses acquired during the financial year as well as for businesses acquired upon the successful listing of the Company on the ASX in August 2013. The amount of the external legal fees and due diligence costs for the businesses acquired during the financial year or those in August 2013 could not be separately identified by an individual acquisition as there were concurrent acquisition activities for all businesses acquired throughout the financial periods.

The legal fees and due diligence costs have been included in due diligence and restructure costs in the Group's consolidated statement of comprehensive income.

Investment in associates

On 1 April 2013, the Group acquired 17.9% ownership interest in Rothbury Group Limited (Rothbury) and contracted to increase its shareholding to 30.1% on the successful listing of the Company, which occurred in August 2013. Rothbury is considered an associate as at 30 June 2013 due to the terms of the shareholder agreement in place, including the request to provide a board member to Rothbury. The Group will deliver a range of services to Rothbury as it establishes the Group's presence in the New Zealand market.

The financial information provided in the table below is for the financial year ended 31 March 2013. These figures represent the financial position and financial performance of Rothbury as a whole and not just the Group's share. The financial information is translated using exchange rate as at 31 March 2013 (being the year end date of Rothbury).

	Rothbury $'000
Consideration transferred	6,360
Total assets	64,792
Total liabilities	42,729
Revenue	27,664
Profit after income tax	4,594

Note 36. Subsidiaries

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

Name of entity	Country of incorporation	Equity holding 2013 %	Equity holding 2012 %
Parent entity			
Steadfast Group Limited	Australia		
Subsidiaries – operating entities			
Steadfast Convention Pty Ltd	Australia	**100.0**	100.0
Steadfast Insurance Brokers Pty Ltd	Australia	**100.0**	100.0
Steadfast Technologies Pty Ltd (formerly Steadfast Hub Pty Ltd)	Australia	**100.0**	100.0
Steadfast Underwriting Agencies Holdings Pty Ltd (formerly Steadfast Underwriting Agencies Pty Ltd)	Australia	**100.0**	100.0
DMA Insurance Brokers Pty Ltd	Australia	**100.0**	–
Newmarket Insurance Brokers Pty Ltd	Australia	**100.0**	–
Sports Underwriting Australia Pty Ltd	Australia	**80.0**	–
Wagland Salter & Associates Pty Limited	Australia	**100.0**	–
Wasal Holdings Pty Ltd	Australia	**100.0**	–
Steadfast Share Plan Nominee Pty Ltd[a]	Australia	**100.0**	–
Subsidiaries – dormant entities			
Erato Limited	Australia	**100.0**	100.0
Steadfast Brokers Pty Ltd	Australia	**100.0**	100.0
Steadfast Finance Pty Ltd	Australia	**100.0**	100.0
Steadfast Financial Planners Pty Ltd	Australia	**100.0**	100.0
Steadfast Financial Services Pty Ltd	Australia	**100.0**	100.0
Steadfast Financial Solutions Pty Ltd	Australia	**100.0**	100.0
Steadfast Foundation Pty Ltd[b]	Australia	**100.0**	100.0
Steadfast Hub Pty Ltd	Australia	**100.0**	–
Steadfast Insurance Advisors Pty Ltd	Australia	**100.0**	100.0
Steadfast Insurance Consultants Pty Ltd	Australia	**100.0**	100.0
Steadfast Insurance Management Pty Ltd	Australia	**100.0**	100.0
Steadfast Insurance Pty Ltd	Australia	**100.0**	100.0
Steadfast Insurance Services Pty Ltd	Australia	**100.0**	100.0
Steadfast NZ Pty Limited	New Zealand	**100.0**	100.0
Steadfast Premium Funding Pty Ltd	Australia	**100.0**	100.0
Steadfast Risk Services Pty Ltd	Australia	**100.0**	100.0
Steadfast Underwriting Agencies Pty Ltd	Australia	**100.0**	–
Trusted Choice Pty Limited	New Zealand	**100.0**	100.0
Trusted Choice Pty Ltd	Australia	**100.0**	100.0

(a) A trustee for Steadfast employee share plan.

(b) A trustee to Steadfast Foundation.

Note 37. Investments in associates

Interests in associates are accounted for using the equity method of accounting. Information relating to associates is set out below:

Associate	Principal activities	Consolidated Percentage interest 2013 %	2012 %
Miramar Underwriting Agency Pty Ltd	Insurance underwriting	**50.0**	50.0
SME Insurance Survey's Pty Ltd	Insurance surveying	**50.0**	50.0
Rothbury Group Limited	Insurance broking	**17.9**	–

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

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

SME commenced deregistration process prior to 30 June 2013, and it was formally deregistered by ASIC on 14 July 2013. The operating result for SME for the financial year ended 30 June 2013 is immaterial for the Group so has not been separately disclosed as a discontinued operation.

Rothbury Group Limited (Rothbury) was acquired during the financial year. Refer to note 35 Business combinations for further details. Rothbury is considered an associate as at 30 June 2013 due to the terms of the shareholder agreement in place including the request to provide a board member to Rothbury. The Group will deliver a range of services to Rothbury as it establishes the Group's presence in the New Zealand market. Further, an additional 12.2% interest in the business was acquired as part of the listing of the Company in August 2013.

Reconciliation of movements

	Consolidated 2013 $'000	2012 $'000
Balance at the beginning of the financial year	**1,543**	1,747
Acquisition of associate	**6,360**	–
Write down of investment in associate being deregistered (SME Insurance Survey's Pty Ltd)	**(24)**	–
Share of EBITA from associates	**824**	380
Less:		
Finance costs	**(17)**	–
Amortisation expense	**(29)**	–
Income tax (expense)/benefit	**(232)**	(134)
Share of associates' profit after income tax	**546**	246
Dividend received/receivable	**(430)**	(450)
Net foreign exchange movements	**224**	–
Balance at the end of the financial year	**8,219**	1,543

Note 37. Investments in associates (continued)

Summarised financial information of associates

These disclosures relate to the investment in all associates in aggregate. These figures represent the financial position and performance of the associates as a whole and not just the Group's share.

	Consolidated	
	2013 $'000	2012 $'000
Total assets	**77,506**	11,186
Total liabilities	**54,328**	9,753
Revenue	**35,743**	7,855
Profit/(loss) after income tax	**5,183**	490

Note 38. Interests in joint venture

Interests in joint venture are accounted for using the equity method of accounting. Information relating to joint venture is set out below:

		Consolidated Percentage interest	
Joint venture	Principal activities	2013 %	2012 %
Macquarie Premium Funding Pty Ltd	Insurance premium funding	**50.0**	50.0

Reconciliation of movements

	Consolidated	
	2013 $'000	2012 $'000
Balance at the beginning of the financial year	**2,462**	1
Additional investment in joint venture	**1,206**	–
Share of EBITA from joint venture	**3,648**	3,465
Less:		
Amortisation expense	**(206)**	–
Income tax (expense)/benefit	**(1,056)**	(1,004)
Share of joint venture's profit after income tax	**2,386**	2,461
Dividend received/receivable	**(2,461)**	–
Balance at the end of the financial year	**3,593**	2,462

Macquarie Bank Limited, the joint venture partner, has also contributed an additional $1,206,000 to maintain an equal equity interest in the joint venture, Macquarie Premium Funding Pty Ltd.

Note 38. Interests in joint ventures (continued)

Summarised financial information of joint venture

These figures represent the financial position and performance of the joint venture as a whole and not just the Group's share.

	Consolidated	
	2013 $'000	**2012 $'000**
Current assets	**20,913**	13,354
Non-current assets	**11,176**	–
Current liabilities	**14,502**	7,156
Non-current liabilities	**8,954**	232
Total revenue	**37,853**	26,938
Total expenses	**29,673**	18,892

Note 39. Events after the reporting period

As the following events and transactions occurred after reporting date and did not relate to conditions existing at reporting date, no account has been taken of them in the financial statements for the current financial year ended 30 June 2013.

Successful listing of the Company

In August 2013, the Company successfully listed on the ASX, raised capital of $333.703 million and issued a total 500.873 million ordinary shares resulting from:

> 65.588 million re-weighting shares (issued to nominees of preferred capital shareholders);
> 10.900 million executive shares (funded by the Executive loans provided by the Company to four key management personnel)*;
> 134.210 million consideration shares (used for settlement of acquisitions completed on 7 August 2013); and
> 290.175 million ordinary shares to retail and institutional investors.

The proceeds are used to:

> repay $36.623 million bank borrowings outstanding as at 30 June 2013;
> settle IPO acquisitions (refer to Completion of the IPO acquisitions for further details); and
> fund future acquisitions.

In addition, there are 1,395 preferred capital shares issued to the owners per the Company's shareholder register as at 30 June 2013, the rights of these shares were substantially diminished as a result of the successful listing on the ASX.

* In the financial year ending 30 June 2014, the Executive loans will be recognised at fair value. As the Executive loans are interest free loans, there will be a recognition of share based employment benefits expense, being the difference between the cost and the fair value of the Executive loans.

Note 39. Events after the reporting period (continued)

Completion of the IPO acquisitions

In accordance with the Group's strategy, on 7 August 2013, the Group completed 100% of the acquisition of equity interests in a number of insurance broking businesses (Steadfast Equity Brokers), underwriting agencies, and ancillary services businesses.

All of the acquired businesses have in place existing management teams that will continue to be primarily responsible for ongoing day-to-day management of each individual business. For those businesses in which the Group has acquired 100% ownership, the Group has either contracted with existing management to continue to operate the business or will merge the business with another Steadfast Equity Brokers, consistent with the Group's strategy.

The acquisitions of equity interests ranged from 25% to 100% and the consideration paid ranged from $0.661 million to $78.200 million. For all those acquired businesses classified as subsidiaries, the Group has over 50% of the voting right or otherwise deemed to have control.

The following disclosures provide the preliminary estimated financial impact to the Group at the acquisition date, 7 August 2013. Only those significant acquisitions with total consideration over $11.500 million are disclosed separately with all the other acquisitions disclosed in aggregate. In addition, the financial information used for all acquired businesses is as at 30 June 2013, not at the acquisition date on 7 August 2013. This will not be the same as the financial impact which will be disclosed in the business combination for the next reporting period when the full financial information will be available.

Acquisition of subsidiaries

The following tables provided:

> detailed information for five businesses acquired with consideration transferred in excess of $11.500 million, and
> aggregated information for the 18 acquired businesses (Other acquisitions) where consideration transferred ranged from $1.382 million to $10.293 million.

Refer to the List of IPO acquisitions section below for the names of the entities and the ownership holdings.

The five acquired businesses separately disclosed are:

> RIB Group Holdings Pty Ltd and its controlled entities (RIB Group), an insurance broker group in Queensland;
> National Credit Insurance (Brokers) Pty Ltd and its controlled entities (NCIB), an insurance broker group in South Australia;
> Brecknock Insurance Brokers Pty Ltd (Brecknock), an insurance broker in South Australia;
> Mega Capital Holdings Pty Ltd and its controlled entities (Mega Capital), an insurance broker group in Victoria; and
> GWS Pty Ltd (GWS), an insurance broker in Victoria.

Consideration transferred

	RIB Group $'000	NCIB $'000	Brecknock $'000	Mega Capital $'000	GWS $'000	Other acquisitions $'000	Total $'000
Cash	34,400	23,600	14,512	12,580	6,198	37,646	128,936
Consideration shares[a]	36,800	–	852	575	3,364	46,730	88,321
Deferred consideration[b]	7,000	–	3,813	3,270	2,281	12,717	29,081
Total	78,200	23,600	19,177	16,425	11,843	97,093	246,338

(a) Upon the successful listing of the Company on the ASX, Consideration Shares were settled on 7 August 2013 under the terms of the initial public offering. The Consideration Shares were valued at $1.15 per share at settlement.

(b) Pursuant to the Share and Unit Purchase Agreements, a portion of the consideration payable was deferred, typically for 60 days. Some of the deferred consideration will be settled based on the actual financial performance for the next financial year ending 30 June 2014. The deferred consideration is estimated based on the forecast information and the variation at time of settlement will be recognised through the statement of comprehensive income. The deferred consideration is an estimate based on the assumption that the acquirees will meet the forecast and/or earnings target.

Note 39. Events after the reporting period (continued)

Estimated identifiable assets and liabilities as at 30 June 2013 (not at acquisition date)

	RIB Group $'000	NCIB $'000	Brecknock $'000	Mega Capital $'000	GWS $'000	Other acquisitions $'000	Total $'000
Cash and cash equivalents	5,618	12,871	3,403	6,739	2,476	28,880	59,987
Trade and other receivables	15,588	3,499	2	6,304	4,146	25,687	55,226
Property, plant and equipment	252	1,765	588	118	287	2,448	5,458
Deferred tax assets	146	1,064	–	–	–	345	1,555
Identifiable intangibles	19,374	7,791	4,804	3,973	3,158	23,757	62,857
Other assets	44	1,367	350	124	4	6,154	8,043
Trade and other payables	(19,027)	(10,267)	(4,103)	(12,316)	(5,774)	(46,816)	(98,303)
Income tax payable	(141)	(188)	1	(123)	(203)	(553)	(1,207)
Provisions	(340)	(2,044)	(243)	(216)	(140)	(3,886)	(6,869)
Deferred tax liabilities	(5,812)	(2,337)	(1,441)	(1,192)	(905)	(7,824)	(19,511)
Other liabilities	(7,632)	(15,632)	(203)	(58)	(2,373)	(8,572)	(34,470)
Total net identifiable assets	8,070	(2,111)	3,158	3,353	676	19,620	32,766

Estimated goodwill on acquisition as at 30 June 2013 (not at acquisition date)

	RIB Group $'000	NCIB $'000	Brecknock $'000	Mega Capital $'000	GWS $'000	Other acquisitions $'000	Total $'000
Total consideration paid	78,200	23,600	19,177	16,425	11,843	97,093	246,338
Total net identifiable (assets)/liabilities acquired	(8,070)	2,111	(3,158)	(3,353)	(676)	(19,620)	(32,766)
Non-controlling interests acquired[a]	2,050	-	868	671	135	1,670	5,394
Goodwill on acquisition[b]	72,180	25,711	16,887	13,743	11,302	79,143	218,966

(a) Non-controlling interests acquired are based on the proportionate ownership interest in the total net identifiable assets recognised at the acquisition date.

(b) Goodwill represents the excess of the purchase consideration over the fair value of identifiable net assets acquired and non-controlling interests at the acquisition date. The majority of the goodwill relates to benefits from the combination of synergies as well as the acquired subsidiaries ability to generate future profits. None of the goodwill recognised is expected to be deductible for tax purposes.

Investment in associates

The table below provides aggregated information on the 41 acquired businesses which are treated as investment in associates. The consideration paid ranged from $0.661 million to $10.146 million. The Company increased its equity interest in Rothbury Group Ltd from 17.9% to 30.1% upon completion of the acquisitions of associates.

Total assets and total liabilities are the aggregated balance of all the acquired associates as a whole and not just the Group's share. These balances are based on the acquired associates' financial position as at 30 June 2013 not at acquisition date.

	Total $'000
Total consideration	132,842
Total assets	307,989
Total liabilities	222,976

Financial performance of IPO acquisitions

If the acquisitions of subsidiaries and associates occurred in 1 July 2012, the Group's estimated total revenue and profit after income tax attributable to the owners of the Company for the year ended 30 June 2013 would have been $133.412 million and $9.067 million, respectively.

Note 39. Events after the reporting period (continued)

List of IPO acquisitions

The table below outlined all the businesses acquired on 7 August 2013 and are listed in order of materiality based on purchase price considerations.

Name of subsidiary acquired	Table note	Ownership interest acquired
Regional Insurance Brokers Pty Ltd AFT Regional Insurance Brokers Unit Trust	A	90.0%
National Credit Insurance (Brokers) Pty Ltd		100.0%
Brecknock Insurance Brokers Pty Ltd		72.5%
Mega Capital Holdings Pty Ltd		80.0%
GWS Pty Ltd		80.0%
White Outsourcing Pty Ltd		87.5%
Cyclecover Pty Ltd (formerly Australian Underwriting Group Pty Ltd)		100.0%
Saunders Higgins Insurance Brokers Pty Ltd		100.0%
Sawtell & Salisbury Pty Ltd and Sawtell & Salisbury Unit Trust		100.0%
Altiora Insurance Services Pty Ltd		100.0%
Jakomil Pty Ltd and The Milbar Unit Trust		80.0%
Waveline Investments Pty Ltd		100.0%
Miramar Underwriting Agency Pty Ltd	B	100.0%
Masterman Insurance Brokers Pty Ltd and Robert Masterman Insurance Broking Unit Trust		100.0%
PID Holdings Pty Ltd		100.0%
Gallivan, Magee & Associates Pty Ltd		100.0%
Queensland Insurance Brokers Pty Ltd and QIS Financial Services Pty Ltd		80.0%
Logan Group Insurance Brokers Pty Ltd		85.0%
Capital Insurance (Broking) Group Pty Ltd and Capital Insurance Broking Group Unit Trust	C	47.0%
Corporate Insurance Brokers Ballina (NSW) Pty Ltd and Corporate Insurance Brokers Pty Ltd		80.0%
Insurance Broking Queensland Pty Ltd		100.0%
Professional Risk Placements Pty Ltd		80.0%
Grand West Pty Ltd		100.0%
RSM Financial Services Pty Ltd		100.0%
Richard Steadfast Pty Ltd		100.0%
Hosie Steadfast Pty Ltd		100.0%

Table note

A The Group's interest will be in the head company, but there are minority shareholders in subsidiary entities (giving an effective 74% interest in the consolidated group). Under a potential scrip for scrip offer by Regional Insurance Brokers to these minority shareholders in its subsidiaries, the Group's ownership acquisition may reduce to 74% over time.

B As at 30 June 2013, the Group had a 50% equity interest in Miramar Underwriting Agency Pty Ltd (Miramar) and completed the increase in its shareholding in Miramar to 100% equity interest at 7 August 2013. The additional consideration transferred was $5.500 million. The increase in ownership generated an estimated profit on consolidation for the next financial year ending 30 June 2014 of approximately $4.117 million based on the 30 June 2013 balance sheet of Miramar. The final amount will be reported with the acquisition date information in the half year ending 31 December 2013.

C Although the Group acquired only 47% of equity interest in Capital Insurance (Broking) Group Pty Ltd and Capital Insurance Broking Group Unit Trust (Capital), the Group effectively has control over Capital as the Group has the right to appoint half of the directors of Capital. Therefore it is classified as subsidiaries acquired.

Note 40. Reconciliation of profit/(loss) after income tax to net cash from operating activities

	Consolidated	
	2013 $'000	2012 $'000
Profit/(loss) after income tax expense/(benefit) for the year	**(13,267)**	6,174
Adjustments for:		
Depreciation and amortisation	**1,013**	264
Share of profits of associates and joint venture	**(2,932)**	(2,706)
Income tax paid	**(624)**	–
Deferred tax on foreign currency translation reserve	**(67)**	–
Share based expense on re-weighting of shares	**10,478**	–
Change in operating assets and liabilities:		
Change in trade and other receivables	**1,518**	109
Change in deferred tax assets	**734**	(558)
Change in accrued revenue	**–**	(6,398)
Change in prepayments	**(1,137)**	(169)
Change in trade and other payables	**15,006**	1,006
Change in provision for income tax	**(1,102)**	(8)
Change in deferred tax liabilities	**(986)**	1,763
Change in employee benefits	**907**	207
Change in other provisions	**(6,595)**	2,455
Net cash from operating activities	**2,946**	2,139

Note 41. Earnings per share

	Consolidated	
	2013 $'000	2012 $'000
Profit/(loss) after income tax	**(13,267)**	6,174
Non-controlling interest	**(170)**	–
Profit/(loss) after income tax attributable to the owners of Steadfast Group Limited	**(13,437)**	6,174

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	**1,395**	1,383
Weighted average number of ordinary shares used in calculating diluted earnings per share	**1,395**	1,383

	$	$
Basic earnings per share	**(9,632.258)**	4,464.208
Diluted earnings per share	**(9,632.258)**	4,464.208

The basic and diluted earnings per share were calculated based on 1,395 ordinary shares on issue before the listing of the Company on the ASX in August 2013. Upon ASX listing, 500.873 million ordinary shares were issued and a number of businesses were acquired.

As explained in note 23 Equity – issue capital, there are significant changes to the structure and also the number of shares on issue post 30 June 2013. The basic and diluted earnings per share at 30 June 2013 would not be meaningful information to the users of this report and cannot be used as an indicator of future earnings per share.

Note 42. Share based payments

Share based payments – employees related

Share based remuneration encourages employee share ownership, links employee reward to the performance of the Group and assists with retention of key personnel.

The obligations under share based payment arrangements will be settled by the on market purchase of the Company's ordinary shares which will be held in trust. The shares will be purchased on or near grant date at the prevailing market price.

Trading in the Company's ordinary shares that are awarded under the share based remuneration arrangements is covered by the same restrictions that apply to all forms of share ownership by employees. These restrictions limit an employee trading in the Company's ordinary shares when they are in a position to be aware, or are aware, of price sensitive information.

In the current financial year, only conditional rights were allocated. In following financial years, share based remuneration will be provided through a range of short term and long term incentive plans each of which have different purposes and different rules.

The share based remuneration expense amounts are included in the employee expenses line in the statement of comprehensive income.

Conditional rights

During the financial year, the Remuneration & Succession Planning Committee approved the allocation of conditional rights to selected employees who have contribution to the listing of the Company.

The key terms of the conditional rights allocated include:

> being free of costs to the employees; and

> conversion to 1 ordinary share per right at the end of August 2014 subject to the continuing employment at that time and the performance of the employee meeting the minimum criteria as agreed by management.

The table below provides the details of the conditional rights allocated.

2013	Fair value recognised at 30 June 2013 $	Rights allocated during the year Number	Rights held at 30 June 2013 Number
Conditional rights	**0.98**	**736,500**	**736,500**

No conditional rights are vested and exercisable as at 30 June 2013.

The fair value of the conditional rights is calculated using the following assumptions. The value of the conditional rights is not discounted as the effect of time value of the money is not material.

2013	Significant factors and assumptions
Share price ($)[a]	**1.00**
Expected dividend foregone	**40% of annual dividend at mid-range of the dividend payout ratio[b]**
Expected life of rights	**15 months**

(a) As the Company's shares were not listed as at 30 June 2013, the closest price for valuation of the conditional rights would be the minimum share price required for the Company to proceed with the listing on the ASX.

(b) The Company intends to target a dividend payout ratio in the range of 65% to 85% of net profit after tax attributable to shareholders of the Company.

Share based payments on re-weighting share with non employees

Refer to note 23 Equity – issued capital for details.

Directors' declaration

In the opinion of the Directors of Steadfast Group Limited (the Company):

- The consolidated financial statements and notes 1 to 42, including all the remuneration disclosures that are contained in the Remuneration Report of the Directors' report, are in accordance with the Corporations Act 2001, including:
  - giving a true and fair view of the financial position of the consolidated entity as at 30 June 2013 and of its performance for the year ended on that date; and
  - complying with Australian Accounting Standards (including Australian Interpretations) and the Corporations Regulations 2001; and
- the financial report also complies with International Financial Reporting Standards as disclosed in note 2; 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 declaration required by section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2013.

Signed at Sydney this 30th day of August 2013 in accordance with a resolution of the Directors.

Frank O'Halloran AM
Chairman

Robert Kelly
Director

Independent auditor's report

To the owners of Steadfast Group Limited

Report on the financial report

We have audited the accompanying financial report of Steadfast Group Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2013, and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 42 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group 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 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 is free from material misstatement whether due to fraud or error. In note 2, the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements of the Group comply with International Financial Reporting Standards.

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 of the financial report that gives a true and fair view 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.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

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

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 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 2013 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2013. 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 auditing standards.

Auditor's opinion

In our opinion, the Remuneration Report of Steadfast Group Limited for the year ended 30 June 2013, complies with Section 300A of the Corporations Act 2001.

KPMG

KPMG

Andrew Dickinson
Partner

Sydney
30 August 2013

Shareholders' Information

As at 26 August 2013

Ordinary share capital

There were 500,873,408 fully paid ordinary shares held by 3,185 shareholders. All the shares carry one vote per share and carry the rights to dividends.

Distribution of shareholders

The number of shareholders by size of holding are as follows:

Range	No. of holders	No. of shares	% of issued capital
100,001 and Over	466	444,050,413	88.65
10,001 to 100,000	1,534	51,577,529	10.30
5,001 to 10,000	372	3,006,880	0.60
1,001 to 5,000	628	2,094,745	0.42
1 to 1,000	185	143,841	0.03
Total	**3,185**	**500,873,408**	**100.00**

There were 11 shareholders holding less than a marketable parcel ($500) based on a market price of $1.42 at the close of trading on 26 August 2013.

Substantial shareholders

	No. of shares	% of issued capital
Steadfast Group Limited[1]	183,355,928	36.61
Mackay Insurance Services Pty Ltd	32,000,000	6.39

1 These shares are subject to voluntary escrow until 31 August 2014 and consist of Re-weighting Shares, Consideration Shares and Executive Shares.

Twenty largest shareholders

Name	No. of shares	% of issued capital
J P Morgan Nominees Australia Limited	40,299,292	8.05
National Nominees Limited	36,116,853	7.21
Mackay Insurance Services Pty Ltd	32,000,000	6.39
Citicorp Nominees Australia Limited	26,012,010	5.19
HSBC Custody Nominees (Australia) Limited	22,992,696	4.59
UBS Nominees Pty Limited	21,900,110	4.37
JP Morgan Nominees Australia Limited	17,201,456	3.43
RBC Investor Services Australia Nominees Pty Limited	16,176,880	3.23
BNP Paribas Nominees Pty Limited	15,389,880	3.07
Citicorp Nominees Pty Limited	7,060,762	1.41
Robert Bernard Kelly	5,000,000	1.00
CS Fourth Nominees Pty Limited	4,996,875	1.00
Cameron Scott McCullagh	4,000,000	0.80
Yabby Investments Pty Limited	4,000,000	0.80
RC & IP Gilbert Pty Limited	4,000,000	0.80
Condell Holdings Pty Limited	3,453,636	0.69
David Wayne Higgins	3,091,006	0.62
HSBC Custody Nominees (Australia) Limited	3,000,912	0.60
David Ingram	2,815,821	0.56
Samepham Pty Limited	2,804,689	0.56
Total	**272,312,878**	**54.37**

Dividends

There is no dividend declared in respect of the 2013 financial year. The next dividend is planned to be in respect of earnings for the half year ending 31 December 2013, expected to be paid in April 2014.

Corporate Directory

Directors
Frank O'Halloran, AM (Chairman)
Robert Kelly (Managing Director & CEO)
David Liddy
Anne O'Driscoll
Philip Purcell
Greg Rynenberg
Jonathan Upton

Company Secretary
Linda Ellis
Peter Roberts

Notice of AGM
The annual general meeting of The Steadfast Group Limited will be held on Monday 28 October 2013 at 10.00 am at The Hilton Hotel, 488 George Street, Sydney NSW 2000.

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email: registrars@linkmarketservices.com.au

Stock Listing
The Steadfast Group Limited shares are quoted on the Australian Stock Exchange (ASX code: SDF).

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