Steadfast Group Limited and controlled entities

Appendix 4E (rule 4.3A)
Preliminary final report for the year ended 30 June 2015

Results for announcement to the market
(All comparisons to year ended 30 June 2014)

	2015 $'000	Up/Down	% Movement
Revenues from ordinary activities	279,855	108,103	63%
Earnings before interest expense, tax and amortisation expense (EBITA) from core operations pre-corporate expenses	98,765	35,439	56%
EBITA from ordinary activities from core operations post-corporate expenses	90,369	35,173	64%
Profit before income tax from core operations before non-trading items (Note 1)	68,506	24,598	56%
Profit before income tax from core operations after non-trading items (Note 1)	68,390	29,048	74%
Profit/(loss) from ordinary activities after tax attributable to shareholders	42,104	17,017	68%
Total comprehensive income attributable to shareholders	41,057	15,317	60%

Note 1:

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

	2015 $'000
Profit before income tax expense from core operations before non-trading items	68,506
Add / (less): non-trading income / (expenses)	
Net gain on settlement or reassessment of deferred consideration	939
Net profit on changes in value of investments	565
Stamp duty, due diligence and restructure costs	(3,302)
Executive loans fair value adjustment	1,682
Profit before income tax expense from core operations after non-trading items	68,390

During the financial year ended 30 June 2015, the Group recognised net expenses of $116,000 as non-trading items. These income/expenses were:

- Additional deferred consideration gain of $939,000 due to companies acquired not meeting forecasts;
- Net profit of $565,000 on changes in value of investments resulting from the remeasuring to fair value the equity interest in Webmere Pty Ltd (Webmere). The group increased its shareholding in Webmere from 49.00% to 50.50% (and subsequently increased to 64.00%);
- $3,302,000 in relation to stamp duty, due diligence and restructure costs primarily for the acquisition of the Calliden Group and QBE agencies;
- $1,682,000 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 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 (%)
Final 2015 dividend per share	3.0	3.0	30
Interim 2015 dividend per share	2.0	2.0	30

Final dividend dates

Ex-dividend date	11 September 2015
Record date	15 September 2015
Payment date	14 October 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 and a record date of 15 September 2015. The last election notice for participation in the DRP in relation to this final dividend is 16 September 2015.

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

	2015 ($)	2014 ($)
Net tangible assets per ordinary share*	0.06	0.36

* Net tangible assets per ordinary share are based on 743,413,768 shares on issue at 30 June 2015 compared to 501,638,307 shares on issue as at 30 June 2014.

Additional Appendix 4E disclosure requirements can be found in the directors' report and the 30 June 2015 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 2015

Steadfast

Annual Report 2015

WE ARE

Contents

NETWORK BROKERS, UNDERWRITING AGENCIES, COMPLEMENTARY BUSINESSES & STRATEGIC PARTNERS. **STRONGER TOGETHER.**

Steadfast was established in 1996 by bringing together independently owned insurance brokers and using the power of numbers to create better insurance solutions for their clients.

Nineteen years on:

- We are the largest distribution channel of general insurance products across Australia and New Zealand.
- We are the largest group of underwriting agencies in Australia and New Zealand, distributing products and services through the Steadfast network, and through other networks and brokers.
- We provide our network with access to close to 160 broker services including complimentary solutions like premium funding, legal services, technology and back-office support.

In the past 12 months we have strengthened our network of insurance brokers and underwriting agencies by enhancing the services we provide to them and by adding new brokers and agencies to the network.

We have strengthened our strategic relationships with insurers and other partners by working together to identify and develop growth opportunities.

These initiatives are reflected in our strong financial performance, despite soft markets, and place us in a strong position to capitalise on improving market conditions.

OUR VISION

To enhance the value of Steadfast-aligned businesses through our combined strength, creating exceptional value for our shareholders.

Steadfast Group

Network Brokers

FY15 GWP ($ billion)

Steadfast Group provides services to 304 Steadfast Network Brokers funded by Marketing & Administration (M&A) Fees from Strategic Partners

$4.4b

Underwriting Agencies

FY15 GWP ($ million)

Equity interests in 22 underwriting agencies which distribute products through the Steadfast Network and through other networks and brokers

$385m

Complementary Businesses

provide cross-selling opportunities and cost efficiencies to the Group

MACQUARIE

Macquarie Pacific Funding

50% joint venture in premium funder

FY15 GWP funded ($ billion)

$1.3b

Steadfast Life

Specialist life insurance broker, 50% owned

Steadfast TECHNOLOGIES

Technology service arm for Steadfast-aligned businesses

WHITE OUTSOURCING

Back office service provider, 100% owned

Steadfast Re Reinsurance Brokers

Reinsurance broker, 50% owned

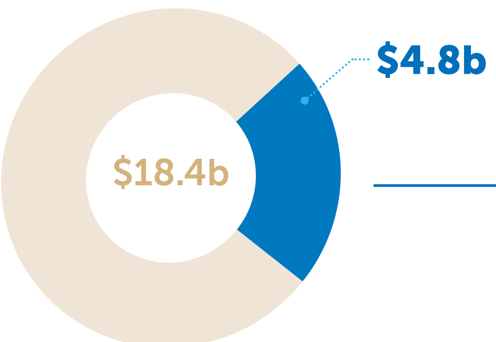
SVU

Steadfast Virtual Underwriter, an electronic insurance transaction solution

MERIDIAN LAWYERS

Insurance legal practice, 25% owned

Largest general insurance intermediary network in Australia



26% market share in 2014*

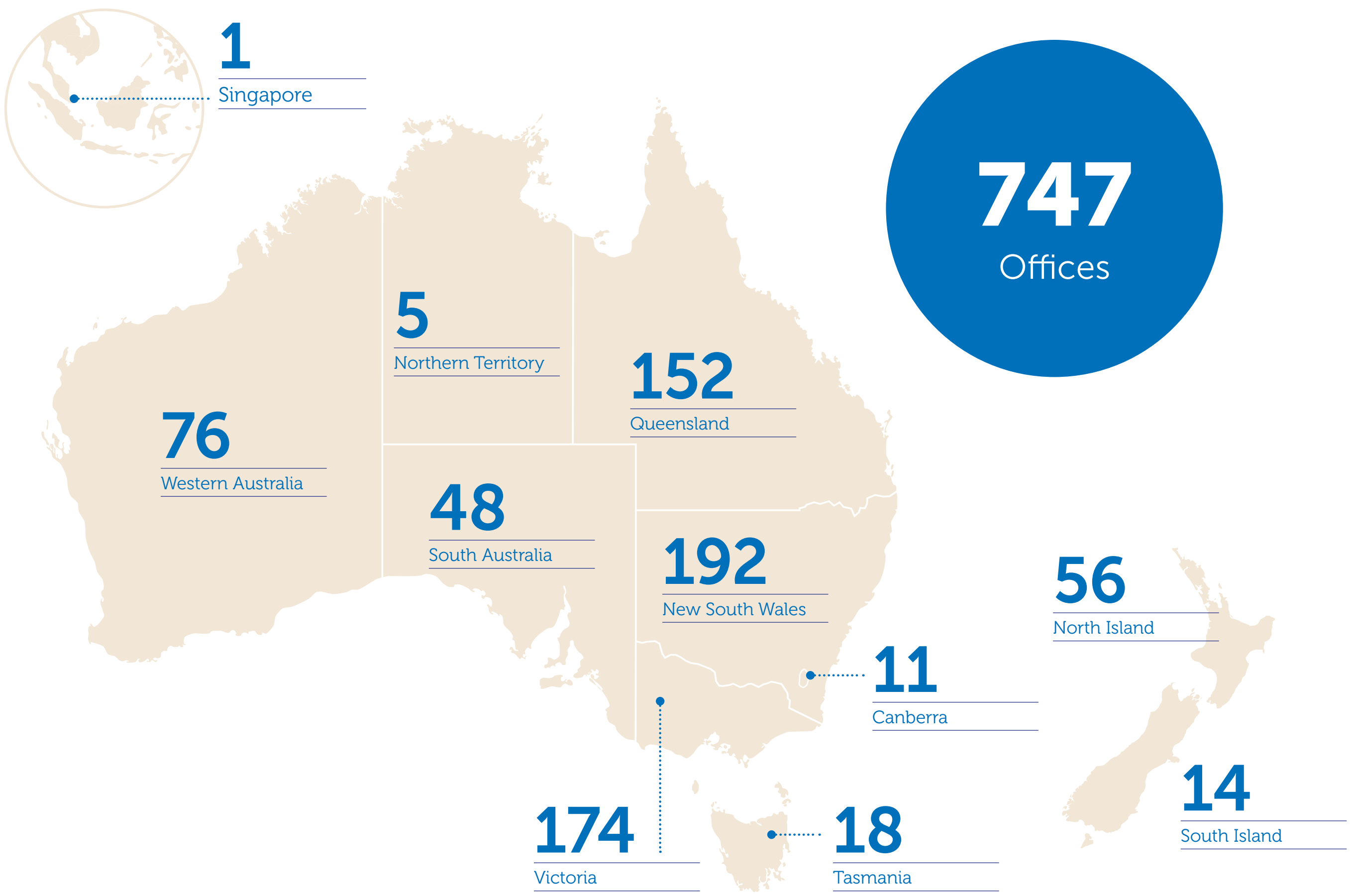
SOURCE: Steadfast and APRA Intermediated General Insurance Statistics, December 2014.

*Based on 2014 GWP on a run rate basis.

Business Highlights 2014/2015

- **DELIVERED** on growth and earnings guidance in a soft market
- **ACQUIRED** four brokers, one reinsurance broker and a New Zealand broker network with annual GWP of ~$515 million and 11 underwriting agencies with annual GWP of ~$570 million
- **GREW** share of intermediary general insurance market and became the largest underwriting agency group in Australia
- **ENHANCED** the network portfolio through the launch of a retail product offering, Steadfast Direct, and a life insurance offering through a strategic partnership with MetLife
- **ESTABLISHED** Steadfast New Zealand to create a similar platform to Steadfast Australia
- **BUILDING** a presence in Asia to place Asian risks for Steadfast Network Brokers in Australia and New Zealand

Footprint across Australia, New Zealand and Singapore



Financial Highlights

Underlying NPAT[1]
$ million

$42m

Up 30%
year-on-year

Underlying Cash EPS[1]
cents per share

9.79cps

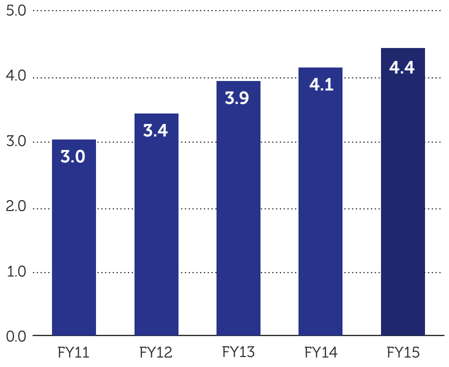
Up 23%
year-on-year

2015 Dividend
cents per share

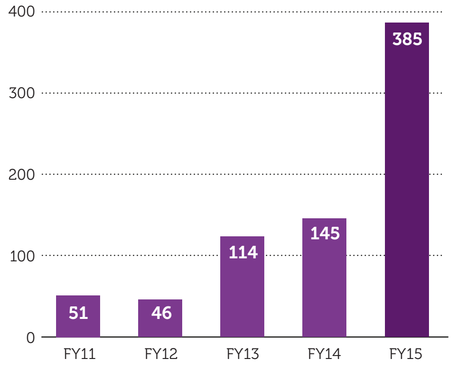
5.0cps

Up 11%
year-on-year

Network Brokers GWP ($b)
$4.4b Up 8.4% year-on-year



Underwriting Agencies GWP ($m)
$385m Up 165% year-on-year

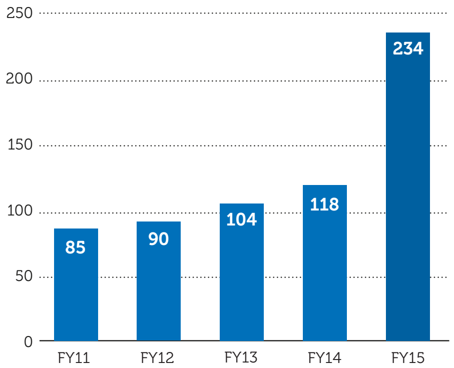


Network Brokers and Agencies Billings $ billion

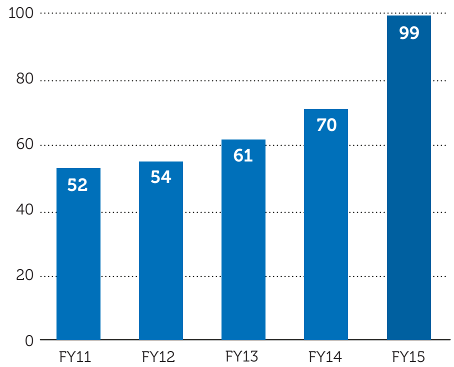
$6.1b

Consists of GWP and fees plus levies and taxes

Fees & Commissions ($m)[1]
$234m Up 98% year-on-year

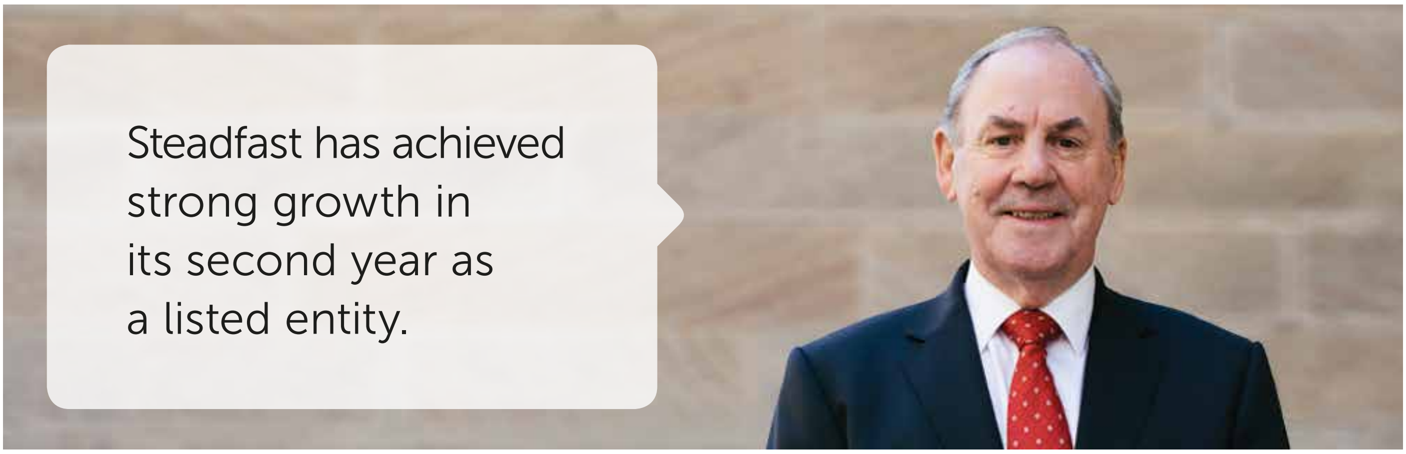


EBITA pre Corporate Office[1] **Expenses ($m)**
$99m Up 40% year-on-year



1 Underlying FY15 results compared to underlying pro-forma FY14 results. Adjustments to statutory results outlined on page 18 under "Reconciliation of NPATA".

Message from the Chairman



For the 2015 financial year, Steadfast Group ("Steadfast") reported an increase of:

- 72% in revenue to $299 million[1];
- 30% in net profit after tax to $42 million[1];
- 23% in cash earnings per share to 9.79 cents[1]; and
- 11% in the full year (fully franked) dividend of 5.0 cents per share.

The growth for the year was primarily due to acquisitions and actions taken to improve the efficiency of our business. Growth was curtailed by lower premium rates during the past 12 months.

In line with our strategy, Steadfast made a number of acquisitions. We acquired four insurance brokers, one reinsurance broker, a New Zealand broker network and 11 underwriting agencies for total consideration of over $400 million. Our acquisition criteria of earnings accretion in year one and cultural and strategic fit remain unchanged.

Transformational acquisitions

Most of the consideration was spent on Calliden's eight underwriting agencies and two QBE underwriting agencies, which together transformed Steadfast into the largest underwriting agency group in Australia and New Zealand. It is unusual for such large acquisition opportunities to materialise and we are grateful for the support from our shareholders for providing the funds that enabled us to purchase businesses of such size and importance to the future growth of Steadfast.

Network broker growth

Gross written premiums (GWP) placed by Steadfast Network Brokers were $4.4 billion, up 8.4% compared to FY14 despite soft market conditions. The growth in our network was driven by acquisitions, particularly the purchase in July 2014 of the Allied Insurance Group, a New Zealand broker network, and the acquisition in August 2014 of Ausure Group, a network of authorised representatives. As a result, we have strengthened our position as the largest general insurance network broker in Australia and as a leading player in New Zealand.

Capital management

To fund the acquisitions announced in February 2015 ("the Acquisitions"), Steadfast conducted a $300 million equity raising ("Equity Raising"). We were extremely pleased with the support, both from our institutional and retail shareholders, manifested by the high take-up rates of the 1:3 non-renounceable entitlement offer.

By 1 April 2015, we successfully completed the Equity Raising and the Acquisitions, and increased our market capitalisation to over $1 billion. A high percentage of shares – approximately 30% – are still owned by Steadfast brokers and agencies, which highlights their commitment to the Steadfast Group and its future success.

We enter FY16 with a much larger balance sheet, excellent operating results, a healthy acquisition pipeline and a sound outlook. These have enabled the Board to raise the Group's target debt to equity plus debt ratio from 20% to 25%. This change has allowed us to lock in debt facilities of $285 million and provides us with capacity of $110 million for future acquisitions and deferred settlements (after funding $20 million of deferred settlements by the end of September 2015). These new debt facilities have been established since year end. Details are included in the 2015 Financial Report.

Dividends

Our strong growth in profits and cash flow has allowed your Board to declare a final 2015 dividend of 3.0 cents per share, fully franked. This resulted in a full year 2015 dividend of 5.0 cents per share, fully franked, an increase of 11% year-on-year. The full year dividend is in line with our target payout ratio of between 65% and 85% of net profit after tax.

Corporate governance

Corporate governance remains a key role for your Board. In addition to reviewing and updating the Board Charters and Policies every year to ensure they are relevant, we gather feedback from the market by holding meetings with proxy advisors and shareholder associations. The Board is pleased to again report that the strong corporate governance and risk management in place have enabled Steadfast to report no material breaches during the year.

Summary

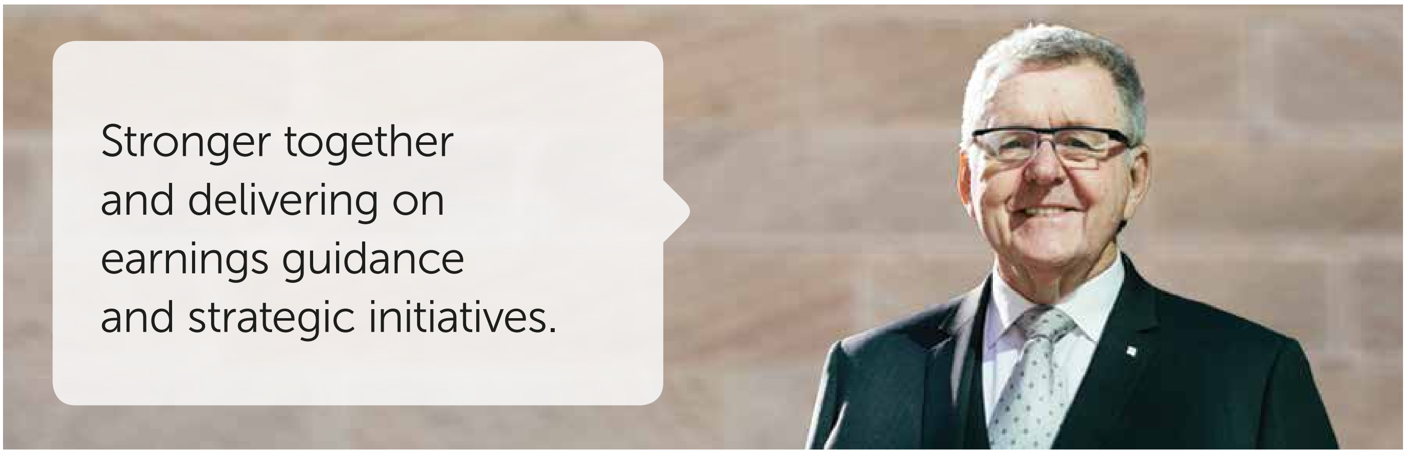
In closing, I would like to thank all those who have made Steadfast stronger, including our valued employees, our brokers, our underwriting agencies, our Strategic Partners and our end customers. I would also like to extend my gratitude to my fellow Directors, particularly our Managing Director & CEO, for their insight and support in guiding Steadfast through another very successful year. Under the leadership of Robert Kelly and his senior management team, the Group has delivered on its strategic initiatives to grow the business both organically and through acquisitions to produce outstanding results.

We look forward to another year of strong growth for the benefit of our shareholders.

Frank O'Halloran AM
CHAIRMAN

1 Underlying FY15 results compared to underlying pro-forma FY14 results. Adjustments to statutory results outlined on page 18 under "Reconciliation of NPATA".

Message from the Managing Director & CEO



Over the past two years, Steadfast has become a leading co-owner and consolidator of broker businesses, underwriting agencies and other complementary businesses in Australia and New Zealand. This is in addition to being the largest general insurance intermediary network in Australia.

At the same time, we have exceeded our cash earnings per share growth targets and made significant progress with our strategic initiatives.

Financial performance

In 2014/2015, Steadfast Group reported underlying net profit after tax and before amortisation (NPATA) of $57 million, up 38% year-on-year[1]. Including our $300 million equity raising in February and March 2015, the growth in underlying cash earnings per share was 23% and in line with our revised guidance and well ahead of our initial FY15 guidance.

2014/2015 acquisitions

Acquisitions transacted during the financial year enabled us to achieve strong growth despite soft market conditions. They include four broker businesses, one reinsurance broker and a New Zealand broker network with annual GWP of around $515 million, and 11 underwriting agencies with annual GWP of about $570 million. Each acquisition met our criteria for cultural and strategic fit as well as being cash EPS accretive. Most acquisitions came from within our network or from long-term strategic partnerships, where Steadfast played a major role in the distribution of their niche products.

Underwriting agencies

The Calliden and QBE acquisitions have led us to become the largest group of underwriting agencies in Australia and New Zealand and have diversified our earnings mix. To manage the expanded group effectively, we appointed Simon Lightbody as the CEO of Steadfast Underwriting Agencies. Together with his newly formed support team and our due diligence, finance and technology teams, Simon has ensured the integration process has been smooth and expeditious.

Pages 10 and 11 highlight how significantly the underwriting agency group has grown and lists each of our agency brands with a description of their specific market segment.

Network brokers

Growth opportunities provided to our 304 network brokers include enhancing their network service offering, creating back office cost synergies and strengthening our Strategic Partner relationships.

Pages 8 and 9 outline some of the key services we provide to our brokers and explain why Steadfast Network Brokers are able to consistently outperform the market.

Two recent important product enhancements made to the network are worth highlighting.

First, Steadfast has partnered with MetLife to provide our brokers with an exclusive line of life products tailored to the SME market. Since the strategic partnership was announced in November 2014, Steadfast Network Brokers are selling MetLife products either directly or through our life broker, Steadfast Life.

Second, we launched a retail insurance offering to the network, Steadfast Direct, to "take back the farm". Since our pilot with a small group of brokers in May 2015 and the launch in July 2015, our brokers have generated ~$4 million in premiums through Steadfast Direct and are excited about the prospect of being able to sell competitive retail home and motor products to clients.

1 Underlying FY15 results compared to underlying pro-forma FY14 results. Adjustments to statutory results outlined on page 18 under "Reconciliation of NPATA".

2014/2015 acquisitions

Brokers

Allied Insurance Group
New Zealand broker network

Ausure
network of authorised representatives

Steadfast Re
reinsurance broker

IMC
trade credit insurance broker

BCB
specialises in insurance for strata market

IC Frith
2nd member of the Steadfast Network

Underwriting agencies

Calliden
ARGIS
A+HPRO
calliden home
Residential Builders
Dawes
IUA
Mansions of Australia
QUS

CAIP

CHU

UAA

Cost saving initiatives

Our brokers are benefiting from cost savings through our hubbing and common back office services initiatives. We have created eight hubs in six states by merging 26 brokers together and are very close to achieving our goal of extracting a total 7% cost saving for each hub over a two year period. Cost savings have also been made with a number of our brokers taking advantage of back office services provided by our subsidiary, White Outsourcing. Furthermore, we are starting to generate savings and improved service levels from offshoring in Vietnam and the Philippines. All of these initiatives mean we are well positioned for margin improvements as the market hardens.

Strategic Partners

On behalf of our brokers, Steadfast deals with over 200 Strategic Partners including some of the world's leading insurance providers. The importance of our partnerships and recent partner developments can be found on pages 12 and 13.

Senior management team

In April we rolled out a new corporate structure, which promoted three recent hires to the senior management team – Nick Cook, Adrian Humphreys and Duncan Ramsay. Their impressive biographies as well as those of the rest of our senior management team can be found on pages 16 and 17. I feel very fortunate to have such a strong, diverse team of people working on the Group's strategic initiatives. Part of this new structure has included more resources behind business development, human resources, marketing and technology, to help our subsidiaries and brokers.

New Zealand

We have made significant progress in New Zealand, building a similar platform to that of Steadfast Australia. The Allied Insurance Group, acquired in July 2014, provided us with a local vehicle to provide services to brokers in New Zealand and has increased our share of the general insurance intermediary market to 10% and improved our negotiating position. This places us in a strong position to negotiate with Strategic Partners on behalf of our brokers to fund enhancements to their service offering as well as to drive top line growth for both parties.

Asia

We are starting to build a meaningful presence in Asia with affiliated brokers based in China, Hong Kong, Malaysia, Philippines, Singapore, Thailand and Vietnam. These brokers are assisting our Australian and New Zealand broker networks to place business in Asia. The next 12 months will see a focus on developing an Asian broker network and exploring the portability of our underwriting agencies, reinsurance brokers and life broker into Asia.

Outlook

Throughout Steadfast's 19-year history, the Group has demonstrated strong growth despite the ebbs and flows of the general insurance cycle. This is as a result of our defensive SME customer base and only a 2% exposure to the high-end corporate market. This is also due to our resilient business model – well diversified by broker, agency, geographic region and product line – and includes growth by acquisition, which has accelerated in a softening market.

Based on the anticipated uplift from acquisitions made during the past 12 months and flat market conditions, we are providing FY16 cash EPS growth guidance of between 10% and 14%. This assumes no further material acquisitions. Please note our key risks on pages 26 and 27.

Thank you

The entrepreneurial spirit that established the company in 1996 is evident in what has been achieved over the past 12 months and since the company listed on the ASX in August 2013. Steadfast was founded on the premise "none of us is as good as all of us" which remains true today. Our growth and success have been made possible by everyone who has become part of the Steadfast Group – our brokers, our underwriting agencies, our ancillary businesses, our Strategic Partners and of course our valued employees, senior management team and board members. Thank you for all your hard work this year and for validating the strength of our business proposition.

Robert Kelly
MANAGING DIRECTOR & CEO

Steadfast Network Brokers Advantage: we are the largest general insurance broker network in Australia and New Zealand

Since 1996, we have been doing all we can to help our brokers differentiate themselves in the market.

Our innovative, best-in-class products and services are only available through the Steadfast Network. This exclusivity plus Steadfast's market access gives our brokers a real competitive advantage. Although our negotiating position is important, it is our services and support system that provides expert guidance to every Steadfast Network Broker.

Our brokers live in local communities so they know their clients and can give them genuine personal services backed by the strength of Steadfast.

Steadfast Network Brokers also benefit from access to niche products and services through our equity ownership in:

- 22 underwriting agencies
- a life broker
- a reinsurance broker
- Macquarie Pacific Funding
- a back office service provider
- a leading insurance legal practice
- a leading technology service arm

To grow the Steadfast Network Brokers' business further, we have been running a national brand awareness campaign since January 2015. This year's campaign has included TV, billboard and digital marketing advertising with a "Fear Less" message, sponsorships (Nissan V8 supercars and Brisbane Roar soccer team) and updated broker marketing material.

The Steadfast Advantage

Part of the Steadfast Group DNA is about helping each other based on our saying "**none of us is as good as all of us.**"

Below is a list of some of the ways we help our brokers and in turn their clients:

Best-in-class policies

Steadfast Network Brokers have the benefit of exclusive Steadfast-negotiated policies that offer broader coverage and better pricing than the standard product offerings of the major insurers and underwriting agencies.

Market access

Steadfast has solid relationships with a significant number of insurers, underwriters and specialist insurance providers – referred to as our Strategic Partners. Steadfast Network Brokers have unrestricted access to our Strategic Partners and therefore an extensive market of product and service providers.

Helplines

Our helplines are an essential part of the online support we provide to our broker network. Advice is provided by experts in the following areas:

- Compliance
- Contractual Liability
- Human Resources and Industrial Relations
- Legal Advice
- Technical Assistance

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 brokers, we help to clarify the facts, apply established standards of best practice and assist with the resolution of disputes involving customers directly with our insurer contacts.

Steadfast Virtual Underwriter

Steadfast Virtual Underwriter (SVU) is an innovative 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 our brokers and their clients by delivering the information they need to make an informed choice, quickly and cost efficiently.

Training and networking events

We run training workshops and have developed "Steadfast Campus", an online training tool, to provide our brokers with opportunities to broaden their knowledge and skill base.

Steadfast networking events include Town Hall meetings three times a year and the annual Steadfast Convention. The Town Hall meetings keep brokers up to date with new developments and are used to gather feedback on initiatives. The Steadfast Convention is the largest insurance conference in Australia, attended only by Steadfast Network Brokers, Strategic Partners and service providers.

17th Steadfast Convention

ADELAIDE 18-21 APRIL 2015

Steadfast's 17th Convention was attended by over 2,100 people including brokers from across Australia, New Zealand and Asia. Amidst the networking, presentations and festivities, over $200,000 was raised for Heart Kids SA and NT.

2,100+

People attended

$200,000

Raised for Heart Kids SA and NT

Steadfast Underwriting Agencies: we are the largest underwriting agency group in Australia and New Zealand

Number of agencies

FY14 10 › FY15 22

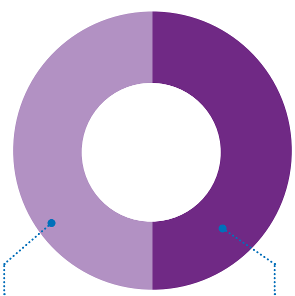
Number of products

FY14 15 › FY15 70

Annual run rate GWP $m

FY14 200 › FY15 765

Distribution mix



50% Non-Steadfast brokers

50% Steadfast Network Brokers

Steadfast Underwriting Agencies ("SUA") growth

Our underwriting agency business today has changed significantly over the past 12 months.

We have gone from 10 agencies, 15 products and annual GWP of $200 million to 22 agencies, 70 products and annual run rate GWP of $765 million.

Most of the growth has stemmed from acquisitions transacted during the year, including CAIP Income Protection, Calliden's eight agencies, and two agencies previously owned by QBE – CHU Strata Insurance and Underwriting Agencies of Australia. The other addition to our suite is Emergence, a start-up backed by Steadfast, Hollard Insurance Group and the two co-founders/managers. Emergence specialises in emerging risks, with an initial focus on cyber insurance.

Both the Calliden and the QBE agencies transformed SUA into the largest underwriting agency group in Australia and New Zealand, giving Steadfast opportunities to benefit from economies of scale and cross-selling potential for the rest of the Steadfast Network.

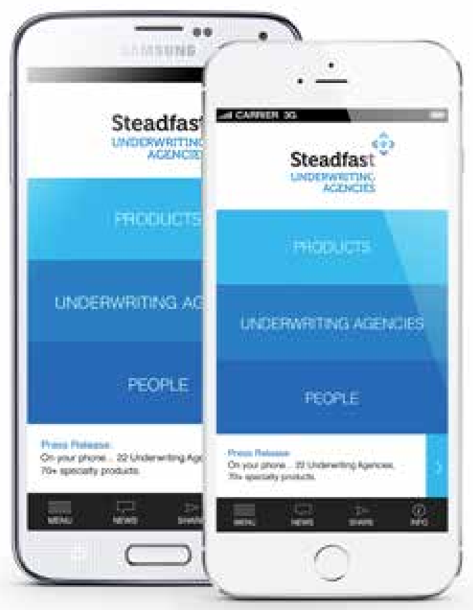
Brand strength

One of the aspects that sets SUA apart from other agency groups is our strong belief in brand strength.

Where others try to rebrand agencies when acquired, Steadfast aims to highlight each agency's specialised service by preserving its brand and unique offering. This is particularly important as around 50% of SUA business is placed with non-Steadfast brokers.

To promote the brands as well as the Steadfast Underwriting Agencies group, SUA has created an app that can be downloaded from its website at www.steadfastagencies.com.au

This app provides up-to-date product information, access to a variety of underwriters, contact options to each agency, news, and tools to channel servicing claims, make enquiries and update accounts.



Steadfast Underwriting Agencies

A+HPRO ACCIDENT AND HEALTH PROTECTION
Personal accident and sickness, and travel

ARGIS insurance
Complete farm package

caip.
Income protection

calliden home
Home and contents for owner-occupied homes

CHU
Residential and commercial strata

DAWES
Specialist/exotic motorcar and motorcycle

EMERGENCE
Emerging risks

HOSTSURE UNDERWRITING AGENCY
Community care, entertainment and hospitality, and security

RESIDENTIAL BUILDERS UNDERWRITING AGENCY
Builders' warranty

IUA Interruption Underwriting Agencies
Stand-alone cash flow insurance focused on SME

MANSIONS OF AUSTRALIA
High-value homes

MIRAMAR
Strong focus on SME insurance programs

MECON INSURANCE
Building and construction industry

nminsurance
Marine and motorcycle

PROCOVER UNDERWRITING AGENCY
Professionals including engineers, architects and doctors

protecsure keeping businesses on the move
Specialised equipment, tradesmen and small business, and marine transit

QUS simply for brokers
Property insurance

SPS Steadfast Placement Solutions
Hard-to-place risks, exclusive to Steadfast Network Brokers

sports Underwriting Australia
Sports and leisure-related businesses

STERLING INSURANCE
Hard-to-place and complex risks, including environmental liability

UAA
Mobile plant and equipment

winsure UNDERWRITING
Hospitality, leisure and entertainment sector

Steadfast Strategic Partners: are some of the world's leading insurance providers

A fundamental strength of Steadfast is the power of our strategic partnerships. Our size provides us with strength and scale when negotiating with insurers, enabling Steadfast to offer brokers and their clients access to a broad choice of insurance products, exclusive policies and a unique claims escalation process.

Our scale and solid reputation provides Steadfast with opportunities and access to international markets. We work with Lloyd's of London on international risk appetite and business placement and, as an industry leader, influence and implement standards through our affiliation with ACORD – Asia/Pacific region.

We continue to strengthen our relationships with existing Strategic Partners but also look to develop new strategic partnerships.

In the past 12 months, we have strengthened our relationships with existing Strategic Partners including QBE – through the acquisition of CHU, BCB and UAA – and IAG, the underwriter of Steadfast Direct home and motor products.

We have formed new strategic partnerships with MetLife, the exclusive distributor of MetLife's SME life insurance offering in Australia, and with Munich Re, the acquirer of Calliden's underwriting business.

Furthermore, we have developed strategic partnerships aligned to Steadfast New Zealand.

"An important element of the sale is the 10 year exclusive distribution agreement we have entered into with Steadfast to retain the underwriting business provided by the agencies. We look forward to continuing to work closely with Steadfast and CHU, CUA [BCB] and UAA to further grow our program business."

John Neal
QBE Insurance Group CEO

Quote from QBE's 16 February 2015 market release announcing the sale of CHU, BCB and UAA to Steadfast Group

"Steadfast, obviously, is already an important partner of IAG, and we see that will just strengthen the partnership even further."

Mike Wilkins
IAG Managing Director & CEO

In response to a question asked about Steadfast Direct at IAG's briefing on 16 June 2015 announcing its partnership with Berkshire Hathaway

"Steadfast is the leading broker of risk products to SMEs and partnering with them is a natural fit for us in this segment of the market."

Deanne Stewart
MetLife CEO

Quote from MetLife's 3 November 2014 market release announcing a strategic partnership with Steadfast Group

"We look forward to a long-term partnership with Steadfast, which will enable us to jointly develop profitable target-niche and commercial business."

Ludger Arnoldussen
Member of Munich Re's Board of Management responsible for Germany, Asia Pacific and Africa

Quote from Munich Re's 27 August 2014 market release announcing its acquisition of Calliden Insurance Operations

Major Insurer Partners

New Insurer Partners

Premium Funders

Macquarie
Pacific
Funding

Sustainability

At Steadfast, we aim to make a difference to our valued employees, our brokers and agencies, our Strategic Partners, our shareholders and to our community. This stems from our vision which is to enhance the value of Steadfast-aligned businesses through our combined strength, creating exceptional value for our shareholders.

Our approach to sustainability reflects our priority to support good corporate governance practices, identify and manage risks, take a responsible approach to broker services, develop and retain a diverse, engaged and talented workforce and make worthwhile contributions to our communities.

Governance and sustainability

Our Board of Directors governs the Group in a manner consistent with our vision, our strategy and our commitment to a transparent and high quality governance system. The Board has established a number of committees to assist it in exercising its authority and to monitor the performance of the Group, namely the Audit & Risk Committee, the Nomination Committee and the Remuneration & Succession Planning Committee. Further details in relation to our corporate governance can be found in our Corporate Governance Statement, lodged with the ASX on 26 August 2015 and on our website.

Identifying and managing risks

Our focus on sustainability incorporates the establishment of a risk management framework which is designed to identity and manage material risks on an ongoing basis. The soundness and effectiveness of that framework is reviewed regularly and includes internal audits and assessments of risk of the corporate office as well as of the Group's subsidiaries.

Steadfast has exposure to economic risks and they are included in the Risks Section of the Directors' Report. The nature of Steadfast's business of insurance intermediation and provision of services to insurance brokers mean that currently Steadfast considers it does not have any material exposure to environmental and social sustainability risks.

Leadership in the insurance industry

Two of our Executives have leadership roles in regulating the insurance markets:

Robert Kelly, Managing Director & CEO, has been an active member of ACORD since 2000 and in 2014 was awarded the ACORD Rainmaker Award, a special honour presented to organisations and individuals that have shown outstanding achievements in the advancement of standards for the insurance industry.

Allan Reynolds, Executive General Manager – Direct & New Zealand, was appointed to the Board of the Australian and New Zealand Institute of Insurance and Finance (ANZIIF) in May 2015.

Responsible broker services

We encourage our insurance brokers to act in the best interests of their clients and to act responsibly towards underwriters by providing them with ongoing training, up to date product developments, regulatory announcements and a diverse choice of products and services from a wide range of insurance companies and other service providers.

Diverse, engaged and talented people

A company's ability to execute its strategy depends on having outstanding talent, fully engaged and behaving in the right way. We now have a Human Resources team of eight to manage the staff of the Group and its entities and to ensure they are engaged to deliver improved business performance.

We have a diverse group of people at Steadfast – both at the corporate office level and throughout the entities which are controlled by our organisation. This is because our hiring practices are based on the experience and skills required for a role rather than on the age, gender or ethnic background of a person.

A recent survey found that 49% of Steadfast corporate office employees were born outside of Australia, including Asia, Africa, Europe, North America, South America and New Zealand.

Each year we survey the Group to monitor gender diversity in leadership, management, the corporate office and its controlled entities. The results of the survey show a high percentage of women in the organisation and a healthy percentage of women in leadership positions:

– Women on the Board	17%
– Women on the 2015 Executive Management Team	43%
– Women in the corporate office	49%
– Women in management positions in Steadfast controlled entities	28%
– Women in Steadfast controlled entities	61%

To show our support of women in leadership roles, we became a platinum member of Head Over Heels, a non-profit organisation whose mission is to increase the representation of women entrepreneurs leading high growth businesses. Heads Over Heels works with senior business and community leaders as well as a select group of CEOs to provide senior business women with access to strategic networks.

Community contribution

Steadfast Group and its subsidiaries actively support the communities in which we live and work, typically donating around one percent of net profit after tax to charitable causes each financial year.

The Group created the Steadfast Foundation to facilitate grants and charitable contributions that support charities helping people to overcome adversity, with more than $900,000 raised since 2011. Charities are often chosen based on the recommendations of our brokers, and include cancer research and support, mental health, surf lifesaving, children's causes and charities supporting the homeless and disadvantaged.

As well as the ongoing activities of the Steadfast Foundation, Steadfast Network Brokers help raise funds each year for a local charity based near the location of the annual Steadfast Convention. In 2015, Convention attendees donated over $200,000 to Heart Kids South Australia and Northern Territory. During the past year, Steadfast Group and our subsidiaries have raised more than $650,000 for charities.

One of our subsidiaries, White Outsourcing, does its part by providing services pro bono to the Future Generation Investment Company, an ASX-listed investment company which channels some of its profits to charities aimed at improving the lives of vulnerable children.

Finally, this year Steadfast participated in the Sydney City to Surf event by sponsoring employees and providing a marquee and food after the event. Over 70 employees from Steadfast-aligned businesses participated in the 14km run.

Board of Directors

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

Frank had over 35 years' experience at QBE where he was Group CEO from 1998 until 2012. He also worked with Coopers & Lybrand for 13 years where he started his career as a Chartered Accountant. Frank was President of the Insurance Council of Australia in 1999–2000 and was inducted into the International Insurance Hall of Fame in 2010. He was appointed Chairman of the Sydney Red Shield Committee in January 2015.

Robert Kelly
Managing Director & CEO

Robert co-founded Steadfast and has over 45 years' industry experience. He is ranked equal first most influential person in insurance by Insurance News and was awarded the ACORD Rainmaker Award in 2014. Robert is a Qualified Practising Insurance Broker, a Fellow of NIBA, a Senior Associate of ANZIIF Certified Insurance Professional and holds Diplomas in Financial Services and in Occupational Health and Safety, and a Graduate Diploma in Australian Risk Management.

David Liddy
Non-Executive Director (independent)

David has over 43 years' experience in banking, including postings in London and Hong Kong. He was Managing Director of Bank of Queensland from 2001 to 2011. David is currently Chairman of Collection House Limited and a Director of Emerchants Limited. 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 over 30 years of business experience. A Chartered Accountant since 1984, she was CFO of Genworth Australia from 2009 to 2012 following more than 13 years with IAG. Anne is on the boards of Infomedia Limited, Commonwealth Bank's insurance subsidiaries (CommInsure) and MDA National Insurance Pty Limited. She is a Fellow of ANZIIF and a graduate of the Australian Institute of Company Directors course and Harvard's Advanced Management Program.

Philip Purcell
Non-Executive Director (independent)

Philip has over 40 years' experience in the insurance and legal industries. He has been a partner at Dunhill Madden Butler, PricewaterhouseCoopers Legal and Ebsworth & Ebsworth and has held two board positions with GE in Australia. Philip currently is a consultant to Norton Rose Fulbright, a leading global legal practice, and also assists clients who are engaged in commercial transactions or mediation of commercial disputes.

Greg Rynenberg
Non-Executive Director (independent)

Greg has 40 years of experience in the general insurance broking industry with 31 years spent running his own business, East West Group. East West Group is a Steadfast Network Broker but not a Steadfast equity broker. Greg is a Qualified Practising Insurance Broker, a Fellow of NIBA and an Associate of ANZIIF. He holds an Advanced Diploma in Financial Services (General Insurance Broking) and was named NIBA Queensland Broker for 2014.

Senior Management Team

Our senior management team has the depth and breadth of experience needed to drive the Group's strategic initiatives and ultimately, the growth and success of Steadfast.

Robert Kelly
Managing Director & CEO

Robert co-founded Steadfast and has over 45 years' industry experience. He is ranked equal first most influential person in insurance by Insurance News and was awarded the ACORD Rainmaker Award in 2014. Robert is a Qualified Practicing Insurance Broker, a Fellow of NIBA, a Senior Associate of ANZIIF Certified Insurance Professional and holds Diplomas in Financial Services and in Occupational Health and Safety, and a Graduate Diploma in Australian Risk Management.

Stephen Humphrys
Chief Financial Officer

Stephen joined Steadfast in 2013 and has over 25 years' experience as a Chartered Accountant and extensive expertise in acquisitions and integrations. As Managing Director of Moore Stephens Sydney for 10 years and Chairman of Moore Stephens Australasia for three, he played a key role in placing Moore Stephens into the top 10 accounting firms in Australia. Stephen is a Fellow of the Institute of Chartered Accountants and a registered tax agent.

Nick Cook
Executive General Manager
– Partner & Broker Services

Nick, who joined Steadfast in February 2015, has over 12 years' experience at Zurich Financial Services, including three as the Head of Customer and Proposition Development (where he was responsible for the performance of Zurich products and propositions in the marketplace) and nine years as a distribution manager. He has an Associate ANZIIF membership and has graduated from both the AGSM Leadership Program and the Prosci Organisational Change Management Program.

Linda Ellis
Group Company Secretary &
Corporate Counsel

Linda joined Steadfast in 2013 and is a lawyer with over 15 years' experience at international law firms including Mallesons Stephen Jaques (now King & Wood Mallesons), Atanaskovic Hartnell and Clifford Chance. Linda has diverse experience in corporate and commercial law, including mergers and acquisitions, capital markets and corporate governance. She is admitted to practice as a solicitor of the Supreme Court of NSW.

Samantha Hollman
Executive General Manager
– Projects, Brand, People

Sam joined Steadfast in 2000 and has more than 20 years' experience in the insurance industry. She has held key roles in broker services, project management, and marketing and communications. Sam works closely with the Managing Director & CEO and the Board, implementing strategic initiatives for the Group, including marketing trips overseas to review these projects on an international level. She also oversees human resources and marketing for the Group.

Adrian Humphreys
Executive General Manager
– Business Development

Adrian joined Steadfast in January 2015 in a new role to help brokers grow their business. He was previously Managing Director of Lloyd's Australia where he grew the business by 84% to over $2 billion in under five years whilst increasing the number of agencies. Adrian has more than 10 years' experience in insurance, working for both Lloyd's of London and Aon. Prior to insurance, he worked at KPMG Financial Services.

Simon Lightbody
Chief Executive Officer of
Steadfast Underwriting Agencies

Simon has worked in the insurance industry for 25 years in both the UK (at Lloyd's of London) and Australia, including nine years within his own business, Miramar Underwriting Agency. Steadfast entered into the underwriting agency market in 2005 as a 50% joint venture partner of Miramar and as part of the IPO acquired the remaining balance.

Duncan Ramsay
General Counsel

Duncan began with Steadfast in June 2014 after 20 years at QBE Insurance Group. His previous role was General Counsel and Company Secretary at QBE. He was also a director or secretary of a number of QBE controlled entities and acted as chairman of the policy committee and a trustee respectively of QBE sponsored superannuation plans in Australia and New Zealand. Duncan's legal career commenced in 1986 with Freehills (now Herbert Smith Freehills).

Allan Reynolds
Executive General Manager
– Direct & New Zealand

Allan joined Steadfast in 2002 and in April 2015 took on the Direct and New Zealand portfolios. With a background in product development and distribution, corporate strategy and portfolio management, Allan has more than 40 years of industry experience in general insurance broking. He holds a Diploma of Business Studies (Insurance), is a Certified Insurance Professional and is a Fellow, honorary member and board member of ANZIIF.

Peter Roberts
Executive General Manager
– Integration Synergies

Peter, who joined Steadfast in 2013, is also the Managing Director of White Outsourcing, which he joined in 1996. He is also company secretary of three listed investment companies and Macquarie Pacific Funding. Peter has over 25 years' experience in accounting and back office services to the financial services sector, is a member of the Institute of Chartered Accountants and commenced his career in accounting with KPMG.

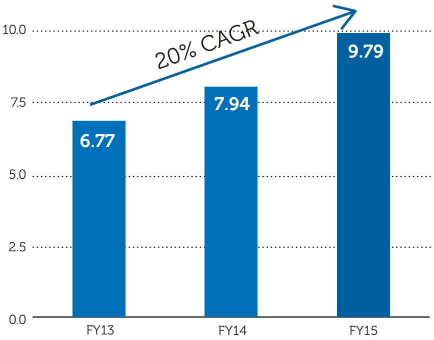
Dana Williams
Chief Operating Officer

Dana joined Steadfast in January 2014 and was promoted to COO in June that year. Her focus is on working with Steadfast equity brokers to improve their operations, as well as on acquisitions, including due diligence and integration. Dana has 25 years' business experience, including 15 in insurance. She has held senior roles at Hub International and Marsh, holds a Bachelor of Engineering and an MBA, and is a Certified Public Accountant.

Chief Financial Officer Report

> Since the IPO, Steadfast has delivered a 20% CAGR in underlying cash earnings per share.

FY13–FY15 underlying cash EPS



Underlying earnings reconciliation

Year ended 30 June, $million	2015	2014	2013
Revenue	298.7	173.4	155.9
Underlying EBITA	90.4	62.3	57.4
Underlying NPATA	56.7	41.2	35.2
Underlying Cash EPS (NPATA per share)	9.79	7.94	6.77
Reconciliation of NPATA:			
Statutory net profit attributable to shareholders	42.1	25.1	(13.4)
Amortisation	14.7	8.8	7.1
Statutory NPATA before adjusting items	56.8	33.9	(6.3)
Change in value of investments	(0.6)	(4.0)	–
Stamp duty, due diligence and restructure costs	3.3	2.9	13.3
Share based payment expense on share options and executive loans and shares	(1.2)	5.3	10.5
Trading of IPO businesses pre IPO	–	3.1	17.7
Deferred acquisition adjustments	(0.9)	–	–
Income tax	(0.6)	–	–
Underlying NPATA	**56.7**	**41.2**	**35.2**

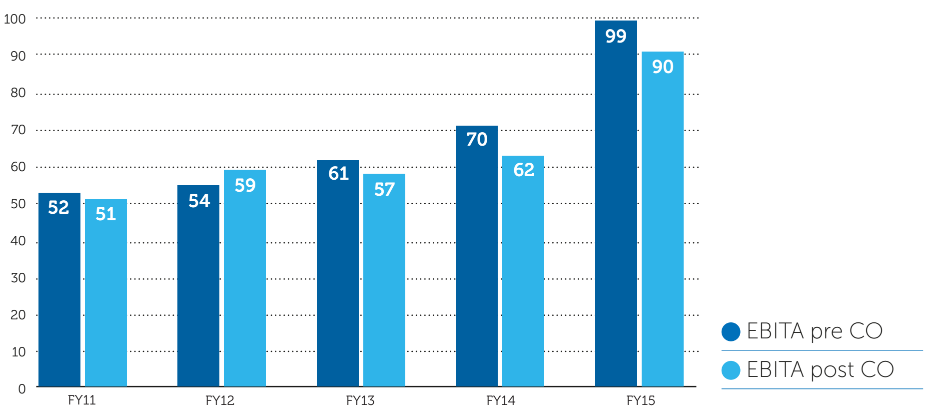
Growth in earnings

Steadfast has reported significant growth in top line revenue and bottom line earnings for the second successive year since listing. Top line revenue grew by 72% to $299 million. Underlying net profit after tax and before amortisation ("NPATA") rose 38% year-on-year to $57 million. The table on your right reconciles underlying NPATA to the statutory net profit attributable to shareholders.

The growth in earnings has been achieved via acquisitions of a number of insurance brokerages and underwriting agencies during the year. In total, the Group expended over $400 million on acquisitions which were funded by the $300 million 1:3 rights issue and placement and our debt facility. This is shown in the chart on your right that details the growth in earnings before interest expense, taxation and amortisation charges.

The full impact of these acquisitions will be felt in FY16 when a full year's earnings will be derived. Of note, the Calliden agencies were acquired on 23 December 2014 and the QBE agencies, 1 April 2015.

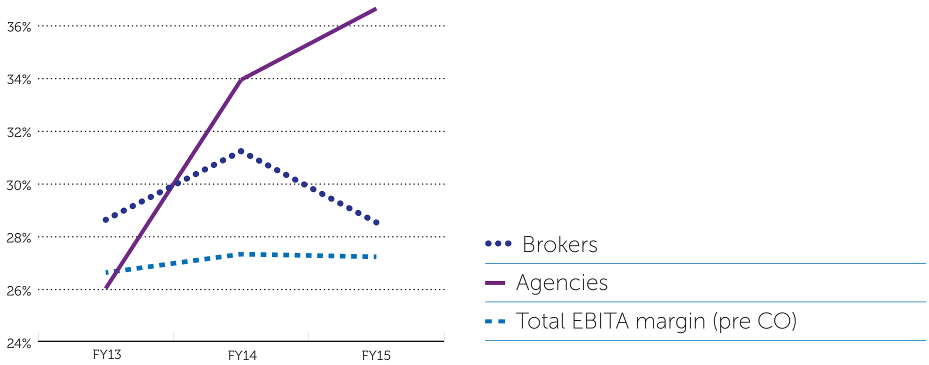
Growth in underlying EBITA: FY11–FY15



Note: FY15 results have been adjusted to reflect underlying financial performance. Historical results are adjusted and pro-forma'd to assume the Pre-IPO Acquisitions and the IPO Acquisitions have been included for the full reporting period.

Margins

Softer market conditions prevailed during FY15. Whilst this typically places pressure on commission income, our business was able to achieve higher volumes, which allowed them to maintain and grow their revenues. This additional volume necessitated an increase in headcount which masked margin growth for brokers. Pleasingly, our hubs are achieving cost synergies as they merge their businesses. The margins being generated by our brokers and underwriting agencies are shown below:



This shows margins broadly returning to FY13 levels due to the impact of softer market conditions.

Earnings mix

With the acquisition of a number of agencies during FY15, the earnings mix of Steadfast has changed, with a higher concentration of earnings now in underwriting agencies. When a full year's earnings from acquisitions is considered, our earnings mix is now fairly equally weighted to insurance broking and underwriting agencies, as demonstrated by the graphs below:

FY14 EBITA per CO split[1]

Insurance broking	71%
Complementary businesses	18%
Underwriting agencies	11%

Run Rate FY15 EBITA per CO split[2]

Insurance broking	45%
Underwriting agencies	44%
Complementary businesses	11%

1 Based on FY14 IFRS underlying pro-forma EBITA pre Corporate Office expenses

2 Based on FY15 IFRS underlying EBITA pre CO using normalised historical full year EBITA for acquisitions including Calliden, QBE agencies and IC Frith acquisitions.

Solid network growth

Steadfast Network Brokers' GWP increased by 8.4% year-on-year to $4.4 billion, despite softer market conditions. Of this $300 million increase, over $200 million was from Steadfast New Zealand, our broker network in New Zealand which was acquired in July 2014.

Marketing & Administration (M&A) fees grew by a healthy 13.8% in FY15, reflecting additional GWP written with Strategic Partners, combined with an increase in M&A rates for certain products as well as an increase in the quantum of products attracting M&A fees.

Strong balance sheet

The equity raising conducted in February and March 2015 was well supported by Steadfast shareholders and resulted in an injection of $300 million of share capital onto our balance sheet. Having completed the equity raise, Steadfast has now negotiated new $285 million multi-bank debt facilities with three and five year tenors to fund our future needs. At 30 June 2015, we had utilised $145 million of our debt facilities and had a gearing ratio of 15%. If fully drawn, the $285 million loan would represent a 25% gearing ratio (defined as corporate debt divided by corporate debt plus equity).

Dividends

In April 2015 an interim dividend of 2.0 cents per share was paid. This, together with the final dividend declared of 3.0 cents per share payable in October, brings our total dividends for the year to 5.0 cents per share, all fully franked. This is in line with our target dividend payout ratio of 65%-85% of net profit after tax ("NPAT"), and an increase of 11% over the prior year dividends.

Cash flow

The businesses in which we invest are required to dividend a minimum 75% of their NPAT within 45 days of half year end. With minimal working capital and capital expenditure, this payout ratio has been exceeded each half year. This allows Steadfast to convert a high percentage of profit into free cash flow for Steadfast shareholders, as profits are typically derived annually on the renewal of insurance policies. During the FY15 year, Steadfast converted 93% of NPAT and 79% of NPATA into cash flow from operations.

Robust financial reporting

I am pleased to report that we have a robust structure in place to consolidate the results and manage the financial risks for a much larger group. This includes robust financial reporting systems and strong finance, risk and IT teams. My thanks to all those behind the financial reporting and analysis process which provides management, the network and our shareholders with the data they need to make informed and timely decisions.

Stephen Humphrys
CHIEF FINANCIAL OFFICER

2015 Financial Report Contents

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 a joint venture (Steadfast Group or the Group) for the financial year ended 30 June 2015 (FY15) 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
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 29 October 2014

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
	SubZero Group Limited	From December 2013
Robert Kelly	None	
David Liddy	Collection House Limited	From March 2012
	Emerchants Limited	From April 2012
Anne O'Driscoll	Infomedia Limited	From December 2014
Philip Purcell	None	
Greg Rynenberg	None	
Jonathan Upton	None	

Particulars of the Directors' qualifications and experience are set out under Board of Directors on page 15.

COMPANY SECRETARIES

LINDA ELLIS, BEC, LLB (HONS 1)

Linda Ellis joined the Company in June 2013 as Group Company Secretary & Corporate Counsel. Linda is a lawyer with over 15 years' experience. Further details of Linda's experience are set out under Management Team on page 16.

PETER ROBERTS, BBUS, CA

Peter Roberts was appointed Company Secretary in May 2013 and has over 25 years' experience in the fields of chartered accountancy and specialised back office services to the financial services sector. Peter is also Executive General Manager – Integration Synergies. Further details of Peter's experience are set out under Management Team on page 17.

Directors' Report continued

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 were as follows.

Director	Board		Audit & Risk Committee		Nomination Committee		Remuneration & Succession Planning Committee	
Total number of meetings held		9		4		4		4
	Eligible to attend as a member	Attended as a member	Eligible to attend as a member	Attended as a member	Eligible to attend as a member	Attended as a member	Eligible to attend as a member	Attended as a member
Frank O'Halloran, AM	9	9	4	4	4	4	4	4
Robert Kelly	9	9	–	–	4	4	–	–
David Liddy	9	9	4	4	4	4	4	4
Anne O'Driscoll	9	9	4	4	4	4	4	4
Philip Purcell	9	9	4	4	4	4	4	4
Greg Rynenberg	9	9	4	4	4	4	4	4
Jonathan Upton	3	3	1	1	1	1	1	1

Particular details of the responsibilities of the members of the Board and the various committees are set out in the Corporate Governance Statement lodged with the Australian Securities Exchange (ASX) on the same date as this report and available in the corporate governance section of the Steadfast Investor website (www.investor.steadfast.com.au).

PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year were the provision of services to Steadfast Network Brokers, the distribution of insurance policies via insurance brokerages and underwriting agencies and related services.

OPERATING AND FINANCIAL REVIEW

A. OPERATING RESULTS FOR THE YEAR

	Note	2015 $'000	2014 $'000
EBITA* – consolidated entities	4	**78,408**	40,270
Share of EBITA from associates and joint venture	4	**20,357**	23,056
EBITA from core operations – pre-corporate expenses		**98,765**	63,326
Corporate expenses	4	**(8,396)**	(8,130)
EBITA from core operations – post-corporate expenses		**90,369**	55,196
Finance costs (net of interest received on surplus cash held)	4	**(5,333)**	(1,130)
Amortisation expense	4	**(16,530)**	(10,158)
Profit before income tax before non-trading items		**68,506**	43,908
Income tax expense on profit before non-trading items	4	**(20,511)**	(14,468)
Profit after income tax before non-trading items		**47,995**	29,440
Non-trading items:			
Income	4	**3,186**	4,732
Expenses	4	**(3,302)**	(9,298)
Income tax expense on non-trading income and expenses	4	**(459)**	2,568
Non-trading income tax (expense)/benefit	4	**585**	–
Net profit after income tax for the year		**48,005**	27,442
Non-controlling interests		**(5,901)**	(2,355)
Net profit after income tax attributable to owners of Steadfast Group Limited		**42,104**	25,087
Other comprehensive income attributable to owners of Steadfast Group Limited		**(1,047)**	653
Total comprehensive income after income tax attributable to owners of Steadfast Group Limited		**41,057**	25,740

* EBITA refers to Earnings before interest expense, tax and amortisation.

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

- profits generated from acquisitions post listing, including the acquisition of the Calliden Group via a Scheme of Arrangement in December 2014 and the acquisition of two underwriting agencies and an insurance broker from QBE ("QBE agencies") in April 2015;
- profits generated from a full twelve months of ownership of businesses acquired upon successful listing on the ASX in August 2013 – the 2014 accounts reflected approximately eleven months of trading; and
- increased marketing & administration fees in Australia and New Zealand.

This additional income was partially offset by:

- additional amortisation ($5.645 million) and financing costs ($3.401 million) to fund these acquisitions;
- non-trading one-off costs of $3.302 million which includes stamp duty, due diligence and restructure costs incurred in acquiring Calliden Group and the QBE agencies; and
- higher income tax expense on the increased scale of operations.

Some of the financial data in the table above, namely the EBITA-related items, is 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.

Directors' Report continued

B. REVIEW OF FINANCIAL CONDITION

I. Financial position

The total assets of the Group as at 30 June 2015 were $1,615.507 million compared to $821.877 million as at 30 June 2014. The increase was mainly attributable to the addition of assets from acquired businesses throughout the year as detailed in Note 10 to the accounts.

Total liabilities of the Group as at 30 June 2015 were $773.942 million compared to $296.839 million as at 30 June 2014. The increase was mainly attributable to:

- the assumption of liabilities in the books of the newly acquired businesses; and
- the $140.973 million increase in bank loans, principally to fund acquisitions.

The increase in the Group's equity from $525.038 million at 30 June 2014 to $841.565 million at 30 June 2015 largely reflects:

- $300.002 million of share capital issued (less capital raising costs) from the placement and 1:3 rights issue in February and March 2015;
- $5.558 million of new shares issued from the Dividend Reinvestment Plan (DRP); and
- Retention of profits not paid as dividends.

The Group has a revolving line of credit facility that will allow the Group to borrow up to $180.000 million. As at balance date, the Group had the ability to borrow an additional $32.891 million from this facility. Subsequent to balance date, this $180.000 million facility was replaced with a $285.000 million syndicated facility as detailed further in this report and in Note 8 to the accounts.

II. Cash from operations

The net operating cash flows, before broking trust account movements, of $44.778 million are higher than those for the prior period, reflecting the increased scale of operations of the Group. This amount represents the derivation of the profits for the period, apart from the delayed receipt of dividends from associates which are contracted to be received half yearly (typically no later than 45 days post December half year end and June year end).

The net cash inflow from operating activities for the year ended 30 June 2015 was $66.999 million compared to $5.463 million for the year ended 30 June 2014. The net inflows of $66.999 million include a net inflow of $22.221 million to broking accounts and net inflows from the balance of operating activities of $44.778 million as detailed above.

III. Other significant cash movements

The Company raised $300.002 million in cash on issuing new shares in February and March 2015 via a placement and a 1:3 rights entitlement offer. The cash raised was used to fund the following:

- acquisition of the QBE agencies and certain businesses owned by IC Frith Australia; and
- transaction costs (net) of $5.801 million in relation to the offer.

IV. Capital management

As at 30 June 2015, the Company had a total of 743.414 million ordinary shares on issue. This is an increase of 241.776 million shares since 30 June 2014. The increase was due to 3.679 million shares from DRP participation, and the placement of shares (70.311 million) in February 2015, together with the 1:3 rights entitlement (167.786 million) in March 2015.

The Board leverages the Group's equity, adopting a maximum 25% gearing ratio (defined as corporate debt: corporate debt and equity). As at 30 June 2015, the Company had a 14.9% gearing ratio (2014: 2.3%).

STRATEGY AND PROSPECTS

Steadfast's business strategy is to increase shareholder value through maintaining and growing its market position in the provision of insurance distribution and related services, with a core focus on general insurance intermediation. The table below details the key strategies of the Group together with accomplishments to date and the prospects for future years. Also relevant to an assessment of the Company's prospects is an assessment of risks facing the Company and the industry generally and the risk management strategies in place to address these risks. These are discussed in the next section.

Strategy	FY15 achievements	Prospects and strategic initiatives
Continuing to enhance the services we provide to all network brokers	• Expansion into New Zealand market • Regular network "Town Hall" meetings • National marketing campaigns • Addition of Calliden Group to Steadfast Virtual Underwriter (SVU) platform • Net addition of five new brokers to Steadfast Network • Pilot of Steadfast Direct retail insurance products and the technology behind it	• Expand the services offered to the Steadfast New Zealand Network • Increase SVU penetration by adding more insurers to the platform • Continued promotion of SVU to Steadfast Network Brokers • Roll out of Steadfast Direct across the Network • Continue to expand and refine broker services • Continued product development
Building and enhancing our strategic relationships	• Further products added to the strategic product list • New strategic partners added, including Munich Re • More insurers added to the SVU platform • Partnership with MetLife to enhance life insurance offering • Partnership with Berkshire Group and IAG to develop Steadfast Direct • Equity position in a new underwriting agency for emerging risks	• Continued promotion of products which generate enhanced marketing and administration fees • Continue to increase strategic product offerings and develop new partnerships • Continued initiatives to increase the rate of M&A fees and the range of products to which they apply • Joint ventures with strategic partners
Growing profitability of our businesses	• Continued hubbing in each State • Extraction of cost synergies in the hubs • Continued development of Project 360 which will automate certain key back office transactions • Developed strategic partnerships aligned to Steadfast New Zealand	• Deliver synergies for each hub • Implement cost saving initiatives, including back office services • Expand hubs by adding more brokers • Pilot and roll out Project 360 • Grow Steadfast New Zealand • Implement further initiatives to cross sell underwriting agency services into the Steadfast Network • Continue to increase Macquarie Pacific Funding penetration in Steadfast Network
Generating growth through acquisitions	• Acquired a number of businesses, including: – 11 underwriting agencies (now the largest portfolio of underwriting agencies in Australia and New Zealand); – a number of insurance brokers; – authorised representative group, Ausure; – the Allied network in New Zealand; – a reinsurance broker • Developed a pipeline of potential acquisitions with a number under active consideration	• Continue to apply strict cultural and financial acquisition guidelines including that acquisitions be earnings accretive in first 12 months using a 75% equity and 25% debt funding assumption • Continue to actively convert acquisition opportunities, including insurance brokers and underwriting agencies • Extract synergies from acquisitions

Directors' Report continued

Strategy	FY15 achievements	Prospects and strategic initiatives
Explore and develop opportunities in Asia	• Established Steadfast Asia Network (co-broking of risks that are referred from Australia)	• Work with regulatory authorities to set up Steadfast cluster in Asia • Consider equity in Asian brokerages • Ensure portability of our owned underwriting agencies, reinsurance brokers and life brokers into Asian market
Keep our brand reputable and strong	• Created brand awareness through national marketing program for broker network including TV, billboard and online advertising plus sponsorship of Nissan V8 Supercars and Brisbane Roar	• Continue to grow brand awareness • Expand brand into Steadfast Direct market • Promote 22 different Steadfast Underwriting Agency brands to broking industry

RISKS

In seeking to achieve our strategic goals, Steadfast is subject to a number of risks which may materially adversely affect operating and financial performance. Steadfast adopts a rigorous risk management process which is an integral part of the Company's corporate governance structure but some risks are outside the Group's control. Some of the key risks (in no particular order) include:

Risk	Description	Risk management strategies
Acquiring and holding equity in operating businesses	• Deficiencies in due diligence by Steadfast • Transition to new owners may be disruptive and costly • Potential unknown or contingent liabilities • Reliance on partners performing satisfactorily • Insufficient funding to capitalise on opportunities	• Stringent due diligence • Selecting acquisitions which are expected to transition well and have a good cultural fit • Tight acquisition and shareholders' agreements • Thorough transition management • Close oversight and audit of ongoing operations, profit margins, including continual reporting and reviews • Ongoing monitoring of available capital and resources • Ongoing monitoring of profit and margins
People risk	• Loss of key executives • Loss of key individuals in operating businesses with consequential material business interruption • Potential loss of key customer relationships	• Succession planning • Appropriate restraints to protect ongoing business • Market competitive remuneration • Career development opportunities
Investment impairment risk	• Investments which are subject to a permanent decrease in value • Investment write down or impairment results in an expense for the Group	• Close monitoring of investments • Steadfast works with management of businesses in which Steadfast is invested to optimise results
Reduction in rates for marketing and administration fees, commission rates or advice fees	• Strategic partners may seek to reduce rates of M&A fees paid to Steadfast • Insurers may seek to reduce rates of commission paid to brokers	• Diversity of earnings via a number of revenue sources eg M&A fees, profits from operating businesses derived from commission and other revenue • Continue to engage strategic partners and offer a powerful value proposition to them to justify the M&A fees and commission rates • Operating businesses seek to increase fees to mitigate any loss of commission arising from reduced premiums

Risk	Description	Risk management strategies
Fraud or embezzlement of Group or client funds	• Particularly in operating businesses where Steadfast does not control the day-to-day operations	• Appropriate policies and procedures implemented and regularly reviewed • Fidelity insurance held • Implement Project 360
Loss of Steadfast Network Brokers	• Network Brokers can leave the Steadfast Network at any time, potentially resulting in a reduction in M&A fees for Steadfast	• Provision of excellent services and support to Steadfast Network Brokers • Continue to share M&A fees in the form of Network Broker rebates with members • Considerable ongoing engagement with Network Brokers including seeking and addressing feedback
Reliance on strategic partners	• Potential reduction in M&A fees (and commission due to lower gross written premium (GWP)) if strategic partners are lost and not replaced within appropriate timeframe	• Significant effort expended in maintaining and strengthening relationships with strategic partners of which most are longstanding • Continually adding new strategic partners
Increased competition or market change	• Increased competition from new entrants and existing market participants, including increased commoditisation of business insurance products • Changes in the remuneration model for insurance brokers or underwriting agencies • Increased competition or change in market structure for premium funding • More customers buying direct from insurers through the internet	• Diversity in investments (ie portfolio of underwriting agencies, premium funding and complementary services as well as insurance broking) • Diversity in earnings (eg M&A fees as well as profits from investments) • Geographical spread of the businesses of subsidiaries and associates
Information technology (IT) systems risk	• Risk of data loss/fraud, system breakdown • Potential material adverse effect on ability to deliver services and profitability	• Back-up, restoration and recovery procedures • IT security guidelines implemented • IT risk assessment program and other procedures
Reduction in GWP in the Australian and New Zealand general insurance markets	• Group has a number of revenue sources linked to size and growth of GWP in Australian and New Zealand markets • GWP is influenced by factors including pricing decisions by insurers and level of demand for general insurance products (which can be influenced by economic conditions) • Any softening in local and global economic conditions would be expected to lead to a softening in the level of GWP	• Initiatives to increase the size of the Steadfast Network, make further investments in insurance brokers and underwriting agencies and other strategic initiatives (including increasing fee income) have the capacity to partially offset pressure on profitability of any softening in GWP • SME sector, which accounts for 85%+ of Steadfast's total GWP sold through the Steadfast Network, has historically experienced higher growth in GWP with less volatility compared to the large corporate sector • Growth in other markets eg Steadfast Direct
Regulatory risk	• Risk that Steadfast's subsidiaries and associates may individually not comply with their Australian Financial Services Licence requirements or financial services regulation more generally and their licence may be in the worst case suspended or withdrawn • Risk that regulatory changes may impact the Group's or entities within the Group's business model either through costly and burdensome regulations or from the structure and management of the operations	• Initial due diligence on acquisition includes reviews of historical and current compliance. Steadfast also provides a range of services to advise and assist the entities within the Group with regulatory change and compliance • Continue to monitor the entities within the Group from an operations viewpoint • An ongoing internal audit program, which includes a review of compliance • Along with other broker representative organisations, the Group monitors and consults on regulatory changes with the regulators to ensure changes are introduced in the most efficient way for the industry and to minimise unintended consequences

Directors' Report continued

DIVIDENDS

Details of dividends paid or declared by the Company are set out in Note 6 to the accounts.

During the financial year ended 30 June 2015, a final dividend for 2014 of 2.7 cents per share and an interim dividend for 2015 of 2.0 cents per share were declared and paid, both fully franked.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the financial year ended 30 June 2015:

- the Company acquired a number of underwriting agencies (including Calliden Group, CHU and UAA) to become the largest underwriting agency group in Australia and New Zealand;
- the Group acquired an insurance broking network in New Zealand;
- the Group acquired an authorised representative group, Ausure; and
- the Group acquired a number of insurance brokers and a reinsurance broker.

These acquisitions were funded partially by debt and partially via an equity raising in February and March 2015 as detailed above. 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 2015, the following events occurred:

- the Board declared a final dividend of 3.0 cents per share, 100% franked;
- the Group replaced its $180.000 million debt facility with a multi bank $285.000 million syndicated facility (refer Note 8 to the accounts).

Further details are set out in Note 17 to the accounts.

ENVIRONMENTAL REGULATION

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

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 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 contracts 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 by the auditor and is satisfied that the provision of those non-audit services 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 Audit & Risk Committee 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 provided in Note 24 to the financial statements.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 47 and forms part of the Directors' Report for the year ended 30 June 2015.

Directors' Report continued

Remuneration Report – Audited

A. INTRODUCTION

The remuneration report outlines Steadfast's remuneration philosophy, framework and outcomes for the financial year ended 30 June 2015 (FY15) for all key management personnel (KMP), including all Non-executive Directors and the Executive Team made up of the Managing Director & Chief Executive Officer (MD & CEO) and his direct reports. KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly.

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

TABLE 1 – NON-EXECUTIVE DIRECTORS

Name	Date of appointment
Frank O'Halloran, AM (Chairman)	21 October 2012
David Liddy	1 January 2013
Anne O'Driscoll	1 July 2013
Philip Purcell	1 February 2013
Greg Rynenberg	10 August 1998
Jonathan Upton	9 May 2005. Retired 29 October 2014

Frank O'Halloran is Chairman of the Nomination Committee.

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

Anne O'Driscoll is Chairman of the Audit & Risk Committee.

Other than Jonathan Upton who retired 29 October 2014, all Non-executive Directors listed in Table 1 above are independent directors.

TABLE 2 – EXECUTIVE TEAM

Name	Role	Date of appointment
Robert Kelly	Managing Director & CEO	18 April 1996
Stephen Humphrys	Chief Financial Officer	2 January 2013
Dana Williams	Chief Operating Officer	28 January 2014
Linda Ellis*	Group Company Secretary & Senior Counsel	3 June 2013
Samantha Hollman	Executive General Manager – Project, Brand, People	4 January 2000
Allan Reynolds	Executive General Manager – Direct & New Zealand	5 December 2002
Peter Roberts*	Executive General Manager – Integration Synergies	1 August 2013
Simon Lightbody	CEO, Steadfast Underwriting Agencies	1 July 2015

* Ceased to be a KMP on 1 July 2015.

Remuneration is a highly technical subject in the current regulatory and reporting environment. In writing this report, our aim is to present information in a way which is easy to be understood by the readers as well as to meet our legal obligations. In sections B to D, we concentrate on providing the structure and value of remuneration of the Executive Team. Other relevant and technical information is provided in section G, Additional information, for those readers who want to understand the executive remuneration in more detail.

The structure of the remuneration report is as follows.

Section	Details
B	Remuneration governance
C	Executive remuneration structure
D	Executive remuneration details
E	Non-executive Directors remuneration
F	Non-executive Directors remuneration details
G	Additional information

B. REMUNERATION 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.

I. REMUNERATION & SUCCESSION PLANNING COMMITTEE

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

II. REMUNERATION PHILOSOPHY

The objective of the Group's executive remuneration 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 remuneration.

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, and is linked to achievement of pre-determined performance targets; and
- transparent reward structures.

III. INVOLVEMENT OF EXTERNAL REMUNERATION ADVISORS

The Remuneration & Succession Planning Committee directly engages and considers market remuneration data from remuneration consultants as required. The data provided by remuneration consultants is used as a guide for remuneration decisions in respect of the Executive Team. For the financial year ended 30 June 2015, remuneration consultant Mercer Consulting (Australia) Pty Ltd ("Mercers") was engaged to provide information on fixed remuneration packages and incentives to the Remuneration & Succession Planning Committee.

No remuneration recommendations as defined by the Corporations Act 2001 were provided by Mercers.

C. EXECUTIVE REMUNERATION STRUCTURE

The listing of the Company necessitated the introduction of a remuneration structure which aligns with the current ASX Corporate Governance Practice and commenced operation from 1 July 2013 (FY14).

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. The Group has adopted an approach to position fixed remuneration and total remuneration at the 75th percentile (depending on the time the executive has been in their position).

The key elements of the executive remuneration are:

- fixed remuneration consisting of cash salary, superannuation and non-monetary benefits;
- an annual incentive referred to as short term incentive (STI) plan; and
- a long term incentive referred to as long term incentive (LTI) plan.

The Board believes that the fundamental driver for executive remuneration should be long term financial performance that generates value for Steadfast shareholders. The at risk (or variable) remuneration components of the Executive Team are set by referencing to regulation and current market practices. To ensure the Executive Team remain focused on long term outcomes without encouraging excessive risk taking, the following conditions apply:

- financial performance hurdle – diluted earnings per share (EPS) growth has been chosen to meet and align with shareholders' objectives;
- operating performance hurdle – each member of the Executive Team has set annual performance objectives aligned to the Group's strategic objectives and must achieve at least 60% of those objectives to be eligible for any STI and LTI;
- 40% of the STI is granted as deferred equity awards and is intended to be satisfied by the issue or transfer of ordinary shares in the capital of the Company over a three year period from the grant date – being one third at the end of years one, two and three;
- subject to meeting the personal and financial objectives, vesting of the LTI occurs after three years from the grant date and is satisfied by the issue or transfer of ordinary shares in the capital of the Company; and
- the Board retains the discretion to adjust any unpaid or unvested performance related remuneration (such as STI – Cash, STI – deferred equity awards and LTI) downwards if it is appropriate to do so. This discretion, while not specifically mentioned, applies to all the following comments on applicable dates for vesting of share-based payment awards.

Directors' Report continued

The targeted remuneration mix for:

- the MD & CEO is 36% fixed and 64% variable (at risk);
- other members of the Executive Team are in the range of 44% to 54% fixed and 46% to 56% variable (at risk).

Table 4 provides a breakdown of the three elements of the total remuneration for the Executive Team, measured at maximum level and FY15 actual.

Table 3 provides a snapshot of the key elements comprising executive team remuneration as well as the purpose, performance hurdles (where applicable) and the FY15 outcome. Table 3A provides executive team remuneration changes from FY16 onwards.

TABLE 3 – SNAPSHOT OF EXECUTIVE REMUNERATION STRUCTURE AND FY15 OUTCOME

Form of remuneration	Purpose and link to strategy	Operation and outcome for FY15	Opportunity	Performance metrics
a. 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; and • total organisational salary budgets. ***FY15 outcome*** The Board approved an overall 6.7% increase in fixed remuneration for the Executive Team to reflect the growth of the Group.	Target at 36% to 54% 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. ***FY15 outcome*** No change from FY14.	Car parking cost per annum: $5,000 Income protection and life insurance: $10,000	Personal objectives set each year
b. Variable and at risk remuneration				
Short term incentive (STI)	Recognises the contributions and achievements of the Executive Team and helps to attract and retain talent	STI Plan consisting of cash and deferred equity award commenced in FY14. EPS growth measured against the FY14 results used in arriving at the STI for FY14. ***FY15 outcome*** STI was awarded in the range of 50% to 125% of fixed pay approved by Board. The STI awards are: • 60% cash award will be paid in September 2015; and • 40% deferred equity award to be granted on 26 August 2015. *Refer to Table 6 for details of STI awarded.*	Both STI and LTI are discretionary, performance based, at risk reward arrangements The combined total of STI and LTI is targeted at 46%–64% of total remuneration	***STI – Cash award (60% of total STI)*** • achievement of personal objectives • diluted earnings per share (EPS) minimum growth hurdle of 5% to be met ***STI – Deferred equity award (40% of total STI)*** • continuous employment for the vesting period split one third over one, two and three years; and • diluted EPS minimum growth hurdle of 5% to be met

Form of remuneration	Purpose and link to strategy	Operation and outcome for FY15	Opportunity	Performance metrics
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 and helps to attract and retain talent	LTI Plan consisting of deferred equity award commenced in FY14. EPS growth is measured against the FY14 EPS used in arriving at the STI for FY14. ***FY15 outcome*** LTI based on the percentage of fixed remuneration of the Executive Team was awarded and approved by the Board. The actual number of deferred equity awards will be granted on 26 August 2015. *Refer to Table 8 for details of LTI awarded.*		***LTI – Deferred equity award (100%)*** • continuous employment and performance rating to be met for the three year vesting period; and • the Group's average diluted EPS increasing by a compound 10% per annum over the three year vesting period

As part of the ongoing review of remuneration, the STI and LTI plans were refined to ensure incentives aligned with our remuneration philosophy and market competitiveness. The Board approved the remuneration changes as set out below in Table 3A for the financial year ending 30 June 2016 (FY16) to ensure there was more remuneration "at risk" for the Managing Director & CEO and the CFO. This was achieved via increased maximum STI of 150% for the Managing Director & CEO (was 125%) and an increased STI of 100% for the CFO (was 75%). The Board believes this to be more in line with the market and will motivate these executives to outperform.

TABLE 3A – EXECUTIVE AT RISK REMUNERATION CHANGES FOR FY16

Remuneration changes	FY15 terms	FY16 new terms
Target remuneration mix	The MD & CEO had a maximum potential fixed: variable remuneration mix of 36%:64%. The CFO had a maximum potential fixed: variable remuneration mix of 44%:56%.	The MD & CEO to have a maximum potential fixed: variable remuneration mix of 33%:67%. The CFO to have a maximum potential fixed: variable remuneration mix of 40%:60%.
LTI	Conditional rights attract notional dividends.	Conditional rights do not accrue notional dividends.

TABLE 4 – MAXIMUM POTENTIAL AND FY15 ACTUAL REMUNERATION MIX

	Maximum potential		FY15 Actual	
	MD & CEO %	Other executives %	MD & CEO %	Other executives %
Fixed remuneration	36%	44%–54%	36%	44%–54%
At risk				
STI – cash	28%	15%–20%	28%	15%–20%
STI – deferred*	18%	10%–13%	18%	10–13%
LTI*	18%	19%–25%	18%	19–25%
Total at risk	64%	46%–56%	64%	46%–56%
	100%	100%	100%	100%

* During the year, there was no STI – deferred or LTI vested. Deferred rights granted are subject to vesting conditions being met in the future.

Directors' Report continued

I. REMUNERATION OUTCOME FOR FY15

The following sections provide further details on how the at risk components (being STI and LTI) of the Executive Team's remuneration were determined and how that linked to the performance of the Group and the shareholders' value.

a. Short term incentives

The STI Plan, consisting of cash and deferred equity awards, commenced in FY14 and is designed to recognise the contributions and achievements of the Executive Team when outstanding financial results and individual performance objectives are achieved.

Details of the STI Plan are explained in Table 5 below.

Table 5 – Key details of the STI Plan for FY15

Potential maximum STI	MD & CEO can earn up to 125% of his annual fixed remuneration. The other executives within the Executive Team can earn 50% to 75% of their annual fixed remuneration.
Performance measures	Non-financial measures – personal, cultural and behavioural objectives as agreed. At least 60% of the objectives must be achieved by the members of the Executive Team to be eligible for any STI. The objectives agreed for the MD & CEO for FY15 were improving margins from underwriting agency businesses, successful integration of acquisitions, empowering executives, succession planning implementation and successful implementation of new technology for back office efficiencies. The MD & CEO achieved a substantial majority of his non-financial objectives and through astute negotiation and subsequent acquisition of a number of underwriting agencies, built the largest portfolio of underwriting agencies in Australia and drove the Company to achieve 16.4% diluted EPS growth in FY15. Financial measures – no STI will be payable unless at least 5% EPS growth is achieved against the FY14 pro forma EPS of 6.466 cents. Maximum STI can be awarded if the EPS growth is 15% or more.
Testing and approval of performance measures	The MD & CEO's STI is recommended by the Remuneration & Succession Planning Committee based on the financial and his non-financial performance outcome and approved by the Board. The STI of other members of the Executive Team is recommended by the MD & CEO to the Remuneration & Succession Planning Committee, based on their financial and non-financial performance outcome and recommended by the Remuneration & Succession Planning Committee and approved by the Board.
Rationale for choosing performance measures	The non-financial measures are chosen to ensure each member of the Executive Team performs specific tasks that support the success of Steadfast. The financial measure of EPS growth is chosen to ensure long term shareholder value is achieved.
Forms of STI reward elements	60% is paid as cash, normally in September following the end of financial year. 40% is granted as deferred equity award (DEA) of conditional rights to Steadfast ordinary shares and vesting over a three year tenure hurdle from the grant date – split one third over one, two and three years.
Key terms of DEA	DEA of conditional rights to Steadfast ordinary shares are normally granted in August following the financial year. These rights are granted to the participants at no cost, to the dollar value of their DEA awarded. The number of conditional rights granted is calculated based on the weighted average share price over the five trading days before the grant date. The participants in the STI Plan become eligible to receive one Steadfast ordinary share per conditional right subject to their continuing employment with the Group over the vesting period post grant date. These rights will accrue notional dividends and any bonus element inherent in any rights issue, which will be paid as additional shares upon vesting.
Forfeiture conditions	The Board retains the discretion to adjust any unpaid or unvested performance related remuneration (such as STI – Cash, STI – deferred portion) downwards if it is appropriate to do so. The conditional rights will be forfeited if the executive resigns before the vesting date. When an executive ceases employment in special circumstances, such as redundancy, any unvested rights may be paid in cash and/or Steadfast ordinary shares, subject to Board discretion.

The Executive Team met their non-financial performance objectives and the Group achieved an underlying diluted EPS growth of 16.4% for FY15.

The underlying diluted EPS for FY15 will be the base for FY16 EPS growth calculations (refer Table 9).

Details of maximum potential STI and actual STI awarded to each members of the Executive Team are provided in Table 6 below.

Table 6 – Actual STI outcomes for FY15

	Maximum STI potential	Actual STI outcome		STI – cash outcome (60% of outcome)		STI – deferred equity award outcome (40% of outcome)	
	(% of fixed pay)	(% of maximum)	(% of fixed pay)	(% of fixed pay)	($)	(% of fixed pay)	($)*
Robert Kelly	125%	100%	125%	75%	618,750	50%	412,500
Stephen Humphrys	75%	100%	75%	45%	213,750	30%	142,500
Dana Williams	75%	100%	75%	45%	180,000	30%	120,000
Linda Ellis	50%	100%	50%	30%	90,000	20%	60,000
Samantha Hollman	50%	100%	50%	30%	78,347	20%	52,231
Allan Reynolds	50%	100%	50%	30%	105,719	20%	70,479
Peter Roberts	50%	100%	50%	30%	92,400	20%	61,600

Table note

* The number of conditional rights to be granted to the Executive Team has been determined by the dollar value of the DEA outcome divided by the weighted average share price over the five trading days prior to the date of this report.

b. Long term incentives

The LTI Plan in the form of DEAs commenced in FY14 and is designed to provide the Executive Team with the opportunity to acquire equity in Steadfast as a reward for increasing earnings per share over the longer term.

Details of the LTI Plan are explained in Table 7 below.

Table 7 – Key details of the LTI Plan for FY15

Potential maximum LTI	The MD & CEO can earn up to 50% of his annual fixed remuneration. The other executives within the Executive Team can earn 35% to 50% of their annual fixed remuneration.
Approval of the LTI	The Board approves the LTI based on the financial and non-financial performance outcome as recommended by the Remuneration & Succession Planning Committee.
Forms of LTI reward	DEA of conditional rights to Steadfast ordinary shares and vesting after a three year tenure hurdle and meeting future performance hurdles from the grant date.
Future performance hurdles	Non-financial measures – personal, cultural and behavioural objectives aligned to the Group's strategic objectives as agreed with the Board. At least 60% of the objectives must be achieved by the members of the Executive Team to be eligible to any LTI. The FY15 achievements are shown in the "Strategy and Prospects" section of the Directors' Report and include items such as the development of the new strategic relationship with Munich Re and MetLife, an uplift in underwriting agency margins, the successful integration of FY14 acquisitions, the expansion into New Zealand, the development and pilot of Steadfast Direct as well as the acquisition of a number of underwriting agencies, insurance brokers, an authorised representative group and a reinsurance broker. Financial measures – no LTI will be vested unless the Group's average compound diluted EPS growth of **10%** per annum or more over the three year vesting period is achieved.
Rationale for choosing performance measures	The financial measure of EPS growth is chosen to ensure long term shareholders value is achieved. The non-financial measures are chosen to ensure each member of the Executive Team performs specific tasks that support the success of Steadfast.

Directors' Report continued

Key terms of DEA	DEA of conditional rights to Steadfast ordinary shares are normally granted on the date the audited financial results are announced. These rights are granted to the participants at no cost, to the dollar value of a percentage of their fixed remuneration in accordance with the LTI Plan. The number of conditional rights granted is calculated based on the weighted average share price over the five trading days before the grant date. The participants in the LTI Plan become eligible to receive one Steadfast ordinary share per conditional right, subject to their continuing employment with the Group for the three year period from the grant date and meeting performance hurdles, subject to Board discretion. These rights will accrue notional dividends and any bonus element inherent in any rights issue, which will be paid as additional shares upon vesting.
Forfeiture conditions	The Board retains the discretion to adjust any unpaid or unvested LTI downwards if it is appropriate to do so. The conditional rights will be forfeited if the executive resigns before the vesting date. When an executive ceases employment in special circumstances, such as redundancy, any unvested rights may be paid in cash and/or Steadfast shares subject to Board discretion.

Table 8 – LTI awarded for the year ended 30 June 2015

	Fixed pay ($)	Maximum LTI (% of fixed pay)	LTI – deferred equity awards ($)*
Robert Kelly	825,000	50%	412,500
Stephen Humphrys	475,000	50%	237,500
Dana Williams	400,000	50%	200,000
Linda Ellis	300,000	35%	105,000
Samantha Hollman	261,155	35%	91,404
Allan Reynolds	352,396	50%	176,198
Peter Roberts	308,000	35%	107,800

* The number of conditional rights to be granted to the Executive Team has been determined by the dollar value of the DEA outcome divided by the weighted average share price over the five trading days prior to the date of this report.

II. SHAREHOLDING REQUIREMENTS

There is no specific policy requiring the Executive Team to hold any Steadfast's ordinary shares. However, the Executive Team acquire Steadfast's ordinary shares, through 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;
- subscription for ordinary shares as part of the Company's initial public retail and institutional offer and subsequent rights issues;
- for three executives, acquisition of Executive Shares through the Executive Loan Arrangement (for further details, refer to section G.III. Executive loans and Executive Shares, and Table 15 – Movement of Executive loans);
- participation in the Company's Dividend Reinvestment Plan;
- conditional rights conversion into ordinary shares at the end of August 2014 (refer to Table 14 – Conditional rights allocated to the Executive Team for further details); and
- potential vesting of DEAs granted through the STI and LTI Plans in the financial years from 1 July 2014 onwards (refer to Table 3 – Key elements of executive remuneration for further details of the STI and LTI Plans).

Table 16 provides movements of Steadfast's ordinary shares held by the Executive Team during the current financial year.

III. HISTORICAL ANALYSIS OF FINANCIAL PERFORMANCE

The following table outlines the returns of the Group delivered to its shareholders. The Company has experienced 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 2014 does not provide meaningful comparative information to the users of this report.

Table 9 – Key financial performance indicator

	2011	2012	2013	2014	2015
Net profit/(loss) attributable to owners of the Company ($'000)	2,810	6,174	(13,437)*	25,087	**42,104**

* The adjusted earnings for 2013 was $7.075 million after adjusting for non-trading items.

The EPS used for determining STI and LTI for FY15 excludes non-trading income and expenses approved by the Board. This is consistent with the FY14 pro forma EPS used as the base for determining FY14's STI and LTI awards. The reconciliation on the reported EPS to the adjusted EPS used for STI and LTI is as follows:

	$'000
2015	
Reported net profit attributable to owners of the Company	**42,104**
Less: non-trading income (Note 4 (iv))	**(3,186)**
Add: non-trading expenses (Note 4 (v))	**3,302**
Less: non-trading tax benefit	**(126)**
Adjusted pro forma net profit attributable to owners of the Company	**42,094**
Adjusted pro forma diluted EPS (cents per share)*	**7.24 cents**
2014	
Reported net profit attributable to owners of the Company	25,087
Less: non-trading income, pre tax	(3,996)
Add: non-trading expenses, pre tax	8,562
Add: July 2013 trading results, pre tax	4,507
Less: tax effect on the above	(1,738)
Adjusted pro forma net profit attributable to owners of the Company	32,422
Adjusted pro forma diluted EPS (cents per share)*	6.22 cents
Growth from FY14 (%)	**16.4%**

* The diluted EPS is adjusted for the bonus element of the rights issue completed in March 2015.

EPS used in the future periods for determining STI and LTI awards will exclude any reversal of the effective interest expense on the Executive loans.

D. EXECUTIVE REMUNERATION 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 KMP to the year ended 30 June. Refer to Table 2 – Executive Team for KMP who were appointed during the financial year ended 30 June 2014.

Directors' Report continued

TABLE 10 – TOTAL EXECUTIVE REMUNERATION OF THE GROUP

	Short term employment benefits			Post employment benefits	Other long term employment 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 (refer Table 10a) $	Super-annuation $	Long service leave accruals $	$	$	$
Current Executive Team (including Managing Director & CEO):								
Robert Kelly, Managing Director & CEO								
2015	**983,104**	**618,750**	**22,456**	**18,783**	**21,276**	**1,664,369**	**354,025**	**2,018,394**
2014	809,011	552,240	2,613,658	17,775	14,976	4,007,660	126,304	4,133,964
Stephen Humphrys, Chief Financial Officer								
2015	**465,741**	**213,750**	**16,864**	**18,783**	**10,265**	**725,403**	**144,143**	**869,546**
2014	409,474	181,892	534,844	15,888	8,207	1,150,305	128,001	1,278,306
Dana Williams, Chief Operating Officer*								
2015	**390,258**	**180,000**	**15,806**	**18,783**	**7,777**	**612,624**	**88,424**	**701,048**
2014	154,579	42,253	5,761	8,887	2,688	214,168	5,638	219,806
Linda Ellis, Group Company Secretary & General Counsel								
2015	**266,208**	**90,000**	**17,626**	**18,783**	**5,917**	**398,534**	**63,009**	**461,543**
2014	254,433	79,894	12,247	17,775	5,216	369,565	61,667	431,232
Samantha Hollman, Executive General Manager – Projects, Brand, People								
2015	**248,237**	**78,347**	**13,327**	**18,783**	**(10,802)**	**347,892**	**55,649**	**403,541**
2014	242,713	72,242	12,306	17,498	15,724	360,983	59,351	420,334
Allan Reynolds, Executive General Manager – NZ and Direct								
2015	**345,546**	**105,719**	**11,080**	**18,783**	**8,701**	**489,829**	**90,881**	**580,710**
2014	323,763	98,158	478,007	17,621	6,426	923,975	110,508	1,034,483
Peter Roberts, Executive General Manager – Integration Synergies								
2015	**299,730**	**92,400**	**10,083**	**18,783**	**7,005**	**428,001**	**64,220**	**492,221**
2014	303,836	80,927	9,034	23,237	17,464	434,498	20,680	455,178

* Dana Williams joined Steadfast on 28 January 2014. From 1 July 2014, Ms Williams was appointed as Chief Operating Officer. In Table 10 above, her remuneration for the financial year ended 30 June 2014 was only for a part year.

I. Table notes

(1) Cash salary includes amounts paid in cash plus any salary sacrifice items. Annual leave accruals are determined in accordance with Accounting Standard, AASB 119 Employee Benefits.

(2) The 2015 short term incentive (STI) represents 40% of the total STI awarded and approved by the Board and will be paid in cash in September 2015.

(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.

In the year ended 30 June 2014, the non-monetary benefits also included the effective interest on the interest free Executive loans provided by Steadfast to four members of the Executive Team (over the full five year loan period) to acquire Executive shares at $1.00 with a discount of $0.15 per share. Details of the interest free Executive loans and Executive shares are provided in section G.III. in this report. Executive loans' effective interest and the discount on Executive shares are provided in Table 10a for the three remaining executives.

Table 10a – Breakdown of non-monetary benefits

	Deemed interest expense during the year $	Deemed interest expense for future years $	Total effective interest on Executive loans $	Discount on Executive shares $	Other non-monetary benefits $	Total non-monetary benefits $
Robert Kelly						
2015	–	–	–	–	**22,456**	**22,456**
2014	337,623	1,504,006	1,841,629	750,000	22,029	2,613,658
Stephen Humphrys						
2015	–	–	–	–	**16,864**	**16,864**
2014	67,495	300,831	368,326	150,000	16,518	534,844
Allan Reynolds						
2015	–	–	–	–	**11,080**	**11,080**
2014	60,797	270,696	331,493	135,000	11,514	478,007

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

(5) Long service leave accruals are determined in accordance with Accounting Standard, AASB 119 Employee Benefits.

(6) During the 2013 financial year, four members of the Executive Team were allocated conditional rights which converted to ordinary shares free of costs at the end of August 2014 due to continuing employment at that time and their performance meeting the minimum criteria as agreed. Details of the conditional rights are provided in Table 14 – Movement of conditional rights in section G.II. in this report. An allocated portion of the unvested conditional rights is included in Table 10 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).

E. NON-EXECUTIVE DIRECTORS' REMUNERATION

I. 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.

For the financial year ended 30 June 2015, a remuneration consultant (Mercers) was engaged to provide information on Non-executive Director remuneration to the Remuneration & Succession Planning Committee. No recommendation as defined by the Corporations Act 2001 was provided by Mercers.

II. BOARD AND COMMITTEE FEES

Independent and non independent Non-executive Director remuneration consists of three elements:

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

Directors do not receive retirement benefits beyond 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.

At 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 from 1 July 2013.

Directors' Report continued

Table 11 – Steadfast's Board or committee annual fee (inclusive of superannuation)

Board/committee	Role	2015 $	2014 $
Board	Chairman	**200,000**	200,000
	Non-executive Directors	**100,000**	100,000
Audit & Risk Committee	Chairman	**7,500**	7,500
	Non-executive Directors	**2,500**	–
Remuneration & Succession Planning Committee	Chairman	**7,500**	7,500
	Non-executive Directors	**2,500**	–

No additional remuneration will be paid for the Chairman and members of the Nomination Committee nor any directorships of subsidiaries.

F. NON-EXECUTIVE DIRECTORS' REMUNERATION DETAILS

The table below provides remuneration details of the Non-executive Directors on the Company's Board.

TABLE 12 – TOTAL DIRECTORS' REMUNERATION OF THE GROUP

	Short term employment benefits		Post employment benefits	Total
	Board fees $	Other boards and committee fees $	Superannuation $	$
Current Directors				
Frank O'Halloran, AM				
2015	**182,215**	**5,000**	**17,785**	**205,000**
2014	183,066	–	16,934	200,000
David Liddy				
2015	**92,740**	**10,000**	**9,760**	**112,500**
2014	91,533	6,865	9,102	107,500
Anne O'Driscoll				
2015	**92,740**	**10,000**	**9,760**	**112,500**
2014	91,533	6,865	9,102	107,500
Philip Purcell				
2015	**90,890**	**5,000**	**9,110**	**105,000**
2014	91,533	–	8,467	100,000
Greg Rynenberg				
2015	**90,890**	**5,000**	**9,110**	**105,000**
2014	91,533	–	8,467	100,000
Jonathan Upton, retired 29 October 2014				
2015	**30,296**	**1,667**	**3,037**	**35,000**
2014	91,533	–	8,467	100,000

Jonathan Upton's remuneration and other related party transactions with Steadfast IRS are provided in section G.V.a. in this report.

SHAREHOLDINGS REQUIREMENTS

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

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.

Table 16 provides movements of Steadfast's ordinary shares held by the Non-executive Directors during the current financial year.

G. ADDITIONAL INFORMATION

I. EXECUTIVE SERVICE AGREEMENTS

Steadfast has ongoing executive service agreements (Executive Agreements) with each of the members 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 13 – Key terms of executive service agreements

Name	Notice period from the Company	Notice period from the employee	Termination provisions in relation to payment in lieu of notice
Robert Kelly*	12 months	12 months	12 months fixed remuneration
Stephen Humphrys	6 months	6 months	6 months fixed remuneration
Dana Williams	6 months	6 months	6 months fixed remuneration
Linda Ellis	6 months	6 months	6 months fixed remuneration
Samantha Hollman	6 months	6 months	6 months fixed remuneration
Allan Reynolds	6 months	6 months	6 months fixed remuneration
Peter Roberts	6 months	6 months	6 months fixed remuneration
Simon Lightbody	6 months	6 months	6 months fixed remuneration

* Mr Kelly has agreed not to terminate his employment contract before 31 December 2017.

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

a. Retrenchment entitlements

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

b. 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.

Directors' Report continued

II. CONDITIONAL RIGHTS

During the financial year ended 30 June 2013, the Remuneration & Succession Planning Committee approved the allocation of conditional rights to selected employees who contributed to the listing of the Company. The conditional rights allocated were free of cost and converted to one ordinary share per right at the end of August 2014 due to the continuing employment at that time and the performance of the employee meeting the minimum criteria as agreed by the MD & CEO for his direct reports (or the Remuneration & Succession Planning Committee for the MD & CEO).

In August 2014, the Remuneration & Succession Planning Committee approved the allocation of conditional rights to the Executive Team being the deferred equity award (DEA) portion of the STI and LTI based on FY14 results, which vest 31 August 2017 and 31 August 2019 respectively should all conditions of vesting be met. These conditional rights participated in the Dividend Reinvestment Plan (DRP) in October 2014 and April 2015 for the final FY14 dividends and half year FY15 interim dividends respectively. Additionally, the shares that have been set aside for the Executive Team based on the FY14 results would have been able to participate in the benefits of the rights issue in March 2015. To compensate the Executive Team for the value of the rights issue benefit foregone, an additional 5.15% of conditional rights were awarded.

The table below provides the number of conditional rights held by members of the Executive Team at 30 June 2014 and 30 June 2015.

Table 14 – Movement in conditional rights

	Balance 30 June 2014 Number	Converted to shares 31 August 2014 Number	FY14 STI granted Number	FY14 LTI granted Number	DRP granted Number	Rights entitlement Number	Balance 30 June 2015 Number
Robert Kelly	–	–	263,724	279,369	16,922	27,969	**587,984**
Stephen Humphrys	100,000	(100,000)	86,863	152,220	7,449	12,313	**258,845**
Linda Ellis	50,000	(50,000)	38,154	69,551	3,356	5,547	**116,608**
Samantha Hollman	50,000	(50,000)	34,738	63,325	3,055	5,050	**106,168**
Allan Reynolds	100,000	(100,000)	46,876	122,073	5,264	8,701	**182,914**
Peter Roberts	–	–	38,646	69,181	3,360	5,553	**116,740**
Dana Williams	–	–	20,178	36,782	1,774	2,933	**61,667**
	300,000	(300,000)	529,179	792,501	41,180	68,066	**1,430,926**

The fair value of the conditional rights as recognised at 30 June 2014 and 31 August 2014 is $0.98.

The fair value of the conditional rights awarded in August 2014 for the DEA portion of the STI based on FY14 results is $1.4312 for Robert Kelly and $1.3253 for all other KMP.

The fair value of the conditional rights awarded in August 2014 for the DEA portion of the LTI based on the FY14 results is $1.4001 for Robert Kelly and $1.2908 for all other KMP.

The fair value of the Rights Entitlement Number represents the impact of discount on the rights issue in February 2015 not available to the KMP.

III. EXECUTIVE LOANS AND EXECUTIVE SHARES

In the Extraordinary General Meeting held on 14 June 2013, the shareholders approved the making by the Company of 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 these executives with the loan proceeds to be used only to fund the acquisition of ordinary shares in the capital of the Company at a fixed price of $1.00 per share pursuant to the Company's initial retail and institutional offer (Executive Shares).

The loans were 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
- as 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;
- all dividends in respect of Executive Shares must be applied towards repayment of the loans; and
- to be repaid in full five years after the date on which the loans are provided.

The Executive Shares are subject to escrow restrictions. Apart from the exceptions as noted below, the key restrictions are:

- 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) the executives agreed not to 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.

During the financial year ended 30 June 2014, the Executive loans were recognised at fair value. The Executive loans were interest free loans, and the Executive Shares were issued at a fixed price of $1.00 (being the minimum price to meet the condition of listing). The fixed price was different to the final share price of the Company when listed on the ASX in August 2014. A share-based payments expense on Executive Shares of $4.015 million was recorded in FY14 to recognise the difference between the cost and the fair value of the Executive loans. The share-based payments expense of $4.015 million is likely to be reversed over the period to the final repayment date.

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	Cumulative amount of Executive Shares that 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

- should the executive leave, then the shares are not subject to the trading restrictions noted above.
- the proceeds from the disposal of the Executive Shares are to 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 termination of an employment contract, ill health or retirement.

Table 15 below provides the amount of the Executive loans provided to three executives and the fair value at the drawn down date and movement during the financial year. Table 16 provides details of Executive Shares acquired on 2 August 2013 (date of listing of the Company).

Table 15 – Movement of Executive loans – FY15

	Face value of Executive loans $	Fair value of Executive loans drawn down at start of the year $	Deemed interest income during the year $	Repayment during the year $	Fair value of Executive loans at the end of the year $
Robert Kelly	5,000,000	3,405,994	368,316	(235,000)	3,539,310
Stephen Humphrys	1,000,000	681,169	73,631	(47,000)	707,800
Allan Reynolds	900,000	613,104	66,324	(42,300)	637,128
	6,900,000	4,700,267	508,271	(324,300)	4,884,238

Directors' Report continued

IV. SHAREHOLDINGS OF NON-EXECUTIVE DIRECTORS AND THE EXECUTIVE TEAM

Table 16 below summarises the movement in holdings of ordinary shares during the year and the balance at the end of the financial year both in total and held nominally by related parties of Non-executive Directors and the Executive Team.

Table 16 – Movement of shareholding interests of Non-executive Directors in accordance with section 205G of the Corporations Act 2001 and the Executive Team – FY15

	Total shares held at 1 July 2014 Number	Conditional rights allotted 31 August 2014 Number	Purchases Number	Sales Number	Shares allocated via DRP Number	Total shares held at 30 June 2015 Number	Shares held nominally at 30 June 2015[a] Number
Frank O'Halloran, AM[b]	1,147,825	–	800,001	–	–	1,947,826	1,252,174
Robert Kelly[b]	5,249,348	–	124,674	–	4,237	5,378,259	378,259
David Liddy[b]	217,391	–	249,276	–	–	466,667	466,667
Anne O'Driscoll[b]	108,695	–	54,348	–	–	163,043	163,043
Philip Purcell[b]	110,956	–	49,186	–	–	160,142	160,142
Greg Rynenberg[b]	537,926	–	175,362	–	11,628	724,916	724,916
Jonathan Upton[b] [c]	2,196,307	–	–	(2,196,307)	–	–	–
Stephen Humphrys	1,000,000	100,000	366,667	–	–	1,466,667	–
Dana Williams	–	–	–	–	–	–	–
Linda Ellis	61,597	50,000	85,744	–	2,009	199,350	–
Samantha Hollman	173,913	50,000	75,682	–	6,116	305,711	238,387
Allan Reynolds	913,199	100,000	6,719	–	414	1,020,332	20,332
Peter Roberts	1,656,519	–	–	(646,736)	–	1,009,783	1,009,783

Footnotes to Table 16

(a) Shares held nominally are included in the column headed Total shares held at 30 June 2015. Total shares are held directly by the KMP and indirectly by the KMP's related parties, inclusive of domestic partner, dependants and entities controlled, jointly controlled or significantly influenced by the KMP.

(b) For the Directors, total shares held directly and nominally also represented the relevant interest in the listed securities, being ordinary shares of the Company, as notified by the Directors to the ASX in accordance with section 205G(1) of the Corporations Act 2001, at the date of this Directors' Report.

(c) Individual shareholdings decreased to nil upon cessation as a Director of the Company.

V. KMP OTHER RELATED PARTY TRANSACTIONS

a. Related party transactions with Jonathan Upton, a Non-executive Director

i. Jonathan Upton's related party transactions with Steadfast IRS

Jonathan Upton was the Managing Director of Steadfast IRS. Whilst he was a Director of the Company, Mr Upton received remuneration from managing the entity. Details of remuneration received or receivable are:

	2015 $	2014 $
Short term employment benefits		
Cash salary and leave accruals	**108,774**	275,710
Non-monetary benefits	**3,613**	11,061
Post-employment benefits		
Superannuation	**8,557**	23,248
Other long term employment benefits		
Long service leave accruals	**1,449**	8,625
Total	**122,393**	318,644

Mr Upton held equity interests in Steadfast IRS directly and indirectly through his 100% ownership interest in Upton Grange Australia Pty Limited and Upton Grange Pty Limited. An interim dividend of $70,050 was received by Mr Upton during the year.

The following transactions occurred between Steadfast Group and Steadfast IRS by Mr Upton:

	2015 $	2014 $
Sale of goods and services		
Marketing and administration fees received from Steadfast IRS, based on the same terms as other Steadfast Network Brokers	**5,684**	8,849
Payment for goods and services		
Estimated Steadfast Network Broker rebate expense to Steadfast IRS	**40,290**	34,989

The following balances are outstanding at the reporting date between Steadfast Group and Steadfast IRS and these intercompany balances are fully eliminated on consolidation:

	2015 $	2014 $
Current receivable and payable		
Trade receivables from Steadfast IRS	–	138,421
Trade payables to Steadfast IRS	–	2,151
Non-current loan receivable		
Loan receivable from Steadfast IRS	–	10,985,171

The loan receivable from Steadfast IRS as at 30 June 2014 included accrued interest of $269,721.

The key terms of the loan are:

- variable interest rate based on the Macquarie Bank Reference Rate plus a margin of 1.7% per annum;
- the borrower may elect to fix the interest rate for periods between one and five years at the rate nominated by the lender from time to time;
- the loan's maturity date is 15 years after the day of first drawdown; and
- monthly repayment will commence 12 months after the first drawdown or at a later date as may be agreed in writing by the lender at its absolute discretion.

Directors' Report continued

b. Other KMP related party transactions

The following transactions occurred with Directors' (Robert Kelly and Greg Rynenberg) related parties which are part of Steadfast Network but are not part of Steadfast Group:

	2015 $	2014 $
i. Sale of goods and services		
Marketing and administration fees received from Directors' related entities on normal commercial terms	**26,143**	19,692
ii. Payment for goods and services		
Estimated Steadfast Network Broker rebate expense to Directors' related entities on the basis as determined by the Board	**49,272**	55,767

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

	2015 $	2014 $
iii. Current receivable from related parties		
Trade receivables from Directors' related entities	**52,917**	47,660

ROUNDING

The Group is of the kind referred to in the class order 98/100 dated 10 July 1998 issued by the Australian Securities & Investments 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 on 26 August 2015 in accordance with a resolution of the Directors.

Frank O'Halloran, AM
Chairman

Robert Kelly
Managing Director & CEO

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 2015, 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
26 August 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 $'000	2014 $'000
REVENUE			
Fee and commission income		246,413	112,132
Less: Brokerage commission paid		(49,446)	(13,236)
Net fee and commission income		196,967	98,896
Marketing and administration fees		29,619	26,361
Interest income		6,358	4,358
Other revenue		32,452	23,922
		265,396	153,537
Share of profits of associates accounted for using the equity method	12	8,293	10,139
Share of profits of joint venture accounted for using the equity method	13	2,138	3,196
Profit on fair value of investments	18	565	4,445
Other income		3,463	435
		279,855	171,752
EXPENSES			
Employment expense		(110,555)	(73,971)
Selling expense		(26,672)	(11,530)
Administration, brokers' support service and other expenses		(37,740)	(27,043)
Steadfast Network Broker rebates expense		(9,270)	(7,084)
Occupancy expense		(9,287)	(5,299)
Amortisation expense		(12,881)	(7,236)
Depreciation expense		(2,702)	(1,689)
Finance costs		(4,417)	(1,016)
Stamp duty, due diligence and restructure costs	18	(3,302)	(3,283)
Profit before income tax expense		63,029	33,601
Income tax expense	20	(15,024)	(6,159)
Profit after income tax expense for the year		48,005	27,442
OTHER COMPREHENSIVE INCOME			
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS			
Net movement in foreign currency translation reserve		(1,486)	933
Income tax expense on other comprehensive income		445	(280)
Other comprehensive income for the period, net of tax		(1,041)	653
Total comprehensive income for the year, net of tax		46,964	28,095

	Note	2015 $'000	2014 $'000
PROFIT FOR THE YEAR IS ATTRIBUTABLE TO:			
Non-controlling interests		**5,901**	2,355
Owners of Steadfast Group Limited		**42,104**	25,087
		48,005	27,442
TOTAL COMPREHENSIVE INCOME FOR THE YEAR IS ATTRIBUTABLE TO:			
Non-controlling interests		**5,907**	2,355
Owners of Steadfast Group Limited		**41,057**	25,740
		46,964	28,095
EARNINGS PER SHARE			
Basic earnings per share (cents per share)	5	**7.26**	5.25
Diluted earnings per share (cents per share)	5	**7.24**	5.24

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

Consolidated Statement of Financial Position

AS AT 30 JUNE 2015

	Note	2015 $'000	2014 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		67,648	38,551
Cash held on trust		172,155	76,679
Receivables from broking/underwriting agency operations		311,521	133,460
Other receivables		27,507	16,680
Related party loans receivable	22	927	914
Other		3,386	1,730
Total current assets		583,144	268,014
NON-CURRENT ASSETS			
Related party loans receivable	22	7,500	7,710
Property, plant and equipment		25,777	19,825
Deferred tax assets	20	10,357	5,817
Investments in associates	12	122,351	144,388
Interest in joint venture	13	3,446	4,425
Intangible assets	7	180,952	76,606
Goodwill	7	669,321	289,162
Other		12,659	5,930
Total non-current assets		1,032,363	553,863
Total assets		1,615,507	821,877
LIABILITIES			
CURRENT LIABILITIES			
Bank overdrafts	8	632	654
Payables on broking/underwriting agency operations		429,012	188,222
Other payables		43,380	23,706
Borrowings	8	453	862
Income tax payable		4,168	4,929
Provisions		11,851	6,388
Deferred consideration		27,506	13,598
Total current liabilities		517,002	238,359
NON-CURRENT LIABILITIES			
Borrowings	8	160,910	19,528
Other payables		1,284	1,285
Deferred tax liabilities	20	59,810	25,865
Deferred consideration		27,821	6,454
Provisions		7,115	5,348
Total non-current liabilities		256,940	58,480
Total liabilities		773,942	296,839
Net assets		841,565	525,038

	Note	2015 $'000	2014 $'000
EQUITY			
Share capital	9	**787,946**	488,187
Treasury shares held in trust	9	**(3,018)**	(1,070)
Foreign currency translation reserve		**(237)**	810
Share-based payments reserve		**3,130**	3,187
Undistributed profits reserve		**6,562**	6,328
Other reserves		**(10,698)**	(2,578)
Retained earnings		**39,196**	20,937
Equity attributable to the owners of Steadfast Group Limited		**822,881**	515,801
Non-controlling interests		**18,684**	9,237
Total equity		**841,565**	525,038
CORPORATE GEARING RATIO	9	**14.9%**	2.3%

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

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2015

	Equity attributable to owners of Steadfast Group Limited							Non-controlling interests	Total equity
2015	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 year	–	–	–	–	–	–	42,104	5,901	48,005
Other comprehensive income for the year, net of tax	–	–	(1,047)	–	–	–	–	6	(1,041)
Total comprehensive income for the year	–	–	(1,047)	–	–	–	42,104	5,907	46,964
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:									
Contributions of equity, net of transaction costs (Note 9)	294,201	–	–	–	–	–	–	–	294,201
Shares issued for Dividend Reinvestment Plan (Note 9)	5,558	–	–	–	–	–	–	–	5,558
Shares acquired and held in trust (Note 9)	–	(2,931)	–	–	–	–	–	–	(2,931)
Share-based payments on Executive Shares and employee share plans	–	–	–	989	–	–	–	–	989
Shares allotted through Dividend Reinvestment Plan (Note 9)	–	(63)	–	–	–	–	–	–	(63)
Shares allotted to employees under Employee Conditional Rights Scheme	–	1,046	–	(1,046)	–	–	–	–	–
Transfer of retained earnings to profit reserve	–	–	–	–	23,845	–	(23,845)	–	–
Put option liability on acquisition of subsidiaries	–	–	–	–	–	804	–	–	804
Acquisition of non-controlling interests	–	–	–	–	–	–	–	2,850	2,850
Changes in part equity interests in subsidiaries without loss of control	–	–	–	–	–	(8,924)	–	4,970	(3,954)
Dividends declared and paid	–	–	–	–	(23,611)	–	–	(4,280)	(27,891)
Balance at 30 June 2015	787,946	(3,018)	(237)	3,130	6,562	(10,698)	39,196	18,684	841,565

2014	Equity attributable to owners of Steadfast Group Limited 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	Non-controlling interests $'000	Total equity $'000
Balance at 1 July 2013	317	–	157	–	–	–	11,195	713	12,382
Profit after income tax expense for the year	–	–	–	–	–	–	25,087	2,355	27,442
Other comprehensive income for the year, net of tax	–	–	653	–	–	–	–	–	653
Total comprehensive income for the year	–	–	653	–	–	–	25,087	2,355	28,095
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:									
Contributions of equity, net of transaction costs (Note 9)	486,867	–	–	–	–	–	–	–	486,867
Shares issued for Dividend Reinvestment Plan (Note 9)	1,003	–	–	–	–	–	–	–	1,003
Shares acquired and held in trust (Note 9)	–	(1,070)	–	–	–	–	–	–	(1,070)
Share-based payments on Executive Shares and employee share plans	–	–	–	2,822	–	–	–	–	2,822
Share-based payments on share options granted	–	–	–	365	–	–	–	–	365
Transfer of retained earnings to profit reserve	–	–	–	–	6,328	–	(6,328)	–	–
Put option liability on acquisition of subsidiaries	–	–	–	–	–	(804)	–	–	(804)
Acquisition of non-controlling interests	–	–	–	–	–	–	–	7,596	7,596
Changes in part equity interests in subsidiaries without loss of control	–	–	–	–	–	(1,774)	–	679	(1,095)
Dividends declared and paid	–	–	–	–	–	–	(9,017)	(2,106)	(11,123)
Balance at 30 June 2014	488,187	(1,070)	810	3,187	6,328	(2,578)	20,937	9,237	525,038

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

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 $'000	2014 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**258,897**	138,443
Payments to suppliers and employees, and Network Broker rebates		**(214,604)**	(124,092)
Dividends received from associates and joint venture		**14,622**	7,163
Interest received		**4,943**	3,701
Interest and other finance costs paid		**(4,417)**	(1,016)
Income taxes paid		**(14,663)**	(7,801)
Net cash from operating activities before customer trust accounts movement		**44,778**	16,398
Net movement in customer trust accounts (net cash receipts/payments on behalf of customers)		**22,221**	(10,935)
Net cash from operating activities	21	**66,999**	5,463
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for acquisitions of subsidiaries and business assets, net of cash acquired and repayment of subsidiaries' loans		**(374,468)**	(116,355)
Payments for investments in associates and joint venture		**(8,901)**	(70,222)
Proceeds on part disposal of investments on scheme of arrangement		**47,112**	–
Proceeds on part disposal of investments in subsidiaries on hubbing arrangements		**6,145**	6,875
Payments for property, plant and equipment		**(1,803)**	(1,751)
Payments for intangible assets		**(1,301)**	(241)
Net cash used in investing activities		**(333,216)**	(181,694)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**300,002**	333,703
Payments of transaction costs on issue of shares		**(8,287)**	(15,896)
Payments for purchase of treasury shares		**(2,931)**	(1,070)
Repayment of related party loan		**927**	196
Repayment of non-related party loans		**4,090**	–
Provision of related party loans		**(221)**	(2,993)
Provision of non-related party loans		**(1,660)**	–
Proceeds from borrowings		**139,421**	12,524
Repayment of borrowings		**(18,196)**	(37,015)
Dividends paid to owners of Steadfast Group Limited, net of Dividend Reinvestment Plan		**(18,053)**	(8,014)
Dividends paid to non-controlling interests		**(4,280)**	(2,106)
Net cash from financing activities		**390,812**	279,329
Net increase in cash and cash equivalents		**124,595**	103,098
Cash and cash equivalents at the beginning of the financial year		**114,576**	11,478
Cash and cash equivalents at the end of the financial year	21	**239,171**	114,576

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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1. GENERAL INFORMATION

This general purpose financial report is for the year ended 30 June 2015 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 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.

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

This general purpose financial report was authorised for issue by the Board on 26 August 2015.

The flow of information is grouped as follows:

- significant accounting policies and critical accounting judgements, estimates and assumptions – Notes 2 and 3;
- key financial indicators of the Group – Notes 4 to 6;
- significant assets and liabilities – Notes 7 to 8;
- equity related matters – Note 9;
- group structure – Notes 10 to 13;
- risk and unrecognised items – Notes 14 to 16; and
- additional information and disclosures required by Accounting Standards – Notes 17 to 24.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

A. STATEMENT OF COMPLIANCE

This financial report has been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board, as appropriate for for-profit oriented entities and the Australian Securities Exchange (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 financial report of the Group complies with IFRS.

B. 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 Group and are the same as those applied for the previous reporting period 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. New and amended standards adopted by the Group

The Group has adopted the following revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the year ended 30 June 2015. Adoption of these standards has not had any material effect on the financial position or performance of the Group.

Title	Description
AASB 1031	Materiality
AASB 2014–1	Amendments to Australian Accounting Standards: Part A and Part C
AASB 2013–3	Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets
AASB 2013–9	Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments: Part B

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES continued

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 by providing further breakdown of income; and
- measurement period adjustments to goodwill, intangible assets and its associated deferred tax liability recognised on prior year business combinations.

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 & Investments Commission. In accordance with that class order, amounts in this financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

C. PRINCIPLES OF CONSOLIDATION

I. Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. The excess of the consideration transferred over the fair value of identifiable net assets acquired and non-controlling interests is recorded as goodwill. If the consideration transferred is less than the fair value of identifiable net assets acquired and non-controlling interests, the difference is recognised directly in profit or loss. Costs of acquisition are expensed as incurred, except if it related to the issue of debt or equity securities.

II. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements of the Group from the date on which control commences until the date on which control ceases.

III. Non-controlling interests

Non-controlling interests (NCI) are measured at their proportionate share of the acquired subsidiaries' identifiable net assets at the date of acquisition. For the operations and business being put into a business hub, NCI represent the fair value at the hubbing date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

IV. Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

V. Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the Group's share of the profit or loss of associates and the joint venture is included in the Group's profit or loss.

VI. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in full.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES continued

D. REVENUE RECOGNITION

Revenue is recognised when it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is recognised to the extent that there is no future obligation. Where there is a future obligation, a portion is deferred over the expected service period.

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

I. Fees and commission income

Commission, brokerage and fees are recognised when the related service has been provided and it is probable that the Group 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.

II. Marketing and administration fees

The Company has negotiated with strategic partners, such as insurers, premium funders and underwriting agencies, to receive marketing and administration fees based on the amount of business placed with those entities for the Group'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).

III. Claims experience benefit

The Group may receive a claims experience benefit payment or payments in respect of certain types of insurance products placed with insurance companies. 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.

IV. Other revenue

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

E. TAXATION

Tax consolidation

The Company (the head entity) and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are offset in the consolidated financial statements.

In addition, certain controlled subsidiaries and their wholly owned Australian subsidiaries have formed income tax consolidated groups under the tax consolidation regime. These entities are also taxed as a single entity and the deferred tax assets and liabilities of these tax consolidated groups are offset in the consolidated financial statements.

F. CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash at 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. This includes cash held by the subsidiaries for business operations/operating expenses purposes.

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.

G. RECEIVABLES FROM BROKING/UNDERWRITING AGENCY OPERATIONS

Receivables from broking/underwriting agency operations are initially recognised based on the invoiced amount to customers. After initial recognition, provision is made for lapses or cancellations of insurance policies or other matters that may lead to non-collection.

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

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES continued

H. INTANGIBLE ASSETS

Identifiable intangible assets acquired separately or in a business combination (mainly customer relationships and capitalised software) 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 provision for impairment.

Intangible assets with finite lives are amortised over their useful lives, currently estimated to be up to 10 years, and their useful lives are reviewed annually.

I. PAYABLES ON BROKING/UNDERWRITING AGENCY OPERATIONS

These amounts represent insurance premium payable to insurance companies for broking/underwriting agency operations on amounts invoiced to customers and liabilities for goods and services provided to the Group prior to the end of the financial period and which are unpaid. The amounts are unsecured and are usually paid within 30 to 90 days of recognition.

J. 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 year ended 30 June 2015.

The Company intends to adopt new, revised or amending Accounting Standards and Interpretations 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 2018	30 June 2019	(i)
AASB 2009–11, AASB 2010–7 & AASB 2012–6	Amendments to Australian Accounting Standards arising from AASB 9	1 January 2018	30 June 2019	(i)
AASB 15	Revenue from Contracts with Customers	1 January 2018	30 June 2019	(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 (refer to the respective notes) during the year ended 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 revenue or 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 not amortised but assessed for impairment annually or when there is an evidence of impairment.

The recoverable amount of goodwill is estimated using the higher of fair value or the 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.

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 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.

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 4. OPERATING SEGMENTS

The Company's corporate structure includes equity investments in insurance intermediary entities (insurance broking, underwriting agencies and premium funders) and complementary 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, associates and joint venture.

The additional performance measures, 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 are outlined in the table below.

	Table note	2015 Insurance intermediary $'000	2015 Other $'000	2015 Total $'000	2014 Insurance intermediary $'000	2014 Other $'000	2014 Total $'000
EBITA – consolidated entities		77,028	1,380	78,408	39,618	652	40,270
Share of EBITA from associates and joint venture (Note 12, 13)		20,048	309	20,357	22,414	642	23,056
EBITA from core operations – pre-corporate expenses		97,076	1,689	98,765	62,032	1,294	63,326
Corporate expenses		(8,396)	–	(8,396)	(8,130)	–	(8,130)
EBITA from core operations – post-corporate expenses		88,680	1,689	90,369	53,902	1,294	55,196
Finance costs (net of interest received on surplus cash held)	(i)	(5,321)	(12)	(5,333)	(1,130)	–	(1,130)
Amortisation expense	(ii)	(16,006)	(524)	(16,530)	(9,814)	(344)	(10,158)
Profit before income tax from core operations before non-trading items		67,353	1,153	68,506	42,958	950	43,908
Income tax expense on profit before non-trading items	(iii)	(19,916)	(595)	(20,511)	(13,892)	(576)	(14,468)
Profit after income tax before non-trading items		47,437	558	47,995	29,066	374	29,440
Non-trading items:							
Income	(iv)	3,186	–	3,186	4,732	–	4,732
Expenses	(v)	(3,302)	–	(3,302)	(9,298)	–	(9,298)
Income tax expense on non-trading income and expenses		(459)	–	(459)	–	–	–
Non-trading income tax (expense)/benefit		585	–	585	2,568	–	2,568
Net profit after income tax for the year		47,447	558	48,005	27,068	374	27,442
Non-controlling interests		(5,901)	–	(5,901)	(2,299)	(56)	(2,355)
Net profit after income tax attributable to owners of Steadfast Group Limited		41,546	558	42,104	24,769	318	25,087
Other comprehensive income attributable to owners of Steadfast Group Limited		(1,047)	–	(1,047)	653	–	653
Total comprehensive income after income tax attributable to owners of Steadfast Group Limited		40,499	558	41,057	25,422	318	25,740

NOTE 4. OPERATING SEGMENTS continued

Table notes

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

	2015 Insurance intermediary $'000	2015 Other $'000	2015 Total $'000	2014 Insurance intermediary $'000	2014 Other $'000	2014 Total $'000
Finance costs – consolidated entities*	(4,417)	–	(4,417)	(72)	–	(72)
Finance costs – associates and joint venture (Note 12, 13)	(904)	(12)	(916)	(1,058)	–	(1,058)
	(5,321)	(12)	(5,333)	(1,130)	–	(1,130)

* 2014: net of interest received on surplus cash held at IPO

(ii) Breakdown of amortisation expenses are as below.

	2015 Insurance intermediary $'000	2015 Other $'000	2015 Total $'000	2014 Insurance intermediary $'000	2014 Other $'000	2014 Total $'000
Amortisation expense – consolidated entities	(12,429)	(452)	(12,881)	(6,958)	(278)	(7,236)
Amortisation expense – associates and joint venture (Note 12, 13)	(3,577)	(72)	(3,649)	(2,856)	(66)	(2,922)
	(16,006)	(524)	(16,530)	(9,814)	(344)	(10,158)

(iii) Breakdown of income tax expense on profit before non-trading items are as below.

	2015 Insurance intermediary $'000	2015 Other $'000	2015 Total $'000	2014 Insurance intermediary $'000	2014 Other $'000	2014 Total $'000
Income tax expense – consolidated entities	(14,625)	(525)	(15,150)	(8,312)	(415)	(8,727)
Income tax expense – associates and joint venture (Note 12, 13)	(5,291)	(70)	(5,361)	(5,580)	(161)	(5,741)
	(19,916)	(595)	(20,511)	(13,892)	(576)	(14,468)

(iv) Breakdown of non-trading income are as below.

	2015 Insurance intermediary $'000	2015 Other $'000	2015 Total $'000	2014 Insurance intermediary $'000	2014 Other $'000	2014 Total $'000
Net profit on change in value of investments	565	–	565	3,996	–	3,996
Executive loans fair value adjustment on part repayment of loan	971	–	971	–	–	–
Deemed interest revenue on interest free Executive loans	711	–	711	736	–	736
Net gain on settlement or reassessment of deferred consideration liability	939	–	939	–	–	–
	3,186	–	3,186	4,732	–	4,732

(v) Breakdown of non-trading expenses are as below.

	2015 Insurance intermediary $'000	2015 Other $'000	2015 Total $'000	2014 Insurance intermediary $'000	2014 Other $'000	2014 Total $'000
Stamp duty, due diligence and restructure costs	(3,302)	–	(3,302)	(3,283)	–	(3,283)
Share-based payments and write down of Executive loans	–	–	–	(6,015)	–	(6,015)
	(3,302)	–	(3,302)	(9,298)	–	(9,298)

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 5. EARNINGS PER SHARE

	2015 cents	2014 cents
A. REPORTING PERIOD VALUE		
Basic earnings per share	**7.26**	5.25
Diluted earnings per share	**7.24**	5.24

	2015 $'000	2014 $'000
B. RECONCILIATION OF EARNINGS USED IN CALCULATING EARNINGS PER SHARE		
Profit after income tax	**48,005**	27,442
Non-controlling interests	**(5,901)**	(2,355)
Profit after income tax attributable to the owners of Steadfast Group Limited for calculation of basic and diluted earnings per share	**42,104**	25,087

	2015 Number in '000	2014 Number in '000
C. RECONCILIATION OF WEIGHTED AVERAGE NUMBER OF SHARES USED IN CALCULATING EARNINGS PER SHARE		
I. Weighted average number of ordinary shares issued[c]		
Weighted average number of ordinary shares issued	**581,306**	478,224
Weighted average number of treasury shares held in trust	**(1,460)**	(622)
Weighted average number of ordinary shares used in calculating basic earnings per share	**579,846**	477,602
II. Weighted average number of dilutive potential ordinary shares related to[c]		
Weighted average number of ordinary shares	**579,846**	477,602
Effect of share-based payments arrangements[a]	**522**	411
Effect of deemed bonus shares on share options[b]	**967**	1,114
Weighted average number of ordinary shares used in calculating diluted earnings per share	**581,335**	479,127

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 (EPS) 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 $1.00 per share. Because the average share price exceeds the exercise price, 0.967 million shares are deemed to be bonus shares.

(c) A bonus factor was applied to the weighted average number of ordinary shares used in calculating both the basic and diluted EPS to restate EPS for the rights issue completed in March 2015.

NOTE 6. DIVIDENDS

A. DIVIDENDS ON ORDINARY SHARES

2015	Cents per share	Total amount $'000	Payment date	Tax rate for franking credit	Percentage franked
2015 interim dividend	2.0	10,067	14 April 2015	30%	100%
2014 final dividend	2.7	13,544	8 October 2014	30%	100%
2014					
2014 interim dividend	1.8	9,017	14 April 2014	30%	100%

It is standard practice that the Board declares the dividend for a period after the relevant reporting date. A dividend is not accrued for until it is declared and so the dividends for a period are generally recognised and measured in the financial reporting period following the period to which the dividends relate.

The dividends recognised in the current reporting period include $0.063 million (2014: $0.013 million) paid in relation to treasury shares held in a trust controlled by the Group. All the treasury shares participate in the Dividend Reinvestment Plan.

B. DIVIDEND POLICY

The Company targets a dividend payout ratio in the range of 65% to 85% of net profit after tax attributable to shareholders of the Company with a minimum dividend payout ratio of 50% of net profit after tax and before amortisation expense.

C. DIVIDEND REINVESTMENT

The Company operates a Dividend Reinvestment Plan (DRP) that 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 and in accordance with the published terms of the DRP.

D. DIVIDEND NOT RECOGNISED AT REPORTING DATE

On 26 August 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.

2015	Cents per share	Total amount $'000	Payment date	Tax rate for franking credit	Percentage franked
2015 final dividend	3.0	22,302	14 Oct 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 and a record date of 15 September 2015. The last election notice for participation in the DRP in relation to this final dividend is 16 September 2015.

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 6. DIVIDENDS continued

E. FRANKING CREDITS

	2015 $'000	2014 $'000
Franking account balance at reporting date at 30%	**31,795**	8,248
Franking credits/(debits) to arise from payment/(refund) of income tax payable	**(2,614)**	1,588
Franking credits available for future reporting periods	**29,181**	9,836
Franking account impact of dividends declared before issuance of financial report but not recognised at reporting date	**(9,558)**	(5,805)
Franking credits available for subsequent financial periods based on a tax rate of 30%	**19,623**	4,031

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

- franking credits/(debits) that will arise from the payment/(refund) of the amount of the provision for income tax relating to the parent entity at the reporting date;
- franking debits that will arise from the payment of dividends not 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 7. INTANGIBLE ASSETS AND GOODWILL

	Customer relationships $'000	Capitalised software $'000	Other intangible assets $'000	Total intangible assets $'000	Goodwill $'000
2015					
A. COMPOSITION					
At cost	194,440	2,161	4,095	200,696	669,321
Accumulated amortisation	(18,698)	(415)	(631)	(19,744)	–
	175,742	1,746	3,464	180,952	669,321
B. MOVEMENTS					
Balance at the beginning of the financial year*	75,964	642	–	76,606	289,162
Additions	–	1,281	18	1,299	–
Additions through business combinations	113,238	–	4,077	117,315	384,373
Reduction in intangibles upon loss of control	(1,802)	–	–	(1,802)	(4,214)
Amortisation expense transferred to other reserve on hubbing	415	–	–	415	–
Amortisation expense	(12,073)	(177)	(631)	(12,881)	–
Balance at the end of the financial year	175,742	1,746	3,464	180,952	669,321

NOTE 7. INTANGIBLE ASSETS AND GOODWILL continued

	Customer relationships $'000	Capitalised software $'000	Other intangible assets $'000	Total intangible assets $'000	Goodwill $'000
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					
Balance at the beginning of the financial year	7,918	5	–	7,923	28,131
Changes in cash consideration	–	–	–	–	(601)
Additions	–	241	–	241	–
Additions through business combinations*	79,291	450	–	79,741	281,980
Reduction in intangibles upon loss of control	(4,063)	–	–	(4,063)	(20,348)
Amortisation expense	(7,182)	(54)	–	(7,236)	–
Balance at the end of the financial year	75,964	642	–	76,606	289,162
E. AMORTISATION RATES	10.0%	20.0–100.0%	33.3%		

* The comparative information has been revised to recognise measurement period adjustments to the provisional amounts recognised on prior period's business combinations.

F. IMPAIRMENT TESTING OF IDENTIFIABLE INTANGIBLE ASSETS AND GOODWILL

The Group performs impairment testing for all goodwill on an annual basis and for any identifiable intangibles which have impairment indicators. There was no impairment provision for the year ended 30 June 2015 (2014: no impairment provision).

In performing impairment testing, each subsidiary acquired or portfolio of businesses acquired is considered a separate cash generating unit (CGU) or grouped into one CGU where operations are linked.

To conduct impairment testing, the Group compares the carrying value with the recoverable amount of each asset. The recoverable amount is the higher of:

- value in use – a discounted cash flow model, based on a five year projection on the approved budget of the tested CGUs with a terminal value; and
- fair value – based on the Group's estimates of sustainable earnings before interest expense, tax and amortisation (EBITA) for each CGU multiplied by an earnings multiple appropriate for similar businesses less costs to sell.

The following table sets out the key assumptions for the value in use model.

	2015 %	2014 %
Post tax discount rates[(a)]	**10.0% or 11.7%**	10.6% or 12.4%
Pre tax discount rates	**12.6% or 15.2%**	13.3% or 16.0%
Revenue growth rate[(b)] – one year to five years extrapolation	**4.0% per annum**	4.0% per annum
Long term revenue growth rate[(c)]	**4.0% per annum**	4.0% per annum

(a) Post tax discount rates reflect the Group'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 advice has been sought in relation to the determination of appropriate discount rates to be used.

(b) The Group has estimated a revenue growth of 4.0% per annum for the financial years between 2016 and 2020 based on short term industry forecasts and current performance.

(c) The Group considers that a long term revenue growth rate of 4.0% is appropriate, based on the current market conditions and historical Gross Written Premium (GWP) trends.

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

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 8. BORROWINGS

	2015 $'000	2014 $'000
A. BANK LOANS		
Current	**453**	862
Non-current	**160,910**	19,528
	161,363	20,390
B. BANK FACILITIES AVAILABLE		
I. Bank facilities drawn down		
Bank loans	**161,363**	20,390
Lines of credit (bank overdrafts)	**632**	654
	161,995	21,044
II. Undrawn bank facilities		
Bank loans	**32,891**	63,610
Lines of credit	**368**	346
	33,259	63,956
III. Total bank facilities available		
Bank loans	**194,254**	84,000
Lines of credit	**1,000**	1,000
	195,254	85,000

The outstanding borrowings as at 30 June 2015 represent bank loans drawn:

- $147.109 million (out of the $180.000 million facility) by the Company principally to fund acquisition of subsidiaries (2014: $12.524 million); and
- by certain subsidiaries of the Group to support their operations.

C. BANK FACILITY DETAILS

At 30 June 2015, the Company had a $180.000 million revolving line of credit facility (30 June 2014: $85.000 million) with Macquarie Bank Limited (Macquarie Bank).

D. KEY TERMS AND CONDITIONS OF BANKING FACILITIES

As at 30 June 2015, $161.995 million of debt (including bank overdrafts) had been drawn down by the Group. The key terms and conditions of the revolving line of credit facility with Macquarie Bank for Steadfast as at 30 June 2015 were as follows.

- The undrawn facility is calculated with reference to the borrowings of the Company, leaving an $32.891 million undrawn facility at balance date.
- Variable interest rate, based on a margin above BBSW, payable monthly.
- The Company and certain of 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's revolving line of credit facility.
- The Company and the Guarantors had granted various securities to secure the Macquarie Bank facility including:
  - security interests over all of their present and after-acquired assets and undertakings in favour of Macquarie Bank including shares in subsidiaries and associates;
  - 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.

The Macquarie Bank's revolving line of credit facility contains 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 Company debt to EBITDA ratio below agreed levels and a Company debt service cover ratio above agreed levels. There were no breaches of covenants or default during the year.

NOTE 8. BORROWINGS continued

E. RE-FINANCING OF BANK FACILITIES AFTER THE REPORTING PERIOD

Since balance date the Company has entered into a multi-bank syndicated facility with Macquarie Bank and ANZ Banking Group of $285.000 million to replace the $180.000 million facility with Macquarie Bank. The $180.000 million facility was fully repaid on 13 August 2015.

The new multi-bank syndicated facility includes the following key terms:

- $285.000 million facility consisting of a three year tranche of $235.000 million and a five year tranche of $50.000 million;
- The three year tranche has the potential for 2 one year extensions by agreement of all parties at the end of the first and second year of the facility;
- Variable interest rate based on BBSY plus a margin;
- The facility is guaranteed by certain wholly owned subsidiaries and is secured;
- Other terms and conditions are consistent with a facility of this size and nature and the circumstances of Steadfast.

F. BORROWING BY ASSOCIATES

As at 30 June 2015, the associates had a total of $38.424 million of bank borrowings (including bank overdrafts and loans).

NOTE 9. NOTES TO THE STATEMENT OF CHANGES IN EQUITY AND RESERVES

	2015 Number of shares in '000	2014 Number of shares in '000	2015 $'000	2014 $'000
A. SHARE CAPITAL				
Reconciliation of movements				
Issued ordinary shares, fully paid at the beginning of the financial year [(a)]	**501,638**	1	**488,187**	317
Conversion to preferred capital shares	**–**	(1)	**–**	–
Shares issued on the ASX [(b)]	**238,097**	500,971	**300,002**	498,944
Less: Transaction costs on issue of ordinary shares, net of income tax	**–**	–	**(5,801)**	(12,077)
Shares issued for the Dividend Reinvestment Plan	**3,679**	667	**5,558**	1,003
Issued ordinary shares, fully paid at the end of the financial year	**743,414**	501,638	**787,946**	488,187

(a) Ordinary shares in the Company have no par value and entitle the holder to participate in dividends as declared from time to time. All ordinary shares rank equally with regard to the Company's residual assets.

(b) The following ordinary shares were issued as a result of the capital raise:

- on 26 February 2015, 146.035 million ordinary shares were issued being placement to institutional investors and the institutional Accelerated Non-Renounceable Pro-rata Entitlement Offer (ANREO); and
- on 11 March 2015, 92.062 million ordinary shares were issued being the retail ANREO.

	2015 Number of shares in '000	2014 Number of shares in '000	2015 $'000	2014 $'000
B. TREASURY SHARES HELD IN TRUST				
Reconciliation of movements				
Balance at the beginning of the financial year	**754**	–	**1,070**	–
Shares allocated to employees	**(737)**	–	**(1,046)**	–
Shares acquired	**1,977**	745	**2,931**	1,057
Shares allotted through the Dividend Reinvestment Plan	**42**	9	**63**	13
Balance at the end of the financial year	**2,036**	754	**3,018**	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.

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 9. NOTES TO THE STATEMENT OF CHANGES IN EQUITY AND RESERVES continued

C. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can continue its listing on the ASX, provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to minimise the cost of capital, within the risk appetite approved by the Directors.

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

The Group monitors capital on the basis of corporate gearing ratio, which is calculated as borrowings attributable to the Company (corporate borrowings) divided by total equity and corporate borrowings. During FY15, the Company's target corporate gearing ratio was raised from 20% to 25%. The gearing ratio at reporting date is as follows.

	2015 $'000	2014 $'000
Corporate borrowings	**147,109**	12,524
Total equity	**841,565**	525,038
Total equity and corporate borrowings	**988,674**	537,562
Corporate gearing ratio	**14.9%**	2.3%

D. 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 the 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 may be used to pay dividends declared by the Directors.

NOTE 10. BUSINESS COMBINATIONS

A. ACQUISITIONS FOR THE YEAR ENDED 30 JUNE 2015

In accordance with the Group's strategy, the Group completed a number of acquisitions during the year.

Acquisition of subsidiaries

The following disclosures provide the provisional financial impact to the Group at the acquisition date. Only the top five acquisitions by consideration are disclosed separately. The other acquisitions are not individually material and are disclosed in aggregate. The top five are as follows:

- CHU Underwriting Agencies Pty Ltd (CHU), an underwriting agency for the residential and commercial strata market. The Group acquired 100% of the share capital in CHU on 1 April 2015;
- Underwriting Agencies of Australia Pty Ltd (UAA), an underwriting agency servicing the mobile plant and equipment sector. The Group acquired 100% of the share capital in UAA on 1 April 2015;
- Eight underwriting agencies from Calliden Group Ltd (Calliden Group), an ASX listed general insurance company headquartered in New South Wales. The acquisition occurred on 23 December 2014 and was achieved by a scheme of arrangement under which the Group acquired 100% of the share capital in Calliden Group (including an insurer and several agencies) and then immediately on sold the general insurance operations and two underwriting agencies to Munich Holdings of Australasia, a subsidiary of Munich Re.
- IC Frith Group (IC Frith), consisting of ICF (Australia) Pty Ltd and its controlled entities excluding the warranty business, and IC Frith (NZ) Limited and its controlled entities excluding the New Zealand based insurer. IC Frith is an insurance broker headquartered in New South Wales. The Group acquired 100% of the share capital in ICF (Australia) Pty Ltd and 90% of the share capital in IC Frith (NZ) Limited on 2 April 2015.
- Ausure Group (Ausure), consisting of Ausure Group Pty Ltd and its controlled entities. Ausure is an authorised representative network of insurance professionals in 150 locations across Australia. The Group acquired 73.82% of the share capital in Ausure Group Pty Ltd on 1 August 2014.

a. Consideration paid/payable

2015	CHU $'000	UAA $'000	Calliden Group $'000	IC Frith $'000	Ausure $'000	Other acquisitions $'000	Total $'000
Cash (a)	155,200	119,200	46,962	22,146	13,265	42,084	398,857
Deemed consideration (b)	–	–	–	–	–	5,370	5,370
Deferred consideration (c)	241	27,304	–	7,122	11,576	6,141	52,384
Scrip for scrip (d)	–	–	–	–	–	15,614	15,614
Total	155,441	146,504	46,962	29,268	24,841	69,209	472,225

(a) Amounts shown as consideration for Calliden Group are 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 proceeds from Munich Holdings of Australasia of $47.112 million. The identifiable assets and liabilities acquired shown in Note 10.A.b. are the details relevant to the interests retained by the Group.

(b) This amount represented the acquisition date fair value of the original investment in Webmere Pty Ltd (Webmere) and Finn Foster & Associates Pty Ltd (Finn Foster) when the Group increased its shareholding and gained control of these entities.

(c) Pursuant to the Share Purchase Agreements, some of the consideration will be settled based on future years' actual financial performance and thus was recognised as deferred consideration by the Group. The deferred consideration is estimated based on a multiple of forecast revenue and/or earnings. Any variations at the time of settlement will be recognised as an expense or income in the statement of profit or loss and other comprehensive income. The deferred consideration shown above represents:

- $25.860 million of the deferred consideration is subject to a maximum upwards or downwards adjustment of 20% of the upfront cash payment of $290.000 million. The final deferred consideration will therefore fall within the range of $58.000 million refund to $58.000 million additional payment;
- $22.151 million of deferred consideration for which the maximum amount of payment is unlimited; and
- $4.373 million of deferred consideration which is fixed.

(d) Some hubbing arrangements were partially completed using the hubbing entity's scrip (refer Note 21C).

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 10. BUSINESS COMBINATIONS continued

b. Identifiable assets and liabilities acquired

2015	CHU $'000	UAA $'000	Calliden Group $'000	IC Frith $'000	Ausure $'000	Other acquisitions $'000	Total $'000
Cash and cash equivalents	5,738	6,869	12,300	6,103	30,464	28,965	90,439
Trade and other receivables*	8,627	28,728	31,968	6,265	1,783	13,091	90,462
Property, plant and equipment	301	115	5,410	657	344	812	7,639
Deferred tax assets	1,771	172	975	306	336	721	4,281
Identifiable intangibles	36,828	33,531	17,645	5,996	5,985	17,330	117,315
Other assets	248	197	2,881	140	2,031	465	5,962
Trade and other payables	(7,486)	(28,067)	(46,606)	(6,353)	(30,108)	(35,333)	(153,953)
Income tax payable	–	–	(213)	(175)	(1,478)	(800)	(2,666)
Provisions	(973)	(481)	(844)	(955)	(410)	(2,454)	(6,117)
Deferred tax liabilities	(11,049)	(10,280)	(5,608)	(2,058)	(2,073)	(3,562)	(34,630)
Other liabilities	(4,138)	(44)	(15,524)	–	(1,217)	(7,107)	(28,030)
Total net identifiable assets/(liabilities)	29,867	30,740	2,384	9,926	5,657	12,128	90,702

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

c. Goodwill on acquisition

2015	CHU $'000	UAA $'000	Calliden Group $'000	IC Frith $'000	Ausure $'000	Other acquisitions $'000	Total $'000
Total consideration paid/payable	155,441	146,504	46,962	29,268	24,841	69,209	472,225
Total net identifiable (assets)/liabilities acquired	(29,867)	(30,740)	(2,384)	(9,926)	(5,657)	(12,128)	(90,702)
Non-controlling interests acquired	–	–	–	577	1,417	856	2,850
Goodwill on acquisition*	125,574	115,764	44,578	19,919	20,601	57,937	384,373

* The majority of 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.

2015	CHU $'000	UAA $'000	Calliden Group $'000	IC Frith $'000	Ausure $'000	Other acquisitions $'000	Total $'000
Revenue	11,012	7,434	12,293	5,387	8,761	18,503	63,390
EBITA	5,946	5,494	6,404	1,871	4,328	6,818	30,861
Profit after income tax	3,507	3,250	2,831	1,273	2,276	4,033	17,170

If the acquisitions of subsidiaries occurred on 1 July 2014, the Group's total revenue and profit after income tax attributable to the owners of the Group for the year ended 30 June 2015 would have been $362.699 million and $59.727 million respectively.

NOTE 10. BUSINESS COMBINATIONS continued

e. Acquisition-related costs

The Group incurred acquisition-related costs, being external accounting, stamp duty, consultancy and legal fees for business interests acquired during the year ended 30 June 2015. Acquisition costs incurred for the Calliden Group was $1.190 million and for CHU and UAA was $1.740 million. Acquisition costs for all other acquisitions was $0.372 million.

The acquisition-related costs totalling $3.302 million have been included in stamp duty, due diligence and restructure costs in the Group's consolidated statement of profit or loss and other comprehensive income.

B. ACQUISITIONS FOR THE YEAR ENDED 30 JUNE 2014

I. Acquisitions on 7 August 2013

On 7 August 2013, the Group acquired equity interests in a total of 59 insurance broking businesses (Steadfast Equity Brokers), three underwriting agencies, and two complementary services businesses.

All of the acquired businesses had existing management teams who continue to be primarily responsible for ongoing day-to-day management of each individual business. For the 12 businesses in which the Group acquired 100% ownership, the Group either contracted with existing management to continue to operate the business or had an intention to merge the business with another Steadfast Equity Broker, consistent with the Group's hubbing strategy.

The acquisitions of equity interests ranged from 25% to 100% and the consideration paid for individual investments ranged from $0.646 million to $78.200 million. For all those investees classified as subsidiaries, the Group had over 50% of the voting rights or less than 50% but with power to have control.

II. Other acquisitions during the year ended 30 June 2014

In addition to the major acquisitions completed on 7 August 2013, the Group also made the following acquisitions:

- On 13 December 2013, the Group acquired 60% of the share capital of Protecsure Pty Limited, a non-aligned underwriting agency;
- On 3 April 2014, the Group acquired 70% of the share capital of NM Insurance Pty Limited (Nautilus Marine), a Steadfast strategic partner. Nautilus Marine is a leading underwriting agency operating across Australia and New Zealand that specialises in marine and motorcycle insurance;
- On 5 May 2014, the Group acquired an interest in the MECON Winsure Insurance Group, being 76% of the MECON business and 100% of the Winsure business. MECON Winsure is an underwriting agency that specialises in providing insurance to the building and construction industry across Australia. They offer tailored end to end insurance solutions exclusively through broking partners.
- On 18 June 2014, the Group acquired IMC Trade Credit Solutions Pty Ltd (IMC) through the Group's subsidiary, National Credit Insurance (Brokers) Pty Ltd. IMC is a specialised trade credit insurance brokerage.

III. Acquisition of subsidiaries

The following disclosures provide the financial impact to the Group at the acquisition date, 7 August 2013 (for 64 businesses) and other acquisitions completed as listed in section B.II above, subject to any adjustments on settlement of deferred consideration. For some of the businesses, the disclosures include the impact of the broking business and operations being transferred into a business hub. Any such adjustments are made by expense or credit in the statement of comprehensive income. Only the top five acquisitions by consideration are disclosed separately. The other acquisitions are disclosed in aggregate.

The top five acquisitions were as follows:

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

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 10. BUSINESS COMBINATIONS continued

a. Consideration paid/payable

2014	RIB Group $'000	NCIB $'000	Brecknock $'000	GWS $'000	Mega Capital $'000	Other acquisitions $'000	Total $'000
Cash	41,400	29,667	17,473	8,611	16,244	78,558	191,953
Consideration shares[(a)]	36,800	–	852	3,364	575	34,669	76,260
Deemed consideration[(b)]	–	–	–	–	–	6,112	6,112
Deferred consideration[(c)]	–	–	–	–	–	10,441	10,441
Scrip for scrip[(d)]	–	–	–	6,018	–	14,658	20,676
Total	78,200	29,667	18,325	17,993	16,819	144,438	305,442

(a) The consideration shares were valued at $1.15 per share at settlement based on the initial public offer price when the Company listed on the ASX.

(b) This amount represented the original investment in Miramar Underwriting Agency Pty Ltd (Miramar) when the Group increased its shareholding in Miramar from 50% to 100%.

(c) Pursuant to the Share and Unit Purchase Agreements, some of the consideration will be settled based on the actual financial performance for the financial year ending 30 June 2014 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 as an expense or credit in the statement of comprehensive income.

(d) Some hubbing arrangements were partially completed on a scrip for scrip basis.

b. Identifiable assets and liabilities acquired

2014	RIB Group $'000	NCIB $'000	Brecknock $'000	GWS $'000	Mega Capital $'000	Other acquisitions $'000	Total $'000
Cash and cash equivalents	12,819	13,719	5,824	2,719	5,336	55,146	95,563
Trade and other receivables[(a)]	9,020	17,208	11,763	3,903	3,773	47,742	93,409
Property, plant and equipment	258	1,734	578	243	117	3,991	6,921
Deferred tax assets	79	510	79	88	71	1,181	2,008
Identifiable intangibles	19,862	9,567	4,301	5,451	4,036	36,524	79,741
Other assets	–	184	980	20	101	306	1,591
Trade and other payables	(20,918)	(25,698)	(15,888)	(7,093)	(8,342)	(86,979)	(164,918)
Income tax payable	(494)	(54)	(90)	(343)	25	(1,970)	(2,926)
Provisions	(358)	(2,063)	(221)	(419)	(217)	(6,018)	(9,296)
Deferred tax liabilities	(6,419)	(4,807)	(1,951)	(1,770)	(1,266)	(12,901)	(29,114)
Other liabilities	(7,507)	(13,113)	(972)	(1,545)	(56)	(18,728)	(41,921)
Total net identifiable assets/(liabilities)[(b)]	6,342	(2,813)	4,403	1,254	3,578	18,294	31,058

(a) The trade receivables comprise contractual amounts and are expected to be fully recoverable.

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

NOTE 10. BUSINESS COMBINATIONS continued

c. Goodwill on acquisition

2014	RIB Group $'000	NCIB $'000	Brecknock $'000	GWS $'000	Mega Capital $'000	Other acquisitions $'000	Total $'000
Total consideration paid/payable	78,200	29,667	18,325	17,993	16,819	144,438	305,442
Total net identifiable (assets)/liabilities acquired	(6,342)	2,813	(4,403)	(1,254)	(3,578)	(18,294)	(31,058)
Non-controlling interests acquired	1,268	–	1,211	1,801	715	2,601	7,596
Goodwill on acquisition*	73,126	32,480	15,133	18,540	13,956	128,745	281,980

* The majority of 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 by the acquired subsidiaries to the financial performance of the Group from the acquisition date to 30 June 2014 is outlined in the table below.

2014	RIB Group $'000	NCIB $'000	Brecknock $'000	GWS $'000	Mega Capital $'000	Other acquisitions $'000	Total $'000
Revenue	15,327	25,653	7,214	6,358	9,698	59,060	123,310
EBITA	7,218	3,326	1,918	2,638	2,379	12,590	30,069
Profit after income tax	3,911	1,988	1,168	1,702	1,638	8,352	18,759

If the acquisitions of subsidiaries occurred on 1 July 2013, the Group's total revenue and profit after income tax attributable to the owners of the Group (without taking into account the cost of funding the acquisitions) for the year ended 30 June 2014 would have been $245.325 million and $43.395 million respectively.

e. Acquisition-related costs

The Group incurred acquisition-related costs, being external legal fees and due diligence costs for business interests acquired during the year ended 30 June 2014. The amounts incurred could not be separately identified by individual acquisition as there were concurrent acquisition activities for all businesses acquired throughout the year.

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

IV. Investments in associates

The table below provides aggregated information on the 41 businesses which are treated as investments in associates. The consideration paid/payable ranged from $0.646 million to $11.948 million. The Group increased its equity interest in Rothbury Group Ltd from 17.9% to 30.1% on 7 August 2013.

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 at acquisition date. The financial information for any entity with overseas operations is translated using the exchange rate at the relevant reporting year end date.

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 10. BUSINESS COMBINATIONS continued

a. Consideration and financial position of acquired associates

2014	Total $'000
Total consideration	**139,251**
Total assets	**393,435**
Total liabilities	**295,267**

b. Financial performance of acquired associates

The financial performance of the acquired associates in the table below is based on the percentage holding in the equity interests of each acquired associate for the financial period since acquisition.

2014	Total $'000
Revenue	61,776
EBITA	16,298
Profit after income tax	9,269

NOTE 11. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following key subsidiaries.

			Ownership interest	
Name	Table note	Country of incorporation	2015 %	2014 %
A. PARENT ENTITY				
Steadfast Group Limited		Australia		
B. SUBSIDIARIES – OPERATING ENTITIES				
I. Insurance broking businesses				
Steadfast Insurance Brokers Pty Ltd		Australia	**100.00**	100.00
Ausure Group Pty Ltd and its related entities	(iii)	Australia	**73.82**	–
Body Corporate Brokers Pty Ltd		Australia	**100.00**	–
Brecknock Insurance Brokers Pty Ltd	(i)	Australia	**80.80**	72.50
Capital Insurance (Broking) Group Pty Ltd and Capital Insurance Broking Group Unit Trust	(vi)	Australia	**47.00**	47.00
Centrewest WTF Pty Ltd		Australia	**67.00**	67.00
Commercial Industrial Insurance Consultants Pty Ltd	(ix)	Australia	**83.00**	–
Corporate Insurance Brokers Ballina (NSW) Pty Ltd and Corporate Insurance Brokers Pty Ltd		Australia	**80.00**	80.00
Cyclecover Pty Ltd (formerly Australian Underwriting Group Pty Ltd)		Australia	**100.00**	100.00
Finn Foster & Associates Pty Ltd	(i)	Australia	**60.00**	–
Gallivan, Magee & Associates Pty Ltd		Australia	**83.00**	80.00
Garaty Murnane Insurance Brokers Pty Ltd	(i)	Australia	**60.00**	–
GWS Pty Ltd and its related entities		Australia	**83.00**	80.00
ICF (Australia) Pty Ltd		Australia	**100.00**	–
IC Frith (NZ) Limited		New Zealand	**90.00**	–
Insurance Broking Queensland Pty Ltd		Australia	**64.00**	–
Les Wigginton Pty Ltd	(iv)	Australia	**80.00**	–
Logan Group Insurance Brokers Pty Ltd	(i)	Australia	**70.70**	85.00

NOTE 11. SUBSIDIARIES continued

Name	Table note	Country of incorporation	Ownership interest 2015 %	Ownership interest 2014 %
Masterman Insurance Brokers Pty Ltd and Robert Masterman Insurance Broking Unit Trust		Australia	**83.00**	80.00
Jakomil Pty Ltd and The Milbar Unit Trust		Australia	**67.00**	67.00
Mega Capital Holdings Pty Ltd		Australia	**80.00**	80.00
Multi-Functional Policies Pty Ltd	(i)	Australia	**80.80**	–
National Credit Insurance (Brokers) Pty Ltd (incorporating IMC Trade Credit)	(ii)	Australia	**86.95**	100.00
Newmarket Grand West Pty Ltd (formerly Grand West Pty Ltd)		Australia	**100.00**	100.00
PID Holdings Pty Limited		Australia	**100.00**	100.00
Professional Risk Placements Pty Ltd		Australia	**100.00**	100.00
Queensland Insurance Brokers Pty Ltd and QIS Financial Services Pty Ltd		Australia	**80.00**	80.00
RIB Group Holdings Pty Limited and its subsidiaries (RIB Group)		Australia	**80.00**	80.00
RSM Financial Services Pty Ltd		Australia	**100.00**	100.00
Saunders Higgins Insurance Brokers Pty Ltd	(i)	Australia	**70.70**	87.52
Sawtell & Salisbury Pty Ltd and Sawtell & Salisbury Unit Trust	(i)	Australia	**64.00**	100.00
Steadfast IRS Pty Limited		Australia	**100.00**	80.00
Steadfast NZ Limited (formerly Allied Insurance Group Limited)		New Zealand	**100.00**	–
Steadfast Re Pty Ltd	(v)	Australia	**50.00**	–
Steadfast Taswide Insurance Brokers Pty Ltd	(i)	Australia	**70.70**	87.52
V.F.P. Insurance Brokers Pty Limited	(i)	Australia	**80.80**	–
Waveline Investments Pty Ltd		Australia	**67.00**	67.00
Webmere Pty Ltd	(i)	Australia	**64.00**	–
II. Underwriting agency businesses				
Steadfast Underwriting Agencies Holdings Pty Ltd		Australia	**100.00**	100.00
Steadfast Underwriting Agencies Holdings Services Pty Ltd		Australia	**100.00**	–
Associated Marine Underwriting Agency Pty Limited		Australia	**100.00**	–
CAIP Services Pty Ltd		Australia	**70.00**	–
Calliden Group Pty Ltd and its subsidiaries		Australia	**100.00**	–
CHU Underwriting Agencies Pty Ltd		Australia	**100.00**	–
Grange Underwriting Pty Ltd	(i)	Australia	**64.00**	–
Hostsure Underwriting Agency Pty Ltd		Australia	**100.00**	100.00
Miramar Underwriting Agency Pty Limited		Australia	**100.00**	100.00
NM Insurance Pty Ltd		Australia	**70.00**	70.00
Procover Underwriting Agency Pty Ltd		Australia	**100.00**	100.00
Protecsure Pty Limited		Australia	**90.00**	60.00
Sports Underwriting Australia Pty Ltd		Australia	**80.00**	80.00
Steadfast Placement Solutions Pty Ltd		Australia	**100.00**	100.00
Underwriting Agencies of Australia Pty Ltd		Australia	**100.00**	–
Winsure Underwriting Pty Limited		Australia	**100.00**	100.00
WM Amalgamated Pty Ltd		Australia	**86.00**	76.00

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 11. SUBSIDIARIES continued

Name	Table note	Country of incorporation	Ownership interest 2015 %	Ownership interest 2014 %
III. Complementary businesses				
Actionquote Holdings Pty Ltd and its subsidiaries		Australia	**100.00**	–
Steadfast Convention Pty Ltd		Australia	**100.00**	100.00
Steadfast Foundation Pty Ltd	(viii)	Australia	**100.00**	100.00
Steadfast Share Plan Nominee Pty Ltd	(vii)	Australia	**100.00**	100.00
Steadfast Technologies Pty Ltd		Australia	**100.00**	100.00
White Outsourcing Pty Limited		Australia	**100.00**	100.00

Table notes

(i) The following entities went through internal restructuring – transferring the equity interests of the broking business and its operations into a business hub headed by another entity within the Group (hubbing) during the financial year. The ownership interest in the table above represents the ownership interest post restructuring:

- Queensland hub – On 13 March 2015, the Group increased its equity interest in Webmere Pty Ltd (Webmere) from 49.00% to 50.50%, which resulted in Webmere becoming a subsidiary of the Group. In April 2015, the Group sold its 100.00% equity interest in Sawtell & Salisbury to Webmere. Webmere also acquired 100.00% of the share capital in an underwriting agency, Grange Underwriting Pty Ltd. Webmere issued additional shares to the Group to fund these acquisitions, which increased the Group's shareholding in Webmere to 76.00%. In May 2015, the Group sold 12.00% of its equity interest in Webmere. As a result of these transactions, the Group holds 64.00% equity interest in the combined operations.
- Tasmania hub – On 12 September 2014, the Group sold its 85.00% equity interest in Logan Group Insurance Brokers Pty Ltd (Logan) to Steadfast Taswide Insurance Brokers Pty Ltd (Steadfast Taswide), which also acquired the remaining 15.00% of Logan from the non-controlling interest. The Group subsequently sold down its equity interest in Steadfast Taswide and retains 70.70% equity interest in this hubbed operation.
- Finn Foster hub – On 23 January 2015, the Group sold its 49.00% equity interest in Garaty Murnane Insurance Brokers Pty Ltd (Garaty) to Finn Foster & Associates Pty Ltd (Finn Foster) in consideration for additional shares in Finn Foster. The Group also subscribed for additional shares in Finn Foster, which used the funds raised to acquire the remaining 51.00% of Garaty from the controlling interest. After these transactions, both Garaty and Finn Foster became subsidiaries of the Group with the Group holding 60.00% equity interest in this hubbed operation.
- Adelaide hub – On 13 August 2014, the Group sold its 49.00% equity interest in Multi-Functional Policies Pty Ltd (MFP) to Brecknock Insurance Brokers Pty Ltd (Brecknock), which also acquired the remaining 51.00% of MFP from the controlling interest. On 16 September 2014, the Group acquired the share capital held by a non-controlling interest in Brecknock. As a result of these transactions, MFP became a subsidiary of the Group and the Group's equity interest in this hubbed operation increased to 75.80%. On 27 March 2015, Brecknock acquired all the issued shares of V.F.P. Insurance Brokers Pty Ltd (VFP) for cash consideration. On the same date, the Group sold 5.00% of its equity interest in Brecknock to the vendor of VFP. On 19 June 2015, the Group acquired 10.00% of share capital held by a non-controlling interest in Brecknock. Consequently, the Group retains 80.80% in this hubbed operation.

(ii) On 12 September 2014, National Credit Insurance (Brokers) Pty Ltd (NCIB) issued shares to its management under an employee share scheme. After the share issue, the Group's equity interest in NCIB decreased from 100.00% to 86.95%. The consideration payable by NCIB management was referable to the purchase price of the company by Steadfast.

(iii) The Group acquired 73.82% of equity interest in Ausure Group Pty Ltd (Ausure Group), which holds 65.00% equity interest in Ausure Financial Services Pty Ltd (Ausure Financial Services). Hence, the Group's effective equity interest in Ausure Financial Services is 47.98%. Ausure Financial Services remains a subsidiary of the Group by reason of the Group's controlling interest in Ausure Group, which has a controlling interest in Ausure Financial Services.

NOTE 11. SUBSIDIARIES continued

(iv) The Group acquired Ausure Brisbane Pty Ltd and Les Wigginton Pty Ltd through RIB Group Holdings 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 these entities.

(v) Although the Group acquired only 50.00% of equity interest in Steadfast Re Pty Ltd, the Group effectively has control over Steadfast Re as the Group has the right to appoint (and has appointed) half of the directors of Steadfast Re and the Group has the ability to direct the key financial and operating activities of Steadfast Re under the terms of the sale and purchase agreement.

(vi) Although the Group holds only 47.00% of equity interest in Capital Insurance (Broking) Group Pty Ltd and Capital Insurance Broking Group Unit Trust (trading as Hervey Bay Maryborough Insurance Brokers (Hervey Bay)), the Group effectively has control over Hervey Bay as the Group has the right to appoint (and has appointed) half of the directors of Hervey Bay. Therefore it is classified as a subsidiary.

(vii) A trustee for Steadfast employee share plans.

(viii) A trustee for Steadfast Foundation, a charitable foundation.

(ix) On 2 June 2015, GWS Pty Ltd acquired 100.00% of Commercial Industrial Insurance Consultants. The 83.00% equity interest in Commercial Industrial Insurance Consultants represents the Group's effective interest in this entity.

NOTE 12. INVESTMENTS IN ASSOCIATES

A. RECONCILIATION OF MOVEMENTS

	2015 $'000	2014 $'000
Balance at the beginning of the financial year	**144,388**	8,219
Acquisition of associates	**4,204**	139,251
Reclassification of investment in associates to investment in subsidiaries*	**(16,927)**	(9,450)
Disposal of associates through hubbing arrangements	**(5,503)**	46
Share of EBITA from associates	**16,653**	17,732
Less share of:		
Finance costs	**(686)**	(778)
Amortisation expense	**(3,169)**	(2,443)
Income tax expense	**(4,505)**	(4,372)
Share of associates' profit after income tax	**8,293**	10,139
Dividend received/receivable	**(11,505)**	(4,799)
Net foreign exchange movements	**(599)**	982
Balance at the end of the financial year	**122,351**	144,388

* The associates Garaty, Finn Foster, MFP and Webmere entered into hubbing arrangements during the year and are now classified as subsidiaries – see Note 11.

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 12. INVESTMENTS IN ASSOCIATES continued

B. DETAILS OF ASSOCIATES

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

Name	Ownership interest 2015 %	Ownership interest 2014 %	Equity accounted 2015 $'000	Equity accounted 2014 $'000
I. Insurance broking businesses				
Armbro Insurance Brokers Pty Ltd	**40.00**	40.00	**1,572**	1,569
Armstrong's Insurance Brokers Pty Ltd and Armstrong's Insurance Brokers Unit Trust	**25.00**	25.00	**798**	779
Ausure Group Pty Ltd – associates thereof	**23.99**	–	**1,124**	–
Austcover Holdings Pty Ltd	**49.00**	49.00	**12,800**	13,260
Blackburn (Insurance Brokers) Pty Ltd and Liability Brokers Pty Ltd	**49.00**	49.00	**3,490**	3,403
Commercial Industrial Insurance Consultants Pty Ltd	**–**	49.00	**–**	2,369
Consolidated Insurance Agencies Pty Ltd	**49.00**	49.00	**3,734**	3,780
Covercorp Pty Ltd	**49.00**	49.00	**1,174**	1,208
Edgewise Insurance Brokers Pty Ltd and The Bradstock GIS Unit Trust	**25.00**	25.00	**2,066**	2,123
Empire Insurance Services Pty Ltd and McLardy McShane & Associates Pty Ltd[a]	**37.00**	37.00	**3,657**	3,731
Finn Foster & Associates Pty Ltd[a]	**–**	49.00	**–**	7,566
Finpac Insurance Advisors Pty Ltd	**49.00**	49.00	**1,109**	1,105
Garaty Murnane Insurance Brokers Pty Ltd[a]	**–**	49.00	**–**	4,690
Gardner Insurance Brokers Qld Pty Ltd	**49.00**	49.00	**1,367**	1,429
Glenowar Pty Ltd	**49.00**	49.00	**4,289**	4,407
IPS Insurance Brokers Pty Ltd	**40.00**	40.00	**3,243**	3,329
J.D.I (YOUNG) Pty Limited	**25.00**	25.00	**774**	745
Johansen Insurance Brokers Pty Ltd	**48.00**	48.00	**4,724**	4,822
King Insurance Brokers Pty Ltd[a]	**37.00**	49.00	**–**	2,319
Lanyon Partners Consolidated Pty Ltd	**45.00**	45.00	**5,053**	5,146
McKillop Insurance Brokers Pty Ltd	**49.00**	49.00	**4,979**	5,111
Melbourne Insurance Brokers Pty Ltd	**49.00**	49.00	**1,564**	1,631
Multi-Functional Policies Pty Ltd[a]	**–**	49.00	**–**	1,171
NCA Insurance Services Pty Ltd	**49.00**	49.00	**3,471**	3,576
Optimus 1 Pty Ltd	**25.00**	25.00	**596**	642
Paramount Insurance Brokers Pty Ltd	**25.00**	25.00	**1,004**	971
Phoenix Insurance Brokers Pty Ltd	**46.00**	46.00	**5,046**	5,155
Pollard Advisory Services Pty Ltd	**49.00**	49.00	**4,700**	4,717
QUS Pty Ltd	**46.50**	–	**934**	–
Rose Stanton Insurance Brokers Pty Limited	**49.00**	49.00	**760**	777
Rothbury Group Limited[b]	**30.00**	30.00	**14,774**	13,857
RSM Group Limited	**49.00**	49.00	**6,071**	6,284
Sapphire Star Pty Ltd	**30.00**	30.00	**1,433**	1,478
Scott & Broad Pty Ltd	**49.00**	49.00	**8,971**	9,076
Southside Insurance Brokers Pty Limited	**49.00**	49.00	**662**	665

NOTE 12. INVESTMENTS IN ASSOCIATES continued

Name	Ownership interest 2015 %	Ownership interest 2014 %	Equity accounted 2015 $'000	Equity accounted 2014 $'000
Steadfast Life Pty Ltd (formerly Finserve Solutions Pty Limited)	**50.00**	50.00	**2,957**	3,083
Tudor Insurance Australia (Insurance Brokers) Pty Ltd and Tudor Insurance Agency Unit Trust	**48.00**	48.00	**2,050**	2,037
Watkins Insurance Brokers Pty Limited and D&E Watkins Unit Trust	**35.00**	35.00	**1,860**	1,885
Webmere Pty Ltd[a]	**–**	49.00	**–**	4,569
II. Underwriting agencies businesses				
Emergence Insurance Group Pty Ltd	**25.00**	–	**231**	–
Sterling Insurance Pty Limited	**39.50**	39.50	**7,340**	7,612
Tradewise Insurance Pty Ltd	**48.00**	–	**–**	–
III. Complementary businesses				
Meridian Lawyers Limited	**25.00**	25.00	**1,974**	2,311

(a) The following entities went through internal restructuring – transferring the equity interests of the broking business and its operations into a business hub headed by another entity within the Group (hubbing). The ownership interest in the table above represents the ownership interest post restructuring:

- The Group sold its 49.00% equity interest in King Insurance Brokers Pty Ltd (King) to McLardy McShane & Associates Pty Ltd (McLardy McShane). McLardy McShane also acquired the remaining 51.00% of King from the controlling interest. As a result, the Group's effective equity interest in King decreased to 37.00%.
- The Group sold its 49.00% equity interest in Garaty to Finn Foster in consideration for additional shares in Finn Foster. The Group also subscribed for additional shares in Finn Foster, which used the funds raised to acquire the remaining 51.00% of Garaty from the controlling interest. After these transactions, both Garaty and Finn Foster became subsidiaries of the Group with the Group holding 60.00% equity interest in this hubbed operation – see Note 11.
- The Group sold its 49.00% equity interest in MFP to Brecknock. Brecknock also acquired the remaining 51.00% of MFP from the controlling interest. As a result, MFP became a subsidiary of the Group – see Note 11.
- The Group increased its equity interest in Webmere which resulted in Webmere becoming a subsidiary of the Group – see Note 11.

(b) All entities have their principal operations in Australia with the exception of Rothbury Group Limited whose principal operation is in New Zealand.

C. SUMMARISED FINANCIAL INFORMATION OF ASSOCIATES

I. Disclosure in aggregate

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

	2015 $'000	2014 $'000
Current assets	**252,303**	268,398
Non-current assets	**109,544**	110,278
Current liabilities	**230,980**	243,243
Non-current liabilities	**35,354**	27,456
Net assets	**95,513**	107,977
Revenue	**166,309**	159,643
EBITA	**41,036**	45,572
Profit/(loss) after income tax from continued operations	**26,056**	30,472
Total comprehensive income	**26,056**	30,472

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 13. INVESTMENT IN JOINT VENTURE

A. RECONCILIATION OF MOVEMENTS

	2015 $'000	2014 $'000
Balance at the beginning of the financial year	**4,425**	3,593
Share of EBITA from joint venture	**3,704**	5,324
Less share of:		
Finance costs	**(230)**	(280)
Amortisation expense	**(480)**	(479)
Income tax expense	**(856)**	(1,369)
Share of joint venture's profit after income tax	**2,138**	3,196
Dividend received/receivable	**(3,117)**	(2,364)
Balance at the end of the financial year	**3,446**	4,425

B. DETAILS OF JOINT VENTURE

	Ownership interest	
Name	2015 %	2014 %
Macquarie Premium Funding Pty Ltd and its subsidiaries (Macquarie Pacific Funding Group)	**50.00**	50.00

Macquarie Pacific Funding Group, which has a business name of Macquarie Pacific Funding, is an insurance premium funding provider. Macquarie Premium Funding Pty Ltd, the holding company of the Macquarie Pacific Funding Group, is incorporated in Australia. It has operations in both Australia and New Zealand.

Macquarie Bank Limited and the Company, the joint venture partners, have an equal equity interest in Macquarie Pacific Funding Group.

C. SUMMARISED FINANCIAL INFORMATION OF JOINT VENTURE

These disclosures relate to the financial position and financial performance of the joint venture as a whole and not just the Group's share.

	2015 $'000	2014 $'000
Current assets	**17,212**	24,567
Non-current assets	**7,429**	9,565
Current liabilities	**10,785**	17,228
Non-current liabilities	**6,629**	7,675
Net assets	**7,227**	9,229
Revenue	**51,578**	56,299
EBITA	**7,408**	10,637
Profit/(loss) after income tax	**4,276**	6,392
Total comprehensive income	**4,276**	6,392

NOTE 14. FINANCIAL INSTRUMENTS

A. FINANCIAL RISK MANAGEMENT OBJECTIVES

The Group's activities expose it to a variety of financial risks: interest rate risk, credit risk and liquidity risk. The Group'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 Group. The Group 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 Directors. These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and may hedge financial risks within the Group's operating units. Finance reports to the Directors on a regular basis.

B. MARKET RISK

Interest rate risk

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

	2015		2014	
	Weighted average interest rate %	Balance $'000	Weighted average interest rate %	Balance $'000
Cash at bank	**1.63**	**193,607**	1.93	94,510
Cash on deposit	**2.85**	**46,149**	3.42	20,698
Bank overdrafts	**6.65**	**(632)**	7.00	(654)
Bank loans	**3.85***	**(161,363)**	5.23*	(20,390)
		77,761		94,164

* Weighted average interest rate excludes any applicable line fee.

The Group held $0.047 million (2014: $0.022 million) cash in hand which did not generate any interest income at the end of the financial year.

An increase/decrease in interest rates of one hundred (2014: one hundred) basis points would have an adverse/favourable effect on profit/(loss) after tax of $0.544 million (2014: adverse/favourable effect of $0.659 million) 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 Group's ongoing relationships with financial institutions.

C. CREDIT RISK

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group 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 Group does not hold any collateral.

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

Although there is a concentration of cash and cash equivalents held with a major bank, credit risk is not considered significant as amounts owing to the underwriters are only paid upon collection of the associated receivable.

The Group's exposure to credit risk is concentrated in the financial services industry with parties which are considered to be of sufficiently high credit quality to minimise credit risk losses. Receivables include amounts due from policyholders in respect of insurances arranged by controlled entities. Insurance brokers and underwriting agencies have credit terms of up to 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. 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 a joint venture is provided with a fixed maturity date, seven 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.

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 14. FINANCIAL INSTRUMENTS continued

D. LIQUIDITY RISK

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

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

The following tables detail the Group's remaining contractual maturity for its financial 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.

	Weighted average interest rate %	1 year or less $'000	Between 1 to 2 years $'000	Between 2 to 5 years $'000	Over 5 years $'000	Total contractual maturities $'000
2015						
Non-derivatives						
Non-interest bearing						
Payables on broking/underwriting agency operations*		**429,012**	**–**	**–**	**–**	**429,012**
Trade and other payables		**43,380**	**1,284**	**–**	**–**	**44,664**
Deferred consideration		**27,506**	**27,821**	**–**	**–**	**55,327**
Interest bearing						
Bank loans	**3.85**	**470**	**155,253**	**12,110**	**579**	**168,412**
Total non-derivatives		**500,368**	**184,358**	**12,110**	**579**	**697,415**
2014						
Non-derivatives						
Non-interest bearing						
Payables on broking/underwriting agency operations*		188,222	–	–	–	188,222
Trade and other payables		23,706	1,285	–	–	24,991
Deferred consideration		13,598	6,454	–	–	20,052
Interest bearing						
Bank loans	5.23	862	746	14,657	4,125	20,390
Total non-derivatives		226,388	8,485	14,657	4,125	253,655

* Paid to underwriters only upon receipt of premiums from customers.

E. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group's deferred consideration liability is measured at fair value at the end of each reporting period. The following table gives information about how the fair value of this financial liability is determined, including the valuation technique and inputs used. For the Group's financial instruments not measured at fair value, the carrying amount of these financial instruments provides a reasonable approximation of their fair values.

Financial instrument	Fair value hierarchy	Valuation technique	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Deferred consideration	Level 3	The fair value is calculated based on an agreed multiple of forecast EBITA or fees and commissions	Forecast EBITA or fees and commissions	The estimated fair value would increase/(decrease) if: – The forecast EBITA was higher/(lower)

NOTE 14. FINANCIAL INSTRUMENTS continued

The following table shows a reconciliation from the opening balance to the closing balance of the deferred consideration.

	2015 $'000	2014 $'000
Balance at the beginning of the financial year	**20,052**	9,864
Settlement of deferred consideration	**(19,775)**	(8,142)
Assumed in business combination (Note 10)	**52,384**	10,441
Assumed in step up acquisitions and hubbing arrangements	**1,727**	8,087
Gain/(loss) recognised in profit or loss from settlement or reassessment	**939**	(198)
Balance at the end of the financial year	**55,327**	20,052

NOTE 15. CONTINGENCIES

A. CONTINGENT ASSETS

Claims experience benefit

The Group may receive a claims experience benefit payment or payments in respect of certain types of insurance products placed with insurance companies. Where the revenue recognition criteria for those insurance products' 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.

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. Subsequent to balance date these guarantees have been removed.

Macquarie Bank put options

The Group has granted options to Macquarie Bank Limited ("Macquarie") to enable 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. COMMITMENTS

Contracted non-cancellable leases for property, plant and equipment committed at the reporting date but not recognised as liabilities or payables are provided below.

	2015 $'000	2014 $'000
OPERATING LEASE COMMITMENTS		
Within one year	**8,421**	3,926
One to five years	**13,041**	6,305
Over five years	**1,413**	986
	22,875	11,217

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 17. EVENTS AFTER THE REPORTING PERIOD

A. FINAL DIVIDEND

On 26 August 2015, the Board declared a final dividend for 2015 of 3.0 cents per share, 100% franked. The dividend will be paid on 14 October 2015.

B. RE-FINANCING OF BANK FACILITIES

On 12 August 2015 the Company has entered into a multi-bank syndicated facility with Macquarie Bank and ANZ Banking Group for $285.000 million to replace the $180.000 million facility with Macquarie Bank. Refer Note 8.E.

NOTE 18. PROFIT AND LOSS INFORMATION

This note provides further information about individual items recognised in the statement of comprehensive income.

	2015 $'000	2014 $'000
A. STAMP DUTY, DUE DILIGENCE AND RESTRUCTURE COSTS*		
Stamp duty, due diligence and restructure costs on acquisition of businesses	**3,302**	3,283

* The stamp duty, due diligence and restructure costs are considered to be non-trading expenses and arose due to specific activities to facilitate the acquisition of businesses in the current financial year.

	2015 $'000	2014 $'000
B. EMPLOYEE BENEFITS		
Contributions to defined contribution superannuation funds	**7,767**	4,960
Share-based payments	**989**	3,187
C. RENTAL EXPENSE RELATING TO OPERATING LEASES		
Minimum lease payments	**7,482**	4,027
D. PROFIT/(LOSS) ON INVESTMENTS		
Profit on fair value of investments (a)	**565**	4,445
Net profit/(loss) on disposal of part interest in investments (b)	**–**	(449)

2015

(a) This amount represented a profit of $0.565 million recognised as a result of remeasuring to fair value the equity interest in Webmere Pty Ltd (Webmere). The Group increased its shareholding in Webmere from 49.00% to 50.50% (and subsequently increased it to 64.00%).

2014

(a) This amount represented:
- a profit of $4.611 million recognised as a result of remeasuring to fair value the equity interest in Miramar Underwriting Agency Pty Ltd (Miramar). The Group increased its shareholding in Miramar from 50.00% to 100.00% (refer to Note 10 for further details);
- a net loss of $0.166 million on re-assessment of deferred consideration on acquisitions of businesses, being the reduction in amounts recognised previously based on updated information.

(b) This amount was presented as part of the administration, brokers' support service and other expense on the statement of comprehensive income.

NOTE 19. SHARE-BASED REMUNERATION

SHARE-BASED PAYMENTS – EMPLOYEE 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 Company intends to settle its obligations under share-based payment arrangements by the on-market purchase of the Company's ordinary shares which will be held in trust. The Group has established a practice of purchasing a tranche of shares on or near grant date at the prevailing market price to facilitate building up a portfolio sufficient to meet the obligations when rights vest.

Trading in the Company's ordinary shares 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.

The Group has the following types of share-based remuneration arrangements provided to employees; each arrangement has different purposes and different rules:

- conditional rights;
- short term incentive plan; and
- long term incentive plan.

The share-based payments are included in the employee expenses line in the statement of comprehensive income.

I. Senior management and executive share plans

The senior management and executive share plan arrangements are awarded based on the terms and conditions as set out in the short term and long term incentive plans. The awards in these two plans when granted may be in the form of cash and/or conditional rights. The Remuneration & Succession Planning Committee has approved the participation of each individual in these arrangements as well as the actual awards based on the performance conditions in these two plans being met.

a. Short term incentive plan

The short term incentive (STI) plan commenced operation during the financial year ended 30 June 2014. The STI plan is a discretionary, performance-based, at risk reward arrangement. STI will be awarded based on each participant's performance hurdles and whether the financial performance hurdles of the Group are met.

The key terms of the STI plan are:

- total STI will be awarded and settled in the form of cash and conditional rights as approved by the Board if diluted EPS growth targets and individual participant's performance criteria for the performance period (ie 1 July to 30 June) are met. If met:
  - 60% of STI will be settled in the form of cash and will be paid annually in September after the performance period; and
  - 40% of STI awarded will be deferred and granted in the form of conditional rights;
- conditional rights (rights) are granted for nil consideration;
- the vesting condition of rights is not market related and requires the participant to continue in relevant employment for a three year tenure from the grant date of the rights (retention period), split one third over one, two and three years;
- notional dividends will accrue on the rights during the retention period;
- when vesting (after completion of the retention period), each right will be converted into one Steadfast ordinary share per right for nil consideration upon exercise by the participant. The notional dividend will be converted into the equivalent number of Steadfast ordinary shares based on the Dividend Reinvestment Plan issue price applicable to each dividend;
- the Board has discretion to settle the rights in cash instead of Steadfast ordinary shares; and
- if the vesting condition is not met then the rights lapse.

The first STI award was approved by the Board on 25 August 2014. Further details of the 2015 STI in relation to the Group's executives (being key management personnel of the Group) are disclosed in the Remuneration Report for the current financial year.

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 19. SHARE-BASED REMUNERATION continued

b. Long term incentive plan

The long term incentive (LTI) plan commenced operation during the financial year ended 30 June 2014. The LTI plan is a discretionary, performance-based, at risk reward arrangement. LTI will be awarded based on the Board's approved percentage of the fixed remuneration for each participant (in the range of 35% to 50%).

The key terms of the LTI plan are:

- LTI will be awarded in the form of conditional rights as approved by the Board and will be granted in August following the end of each financial year;
- conditional rights (rights) are granted for nil consideration;
- the vesting condition of rights is not market related and is conditional on meeting the following performance hurdles:
  - the participants meeting their individual performance hurdles during the three year employment tenure from the grant date of the rights (retention period); and
  - the Group's achieving a 10% average compound per annum diluted EPS growth during the retention period;
- notional dividends will accrue on the rights during the retention period; and
- the vesting is conditional on there being no material adverse deterioration of the EPS growth during the performance period before the exercise of the rights;
- before vesting, the Board will determine the number of rights to vest based on the combined outcome of the performance hurdles;
- when vesting (after completion of the retention period), each right will be converted into one Steadfast ordinary share per right for nil consideration upon exercise by the participant. The notional dividend will be converted into an equivalent number of Steadfast ordinary shares based on the Dividend Reinvestment Plan issue price applicable to each dividend;
- the Board has discretion to settle the rights in cash instead of Steadfast ordinary shares; and
- if the vesting conditions are not met then the rights lapse.

The first LTI award was approved by the Board on 25 August 2014. Further details of the 2015 LTI in relation to the Group's executives (being key management personnel of the Group) are disclosed in the Remuneration Report for the current financial year.

II. Employee share plan

Conditional rights

During the financial year ended 30 June 2013, the Remuneration & Succession Planning Committee approved the allocation of conditional rights to various employees who contributed to the ASX listing of the Company.

The key terms of the conditional rights allocated include:

- rights allotted free of cost to those employees;
- conversion 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.

No conditional rights were granted during the year ended 30 June 2015 (2014: nil).

736,500 rights vested as at 30 June 2015 (2014: nil).

NOTE 20. TAXATION

	2015 $'000	2014 $'000
A. INCOME TAX (EXPENSE)/BENEFIT		
Profit/(loss) before income tax (expense)/benefit	**63,029**	33,601
Income tax (expense)/benefit at statutory tax rate of 30%	**(18,909)**	(10,080)
Tax effect of amounts which are not (deductible)/taxable in calculating taxable income:		
Share of after tax profits of associates and joint venture	**3,129**	4,000
Non-deductible expenses – including acquisition costs	**(878)**	(1,392)
Other amounts deductible upon acquisition	**585**	1,300
Other miscellaneous	**1**	44
Losses not previously required	**777**	–
	(15,295)	(6,128)
Over/(under) provision for income tax of prior periods	**271**	(31)
Income tax (expense)/benefit	**(15,024)**	(6,159)
B. MAJOR COMPONENTS OF INCOME TAX (EXPENSE)/BENEFIT		
Current tax	**(13,234)**	(9,169)
Movement in deferred tax assets	**55**	930
Movement in deferred tax liabilities	**(2,116)**	2,111
Adjustments for current tax of prior periods	**271**	(31)
	(15,024)	(6,159)
C. INCOME TAX ON ITEMS RECOGNISED DIRECTLY IN EQUITY		
Deferred tax assets	**2,819**	5,194
Deferred tax liabilities	**186**	(294)
	3,005	4,900
D. DEFERRED TAX ASSETS		
I. Composition		
Accrued expenses	**1,467**	412
Provisions	**5,342**	3,012
Software development pool and capitalised project	**142**	340
Expenditure claimable over five years	**5,233**	4,261
Executive loans	**547**	1,042
Employee share scheme	**339**	356
Deferred income	**2,238**	412
Others	**2,071**	389
	17,379	10,224

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 20. TAXATION continued

	2015 $'000	2014 $'000
II. Movements		
Balance at the beginning of the financial year	**5,817**	138
Add: reversal of offset against deferred tax liabilities	**4,407**	1,954
Gross balance at the beginning of the financial year	**10,224**	2,092
Credited to profit or loss	**55**	930
Credited to equity	**2,819**	5,194
Additions through business combinations	**4,281**	2,008
Balance at the end of the financial year before offset	**17,379**	10,224
Less: offset against deferred tax liabilities	**(7,022)**	(4,407)
Balance at the end of the financial year	**10,357**	5,817

E. DEFERRED TAX LIABILITIES

	2015 $'000	2014 $'000
I. Composition		
Intangible assets	**52,219**	22,786
Receivables	**11,845**	5,879
Accrued income	**1,420**	479
Property, plant and equipment	**90**	140
Prepayments	**35**	32
Acquisition adjustments	**265**	–
Other	**958**	956
	66,832	30,272
II. Movements		
Balance at the beginning of the financial year	**25,865**	1,021
Add: reversal of offset against deferred tax assets	**4,407**	1,954
Gross balance at the beginning of the financial year	**30,272**	2,975
Credited to profit or loss	**2,116**	(2,111)
Charged to equity	**(186)**	294
Additions through acquisitions	**34,630**	29,114
Balance at the end of the financial year before offset	**66,832**	30,272
Less: offset against deferred tax assets	**(7,022)**	(4,407)
Balance at the end of the financial year	**59,810**	25,865

NOTE 21. NOTES TO THE STATEMENT OF CASH FLOWS

	2015 $'000	2014 $'000
A. COMPOSITION		
Cash and cash equivalents	**67,648**	38,551
Cash held on trust	**172,155**	76,679
Bank overdrafts	**(632)**	(654)
	239,171	114,576
B. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH FROM OPERATING ACTIVITIES		
Profit after income tax expense for the year	**48,005**	27,442
Adjustments for		
Depreciation and amortisation and loss on disposal of property, plant and equipment	**15,734**	9,012
Share of profits of associates and joint venture	**(10,431)**	(13,335)
Income tax paid	**(14,663)**	(7,801)
Profit on fair value of investment	**(565)**	(4,445)
Dividends received from associates/joint venture	**14,622**	7,163
Capitalised interest on loans	**(1,415)**	–
Executive loans fair value adjustment	**(971)**	3,279
Loss on sale of associate	**–**	(51)
Expense/(profit) on settlement of deferred consideration	**(939)**	–
Share-based payments and incentives accruals	**2,301**	4,391
Change in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	**(99,145)**	(35,605)
(Increase)/decrease in deferred tax assets	**(37)**	(3,787)
(Increase)/decrease in other assets	**341**	731
Increase/(decrease) in trade and other payables	**107,291**	12,829
Increase/(decrease) in income tax payable	**15,321**	11,754
Increase/(decrease) in deferred tax liabilities	**(260)**	(1,800)
Increase/(decrease) in other liabilities	**(7,657)**	(3,862)
Increase/(decrease) in provisions	**(533)**	(452)
Net cash from operating activities	**66,999**	5,463

C. SIGNIFICANT NON-CASH TRANSACTIONS IN RELATION TO INVESTING AND FINANCING ACTIVITIES

I. Investing activities

During the financial year ended 30 June 2015, the Group completed a number of acquisitions (investing activities) to effect hubbing arrangements using the scrip of certain subsidiaries (refer Note 10).

II. Financing activities

During the financial year ended 30 June 2015, the following ordinary shares issued were not settled by cash:

- $5.558 million dividends under the Dividend Reinvestment Plan were settled by the allotment of 1.715 million ordinary shares at $1.5000 per share in lieu of cash, and 1.964 million ordinary shares at $1.5200 per share in lieu of cash.

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 22. RELATED PARTY TRANSACTIONS

A. KEY MANAGEMENT PERSONNEL COMPENSATION

The aggregate remuneration received/receivable by the Directors and other members of key management personnel of the Group is set out below.

	2015 $	2014 $
Short term employee benefits*	**4,480,815**	10,348,970
Post employment benefits	**131,484**	196,995
Long term benefits	**50,138**	48,255
Share-based payments	**860,351**	512,149
	5,522,788	11,106,369

* For the year ended 30 June 2014, short term employee benefits included $4,358,552 write down of executive loans and $1,635,000 of share discount.

B. TRANSACTIONS WITH SUBSIDIARIES

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

C. TRANSACTIONS WITH OTHER RELATED PARTIES

The following transactions occurred with related parties:

	2015 $	2014 $
I. Sale of goods and services		
Marketing and administration fees received from associates on normal commercial terms	**147,293**	103,266
Marketing and administration fees received from joint venture on normal commercial terms	**2,957,507**	3,153,676
Commission income received/receivable from associates on normal commercial terms	**73,429**	85,888
II. Interest income		
Interest income received/receivable from joint venture	**255,011**	285,422
III. Payment for goods and services		
Estimated Steadfast Network Broker rebate expense paid or payable to associates on the basis as determined by the Board	**935,966**	1,262,575
Commission expense paid/payable to associates on normal commercial terms	**2,652,969**	1,613,420
Service fees paid to associates	**43,604**	1,690,997
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	**5,953,360**	4,261,029
Trade receivables from joint venture	**137,366**	144,863
Dividend receivable from associates	**84,086**	–
b. Current payables		
Trade payables to associates	**151,753**	124,964

NOTE 22. RELATED PARTY TRANSACTIONS continued

V. Loans to/from related parties

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

	2015 $	2014 $
a. Current receivables		
Loan to joint venture[(a)]	**603,125**	603,125
Executive loans[(b)]	**324,300**	310,500
	927,425	913,625
b. Non-current receivables		
Loan to joint venture[(a)]	**2,412,500**	3,015,625
Executive loans[(b)]	**4,559,947**	4,389,769
Loans to associates	**527,442**	305,000
	7,499,889	7,710,394

(a) The loan to the joint venture, Macquarie Pacific Funding Group (MPF) has a face value of $3,015,625. The loan receivable balance includes $nil accrued interest (2014: $nil).

The key terms and conditions of this loan are:

- 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; and
- the loan is secured by all present and future assets of MPF.

(b) Executive loans were provided to four Steadfast executives as interest free loans for them to acquire Steadfast ordinary shares when the Company was listed on the ASX.

The key terms and conditions of these loans are:

- interest free, unsecured and full recourse loans;
- dividends received from the acquired shares to be applied towards part repayment of the loans; and
- to be repaid in full five years after the date on which the loans were provided.

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 23. PARENT ENTITY INFORMATION

The financial information provided in the table below is only for Steadfast Group Limited, the parent entity of the Group.

	2015 $'000	2014 $'000
A. STATEMENT OF COMPREHENSIVE INCOME		
Profit after income tax	**23,844**	8,381
Other comprehensive income	**(744)**	–
Total comprehensive income	**23,100**	8,381
B. STATEMENT OF FINANCIAL POSITION		
Current assets	**35,502**	39,718
Total assets	**970,400**	538,921
Current liabilities	**25,994**	28,246
Total liabilities	**173,506**	42,023
Equity		
Share capital	**787,946**	488,187
Reserves	**8,948**	8,711
Total equity	**796,894**	496,898

C. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in Note 2, except for Investments in subsidiaries, associates and joint venture which are accounted for at cost, less any impairment. Dividends received are recognised as income by the parent entity.

D. GOING CONCERN

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

E. 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 2015 and 30 June 2014.

F. CONTINGENT ASSETS/LIABILITIES

The Company is exposed to the contingent assets and liabilities set out in Note 15.

G. CAPITAL COMMITMENTS – PROPERTY, PLANT AND EQUIPMENT

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2015 and 30 June 2014.

NOTE 24. REMUNERATION OF AUDITORS

	2015 $	2014 $
A. KPMG		
I. Audit and review services		
Audit or review of the financial statements of the Company and certain subsidiaries	**1,276,212**	1,068,708
II. Other assurance, taxation and due diligence services		
Other assurance services		
Due diligence services	**720,427**	72,209
Other services		
Taxation compliance and other advisory services	**193,387**	25,000
	913,814	97,209
B. OTHER AUDITORS		
I. Audit and review services		
Audit or review of the financial statements	**193,864**	153,311
II. Services other than audit and review of financial statements		
Other services		
Taxation advisory services	**119,388**	46,498
Other services	**24,410**	139,436
	143,798	185,934

Directors' Declaration

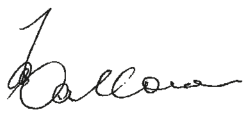
In the opinion of the directors of Steadfast Group Limited ('the Company'):

- the consolidated financial statements and notes that are set out on pages 48 to 93 and the Remuneration report in sections B to G of the Directors' report, are in accordance with the Corporations Act 2001, including:
  - giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance, for the financial year ended on that date; and
  - complying with Australian Accounting Standards 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.

The directors have been given the declarations 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 2015.

The directors draw attention to Note 2A to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed at Sydney on 26 August 2015 in accordance with a resolution of the directors:



Frank O'Halloran, AM
Chairman

Robert Kelly
Managing Director & CEO

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 2015, and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 24 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 2015 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.

KPMG

REPORT ON THE REMUNERATION REPORT

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. 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 2015, complies with Section 300A of the Corporations Act 2001.

KPMG

KPMG

Andrew Dickinson
Partner

Sydney
26 August 2015

Shareholders' Information

AS AT 18 AUGUST 2015

ORDINARY SHARE CAPITAL

There were 743,413,768 fully paid ordinary shares held by 3,660 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 is as follows:

Range	Number of holders	Number of shares	% of issued capital
100,001 and over	527	687,306,353	92.45
10,001 to 100,000	1,527	49,615,953	6.67
5,001 to 10,000	524	3,977,806	0.54
1,001 to 5,000	793	2,347,613	0.32
1 to 1,000	289	166,043	0.02
Total	**3,660**	**743,413,768**	**100.00**

There were 78 shareholders holding less than a marketable parcel ($500) based on a market price of $1.54 at the close of trading on 18 August 2015.

SUBSTANTIAL SHAREHOLDERS

	Date of notice	Number of shares	% of issued capital
JCP Investment Partners	16/05/14	49,201,247	9.81
Mackay Insurance Services Pty Ltd	07/08/13	32,000,000	6.38
AMP Limited	05/08/15	37,484,670	5.04
Investors Mutual Ltd	02/06/15	37,201,386	5.00

This information is based on substantial holder notices lodged with the ASX, some of which date back to before the Steadfast Equity Raising in February and March 2015.

Shareholders' Information continued

AS AT 18 AUGUST 2015

TWENTY LARGEST SHAREHOLDERS

Name	Number of shares	% of issued capital
JP Morgan Nominees Australia Limited	113,769,467	15.30
HSBC Custody Nominees (Australia) Limited	107,092,853	14.41
National Nominees Limited	68,738,695	9.25
Citicorp Nominees Pty Limited	35,838,005	4.82
RBC Investor Servcies Australia Nominees Pty Limited	29,849,687	4.02
Mackay Insurance Services Pty Ltd	29,800,000	4.01
BNP Paribas Noms Pty Ltd	22,953,623	3.09
UBS Nominees Pty Ltd	16,987,901	2.29
AMP Life Limited	13,371,368	1.80
HSBC Custody Nominees (Australia) Limited	12,469,905	1.68
Mackay Insurance Services Pty Ltd	10,000,001	1.35
Citicorp Nominees Pty Limited	9,696,515	1.30
RBC Investor Services Australia Nominees Pty Limited	8,569,377	1.15
Argo Investments Limited	7,974,237	1.07
Mr Robert Bernard Kelly	5,000,000	0.67
RC & IP Gilbert Pty Ltd	4,900,000	0.66
Yabby Investments Pty Ltd the Steven Gilbert Family a/c	4,000,000	0.54
RM & JA Alford Investments Pty Ltd	3,185,000	0.43
Samepham Investments Pty Ltd	2,656,004	0.36
Mr David Ingram	2,533,172	0.34
Total	**509,385,810**	**68.52**

DIVIDEND DETAILS

Dividend	Franking	Amount per share	DRP issue price	Payment date
Interim	Fully franked	2.0 cents	$1.52	14 April 2015
Final	Fully franked	3.0 cents	*	14 October 2015

The final dividend has an ex-dividend date of 11 September 2015, a record date of 15 September 2015, a payment date of 14 October 2015 and is eligible for Steadfast's Dividend Reinvestment Plan (DRP) based on a 2.5% discount.

* The DRP issue price for the final dividend is scheduled to be announced on 30 September 2015.

Corporate Directory

DIRECTORS

Frank O'Halloran, AM (Chairman)
Robert Kelly (Managing Director & CEO)
David Liddy
Anne O'Driscoll
Philip Purcell
Greg Rynenberg

COMPANY SECRETARIES

Linda Ellis
Peter Roberts

NOTICE OF AGM

The annual general meeting of Steadfast Group Limited will be held on Friday 30 October 2015 at 10.00 am at The Radisson Blu Plaza Hotel, 27 O'Connell Street, Sydney NSW 2000.

CORPORATE OFFICE

STEADFAST GROUP LIMITED
Level 3
99 Bathurst Street
Sydney NSW 2000

Postal Address
PO Box A980
Sydney South NSW 1235

phone: 02 9495 6500
email: investor@steadfast.com.au
website: steadfast.com.au

SHARE REGISTRY

LINK MARKET SERVICES
Level 12
680 George Street
Sydney NSW 2000

Postal Address
Locked Bag A14
Sydney South NSW 1235

phone: 1300 554 474
email: registrars@linkmarketservices.com.au

STOCK LISTING

Steadfast Group Limited ordinary shares are listed on the Australian Securities Exchange (ASX code: SDF).

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Steadfast

Steadfast Group Limited
ABN 98 073 659 677
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