

16 February 2015

Market Announcements Office
ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir

1H FY15 RESULTS AND EQUITY RAISING FOR ACQUISITIONS

Please refer to the following information in relation to Steadfast Group Limited's half year results for the six months ended 31 December 2014 and details on acquisitions and equity raising.

Part 1: Appendix 4D including Half Year 2015 Financial Report

Part 2: 1H FY15 dividend announcement

Part 3: 1H FY15 results & equity raising for acquisitions market release

Part 4: 1H FY15 results & equity raising for acquisitions investor presentation

Part 5: Appendix 3B

Part 6: Notice under section 708AA(2)(f) of the Corporations Act 2001

Yours faithfully



Linda Ellis
Group Company Secretary & General Counsel

Steadfast Group Limited

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STRENGTH WHEN YOU NEED IT



Steadfast Group Limited and controlled entities

Appendix 4D (rule 4.3A)

Preliminary final report for the half year ended 31 December 2014

Results for announcement to the market

(All comparisons to half year ended 31 December 2013)

	2014 \$'000	Up/Down	% Movement
Revenues from ordinary activities	108,214	32,210	42%
Earnings before interest expense, tax and amortisation expense (EBITA) from core operations pre-corporate income/(expenses)	37,553	10,693	40%
EBITA from ordinary activities from core operations post-corporate income/(expenses)	34,491	10,023	41%
Profit before income tax expense from core operations before non-trading items (Note 1)	25,500	6,560	35%
Profit before income tax expense from core operations after non-trading items (Note 1)	23,943	8,400	54%
Profit/(loss) from ordinary activities after tax attributable to shareholders	16,331	6,634	68%
Net profit/(loss) after tax attributable to shareholders	13,743	4,911	56%
Total comprehensive income attributable to shareholders	14,034	4,607	49%

Note 1:

The table below provided the reconciliation between the profit before income tax expense from core operations before and after non-trading items.

	2014 \$'000
Profit before income tax expense from core operations before non-trading items	25,500
Add/(less): non-trading income/(expenses)	
Net (loss)/profit on changes in value of investments	(1,351)
Due diligence and restructure costs	(1,273)
Executive loans fair value adjustment	1,067
Profit before income tax expense from core operations after non-trading items	23,943

During the half year ended 31 December 2014, the Group recognised net expenses of \$1,557,000 as non-trading items.

These income/expenses include:

- a loss of \$1,351,000 attributed to:
 - \$1,204,000 of additional deferred consideration expensed, due to companies acquired upon ASX listing exceeding forecasts
 - \$147,000 on disposal of an associate as part of hubbing arrangement
- \$1,273,000 in relation to due diligence and restructuring costs, primarily for the acquisition of Calliden Group Limited pursuant to a Scheme of Arrangement and the immediate on sale of general insurance operations and two underwriting agencies to Munich Holdings of Australasia; offset by
- \$1,067,000 in relation to gain on reversal of deemed interest costs on the interest free executive loans that were expensed in the prior period.

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 reviewed 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 2015 dividend per share	2.0	2.0	30

Interim dividend dates

Ex-dividend date	19 February 2015
Record date	23 February 2015
Payment date	14 April 2015

The Company's DRP will operate by issuing ordinary shares to participants by issuing new shares with an issue price per share of the average market price as defined by the DRP terms with 2.5% discount applied. The last election notice for participation in the DRP in relation to this interim dividend is 24 February 2015.

A copy of the full terms and conditions for the DRP are available at <http://investor.steadfast.com.au/Investor-Centre/?page=Dividends>.

	31 December 2014 (\$)	30 June 2014 (\$)
Net tangible assets per ordinary share*	0.16	0.36

* Net tangible assets per ordinary share are based on 503,352,992 million shares on issue at 31 December 2014 compared to 501,638,307 shares on issue as at 30 June 2014.

Other information

During the reporting period, Steadfast Group Limited held an interest in the following associates and joint venture:

	Ownership interest %
Associates	
Ambro Insurance Brokers Pty Ltd	40.0%
Armstrong's Insurance Brokers Pty Ltd and Armstrong's Insurance Brokers Unit Trust	25.0%
Austcover Holdings Pty Ltd	49.0%
Blackburn (Insurance Brokers) Pty Ltd and Liability Brokers Pty Ltd	49.0%
Commercial Industrial Insurance Consultants Pty Ltd	49.0%
Consolidated Insurance Agencies Pty Ltd	49.0%
Covercorp Pty Ltd	49.0%
Edgewise Insurance Brokers Pty Ltd and The Bradstock GIS Unit Trust	25.0%
Emergence Insurance Group Pty Ltd	25.0%
Empire Insurance Services Pty Ltd and McLardy McShane & Associates Pty Ltd	37.0%
Finn Foster & Associates Pty Ltd	49.0%
Finpac Insurance Advisors Pty Ltd	49.0%
Garaty Murnane Insurance Brokers Pty Ltd	49.0%
Gardner Insurance Brokers QLD Pty Ltd	49.0%
Glenowar Pty Ltd	49.0%
Insurance Broking Queensland Pty Ltd	49.0%
IPS Insurance Brokers Pty Ltd	40.0%
J.D.I (YOUNG) Pty Ltd	25.0%
Johansen Insurance Brokers Pty Ltd	48.0%
King Insurance Brokers Pty Ltd	49.0%
Lanyon Partners Consolidated Pty Ltd	45.0%
McKillops Insurance Brokers Pty Ltd	49.0%
Melbourne Insurance Brokers Pty Ltd	49.0%
Meridian Lawyers Ltd	25.0%
Mooneys Insurance Brokers Pty Ltd	49.0%
NCA Insurance Services Pty Ltd	49.0%
Optimus 1 Pty Ltd	25.0%
Paramount Insurance Brokers Pty Ltd	25.0%
Phoenix Insurance Brokers Pty Ltd	46.0%
Pollard Advisory Services Pty Ltd	49.0%
Rose Stanton Insurance Brokers Pty Ltd	49.0%
Rothbury Group Limited	30.1%
RSM Group Pty Ltd	49.0%
Sapphire Star Pty Ltd	30.0%
Scott & Broad Pty Ltd	49.0%
Southside Insurance Brokers Pty Ltd	49.0%
Steadfast Life Pty Ltd	50.0%
Sterling Insurance Pty Ltd	39.5%
Tradewise Insurance Pty Ltd	48.0%
Tudor Insurance Australia (Insurance Brokers) Pty Ltd and Tudor Insurance Agency Unit Trust	48.0%
Watkins Taylor Stone Insurance Brokers Pty Ltd and D&E Watkins Unit Trust	35.0%

	Ownership interest %
Webmere Pty Ltd	49.0%
Joint ventures	
Macquarie Premium Funding Pty Ltd	50.0%

The aggregate share of profits after tax of associates and joint venture accounted for using equity method is \$4.721 million.

Additional Appendix 4D disclosure requirements can be found in the directors' report and the 31 December 2014 financial statements and accompanying notes.

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

Attachment A – Steadfast Group Ltd Half year financial report – 31 December 2014

A large graphic on the left side of the page, consisting of several overlapping, curved, blue shapes that resemble a stylized 'S' or a series of parallel paths curving to the right. The colors range from a light blue to a dark blue.

Steadfast®

2015
HALF YEAR
FINANCIAL REPORT

STEADFAST GROUP LIMITED | ABN 98 073 659 677

SCALE STRENGTH STEADFAST

FINANCIAL REPORT

For the half year ended 31 December 2014

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Steadfast Group Limited

Directors' Report

The Directors present their report together with the consolidated financial statements of Steadfast Group Limited (Steadfast or the Company) and its subsidiaries, and the Group's interests in associates and joint venture (Steadfast Group or the Group) for the half year ended 31 December 2014 and the auditor's review report thereon.

Directors

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

Name	Date of appointment
Chairman	
Frank O'Halloran, AM	21 October 2012
Managing Director & CEO	
Robert Kelly	18 April 1996
Other Directors	
David Liddy	1 January 2013
Anne O'Driscoll	1 July 2013
Philip Purcell	1 February 2013
Greg Rynenberg	10 August 1998
Former Director	
Jonathan Upton	Retired on 29 October 2014

Operating and financial review

Operating results for the half year

	Note	31 Dec 2014 \$'000	31 Dec 2013 \$'000
EBITA – consolidated entities	4	28,162	15,504
Share of EBITA from associates and joint venture	4	9,391	11,356
EBITA from core operations – pre-corporate expenses		37,553	26,860
Corporate expenses	4	(3,062)	(2,392)
EBITA from core operations – post-corporate expenses		34,491	24,468
Finance costs (net of interest received on surplus cash held)	4	(2,273)	(413)
Amortisation expense	4	(6,718)	(5,115)
Profit before income tax before non-trading items		25,500	18,940
Less: non-trading items	4	(1,557)	(3,397)
Profit before income tax after non-trading items		23,943	15,543
Income tax expense	4	(7,612)	(5,846)
Net profit after income tax for the year		16,331	9,697
Non-controlling interests		(2,588)	(865)
Net profit after income tax attributable to owners of Steadfast Group Limited		13,743	8,832
Other comprehensive income		291	595
Total comprehensive income after income tax attributable to owners of Steadfast Group Limited		14,034	9,427

The Group's total comprehensive income after income tax attributable to owners for the half year was \$14.034 million (31 December 2013: \$9.427 million).

The increase in comprehensive income after tax was mainly due to:

- a full six months of trading – prior period results reflect approximately five months only following the listing of the Company on the Australian Securities Exchange (ASX) in August 2013;
- profits from businesses acquired subsequent to the ASX listing;
- a reduction in non-trading expenses. In the prior period, these related primarily to specific activities to facilitate the Company restructure and listing on the ASX. The significant non-trading items in the current reporting period include:

- \$0.891 million (pre-tax \$1.273 million) in relation to due diligence and restructuring costs, primarily for the acquisition of Calliden Group Limited pursuant to a Scheme of Arrangement and the immediate on sale of general insurance operations and two underwriting agencies to Munich Holdings of Australasia; and
 - \$0.946 million (pre-tax \$1.351 million) in relation to additional deferred consideration expensed – due to companies acquired upon ASX listing exceeding forecasts; offset by
 - \$0.747 million (pre-tax \$1.067 million) in relation to gain on reversal of deemed interest costs on the interest free executive loans that was expensed in the prior period.
- offset by higher funding costs, amortisation and tax expense attributable to the increased scale of operations.

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 reviewed 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 31 December 2014 were \$993.831 million compared to \$821.877 million as at 30 June 2014. The increase was mainly attributable to the acquisition of a number of businesses in the period as disclosed in Note 10.

These acquisitions were predominantly funded via debt which together with the recording of the liabilities contained in the books of the acquirees, caused total liabilities of the Group as at 31 December 2014 to increase from \$296.839 million at 30 June 2014 to \$458.666 million at 31 December 2014.

The increasing of the gearing levels were foreshadowed by the Company. Total debt on the Group's balance sheet has now increased to \$121.848 million of which \$113.052 million was drawn from the Company's facility with Macquarie Bank, thus leaving an available facility of \$16.948 million for acquisitions as at 31 December 2014.

Cash from operations

The operating net cash flows, before broking trust account movements, of \$21.092 million are higher than the prior period reflecting the increased scale of operation of the Group and the receipt of dividends from many of the Group's associates during the current reporting period. Dividends received from associates was higher in the half year ending 31 December 2014 as the associates were acquired predominately in August 2013 and were not required to pay dividends until February 2014.

The net cash inflow/(outflow) from operating activities for the half year ended 31 December 2013 included a net outflow of \$20.794 million from broking accounts and net inflows from the balance of operating activities of \$4.899 million. At the time of acquisition in August 2013, the liabilities of the brokers included cash held on trust which was subsequently remitted to insurers in accordance with normal trading terms. The seasonality of insurance premium receipts following June renewals meant that the amounts held on trust at acquisition in August 2013 were higher than the \$56.512 million balance as at 31 December 2013. The increased scale of operations in 2014 has offset this seasonal reduction in cash held on trust.

The company invested into a number of insurance intermediaries, funded predominantly from the Group's debt facilities as noted above. The increase in cash held on trust is predominantly a result of acquisition of these subsidiaries. This is reflected in the cash flows from investing activities, where the cash held on trust is deducted from the payments for acquisitions.

Events subsequent to reporting date

Subsequent to 31 December 2014, the following events occurred:

- the Board declared an interim dividend of two cents per share, 100% franked;
- the Company has acquired two underwriting agencies and two insurance brokers for \$330.000 million in aggregate (including transaction costs) and will fund this with \$30.000 million debt and \$300.000 million equity raise with expected settlement in March 2015;
- an extension of the Corporate debt facility from \$130.000 million to \$180.000 million has been put in place with Macquarie Bank.

Further details of the above events are set out in note 16.

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 intermediation.

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

- acquiring equity interests in insurance brokers and underwriting agencies;
- continuing to support the growth and development of all Steadfast Network Brokers, Steadfast underwriting agencies, premium funders and other ancillary businesses;
- maintaining and developing its relationship with strategic partners who provide products for distribution by the Group;
- realisation of synergies from hubbing and back office systems;
- acquiring non-insurance businesses 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, strict 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.

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.

Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 4 and forms part of the Directors' report for the half year ended 31 December 2014.

Rounding

The Group is of the kind referred to in the class order 98/100 dated 10 July 1998 issued by the Australian Securities & Investment Commission. In accordance with that class order, amounts in the Directors' report and financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

Signed at Sydney this 16 February 2015 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 review for the half-year ended 31 December 2014 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.


KPMG


Andrew Dickinson
Partner

Sydney

16 February 2015

Steadfast Group Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half year ended 31 December 2014

	Note	31 Dec 2014 \$'000	31 Dec 2013 \$'000
Fee and commission income		81,331	44,228
Less: Brokerage commission paid		(10,466)	(4,650)
Net fee and commission income		70,865	39,578
Marketing and administration fees		15,583	13,451
Interest income		2,905	2,146
Other revenue		13,913	9,802
		103,266	64,977
Share of profits of associates accounted for using the equity method		2,987	4,167
Share of profits of joint venture accounted for using the equity method		1,734	2,071
Profit on fair value of investments		-	4,611
Other income		227	178
		108,214	76,004
Employment expense		(46,036)	(36,184)
Steadfast Network Broker rebates expense		(4,348)	(3,335)
Occupancy expense		(3,826)	(2,265)
Selling expense		(7,541)	(3,845)
Administration, brokers support service and other expenses		(15,784)	(10,682)
Amortisation expense		(4,565)	(3,161)
Depreciation expense		(1,142)	(783)
Finance costs		(1,779)	(551)
Due diligence and restructure costs	10	(1,273)	(2,328)
Profit before income tax expense		21,920	12,870
Income tax expense		(5,589)	(3,173)
Profit after income tax expense for the half year		16,331	9,697
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net movement in foreign currency translation reserve		416	850
Income tax expense on other comprehensive income		(125)	(255)
Other comprehensive income for the period, net of tax		291	595
Total comprehensive income for the half year, net of tax		16,622	10,292
<i>Profit for the half year is attributable to:</i>			
Non-controlling interests		2,588	865
Owners of Steadfast Group Limited		13,743	8,832
		16,331	9,697
<i>Total comprehensive income for the half year is attributable to:</i>			
Non-controlling interests		2,588	865
Owners of Steadfast Group Limited	4	14,034	9,427
		16,622	10,292
Basic earnings per share (cents per share)	5	2.74	2.08
Diluted earnings per share (cents per share)	5	2.73	2.07

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

Steadfast Group Limited
Consolidated Statement of Financial Position
As at 31 December 2014

	Note	31 Dec 2014 \$'000	30 June 2014 \$'000
Assets			
Current assets			
Cash and cash equivalents		54,648	38,551
Cash held on trust		116,722	76,679
Receivables from broking/underwriting agency operations		106,812	133,460
Other receivables		27,231	16,680
Related party loans receivable		914	914
Other		4,255	1,730
Total current assets		310,582	268,014
Non-current assets			
Related party loans receivable		7,392	7,711
Property, plant and equipment		25,011	19,825
Deferred tax assets		9,385	5,817
Investments in associates	11	142,620	144,388
Interest in joint venture	12	3,042	4,425
Intangible assets	7	105,381	76,606
Goodwill	7	378,573	289,162
Other		11,845	5,929
Total non-current assets		683,249	553,863
Total assets		993,831	821,877
Liabilities			
Current liabilities			
Bank overdrafts	8	270	654
Payables on broking/underwriting agency operations		212,232	188,222
Other payables		38,679	23,706
Borrowings	8	315	862
Income tax payable		8,211	4,929
Provisions		6,628	6,388
Deferred consideration		10,100	13,598
Total current liabilities		276,435	238,359
Non-current liabilities			
Borrowings	8	121,533	19,528
Other payables		1,233	1,285
Deferred tax liabilities		37,428	25,865
Deferred consideration		13,678	6,454
Provisions		8,359	5,348
Total non-current liabilities		182,231	58,480
Total liabilities		458,666	296,839
Net assets		535,165	525,038
Equity			
Share capital	9	490,760	488,187
Treasury shares held in trust	9	(2,144)	(1,070)
Foreign currency translation reserve	9	1,101	810
Share based payments reserve	9	2,637	3,187
Undistributed profits reserve	9	17,297	6,328
Other reserves	9	1,058	(2,578)
Retained earnings		10,166	20,937
Equity attributable to the owners of Steadfast Group Limited		520,875	515,801
Non-controlling interests		14,290	9,237
Total equity		535,165	525,038

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

Steadfast Group Limited
Consolidated Statement of Changes in Equity
For the half year ended 31 December 2014

31 Dec 2014	Equity attributable to owners of Steadfast Group Limited							Non-controlling interests	Total equity
	Share capital \$'000	Treasury shares held in trust \$'000	Foreign currency translation reserve \$'000	Share based payments reserve \$'000	Un-distributed profits reserve \$'000	Other reserves \$'000	Retained earnings \$'000	\$'000	\$'000
Balance at 1 July 2014	488,187	(1,070)	810	3,187	6,328	(2,578)	20,937	9,237	525,038
Profit after income tax expense for the half year	-	-	-	-	-	-	13,743	2,588	16,331
Other comprehensive income for the half year, net of tax	-	-	291	-	-	-	-	-	291
Total comprehensive income for the half year	-	-	291	-	-	-	13,743	2,588	16,622
Transactions with owners in their capacity as owners:									
Shares issued for Dividend Reinvestment Plan (note 9)	2,573	-	-	-	-	-	-	-	2,573
Shares acquired and held in trust (note 9)	-	(2,084)	-	-	-	-	-	-	(2,084)
Shares allotted through Dividend Reinvestment Plan (note 9)	-	(36)	-	-	-	-	-	-	(36)
Shares allotted to employees under Employee Conditional Rights Scheme	-	1,046	-	(1,046)	-	-	-	-	-
Share based payments expense on executive shares and employee share plans	-	-	-	496	-	-	-	-	496
Transfer of retained earnings to profit reserve	-	-	-	-	10,969	-	(10,969)	-	-
Acquisition of non-controlling interests (note 10)	-	-	-	-	-	-	-	2,060	2,060
Disposal of part equity interests in subsidiaries without loss of control	-	-	-	-	-	3,636	-	2,212	5,848
Dividends declared and paid	-	-	-	-	-	-	(13,545)	(1,807)	(15,352)
Balance at 31 December 2014	490,760	(2,144)	1,101	2,637	17,297	1,058	10,166	14,290	535,165

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

Steadfast Group Limited
Consolidated Statement of Changes in Equity
For the half year ended 31 December 2014

31 Dec 2013	Equity attributable to owners of Steadfast Group Limited						Non-controlling interests	Total equity
	Share capital \$'000	Treasury shares held in trust \$'000	Foreign currency translation reserve \$'000	Share based payments reserve \$'000	Other reserves \$'000	Retained earnings \$'000	\$'000	\$'000
Balance at 1 July 2013	317	-	157	-	-	11,195	713	12,382
Profit after income tax expense for the half year	-	-	-	-	-	8,832	865	9,697
Other comprehensive income for the half year, net of tax	-	-	595	-	-	-	-	595
Total comprehensive income for the half year	-	-	595	-	-	8,832	865	10,292
Transactions with owners in their capacity as owners:								
Contributions of equity, net of transaction costs	486,827	-	-	-	-	-	-	486,827
Shares acquired and held in trust	-	(1,057)	-	-	-	-	-	(1,057)
Share based payments expense on executive shares and employee share plans	-	-	-	2,395	-	-	-	2,395
Share based payments expense on share options granted	-	-	-	365	-	-	-	365
Put option liability on acquisition of subsidiaries	-	-	-	-	(1,062)	-	-	(1,062)
Acquisition of non-controlling interests	-	-	-	-	-	-	6,857	6,857
Disposal of part equity interests in subsidiaries without loss of control	-	-	-	-	(496)	-	630	134
Dividends declared and paid	-	-	-	-	-	-	(715)	(715)
Balance at 31 December 2013	487,144	(1,057)	752	2,760	(1,558)	20,027	8,350	516,418

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

Steadfast Group Limited
Consolidated Statement of Cash Flows
For the half year ended 31 December 2014

	Note	31 Dec 2014 \$'000	31 Dec 2013 \$'000
Cash flows from operating activities			
Receipts from customers		163,216	91,013
Payments to suppliers and employees, and member rebates		(146,549)	(89,505)
Dividends received from associates and joint venture		9,879	3,510
Interest received		2,194	2,225
Interest and other finance costs paid		(1,779)	(551)
Income taxes paid		(5,869)	(1,793)
Net cash from operating activities before customer trust accounts movement		21,092	4,899
Net movement in customer trust accounts (net cash receipts/payments on behalf of customers)		1,284	(20,794)
Net cash from operating activities	13	22,376	(15,895)
Cash flows from investing activities			
Payment for acquisitions of subsidiaries and business assets, net of cash acquired and repayment of subsidiaries' loans		(84,902)	(100,100)
Refundable payment under scheme of arrangement		(6,250)	-
Proceeds on part disposal of investment under scheme of arrangement		37,041	-
Payments for investments in associates and joint venture		(921)	(70,435)
Proceeds on part disposal of investments in subsidiaries in hubbing arrangements		2,324	5,371
Payments for property, plant and equipment		(442)	(1,322)
Payments for intangible assets		(553)	-
Net cash used in investing activities		(53,703)	(166,486)
Cash flows from financing activities			
Proceeds from issue of shares		-	333,703
Payments of transaction costs on issue of shares		-	(15,951)
Payments for purchase of treasury shares		(2,084)	(1,057)
Proceeds from borrowings		102,005	-
Repayment of borrowings		(547)	(36,623)
Repayment of related party loans		897	-
Repayment of non-related party loans		2,236	-
Provision of related party loan		(216)	-
Provision of non-related party loans		(1,660)	-
Dividends paid to owners of Steadfast, net of dividend reinvestment plan		(10,973)	(715)
Dividends paid to non-controlling interests		(1,807)	-
Net cash from financing activities		87,851	279,357
Net increase/(decrease) in cash and cash equivalents		56,524	96,976
Cash and cash equivalents at the beginning of the financial period		114,576	11,478
Cash and cash equivalents at the end of the financial period*		171,100	108,454
* Balance represents:			
Cash and cash equivalents		54,648	52,151
Cash held on trust		116,722	56,512
Bank overdrafts	8	(270)	(209)
		171,100	108,454

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

Steadfast Group Limited

Notes to the Financial Statements

For the half year ended 31 December 2014

Note 1. General information

This general purpose financial report is for the half year ended 31 December 2014 and comprises the consolidated financial statements for Steadfast Group Limited (Steadfast or the Company) and its subsidiaries, and the Group's interests in associates and a joint venture (Steadfast Group or the Group). These general purpose financial statements are presented in Australian dollars, which is Steadfast's functional and presentation currency.

The Company 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.

The principal activities during the half year of the Group were the distribution of insurance policies and related services.

This general purpose half year financial report was authorised for issue by the Board on 16 February 2015.

This report should be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcement made by the Company during the half year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Note 2. Significant accounting policies

A. Statement of compliance

This general purpose half year financial report has been prepared in accordance with the Corporations Act 2001, Australian Accounting Standard AASB 134 Interim Financial Reporting, the recognition and measurement requirements of other applicable Australian Accounting Standards adopted by the Australian Accounting Standards Board, as appropriate for for-profit oriented entities and the ASX Listing Rules.

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 half year financial report of the Group does not include all information required for annual financial statement presentation in accordance with IFRS.

B. Basis of preparation of the financial report

The accounting policies adopted in the preparation of this financial report have been applied consistently by all entities in the Group and are the same as those applied for the most recent annual financial report unless otherwise noted. These financial statements have been prepared under the historical cost convention, modified, where applicable, by the measurement at fair value of certain non-current assets, financial assets and financial liabilities.

i. Changes in accounting policies

The Company 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 ending 30 June 2015 and thus they are also applicable for the half year ended 31 December 2014. Adoption of these standards has not had any material effect on the financial position or performance of the Group.

ii. Reclassification of comparatives

Certain prior year comparative information has been revised in this financial report to conform to the current period's presentation. The reclassifications are for improving readability of the consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position by providing further details/breakdown of income and assets and liabilities on the face of these two statements.

iii. Rounding

The Group is of the kind referred to in the class order 98/100 dated 10 July 1998 issued by the Australian Securities & Investment Commission. In accordance with that class order, amounts in this financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

iv. Australian Accounting Standards issued and not yet effective

The Company has not early adopted and applied any new, revised or amending Accounting Standards and Interpretations that are not yet mandatory for the half year ended 31 December 2014.

New, revised or amending Accounting Standards and Interpretations will be adopted by the Company 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 and the relevant amending standards	1 January 2018	30 June 2019	(i)
AASB 2014-3	Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations	1 January 2016	30 June 2017	(i)
AASB 2014-4	Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016	30 June 2017	(i)
AASB 15	Revenue from Contracts with Customers	1 January 2017	30 June 2018	(i)
AASB 2014-5	Amendments to Australian Accounting Standards arising from AASB 15	1 January 2017	30 June 2018	(i)
AASB 2014-9	Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements	1 January 2016	30 June 2017	(i)
AASB 2014-10	Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016	30 June 2017	(i)
AASB 2015-1	Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle	1 January 2016	30 June 2017	(i)

Table note

(i) These changes are not expected to have a significant financial impact, if any.

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 within the half year ended 31 December 2014 and the next financial year ending 30 June 2015 are discussed below.

A. Fair value of assets acquired

The Group measures the net assets acquired in a business combination at their fair value at the date of acquisition. 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 fair value, then the amounts recognised as at the acquisition date will be retrospectively revised.

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

B. Deferred consideration

The Group has made a best estimate of the amount of consideration payable for the acquisitions where there is a variable purchase price (generally, 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 estimates, the Group will be required to increase or reduce the final consideration payable and recognise the difference as expense or income.

C. Goodwill

Goodwill is assessed annually for impairment or when there is evidence of impairment.

The recoverable amount of goodwill is estimated using discounted cash flow analysis of expected future income 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.

D. Intangible assets

The carrying amounts of intangible assets with finite lives 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 on the same basis as goodwill above.

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

E. Estimation of useful lives of assets

The Group 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.

F. Recovery of deferred tax assets

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

G. Rebates accruals

Included in accrued expenditure is an accrual for rebates from the Group to Steadfast Network Brokers which is calculated based on a percentage of eligible income received and receivable from the Group's insurance and premium funding partners.

Note 4. Operating segments

The Group's corporate structure includes equity investments in insurance intermediary entities (insurance broking and underwriting agencies and premium funders) and ancillary businesses. 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 similar regulatory environments. The Group is in the business of distributing and advising on insurance products in Australia, New Zealand and Singapore.

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.

Table note	31 Dec 2014			31 Dec 2013		
	Insurance intermediary \$'000	Other \$'000	Total \$'000	Insurance intermediary \$'000	Other \$'000	Total \$'000
EBITA – consolidated entities	27,317	845	28,162	14,698	806	15,504
Share of EBITA from associates and joint ventures (Note 11, 12)	9,294	97	9,391	11,016	340	11,356
EBITA from core operations – pre-corporate expenses	36,611	942	37,553	25,715	1,146	26,860
Corporate expenses	(3,062)	-	(3,062)	(2,392)	-	(2,392)
EBITA from core operations – post-corporate expenses	33,549	942	34,491	23,322	1,146	24,468
Finance costs (net of interest received on surplus cash held)	(i) (2,273)	-	(2,273)	(413)	-	(413)
Amortisation expense	(ii) (6,525)	(193)	(6,718)	(4,984)	(131)	(5,115)
Profit before income tax before non-trading items	24,751	749	25,500	17,925	1,015	18,940
Less: non-trading items	(iii) (1,557)	-	(1,557)	(3,397)	-	(3,397)
Profit before income tax after non-trading items	23,194	749	23,943	14,528	1,015	15,543
Income tax expense	(iv) (7,415)	(197)	(7,612)	(5,536)	(310)	(5,846)
Net profit after income tax for the year	15,779	552	16,331	8,992	705	9,697
Non-controlling interests	(2,588)	-	(2,588)	(804)	(61)	(865)
Net profit after income tax attributable to owners of Steadfast Group Limited	13,191	552	13,743	8,188	644	8,832
Other comprehensive income	291	-	291	595	-	595
Total comprehensive income after income tax attributable to owners of Steadfast Group Limited	13,482	552	14,034	8,783	644	9,427

TABLE NOTE

(i) Breakdown of finance costs net of interest received on surplus cash held are as below.

Finance (costs)/income – consolidated entities (net of interest received on surplus cash held)

(1,779)	-	(1,779)	78	-	78
(494)	-	(494)	(491)	-	(491)
(2,273)	-	(2,273)	(413)	-	(413)

Finance costs – associates and joint venture (Note 11, 12)

	31 Dec 2014			31 Dec 2013		
	Insurance intermed- iary \$'000	Other \$'000	Total \$'000	Insurance intermed- iary \$'000	Other \$'000	Total \$'000
(ii) Breakdown of amortisation expenses are as below.						
Amortisation expense – consolidated entities	(4,409)	(156)	(4,565)	(3,051)	(110)	(3,161)
Amortisation expense – associates and joint venture (Note 11, 12)	(2,116)	(37)	(2,153)	(1,933)	(21)	(1,954)
	(6,525)	(193)	(6,718)	(4,984)	(131)	(5,115)
(iii) Breakdown of non-trading income/(expenses) are as below.						
Net (loss)/profit on changes in value of investments	(1,351)	-	(1,351)	4,611	-	4,611
Due diligence and restructure costs	(1,273)	-	(1,273)	(2,328)	-	(2,328)
Executive loans fair value adjustment	666	-	666	(6,015)	-	(6,015)
Deemed interest revenue on interest free Executive loans	401	-	401	335	-	335
	(1,557)	-	(1,557)	(3,397)	-	(3,397)
(iv) Breakdown of income tax expenses are as below.						
Income tax expense – consolidated entities	(5,402)	(187)	(5,589)	(2,965)	(208)	(3,173)
Income tax expense – associates and joint venture (Note 11, 12)	(2,013)	(10)	(2,023)	(2,571)	(102)	(2,673)
	(7,415)	(197)	(7,612)	(5,536)	(310)	(5,846)

	31 Dec 2014 cents	31 Dec 2013 cents
Note 5. Earnings per share		
A. Reporting period value		
Basic earnings per share	2.74	2.08
Diluted earnings per share	2.73	2.07
	31 Dec 2014 \$'000	31 Dec 2013 \$'000
B. Reconciliation of earnings used in calculating earnings per shares		
Profit after income tax	16,331	9,697
Non-controlling interests	(2,588)	(865)
Profit after income tax attributable to the owners of Steadfast Group Limited for calculation of basic and diluted earnings per share	13,743	8,832

C. Reconciliation of weighted average number of shares used in calculating earnings per share

Re-weighting shares	65,686	65,686
Ordinary shares issued on the Company's listing on ASX	428,385	350,176
Executive shares	6,900	8,994
Ordinary shares issued for Dividend Reinvestment Plan	1,454	-
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Weighted average number of ordinary shares issued	502,425	424,856
Weighted average number of treasury shares held in trust	(1,110)	(456)
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Weighted average number of ordinary shares used in calculating basic earnings per share	501,315	424,400

Weighted average number of dilutive potential ordinary shares related to

Effect of share based payment arrangements ^(a)	349	690
Effect of deemed bonus shares on share options ^(b)	948	1,109
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Weighted average number of ordinary shares used in calculating diluted earnings per share	502,612	426,199

The weighted average number of ordinary shares or dilutive potential ordinary shares is calculated by taking into account the period from the issue date of the shares to the reporting date unless otherwise stated as below.

- (a) Steadfast operates share based payments arrangements (being an employee conditional rights scheme, a short term incentive plan and a long term incentive plan) where eligible employees could receive conditional rights instead of cash. One conditional right will convert to one ordinary share subject to vesting conditions being met. These share based payments arrangements are granted to employees free of costs and no consideration will be paid on conversion to Steadfast's ordinary shares. These arrangements have a dilutive effect to the basic earnings per share in the current reporting period.
- (b) 3.000 million share options were issued to a key management personnel of an acquired business with an exercise price of \$1 per share. Because the average share price exceeds the exercise price, 0.948 million shares are deemed to be bonus shares.

Note 6. Dividends

A. Dividends on ordinary shares during the half year

During the half year ended 31 December 2014, the following dividends were declared and paid by the Company:

	Cents per share	Total amount \$'000	Payment date	Tax rate for franking credit	Percentage franked
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31 December 2014					
2014 final dividend	2.7	13,545	8 October 2014	30%	100%

B. Dividend reinvestment

A Dividend Reinvestment Plan (DRP) operates which allows equity holders to elect to receive their dividend entitlement in the form of the Company's ordinary shares. The price of DRP shares is the average share market price, less a discount if any (determined by the directors) calculated over the pricing period (which is at least five trading days) as determined by the directors for each dividend payment date.

C. Dividend not recognised at reporting date

On 16 February 2015, the Board resolved to pay the following dividend. As this occurred after the reporting date, the dividends declared have not been recognised in this financial report.

	Cents per share	Total amount \$'000	Expected payment date	Tax rate for franking credit	Percentage franked
2015 interim dividend	2.0	10,068	14 April 2015	30%	100%

The Company's DRP will operate by issuing ordinary shares to participants by issuing new shares with an issue price per share of the average market price as defined by the DRP terms with 2.5% discount applied. The last election notice for participation in the DRP in relation to this interim dividend is 24 February 2015.

Note 7. Intangible assets and goodwill

	Customer relationships \$'000	Capitalised software \$'000	Other Intangible assets \$'000	Total intangible assets \$'000	Goodwill \$'000
31 December 2014					
A. Composition					
At cost	112,097	1,377	3,659	117,133	378,573
Accumulated amortisation	(11,434)	(315)	(3)	(11,752)	-
	100,663	1,062	3,656	105,381	378,573
B. Movements (6 months)					
Balance at the beginning of the financial period ^(a)	75,964	642	-	76,606	289,162
Additions	-	497	56	553	-
Additions through business combinations	29,858	-	3,603	33,461	91,798
Reduction on part disposal of subsidiaries in hubbing arrangements	(765)	-	-	(765)	(2,387)
Reversal of accumulated amortisation in hubbing arrangements	91	-	-	91	-
Amortisation expense	(4,485)	(77)	(3)	(4,565)	-
Balance at the end of the financial period	100,663	1,062	3,656	105,381	378,573
30 June 2014					
C. Composition					
At cost	83,004	880	-	83,884	289,162
Accumulated amortisation	(7,040)	(238)	-	(7,278)	-
	75,964	642	-	76,606	289,162
D. Movements (12 months)					
Balance at the beginning of the financial period	7,918	5	-	7,923	28,131
Changes in cash consideration	-	-	-	-	(601)
Additions	-	241	-	241	-
Additions through business combinations ^(a)	79,291	450	-	79,741	281,980
Reduction on part disposal of subsidiaries in hubbing arrangements	(4,626)	-	-	(4,626)	(20,348)
Reversal of accumulated amortisation in hubbing arrangements	563	-	-	563	-
Amortisation expense	(7,182)	(54)	-	(7,236)	-
Balance at the end of the financial period	75,964	642	-	76,606	289,162

(a) The comparative information has been revised to recognise measurement period adjustments to the provisional amounts recognised on prior period business combinations.

31 Dec 2014
\$'000

30 June 2014
\$'000

Note 8. Borrowings

Bank loans

Current	315	862
Non-current	121,533	19,528
	121,848	20,390

Bank facilities available

Bank facilities drawn down

Bank loans	121,848	20,390
Lines of credit (bank overdrafts)	270	654
	122,118	21,044

Undrawn bank facilities

Bank loans	16,949	63,610
Lines of credit	730	346
	17,679	63,956

Total bank facilities available

Bank loans	138,797	84,000
Lines of credit	1,000	1,000
	139,797	85,000

A. Movement of borrowings

The outstanding borrowings as at 31 December 2014 represent bank loans drawn down:

- \$113.052 million by the Company to fund acquisition of subsidiaries; and
- by certain subsidiaries of the Group to support their operations.

B. Bank facility details

During the half year, the Group extended its revolving line of credit facility with Macquarie Bank Limited from \$85.000 million to \$130.000 million. The key terms and conditions of the bank facilities were disclosed in the annual report for the year ended 30 June 2014 and remain unchanged except for the variable interest rate. The variable interest rate ranges between BBSW plus margin of 1.30% and 1.90% per annum (depending on quantum of borrowings) and interest is payable monthly.

Subsequent to balance date a further \$50.000m facility has been entered into with renegotiation by 31 December 2015.

Note 9. Capital and reserves

A. Share capital

	31 Dec 2014	30 June 2014	31 Dec 2014	30 June 2014
	Number of	Number of	\$'000	\$'000
	shares in 000's	shares in 000's		
Reconciliation of movements				
Balance at the beginning of the financial period	501,638	1	488,187	317
Conversion to preferred capital shares	-	(1)	-	-
Shares issued on the Company's listing on the ASX	-	500,971	-	498,944
Less: Transaction costs on issue of ordinary shares, net of income tax	-	-	-	(12,077)
Shares issued under the Dividend Reinvestment Plan	1,715	667	2,573	1,003
Shares issued in capital raising	-	-	-	-
Balance at the end of the financial period	503,353	501,638	490,760	488,187

B. Treasury shares held in trust

	31 Dec 2014 Number of shares in '000	30 June 2014 Number of shares in '000	31 Dec 2014 \$'000	30 June 2014 \$'000
Reconciliation of movements				
Balance at the beginning of the financial period	754	-	(1,070)	-
Shares acquired	1,305	745	(2,084)	(1,057)
Shares allotted through Dividend Reinvestment Plan	24	9	(36)	(13)
Shares allocated to employees under Employee Conditional Rights Scheme	(738)	-	1,046	-
Balance at the end of the financial period	1,345	754	(2,144)	(1,070)

Treasury shares are ordinary shares of Steadfast bought on market by the trustee (a wholly owned subsidiary of the Group) of an employee share plan for meeting future obligations under that plan when conditional rights vest and shares are allocated to participants.

C. Nature and purpose of reserves

i. Foreign currency translation reserve

The foreign currency translation reserve records the foreign currency differences from the translation of the financial information of foreign operations that have a functional currency other than Australian dollars.

ii. Share based payments reserve

The share based payments reserve is used to recognise the fair value at grant date of equity settled share based remuneration provided to employees and a key management personnel of a subsidiary and the discount on Executive Shares.

iii. Other reserves

The other reserves are used to recognise other movements in equity including the fair value of put options issued to a shareholder of a subsidiary over that subsidiary's shares and the net effect on disposal of partial equity ownership in subsidiaries without loss of control.

iv. Undistributed profits reserve

The undistributed profits reserve consists of current financial period's net profit attributable to owners of the Group and any retained amount carried forward from prior periods transferred from retained earnings. This reserve will ultimately be used to pay dividends declared by the Board.

Note 10. Business combinations

Acquisitions for the half year ended 31 December 2014

During the half year ended 31 December 2014, the Group completed a number of acquisitions in accordance with the Group's strategy.

The following disclosures provide the provisional financial impact to the Group at the acquisition date. Only those significant acquisitions with total consideration over \$20 million are disclosed separately. Other acquisitions are disclosed in aggregate.

Acquisition of subsidiaries

The following tables provide:

- detailed information for two businesses acquired during the half year with consideration in excess of \$20 million, and
- aggregated information for seven acquired businesses (Other acquisitions) where consideration was less than \$20 million.

Note 10.f. contains a list of subsidiaries acquired and the respective ownership interests. The two for which consideration paid/payable exceeded \$20 million are as follows;

- Six underwriting agencies acquired from Calliden Group Ltd (Calliden Group), an ASX listed general insurance company headquartered in New South Wales. The acquisition was achieved by a scheme of arrangement under which the Group acquired all the issued shares in Calliden Group and then immediately on sold the general insurance operations and two underwriting agencies to Munich Holdings of Australasia, a subsidiary of Munich Re. Amounts shown as consideration for Calliden Group is net of proceeds from the immediate on-sale of certain assets to Munich Holdings of Australasia. The net consideration consists of gross consideration of \$94.074 million less contribution from Munich Holdings of Australasia of \$43.291 million. The identifiable assets and liabilities acquired shown in Note 10.b. are the details relevant to the interests retained by the Group.
- Ausure Group (Ausure), an authorised representative network of insurance professionals in 150 locations across Australia.

a. Consideration paid/payable

31 December 2014	Calliden Group \$'000	Ausure \$'000	Other acquisitions \$'000	Total \$'000
Cash	50,783	13,265	16,924	80,972
Deferred consideration ^(a)	-	11,576	5,326	16,902
Scrip for scrip ^(b)	-	-	2,505	2,505
Total	50,783	24,841	24,755	100,379

(a) Pursuant to the Share and Unit Purchase Agreements, some of the consideration will be settled based on future year actual financial performance and thus was recognised as deferred consideration by the Group. The deferred consideration is estimated based on the assumption that the acquirees will meet the forecast revenue and/or earnings target. Any variation at time of settlement will be recognised in profit or loss.

(b) Some acquisitions made through existing subsidiaries of the Group have been partially completed on a scrip for scrip basis.

b. Identifiable assets and liabilities acquired

31 December 2014	Calliden Group \$'000	Ausure \$'000	Other acquisitions \$'000	Total \$'000
Cash, and cash equivalents ⁽¹⁾	12,880	30,464	4,215	47,559
Trade and other receivables ⁽²⁾	31,550	1,783	1,659	34,992
Property, plant and equipment	5,410	344	134	5,888
Deferred tax assets	-	58	254	312
Identifiable intangibles	19,237	5,976	8,248	33,461
Other assets	1,388	1,831	55	3,274
Trade and other payables	(44,538)	(30,108)	(3,492)	(78,138)
Income tax payable	(621)	(1,478)	110	(1,989)
Provisions	(3,222)	(410)	(751)	(4,383)
Deferred tax liabilities	(5,846)	(1,793)	(2,243)	(9,882)
Other liabilities	(17,169)	(1,217)	(2,067)	(20,453)
Total net identifiable assets/(liabilities)	(931)	5,450	6,122	10,641

(1) Includes cash held on trust

(2) 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 amounts, then the acquisition accounting will be revised.

c. Goodwill on acquisition

31 December 2014	Calliden Group \$'000	Ausure \$'000	Other acquisitions \$'000	Total \$'000
Total consideration paid/payable ^(a)	50,783	24,841	24,755	100,379
Total net identifiable (assets)/liabilities acquired	931	(5,450)	(6,122)	(10,641)
Non-controlling interests acquired ^(b)	-	1,427	633	2,060
Goodwill on acquisition^(c)	51,714	20,818	19,266	91,798

(a) Total consideration paid for Calliden Group is shown net of on-sale proceeds received from Munich Holdings of Australasia. As at 31 December 2014, the fair value of assets and liabilities are provisional and pending final valuation.

(b) Non-controlling interests acquired are based on the proportionate ownership interest in the total net identifiable assets recognised at the acquisition date. For the operations and business being put into a business hub, non-controlling interests represents the fair value at the hubbing date.

(c) 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.

d. Financial performance of acquired subsidiaries

The contribution for the period since acquisition by the acquired subsidiaries to the financial performance of the Group is outlined in the table below.

31 December 2014	Calliden Group \$'000	Ausure \$'000	Other acquisitions \$'000	Total \$'000
Revenue	-	3,410	3,835	7,245
EBITA	-	1,397	2,029	3,426
Profit after income tax	-	1,007	1,413	2,420

Operating results for the Calliden Group will be included from 1 January 2015. If the acquisitions of subsidiaries occurred on 1 July 2014, the Group's total revenue, EBITA and profit after income tax attributable to the owners of the Group for the half year ended 31 December 2014 would have increased by \$32.369 million, \$9.453 million and \$5.071 million respectively.

e. Acquisition-related costs

The Group incurred acquisition-related costs, being external consultancy, accounting and legal fees for business interests acquired during the half year ended 31 December 2014.

The acquisition-related costs have been included in due diligence and restructure costs in the Group's consolidated statement of profit or loss and other comprehensive income.

f. Subsidiaries acquired

The table below outlines all the subsidiaries acquired during the half year ended 31 December 2014. There are changes in ownership of some acquired entities due to internal restructuring in the form of hubbing arrangements.

Name of subsidiary acquired	Table note	Ownership interest as at 31 December 2014 %
Allied Insurance Group Limited		100.00
Ausure Group Pty Ltd		73.82
Ausure Pty Ltd		73.82
Ausure Unit Trust		73.82
Allstate Insurance Pty Ltd		73.82
Ausure Financial Services Pty Ltd		65.00
Calliden Group Ltd	(i)	100.00
Calliden Agency Services Ltd	(i)	100.00
Multi-Functional Policies Pty Ltd	(ii)	75.80
Steadfast Re Pty Ltd	(iii)	50.00
Actionquote Holdings Pty Ltd		100.00
CAIP Services Pty Ltd		100.00
Ausure Brisbane Pty Ltd	(iv)	80.00
Les Wigginton Pty Ltd	(iv)	80.00

Table note

- (i) The Group acquired Calliden Group Ltd via a scheme of arrangement under which the Group acquired all the issued shares in Calliden Group and then immediately on sold the general insurance operations and two underwriting agencies to Munich Holdings of Australasia, a subsidiary of Munich Re.
- (ii) The Group increased its equity interest in Multi-Functional Policies Pty Ltd (MFP) from 49.00% to 75.80% through Brecknock Insurance Brokers Pty Ltd (Brecknock), an existing subsidiary of the Group. The 75.80% equity interest in MFP represents the Group's effective interest in MFP.
- (iii) Although the Group only has 50.00% equity interest in Steadfast Re Pty Ltd (Steadfast Re), the Group has control over Steadfast Re due to the terms of the sale and purchase agreement, which give the Group the ability to direct the key financial and operating activities of Steadfast Re.
- (iv) The Group acquired Ausure Brisbane Pty Ltd and Les Wigginton Pty Ltd through Regional Insurance Brokers Pty Ltd, an existing subsidiary of the Group. The 80.00% equity interest in Ausure Brisbane Pty Ltd and Les Wigginton Pty Ltd represents the Group's effective interest in Ausure Brisbane Pty Ltd and Les Wigginton Pty Ltd.

Note 11. Investments in associates

	6 months 31 Dec 2014 \$'000	12 months 30 June 2014 \$'000
Reconciliation of movements		
Balance at the beginning of the financial period	144,388	8,219
Acquisition of associates	2,787	139,251
Reclassification of investment in associates to investment in subsidiaries	(1,177)	(9,450)
Reclassification of investment in a subsidiary to investment in associates due to hubbing arrangement	-	46
Share of EBITA from associates	6,557	17,732
Less share of:		
Finance costs	(377)	(778)
Amortisation expense	(1,913)	(2,443)
Income tax expense	(1,280)	(4,372)
Share of associates' profit after income tax	<u>2,987</u>	<u>10,139</u>
Dividends received	(6,762)	(4,799)
Net foreign exchange movements	397	982
Balance at the end of the financial period	<u>142,620</u>	<u>144,388</u>

Note 12. Interest in joint venture

	6 months 31 Dec 2014 \$'000	12 months 30 June 2014 \$'000
Reconciliation of movements		
Balance at the beginning of the financial period	4,425	3,593
Share of EBITA from joint venture	2,834	5,324
Less share of:		
Finance costs	(117)	(280)
Amortisation expense	(240)	(479)
Income tax expense	(743)	(1,369)
Share of joint venture's profit after income tax	<u>1,734</u>	<u>3,196</u>
Dividends received	(3,117)	(2,364)
Balance at the end of the financial period	<u>3,042</u>	<u>4,425</u>

Note 13. Reconciliation of profit/(loss) after income tax to net cash from operating activities

	31 Dec 2014 \$'000	31 Dec 2013 \$'000
Profit/(loss) after income tax expense/(benefit) for the year	16,331	9,697
Adjustments for		
Depreciation and amortisation and loss on disposal of property, plant and equipment	5,710	4,003
Share of profits of associates and joint venture	(4,721)	(6,238)
Income tax paid	(5,869)	(1,793)
Dividends received from associates and joint venture	9,879	3,510
(Gain)/loss on fair value of investments	159	(4,314)
Loss on settlement of deferred consideration	1,204	-
Capitalised interest income	(694)	-
Executive loans fair value adjustment	(666)	3,680
Share based payments and incentives accruals	376	3,266
Change in operating assets and liabilities		
Change in trade and other receivables	56,902	24,727
Change in deferred tax assets	(3,256)	(7,834)
Change in other assets	(1,152)	(267)
Change in trade and other payables	(39,155)	(48,912)
Change in income tax payable	6,917	10,001
Change in deferred tax liabilities	1,928	1,005
Change in other liabilities	(20,506)	144
Change in provisions	(1,011)	(6,570)
Net cash from operating activities	<u>22,376</u>	<u>(15,895)</u>

Note 14. Related party transactions

A. Transactions with subsidiaries

All transactions that have occurred among the subsidiaries within the Group have been eliminated for consolidation purposes.

B. Transactions with other related parties

The following transactions occurred with related parties:

	31 Dec 2014	31 Dec 2013
	\$	\$
<i>i. Sale of goods and services</i>		
Marketing and administration fees received from associates on normal commercial terms	85,234	64,639
Marketing and administration fees received from joint venture on normal commercial terms	1,748,984	1,491,587
Commission income received/receivable from associates on normal commercial terms	28,378	48,096
<i>ii. Interest income</i>		
Interest income received/receivable from joint venture	120,505	219,408
<i>iii. Payment for goods and services</i>		
Estimated Steadfast Network Broker rebate expense paid or payable to associates on the basis as determined by the Board	699,425	700,755
Commission expense paid/payable to associates on normal commercial terms	1,285,004	602,429
Service fees paid to associates	33,267	1,024,971
	31 Dec 2014	30 June 2014
	\$	\$

iv. Receivable from and payable to related parties

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

a. Current receivables

Trade receivables from associates	2,961,848	4,261,029
Trade receivables from joint venture	32	144,863

b. Current payables

Trade payables to associates	29,849	124,964
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v. Loans to/from related parties

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

a. Current receivables

Loan to joint venture	603,125	603,125
Executive loans	310,500	310,500

b. Non-current receivables

Loan to joint venture	2,412,500	3,015,625
Executive loans	4,457,611	4,389,769
Loans to associates	521,977	305,000

Note 15. Contingencies

A. Contingent assets

There are no material changes in contingent assets since the end of the last annual reporting period.

B. Contingent liabilities

Debt guarantees provided to associates

The Group has guaranteed loan facilities to associates which are limited to the shares held by the Group in each entity. The value of each guarantee is dependent on a valuation of the shares which support the guarantee.

Macquarie Bank put options

Steadfast Group Limited has granted options to Macquarie Bank Limited ("Macquarie") to put shares held by other shareholders in associates to the Group at fair value if Macquarie enforces its security over those shares. These have been granted in relation to shares held by other shareholders in associates over which Macquarie holds a security interest to secure indebtedness by those shareholders.

Note 16. Events after the reporting period

A. Interim dividend

On 16 February 2015, the Board declared an interim dividend of 2.0 cents per share, 100% franked. The dividend will be paid on 14 April 2015. The Company's DRP will operate by issuing new ordinary shares to participants with an issue price per share of the average market price as defined by the DRP terms with 2.5% discount applied. The last election notice for participation in the DRP in relation to this interim dividend is 24 February 2015.

B. Acquisitions

On 16 February 2015 the Group announced the acquisition of underwriting agencies and insurance brokers for a cost of \$330.000 million. The acquisitions are being funded with \$30.000 million debt and \$300.000 million equity raise. The acquisitions are due to settle in March 2015.

C. Debt Funding

In February 2015 the Company signed an extension of its Corporate Debt Facility from \$130.000 million to \$180.000 million. The terms and conditions are identical to the \$130.000 million facility except that the \$50.000 million extension expires 31 December 2015.

Steadfast Group Limited Directors' declaration

In the opinion of the Directors of Steadfast Group Limited:


- the financial statements and notes 1 to 15 are prepared in accordance with the requirements of the Corporations Act 2001, including:
 - giving a true and fair view of the financial position of the Group as at 31 December 2014 and of its performance, as represented by the results of its operations and its cash flows, for the half year ended on that date; and
 - complying with Australian Accounting Standards AASB134 Interim Financial Reporting and the Corporations Regulations 2001; 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.

Signed at Sydney this 16th day of February 2015 in accordance with a resolution of the Directors.



Frank O'Halloran, AM

Chairman



Robert Kelly

Director



Independent auditor's review report to the members of Steadfast Group Limited

Report on the financial report

We have reviewed the accompanying half-year financial report of Steadfast Group Limited, which comprises consolidated statement of financial position as at 31 December 2014, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes 1 to 16 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 half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Steadfast Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Steadfast Group Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

Andrew Dickinson
Partner

Sydney

16 February 2015