20 February 2019

Market Announcements Office
ASX Limited
Level 4
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir

Report on results and financial statements for the half year ended 31 December 2018

The Directors of Steadfast Group Limited announce the financial results for the half year ended 31 December 2018:

- Appendix 4D and the half year 2019 financial report
- 1H19 results market release
- 1H19 results investor presentation
- 1H19 results analyst pack
- Appendix 3A.1: notification of dividend

Yours faithfully

Linda Ellis

Linda Ellis
Group Company Secretary & Corporate Counsel

Steadfast Group Limited
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STRENGTH WHEN YOU NEED IT

Steadfast Group Limited and controlled entities

Appendix 4D (rule 4.3A)
Preliminary final report for the half year ended 31 December 2018

Results for announcement to the market
(All comparisons to half year ended 31 December 2017)

	2018 $'000	Up/Down	% Movement
Revenues from ordinary activities	262,953	46,043	21%
EBITA before non-trading items and adjustments for investment in listed securities	86,505	15,164	21%
EBITA before non-trading items	85,400	12,559	17%
Underlying net profit after tax attributable to shareholders (Underlying NPAT) (Note 1)	38,244	5,735	18%
Net profit after tax attributable to shareholders (NPAT) (Note 1)	40,535	6,722	20%
Total comprehensive income attributable to shareholders	41,909	9,156	28%

Note 1:

The table below provides the reconciliation between the net profit after tax before and after non-trading items:

	2018 $'000	2017 $'000
Net profit after tax attributable to shareholders (NPAT)	40,535	33,813
Less: non-trading items	(2,291)	(1,304)
Net profit after tax after non-trading items attributable to shareholders (Underlying NPAT)	38,244	32,509

Refer note 4 of the financial report for further details on non-trading items.

Some of the financial data in the table above, namely the net off of brokerage commissions paid when disclosing revenue, the separate identification of non-trading items and EBITA, are not disclosed in accordance with current Australian Accounting Standards requirements. However, all financial data is based on the information disclosed in the reviewed financial statements and notes to the financial statements of the Group and follow the recognition requirements of Australian Accounting Standards.

Dividend information

	Amount per share (cents)	Franked amount per share (cents)	Tax rate for franking credit (%)
Interim 2019 dividend per share	3.2	3.2	30

Interim dividend dates	
Ex-dividend date	25 February 2019
Record date	26 February 2019
Payment date	21 March 2019

The Company's DRP will operate by purchasing ordinary shares on market. No discount will be applied. The record date is 26 February 2019. The last election notice for participation in the DRP in relation to this interim dividend is 27 February 2019.

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

	31 Dec 2018 ($)	30 Jun 2018 ($)
Net tangible assets per ordinary share*	0.00	0.15

* Net tangible assets per ordinary share are based on 790,035,955 shares on issue at 31 December 2018. There has been no increase in ordinary shares on issue since 30 June 2018.

Other information

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

	Ownership interest %
Associates	
Armstrong's Insurance Brokers Pty Ltd and Armstrong's Insurance Brokers Unit Trust	25.0%
Ausure Group Pty Ltd - associates thereof	20.2%
Blackburn (Insurance Brokers) Pty Ltd and Liability Brokers Pty Ltd	40.0%
Collective Insurance Brokers Pty Ltd	49.0%
Covercorp Pty Ltd	49.0%
Edgewise Insurance Brokers Pty Ltd and The Bradstock GIS Unit Trust	33.1%
Empire Insurance Services Pty Ltd and McLardy McShane & Associates Pty Ltd	37.0%
Finpac Insurance Advisors Pty Ltd	49.0%
Glenowar Pty Ltd	49.0%
IPS Insurance Brokers Pty Ltd	40.0%
J.D.I (YOUNG) Pty Ltd	25.0%
Johansen Insurance Brokers Pty Ltd	48.4%
King Insurance Brokers Pty Ltd	37.0%
McKillops Insurance Brokers Pty Ltd	49.0%
Melbourne Insurance Brokers Pty Ltd	49.0%
Meridian Lawyers Limited	25.0%
Northern City Insurance Brokers (VIC) Pty Ltd	50.0%
Origin Insurance Brokers Pty Ltd	26.0%
Pollard Advisory Services Pty Ltd	46.5%
QUS Pty Ltd	45.0%
Risk Partners Pty Ltd	45.0%
Rose Stanton Insurance Brokers Pty Ltd	49.0%
Rothbury Group Limited	44.5%
RSM Group Pty Ltd	49.0%
Sapphire Star Pty Ltd	30.0%
Scott & Broad Pty Ltd	49.0%
Southside Insurance Brokers Pty Ltd	49.0%
Steadfast Eastern Insurance Brokers Pty Ltd	25.0%
Steadfast Life Pty Ltd	50.0%
Sterling Insurance Pty Limited	39.5%
Tudor Insurance Australia (Insurance Brokers) Pty Ltd and Tudor Insurance Agency Unit Trust	48.0%
unisonSteadfast AG	40.0%
Watkins Taylor Stone Insurance Brokers Pty Ltd and D&E Watkins Unit Trust	35.0%
Joint ventures	
ABICO Insurance Brokers and its related entities (ABICO)	50.0%
BAC Insurance Brokers Pty Ltd	50.0%
Blend Insurance Solutions Pty Ltd	50.0%
Macquarie Premium Funding Pty Ltd and its subsidiaries (Macquarie Pacific Funding Group)	50.0%
Rhymemat Pty Ltd	27.8%

The aggregate share of profits after tax of associates and joint venture accounted for using equity method is $7.486 million.

Additional Appendix 4D disclosure requirements can be found in the directors' report and the 31 December 2018 financial statements and accompanying notes.

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

Attachment A
Steadfast Group Limited
Half year financial report – 31 December 2018

2019

Steadfast Group
Half year report

Steadfast
THE STRENGTH YOU NEED

Steadfast Group Limited

ABN 98 073 659 677

Financial Report

For the half year ended 31 December 2018

Contents	**Page**

Steadfast Group Limited
Directors' Report

The Directors present their report together with the consolidated financial statements of Steadfast Group Limited (Steadfast or the Company); its subsidiaries and the Group's interests in associates and joint ventures (Steadfast Group or the Group) for the half year ended 31 December 2018 and the auditor's review report thereon.

Directors

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

Name	Date of appointment
Chairman	
Frank O'Halloran, AM	21 October 2012
Managing Director & CEO	
Robert Kelly	18 April 1996
Other Directors	
David Liddy, AM	1 January 2013
Gai McGrath	1 June 2018
Anne O'Driscoll	1 July 2013
Philip Purcell	1 February 2013
Greg Rynenberg	10 August 1998

Operating and financial review

Operating results for the half year

	31 Dec 2018 $'000	31 Dec 2017 $'000
Revenue – consolidated entities	**320,883**	261,750
Expenses – consolidated entities	**(247,236)**	(201,799)
EBITA* – consolidated entities	**73,647**	59,951
Share of EBITA from associates and joint ventures	**12,858**	11,390
EBITA before non-trading items and adjustments for investment in listed securities	**86,505**	71,341
Dividends and mark to market adjustments for investment in listed securities	**(1,105)**	1,500
EBITA before non-trading items	**85,400**	72,841
Finance costs	**(6,202)**	(5,411)
Amortisation expense	**(13,962)**	(11,972)
Profit before income tax before non-trading items	**65,236**	55,458
Income tax expense on profit before non-trading items	**(19,358)**	(17,213)
Profit after income tax before non-trading items	**45,878**	38,245
Non-controlling interests in profit after tax before non-trading items	**(7,634)**	(5,736)
Underlying net profit after income tax attributable to owners of Steadfast Group Limited (Underlying NPAT)	**38,244**	32,509
Non-trading items:		
Income	**3,046**	4,284
Expenses	**(98)**	(2,911)
Income tax benefit/ (expense) on non-trading items	**(307)**	170
Non-controlling interests	**(350)**	(239)
Net profit after income tax attributable to owners of Steadfast Group Limited (NPAT)	**40,535**	33,813
Other comprehensive income/(expense) attributable to owners of Steadfast Group Limited	**1,374**	(1,060)
Total comprehensive income after income tax attributable to owners of Steadfast Group Limited	**41,909**	32,753
Underlying diluted earnings per share (cents per share)	**4.83**	4.31
Statutory diluted earnings per share (cents per share)	**5.12**	4.48

* EBITA refers to earnings before finance costs, tax and amortisation of acquired intangible assets.

Refer note 4 for a reconciliation of underlying earnings (i.e. before non-trading items) to statutory earnings.

The profit attributable to the group after income tax, before non-trading items was $38.244 million compared to $32.509 million in 31 December 2017. The increase was mainly due to:

- Strong profit growth in existing businesses; and
- Acquisition of interests in further businesses.

This additional profit was partially offset by:

- Unrealised mark to market loss on a listed investment.

There was an increase in non-trading net gains during the half year, which was predominantly derived from both sale and purchase of equity interests in businesses.

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

REVIEW OF FINANCIAL CONDITION

I. Financial position

The Group has applied AASB 9 Financial Instruments and AASB 15 Revenue from Contracts with Customers at 1 July 2018. The implementation of AASB 9 and AASB 15 resulted in the reduction of $1.818 million and $13.483 million respectively, to both retained earnings and net assets as at 1 July 2018. In addition, as part of the project undertaken in relation to the adoption of AASB 15 and AASB 9, including a comparison to global practices, the Group has also determined that it should no longer recognise a receivable in relation to the insurance premiums owed by policy holders upon entering into a policy. This is in recognition of the role of the Group's insurance intermediaries and as such, they are not liable as principals for the insurance premiums. Similarly the Group will not recognise a liability for insurance premiums payable to the insurer until cash is received from the policy holder. The impact of the change is a reduction in receivables from broking/underwriting agency operations of $368.997 million (June 2018: $430.140 million) and a reduction in payables on broking/underwriting agency operations of $285.170 million (June 2018: $336.348 million). Commission receivable is now included in trade and other receivables resulting in an increase of $83.827 million (June 2018: $93.792 million). The balance sheet comparatives have been restated for this change in presentation. The change has no impact on the net assets of the Group.

The total assets of the Group as at 31 December 2018 were $1,981.446 million compared to $1,745.265 million as at 30 June 2018. The increase was mainly attributable to the addition of assets from businesses acquired during the half year as detailed in Note 11 to the financial statements and the growth of the business.

Total liabilities of the Group as at 31 December 2018 were $922.822 million compared to $688.286 million as at 30 June 2018. The increase was mainly attributable to the assumption of liabilities from the newly acquired businesses and the additional debt utilised to fund the acquisitions, and the growth of the business.

The increase in the Group's equity from $1,056.979 million at 30 June 2018 to $1,058.624 million at 31 December 2018 largely reflects the retention of profits (net of dividends paid) and the reduction in retained earnings as a result of adopting new accounting standards noted above.

The Group increased the multibank syndicated facility by $100.000 million to $385.000 million. As at balance date, the Group had the ability to borrow an additional $99.213 million from this facility.

II. Cash from operations

The net inflows of $75.554 million include net inflows from operating activities of $62.389 million and a net inflow of $13.165 million to broking accounts.

The net operating cash flows, before broking trust account movements, of $62.389 million are higher than those for the prior period, reflecting the continued growth of the Group. This amount represents the continued conversion of profit into cash inflows, which is typically strong in the first half when higher June billings are collected. After funding the final dividend paid in October, the remaining free cash flow is available for corporate activities, including acquisitions of further business interests.

III. Capital management

As at 31 December 2018, the Company had a total of 793.036 million ordinary shares on issue, no change from the 793.036 million ordinary shares on issue at 30 June 2018. All shares required to meet Key Management Personnel (KMP) incentives and Dividend Reinvestment Plan (DRP) were acquired on market by the Company.

The Board leverages the Group's equity, adopting a maximum 30.0% total gearing ratio (defined as total borrowings of the Company and its subsidiaries: total Group equity and total borrowings of the Company and its subsidiaries). The Group's total gearing ratio at balance date was 24.1% (30 June 2018: 17.5%) reflecting the utilisation of debt facilities to acquire further businesses. Refer Note 10C.

Events subsequent to reporting date

Subsequent to 31 December 2018, the Board declared an interim dividend of 3.2 cents per share, 100% franked.

Further details of the dividend are set out in note 20.

Likely developments

The Board has confirmed the full year guidance (upgraded in October 2018) to underlying EBITA of $190 million to $200 million and underlying NPAT of $85 million to $90 million.

The Group's ongoing business strategy is to grow shareholder value through maintaining and growing its market position in the provision of insurance and related services, with a core focus on general insurance intermediation. Please refer to the Strategy and Prospects section of the Directors' report in the most recent annual financial report for details of the Group's key strategies and prospects.

Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 4 and forms part of the Directors' report for the half year ended 31 December 2018.

Rounding

The Group is of the kind referred to in the Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities & Investment Commission. In accordance with that Instrument, amounts in the Directors' report and financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

Signed at Sydney on 20 February 2019 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 review of Steadfast Group Limited for the half-year ended 31 December 2018 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Scott Guse

Scott Guse
Partner

Sydney
20 February 2019

Steadfast Group Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half year ended 31 December 2018

	Note	31 Dec 2018 $'000	31 Dec 2017 $'000
Revenue			
Fee and commission income		**278,136**	234,730
Less: brokerage commission paid		**(69,573)**	(67,677)
Net fee and commission income		**208,563**	167,053
Marketing and administration and other professional services fees		**38,698**	33,090
Interest income		**4,050**	3,900
Share of profits of associates accounted for using the equity method	12	**5,638**	5,571
Share of profits of joint ventures accounted for using the equity method	13	**1,848**	962
Fair value gain on listed investment	15	**-**	1,500
Net gain from adjustments to deferred consideration estimates	4, 11	**-**	3,570
Net gain from sale of subsidiaries and associates	4	**1,647**	460
Net gain on fair value of investments in subsidiaries	4, 11	**1,210**	-
Other income		**1,299**	804
		262,953	216,910
Expenses			
Employment expense		**(114,706)**	(95,354)
Commission and other related expenses		**(17,285)**	(11,325)
Operating, brokers' support service and other expenses		**(32,970)**	(27,847)
Occupancy expense		**(8,884)**	(7,721)
Amortisation expense	7	**(14,993)**	(11,520)
Depreciation expense		**(2,232)**	(1,798)
Impairment expense - financial assets		**-**	-
Impairment expense - non-financial assets	4	**-**	(2,334)
Fair value loss on listed investment	15	**(1,200)**	-
Net loss from adjustments to deferred consideration estimates	4, 11	**(98)**	-
Finance costs	4	**(5,942)**	(5,118)
		(198,310)	(163,017)
Profit before income tax expense		**64,643**	53,893
Income tax expense		**(16,124)**	(14,105)
Profit after income tax expense for the half year		**48,519**	39,788
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net movement in foreign currency translation reserve		**1,902**	(1,741)
Cash flow hedge effective portion of change in fair value		**61**	227
Income tax (expense) / benefit on other comprehensive income		**(589)**	454
Other comprehensive income for the period, net of tax		**1,374**	(1,060)
Total comprehensive income for the half year, net of tax		**49,893**	38,728
Profit for the half year is attributable to:			
Non-controlling interests		**7,984**	5,975
Owners of Steadfast Group Limited	4	**40,535**	33,813
		48,519	39,788
Total comprehensive income for the half year is attributable to:			
Non-controlling interests		**7,984**	5,975
Owners of Steadfast Group Limited		**41,909**	32,753
		49,893	38,728
Basic earnings per share (cents per share)	5	**5.14**	4.51
Diluted earnings per share (cents per share)	5	**5.12**	4.48

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

Steadfast Group Limited
Consolidated Statement of Financial Position
As at 31 December 2018

	Note	31 Dec 2018 $'000	30 Jun 2018* $'000
Assets			
Current assets			
Cash and cash equivalents		**114,810**	76,746
Cash held on trust		**392,829**	310,856
Trade and other receivables*	2, 14	**141,186**	147,622
Related party loans	18	**603**	5,115
Other		**8,076**	3,875
Total current assets		**657,504**	544,214
Non-current assets			
Goodwill	7	**914,191**	816,246
Intangible assets	7	**189,755**	171,660
Investments in associates	12	**111,116**	138,743
Interest in joint ventures	13	**18,335**	6,862
Property, plant and equipment	16	**39,975**	39,001
External shareholder loans		**34,364**	16,928
Related party loans	18	**350**	-
Other financial assets	15	**5,347**	6,547
Deferred tax assets		**4,908**	3,514
Other		**5,601**	1,550
Total non-current assets		**1,323,942**	1,201,051
Total assets		**1,981,446**	1,745,265
Liabilities			
Current liabilities			
Payables on broking/underwriting agency operations*		**391,498**	323,464
Trade and other liabilities	2, 9	**72,307**	38,489
Borrowings	8	**901**	1,055
Deferred consideration	11	**23,773**	2,822
Income tax payable		**12,226**	16,868
Provisions		**22,747**	19,226
Total current liabilities		**523,452**	401,924
Non-current liabilities			
Borrowings	8	**329,823**	218,185
Deferred consideration	11	**5,122**	1,124
Other payables		**2,750**	2,812
Deferred tax liabilities		**53,667**	56,320
Provisions		**8,008**	7,921
Total non-current liabilities		**399,370**	286,362
Total liabilities		**922,822**	688,286
Net assets		**1,058,624**	1,056,979
Equity			
Share capital	10	**912,517**	912,347
Treasury shares held in trust	10	**(9,763)**	(7,728)
Foreign currency translation reserve		**665**	(667)
Share-based payments reserve		**4,677**	4,512
Undistributed profits reserve		**72,076**	89,509
Other reserves		**-**	(30,793)
Retained earnings		**1,330**	30,397
Equity attributable to the owners of Steadfast Group Limited		**981,502**	997,577
Non-controlling interests		**77,122**	59,402
Total equity		**1,058,624**	1,056,979

The above consolidated statement of financial position should be read in conjunction with the notes to the financial statements.
* Amounts have been restated to ensure comparability between periods. Refer Note 2B.II.

Steadfast Group Limited
Consolidated Statement of Changes in Equity
For the half year ended 31 December 2018

31 Dec 2018	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
	Equity attributable to owners of Steadfast Group Limited								
Balance at 1 July 2018	**912,347**	**(7,728)**	**(667)**	**4,512**	**89,509**	**(30,793)**	**30,397**	**59,402**	**1,056,979**
Adjustment on initial application of AASB 15 (net of tax) *	**-**	**-**	**-**	**-**	**-**	**-**	**(10,829)**	**(2,654)**	**(13,483)**
Adjustment on initial application of AASB 9 (net of tax) *	**-**	**-**	**-**	**-**	**-**	**-**	**(1,501)**	**(317)**	**(1,818)**
Adjusted balance at 1 July 2018	**912,347**	**(7,728)**	**(667)**	**4,512**	**89,509**	**(30,793)**	**18,067**	**56,431**	**1,041,678**
Profit after income tax expense for the half year	**-**	**-**	**-**	**-**	**-**	**-**	**40,535**	**7,984**	**48,519**
Other comprehensive income for the half year, net of tax	**-**	**-**	**1,332**	**-**	**-**	**42**	**-**	**-**	**1,374**
Total comprehensive income for the half year	**-**	**-**	**1,332**	**-**	**-**	**42**	**40,535**	**7,984**	**49,893**
Transactions with owners in their capacity as owners:									
Adjustment to prior year transaction costs, net of income tax	**170**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**170**
Shares acquired and held in trust (Note 10)	**-**	**(3,685)**	**-**	**-**	**-**	**-**	**-**	**-**	**(3,685)**
Share-based payments on Executive Shares and employee share plans	**-**	**-**	**-**	**1,940**	**-**	**-**	**-**	**-**	**1,940**
Shares allotted through Dividend Reinvestment Plan (Note 10)	**-**	**(125)**	**-**	**-**	**-**	**-**	**-**	**-**	**(125)**
Shares allotted to employees under Employee Conditional Rights Scheme (Note 10)	**-**	**1,775**	**-**	**(1,775)**	**-**	**-**	**-**	**-**	**-**
Transfer retained earnings and profits reserve to other reserve	**-**	**-**	**-**	**-**	**(17,433)**	**37,433**	**(20,000)**	**-**	**-**
Non-controlling interests of acquired entities (Note 11)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5,626**	**5,626**
Change in equity interests in subsidiaries without loss of control	**-**	**-**	**-**	**-**	**-**	**(6,682)**	**-**	**15,618**	**8,936**
Dividends declared and paid (Note 6)	**-**	**-**	**-**	**-**	**-**	**-**	**(37,272)**	**(8,537)**	**(45,809)**
Balance at 31 December 2018	**912,517**	**(9,763)**	**665**	**4,677**	**72,076**	**-**	**1,330**	**77,122**	**1,058,624**

* The Group has initially applied AASB 9 and AASB 15 at 1 July 2018. Under the transition methods chosen, comparative information is not restated. See Note 2B. The above consolidated statement of changes in equity should be read in conjunction with the notes to the financial statements.

Steadfast Group Limited
Consolidated Statement of Changes in Equity
For the half year ended 31 December 2017

	Equity attributable to owners of Steadfast Group Limited								
31 Dec 2017	**Share capital**	**Treasury shares held in trust**	**Foreign currency translation reserve**	**Share-based payments reserve**	**Un-distributed profits reserve**	**Other reserves**	**Retained earnings**	**Non-controlling interests**	**Total equity**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at 1 July 2017	796,857	(7,014)	(165)	3,761	64,086	(20,484)	35,161	40,966	913,168
Profit after income tax expense for the half year	-	-	-	-	-	-	33,813	5,975	39,788
Other comprehensive income for the half year, net of tax	-	-	(1,219)	-	-	159	-	-	(1,060)
Total comprehensive income for the half year	-	-	(1,219)	-	-	159	33,813	5,975	38,728
Transactions with owners in their capacity as owners:									
Shares issued for Share placement (Note 10)	100,000	-	-	-	-	-	-	-	100,000
Less: Transaction costs on issued shares, net of income tax (Note 10)	(1,507)	-	-	-	-	-	-	-	(1,507)
Shares issued to Whitbread/Axis vendors (Note 10)	6,016	-	-	-	-	-	-	-	6,016
Shares acquired and held in trust (Note 10)	-	(1,799)	-	-	-	-	-	-	(1,799)
Share-based payments on Executive Shares and employee share plans	-	-	-	1,113	-	-	-	-	1,113
Shares allotted through Dividend Reinvestment Plan (Note 10)	-	(171)	-	-	-	-	-	-	(171)
Shares allotted to employees under Employee Conditional Rights Scheme (Note 10)	-	1,367	-	(1,367)	-	-	-	-	-
Transfer of retained earnings to profits reserve	-	-	-	-	2,517	-	(2,517)	-	-
Non-controlling interests of acquired entities (Note 11)	-	-	-	-	-	-	-	1,288	1,288
Change in equity interests in subsidiaries without loss of control	-	-	-	-	-	(5,301)	-	5,643	342
Dividends declared and paid (Note 6)	-	-	-	-	-	-	(32,988)	(8,618)	(41,606)
Balance at 31 December 2017	901,366	(7,617)	(1,384)	3,507	66,603	(25,626)	33,469	45,254	1,015,572

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 half year ended 31 December 2018

	Note	31 Dec 2018 $'000	31 Dec 2017 $'000
Cash flows from operating activities			
Receipts from customers		**258,490**	219,922
Payments to suppliers and employees, and Network broker rebates		**(182,127)**	(153,374)
Dividends received from associates and joint ventures		**7,206**	7,483
Interest received		**3,714**	3,445
Interest and other finance costs paid		**(5,990)**	(4,903)
Income taxes paid		**(18,904)**	(21,187)
Net cash from operating activities before customer trust accounts movement		**62,389**	51,386
Net movement in customer trust accounts (net cash receipts/payments on behalf of customers)		**13,165**	8,851
Net cash from operating activities	17	**75,554**	60,237
Cash flows from investing activities			
Payments for acquisitions of subsidiaries and business assets		**(73,608)**	(106,187)
Cash acquired from acquisitions of subsidiaries and business assets		**80,185**	24,433
Payments for investments in associates and joint ventures		**(11,239)**	(2,703)
Payments for step-up investment in subsidiaries on hubbing arrangements		**(7,033)**	(6,670)
Payments for financial assets	15	**-**	(5,047)
Payments for deferred consideration of subsidiaries, associates and business assets	11G	**(5,892)**	(3,761)
Proceeds from part disposal of investment in subsidiaries on hubbing arrangements		**1,819**	1,762
Proceeds from disposal of investment in associates		**-**	1,356
Payments for property, plant and equipment		**(1,166)**	(2,427)
Payments for intangible assets		**(6,061)**	(4,959)
Net cash used in investing activities		**(22,995)**	(104,203)
Cash flows from financing activities			
Proceeds from issue of shares		**-**	100,000
Payments for transaction costs on issue of shares		**-**	(2,154)
Dividends paid to owners of Steadfast	6	**(37,272)**	(32,988)
Dividends paid to non-controlling interests		**(8,537)**	(8,618)
Proceeds from borrowings	8	**121,968**	55,666
Repayment of borrowings	8	**(9,548)**	(27,317)
Payments for purchase of treasury shares		**(3,685)**	(1,799)
Repayment of related party loans		**4,590**	907
Payments for related party loans		**(350)**	-
Repayment of non-related party loans		**1,145**	2,097
Payments for non-related party loans		**(1,250)**	(80)
Net cash from financing activities		**67,061**	85,714
Net increase in cash and cash equivalents		**119,620**	41,748
Cash and cash equivalents at the beginning of the financial period		**387,602**	329,209
Effect of movements in exchange rates on cash held		**417**	(270)
Cash and cash equivalents at the end of the financial period*		**507,639**	370,687
* Balance represents:			
Cash and cash equivalents		**114,810**	79,826
Cash held on trust		**392,829**	290,939
Bank overdrafts		**-**	(78)
		507,639	370,687

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

Steadfast Group Limited
Notes to the Financial Statements
For the half year ended 31 December 2018

Note 1. General information

This general purpose financial report is for the half year ended 31 December 2018 and comprises the consolidated financial statements of Steadfast Group Limited (Steadfast or the Company); its subsidiaries and the Group's interests in associates and joint ventures (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 4, 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 financial report was authorised for issue by the Board on 20 February 2019.

This report should be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by the Company during the half year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Note 2. Significant accounting policies

A. Statement of compliance

This half year financial report has been prepared in accordance with the Corporations Act 2001, Australian Accounting Standard AASB 134 Interim Financial Reporting, the recognition and measurement requirements of other applicable Australian Accounting Standards adopted by the Australian Accounting Standards Board, as appropriate for for-profit oriented entities and the 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 half year financial report of the Group does not include all information required for annual financial statement presentation in accordance with IFRS.

B. Basis of preparation of the financial report

The accounting policies adopted in the preparation of this financial report have been applied consistently by all entities in the Group and are the same as those applied for the most recent annual financial report except as described below. 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 issued by the Australian Accounting Standards Board that are mandatory for the year ended 30 June 2019 and thus are also applicable for the half year ended 31 December 2018. The effect of the adoption of these standards on the financial position of the Group is disclosed below:

Title	Description	Note
AASB 9	Financial Instruments and the relevant amending standards	(i)
AASB 15	Revenue from Contracts with Customers and the relevant amending standards	(ii)
AASB 2016-5	Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions	(iii)

Table notes

(i) AASB 9 addresses classification, measurement and recognition of financial assets and financial liabilities. The standard replaces the guidance in AASB 139 that relates to the classification and measurement of financial instruments.

AASB 9 replaces the 'incurred loss' model in AASB 139 with an 'expected credit loss' (ECL) model. The new standard requires the recognition of expected credit losses from the moment when receivables are first recognised, rather than when a trigger event occurs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information. The Group has reviewed its financial assets and liabilities and identified that commission receivable is affected by the new accounting standard. The Group assumes that the credit risk on commission receivable has increased significantly if it is more than 90 days past due.

The new standard requires provision to be made for the expected non-recoverable portion of commission receivable at the time it is invoiced to the clients.

The Group initially applied AASB 9 at 1 July 2018 on a prospective basis in accordance with the transition provisions of AASB 9, under which the comparative information is not required to be restated. The cumulative effect of applying the new standard was recognised in opening retained earnings as at 1 July 2018. The following table summarises the impact of transition to AASB 9 on 1 July 2018.

Consolidated statement of position	Impact of adopting AASB 9 at 1 July 2018 ($ '000)
Current assets	
Decrease in trade and other receivables (expected credit loss provision)	2,571
Non-current assets	
Increase in deferred tax assets	753
Equity	
Decrease in opening retained earnings	1,501
Decrease in non-controlling interests	317

On 1 July 2018 (the date of initial application of AASB 9), the Group's management assessed which business models apply to the financial assets and financial liabilities held by the Group and classified its financial instruments into the appropriate AASB 9 categories. Based on this assessment, there was no change due to the classification of the Group's financial assets and liabilities.

As a result of the adoption of AASB 9, credit loss allowances related to commission receivables are presented separately in the Consolidated Statement of Profit and Loss and Other Comprehensive Income as "Impairment expense – financial assets".

(ii) AASB 15 Revenue from Contracts with Customers introduces a comprehensive revenue recognition model aimed at enhancing comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets. The standard replaces AASB 118 Revenue, AASB 111 Construction Contracts and related interpretations.

The core principle of AASB 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically AASB 15 introduces the following 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

After completing a detailed review using the 5-step approach described above, the Group has identified commission revenue in respect of claims handling services as an area that is affected by the new accounting standard. The application of the new standard results in the identification of a separate performance obligation for handling claims on behalf of customers as part of the insurance intermediaries' customary business practices. When applying AASB 15, fee and commission income associated with claims handling services is deferred on a basis that involves adding a margin to the costs of performing claims handling services, resulting in the later recognition of this revenue. There will be no material impact on the consolidated statement of profit or loss provided that the business volumes do not change significantly from one reporting period to the next.

The Group initially applied AASB 15 at 1 July 2018. It chose to apply the transition option in paragraph C3(b) of AASB 15 under which the comparative information is not required to be restated. The cumulative effect of applying the new standard was recognised in opening retained earnings as at 1 July 2018. The following table summarises the impact of transition to AASB 15 on 1 July 2018.

Consolidated statement of position	Impact of adopting AASB 15 at 1 July 2018 ($ '000)
Non-current assets	
Increase in deferred tax assets	5,629
Current liabilities	
Increase in deferred income – claims handling	19,112
Equity	
Decrease in retained earnings	10,829
Decrease in non-controlling interests	2,654

The following tables summarise the impacts of adopting AASB 15 on the Group's interim statement of financial position as at 31 December 2018 and its interim statement of profit or loss for the six months then ended for each of the line items affected.

Impact on the interim consolidated statement of financial position

As at December 2018	As reported $'000	Adjustments $'000	Amounts without adoption of AASB 15 $'000
Assets			
Total current assets	657,504	-	657,504
Deferred tax assets / (liabilities)	4,908	(5,991)	(1,083)
Others	1,319,034	(778)	1,318,256
Total non-current assets	1,323,942	(6,769)	1,317,173
Total assets	1,981,446	(6,769)	1,974,677
Liabilities			
Trade and other liabilities (including deferred income – claims handling)	72,307	(20,316)	51,991
Others	451,145	-	451,145
Total current liabilities	523,452	(20,316)	503,136
Total non-current liabilities	399,370	-	399,370
Total liabilities	922,822	(20,316)	902,506
Net assets	1,058,624	13,547	1,072,171
Equity			
Retained earnings	1,330	10,894	12,224
Non-controlling interests	77,122	2,653	79,775
Others	980,172	-	980,172
Total equity	1,058,624	13,547	1,072,171

Impact on the interim consolidated statement of profit or loss and other comprehensive income

For the half year ended 31 December 2018	As reported $'000	Adjustments $'000	Amounts without adoption of AASB 15 $'000
Fee and commission income	278,136	92	278,228
Others	(213,493)	-	(213,493)
Income tax expense	(16,124)	(28)	(16,152)
Profit after income tax expense for the period	48,519	64	48,583
Other comprehensive income for the period	1,374	-	1,374
Total comprehensive income for the period	49,893	64	49,957
Profit for the period is attributable to			
Non-controlling interests	7,984	1	7,985
Owners of Steadfast Group Limited	40,535	63	40,598
	48,519	64	48,583
Total comprehensive income for the period is attributable to:			
Non-controlling interests	7,984	1	7,985
Owners of Steadfast Group Limited	41,909	63	41,972
	49,893	64	49,957

Disaggregation of revenue

The Group's revenue is disaggregated by major products and services which is consistent with the revenue information by reportable segment as disclosed in note 4. The Group's main revenue streams are as follows:

a. Fee 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. Where the contract specifically identifies the performance obligations then revenue is recognised accordingly. Commonly, where there is a future obligation to provide claims handling services, a portion of the commission income is deferred over the expected service period.

b. Marketing and administration (M&A) fees and other professional services
The Company has negotiated with strategic partners, such as insurers, premium funders and underwriting agencies, to receive M&A fees from those entities for participating in 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). Other professional services include services provided by Steadfast Technology companies, and other insurance related professional services. This revenue is recognised when the related service has been provided. Where the arrangements are fee-based then revenue is recognised in line with the distinct and separate performance obligations in the contract.

c. Other revenue
Other revenue is mainly fee-based arrangements and is recognised in line with the distinct and separate obligations in the contract.

(iii) These changes are not expected to have a significant financial impact to the Group.

II. Comparative balances

As part of the project undertaken in relation to the adoption of AASB 15 and AASB 9, including a comparison to global practices, the Group has also determined that it should no longer recognise a receivable in relation to the insurance premiums owed by policy holders upon entering into a policy. This is in recognition of the role of the Group's insurance intermediaries and they are not liable as principals for the insurance premiums. Similarly, the Group will not recognise a liability for insurance premiums payable to the insurer until cash is received from the policy holder.

The following tables summarise the impact of change as at 31 December 2018 and 30 June 2018.

Consolidated statement of position	**As at 31 December 2018 ($'000)**
Current assets	
Decrease in receivables from broking/underwriting agency operations	368,997
Increase in trade and other receivables	83,827
Current liabilities	
Decrease in payables on broking/underwriting agency operations	285,170

Consolidated statement of position	**As at 30 June 2018 ($'000)**
Current assets	
Decrease in receivables from broking/underwriting agency operations	430,140
Increase in trade and other receivables	93,792
Current liabilities	
Decrease in payables on broking/underwriting agency operations	336,348

III. Rounding

The Group is of the kind referred to in the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities & Investment Commission. In accordance with that Instrument, amounts in the Directors' report and financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

IV. Australian Accounting Standards issued and not yet effective

The Group has not early adopted and applied any new, revised or amending Accounting Standards and Interpretations that are not yet mandatory for the half year ended 31 December 2018.

The Group 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. Additional disclosures as a result of adopting these new accounting standards will be provided in accordance with the disclosure requirements. The Group does not expect any adverse impact to financial covenants as a result of applying these new accounting standards.

Title	Description	Effective date	Operating year	Note
AASB 16	Leases	1 January 2019	30 June 2020	(i)
AASB 17	Insurance Contracts	1 January 2021	30 June 2022	(ii)

Table notes

(i) AASB 16 Leases replaces AASB 117 Leases and it effectively requires recognition of the majority of leases on the balance sheet. The primary impact of the new leases standard will be the accounting for the Group's operating leases by recognising the leased asset as an asset and a liability for the leasing obligations.

The Group intends to apply the short term and low value recognition exemptions available under paragraph 5 of AASB 16. The Group intends to adopt the paragraph C8(b)(i) modified retrospective approach on transition with practical expedients as permitted by the new standard. The modified retrospective approach does not require comparative financial information to be restated.

It is expected that on initial application of the abovementioned options on 1 July 2019, there will be:

- increases in property, plant and equipment and the corresponding lease liabilities;
- front-loaded lease expense comprising interest and depreciation expenses; and
- reclassification of cash flows in the consolidated statement of cash flows.

Based on operating lease commitments as at 31 December 2018, the application of the modified retrospective approach under paragraph C8(b)(i) would have had the following estimated impacts on the balance sheet on 31 December 2018 if the Group had been required to apply the new standard on that date:

- $43 million increase in lease liability measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate;
- $40 million increase in right-of-use asset measured at its carrying amount as if the new standard had been applied since the commencement date of the lease, discounted using the Group's incremental borrowing rate; and
- $2 to $3 million impact on retained earnings.

At this stage, the Group does not intend to adopt the standard before its effective date of 1 July 2019.

(ii) AASB 17 Insurance Contracts was issued in July 2017 as a replacement for AASB 4 Insurance Contracts and will be applicable to general, life and health insurance businesses. The new accounting standard introduces a new general model for measuring and accounting for insurance contracts. It requires insurance contracts to be measured on building blocks of discounted, probability-weighted cash flows, a risk adjustment and a contractual service margin representing the unearned profit of the contract.

The Group is in the business of providing services to the Steadfast Network brokers, distributing insurance policies via insurance brokerages and underwriting agencies, and providing related services. The Group generally does not issue insurance contracts or reinsurance contracts and as such does not expect any material financial impact from AASB 17.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates may differ from the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the half year ended 31 December 2018 are detailed 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. Fair value of financial assets and liabilities

The Group's financial assets and liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair value of financial assets and liabilities are determined, including the valuation technique and inputs used. For the Group's financial assets and liabilities not measured at fair value, their carrying amount 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 a contracted 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 or fees and commissions were higher/lower
Interest rate swaps	Level 2	The fair value is calculated using the present value of the estimated future cash flow based on observable yield curves	Not applicable	Not applicable
Investment in listed shares	Level 1	The fair value is calculated based on number of shares multiplied by quoted price on ASX	Not applicable	Not applicable

C. Deferred consideration

The Group has made a best estimate of the fair value 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 consideration payable vary from these estimates, the Group will be required to recognise the difference as expense or income.

D. Goodwill

Goodwill is not amortised but assessed for impairment annually and otherwise when there is an evidence of impairment.

The recoverable amount of goodwill is estimated using the higher of fair value or the value in use 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 inputs to revenue and expense growth assumptions.

E. 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.

F. Equity-accounted investments

Equity-accounted investments are carried at the lower of the equity-accounted amount and the recoverable amount.

The carrying amounts of equity-accounted investments (which include embedded amounts of intangible assets) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated on the same basis as goodwill above.

An impairment loss is recognised if the carrying amount of the equity-accounted investment exceeds its recoverable amount.

G. 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/decrease where the useful lives are less/greater than previously estimated. It would also change if the amortisation methodology was reassessed.

H. 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.

I. Deferred revenue for claims handling

Deferred revenue relating to claims handling is determined by calculating a margin and adding it to estimated costs based on past history associated with claims handling. Revenue is recognised over a period of time that the claims handling performance obligation is being performed.

J. Expected credit loss provision

The expected credit loss provision has been estimated based on the analysis of aged receivable, as the Group assumes that the credit risk on commission receivable has increased significantly if it is more than 90 days past due as well as based on assumptions made on forward-looking information.

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 primarily in Australia and New Zealand. The Group is also expanding its footprint in the United Kingdom and Singapore, and has acquired a non-controlling interest in unisonSteadfast, a network headquartered in Germany. Regarding geographical information, the revenue and non-current assets attributed to geographies outside of Australasia are currently immaterial to the Group and hence no separate geographical disclosure has been made.

In addition to reviewing performance based on statutory profit after tax, the Chief Operating Decision Maker (being the Managing Director & CEO) also reviews a key additional performance measure being underlying earnings before interest expense, tax and amortisation on acquired intangible assets (EBITA) broken down by consolidated entities, associates and joint ventures. The underlying EBITA excludes non-trading items as described in note 4(i). The separate identification of non-trading items and EBITA are not disclosed in accordance with current Australian Accounting Standards requirements. Non-trading items are separately identified as they are considered to be unusual or non-recurring in nature.

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

	Half year to 31 Dec 2018						
	Table note	Insurance intermed-iary $'000	Other $'000	Total underlying $'000	Reclass-ification $'000	Non-trading items[i] $'000	Total statutory $'000
Fee and commission income		278,123	-	278,123	(69,560)	-	208,563
Marketing and administration and other professional services fees		36,266	1,429	37,695	1,003	-	38,698
Interest income		4,075	8	4,083	-	(33)	4,050
Share of profits from associates and joint ventures		7,141	163	7,304	182	-	7,486
Other revenue		948	34	982	95	3,079	4,156
Revenue		326,553	1,634	328,187	(68,280)	3,046	262,953
Less: Share of profits from associates and joint ventures		(7,141)	(163)	(7,304)	(182)	-	(7,486)
Revenue – consolidated entities		319,412	1,471	320,883	(68,462)	3,046	255,467
Employment expenses		(102,947)	(2,733)	(105,680)	(9,026)	-	(114,706)
Occupancy expenses		(8,788)	(96)	(8,884)	-	-	(8,884)
Other expenses		(130,999)	(1,673)	(132,672)	78,985	(98)	(53,785)
Expenses - Consolidated entities		(242,734)	(4,502)	(247,236)	69,959	(98)	(177,375)
EBITA – consolidated entities		76,678	(3,031)	73,647	1,497	2,948	78,092
Share of EBITA from associates and joint ventures		12,589	269	12,858	77	-	12,935
EBITA before non-trading items and adjustments for investment in listed securities		89,267	(2,762)	86,505	1,574	2,948	91,027
Investment in listed securities							
Dividends received		95	-	95	(95)	-	-
Mark to market adjustments		(1,200)	-	(1,200)	1,200	-	-
EBITA		88,162	(2,762)	85,400	2,679	2,948	91,027
Finance costs	(ii)	(6,201)	(1)	(6,202)	-	-	(6,202)
Amortisation expense	(iii)	(12,373)	(1,589)	(13,962)	(2,679)	-	(16,641)
Income tax benefit/(expense)	(iv)	(20,385)	1,027	(19,358)	-	(307)	(19,665)
Net profit after tax		49,203	(3,325)	45,878	-	2,641	48,519
Non-controlling interests		(7,634)	-	(7,634)	-	(350)	(7,984)
Net profit after income tax attributable to owners of Steadfast Group Limited (NPAT)		41,569	(3,325)	38,244	-	2,291	40,535

	Table note	Insurance intermed-iary $'000	Other $'000	Total underlying $'000	Reclass-ification $'000	Non-trading items(i) $'000	Total statutory $'000
		Half year to 31 Dec 2017					
Fee and commission income		225,774	-	225,774	(58,721)	-	167,053
Marketing and administration and other professional services fees		30,396	1,140	31,536	1,554	-	33,090
Interest income		3,644	2	3,646	-	254	3,900
Share of profits from associates and joint ventures		6,149	184	6,333	200	-	6,533
Other revenue		794	-	794	1,510	4,030	6,334
Revenue		266,757	1,326	268,083	(55,457)	4,284	216,910
Less: Share of profits from associates and joint ventures		(6,149)	(184)	(6,333)	(200)	-	(6,533)
Revenue – consolidated entities		260,608	1,142	261,750	(55,657)	4,284	210,377
Employment expenses		(86,234)	(1,703)	(87,937)	(6,840)	(577)	(95,354)
Occupancy expenses		(7,597)	(124)	(7,721)	-	-	(7,721)
Other expenses		(105,690)	(451)	(106,141)	65,171	(2,334)	(43,304)
Expenses - Consolidated entities		(199,521)	(2,278)	(201,799)	58,331	(2,911)	(146,379)
EBITA – consolidated entities		61,087	(1,136)	59,951	2,674	1,373	63,998
Share of EBITA from associates and joint ventures		11,087	303	11,390	-	-	11,390
EBITA before non-trading items and adjustments for investment in listed securities		72,174	(833)	71,341	2,674	1,373	75,388
Investment in listed securities							
Mark to market adjustments		1,500	-	1,500	(1,500)	-	-
EBITA		73,674	(833)	72,841	1,174	1,373	75,388
Finance costs	(ii)	(5,409)	(2)	(5,411)	-	-	(5,411)
Amortisation expense	(iii)	(11,556)	(416)	(11,972)	(1,174)	-	(13,146)
Income tax benefit / (expense)	(iv)	(17,773)	560	(17,213)	-	170	(17,043)
Net profit after tax		38,936	(691)	38,245	-	1,543	39,788
Non-controlling interests		(5,736)	-	(5,736)	-	(239)	(5,975)
Net profit after income tax attributable to owners of Steadfast Group Limited (NPAT)		33,200	(691)	32,509	-	1,304	33,813

TABLE NOTES

	Half year to 31 Dec 2018 Insurance intermed-iary $'000	Other $'000	Total $'000	Half year to 31 Dec 2017 Insurance intermed-iary $'000	Other $'000	Total $'000
(i) Non-trading items						
Breakdown of non-trading income adjustments:						
Reversal of deemed interest costs on interest free executive loans	**(33)**	**-**	**(33)**	254	-	254
Net gain from sale of investments in subsidiaries and associates	**1,647**	**-**	**1,647**	460	-	460
Net gain from fair value of investments on step up to subsidiaries	**1,210**	**-**	**1,210**	-	-	-
Other income	**222**	**-**	**222**	-	-	-
Net gain on re-estimation and settlement of deferred consideration*	**-**	**-**	**-**	3,570	-	3,570
	3,046	**-**	**3,046**	4,284	-	4,284
Breakdown of non-trading expenses adjustment:						
Non- recurring redundancy costs	**-**	**-**	**-**	(577)	-	(577)
Impairment loss (Note 7)*	**-**	**-**	**-**	(2,334)	-	(2,334)
Net loss on re-estimation and settlement of deferred consideration*	**(98)**	**-**	**(98)**	-	-	-
	(98)	**-**	**(98)**	(2,911)	-	(2,911)

*The Group often defers a portion of the purchase price of a business and makes the final payment referable to future financial performance. At the time of acquisition, an estimate is made as to the fair value of the final payment. This is reviewed each half-year based on information available and at settlement, and the estimate is adjusted if appropriate. Any adjustment is taken to profit (downwards estimate) or loss (upwards estimate). Where an estimate is reduced, the Group will consider whether the factors leading to the estimate of deferred consideration represent an indicator of impairment, and if so, the need for impairment is considered. The deferred consideration adjustments and impairments do not affect cash flows from operating activities.

Total non-trading items:						
Non-trading revenue	**3,046**	**-**	**3,046**	4,284	-	4,284
Non-trading expenses	**(98)**	**-**	**(98)**	(2,911)	-	(2,911)
Total non-trading items:	**2,948**	**-**	**2,948**	1,373	-	1,373
Income tax benefit/(expense)	**(307)**	**-**	**(307)**	170	-	170
Non-controlling interests	**(350)**	**-**	**(350)**	(239)	-	(239)
Total non-trading items to NPAT *	**2,291**	**-**	**2,291**	1,304	-	1,304
(ii) Breakdown of finance costs on total underlying:						
Finance costs – consolidated entities	**(5,942)**	**-**	**(5,942)**	(5,118)	-	(5,118)
Finance costs – associates and joint ventures	**(259)**	**(1)**	**(260)**	(291)	(2)	(293)
	(6,201)	**(1)**	**(6,202)**	(5,409)	(2)	(5,411)
(iii) Breakdown of amortisation expenses of acquired intangibles on total underlying:						
Amortisation expense – consolidated entities	**(10,838)**	**(1,553)**	**(12,391)**	(9,966)	(380)	(10,346)
Amortisation expense – associates and joint ventures	**(1,535)**	**(36)**	**(1,571)**	(1,590)	(36)	(1,626)
	(12,373)	**(1,589)**	**(13,962)**	(11,556)	(416)	(11,972)
(iv) Breakdown of income tax benefit/(expense) on total underlying:						
Income tax benefit/(expense) – consolidated entities	**(16,733)**	**1,097**	**(15,636)**	(14,916)	641	(14,275)
Income tax expense – associates and joint ventures	**(3,652)**	**(70)**	**(3,722)**	(2,857)	(81)	(2,938)
	(20,385)	**1,027**	**(19,358)**	(17,773)	560	(17,213)

Note 5. Earnings per share

	Half year to 31 Dec 2018 cents	Half year to 31 Dec 2017 cents
A. Reporting period value		
Basic earnings per share	**5.14**	4.51
Diluted earnings per share	**5.12**	4.48

If non-trading items were removed, the underlying earnings per share would be as follows:

	Half year to 31 Dec 2018 cents	Half year to 31 Dec 2017 cents
Basic earnings per share	**4.85**	4.33
Diluted earnings per share	**4.83**	4.31

	Half year to 31 Dec 2018 $'000	Half year to 31 Dec 2017 $'000
B. Reconciliation of earnings used in calculating earnings per share		
Profit after income tax	**48,519**	39,788
Non-controlling interests	**(7,984)**	(5,975)
Profit after income tax attributable to the owners of Steadfast Group Limited for calculation of statutory basic and diluted earnings per share	**40,535**	33,813
Removing non-trading items:		
Income	**(3,046)**	(4,284)
Expense	**98**	2,911
Income tax expense/(benefit)	**307**	(170)
Non-controlling interests (net of tax)	**350**	239
Profit after income tax attributable to the owners of Steadfast Group Limited for calculation of underlying basic and diluted earnings per share	**38,244**	32,509

	Half year to 31 Dec 2018 Number in '000	Half year to 31 Dec 2017 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		
Weighted average number of ordinary shares issued	**793,036**	754,460
Weighted average number of treasury shares held in trust	**(3,945)**	(3,979)
Weighted average number of ordinary shares used in calculating basic earnings per share	**789,091**	750,481
II. Weighted average number of dilutive potential ordinary shares related to		
Weighted average number of ordinary shares	**789,091**	750,481
Effect of share based payment arrangements[a]	**2,922**	1,537
Effect of deemed bonus shares on share options[b]	**-**	1,910
Weighted average number of ordinary shares used in calculating diluted earnings per share	**792,013**	753,928

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).

(b) 3.000 million share options were issued to a member of key management personnel of an acquired business in 2013 with an exercise price of $1.00 per share. The share options were exercised on 25 February 2018. Because the average share price up to 25 February 2018 exceeded the exercise price, 1.910 million shares were deemed to be bonus shares in the half year to December 2017.

Note 6. Dividends

A. Dividends on ordinary shares during the half year

	Cents per share	Total amount $'000	Payment date	Tax rate for franking credit	Percentage franked
31 December 2018 **2018 final dividend**	**4.7**	**37,272**	**20 September 2018**	**30%**	**100%**
31 December 2017 2017 final dividend	4.4	32,988	13 October 2017	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.

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

A Dividend Reinvestment Plan (DRP) 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 calculated over the pricing period (which is at least five trading days) less any discount as determined by the Board for each dividend payment date.

D. Dividend not recognised at reporting date

On 20 February 2019, the Board resolved to pay the following dividend. As this occurred after the reporting date, the dividends declared have not been recognised in this financial report.

	Cents per share	Total amount $'000	Expected payment date	Tax rate for franking credit	Percentage franked
2019 interim dividend	**3.2**	**24,584**	**21 March 2019**	**30%**	**100%**

The Company's DRP will operate by purchasing ordinary shares on market. No discount will be applied. The last election notice for participation in the DRP in relation to this interim dividend is 27 February 2019.

Note 7. Intangible assets and goodwill

	Customer relationships $'000	Capitalised software $'000	Other Intangible assets $'000	Total intangible assets $'000	Goodwill $'000
31 December 2018					
A. Composition					
At cost	**264,995**	**31,959**	**7,956**	**304,910**	**921,109**
Accumulated amortisation and impairment	**(101,827)**	**(7,669)**	**(5,659)**	**(115,155)**	**(6,918)**
	163,168	**24,290**	**2,297**	**189,755**	**914,191**
B. Movements (6 months)					
Balance at the beginning of the financial period	**148,048**	**20,960**	**2,652**	**171,660**	**816,246**
Additions	**-**	**6,020**	**41**	**6,061**	**-**
Additions through business combinations	**28,174**	**-**	**-**	**28,174**	**97,819**
Reduction upon loss of control	**(1,208)**	**-**	**-**	**(1,208)**	**-**
Amortisation expense – acquired intangibles	**(11,907)**	**(88)**	**(396)**	**(12,391)**	**-**
Amortisation expense – developed intangibles	**-**	**(2,602)**	**-**	**(2,602)**	**-**
Net foreign currency exchange difference	**61**	**-**	**-**	**61**	**126**
Balance at the end of the financial period	**163,168**	**24,290**	**2,297**	**189,755**	**914,191**

	Customer relationships $'000	Capitalised software $'000	Other Intangible assets $'000	Total intangible assets $'000	Goodwill $'000
30 Jun 2018					
C. Composition					
At cost	237,927	25,939	7,915	271,781	823,058
Accumulated amortisation and impairment	(89,879)	(4,979)	(5,263)	(100,121)	(6,812)
	148,048	20,960	2,652	171,660	816,246
D. Movements (12 months)					
Balance at the beginning of the financial period	139,479	12,348	3,163	154,990	717,397
Additions	-	11,834	99	11,933	-
Additions through business combinations	31,469	-	-	31,469	108,203
Reduction upon loss of control	(2,193)	-	-	(2,193)	(7,015)
Amortisation expense transferred to other reserve on hubbing	532	-	104	636	-
Amortisation expense – acquired intangibles	(21,064)	(226)	(714)	(22,004)	-
Amortisation expense – developed intangibles	-	(2,996)	-	(2,996)	-
Impairment	(154)	-	-	(154)	(2,218)
Net foreign currency exchange difference	(21)	-	-	(21)	(121)
Balance at the end of the financial period	148,048	20,960	2,652	171,660	816,246

Note 8. Borrowings

	31 Dec 2018 $'000	30 Jun 2018 $'000
A. Bank loans		
Current	**901**	1,055
Non-current	**331,559**	218,985
	332,460	220,040
Capitalised transaction costs	**(1,736)**	(800)
	330,724	219,240
B. Bank facilities available		
Bank facilities drawn down or applied		
Bank loans - corporate facility	**282,654**	171,500
Bank loans - subsidiaries	**49,806**	48,540
	332,460	220,040
Lines of credit - corporate facility	**3,133**	4,241
Lines of credit - subsidiaries	**-**	-
	335,593	224,281
Bank facilities not drawn down or applied		
Bank loans - corporate facility	**96,346**	107,500
Bank loans - subsidiaries	**648**	598
Lines of credit - corporate facility	**2,867**	1,759
Lines of credit - subsidiaries	**1,278**	1,075
	101,139	110,932
Total bank facilities available		
Bank loans	**429,454**	328,138
Lines of credit	**7,278**	7,075
	436,732	335,213

C. Corporate facility details

As at 31 December 2018:

- the Company had a $385.000 million multibank syndicated facility (corporate facility) with Macquarie Bank and ANZ Banking Group (30 June 2018: $285.000 million);
- $282.654 million of the $385.000 million facility had been drawn down, which together with $3.133 million for bonds and rental guarantees, leaves $99.213 million available in the corporate facility for future drawdowns (30 June 2018: $109.259 million).

The $285.000 million corporate facility negotiated in August 2015 was increased by $100.000 million to $385.000 million in October 2018. It consists of a three-year tranche of $335.000 million and a five-year tranche of $50.000 million. The three-year tranche was extended by two one-year extensions by agreement of all parties at the end of the first and second year of the facility. The maturity date of both tranches is now August 2020.

The facility charges variable interest rates based on BBSY plus the applicable margin. In August 2015 the Company entered into a three-year interest rate swap with notional amount of $75.000 million where the Company swaps the floating rate payment into fixed rate payments. The interest rate swap matured in August 2018, and no further interest rate swaps have been entered into in the six months to December 2018.

The key terms and conditions of the multi-bank syndicated facility are consistent with a facility of this size and nature and the circumstances of Steadfast. The Company remains compliant with the terms and conditions.

D. Reconciliation of movements of liabilities to cash flows arising from financing activities

	Bank loans – corporate facility $'000	Bank loans – subsidiaries $'000	Total bank loans $'000
31 December 2018			
Balance at the beginning of the financial period	**170,700**	**48,540**	**219,240**
Proceeds from borrowings	**119,154**	**2,814**	**121,968**
Repayment of borrowings	**(8,000)**	**(1,548)**	**(9,548)**
Unwind capitalised transaction costs	**(936)**	**-**	**(936)**
Balance at the end of the financial period (net of capitalised transaction costs)	**280,918**	**49,806**	**330,724**

Note 9. Trade and other liabilities

	31 Dec 2018 $'000	30 Jun 2018 $'000
Trade payables	**3,664**	2,127
Deferred income - claims handling	**25,959**	5,548
Deferred income - other	**5,352**	1,696
Accruals	**19,817**	13,971
Other payables	**17,515**	15,147
	72,307	38,489

Note 10. Notes to the statement of changes in equity and reserves

A. Share capital

	Half year to 31 Dec 2018 Number of shares in 000's	Year to 30 Jun 2018 Number of shares in 000's	Half year to 31 Dec 2018 $'000	Year to 30 Jun 2018 $'000
Reconciliation of movements				
Balance at the beginning of the financial year	**793,036**	749,752	**912,347**	796,857
Shares issued under the institutional and retail share placement	**-**	38,158	**-**	107,762
Shares issued to Whitbread/Axis vendors	**-**	2,126	**-**	6,016
Shares issued for call option exercised by key management member of acquired business	**-**	3,000	**-**	3,000
Less: transaction costs (and adjustments thereto), net of income tax	**-**	-	**170**	(1,288)
Balance at the end of the financial year	**793,036**	793,036	**912,517**	912,347

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. Treasury shares held in trust

	Half year to 31 Dec 2018 Number of shares in 000's	Year to 30 Jun 2018 Number of shares in 000's	Half year to 31 Dec 2018 $'000	Year to 30 Jun 2018 $'000
Reconciliation of movements				
Balance at the beginning of the financial year	**4,002**	4,144	**7,728**	7,014
Shares allocated to employees	**(1,274)**	(914)	**(1,775)**	(1,368)
Shares acquired	**1,207**	668	**3,685**	1,799
Shares allotted through the Dividend Reinvestment Plan	**42**	104	**125**	283
Balance at the end of the financial year	**3,977**	4,002	**9,763**	7,728

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

C. Capital Risk Management

The Group's objectives when managing capital are 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 total gearing ratio, which is calculated as total borrowings of the Company and its subsidiaries divided by total equity and total borrowings of the Company and its subsidiaries. Currently the Group's total maximum gearing ratio determined by the Board is 30.0%. The Group gearing ratios at reporting date are as follows:

	Note	31 Dec 2018 $'000	30 Jun 2018 $'000	Maximum approved
Total borrowings of the Company and its subsidiaries	8	**335,593**	224,281	
Total Group equity		**1,058,624**	1,056,979	
Total Group equity and total borrowings of the Company and its subsidiaries		**1,394,217**	1,281,260	
Total gearing ratio		**24.1%**	17.5%	30.0%

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; as well as the discount on Executive Shares.

III. Other reserves

The other reserves are used to recognise other movements in equity including: cumulative net change in fair value of hedging instruments; 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 any retained amount from prior periods transferred from retained earnings. This reserve will be utilised should the Board declare a dividend from this reserve.

Note 11. Business combinations

Acquisitions for the half year ended 31 December 2018

During the half year ended 31 December 2018, the Group completed a number of acquisitions in accordance with its strategy.

The following disclosures provide the provisional financial impact to the group at the acquisition date. Only the significant acquisition with total consideration over $45 million is disclosed separately. Other acquisitions are disclosed in aggregate.

Acquisition of subsidiaries

The following tables provide:

- detailed information for the acquisition of National Adviser Services Pty Ltd trading as Community Broker Network (CBN) during the year; and
- aggregated information for five other acquired businesses (Other acquisitions).

Note 11F contains a list of subsidiaries acquired and the respective ownership interests.

A. Consideration paid/payable

Half year to 31 December 2018	CBN $'000	Other acquisitions $'000	Total $'000
Cash	**45,000**	**28,608**	**73,608**
Consideration shares	**-**	**-**	**-**
Deemed consideration[(a)]	**-**	**31,527**	**31,527**
Deferred consideration[(b)]	**17,760**	**12,681**	**30,441**
Total	**62,760**	**72,816**	**135,576**

(a) This amount represents the fair value of the original investments in Abbott NZ Holdings Limited, Lanyon Partners Consolidated Pty Ltd, JPI Insurance Brokers Pty Ltd and Paramount Insurance Brokers Pty Ltd at the date the Group gained control of these entities which were previously associates of the Group.

(b) 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:

- $12.573 million of deferred consideration for which the maximum amount of payment is not capped; and
- $17.868 million of deferred consideration which is capped.

B. Identifiable assets and liabilities acquired

Half year to 31 December 2018	CBN $'000	Other acquisitions $'000	Total $'000
Cash, and cash equivalents[(a)]	**57,979**	**22,206**	**80,185**
Trade and other receivables[(b)]	**3,928**	**30,659**	**34,587**
Property, plant and equipment	**439**	**1,377**	**1,816**
Deferred tax assets	**916**	**1,486**	**2,402**
Identifiable intangibles	**9,365**	**18,809**	**28,174**
Other assets	**4,626**	**2,145**	**6,771**
Trade and other payables	**(54,241)**	**(36,361)**	**(90,602)**
Income tax payable	**798**	**(1,882)**	**(1,084)**
Provisions	**(3,182)**	**(1,964)**	**(5,146)**
Deferred tax liabilities	**(2,953)**	**(5,847)**	**(8,800)**
Other liabilities	**(388)**	**(4,532)**	**(4,920)**
Total net identifiable assets acquired	**17,287**	**26,096**	**43,383**

(a) Includes cash held on trust.

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

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

C. Goodwill on acquisition

Half year to 31 December 2018	CBN $'000	Other acquisitions $'000	Total $'000
Total consideration paid/payable	**62,760**	**72,816**	**135,576**
Total net identifiable assets acquired	**(17,287)**	**(26,096)**	**(43,383)**
Non-controlling interests acquired	**-**	**5,626**	**5,626**
Goodwill on acquisition*	**45,473**	**52,346**	**97,819**

∗ 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.

Half year to 31 December 2018	CBN $'000	Other acquisitions $'000	Total $'000
Revenue	**3,230**	**9,409**	**12,639**
EBITA	**236**	**2,744**	**2,980**
Profit / (loss) after income tax	**(16)**	**1,744**	**1,728**

If the acquisitions of subsidiaries occurred on 1 July 2018, the Group's revenue for the half year ended 31 December 2018 would increase from $262.953 million to $272.862 million and profit after income tax would increase from $48.519 million to $49.351 million.

E. Acquisition-related costs

The Group incurred acquisition-related costs, including stamp duty and legal fees, for business interests acquired during the half year ended 31 December 2018.

F. Subsidiaries acquired

The table below outlines all the subsidiaries acquired during the half year ended 31 December 2018.

Name of subsidiary acquired	Table note	Ownership interest as at 31 December 2018 %
Abbott NZ Holdings Limited	(i)	65.48
HMIA Pty Ltd		95.00
JPI Insurance Brokers Pty Ltd	(iii)	100.00
Lanyon Partners Consolidated Pty Ltd	(ii)	97.60
National Adviser Services Pty Ltd trading as Community Broker Network		100.00
Paramount Insurance Brokers Pty Ltd	(ii)	62.50

Table notes

(i) The Group obtained control of Abbott NZ Holding Limited (Abbott NZ) in September 2018 following amendments to the shareholders' agreement, which gave the Group the ability to direct the key financial and operating activities. As a result, Abbott NZ became a subsidiary of the Group.

(ii) During the half year the Group acquired additional shares in Lanyon Partners Consolidated Pty Ltd (Lanyon) and Paramount Insurance Brokers Pty Ltd (Paramount). As a result, Lanyon and Paramount which were previously associates became subsidiaries of the Group.

(iii) The Group acquired JPI Insurance Brokers Pty Ltd (JPI) through CBN, a wholly-owned subsidiary of the Group.

G. Deferred consideration reconciliation

The following table shows a reconciliation of movements in deferred consideration.

	Half year to 31 Dec 2018 $'000	Year to 30 Jun 2018 $'000
Balance at the beginning of the financial period	**3,946**	6,588
Settlement of deferred consideration	**(5,892)**	(5,047)
Non-cash settlement of deferred consideration	**(2)**	(83)
Additions from new acquisitions in business combinations	**30,441**	4,349
Additions from new acquisitions of associates	**121**	-
Additions from step-up investments	**183**	1,414
Net (gain) / loss in profit or loss on settlement or reassessment	**98**	(3,275)
Balance at the end of the financial period	**28,895**	3,946
Disclosed as:		
Deferred consideration current	**23,773**	2,822
Deferred consideration non-current	**5,122**	1,124
Balance at the end of the financial period	**28,895**	3,946

The balance of deferred consideration at the end of the financial period represents:

	31 Dec 2018 $'000	30 Jun 2018 $'000
Amount payable is limited	**17,071**	-
Amount payable is not capped	**11,694**	3,815
Amount payable is fixed	**130**	131
	28,895	3,946

Note 12. Investments in associates

	Half year to 31 Dec 2018 $'000	Year to 30 Jun 2018 $'000
Reconciliation of movements		
Balance at the beginning of the financial year	**138,743**	125,690
Additions – deemed consideration [(a)]	**1,886**	2,125
Additions – cash	**796**	3,215
Additions – scrip for scrip [(b)]	**-**	22,085
Step-up investment to subsidiaries	**(30,039)**	(11,403)
Disposal of associates	**-**	(1,491)
Share of EBITA from associates	**9,871**	21,287
Less share of:		
Finance costs	**(236)**	(494)
Amortisation expense	**(1,355)**	(2,643)
Income tax expense	**(2,642)**	(5,714)
Share of associates' profit after income tax	**5,638**	12,436
Dividends received/receivable	**(5,893)**	(13,575)
Net foreign exchange movements	**(15)**	(339)
Balance at the end of the financial year	**111,116**	138,743

Table notes

(a) This amount represents the carrying amounts of investments in associates of subsidiaries acquired during the financial year at the date the Group acquired them.

(b) The associate was acquired through scrip for scrip.

Note 13. Interest in joint ventures

	Half year to 31 Dec 2018 $'000	Year to 30 Jun 2018 $'000
Reconciliation of movements		
Balance at the beginning of the financial year	**6,862**	11,362
Additions	**10,938**	4,153
Reclassification to investment in subsidiaries	**-**	(8,429)
Share of EBITA from joint ventures	**3,064**	3,815
Less share of:		
Finance costs	**(24)**	(89)
Amortisation expense	**(293)**	(572)
Income tax expense	**(899)**	(1,096)
Share of joint ventures' profit after income tax	**1,848**	2,058
Dividends received/receivable	**(1,313)**	(2,282)
Balance at the end of the financial year	**18,335**	6,862

Note 14. Trade and other receivables

	31 Dec 2018 $'000	30 Jun 2018 $'000
Commission receivable	**83,827**	93,792
Less: expected credit loss provision	**(2,544)**	(114)
Net commission receivable	**81,283**	93,678
Other receivables	**59,903**	53,944
	141,186	147,622

Note 15. Other financial assets

	31 Dec 2018 $'000	30 Jun 2018 $'000
Investment in ASX listed securities at cost[(a)]	**5,000**	5,000
Fair value adjustment[(a)]		
Opening balance	**1,500**	-
Fair value gain/(loss) on listed investment	**(1,200)**	1,500
Closing balance	**300**	1,500
Investment in non-listed securities at cost	**47**	47
	5,347	6,547

(a) During the prior year ended 30 June 2018, the Group invested $5.000 million in Johns Lyng Group Ltd, an ASX listed company. The investment is classified as a financial asset measured at fair value through profit or loss. The fair value adjustment above represents the mark to market movement for the half year ended 31 December 2018.

Note 16. Property, plant and equipment

	Buildings[(a)] $'000	Other $'000	Total $'000
31 December 2018			
A. Composition			
At cost	**27,836**	**39,710**	**67,546**
Accumulated depreciation	**(3,702)**	**(23,869)**	**(27,571)**
	24,134	**15,841**	**39,975**
B. Movements (6 months)			
Balance at the beginning of the financial period	**24,255**	**14,746**	**39,001**
Additions	**247**	**1,152**[(b)]	**1,399**
Additions through business combinations	**-**	**1,816**	**1,816**
Depreciation expense	**(368)**	**(1,873)**	**(2,241)**
Balance at the end of the financial period	**24,134**	**15,841**	**39,975**

	Buildings[(a)] $'000	Other $'000	Total $'000
30 June 2018			
A. Composition			
At cost	27,589	36,211	63,800
Accumulated depreciation	(3,334)	(21,465)	(24,799)
	24,255	14,746	39,001
B. Movements			
Balance at the beginning of the financial period	16,334	11,164	27,498
Additions	8,562	5,130[(b)]	13,692
Additions through business combinations	-	1,643	1,643
Depreciation expense	(641)	(3,191)	(3,832)
Balance at the end of the financial period	24,255	14,746	39,001

Table notes

(a) The estimated useful life of buildings is 40 years.

(b) The balance represents the net addition to leasehold improvements, office equipment and furniture, motor vehicles and other fixed assets in the Group. There were no material disposals in the current year, hence not separately disclosed.

The offices in Sydney used as the Group's head office are measured at cost. Based on the most recent transaction, the Directors believe that the buildings have a fair value at least $15 million in excess of their carrying value.

Note 17. Reconciliation of profit after income tax to net cash from operating activities

	Half year to 31 Dec 2018 $'000	Half year to 31 Dec 2017 $'000
Profit after income tax expense for the half year	**48,519**	39,788
Adjustments for		
Depreciation, amortisation and loss on disposal of property, plant and equipment	**17,244**	13,403
Share of profits of associates and joint ventures	**(7,486)**	(6,533)
Income tax paid	**(18,904)**	(21,187)
Dividends received from associates/joint ventures	**7,206**	7,483
Net (gain)/loss from adjustments to deferred consideration estimates	**98**	(3,570)
Capitalised interest on loans	**(509)**	(240)
Net gain on disposal of investment in subsidiaries and associates	**(2,857)**	(460)
Fair value (gain)/loss on financial assets	**1,200**	(1,500)
Share-based payments and incentives accruals	**3,971**	1,680
Impairment expense	**-**	2,334
Change in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	**89,898**	58,170
(Increase)/decrease in deferred tax assets	**7,709**	843
(Increase)/decrease in other assets	**(1,454)**	(857)
Increase/(decrease) in trade and other payables	**(69,160)**	(40,741)
Increase/(decrease) in income tax payable	**25,891**	19,130
Increase/(decrease) in deferred tax liabilities	**(17,476)**	(5,868)
Increase/(decrease) in other liabilities	**(4,990)**	(661)
Increase/(decrease) in provisions	**(3,346)**	(977)
Net cash from operating activities	**75,554**	60,237

Note 18. Related party transactions

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

B. Transactions with other related parties
The following transactions occurred with related parties:

	Half year to 31 Dec 2018 $	Half year to 31 Dec 2017 $
I. Sale of goods and services		
Marketing and administration fees received from associates on normal commercial terms	**66,602**	74,831
Marketing and administration fees received from joint ventures on normal commercial terms	**1,547,490**	1,373,688
Commission income received/receivable from associates on normal commercial terms	**550,920**	256,943
II. Interest income		
Interest income received/receivable from joint ventures	**25,840**	48,544
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	**924,618**	656,633
Commission expense paid/payable to associates on normal commercial terms	**3,222,425**	1,853,004
Service fees paid to associates	**52,920**	16,762

	As at 31 Dec 2018 $	As at 30 Jun 2018 $
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		
Receivables from associates	**10,337,744**	11,274,472
Receivables from joint ventures	**174**	212,727
Dividend receivable from associates	**294,613**	294,613
b. Current payables		
Payables to associates	**792,009**	1,357,430
V. Loans to related parties		
The following balances are outstanding at the reporting date in relation to loans with related parties:		
a. Current receivables		
Loan to joint venture[(a)]	**603,125**	603,125
Executive loans[(b)]	**-**	4,511,851
	603,125	5,114,976
b. Non-current receivables		
Loans to associates	**350,000**	-
	350,000	-

(a) The loan to the joint venture, Macquarie Pacific Funding Group (MPF) has a face value of $603,125 (30 June 2018: $603,125).

The key terms and conditions of this loan remain unchanged.

(b) Executive loans were interest-free loans to certain executives provided at the time of listing for them to acquire Steadfast ordinary shares when the Company was listed on the ASX in August 2013.

All executive loans were fully repaid in the six months to December 2018.

Note 19. Contingencies

Contingent liabilities

Macquarie Bank put options

The Group has granted options to Macquarie Bank Limited (MBL) to enable MBL to put shares held by other shareholders in associates to the Group at fair value if MBL enforces its security over those shares. These have been granted in relation to shares held by other shareholders in associates over which MBL holds a security interest to secure indebtedness by those shareholders. The Group expects no material net exposure from this arrangement as the contingent liabilities have contingent assets approximating similar values.

Bank guarantee

In the normal course of business, certain controlled entities in the Group have provided bank guarantees principally in respect of their contractual obligation on commercial leases.

Note 20. Events after the reporting period

A. Interim dividend

On 20 February 2019, the Board declared an interim dividend of 3.2 cents per share, 100% franked. The dividend will be paid on 21 March 2019. The Company's DRP will be funded via the purchase of shares on market. No discount will be applied. The last election notice for participation in the DRP in relation to this interim dividend is 27 February 2019.

Steadfast Group Limited
Directors' declaration

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

(a) the consolidated financial statements and notes 1 to 20, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance, for the six month period ended on that date; and

(ii) complying with Australian Accounting Standards AASB134 Interim Financial Reporting and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed at Sydney on 20 February 2019 in accordance with a resolution of the Directors.

Frank O'Halloran, AM
Chairman

Robert Kelly
Managing Director & CEO

Independent Auditor's Review Report

To the shareholders of Steadfast Group Limited

Conclusion

We have reviewed the accompanying ***Half-year Financial Report*** of Steadfast Group Limited.

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

- giving a true and fair view of the ***Group's*** financial position as at 31 December 2018 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The ***Half-year Financial Report*** comprises:

- Consolidated statement of financial position as at 31 December 2018;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Half-year ended on that date;
- Notes 1 to 20 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The ***Group*** comprises Steadfast Group Limited (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

- the preparation of the Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001; and*
- for such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that is free from material misstatement, whether due to fraud or error.

KPMG

Auditor's responsibility for the review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Half-year Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Steadfast Group Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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

KPMG

KPMG

Scott Guse
Partner

Sydney
20 February 2019