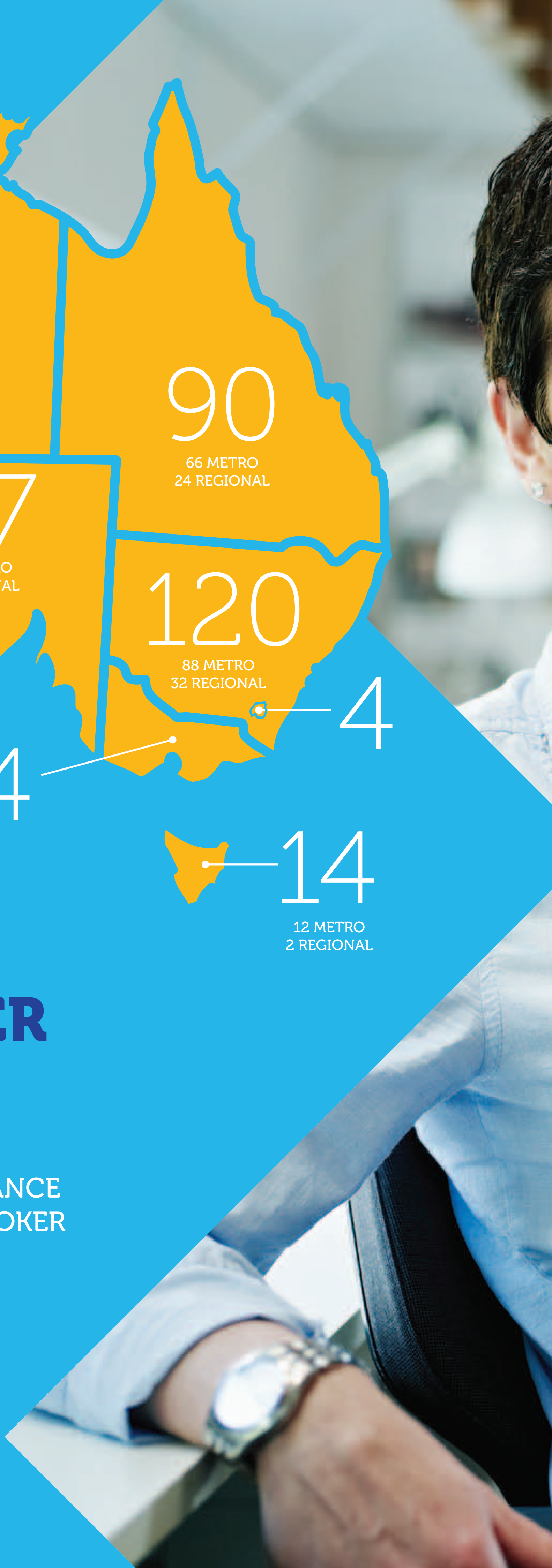
Steadfast

STRENGTH WHEN YOU NEED IT

Strength in uncertain times

Annual Report 2012



AUSTRALIA'S LEADING BROKER NETWORK

STEADFAST IS AUSTRALIA'S LARGEST NETWORK OF INDEPENDENT INSURANCE BROKERS, WITH MORE THAN 400 BROKER OFFICES ACROSS AUSTRALIA.

OUR VISION

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

OUR MISSION

As a united group, we aim to create wealth for our shareholders by assisting our aligned businesses to grow and succeed.

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2012 Financial Highlights

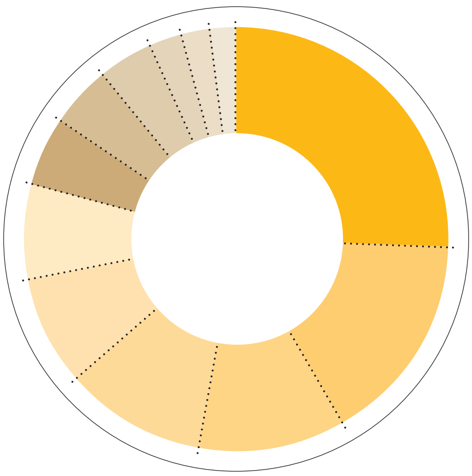
$227m

Average organic growth per annum over 5 years

9.6%

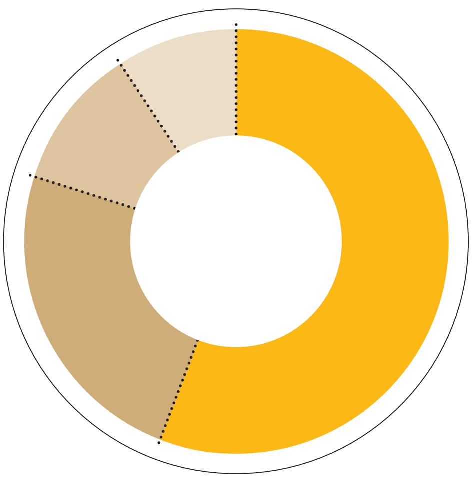
Average organic growth per annum over 5 years

Revenue by Insurance Products



Commercial Insurance	26%
Householders	16%
Industrial Special Risk	11%
Commercial Motor Vehicle	11%
Professional Indemnity	9%
Liability	7%
Construction & Engineering	5%
Marine Insurance	5%
Private Motor Vehicle	4%
Rural Pack	2%
Accident & Health/Travel	2%
Other	2%

Revenue Categories



Insurance	56%
Other Income	24%
Premium Funding	11%
Dividends	9%

Strong

Chairman and CEO's Report

The 2012 financial year saw Steadfast continue to achieve strong growth in an uncertain economic environment. Now we are ready to build on that growth and realise greater rewards for our broker's businesses by making the transition to an ASX-listed company.

It's been another exciting year for Steadfast, with a string of notable achievements. We've continued to enjoy sustained organic growth of around 9.6% a year, driven both by an increase in the number of broker businesses in our network and by sustained growth within those businesses. As a result, we've expanded our network, our sales and our profitability, achieving a record $22.5 million in revenue.

Our success reflects both the quality of our individual broker businesses and the benefits of a diversified national strategy. With more than 400 offices spanning local markets across the country, each with its own distinct demographic features, we can benefit from whichever industry, state or local economy is performing most strongly at any time. This will allow us to continue to grow in the future, despite the ongoing structural changes affecting the Australian economy as a whole.

A year of change

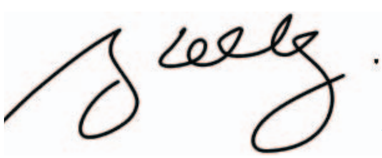
This year has seen further consolidation within the insurance industry, with merger and acquisition activity across the broker market, including consolidation within our broker base. Insurers have also come under renewed scrutiny from investors, with profits under pressure from a combination of above-forecast claims and subdued investment returns.

At Steadfast, we have been fortunate in that all of our underwriting partners continue to be profitable and financially strong, thanks to the underlying quality of their businesses. We also have an outstanding record of meeting our clients' claims, including claims in high-profile areas like flood cover.

Nonetheless, our brokers have been affected by the difficult environment. Among other trends, we've observed a higher number of claims going to Triage — our process for seeking a review of claims that have been denied — and increased use of our Legal Advice and Technical Assistance support services. Ongoing regulatory change has also led more brokers to use our Human Resources and Industrial Relations helpline. We will continue to support our brokers to achieve the best possible outcomes for their businesses and their clients.

Listing on the Australian Securities Exchange

At the Steadfast Convention in March, our shareholders overwhelmingly endorsed the Board's plan to seek listing on the Australian Securities Exchange (ASX) in 2013. It's an exciting stage in the company's development and an important mechanism for funding continued growth while creating new value for the shareholders who are the foundation of our success.



Robert Kelly
Chairman and CEO

Our Board

Our Board is comprised of insurance industry professionals with extensive experience in underwriting, insurance distribution and risk management.

Robert Bernard Kelly

Executive Chairman and Chief Executive Officer

With more than 43 years of experience in the insurance industry, Robert has held senior roles as a Risk Manager, General Insurance Broker and Underwriting Agent. He was named Insurance Industry Leader of the Year at the 2011 Annual Australian Insurance Industry Awards. Robert is a Qualified Practising Insurance Broker and a Fellow of the National Insurance Brokers Association (NIBA). He is a Senior Associate of ANZIIF, Certified Insurance Professional and holds a Diploma of Financial Services (Insurance Broking). He also has a Diploma in Occupational Health and Safety and a Graduate Diploma in Australian Risk Management.

Gregory John Rynenberg

Deputy Chairman and Non-Executive Director

Greg brings 35 years of experience in the general insurance broking industry to the Board, with 28 years spent running his own business. He is a Qualified Practising Insurance Broker, Fellow of NIBA and an Associate of ANZIIF. He holds an Advanced Diploma in Financial Services (Insurance Broking).

Christopher Dennis Baker

Non-Executive Director

Chris has 35 years in general insurance broking, running his own business for 26 years. He has a Diploma of Financial Services (Insurance Broking) and a Diploma in Front Line Management. He is also a Certified Insurance Professional and Qualified Practising Insurance Broker. He is a member of NIBA and a Senior Associate of ANZIIF.

Cameron Jon Bott

Non-Executive Director

With more than 21 years in general insurance, Cameron has gained valuable experience working in senior roles with the industry's leading organisations. For the past 8 years, he has been Principal and Managing Director of his own business. Cameron is a Qualified Practising Insurance Broker and Fellow of ANZIIF.

Michael Vsevolod Olofinsky

Non-Executive Director

For 42 years, Mike has been associated with the insurance industry. He is a Qualified Practising Insurance Broker and an Associate of ANZIIF.

Richard John Post

Non-Executive Director

Since 1980, Rick has been involved in the insurance industry, becoming an insurance broker in 1997. He is a Qualified Practising Insurance Broker and holds a Diploma of Financial Services (Insurance Broking).

Shayne Douglas Smith

Non-Executive Director

Shayne has over 40 years experience in the general insurance industry, and was principal of his own business from 1983. Shayne holds a Diploma of Financial Services (Insurance Broking), a QPIB, FAICD (Dip) and an AAII (CIP). He also served on the NIBA Board for 5 years.

Graham John Stevens

Non-Executive Director

Graham has more than 42 years of experience in the insurance industry. He is a Qualified Practising Insurance Broker and holds a Diploma of Financial Services (Insurance Broking). He is also a Board member of NIBA.

Gregory Paul Stewart

Non-Executive Director

Greg has been associated with the insurance industry for over 20 years. He holds a Diploma of Financial Services (Insurance Broking).

Jonathan Noble Upton

Non-Executive Director

Jonathan has 40 years in the general and life insurance broking industry, 34 years of those in his own business. He is a Qualified Practising Insurance Broker (QPIB), an Associate of NIBA, an Associate Fellow of The Australian Institute of Management (AFAIM), and holds a Diploma of Financial Services (Insurance Broking). He is also a Justice of the Peace.

Joseph George Vella

Non-Executive Director

A Qualified Practising Insurance Broker, Joe has been associated with the insurance industry for more than 35 years. He holds a Diploma of Financial Services (Insurance Broking). He is also an Associate of NIBA and ANZIIF and Honorary Consul for Malta in the State of Queensland.

John David Frederick (Rick) Wolozny

Non-Executive Director

Rick has more than 38 years of experience in the insurance industry. He is a Qualified Practising Insurance Broker and an Associate of ANZIIF.

Our Executive Team

Our executives have been selected for their extensive experience, strategic acumen and proven leadership capabilities.

Cameron McCullagh
Executive Director – Strategy and Corporate Actions

Cameron trained as a Chartered Accountant, completing his professional year with KPMG. He has held managerial and directors positions for the last 12 years and has 30 years of business experience. Before joining Steadfast in 2011, Cameron was CEO of Employers Mutual, where he increased premiums under management from around $100 million to approximately $1 billion per annum. Cameron is a Director of Hotel Employers Mutual, Managing Director of ASWIG Management and Chairman of Leading Edge Group and White Outsourcing.

Allan Reynolds
Executive General Manager

With 38 years of industry experience, Allan is a highly qualified insurance professional with a background in product development and distribution, corporate strategy and portfolio management. He joined Steadfast in 2002 and is currently Executive General Manager. Allan holds a Diploma of Business Studies (Insurance) and a Diploma of Strategic Management. He is a Certified Insurance Professional and a Fellow of the Australian and New Zealand Institute of Insurance and Finance.

Jenny Varley
Company Secretary

Jenny has 29 years experience in finance and accounting, administration and HR roles in a variety of industries, including information services , insurance, financial services and legal services. She joined Steadfast in 2002. Jenny is Company Secretary for Steadfast Group Limited, Steadfast's operating subsidiary companies and Macquarie Premium Funding Pty Ltd. Jenny holds an Associate Diploma, Business (Accounting) and is currently attaining a Graduate Diploma in Corporate Governance — Chartered Secretaries Australia. Jenny is also a Justice of the Peace.

Samantha Hollman
Strategic Projects Executive

Samantha has 18 years experience in the insurance industry. She joined Steadfast in 2000, holding key roles in broker services, project management and marketing and communications. During the last 5 years Sam has worked closely with the Chairman/CEO and Board, implementing strategic initiatives for the Group including marketing trips to the UK and North America to review these projects on an international level.

Graham Cassidy
Marketing and Relationships Manager

Graham has over 33 years experience in the insurance industry, starting with CIC (Melbourne) and Zurich in 1979. He joined Steadfast in 2006. Graham holds a Diploma in Financial Planning and two Diplomas in Financial Services — Insurance Broking and Risk Management. He is also a Certified Insurance Professional and a Fellow of the Australian and New Zealand Institute of Insurance and Finance.

Niels Laaper
CEO, Steadfast Hub Pty Ltd

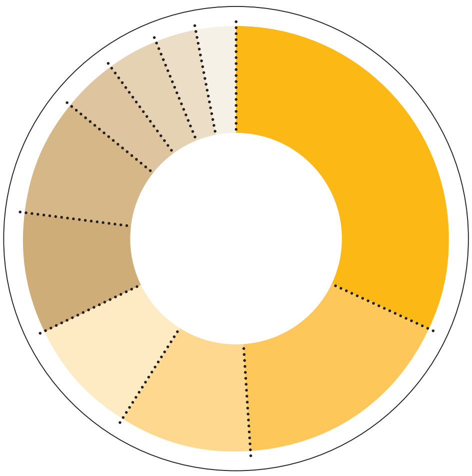
Niels is a highly experienced IT executive, with over 17 years experience. As well as co-founding two consumer electronics brands with an international profile, he has held roles as CEO and director with several IT consulting and electronics companies. Niels joined the Steadfast Group as CEO of Steadfast Hub in 2010, overseeing the operations and development of the Steadfast Virtual Underwriter.

Our Brokers

Our broker network covers strategic locations across Australia, offering an unrivalled range of tailored insurance products and services in the following industry sectors:

- Health & aged care
- Hospitality and food services
- Manufacturing & construction
- Mining
- Professional services
- Rural & farming
- Transport
- Wholesale & retail

Insurance Products Offered by Premium



Commercial	32%
Motor	17%
Liability	10%
Professional Risks	9%
Statutory Covers	9%
Home & Contents	9%
Construction/Engineering	4%
Rural	4%
Marine & Aviation	3%
Accident & Health	3%

Our Strategic Partners

Our network of 59 Strategic Partners includes some of the world's leading names in insurance. Here are some of the most familiar.

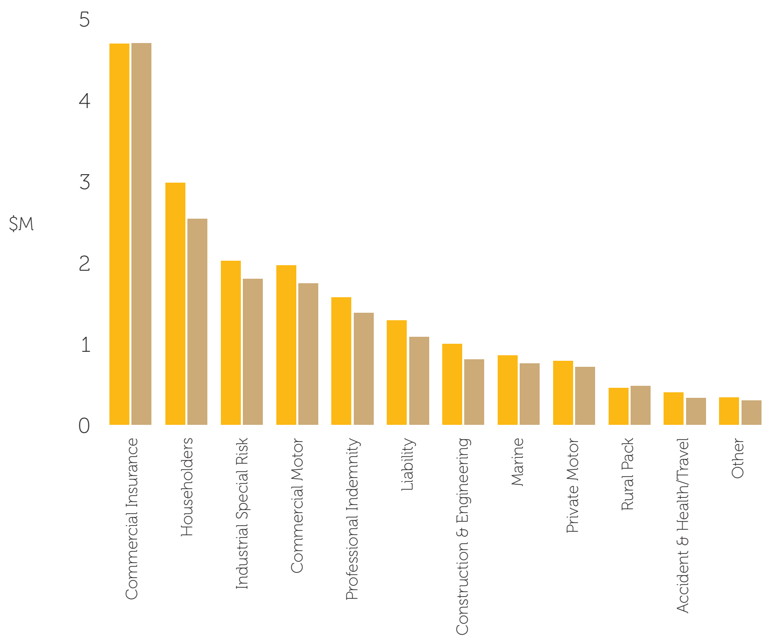
Top 10 Strategic Partners across Australia

Allianz	MACQUARIE
CGU	PACIFIC PREMIUM FUNDING part of GE Capital
CHARTIS	QBE
CHUBB	vero
Lumley Insurance part of Wesfarmers Insurance	ZURICH INSURANCE

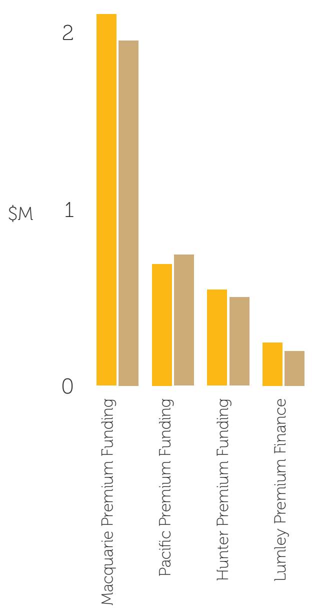
Group Performance Analysis

With organic growth of around 9.6% a year for the last five years, Steadfast has established a reputation for sustained growth and a high-performance culture.

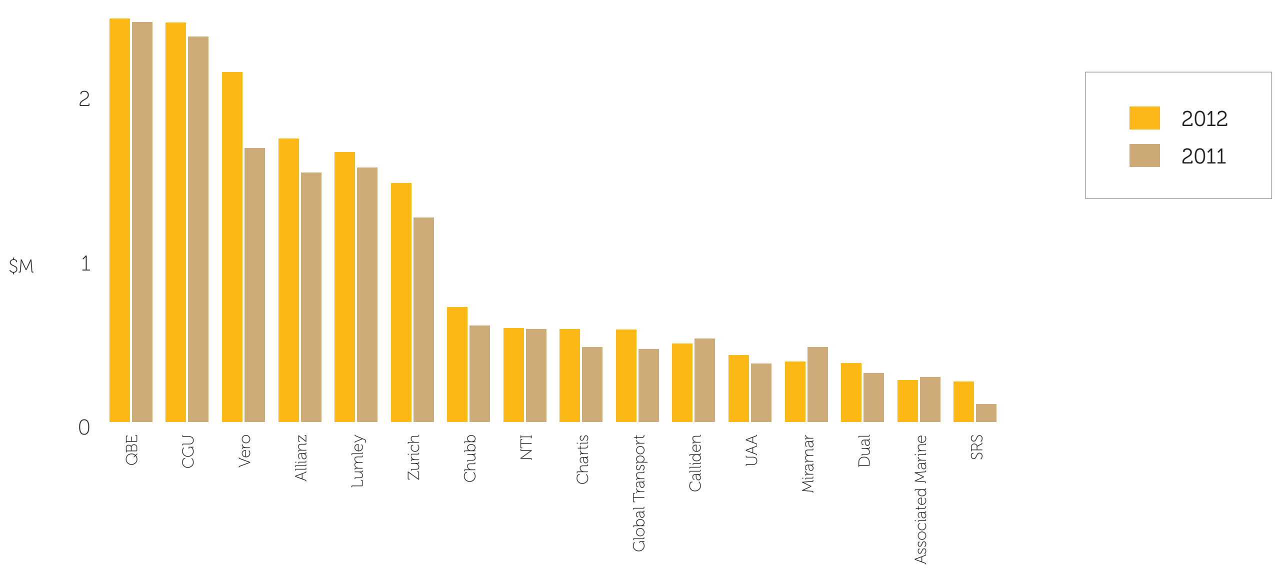
Revenue by Insurance Product



Revenue by Premium Funder



Revenue by Major Insurance Provider



Broker Services

At Steadfast, we pride ourselves on supporting our brokers with Steadfast badged products, tools and services, giving them a strong competitive edge in a fast-changing market.

We support our brokers with almost every aspect of their business, from tailored product packages and compliance procedures to marketing tools. Our services include ground-breaking innovations like Triage and Steadfast Virtual Underwriter that are unique in the industry.

This allows our brokers to combine the nimbleness and flexibility of an independent business with the rigorous processes and depth of expertise usually only available to large national organisations.

Here is an overview of the key services we provide, together with new developments from the 2012 financial year.

Broker Town Halls

At Steadfast, our brokers are the core of our business, so we believe it's essential to involve them closely in formulating and implementing the Group's strategic direction. Our Broker Town Halls are a key part of this process.

Each quarter, the Steadfast Chairman, CEO and representatives of the management team tour the country, visiting brokers on the ground and keeping them up to date with new developments, and gathering their feedback. Our staff are accompanied by insurer representatives and external experts who present on topical industry issues, new products and significant product changes.

We also hold a larger town hall meeting at each year's Steadfast convention, starting with a dedicated session for broker principals. This session gives our principals the opportunity to hear about the Group's strategy in detail and to vote on significant decisions. After voting has been concluded, we open these sessions to broker staff, keeping them informed about the Group's vision and strategy, and maximising employee engagement.

Campus

Steadfast Campus is an exclusive online learning environment that gives Steadfast brokers and their staff free, 24-hour access to a series of specially developed training modules. The Campus courses provide comprehensive training on:

- Insurance products
- Relevant Codes of Practice
- New regulatory developments affecting brokers and their clients

Support

The Campus courses are continually reviewed and enhanced, with modules covering standard policy wordings in Steadfast insurance contracts to be added in the near future.

All Campus courses have been accredited by both the Australian and New Zealand Institution of Insurance and Finance (ANZIIF) and the National Insurance Brokers Association (NIBA) to provide Continuing Professional Development (CPD) points to successful participants.

Compliance Tools

We have created a comprehensive suite of compliance tools to help our brokers manage their statutory obligations. They include:

- Broker Compliance Control (BCC): a computerised system that helps brokers schedule and track compliance activities.
- Compliance manuals: detailed manuals setting out the steps brokers should take to meet their statutory obligations and maintain their licences, continually updated to reflect new regulatory developments.
- E-advices: short legal advices on specialised topics, prepared in collaboration with Steadfast's legal advisers and sent by email.

Erato

Erato is a Professional Indemnity program and error rectification service exclusively available to Steadfast brokers and their clients. The program resolves errors and omissions by Steadfast brokers, with up to $100 million in cover. When an error is reported, the dedicated Erato team steps in to quantify the client's loss and resolve their claim. A key objective of the Erato program is to resolve disputes rapidly and help brokers retain clients through a practical demonstration of Steadfast's commitment to integrity and client service.

Group Insurances

In addition to Professional Indemnity insurance through Erato, we provide a range of other insurances for brokers, including:

- Excess fidelity
- Legal expense
- Management liability
- Travel policy
- Group life/salary continuance

Helplines

Our dedicated helplines are an essential part of the ongoing support we provide to our broker network. They include:

Helpline	Description	Calls in 2011–12
Compliance	Expert advice on compliance obligations and procedures from our partner Gold Seal Risk Management	152
Contractual Liability	Assistance for brokers entering into contractual arrangements with new clients	883
Human Resources and Industrial Relations	Advice on staff benefits and employment issues, reflecting the latest regulatory developments	440
Legal Advice	Partner-level support for brokers on legal issues from our legal adviser, DLA Piper	423
Technical Assistance	Advice for brokers on technical issues including compliance, policy wording and claims	486

Marketing

We provide a range of marketing support to Steadfast brokers, including promotional material, marketing collateral and workshops.

During the 2013 financial year, we will undertake an awareness campaign designed to promote the Steadfast brand and broker network to the public. Key features of the campaign will include:

- A refreshed logo and brand identity
- An improved public web site, creating a centralised online channel to drive business to brokers in the Steadfast network
- Interactive multimedia materials, including online videos and information
- Support for brokers seeking to refresh their own business websites
- Social media and public relations initiatives

Policy Wording

We provide Steadfast-badged policy wordings for all major insurers, exclusively available to clients of Steadfast brokers.

Service Providers

We give our brokers access to a range of discounted goods and services, through our extensive network of selected referral partners. They include:

- Insurance service providers such as asset managers, claims managers, loss adjusters, premium funders, risk managers, valuers and workers compensation consultants.
- Business service providers in areas including banking, business coaching, travel, direct marketing, discounted purchases, graphic design, IT products, office equipment, office supplies, and HR consulting.

Steadfast Floods

When the east coast of Australia was subject to devastating flooding in January 2011, Steadfast was there to help. We created a special helpline and a dedicated team, Steadfast Floods, with a streamlined claims process to support clients during the emergency. Steadfast Floods continues to work with our brokers in Queensland and across the country to resolve claims and create outstanding outcomes for our brokers and their clients.

Steadfast Triage

Steadfast Triage is a managed escalation process designed to support brokers in three key areas impacting client interaction and business relationships: claims, ethics and placement issues.

Claims

Triage Claims is a review and appeal process for refused claims and other claims-related issues, including:

- Poor service from insurers or underwriting agencies
- Poor service from loss adjusters
- Claims that may lead to potential Erato issues
- Policy coverage and interpretation issues

When a broker reports a claims issue, we work with them and their client to prepare an exhaustive and well-evidenced submission which we can take to the insurer for review. Unique to Steadfast, Triage Claims is an opportunity to express the consumer's perspective directly to key claims decision makers, giving Steadfast clients a significant edge in achieving positive claims outcomes.

During the 2012 financial year, 580 claim decisions were referred to Triage of which 551 were resolved.

Ethics

Triage Ethics allows Steadfast brokers to raise issues affecting client relationships and staff retention, including:

- Staff or client business going to another brokerage
- Poaching of staff by other brokerages
- Poaching of clients

Where an issue arises between two Steadfast brokers, the Steadfast Executive acts as a mediator, helping to resolve disputes and apply the ethical standards that Steadfast brokers have agreed to comply with.

Placements

Triage Placements assists brokers facing practice-related issues, including:

- Mid-term appointments and Letters of Appointment
- Disputes over who is entitled to the brokerage on a particular client
- Marketing practices

Working closely with the affected brokers, we help to clarify the facts of the situation and apply established standards of best practice.

Sum Insured Calculators

Residential house building and contents:

- Allows brokers to rapidly calculate the optimal level of insurance for an individual, based on their unique circumstances.

Commercial building:

- Allows brokers to rapidly estimate the value of a commercial building.

Training

As well as Steadfast Campus, we support our brokers with a range of training initiatives, including:

- Broker visits: face-to-face training on Steadfast products, processes and services, provided by a Steadfast representative on request or when a broker joins the network.
- Training seminars: regular seminars on topical industry-related themes, held three times a year and presented by a Steadfast specialist or selected third-party expert.
- Other training opportunities: we facilitate other targeted training opportunities from third parties, including selected referral partners.

Steadfast Virtual Underwriter

An industry first, Steadfast Virtual Underwriter empowers brokers and their clients by delivering the information they need to make an informed choice, quickly and cost-effectively.

Steadfast Virtual Underwriter (SVU), owned and operated by Steadfast Hub Pty Ltd, is an innovative tool that enables our brokers to obtain multiple, detailed quotes from a variety of Steadfast Strategic Partners, using the same input data. As a result, they can rapidly identify and present the most suitable option for their clients.

For each quote, they receive a detailed policy presentation with pricing structures and a comparison between alternative policies. The presentation includes features and benefits to help brokers assess the suitability of different insurers. The objective is to empower brokers and their clients to make an informed choice for their individual situation.

The close of the financial year has allowed us to compile a year on year growth comparison for the SVU, and the results have been outstanding.

There has been more than 500% growth in policies bound year on year.

The number of Steadfast Shareholders transacting on the SVU platform has grown 122% in the last year. More than 170 shareholders are now actively doing business on the SVU on a monthly basis. Broker opportunities and bound policies both grew by more than 500% in the last year. GWP grew close to 300% with more than $5.6 million in new business bound on the platform in 2012.

SVU Key Benefits

- Time saver (multiple quotes for one data entry)
- Comprehensive quotation comparator
- Single question set across multiple insurers
- Ability to justify broker recommendation (advice not price)
- Reduced training costs
- Reduced errors and omissions
- Instant Certificate of Currency
- Multiple instant responses (SVU business pack)
- Dynamic help on Steadfast policy wording
- Exclusive ownership
- No charges (Shareholder and Insurer)
- Full policy life cycle support
- Designed to meet broker needs

More than 500% growth in policies bound

Our Joint Venture Partners

Our joint venture partners provide valuable services to our brokers and their clients, while delivering an ongoing revenue stream to the Steadfast Group as a whole.

Macquarie Premium Funding

Macquarie Premium Funding (MPF) is a 50% owned joint venture created by Macquarie Bank and Steadfast Group. Incorporated in 2007, MPF has been deliberately designed to give brokers and their clients a better deal, offering highly competitive rates to clients while sharing the profits with their brokers.

MPF also aims to provide a higher level of service to brokers with leading edge systems, streamlined procedures and dedicated support.

As a result, MPF has rapidly become one of the leading premium funders in the Australian market with around $900 million in sales during the 2012 financial year.

Miramar Underwriting Agency

Miramar Underwriting Agency (Miramar) is 50% owned by the Steadfast Group Miramar is a dedicated underwriting agency focused on sourcing local and overseas insurers to provide the market with new ways to write risk.

While Miramar currently accounts for a relatively small proportion of the policies arranged by Steadfast brokers, it provides a valuable alternative to local underwriters. Because Miramar is an independent agency with a direct relationship to international insurers, it can negotiate expanded policy wordings that would otherwise be unavailable in the Australian market.

Miramar writes four classes of General Insurance: Asset Protection, Liability, Professional Indemnity and Professional Lines.

The Steadfast Convention

The annual Steadfast Convention is a valuable opportunity to share insights and establish the Group's strategic direction for the year ahead.

Since its inception in 1999 with just 200 delegates, the Steadfast Convention has evolved in step with our business to become Australia's largest insurance conference. In 2012 our Convention was attended by more than 2,200 delegates with 82 sponsors and exhibitors.

A key event in our corporate calendar, the Convention provides a range of benefits to our brokers, including:

- Insights and analysis from leading industry figures and selected economic commentators, business specialists and inspirational speakers from the corporate world and beyond
- An opportunity to build and sustain relationships with key Strategic Partners and brokers from the Steadfast network
- Briefings from Strategic Partners, keeping our brokers up to date with new product offerings and industry developments
- Exclusive shareholder broker-only sessions
- An opportunity to share and provide feedback on the Group's corporate direction

The Convention has been accredited by both the Australian and New Zealand Institute of Insurance and Finance (ANZIIF) and the National Insurance Brokers Association (NIBA) to provide the maximum number of Continuing Professional Development (CPD) points available for a conference.

Strategic direction for the year ahead.

The Steadfast Foundation

Steadfast brokers have a history of actively supporting the community with more than $1.8 million in charitable contributions.

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

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

Charities we have supported through the Foundation include:

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

Over the last 7 years, Steadfast Group Ltd and the Steadfast Foundation has contributed almost $1.2 million to these and other charities, and we continue to provide ongoing support to selected charities each year.

As well as the ongoing activities of the Foundation, our brokers help to raise funds for a local charity based near each year's Steadfast Convention. As the Convention has grown, so has our level of support.

In 2012, Convention attendees donated a total of more than $150,000 to the Motor Neurone Disease Association of Queensland, providing services and support to sufferers of this devastating illness. Since the Convention began in 1999, our brokers have raised around $600,000 for charities including:

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

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

1%

of our gross revenue

Corporate Governance

The Steadfast Board has adopted a comprehensive corporate governance framework to create, protect and enhance shareholder value.

Governance Structure

The Steadfast Group is managed by a Board of 12 Directors which includes representatives from each state covered by the Steadfast broker network. Our Board members have been selected for their depth of industry experience and managerial expertise; they also reflect the variety of urban and rural communities serviced by our brokers.

Both through their participation in Board deliberations and their activities on our five Board committees, the Board members are actively involved in the day-to-day management of the Group.

Governance, Nomination and Remuneration Committee

The Governance, Nomination and Remuneration Committee is responsible for:

- Maintaining the integrity of the Group's governance framework
- Overseeing Board membership and considering nominations for the Board
- Setting remuneration for Board members and senior executives

The Committee regularly evaluates the Group's Board and Executive to ensure a balance between the Board's expectations and the application of the charters under which the Board and Board committees operate. It also acts as a forum for assessing any conflicts or issues surrounding the behaviour or actions of Directors, particularly those that impact the shareholder brokers.

Finance and Audit Committee

The Finance and Audit Committee is responsible for:

- Overseeing the financial health of the business
- Setting and approving budgets
- Monitoring cashflow and budgetary performance

The Committee works with the Company Secretary to produce income and expense budgets in accordance with the guidelines set by the Board. Once budgets have been set, the Committee meets regularly to ensure that there are no significant impacts to forecast revenues from ongoing operations and to monitor individual budgets for the Group's income and expense accounts.

Reporting directly to the Board, the Committee also supports the activities of the Group's independent auditor.

SVU Committee

Steadfast Hub Pty Ltd is a 100% owned Group subsidiary established to manage the Steadfast Virtual Underwriter service. The SVU Committee works in partnership with Steadfast Hub's CEO to oversee the company's activities, review expenditure and oversee project governance.

Convention Committee

The Convention Committee is responsible for managing the annual Steadfast Convention — Australia's largest insurance Convention and a key event in the Steadfast corporate calendar. The Committee selects and oversees the activities of a third party event management agency, representing the interests of brokers and other key stakeholders.

Erato Committee

The members of the Erato Committee include:

- The claims manager for the scheme
- an independent Director from the Steadfast Group
- a representative of the transfer layer insurer
- the national claims manager for the transfer layer insurer
- a representative of the lawyers to the scheme

As well as overseeing the general conduct of the scheme, the Committee reviews transferred risk levels and the aggregate sum insured to ensure that they are commensurate with financial services guidelines.

Charters

The Board and Board Committees are governed by formal Board charters which are continuously reviewed in partnership with our legal team, ensuring a rigorous and impartial governance process designed to protect and advance the interests of our shareholders.

Diversity

The Board recognises that our business success requires a diverse mix of ages, genders and ethnicities. At Steadfast, we have been fortunate in achieving significant diversity throughout the business without implementing formal diversity measures. We believe that the diversity of our people and management provides a valuable range of perspectives that enables us to find innovative solutions and serve our diverse client base more effectively.

Next Steps

The outlook for Steadfast is positive.

Risk Management

The Board and Group Executive are fully cognisant of the requirements of the Corporations Act, our Australian Financial Services Licence and other regulatory instruments affecting financial services companies, including the regulatory requirements governing advice, confidentiality and data retention.

The Board oversees the Group's overall risk management framework, ensuring that policies and procedures are in place to manage significant risks, including:

- Financial risk: the Finance and Audit committee regularly reviews the Group's financial position to identify risks to our budgetary position and ensure we maintain a strong capital base.
- Information risk: we have established a robust information technology infrastructure with a well-maintained disaster recovery program, including a secure cloud-based data repository.
- Compliance: the Board has implemented a robust compliance regime supported by a computerised system with regularly scheduled compliance activities, reviews and audits, each assigned to a responsible person.

Initial Public Offering

2013 will be a momentous year for Steadfast, with our Initial Public Offering (IPO) on the Australian Securities Exchange scheduled to take place in the latter half. Planning for our IPO is well advanced, with participating brokers currently undergoing due diligence. The process is being overseen by our lead managers, JP Morgan and Macquarie Capital, and supported by our legal team at King and Wood Mallesons, our accounting team at KPMG and our corporate advisers DLA Piper.

The Steadfast Board believes our IPO is an important next step in the Group's evolution, providing a strong foundation for future growth and rewarding our brokers by unlocking some of the value they have worked so hard to create. We look forward to the opportunity to manage the transition to a listed company, rewarding the confidence of our investors with strong and sustainable returns, while maintaining the value and independence of our broker businesses.

2012 Annual Report Contents

General Information

The financial report covers Steadfast Group Ltd as a consolidated entity consisting of Steadfast Group Ltd and the entities it controlled.

The financial report is presented in Australian dollars, which is Steadfast Group Ltd's functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

Steadfast Group Ltd is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:
Level 3
97-99 Bathurst Street
Sydney NSW 2000

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

The financial report was authorised for issue, in accordance with a resolution of directors, on 19 October 2012. The directors have the power to amend and reissue the financial report.

Directors' Report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Steadfast Group Ltd (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled for the year ended 30 June 2012.

DIRECTORS

The following persons were directors of Steadfast Group Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

Robert Bernard Kelly – Chairman and CEO
Gregory John Rynenberg
Christopher Dennis Baker
Cameron Jon Bott
Michael Vsevolod Olofinsky
Richard John Post
Graham John Stevens
Gregory Paul Stewart
Jonathan Noble Upton
Joseph George Vella
John David Frederick Wolozny
Shayne Douglas Smith (appointed on 19 October 2011)
Stephen Donald Nichols (resigned on 22 September 2011)

PRINCIPAL ACTIVITIES

The principal activity of the consolidated entity during the financial year was the provision of services to Australian owned insurance brokers who are shareholders of the company to reduce their overheads and increase their revenue.

Specific benefits to shareholders from the principal activities include:

- Marketing preferred insurance partner products and premium funding products to shareholders;
- Development of branded underwriting products;
- Supply of broker services including training, helplines, claims resolution processes, marketing and group insurances;
- Sourcing group buying discounts and services from insurance and non-insurance providers to assist shareholders to manage their operational costs; and
- Development of software to reduce back-office costs.

Refer to the Broker Services section on page 10 for more detailed information on the services and benefits provided.

DIVIDENDS

Dividends paid during the financial year were as follows:

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

The dividends shown above have been paid, or are payable, proportionally based on the participating shareholder's contributions to Steadfast Group and/or Macquarie Premium Funding for the respective years.

REVIEW OF OPERATIONS

The profit for the consolidated entity after providing for income tax amounted to $6,174,000 (30 June 2011: $2,810,000).

The corporate objective of the consolidated entity was to reduce overhead costs of Australian owned general insurance brokerages and to seek out opportunities that will further enhance their returns.

During the financial year, there was the Annual Convention held in March 2012 by Steadfast Convention Pty Ltd ('Steadfast Convention'). Revenue for Steadfast Convention was $2,189,000 (2011: $2,168,000), and expenses were $1,914,000 (2011: $1,954,000) resulting in a profit of $274,000 (2011: profit of $213,000).

At the Convention, shareholders endorsed the Board's plan to seek listing on the Australian Securities Exchange. Activities were commenced in a number of areas with respect to this plan.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

Directors' Report (continued)

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The consolidated entity settled the purchase of level 1, level 5 and 4 additional car parking spaces and a basement storage space in 99 Bathurst Street Sydney for a purchase price of approximately $7,800,000.

No other matter or circumstance has arisen since 30 June 2012 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The consolidated entity will continue to develop further opportunities to reduce the overhead costs of its shareholders, being Australian owned general insurance brokerages, and further enhance their returns. The consolidated entity continues to develop back office computer software solutions to further reduce operating expenses.

Further information on likely developments in the operations of the consolidated entity and the expected results of operations is contained in the Chairman's Report.

ENVIRONMENTAL REGULATION

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

INFORMATION ON DIRECTORS

Name:	Robert Bernard Kelly
Title:	Executive Chairman and Chief Executive Officer
Qualifications:	Qualified Practising Insurance Broker, Fellow of the National Insurance Brokers Association (NIBA), Senior Associate of the Australian and New Zealand Institute of Insurance & Finance (ANZIIF), Certified Insurance Professional, Diploma of Financial Services (Insurance Broking), Diploma of Occupational Health and Safety and a Graduate Diploma in Australian Risk Management.
Experience and expertise:	Robert has been associated with the Insurance Industry for 43 years and has worked during this period as a risk manager, general insurance broker and underwriting agent.
Other current directorships:	• ACORD (Association for Cooperative Operations, Research & Development) • Car Rental Insurance Pty Ltd • Delaney Kelly Golding Pty Ltd • Earthsure Pty Ltd • Erato Limited • Macquarie Premium Funding Pty Ltd • Miramar Underwriting Agency Pty Ltd • Premium Amortisation Corporation Pty Ltd • Rentsure Pty Ltd • Rentsure Finance and Lease Pty Ltd • SME Insurance Survey's Pty Ltd • Snowsure Pty Ltd • Steadfast Brokers Pty Ltd • Steadfast Convention Pty Ltd • Steadfast Finance Pty Limited • Steadfast Financial Planners Pty Ltd • Steadfast Financial Services Pty Ltd • Steadfast Financial Solutions Pty Ltd • Steadfast Foundation Pty Ltd ATF Steadfast Foundation • Steadfast Hub Pty Ltd • Steadfast Insurance Advisors Pty Ltd • Steadfast Insurance Brokers Pty Ltd • Steadfast Insurance Consultants Pty Ltd • Steadfast Insurance Management Pty Ltd • Steadfast Insurance Pty Ltd • Steadfast Insurance Services Pty Ltd • Steadfast NZ Pty Ltd (NZ) • Steadfast Premium Funding Pty Ltd • Steadfast Risk Services Pty Ltd • Steadfast Underwriting Agency Pty Ltd • Trusted Choice Pty Ltd • Trusted Choice Pty Ltd (NZ)

Directors' Report (continued)

Former directorships (in the last 3 years):	None
Special responsibilities:	Member of the Finance and Audit Committee, Member of the Governance, Nomination and Remuneration Committee, Chairman of the Erato Professional Indemnity Committee, Board Member of the Steadfast Foundation and Member of the SVU Committee.

Name:	Gregory John Rynenberg
Title:	Non-Executive Director and Deputy Chairman
Qualifications:	Qualified Practising Insurance Broker, Fellow of the National Insurance Brokers Association (NIBA), Associate of the Australian and New Zealand Institute of Insurance & Finance (ANZIIF) and an Advanced Diploma in Financial Services (General Insurance Broking).
Experience and expertise:	Greg has 35 years' experience in the General Insurance Broking Industry with 28 of those conducting his own business.
Other current directorships:	• Curlhurst Pty Ltd • East West Holdings Pty Ltd • East West Insurance Brokers Pty Ltd • Erato Limited • Flexifund Australia Pty Ltd • Ryno Insurance Services Pty Ltd • Steadfast Hub Pty Ltd
Former directorships (in the last 3 years):	None
Special responsibilities:	Member of the Finance and Audit Committee, Member of the Governance, Nomination and Remuneration Committee (until 6 December 2011) and Chairman of the SVU Committee

Name:	Christopher Dennis Baker
Title:	Non-Executive Director
Qualifications:	Qualified Practising Insurance Broker, Member of the National Insurance Brokers Association (NIBA), Senior Associate of the Australian and New Zealand Institute of Insurance & Finance (ANZIIF), Certified Insurance Professional, Diploma of Financial Services (Insurance Broking), and a Diploma in Front Line Management.
Experience and expertise:	Chris has been in the General Insurance Broking Industry for 35 years with 26 of those conducting his own business.
Other current directorships:	• ANCA (Tas) Pty Ltd • Taswide Financial Solutions Pty Ltd
Former directorships (in the last 3 years):	None
Special responsibilities:	Member of the SVU Committee

Directors' Report (continued)

Name:	Cameron Jon Bott
Title:	Non-Executive Director
Qualifications:	Qualified Practising Insurance Broker and Fellow of the Australian and New Zealand Institute of Insurance & Finance (ANZIIF).
Experience and expertise:	Cameron has more than 21 years' experience in the general insurance industry and has gained valuable experience working in senior roles with the industry's leading organisations. For the past 8 years he has been Principal and Managing Director of his own business.
Other current directorships:	• Ascot Rise Properties Pty Ltd • Ascot Rise Pty Ltd • G.W.S Properties Pty Ltd • G.W.S. Pty Ltd
Former directorships (in the last 3 years):	None
Special responsibilities:	Member of the SVU Committee (from 6 December 2011).

Name:	Michael Vsevolod Olofinsky
Title:	Non-Executive Director
Qualifications:	Qualified Practising Insurance Broker and an Associate of the Australian and New Zealand Institute of Insurance & Finance (ANZIIF).
Experience and expertise:	Mike has been associated with the insurance industry for over 42 years.
Other current directorships:	• Brookvale Finance Brokers Pty Ltd • Brookvale Insurance Brokers Pty Ltd • Isibee Pty Ltd • Miramar Underwriting Agency Pty Ltd • SME Insurance Survey's Pty Ltd
Former directorships (in the last 3 years):	None
Special responsibilities:	None

Name:	Rick John Post
Title:	Non-Executive Director
Qualifications:	Qualified Practising Insurance Broker and holds a Diploma of Financial Services (Insurance Broking).
Experience and expertise:	Rick has been involved in the insurance industry since 1980 and has been an insurance broker since 1997.
Other current directorships:	• Centrewest Financial Services Pty Ltd • Centrewest Funding Solutions Pty Ltd • Jakomil Pty Ltd • Kidoca Pty Ltd • Sparaxis Pty Ltd
Former directorships (in the last 3 years):	None
Special responsibilities:	None

Directors' Report (continued)

Name:	Graham John Stevens
Title:	Non-Executive Director
Qualifications:	Qualified Practising Insurance Broker, Member of the National Insurance Brokers Association (NIBA), and holds a Diploma of Financial Services (Insurance Broking).
Experience and expertise:	Graham has been involved in the insurance industry for over 42 years and is a Board member of NIBA.
Other current directorships:	• Edgewise Insurance Brokers Pty Ltd • Express Insurance Pty Ltd • GIS Pty Ltd • GJ Stevens Pty Ltd • Insurance Claims Solutions Pty Ltd • Insurenet Pty Ltd • National Insurance Brokers Association • ProRisk Insurance Brokers Pty Ltd • Steadfast Foundation Pty Ltd ATF Steadfast Foundation • Stevens Superannuation Pty Ltd
Former directorships (in the last 3 years):	None
Special responsibilities:	Member of the Steadfast Foundation Board

Name:	Gregory Paul Stewart
Title:	Non-Executive Director
Qualifications:	Diploma of Financial Services (Insurance Broking)
Experience and expertise:	Greg has been associated with the insurance industry for over 20 years.
Other current directorships:	• Advance Car Rentals N.T. Pty Ltd • Advance Car Rentals Pty Ltd • Advance Finance Pty Ltd • G + A Stewart Nominees Pty Ltd • Gama Finance Pty Ltd • Glitter Pty Ltd • Holdfast Finance Pty Ltd • Holdfast Insurance Brokers Pty Ltd • Macquarie Premium Funding Pty Ltd • Migration Corporation Of Australia Pty Ltd • Steadfast Convention Pty Ltd
Former directorships (in the last 3 years):	None
Special responsibilities:	Chairman of the Convention Committee and Member of the Governance, Nomination and Remuneration Committee.

Directors' Report (continued)

Name:	Jonathan Noble Upton
Title:	Non-Executive Director
Qualifications:	Qualified Practising Insurance Broker (QPIB), Associate of the National Insurance Brokers Association (NIBA), Associate Fellow of Australian Institute of Management (AFAIM) and Diploma of Financial Services (Insurance Broking).
Experience and expertise:	Jonathan has 40 years' experience in the general and life insurance broking industry with 34 of those conducting his own business. Jonathan is a Justice of the Peace.
Other current directorships:	• Commercial Strata Insurance Services Pty Ltd • Delhi Properties Pty Ltd • Erato Limited • Indemnity Corporation Financial Advisers Pty Ltd • Indemnity Corporation Financial Services Pty Ltd • Indemnity Corporation Pty Ltd • NetSafe Global Pty Ltd • NetSafe Pty Ltd • OH & S Indemnity Pty Ltd • Steadfast Foundation Pty Ltd ATF Steadfast Foundation • United Underwriting Agencies Pty Ltd • Upton Grange Australia Pty Ltd • Upton Grange Holdings Pty Ltd • Upton Grange Nominees Pty Ltd • Upton Grange Pty Ltd
Former directorships (in the last 3 years):	None
Special responsibilities:	Chairman of the Finance and Audit Committee, Member of the Erato Professional Indemnity Committee, Member of the Steadfast Foundation Board and Member of the Governance, Nomination and Remuneration Committee (from 6 December 2011).

Name:	Joseph George Vella
Title:	Non-Executive Director
Qualifications:	Qualified Practising Insurance Broker, Associate of the National Insurance Brokers Association (NIBA), Associate of the Australian and New Zealand Institute of Insurance & Finance (ANZIIF) and Diploma of Financial Services (Insurance Broking).
Experience and expertise:	Joe has been associated with the insurance industry for over 35 years.
Other current directorships:	• All Parks Insurance Pty Ltd • Cairns Regional Gallery Foundation • Data Dot Mexico Ltd • IDT International Limited Company (Seattle USA) • JG & MA Vella Superannuation Fund Pty Ltd • Joe Vella Insurance Brokers Pty Ltd • Natren Pty Ltd • One Group Financial Services Pty Ltd. • Steadfast Foundation Pty Ltd ATF Steadfast Foundation • 26th North Pty Ltd
Former directorships (in the last 3 years):	None
Special responsibilities:	Chairman of the Steadfast Foundation Board.

Directors' Report (continued)

Name:	John David Frederick Wolozny
Title:	Non-Executive Director
Qualifications:	Qualified Practising Insurance Broker and Associate of the Australian and New Zealand Institute of Insurance & Finance (ANZIIF).
Experience and expertise:	Rick has 38 years' experience in the insurance industry.
Other current directorships:	• Penview Holdings Pty Ltd • Teevan Pty Ltd • Trident Insurance Group Pty Ltd
Former directorships (in the last 3 years):	None
Special responsibilities:	Chairman of the Governance, Nomination and Remuneration Committee.

Name:	Shayne Douglas Smith (appointed on 19 October 2011)
Title:	Non-Executive Director
Qualifications:	Qualified Practising Insurance Broker (QPIB), Diploma of Financial Services (Insurance Broking), FAICD (Dip), AAII (CIP).
Experience and expertise:	Shayne has over 40 years' experience in the general insurance industry and has been Principal of his own business since 1983. Shayne served on the NIBA Board for 5 years.
Other current directorships:	• Insurance Broking Queensland Pty Ltd • Sheraton Consulting Services Pty Ltd • Sheraton Investments Pty Ltd
Former directorships (in the last 3 years):	None
Special responsibilities:	None

Name:	Stephen Donald Nichols (resigned on 22 September 2011)
Title:	Former Non-Executive Director
Qualifications:	Diploma of Financial Services (Insurance Broking)
Experience and expertise:	Stephen has been associated with the insurance industry for 30 years, the last 22 of those conducting his own business.
Other current directorships:	• Allsafe Financial Services Pty Ltd • Allsafe Insurance Brokers Pty Ltd • Cabsafe Pty Ltd • Insurance Broker Marketing Pty Ltd • Parkclose Investment Pty Ltd
Former directorships (in the last 3 years):	None
Special responsibilities:	Former Member of the Steadfast Foundation Board

'Other current directorships' quoted above are current directorships for all entities.

'Former directorships (in the last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

COMPANY SECRETARY

Jennifer Varley (Associate Diploma in Business (Accounting)) is the Company Secretary and is a Member of the Institute of Public Accountants, National Tax and Accountants Association, Taxation Institute of Australia and the Australian Human Resources Institute and is a Justice of the Peace. She has 26 years' experience in accounting.

Directors' Report (continued)

MEETINGS OF DIRECTORS

The number of meetings of the company's Board of Directors held during the year ended 30 June 2012, and the number of meetings attended by each director were:

	Full Board	
	Attended	**Held**
Robert Bernard Kelly	10	10
Gregory John Rynenberg	9	10
Christopher Dennis Baker	9	10
Cameron Jon Bott	10	10
Michael Vsevolod Olofinsky	8	10
Richard John Post	10	10
Graham John Stevens	10	10
Gregory Paul Stewart	8	10
Jonathan Noble Upton	10	10
Joseph George Vella	8	10
John David Frederick Wolozny	10	10
Shayne Douglas Smith	6	7
Stephen Donald Nichols	3	3

Held: represents the number of meetings held during the time the director held office.

SHARES UNDER OPTION

There were no unissued ordinary shares of Steadfast Group Ltd under option outstanding as at 30 June 2012.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

There were no shares of Steadfast Group Ltd issued on the exercise of options during the year ended 30 June 2012.

INDEMNITY AND INSURANCE OF OFFICERS

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the *Corporations Act 2001*.

INDEMNITY AND INSURANCE OF AUDITOR

The company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

ROUNDING OF AMOUNTS

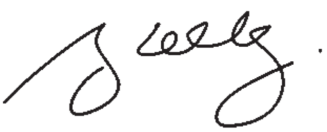
The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on the following page.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors



Robert Bernard Kelly
Executive Chairman

19 October 2012
Sydney

Auditor's Independence Declaration

To the Directors of Steadfast Group Limited and Controlled Entities

MOORE STEPHENS
ACCOUNTANTS & ADVISORS

Level 7, 20 Hunter Street
Sydney NSW 2000

T +61 (0)2 8236 7700
F +61 (0)2 9233 4636

www.moorestephens.com.au

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Steadfast Group Limited and its Controlled Entities for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been:

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

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

Moore Stephens Sydney

Moore Stephens Sydney
Chartered Accountants

Spiro Tzannes
Partner

Dated in Sydney this 25th day of October 2012

Statement of Comprehensive Income

For the year ended 30 June 2012

	Note	Consolidated 2012 $'000	2011 $'000
Revenue	3	**29,426**	21,554
Other income	4	**93**	12
Share of profits of associates and joint venture accounted for using the equity method		**2,706**	2,415
Expenses			
Rebates to shareholders		**(11,809)**	(9,637)
Cost of shareholder services		**(5,269)**	(4,473)
Employee benefits expense		**(4,893)**	(4,134)
Board expenses		**(1,172)**	(1,146)
Depreciation and amortisation expense	5	**(264)**	(279)
Administration and utility expenses		**(1,135)**	(1,073)
Other expenses		**(304)**	(404)
Profit before income tax expense		**7,379**	2,835
Income tax expense	6	**(1,205)**	(25)
Profit after income tax expense for the year attributable to the owners of Steadfast Group Ltd	23	**6,174**	2,810
Other comprehensive income for the year, net of tax		**–**	–
Total comprehensive income for the year attributable to the owners of Steadfast Group Ltd		**6,174**	2,810

Statement of Financial Position

As at 30 June 2012

	Note	Consolidated 2012 $'000	Consolidated 2011 $'000
Assets			
Current assets			
Cash and cash equivalents	7	**9,990**	9,590
Trade and other receivables	8	**17,138**	8,429
Other	9	**329**	160
Total current assets		**27,457**	18,179
Non-current assets			
Investments accounted for using the equity method	10	**1,544**	1,748
Property, plant and equipment	11	**3,717**	3,922
Deferred tax	13	**726**	168
Other		**2**	2
Total non-current assets		**5,989**	5,840
Total assets		**33,446**	24,019
Liabilities			
Current liabilities			
Trade and other payables	14	**4,747**	3,741
Borrowings	15	**50**	–
Income tax	16	**–**	8
Provisions	17	**12,114**	9,847
Total current liabilities		**16,911**	13,596
Non-current liabilities			
Borrowings	18	**–**	50
Deferred tax	19	**1,774**	11
Provisions	20	**290**	217
Total non-current liabilities		**2,064**	278
Total liabilities		**18,975**	13,874
Net assets		**14,471**	10,145
Equity			
Issued capital	21	**317**	246
Reserves	22	**–**	34
Retained profits	23	**14,154**	9,865
Total equity		**14,471**	10,145

Statement of Changes in Equity

For the year ended 30 June 2012

	Issued capital $'000	Reserves $'000	Retained profits $'000	Total equity $'000
Consolidated				
Balance at 1 July 2010	247	–	7,273	7,520
Profit after income tax expense for the year	–	–	2,810	2,810
Other comprehensive income for the year, net of tax	–	–	–	–
Total comprehensive income for the year	–	–	2,810	2,810
Transactions with owners in their capacity as owners:				
Shares bought back during the year	(1)	(184)	–	(185)
Transfer to/(from) share buy-back reserve	–	218	(218)	–
Balance at 30 June 2011	246	34	9,865	10,145

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

Statement of Cash Flows

For the year ended 30 June 2012

	Note	Consolidated 2012 $'000	Consolidated 2011 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**23,246**	21,028
Payments to suppliers and employees (inclusive of GST)		**(23,919)**	(19,245)
Interest received		**396**	308
Interest and other finance costs paid		**(4)**	(4)
Income taxes refunded		**–**	271
Net cash from/(used in) operating activities	36	**(281)**	2,358
Cash flows from investing activities			
Payments for property, plant and equipment	11	**(50)**	(123)
Payments for intangibles	12	**(9)**	(21)
Proceeds from sale of property, plant and equipment		**–**	2
Dividends received from associates and joint venture		**2,420**	2,851
Net cash from investing activities		**2,361**	2,709
Cash flows from financing activities			
Proceeds from issue of shares	21	**89**	–
Payments for share buy-backs		**(52)**	(185)
Dividends paid	24	**(1,717)**	(1,354)
Net cash used in financing activities		**(1,680)**	(1,539)
Net increase in cash and cash equivalents		**400**	3,528
Cash and cash equivalents at the beginning of the financial year		**9,590**	6,062
Cash and cash equivalents at the end of the financial year	7	**9,990**	9,590

Notes to the Financial Statements

30 June 2012

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impacts on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 2010-4 Amendments to Australian Accounting Standards arising from the Annual Improvements Project

The consolidated entity has applied AASB 2010-4 amendments from 1 July 2011. The amendments made numerous non-urgent but necessary amendments to a range of Australian Accounting Standards and Interpretations. The amendments provided clarification of disclosures in AASB 7 'Financial Instruments: Disclosures', in particular emphasis of the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments; clarified that an entity can present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes in accordance with AASB 101 'Presentation of Financial Instruments'; and provided guidance on the disclosure of significant events and transactions in AASB 134 'Interim Financial Reporting'.

AASB 2010-5 Amendments to Australian Accounting Standards

The consolidated entity has applied AASB 2010-5 amendments from 1 July 2011. The amendments made numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the International Accounting Standards Board.

AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets

The consolidated entity has applied AASB 2010-6 amendments from 1 July 2011. These amendments add and amend disclosure requirements in AASB 7 about transfer of financial assets, including the nature of the financial assets involved and the risks associated with them. Additional disclosures are now required when (i) an asset is transferred but is not derecognised; and (ii) when assets are derecognised but the consolidated entity has a continuing exposure to the asset after the sale.

AASB 124 Related Party Disclosures (December 2009)

The consolidated entity has applied AASB 124 (revised) from 1 July 2011. The revised standard simplified the definition of a related party by clarifying its intended meaning and eliminating inconsistencies from the definition. A subsidiary and an associate with the same investor are related parties of each other; entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other; and whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other.

AASB 1054 Australian Additional Disclosures

The consolidated entity has applied AASB 1054 from 1 July 2011. The standard sets out the Australian-specific disclosures as a result of Phase I of the Trans-Tasman Convergence Project, which are in addition to International Financial Reporting Standards, for entities that have adopted Australian Accounting Standards.

AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project

The consolidated entity has applied AASB 2011-1 amendments from 1 July 2011. These amendments made changes to a range of Australian Accounting Standards and Interpretations for the purpose of closer alignment to International Financial Reporting Standards ('IFRSs') and harmonisation between Australian and New Zealand Standards. The amendments removed certain guidance and definitions from Australian Accounting Standards for conformity of drafting with IFRSs but without any intention to change requirements.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for 'for-profit' oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

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

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 31.

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Steadfast Group Ltd ('company' or 'parent entity') as at 30 June 2012 and the results of all subsidiaries for the year then ended. Steadfast Group Ltd and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The effects of potential exercisable voting rights are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

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

Revenue for convention
Revenue for convention income is recognised when the convention is held.

Interest
Interest revenue is recognised as interest accrues using the effective interest method.

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

Erato Claims Experience Benefit ('CEB')
Steadfast may receive a CEB payment or payments in respect of the 'Erato' Professional Indemnity scheme offered to Steadfast brokers. Revenue is recognised for a CEB for a particular policy year when it is likely that a CEB is receivable and the amount can be measured reliably. Factors taken into account in recognising a CEB amount include the number of years that have passed since the end of a policy year and whether various claims have been closed.

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

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

The carrying amounts of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Notes to the Financial Statements (continued)

30 June 2012

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Steadfast Group Ltd (the 'head entity') and its wholly-owned Australian controlled entities have formed an income tax consolidated group under the tax consolidation regime. The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'stand-alone taxpayer' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

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

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group in proportion to their contribution to the consolidated entity taxable income. Differences between the amount of net tax asset or liability derecognised and the net amounts recognised pursuant to the funding agreements are recognised as either a contribution by, or distribution from, the subsidiaries to the head entity.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 to 60 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables.

Other receivables are recognised at amortised cost, less any provision for impairment.

Associates

Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associates. Dividends received or receivable from associates reduce the carrying amount of the investment.

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

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

Joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Income earned from joint venture entities is recognised as revenue in the parent entity's profit or loss, whilst in the consolidated financial statements they reduce the carrying amount of the investment.

Property, plant and equipment

Buildings, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Buildings	40 years
Freehold improvements	3 – 10 years
Furniture and fittings	4 years
Computer equipment	2 – 5 years
Office equipment	1 – 10 years

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

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Intangible assets

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 1 year.

Research and development

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

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

Notes to the Financial Statements (continued)

30 June 2012

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease. The consolidated entity has no finance leases.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Wages and salaries and annual leave

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

Long service leave

The liability for long service leave is recognised in current and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Contribution to superannuation

Contributions are made to employee superannuation funds and are expensed in the period in which they are incurred.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Comparative information

Comparative information has been revised where appropriate to enhance comparability. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Notes to the Financial Statements (continued)

30 June 2012

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended, but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2012. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments, 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2015 and completes phase I of the IASB's project to replace IAS 39 (being the international equivalent to AASB 139 'Financial Instruments: Recognition and Measurement'). This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The consolidated entity will adopt this standard from 1 July 2015 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets

These amendments are applicable to annual reporting periods beginning on or after 1 January 2012 and a practical approach for the measurement of deferred tax relating to investment properties measured at fair value, property, plant and equipment and intangible assets measured using the revaluation model. The measurement of deferred tax for these specified assets is based on the presumption that the carrying amount of the underlying asset will be recovered entirely through sale, unless the entity has clear evidence that economic benefits of the underlying asset will be consumed during its economic life. The consolidated entity is yet to quantify the tax effect of adopting these amendments from 1 July 2012.

AASB 10 Consolidated Financial Statements

This standard is applicable to annual reporting periods beginning on or after 1 January 2013. The standard has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns (e.g. dividends, remuneration, returns that are not available to other interest holders including losses) from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights (e.g. voting rights, potential voting rights, rights to appoint key management, decision making rights, kick out rights) that give it the current ability to direct the activities that significantly affect the investee's returns (e.g. operating policies, capital decisions, appointment of key management). The consolidated entity will not only have to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes. The adoption of this standard from 1 July 2013 may have an impact where the consolidated entity has a holding of less than 50% in an entity, has de facto control, and is not currently consolidating that entity.

AASB 11 Joint Arrangements

This standard is applicable to annual reporting periods beginning on or after 1 January 2013. The standard defines which entities qualify as joint ventures and removes the option to account for joint ventures using proportional consolidation. Joint ventures, where the parties to the agreement have the rights to the net assets, will use equity accounting. Joint operations, where the parties to the agreements have the rights to the assets and obligations for the liabilities, will account for the assets, liabilities, revenues and expenses separately, using proportionate consolidation. The adoption of this standard from 1 July 2013 will not have a material impact on the consolidated entity.

AASB 12 Disclosure of Interests in Other Entities

This standard is applicable to annual reporting periods beginning on or after 1 January 2013. It contains the entire disclosure requirements associated with other entities, being subsidiaries, associates and joint ventures. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures' and Interpretation 112 'Consolidation – Special Purpose Entities'. The adoption of this standard from 1 July 2013 will significantly increase the amount of disclosures required to be given by the consolidated entity such as significant judgements and assumptions made in determining whether it has a controlling or non-controlling interest in another entity and the type of non-controlling interest and the nature and risks involved.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and it provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach would be used to measure assets whereas liabilities would be based on transfer value. As the standard does not introduce any new requirements for the use of fair value, its impact on adoption by the consolidated entity from 1 July 2013 should be minimal, although there will be increased disclosures where fair value is used.

AASB 127 Separate Financial Statements (Revised)
AASB 128 Investments in Associates and Joint Ventures (Reissued)

These standards are applicable to annual reporting periods beginning on or after 1 January 2013. They have been modified to remove specific guidance that is now contained in AASB 10, AASB 11 and AASB 12. The adoption of these revised standards from 1 July 2013 will not have a material impact on the consolidated entity.

AASB 119 Employee Benefits (September 2011)

This revised standard is applicable to annual reporting periods beginning on or after 1 January 2013. The amendments eliminate the corridor approach for the deferral of gains and losses; streamline the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income; and enhance the disclosure requirements for defined benefit plans. The amendments also change the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months and will require annual leave that is not expected to be wholly settled within 12 months to be discounted allowing for expected salary levels in the future period when the leave is expected to be taken. The adoption of the revised standard from 1 July 2013 is expected to reduce the reported annual leave liability and increase disclosures of the consolidated entity.

Notes to the Financial Statements (continued)

30 June 2012

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement
These amendments are applicable to annual reporting periods beginning on or after 1 July 2013, with early adoption not permitted. They amend AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). The adoption of these amendments from 1 July 2013 will remove the duplication of information relating to individual KMP in the notes to the financial statements and the directors' report. As the aggregate disclosures are still required by AASB 124 and during the transitional period the requirements may be included in the Corporations Act or other legislation, it is expected that the amendments will not have a material impact on the consolidated entity.

AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards
The amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The amendments make numerous consequential changes to a range of Australian Accounting Standards and Interpretations, following the issuance of AASB 10, AASB 11, AASB 12 and revised AASB 127 and AASB 128. The adoption of these amendments from 1 July 2013 will not have a material impact on the consolidated entity.

AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income
These amendments are applicable to annual reporting periods beginning on or after 1 July 2012. The amendments require grouping together of items within other comprehensive income on the basis of whether they will eventually be 'recycled' to the profit or loss (reclassification adjustments). The change provides clarity about the nature of items presented as other comprehensive income and the related tax presentation. The adoption of the revised standard from 1 July 2012 will impact the consolidated entity's presentation of its statement of comprehensive income.

AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities
The amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The disclosure requirements of AASB 7 'Financial Instruments: Disclosures' (and consequential amendments to AASB 132 'Financial Instruments: Presentation') have been enhanced to provide users of financial statements with information about netting arrangements, including rights of set-off related to an entity's financial instruments and the effects of such rights on its statement of financial position. The adoption of the amendments from 1 July 2013 will increase the disclosures by the consolidated entity.

AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities
The amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off': and clarifies that some gross settlement systems may be considered to be equivalent to net settlement. The adoption of the amendments from 1 July 2014 will not have a material impact on the consolidated entity.

AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle
The amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The amendments affect five Australian Accounting Standards as follows: Confirmation that repeat application of AASB 1 (IFRS 1) 'First-time Adoption of Australian Accounting Standards' is permitted; Clarification of borrowing cost exemption in AASB 1; Clarification of comprehensive information requirements when an entity provides a third balance sheet in accordance with AASB 101 'Presentation of Financial Statements'; Clarification that servicing of equipment is covered by AASB 116 'Property, Plant and Equipment', if such equipment is used for more than one period; AASB 132 'Financial Instruments: Presentation' clarification of the tax effect of distributions to holders of an equity instrument is recognised in the income statement; and clarification of the financial reporting requirements in AASB 134 'Interim Financial Reporting' and the disclosure requirements of segment assets and liabilities. The adoption of the amendments from 1 July 2013 will not have a material impact on the consolidated entity.

NOTE 2. 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 will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Provision for impairment of receivables
The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors' financial positions.

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

Notes to the Financial Statements (continued)

30 June 2012

NOTE 2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

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

Long service leave provision

As mentioned in note 1, the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Rebates provision

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

NOTE 3. REVENUE

	Consolidated	
	2012 $'000	**2011 $'000**
Sales revenue		
Marketing and administration fees	**21,663**	19,793
Shareholder fees received	**807**	802
	22,470	20,595
Other revenue		
Interest	**396**	309
Other revenue	**6,560**	650
	6,956	959
Revenue	**29,426**	21,554

Notes to the Financial Statements (continued)

30 June 2012

NOTE 4. OTHER INCOME

	Consolidated 2012 $'000	Consolidated 2011 $'000
Sundry income	**93**	12

NOTE 5. EXPENSES

	Consolidated 2012 $'000	Consolidated 2011 $'000
Profit before income tax includes the following specific expenses:		
Depreciation		
Buildings	**90**	90
Freehold improvements	**38**	38
Furniture and fittings	**57**	58
Computer equipment	**50**	45
Office equipment	**20**	27
Total depreciation	**255**	258
Amortisation		
Computer software	**9**	21
Total depreciation and amortisation	**264**	279
Rental expense relating to operating leases		
Minimum lease payments	**3**	2
Superannuation expense		
Contribution to superannuation	**310**	304

Notes to the Financial Statements (continued)

30 June 2012

NOTE 6. INCOME TAX EXPENSE

	Consolidated 2012 $'000	Consolidated 2011 $'000
Income tax expense		
Current tax	–	9
Deferred tax – origination and reversal of temporary differences	**1,205**	16
Aggregate income tax expense	**1,205**	25
Deferred tax included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets (note 13)	**(558)**	13
Increase in deferred tax liabilities (note 19)	**1,763**	3
Deferred tax – origination and reversal of temporary differences	**1,205**	16
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	**7,379**	2,835
Tax at the statutory tax rate of 30%	**2,214**	851
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	**12**	11
Share of net profits of associates and joint venture entities netted directly	**(814)**	(724)
Rebates/tax offsets	**(1,037)**	(1,222)
Franking credits	**311**	367
Dividends received from equity accounted investments	**726**	855
Sundry items	**(1)**	23
	1,411	161
Prior year tax losses not recognised now recouped	**(206)**	(136)
Income tax expense	**1,205**	25

NOTE 7. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	Consolidated 2012 $'000	Consolidated 2011 $'000
Cash at bank and in hand	**8,990**	7,590
Cash on deposit	**1,000**	2,000
	9,990	9,590

NOTE 8. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	Consolidated 2012 $'000	Consolidated 2011 $'000
Trade receivables	**7,962**	6,124
Other receivables	**9,176**	2,305
	17,138	8,429

Impairment of receivables
The consolidated entity does not have impairment risk on receivables for the year ended 30 June 2012.

Notes to the Financial Statements (continued)

30 June 2012

NOTE 9. CURRENT ASSETS – OTHER

	Consolidated 2012 $'000	Consolidated 2011 $'000
Prepayments	**329**	160

NOTE 10. NON-CURRENT ASSETS – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Consolidated 2012 $'000	Consolidated 2011 $'000
Investment in associate (Miramar Underwriting Agency)	**1,521**	1,712
Investment in associate (SME Insurance Survey's)	**22**	35
Investment in joint venture (Macquarie Premium Funding)	**1**	1
	1,544	1,748

Refer to note 33 for further information on investments in associates.

Refer to note 34 for further information on interests in joint ventures.

NOTE 11. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	Consolidated 2012 $'000	Consolidated 2011 $'000
Buildings – at cost	**3,624**	3,624
Less: Accumulated depreciation	**(427)**	(337)
	3,197	3,287
Freehold improvements – at cost	**587**	579
Less: Accumulated depreciation	**(263)**	(224)
	324	355
Furniture and fittings – at cost	**452**	450
Less: Accumulated depreciation	**(360)**	(303)
	92	147
Computer equipment – at cost	**366**	336
Less: Accumulated depreciation	**(298)**	(248)
	68	88
Office equipment – at cost	**154**	143
Less: Accumulated depreciation	**(118)**	(98)
	36	45
	3,717	3,922

Notes to the Financial Statements (continued)

30 June 2012

NOTE 11. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Reconciliations

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

	Buildings $'000	Freehold improvements $'000	Furniture and fittings $'000	Computer equipment $'000	Office equipment $'000	Total $'000
Consolidated						
Balance at 1 July 2010	3,377	370	164	89	58	4,058
Additions	–	23	41	45	14	123
Disposals	–	–	–	(1)	–	(1)
Depreciation expense	(90)	(38)	(58)	(45)	(27)	(258)
Balance at 30 June 2011	3,287	355	147	88	45	3,922
Additions	–	7	2	30	11	50
Depreciation expense	(90)	(38)	(57)	(50)	(20)	(255)
Balance at 30 June 2012	**3,197**	**324**	**92**	**68**	**36**	**3,717**

NOTE 12. NON-CURRENT ASSETS – INTANGIBLES

	Consolidated 2012 $'000	2011 $'000
Software – at cost	**84**	75
Less: Accumulated amortisation	**(84)**	(75)
	–	–
	–	–

Reconciliations

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

	Computer software $'000	Total $'000
Consolidated		
Balance at 1 July 2010	–	–
Additions	21	21
Amortisation expense	(21)	(21)
Balance at 30 June 2011	–	–
Additions	9	9
Amortisation expense	(9)	(9)
Balance at 30 June 2012	**–**	**–**

Notes to the Financial Statements (continued)

30 June 2012

NOTE 13. NON-CURRENT ASSETS – DEFERRED TAX

	Consolidated 2012 $'000	Consolidated 2011 $'000
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	**2**	–
Provisions	**196**	168
Software development pool and capitalised projects	**206**	–
Blackhole	**254**	–
Property other than depreciating assets	**57**	–
Others	**11**	–
Deferred tax asset	**726**	168
Movements:		
Opening balance	**168**	181
Credited/(charged) to profit or loss (note 6)	**558**	(13)
Closing balance	**726**	168

NOTE 14. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	Consolidated 2012 $'000	Consolidated 2011 $'000
Trade payables	**1,056**	897
Trust Account (Erato funds)	**801**	1,138
Unearned income – Membership and administration fees	**1,125**	759
Marketing and administration fees received in advance	**–**	132
Other tax liabilities	**1,591**	808
Donations not yet forwarded to charities	**5**	6
Dividend payables	**168**	–
Other payables	**1**	1
	4,747	3,741

Refer to note 25 for further information on financial instruments.

NOTE 15. CURRENT LIABILITIES – BORROWINGS

	Consolidated 2012 $'000	Consolidated 2011 $'000
Bank loans	**50**	–

Refer to note 18 for further information on assets pledged as security and financing arrangements and note 25 for further information on financial instruments.

Notes to the Financial Statements (continued)

30 June 2012

NOTE 16. CURRENT LIABILITIES – INCOME TAX

	Consolidated 2012 $'000	Consolidated 2011 $'000
Provision for income tax	–	8

NOTE 17. CURRENT LIABILITIES – PROVISIONS

	Consolidated 2012 $'000	Consolidated 2011 $'000
Employee benefits	**281**	147
Rebates	**11,833**	9,700
	12,114	9,847

Rebates
The provision represents the rebates due from the consolidated entity to Steadfast brokers and includes a rebate attributable to Macquarie Premium Funding of $2,660,309 (2011: nil). The rebate attributable to Macquarie Premium Funding for the prior year was paid in the form of a fully franked dividend.

Movements in provisions
Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

	Rebates $'000
Consolidated – 2012	
Carrying amount at the start of the year	9,700
Additional provisions recognised	11,809
Payments	(9,583)
Unused amounts reversed	(93)
Carrying amount at the end of the year	11,833

NOTE 18. NON-CURRENT LIABILITIES – BORROWINGS

	Consolidated 2012 $'000	Consolidated 2011 $'000
Bank loans	–	50

Refer to note 25 for further information on financial instruments.

Total secured liabilities
The total secured liabilities (current and non-current) are as follows:

	Consolidated 2012 $'000	Consolidated 2011 $'000
Bank loans	**50**	50

Notes to the Financial Statements (continued)

30 June 2012

NOTE 18. NON-CURRENT LIABILITIES – BORROWINGS (CONTINUED)

Assets pledged as security

The bank loan is secured by a registered first mortgage, over Level 3, 97-99 Bathurst Street Sydney. The loan bears interest at a variable commercial rate and is repayable over a period of 5 years. The mortgage was discharged on 12 September 2012.

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	Consolidated	
	2012 $'000	**2011 $'000**
Buildings	**3,197**	3,287

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	2012 $'000	**2011 $'000**
Total facilities		
Bank loans	**2,050**	2,050
Used at the reporting date		
Bank loans	**50**	50
Unused at the reporting date		
Bank loans	**2,000**	2,000

NOTE 19. NON-CURRENT LIABILITIES – DEFERRED TAX

	Consolidated	
	2012 $'000	**2011 $'000**
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Property, plant and equipment	**14**	11
Prepayments	**3**	–
Accrued income	**1,757**	–
Deferred tax liability	**1,774**	11
Movements:		
Opening balance	**11**	8
Charged to profit or loss (note 6)	**1,763**	3
Closing balance	**1,774**	11

Notes to the Financial Statements (continued)

30 June 2012

NOTE 20. NON-CURRENT LIABILITIES – PROVISIONS

	Consolidated 2012 $'000	Consolidated 2011 $'000
Employee benefits	**290**	217

NOTE 21. EQUITY – ISSUED CAPITAL

	Consolidated 2012 Shares	Consolidated 2011 Shares	Consolidated 2012 $'000	Consolidated 2011 $'000
Ordinary shares – fully paid	**1,395**	1,390	**317**	246

Movements in ordinary share capital

Details	Date	No. of shares	Issue price	$'000
Balance	1 July 2010	1,425		247
Share buy-back	30 June 2011	(30)	$1.00	–
Share buy-back	30 June 2011	(5)	$200.00	(1)
Balance	30 June 2011	1,390		246
Share buy-back	25 July 2011	(5)	$3,719.00	(18)
Share buy-back	2 August 2011	(5)	$1.00	–
Shares issued	23 April 2012	5	$5,277.00	26
Shares issued	23 April 2012	5	$5,277.00	26
Shares issued	23 April 2012	5	$7,298.00	37
Balance	30 June 2012	1,395		317

Ordinary shares

Ordinary shares entitle the holder to participate in dividends in proportion to the volume of business. This is as per clause 2.1 of Part B of the organisation's Constitution. Ordinary shares participate in the proceeds on winding up of the parent entity in proportion to the number of shares held.

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

Share buy-back

The off market share buy-back amounted to $18,000.

Capital risk management

The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

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

The capital risk management policy remains unchanged from the 2011 Annual Report.

Notes to the Financial Statements (continued)

30 June 2012

NOTE 22. EQUITY – RESERVES

	Consolidated 2012 $'000	Consolidated 2011 $'000
Share buy-back reserve	–	34

	Share buy-back $'000	Total $'000
Consolidated		
Balance at 1 July 2010	–	–
Share buy-back	(184)	(184)
Transfer from retained earnings	218	218
Balance at 30 June 2011	34	34
Share buy-back	(34)	(34)
Balance at 30 June 2012	–	–

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

NOTE 23. EQUITY – RETAINED PROFITS

	Consolidated 2012 $'000	Consolidated 2011 $'000
Retained profits at the beginning of the financial year	**9,865**	7,273
Profit after income tax expense for the year	**6,174**	2,810
Dividends paid (note 24)	**(1,885)**	–
Transfer to other reserves	–	(218)
Retained profits at the end of the financial year	**14,154**	9,865

NOTE 24. EQUITY – DIVIDENDS

Dividends

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

The dividends shown above have been paid, or are payable, proportionally based on the participating shareholder's contributions to Steadfast Group and/or Macquarie Premium Funding for the respective years.

Notes to the Financial Statements (continued)

30 June 2012

NOTE 24. EQUITY – DIVIDENDS (CONTINUED)

Franking credits

	Consolidated 2012 $'000	2011 $'000
Franking credits available for subsequent financial years based on a tax rate of 30%	**4,009**	2,588

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

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

NOTE 25. FINANCIAL INSTRUMENTS

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity does not use derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and ageing analysis for credit risk.

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

	2012		2011	
	Weighted average interest rate %	Balance $'000	Weighted average interest rate %	Balance $'000
Consolidated				
Cash at bank	**2.89**	**8,990**	4.49	7,590
Cash on deposit	**5.55**	**1,000**	6.00	2,000
Bank loans	**8.05**	**(50)**	8.70	(50)
Net exposure to cash flow interest rate risk		**9,940**		9,540

An official increase/decrease in interest rates of one hundred (2011: one hundred) basis points would have a favourable/adverse effect on profit before tax of $99,000 (2011: $95,000) per annum.

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

NOTE 25. FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

Liquidity risk

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

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

Financing arrangements
Unused borrowing facilities at the reporting date:

	Consolidated	
	2012 $'000	2011 $'000
Bank loans	**2,000**	2,000

The bank loan facility was repaid on 12 September 2012. Other finance facility offers were under consideration as at balance date.

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated – 2012	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables		**1,056**	–	–	–	**1,056**
Other payables		**1,932**	–	–	–	**1,932**
Other tax liabilities		**1,502**	–	–	–	**1,502**
Dividend payables		**168**	–	–	–	**168**
Interest bearing – variable rate						
Bank loans	**8.05**	**52**	–	–	–	**52**
Total non-derivatives		**4,710**	–	–	–	**4,710**

Notes to the Financial Statements (continued)

30 June 2012

NOTE 25. FINANCIAL INSTRUMENTS (CONTINUED)

Consolidated – 2011	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables		897	–	–	–	897
Other payables		2,036	–	–	–	2,036
Other tax liabilities		808	–	–	–	808
Interest bearing – variable rate						
Bank loans	8.05	4	52	–	–	56
Total non-derivatives		3,745	52	–	–	3,797

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

NOTE 26. KEY MANAGEMENT PERSONNEL DISCLOSURES

Directors
The following persons were directors of Steadfast Group Ltd during the financial year:

Robert Bernard Kelly	Executive Chairman and Chief Executive Officer
Gregory John Rynenberg	Non-Executive Director and Deputy Chairman
Christopher Dennis Baker	Non-Executive Director
Cameron Jon Bott	Non-Executive Director
Michael Vsevolod Olofinsky	Non-Executive Director
Richard John Post	Non-Executive Director
Graham John Stevens	Non-Executive Director
Gregory Paul Stewart	Non-Executive Director
Jonathan Noble Upton	Non-Executive Director
Joseph George Vella	Non-Executive Director
John David Frederick Wolozny	Non-Executive Director
Shayne Douglas Smith (appointed on 19 October 2011)	Non-Executive Director
Stephen Donald Nichols (resigned on 22 September 2011)	Former Non-Executive Director

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

	Consolidated	
	2012 $	**2011 $**
Short-term employee benefits	**1,245,850**	1,317,646
Post-employment benefits	**–**	25,017
Termination benefits	**–**	159,067
	1,245,850	1,501,730

Notes to the Financial Statements (continued)

30 June 2012

NOTE 26. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

Shareholding

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

2012	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Robert Bernard Kelly	5	–	–	–	5
Gregory John Rynenberg	5	–	–	–	5
Christopher Dennis Baker	5	–	–	–	5
Cameron Jon Bott	5	–	–	–	5
Michael Vsevolod Olofinsky	5	–	–	–	5
Richard John Post	5	–	–	–	5
Graham John Stevens	5	–	–	–	5
Gregory Paul Stewart	5	–	–	–	5
Jonathan Noble Upton	5	–	–	–	5
Joseph George Vella	5	–	–	–	5
John David Frederick Wolozny	5	–	–	–	5
Shayne Douglas Smith *	–	–	5	–	5
Stephen Donald Nichols **	5	–	–	(5)	–
	60	–	5	(5)	60

* Additions – represents this member becoming key management personnel, not necessarily physical addition of their shareholding.

** Disposals/other – represents this member no longer being key management personnel, not necessarily physical disposal of their shareholding.

The shareholdings above represent the shares held by each director's AFS licensed entity.

Notes to the Financial Statements (continued)

30 June 2012

NOTE 26. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

2011	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Robert Bernard Kelly	5	–	–	–	5
Gregory John Rynenberg	5	–	–	–	5
Christopher Dennis Baker	5	–	–	–	5
Kenneth Bayley **	5	–	–	(5)	–
Cameron Jon Bott *	–	–	5	–	5
Paul Francis Moran **	5	–	–	(5)	–
Stephen Donald Nichols	5	–	–	–	5
Michael Vsevolod Olofinsky	5	–	–	–	5
Richard John Post *	–	–	5	–	5
Graham John Stevens	5	–	–	–	5
Gregory Paul Stewart	5	–	–	–	5
Jonathan Noble Upton	5	–	–	–	5
Joseph George Vella	5	–	–	–	5
John David Frederick Wolozny	5	–	–	–	5
	60	–	10	(10)	60

* Additions – represents this member becoming key management personnel, not necessarily physical addition of their shareholding.

** Disposals/other – represents this member no longer being key management personnel, not necessarily physical disposal of their shareholding.

The shareholdings above represent the shares held by each director's AFS licensed entity.

Related party transactions
Related party transactions are set out in note 30.

NOTE 27. REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by Moore Stephens Sydney, the auditor of the company:

	Consolidated 2012 $	Consolidated 2011 $
Audit services – Moore Stephens Sydney		
Audit or review of the financial statements	**41,000**	68,563
Other services – Moore Stephens Sydney		
Taxation services	**–**	39,826
Other services	**190,580**	72,040
	190,580	111,866
	231,580	180,429

NOTE 28. CONTINGENT ASSETS

Claims Experience Benefit ('CEB')
Steadfast may receive a CEB payment or payments in respect of the 'Erato' Professional Indemnity scheme. Where the revenue recognition criteria listed in Note 1 for the Erato CEB have not been met, the timing and amount of any such payments are still too uncertain and dependent upon future events. In these circumstances it is not practical to include an estimate of the financial effect of any potential CEB as considered by AASB 137.

Notes to the Financial Statements (continued)
30 June 2012

NOTE 29. CONTINGENT LIABILITIES

There are no contingent liabilities as at 30 June 2012 and 30 June 2011.

NOTE 30. RELATED PARTY TRANSACTIONS

Parent entity
Steadfast Group Ltd is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 32.

Associates
Interests in associates are set out in note 33.

Joint ventures
Interests in joint ventures are set out in note 34.

Key management personnel
Disclosures relating to key management personnel are set out in note 26.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated 2012 $	Consolidated 2011 $
Sale of goods and services:		
Marketing and administration fees received from Indemnity Corporation Pty Ltd	**8,393**	11,077
Marketing and administration fees received from Rentsure Pty Ltd	**9,598**	15,102
Marketing and administration fees received from Ryno Insurance Services Pty Ltd	**16,652**	16,218
Marketing and administration fees received from Trident Insurance Group Pty Ltd	**6,992**	4,386
Payment for goods and services:		
Fees paid to Robert Kelly for provision of services on normal commercial terms *	**336,350**	324,500
Payment of rebates to Directors' related entities on the same basis with other shareholders	**753,516**	772,323

* Included in key management personnel disclosure is $336,350 (2011:$324,500). See note 26.

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

	Consolidated 2012 $	Consolidated 2011 $
Current receivables:		
Trade receivables from associates	**95,089**	80,443
Trade receivables from joint venture	**660,048**	577,902
Trade receivables from director related entities	**140,134**	14,788
Dividend receivable from joint venture	**2,327,796**	1,786,636
Dividend receivable from associates	**450,000**	500,000

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Notes to the Financial Statements (continued)

30 June 2012

NOTE 31. PARENT ENTITY INFORMATION

Set out below is the supplementary information about the parent entity.

Statement of comprehensive income

	Parent	
	2012 $'000	**2011 $'000**
Profit after income tax	**7,396**	2,757
Total comprehensive income	**7,396**	2,757

Statement of financial position

	Parent	
	2012 $'000	**2011 $'000**
Total current assets	**26,753**	17,848
Total assets	**32,400**	23,689
Total current liabilities	**16,665**	13,507
Total liabilities	**16,918**	13,755
Equity		
Issued capital	**317**	246
Share buy-back reserve	**–**	34
Retained profits	**15,165**	9,654
Total equity	**15,482**	9,934

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2012 and 2011.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2012 and 30 June 2011.

Capital commitments – Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment at as 30 June 2012 and 30 June 2011.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment. Dividends received from subsidiaries are recognised as other income by the parent entity and their receipt may be an indicator of an impairment of the investment.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.

Notes to the Financial Statements (continued)

30 June 2012

NOTE 32. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name of entity	Country of incorporation	Equity holding 2012 %	Equity holding 2011 %
Steadfast Convention Pty Ltd	Australia	**100.00**	100.00
Steadfast Hub Pty Ltd	Australia	**100.00**	100.00
Dormant			
Erato Limited	Australia	**100.00**	100.00
Steadfast Brokers Pty Ltd	Australia	**100.00**	100.00
Steadfast Finance Pty Ltd	Australia	**100.00**	100.00
Steadfast Financial Planners Pty Ltd	Australia	**100.00**	100.00
Steadfast Financial Services Pty Ltd	Australia	**100.00**	100.00
Steadfast Financial Solutions Pty Ltd	Australia	**100.00**	100.00
Steadfast Foundation Pty Ltd*	Australia	**100.00**	100.00
Steadfast Insurance Pty Ltd	Australia	**100.00**	100.00
Steadfast Insurance Advisors Pty Ltd	Australia	**100.00**	100.00
Steadfast Insurance Brokers Pty Ltd	Australia	**100.00**	100.00
Steadfast Insurance Consultants Pty Ltd	Australia	**100.00**	100.00
Steadfast Insurance Management Pty Ltd	Australia	**100.00**	100.00
Steadfast Insurance Services Pty Ltd	Australia	**100.00**	100.00
Steadfast NZ Pty Ltd	New Zealand	**100.00**	100.00
Steadfast Premium Funding Pty Ltd	Australia	**100.00**	100.00
Steadfast Risk Services Pty Ltd	Australia	**100.00**	100.00
Steadfast Underwriting Agency Pty Ltd	Australia	**100.00**	100.00
Trusted Choice Pty Ltd	New Zealand	**100.00**	100.00
Trusted Choice Pty Ltd	Australia	**100.00**	100.00

* A trustee to Steadfast Foundation

NOTE 33. INVESTMENTS IN ASSOCIATES

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

Associate	Principal activities	Consolidated Percentage interest 2012 %	Consolidated Percentage interest 2011 %
Miramar Underwriting Agency Pty Ltd	Insurance underwriting	**50.00**	50.00
SME Insurance Survey's Pty Ltd	Insurance surveying	**50.00**	50.00

Notes to the Financial Statements (continued)

30 June 2012

NOTE 33. INVESTMENTS IN ASSOCIATES (CONTINUED)

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

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

Information relating to the associates is set out below.

	Consolidated 2012 $'000	Consolidated 2011 $'000
Share of assets and liabilities		
Current assets	**5,380**	6,135
Non-current assets	**214**	285
Total assets	**5,594**	6,420
Current liabilities	**4,506**	5,168
Non-current liabilities	**363**	331
Total liabilities	**4,869**	5,499
Net assets	**725**	921
Share of revenue, expenses and results		
Revenue	**3,928**	4,470
Expenses	**(3,549)**	(3,564)
Profit before income tax	**379**	906

NOTE 34. INTERESTS IN JOINT VENTURES

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

Joint venture	Principal activities	Consolidated Percentage interest 2012 %	Consolidated Percentage interest 2011 %
Macquarie Premium Funding Pty Ltd	Insurance premium funding	**50.00**	50.00

Information relating to the joint venture partnership is set out below.

	Consolidated 2012 $'000	Consolidated 2011 $'000
Share of assets and liabilities		
Current assets	**6,290**	5,468
Total assets	**6,290**	5,468
Current liabilities	**3,578**	3,165
Total liabilities	**3,578**	3,165
Net assets	**2,712**	2,303
Share of revenue, expenses and results		
Revenue	**13,469**	11,960
Expenses	**(9,587)**	(8,671)
Profit before income tax	**3,882**	3,289

Notes to the Financial Statements (continued)

30 June 2012

NOTE 35. EVENTS AFTER THE REPORTING PERIOD

The consolidated entity settled the purchase of Level 1, Level 5 and 4 additional car parking spaces and a basement storage space in 99 Bathurst Street Sydney for a purchase price of approximately $7,800,000.

No other matter or circumstance has arisen since 30 June 2012 that has significantly affected, or may significantly affect, the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

NOTE 36. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH FROM/(USED IN) OPERATING ACTIVITIES

	Consolidated	
	2012 $'000	**2011 $'000**
Profit after income tax expense for the year	**6,174**	2,810
Adjustments for:		
Depreciation and amortisation	**264**	279
Share of profit – associates	**(2,706)**	(2,979)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	**(2,311)**	334
Decrease/(increase) in deferred tax assets	**(558)**	13
Increase in accrued revenue	**(6,398)**	–
Increase in prepayments	**(169)**	–
Increase in other operating assets	**–**	(63)
Increase in trade and other payables	**1,006**	591
Decrease in provision for income tax	**(8)**	–
Increase in deferred tax liabilities	**1,763**	284
Increase in employee benefits	**207**	–
Increase in other provisions	**2,455**	1,089
Net cash from/(used in) operating activities	**(281)**	2,358

Directors' Declaration

In the directors' opinion:

- the attached financial statements and notes thereto comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5) of the *Corporations Act 2001*.

On behalf of the directors

Robert Bernard Kelly
Executive Chairman

19 October 2012
Sydney

Independent Auditor's Report

To the Members of Steadfast Group Limited

MOORE STEPHENS
ACCOUNTANTS & ADVISORS

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Sydney NSW 2000

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Report on the Financial Report
We have audited the accompanying financial report of Steadfast Group Limited ('the company'), which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of change in equity and the statement of cash flows for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year end or from time to time during the financial period.

Directors' Responsibility for the Financial Report
The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards.*

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

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

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

Independence
In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Steadfast Group Limited on the 19th October 2012, would be in the same terms if provided to the directors as at the signing of this auditor's report.

Independent Auditor's Report (continued)

To the Members of Steadfast Group Limited

MOORE STEPHENS
ACCOUNTANTS & ADVISORS

Opinion
In our opinion:

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

   i. giving a true and fair view of the consolidated entities financial position as at 30 June 2012 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards including the Australian Accounting Interpretations and the *Corporations Regulations 2001*; and

   iii. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Moore Stephens Sydney

Moore Stephens Sydney
Chartered Accountants

Spiro Tzannes
Partner

Dated in Sydney this 25th day of October 2012

Designed and produced by Sdirect Pty Ltd.

Jenny Varley
Company Secretary
Steadfast Group Limited
Level 3, 99 Bathurst Street, Sydney 2000
PO Box A980, Sydney South 1235
Ph: 612 9495 6595

Steadfast

STRENGTH WHEN YOU NEED IT