Steadfast

Scale. Strength. Steadfast.

Annual Report 2014

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Cover Image:
Corporate Office, 99 Bathurst Street, Sydney NSW 2000

Scale

We are the largest general insurance broker network in Australasia. We are also a leading consolidator of insurance broking and underwriting agencies in Australia.

Our network, including Allied Insurance Group (whose name will change to Steadfast New Zealand), now consists of 306 insurance brokerages that generate annual gross written premiums of $4.3 billion.

Our brokers are based in 500 offices across Australia, New Zealand and Singapore. We now service around two million policies.

Strength

Our Network Brokers benefit from the support and collective scale of a large industry leading organisation, while at the same time having the ability to remain independently owned, operated and locally based.

They further benefit from our significant buying power, flexibility and influence when negotiating with insurers and other Strategic Partners on claims, triage, bespoke policy wording and market competitive pricing.

To enhance the Network Brokers' client offering, Steadfast has invested in a range of underwriting agencies, ancillary businesses, and has a joint venture in a premium funder, Macquarie Pacific Funding.

Steadfast

Our network's scale and strength allows us to attract Australia and New Zealand's best broker firms who take advantage of our favourable relationships with our Strategic Partnerships.

Being an ASX 200 listed company provides Steadfast with the capacity to continue to consolidate the market in Australasia.

Through organic growth and acquisitions, we maintain and grow our market share while enhancing the value of our network businesses and in turn shareholder value.

Business Model

Our business model revolves around the Steadfast Network Brokers, our ownership in some of these businesses and our ability to provide them with services funded by our Strategic Partners. To leverage the distribution power of our network, we have acquired equity interests in vertically integrated businesses.

Steadfast Group

- Service provider to 306 broker businesses across Australia, New Zealand and Singapore
- Receives Marketing & Administration (M&A) fees from Strategic Partners when brokers market their products
- Consolidator with equity interests in 54 broking businesses, nine underwriting agencies, a life broking business, a reinsurance broking business, a premium funder and two ancillary service organisations

Steadfast Life

Steadfast UNDERWRITING AGENCIES

PROFILED ON PAGES 16 & 17

WHITE OUTSOURCING

Steadfast Re Reinsurance Brokers

MACQUARIE Macquarie Pacific Funding

PROFILED ON PAGE 15

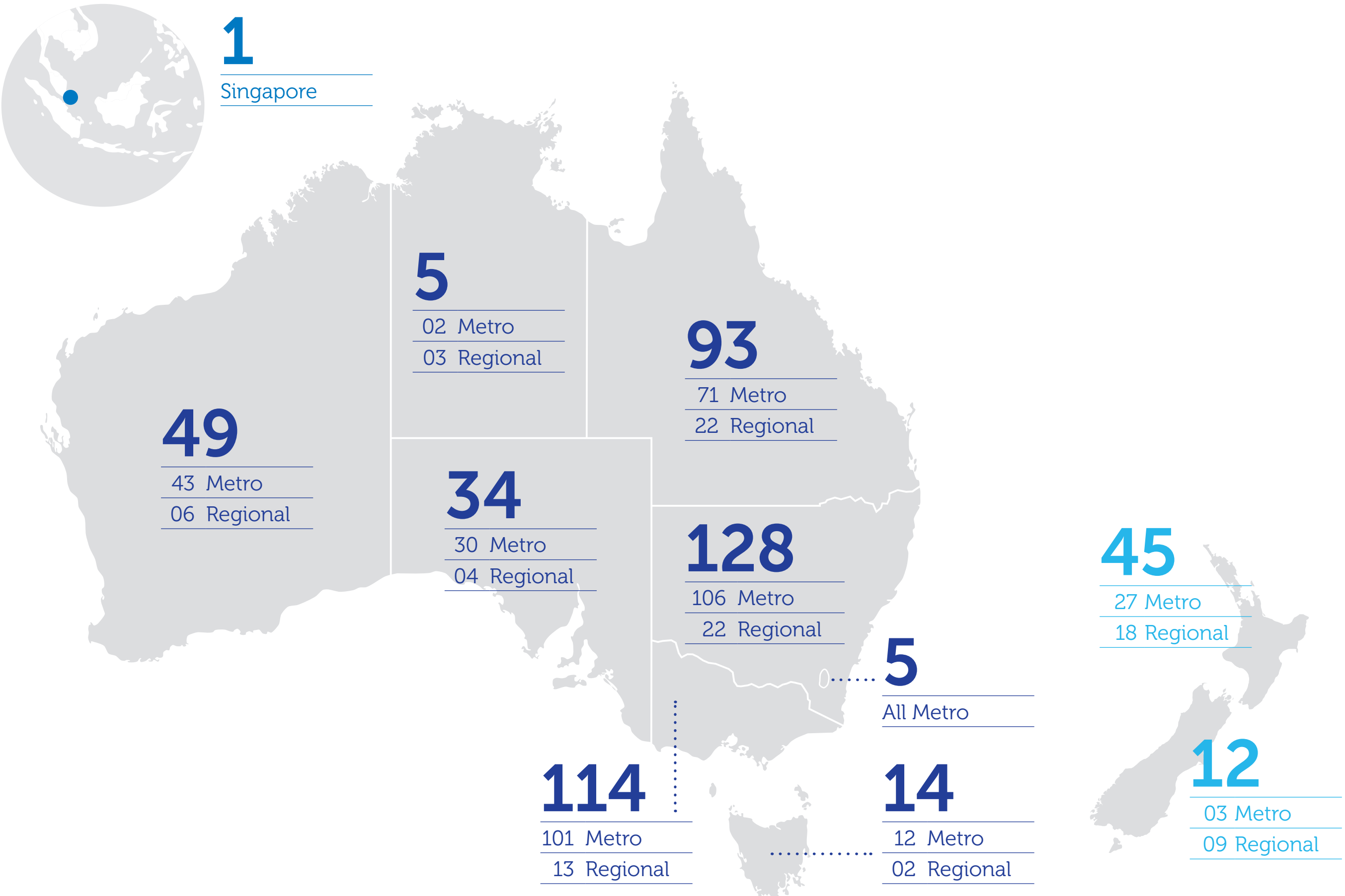
MERIDIAN LAWYERS

306

Steadfast Network Brokers

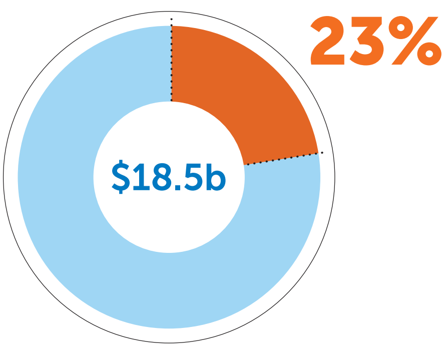
- Source products from insurance companies and underwriting agencies on behalf of their clients
- Select appropriate insurance in terms of coverage, flexibility and pricing
- Assist customers in submitting and negotiating claims
- Includes wholesale broking facilities

We are a leading general insurance broker network in Australasia, with 500 offices across Australia, New Zealand and Singapore.



LARGEST GENERAL INSURANCE BROKER NETWORK IN AUSTRALIA

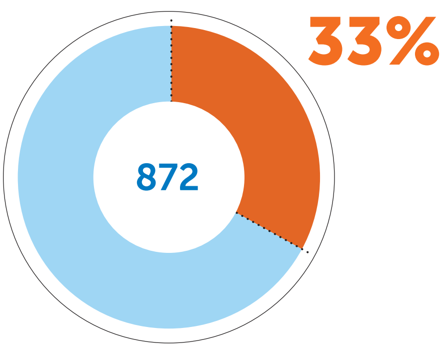
Based on annual premiums



Steadfast Network Brokers & Underwriting Agencies **$4.2bn**

Other **$14.3bn**

Based on number of intermediaries



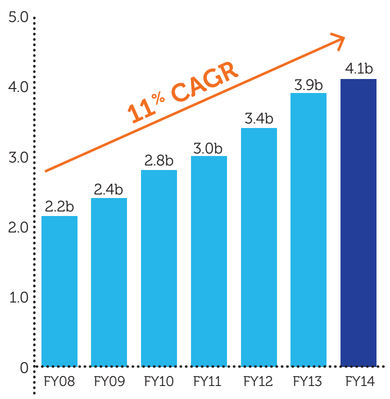
Steadfast Network Brokers & Underwriting Agencies **289**

Other **583**

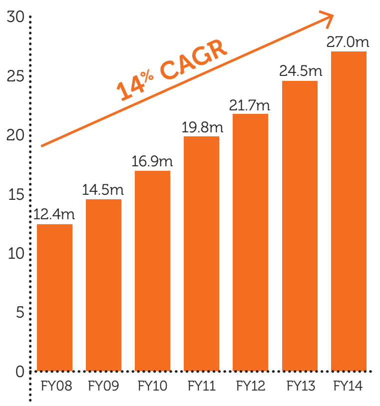
Source: Steadfast estimates as at 31 December 2013 and APRA "Intermediated General Insurance Statistics, December 2013"

Financial Highlights »

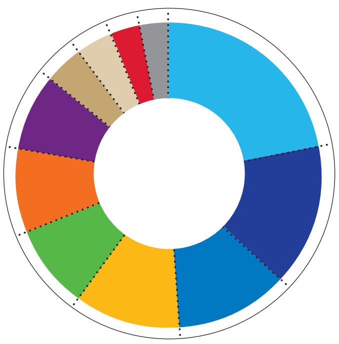
Steadfast Network Brokers
Gross Written Premiums (GWP)
$ billion



Marketing & Administration (M&A) Fees
$ million

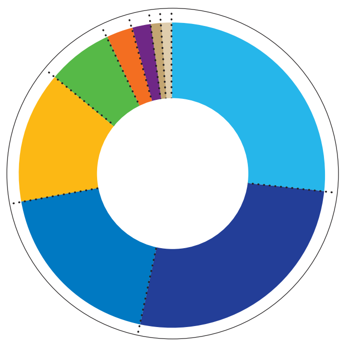


Network Brokers GWP **by Product**[1]



Business Pack & Financial	22%
Motor	15%
Commercial Property & ISR	12%
Home & Contents	11%
Liability	9%
Statutory Covers	9%
Professional Risks	8%
Construction & Engineering	4%
Rural & Farm	4%
Marine & Aviation	3%
Accident & Health	3%

Network Brokers GWP **by Geography**[1,2]



VIC	27%
NSW	27%
WA	19%
QLD	14%
SA	7%
TAS	2%
NZ	2%
ACT	1%
NT	1%

1: Based on FY14 Steadfast Network Broker GWP of $4.1 billion.

2: Geography is based on head office location of each Steadfast Network Broker; a small number of Steadfast Network Brokers had overseas operations in FY14.

Steadfast Network Billings
$ billion

5.1B

Consist of billings generated by Network Brokers and Underwriting Agencies.

M&A Fees $ million

27M

Up 9.8%

year-on-year

Dividend

4.5¢

Fully franked
Includes the 1H FY14 dividend of 1.8 cents per share

Message from the Chairman »

The 2014 year has been a busy and exciting one for Steadfast Group Limited.

We listed on the ASX on 7 August 2013, maintained our position as the largest general insurance broker network in Australasia and became a significant co-owner and consolidator of insurance brokers, underwriting agencies and other complementary businesses. Furthermore, we reported pro-forma full year profits above those forecast in our June 2013 IPO Prospectus.

2014 dividends

Your Directors declared a fully franked final dividend of 2.7 cents per share payable on 8 October 2014 based on a record date of 12 September 2014. The total dividend for the full year is 4.5 cents per share. This represents 69% of the net profit after tax (on a pro-forma basis), which is in line with our target dividend payout ratio range.

Industry consolidation

Over the past year, we have witnessed further consolidation in the general insurance industry in Australia and New Zealand. Steadfast has played a key role in the consolidation of insurance brokers and underwriting agencies, starting with its IPO acquisitions in August 2013, followed by post IPO acquisitions of three brokers, three underwriting agencies and a broker network in New Zealand, Allied Insurance Group.

Distribution strength

What has not changed is the fact that Steadfast remains the largest general insurance broker network in Australasia. This is supported by the Network's 23% market share of gross written premiums (GWP) generated by General Insurance Intermediaries in Australia (*source: APRA, December 2013*). This continues to give us significant scale and strength to grow our company and attract more businesses and Strategic Partners.

Consistent strategy

What also remains the same is the Group's long-term strategy to create shareholder value.

This strategy encompasses:

- continuing to enhance the services we provide to all Network Brokers;
- building and developing our strategic relationships with insurers and other parties;
- delivering synergies from acquisitions and for the Steadfast Network;
- generating growth from acquisitions;
- cross-selling existing and new products within the Steadfast Network; and
- building and developing our underwriting agencies business.

Our strategy reflects the fact that Steadfast has multiple growth opportunities domestically and overseas on an organic basis as well as through acquisitions.

Sound risk management

The Prospectus issued in June 2013 contained numerous risks that required careful management, in particular the integration of the 62 acquisitions made pre IPO and in August 2013. I am pleased to confirm that we have not had any material issues arise during the past 12 months which is a reflection of the quality of risk management focus and close monitoring that was put in place by the Steadfast team.

Strong financial performance

The statutory results for the 2014 financial year show how dramatically the Group has changed since its ASX listing. The increases in revenues and profits are due to the strong underlying business and the impact of the pre IPO acquisitions made in 2013, the IPO acquisitions made on listing in August 2013 and the post IPO acquisitions. If we assume both the pre IPO and the IPO acquisitions were made at the beginning of the 2013 financial year and exclude non-recurring items, the 2014 pro-forma net profit after tax and before amortisation was $41.5 million, an increase of 11.6% over the prior year and above the IPO Prospectus forecast of $37.8 million.

Balance sheet capacity for acquisitions

At the end of June 2014, we had spent the additional cash raised from the float and $20 million of our $85 million debt capacity on acquisitions. Since then, we have made three more acquisitions costing $25 million. Following Steadfast delivering on all key financial expectations for the 2014 financial year, the Board approved raising the Group's gearing levels from the conservative 15%, established for the first year of ASX listing, to 20%. This increases the Group's debt capacity to $130 million. This provides Steadfast with debt capacity of $85 million, plus cash from operations, to make further acquisitions.

Summary

Within the course of a year we have established a successful ASX 200 listed company with a broker network of 306 members and a joint venture with Macquarie Pacific Funding, and acquired equity interests in 54 broking businesses, nine underwriting agencies, two ancillary organisations and the second largest broker network in New Zealand. I would like to thank Robert Kelly and the people who have helped make this transformation possible including my fellow Directors, the Executive Management Team, staff and contractors, Steadfast Network members and Strategic Partners.

Frank O'Halloran AM
CHAIRMAN

Message from the Managing Director & CEO »

2014 was a milestone year for Steadfast.

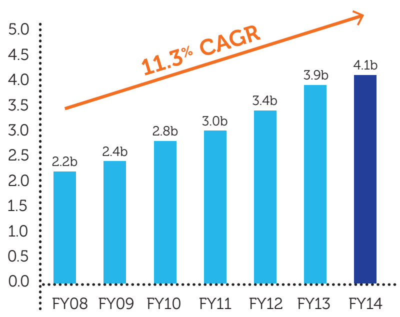
- We listed on the ASX and transformed into a consolidator of general insurance broking businesses and underwriting agencies in Australia and New Zealand.
- We maintained and strengthened our leadership position as a broker network and distributor of general insurance products.
- The pre IPO and IPO acquisitions were integrated successfully and initiatives to deliver synergies to the acquisitions and the Network are under way.
- Seven acquisitions were made following the float in August 2013.
- Finally, we successfully exceeded IPO Prospectus financial forecasts.

Strong network growth

The strength of the Steadfast Network continued to shine in 2014 despite a softening market towards the end of the financial year. Gross written premiums (GWP) generated from Steadfast Network Brokers increased 4.7% over the prior year to $4.1 billion. Gross written premiums no longer include the fire service levy. The growth in GWP is despite a small decline in premium rates of 0.7% which was more than offset by 2.5% volume growth and 2.9% growth as a result of more brokers joining the Steadfast Network.

Since 2008, our Network Brokers' GWP in Australia has increased on average by 11.3% per annum.

Steadfast Network Brokers GWP ($bn)



Solid growth in Group profitability

To assess the underlying performance of the Group, we need to consider the pro-forma numbers on the basis that we owned the pre IPO and IPO acquisitions from the beginning of the 2013 financial year. One of the key metrics used to measure financial performance is pro-forma earnings before interest and amortisation (EBITA) pre Corporate Office expenses. In 2014, pro-forma EBITA pre Corporate Office expenses was $69.6 million, a 13.9% increase over 2013 and slightly above the Prospectus forecast of $67.9 million.

Post IPO acquisitions

We made seven acquisitions after listing on the ASX which together generated annual GWP of about $450 million and normalised full year EBITA of over $12 million for 100%.

Underwriting agencies

The first acquisition was for a majority shareholding in Protecsure, completed in December 2013, and was followed by a majority shareholding in two further underwriting agencies – NM Insurance (Nautilus Marine) in April 2014 and MECON Winsure in May 2014. All three were Strategic Partners of Steadfast. Underwriting agencies are an important growth area for Steadfast. We have created an umbrella group, Steadfast Underwriting Agencies, to help existing and future underwriting agencies benefit from the scale of being part of Steadfast. We will be helping these underwriting agencies improve margins and increase revenues.

Bolt-on acquisition

One of the largest Steadfast owned brokers, NCIB, acquired another Steadfast broker, IMC, in June 2014. Both specialise in credit insurance and credit risk management where we see cross selling opportunities within the Network.

New Zealand broker network

In July 2014 we broadened our presence in New Zealand with the purchase of the Allied Insurance Group, the second largest network service provider in New Zealand. Allied has 31 independently owned members with 40 offices across metropolitan and regional New Zealand. Allied generated NZ$172 million (A$160 million) of GWP in 2014. As a result, Steadfast is now the third largest distributor of general insurance products in New Zealand.

Authorisation Representative network

In August 2014, we purchased a majority stake in Ausure Group, an Authorised Representative (AR) network of 336 insurance intermediaries in 150 locations across Australia and a Steadfast Network Broker. Ausure's network provides us with opportunities to attract smaller brokers and to improve the profitability of other small brokers by encouraging them to become part of Ausure, as an alternative to our Hubbing strategy.

Reinsurance broker

The last acquisition made to date was a 50% stake in a reinsurance broking business which has appropriately been renamed Steadfast Re. This joint venture introduces a further complementary business to our distribution channel.

Organic growth initiatives

Consolidating the general insurance broking market is a key strategic initiative for us as we are the natural acquirer of the 200-plus Steadfast Network Brokers not owned by Steadfast, other non-aligned brokers in Australia and the 31 Allied brokers in New Zealand. However, we never lose sight of maintaining and improving the service to our Network members and enhancing relationships with our Strategic Partners.

The significance and advantages of our partnerships with our Network Brokers and Strategic Partners are outlined on pages 10 to 13.

To better improve returns for the acquired brokers and ultimately the Group, we have been working on two initiatives to create back office cost savings – Hubbing and Project 360°. Both initiatives are summarised on page 14 and demonstrate that we are following through on delivering the synergies outlined in our June 2013 IPO Prospectus.

Outlook for 2015

Although the general insurance market has seen some softening in certain areas and products, the SME market (which consists of approximately 85% of our business) remains resilient. Our focus on the SME market, combined with expected margin improvements in each of our business units, means we are predicting organic growth in the 2015 financial year (FY15). Factoring in growth from acquisitions, we anticipate cash earnings per share to increase by 10% to 13% in FY15.

Thank you

Over the past 12 months, significant progress was made towards integrating our acquisitions and delivering synergies. Our pro-forma profits were ahead of forecasts provided in our June 2013 IPO Prospectus. Lastly, we converted seven acquisitions from our strong pipeline of opportunities.

These achievements were made possible due to the excellent team behind Steadfast – our Directors, Executive Management, staff and contractors, Network members and Strategic Partners. I would like to extend my sincere thanks to all for their hard work and success during the year. We have created an exciting platform for growth and hope you will continue to join us on our journey of increasing shareholder value.

Robert Kelly
MANAGING DIRECTOR & CEO

Chief Financial Officer Report »

I am pleased to report that the underlying earnings of Steadfast have exceeded the forecasts contained in our June 2013 IPO Prospectus.

Our organic growth projections for the 2014 financial year were ahead and the acquisitions made post floating on the ASX have further strengthened our results.

Our growth in pro-forma cash earnings was a very pleasing 17%.

To reconcile the statutory results to the underlying performance of Steadfast, we assume the pre IPO and IPO acquisitions were made on 1 July 2013 instead of on 7 August 2013, and exclude non-recurring income and expense items that mainly relate to the capital raising and restructuring of the business. Our cash earnings are derived by adding back the amortisation charge on customer lists acquired.

Pro-forma net profit after tax and before amortisation up 17% year-on-year

Below is a table which shows the adjustments that reconcile the statutory net profit after tax of $25.7 million to the pro-forma net profit after tax and amortisation, a non-cash expense, of $41.2 million.

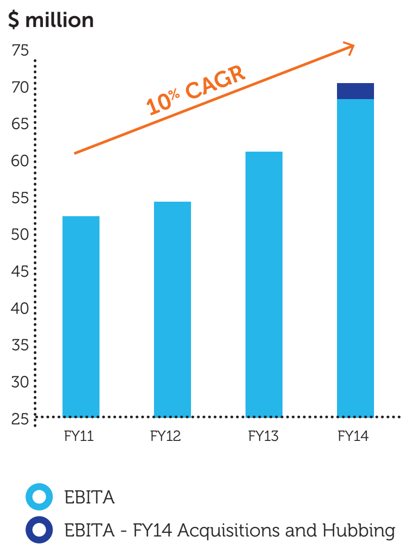
Year ended 30 June, $ million	FY14	FY13
Comprehensive income after tax	25.7	(13.3)
Changes in value of investments	(4.0)	-
Add: IPO, due diligence and restructure costs	2.3	13.3
Share based payment expense on share options and executive loans and shares	5.3	10.5
Add: Trading of IPO acquired businesses pre IPO	3.1	17.6
Pro-forma net profit after tax	**32.4**	**28.1**
Add back: Amortisation	8.8	7.1
Pro-forma net profit after tax and before amortisation (cash earnings)	**41.2**	**35.2**
Pro-forma cash earnings per share (cents)	8.2	7.0

Pro-forma EBITA up 10% on average over the past three years

The graph below shows the growth in the Group's pro-forma earnings before interest, tax and amortisation (EBITA) over the past three years which on average has been 10% per annum.

Pro-forma EBITA up 10% on average over past 3 years

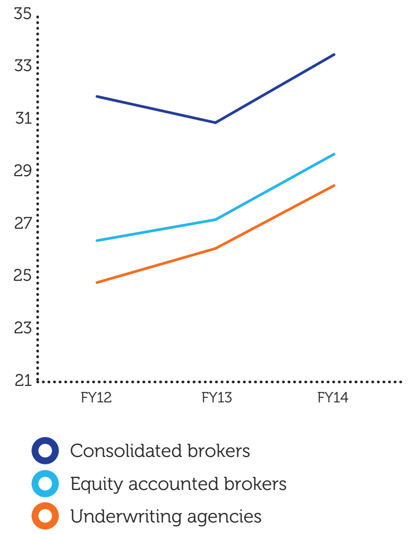
10%



The strong financial performance in 2014 was achieved in a market that showed signs of a slight softening late in the year. The results reflect growing volumes of business as well as improved profit margins as highlighted in the graph below.

Rising EBITA margins for brokers and underwriting agencies on an aggregated basis

$ million



Solid network growth

During the year, the Steadfast Network GWP increased by 4.7% to $4.1 billion, despite pricing pressures in the market towards the end of the financial year. This was achieved through the addition of new members to the Network, together with higher volumes of policies written.

Further, we saw a 9.8% uplift in Marketing & Administration (M&A) fees collected by the parent entity to $27.0 million, reflecting the additional GWP written by the Steadfast Network on strategic products, combined with an increase in the number of products sold that attract the M&A fee.

Strong cash flows generated by the underlying businesses

Under the Shareholder Agreements we have with our equity brokers and underwriting agencies, a minimum of 75% of the after tax profits is required to be submitted within 45 days of the end of the half year and the end of the financial year. For the half year to 31 December 2013, we received cash in excess of 82% of the after tax profits.

2014 dividend of 4.5 cents per share

A fully franked interim dividend of 1.8 cents per share was declared by the Board of Directors in February. The final dividend of 2.7 cents per share was approved by the Board in August and will also be fully franked. This dividend is payable on 8 October 2014 based on a record date of 12 September 2014. The Company's Dividend Reinvestment Plan (DRP) is open to shareholders to participate in, should they elect to do so. A discount of 2.5% will be applied to shares allocated under the DRP for the final dividend.

Healthy balance sheet capacity for acquisitions

During the 2014 financial year, Steadfast arranged an $85 million debt facility. Total Group debt as at 30 June 2014 was $21 million, leaving $65 million available for future acquisitions. Subsequent to 30 June 2014, three additional acquisitions were completed amounting to just over $25 million. The Board has now approved a 20% (previously 15%) debt to equity ratio and the debt facility limit has been extended to $130 million. This provides $85 million of debt facilities to be utilised for future acquisitions and earn-out payments as at the date of this annual report. This, together with expected free cash flow from earnings, provides the Group with significant financial capability to acquire further businesses that meet our strict acquisition criteria.

Successful implementation of financial reporting systems

Much effort has been spent in creating robust financial reporting systems at the start of the financial year to accommodate the enhanced statutory and management reporting requirements of an ASX listed entity. My thanks to the many people who have made the implementation of these systems a resounding success.

Stephen Humphrys
CHIEF FINANCIAL OFFICER

Partnerships »

A fundamental strength of Steadfast is the power of our partnerships, particularly with our Network Brokers and our Strategic Partners.

▲ **Steadfast** Strength through partnerships

OUR NETWORK BROKERS

We meet with our brokers at least four times a year – at our Town Hall meetings across Australia and at our annual Convention – in order to gather feedback on ways to enhance the services provided to the Network. Whatever key initiatives we undertake, we ensure that it's something the brokers want to pursue. All brokers, whether we have ownership in them or not, are treated equally in terms of what services we offer them and we believe this sets us apart from our competitors.

"Whilst operating as an independent insurance broker, being a Steadfast Broker gives us substantial buying power and flexibility when negotiating with insurers on behalf of our clients. This ensures that we deliver competitive, market leading products."

Graham Stevens
Director at Edgewise Insurance Brokers

"Being part of Steadfast allows us to work as an independent business with the support of a large organisation."

Retha van der Merwe
Managing Director at Multi Secure Financial Solutions

OUR STRATEGIC PARTNERS

Steadfast has built solid partnerships with a significant number of insurers, underwriting agencies and specialist providers in Australia and New Zealand. These partnerships have secured Steadfast a place at the negotiating table where all parties benefit from listening to and being influenced by the requirements of the Network.

In addition, our reputation and size provides Steadfast with opportunities and access to international markets. This has enabled us to: work with Lloyds on international risk appetite and business placement as well as being an industry leader by influencing and implementing standards through our affiliation with ACORD – Asia/Pacific region.

"We value the extensive customer knowledge and expertise Steadfast brings to the partnership."

Peter Harmer
Chief Executive, Commercial Insurance at Insurance Australia Group

"We view Steadfast as a key strategic partner and key voice of the Australian Broker Industry."

Colin Fagen
CEO, Australian and New Zealand Operations at QBE

"Vero will continue to work with Steadfast to shape the insurance industry environment for the good of customers."

Anthony Day
CEO, Commercial Insurance at Suncorp (Vero brand)

"Zurich is proud to work with Steadfast who leverages its diverse network and experience to meet customers' needs."

Daniel Fogarty
CEO, General Insurance Australia and New Zealand at Zurich

The Steadfast Difference »

The advantages of being a Steadfast Network Broker include the ability to remain independently owned and operated while benefiting from the support and scale of a large industry leading organisation.

However, what differentiates Steadfast from other broker networks is the fact that we have services available to all Network brokers no matter their size or whether or not they are owned by Steadfast. Our services include ground-breaking innovations like Steadfast Triage and Steadfast Virtual Underwriter that are unique to the industry.

Network Advantages	The Steadfast Difference
• Ability to remain independently owned and operated • Access to a broad range of Strategic Partners including insurers, underwriting agencies and premium funders • Collective negotiating to offer more favourable pricing and terms • Exclusive policy wordings with broader coverage than the standard product offerings • Compliance and legal support • Discounted goods and services • 35% M&A Fee rebate	• Helplines covering five different business areas • Erato Program, a professional indemnity program and error rectification service • Steadfast Triage, a managed escalation process for claims and other issues • Steadfast Virtual Underwriter technology allows multiple quotes using one data input • Brand awareness marketing • Training and broker interaction only open to Steadfast Network Brokers and its Strategic Partners

All of the products, services and initiatives that deliver on Steadfast's model broker concept are housed on the Broker section of our website which is exclusive to Steadfast Network members. This intranet includes broker tools to keep members up to date with changing products and wordings, training and education, Strategic Partners, services available to members and advice on topics including human resources, compliance and legal.

Helplines

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

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

Erato Program

The Erato Program provides Steadfast Network Brokers with access to a higher level of professional indemnity cover (i.e. coverage for errors and omissions) than would be the case had the broker purchased cover individually. The program provides cover of $100 million for any one event and $214 million in aggregate, with one automatic reinstatement per annum.

Steadfast Triage

Steadfast Triage is a managed escalation process designed to support brokers in areas impacting client interaction and business relationships including claims, ethic and placement issues. Working closely with the brokers, we help to clarify the facts of the situations, apply established stands of best practice and assist with the resolution of disputes involving customers directly with the insurers. This year Steadfast extended the Triage process to include a helpline for those who have been directly affected by an emergency bushfire, storm or flood situation.

Steadfast Virtual Underwriter

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

Brand Awareness Marketing

Steadfast initiated a brand awareness campaign two years ago to promote the value of Steadfast Network Brokers to consumers. This ongoing national advertising program includes sponsorships and television, radio, print, outdoor and digital media. The 2014 season will see Steadfast again on the bumpers of two Nissan V8 supercars and on the shirts of the A-League Brisbane Roar football players – the winners of 2013/2014 Premiers.

Training and Broker Interaction

Continuous development of our brokers is paramount at Steadfast. We run three training workshops Australia-wide annually. We have also developed 'Steadfast Campus', an online training tool providing our brokers numerous opportunities to broaden their knowledge and skill base.

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

The 16th Steadfast Convention was held in Melbourne in April this year and was attended by over 2,100 delegates with 98 sponsors and exhibitors and 154 display booths.

16th Steadfast Convention 2014

2,100+
Delegates attended

98
Sponsors and exhibitors

154
Display booths

Steadfast FOUNDATION

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

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

In 2014, Steadfast Convention attendees donated $165,000 to Kids with Cancer Foundation, which supports children and their families impacted by Cancer. Over the last 10 years, more than $1.3 million has been donated to local charities by Steadfast Group and the Steadfast Foundation.

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

Realising Synergies »

Steadfast Group is working on two initiatives to create back office cost savings for our brokers and ultimately for the Group.

01

Hubbing strategy

Our Hubbing strategy is where we combine two or more brokers together to create scale and cost synergies.
We now have a hub in each State across Australia except for the Northern Territory. In terms of potential synergies, we expect for them to begin to emerge in the 2015 financial year.

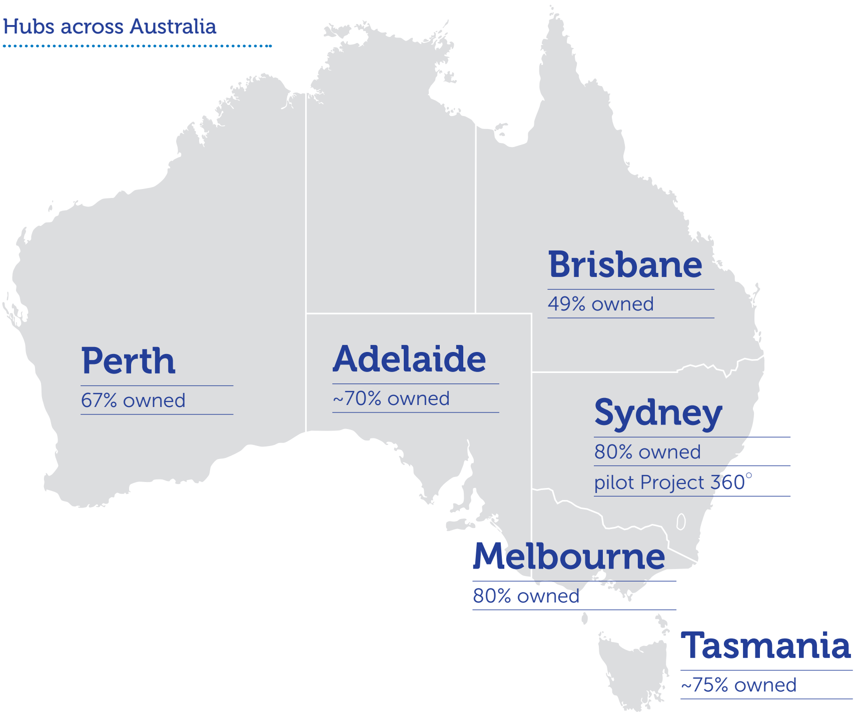
02

Project 360°

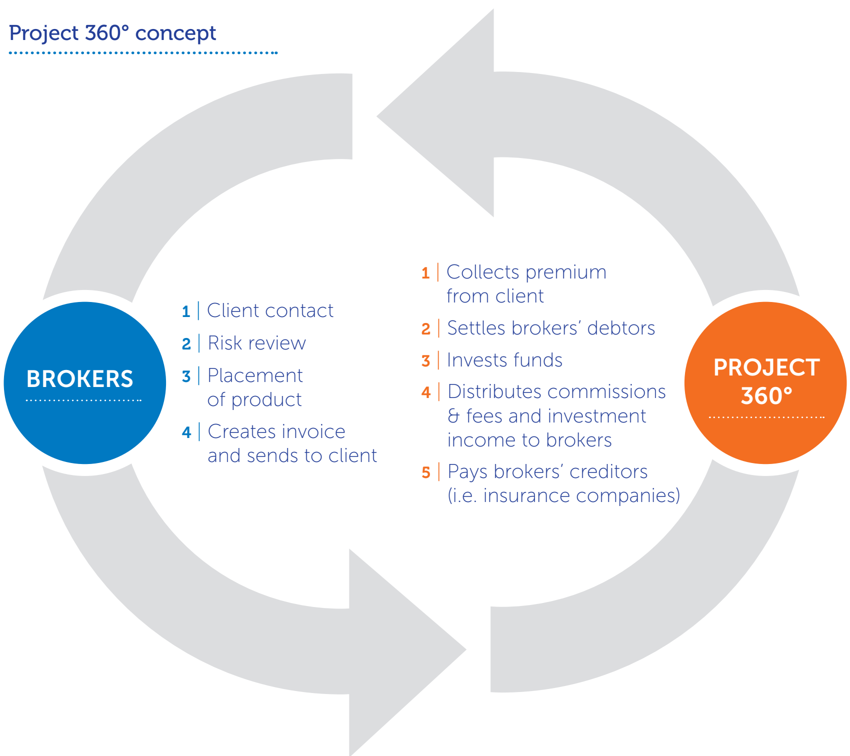
Project 360° is currently in proof of concept stage with the Sydney hub. This initiative aims to make the process of collecting premiums and distributing them to insurance companies smoother, more cost-effective and less time consuming for our brokers.

We want our brokers to focus on providing their customers with the appropriate risk cover, invoice them for their service and insurance policies, and organise electronic deposits. Project 360° will then complete the cycle by paying the insurers, and distributing the commissions & fees and investment income to brokers.

Hubs across Australia



Project 360° concept



Macquarie Pacific Funding »

One of the largest premium funders in Australia; 50% owned by Steadfast.

Macquarie Pacific Funding

Understanding Premium Funding

The premium for an insurance product is usually paid up front. However, some customers prefer to spread payments of the premium over 12 months. Premium funding can be arranged through an insurance broker. This is essentially a short-term loan which is separate from the insurance transaction. Specialist premium funding companies handle the credit arrangements.

The Benefits

- Match your insurance payments to your cash flow
- Spread the cost of your insurance over monthly instalments
- The insurance policy itself acts as security
- Interest costs are usually tax deductible
- Fixed interest rates to protect you from rate variations
- No impact on existing banking or credit arrangements

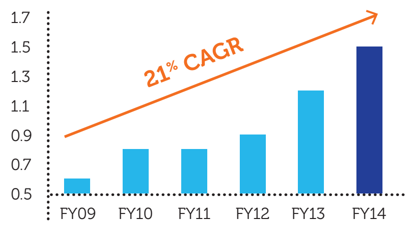
Background

Macquarie Premium Funding was established as a 50/50 joint venture between Steadfast and Macquarie Bank in 2007. In March 2013, Macquarie Premium Funding purchased another leading premium funding business in Australia, Pacific Premium Funding. The integration, which involved bringing together the best of both businesses under the new business name Macquarie Pacific Funding (MPF), was completed in the first half of 2014.

Strong growth over the past five years

Over the past five years, MPF has grown its annual funded GWP by an average of 21% per year to total $1.5 billion in 2014. Growth over the past two years has been enhanced by the acquisition of Pacific Premium Funding.

Annual GWP funded ($ billion)



Business model

Macquarie Pacific Funding is remunerated primarily through origination fees paid by the underlying financier, Macquarie Bank. The origination fee is paid to MPF over the life of each loan and is calculated based on each loan's interest income, cost of funding, establishment fee and servicing cost.

Macquarie Bank is responsible for the underwriting and funding of the loan portfolio. Any loan losses incurred by Macquarie Bank in relation to premium funding originated through MPF are deducted from the origination fees paid to MPF.

MPF manages broker and borrower relationships and, as a result of the recent integration activity, is responsible for all aspects of servicing the loans. MPF is also responsible for paying commissions to the brokers that originate the sale of its premium funding products, and also pays an override commission to certain broker network groups such as Steadfast.

Selling to the Steadfast Network

MPF is an important Strategic Partner for Steadfast. The Steadfast Network contributes to approximately 50% of MPF volume and 95% of Steadfast Network Brokers support MPF. Steadfast Group receives a 0.5% M&A fee on MPF eligible products sold by Steadfast Network Brokers.

Key statistics

NUMBER OF BORROWERS:

~66,000 in Australia and New Zealand

NUMBER OF POLICIES FUNDED:

~217,000 per annum

NUMBER OF TRANSACTIONS:

>1.1 million per annum

LOANS ORIGINATED THROUGH MPF ONLINE FACILITIES:

>80%

Product development

MPF continues to invest in product development, which in 2014 included launching its Domestic Funding product and introducing the capability for commercial borrowers to accept funding contracts online.

The **Domestic Funding product** allows intermediaries to offer monthly payment options to their client base for personal lines insurance.

The **online contract acceptance feature** allows intermediaries to manage the loan origination and client acceptance online – no paper or signatures required. While suited to intermediaries with an insurance scheme focus, it also appeals to clients who find online transactions a flexible and convenient alternative to paper contracts.

Gross Written Premiums funded in FY14

$1.5 billion

Steadfast Underwriting Agencies »

A key growth area due to cross selling, cost synergy and acquisition opportunities.

Underwriting agencies act on behalf of general insurers to design, develop and provide specialised insurance products and services for specific market segments.

In consultation with the underwriters, they determine the risk price and risk coverage and manage the underwriting process.

In certain cases, the agencies will also manage claims and the claims process, but they do not bear the underlying insurance risk for the insurance policies that they offer.

Most of their products are sold through insurance brokers.

Background

Steadfast entered the underwriting agency market in 2005 with the establishment of Miramar, an underwriting joint venture in which Steadfast held a 50% equity interest. Today, Steadfast owns 100% of Miramar, Hostsure and Winsure, and has equity interests in another six – Sterling, NM Insurance (Nautilus Marine), MECON, Sports Underwriting, Protecsure and Procover. Collectively, they are referred to as Steadfast Underwriting Agencies.

2014 acquisitions

Acquisitions at listing included the 50% remaining interest in Miramar, Hostsure and a minority interest in Sterling. During the remainder of the 2014 financial year Steadfast acquired majority interests in three underwriting agencies – Protecsure in December 2013, NM Insurance in April 2014 and MECON Winsure in May 2014. Winsure and Procover, which were part of Miramar, have subsequently become separate agencies to focus on their niche product offerings.

Diverse mix of businesses

Each Steadfast underwriting agency focuses on a different specific market segment, as outlined on the next page. Steadfast will continue to look for additional agencies that provide different and complementary products to provide the Network with a comprehensive suite of specialised insurance products.

Steadfast has also established Steadfast Placement Solutions (SPS) which exclusively works with Steadfast Network Brokers on hard-to-place risks.

Steadfast Underwriting Agencies currently generate over $200 million of GWP.

Annual Gross Written Premiums

$200 million+

Key growth area

Developing and acquiring niche underwriting agencies and driving down costs has been one of Steadfast Group's key strategic initiatives for 2014 and beyond.

Over the past two years, the annual GWP placed by Steadfast Underwriting Agencies on a pro-forma basis has almost doubled (i.e. from $120 million in FY12 to over $200 million).

Leveraging the Steadfast distribution network

Steadfast Underwriting Agencies plan to leverage the distribution power of the Steadfast Network, the largest general insurance broker network in Australia and the third largest in New Zealand.

Steadfast Underwriting Agencies account for less than 5% of insurance premiums placed through the Steadfast Network and around 20% of insurance premiums placed by underwriting agencies through the Network. This presents the business unit with cross selling opportunities.

At the same time, our underwriting agencies are not exclusive to the Steadfast Network and due to their niche and specialisation, depend on other networks and non-aligned brokers. Likewise, our brokers deal with agencies that are part of other networks in order to provide the best product and service to their clients.

Driving down costs

Our commitment to deliver cost synergies from the underwriting agency acquisition is under way with several of the agencies operating from the same underwriting system, producing common uniform data to the Group. Further commitments to cost savings on the administration side of the agency business are planned including a unified back office service to agencies.

Steadfast UNDERWRITING AGENCIES

Below are the nine Steadfast Underwriting Agencies ranked by annual gross premiums and including a brief description of the insurance market segments in which they specialise.

MIRAMAR	STERLING	nminsurance
Strong focus on SME insurance programs	Hard-to-place and complex risks including environmental liability	Marine and motorcycle
MECON INSURANCE	**Sports Underwriting Australia**	**protecsure insurance underwriting agency**
Building and construction industry	Sports and leisure related businesses	Specialised equipment, tradesmen & small business and marine transit
HOSTSURE UNDERWRITING AGENCY	**PROCOVER UNDERWRITING AGENCY**	**winsure UNDERWRITING**
Community care, entertainment & hospitality, and security	Professionals including engineers, architects and doctors	Hospitality, leisure and entertainment sector

+ **SPS Steadfast Placement Solutions**

Hard-to-place risks, exclusive to Steadfast Network Brokers.

Board of Directors »

Frank O'Halloran AM

NON-EXECUTIVE AND INDEPENDENT CHAIRMAN

Frank has over 35 years' experience at QBE Insurance Group where he was CEO from 1998 until 2012. He also worked with Coopers & Lybrand for 13 years where he started his career as a Chartered Accountant. Frank has held a number of positions in the Insurance Council of Australia, including President in 1999-2000, and was inducted into the International Insurance Hall of Fame in 2010.

Robert Kelly

MANAGING DIRECTOR & CEO

Robert co-founded Steadfast and has over 45 years' experience in the insurance industry. He was named the second Most Influential Person in Insurance by *Insurance News* in 2014. Robert is a Qualified Practicing Insurance Broker, a Fellow of NIBA, a Senior Associate Certified Insurance Professional and holds a Diploma in Financial Services and in Occupational Health and Safety, and a Graduate Diploma in Australian Risk Management.

David Liddy

NON-EXECUTIVE DIRECTOR (INDEPENDENT)

David has over 43 years' experience in banking, including postings in London and Hong Kong. He was Managing Director of Bank of Queensland from 2001 to 2011. David is currently Chairman of Collection House Ltd, Financial Basics Foundation and Community Foundation and a Director of Emerchants Ltd. He is a Senior Fellow of the Financial Services Institute of Australasia and a Fellow of the Australian Institute of Company Directors.

Anne O'Driscoll

NON-EXECUTIVE DIRECTOR (INDEPENDENT)

Anne has over 30 years of business experience, having qualified as a Chartered Accountant in 1984. She was CFO of Genworth Australia from 2009 to 2012 and spent over 13 years with Insurance Australia Group. Anne is on the boards of the Commonwealth Bank insurance subsidiaries, is a fellow of ANZIIF, and a graduate of the Australian Institute of Company Directors and Harvard's Advanced Management Program.

Philip Purcell

NON-EXECUTIVE DIRECTOR (INDEPENDENT)

Philip has over 40 years' experience in the insurance and legal industries. He has been a partner at Dunhill Madden Butler, PricewaterhouseCoopers Legal and Ebsworth & Ebsworth and has held two Board positions with GE in Australia. Philip currently is a Consultant to the international law firm Holman Fenwick Willan and provides advice to clients who are engaged in mediation of commercial disputes.

Greg Rynenberg

NON-EXECUTIVE DIRECTOR (INDEPENDENT)

Greg has 38 years of experience in the general insurance broking industry with 30 years spent running his own business, East West Group. East West Group is a Steadfast Network Broker but not a Steadfast Equity Broker. Greg is a Qualified Practicing Insurance Broker, Fellow of NIBA and an Associate of ANZIIF. He holds an Advanced Diploma in Financial Services (General Insurance Broking). Greg was named NIBA Queensland Broker for 2014.

Jonathan Upton

NON-EXECUTIVE DIRECTOR (NON-INDEPENDENT)

Jonathan has 41 years' experience in insurance broking. For the past 34 years, he has been running his own business, Steadfast IRS, a Steadfast Equity Broker. Jonathan is a Qualified Practicing Insurance Broker, an Associate of NIBA, an Associate Fellow of the Australian Institute of Management, a Member of the Australian Institute of Company Directors and holds a Diploma of Financial Services (General Insurance Broking).

Executive Management Team »

Robert Kelly

MANAGING DIRECTOR & CEO

Robert co-founded Steadfast and has over 45 years' experience in the insurance industry. He was named the second Most Influential Person in Insurance by *Insurance News* in 2014. Robert is a Qualified Practicing Insurance Broker, a Fellow of NIBA, a Senior Associate Certified Insurance Professional and holds a Diploma in Financial Services and in Occupational Health and Safety, and a Graduate Diploma in Australian Risk Management.

Linda Ellis

GROUP COMPANY SECRETARY & GENERAL COUNSEL

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

Samantha Hollman

EXECUTIVE GENERAL MANAGER – STRATEGIC PROJECTS

Sam joined Steadfast in 2000 and has more than 19 years' experience in the insurance industry. She has held key roles in broker services, project management, and marketing and communications. Sam works closely with the Managing Director & CEO and the Board, implementing strategic initiatives for the Group, including marketing trips overseas to review these projects on an international level.

Stephen Humphrys

CHIEF FINANCIAL OFFICER

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

Allan Reynolds

EXECUTIVE GENERAL MANAGER

Allan joined Steadfast in 2002 and oversees broker products and services, Strategic Partner relationships, and equity brokers. With a background in product development and distribution, corporate strategy and portfolio management, Allan has more than 40 years of industry experience in general insurance. He holds a Diploma of Business Studies (Insurance), is a Certified Insurance Professional and is a Fellow and honorary member of ANZIIF.

Peter Roberts

EXECUTIVE GENERAL MANAGER – INTEGRATION SYNERGIES

Peter joined Steadfast in 2013 and is establishing and developing centralised back office services within the Group. He is a director of White Outsourcing and company secretary of Century Australia Investments, Australian Leaders Fund, Watermark Market Neutral Fund and Macquarie Pacific Funding. Peter has over 25 years' experience in accounting and back office services to the financial services sector and is a member of the Insurance Council of Australia.

Dana Williams

CHIEF OPERATING OFFICER

Dana joined Steadfast in January 2014 and was promoted to COO in June. Her focus is on working with Steadfast equity brokers to improve their operations as well as on acquisitions. Dana has 25 years' business experience, including 15 in brokerage, insurance, reinsurance and underwriting agencies. She has worked at international insurance brokerages Hub International and Marsh. Dana holds a Bachelor of Engineering, an MBA and is a Chartered Professional Accountant.

Corporate Governance Statement »

The Directors and management of Steadfast Group Limited are committed to achieving high corporate governance standards and to following the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

The corporate governance policies and practices adopted by the Board are outlined in Steadfast's Charters and Policies found in the Corporate Governance section in the Investor Centre on our website at www.steadfast.com.au

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

Should Steadfast propose to depart from the ASX Corporate Governance recommendations, the Group will appropriately disclose any departures.

Principle 1 – Lay solid foundations for management and oversight

Role of the Board

Steadfast has established a Board charter which sets out the responsibilities of the Board and the responsibilities of senior management. The responsibilities of the Board for approval include:

- the Group's overall strategic direction and monitoring performance against the strategic and business plans;
- overseeing all aspects of the Group's financial position and approving the business plans and timetables, including operating budgets;
- overseeing the risk management framework and approving the risk appetite within which the Board expects management to operate;
- approving and monitoring major projects and acquisitions;
- overseeing the Group's capacity to identify and respond to changes in its economic and operating environments; and
- overseeing the Group's framework by internal controls and reporting systems.

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

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters relating to the proper functioning of the Board.

Performance evaluation of senior management

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

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

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

Principle 2 – Structure the Board to add value

Composition of the Steadfast Board

The role of Chairman and the role of the Managing Director & Chief Executive Officer are exercised by different individuals, being Frank O'Halloran and Robert Kelly respectively.

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

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

When reviewing the independence of Directors, the Board decided to re-base tenure from 2013 in view of the significant changes in the Group's operations subsequent to its restructure and ASX listing.

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

Name	Position	Joined Board	Experience (years) / industry	Independence
Frank O'Halloran AM	Non-executive Chairman of the Board	2012	48 / insurance and accounting	Independent
Robert Kelly	Managing Director & CEO	1996	45 / insurance	Non-independent
David Liddy	Non-executive Director	2013	43 / banking	Independent
Anne O'Driscoll	Non-executive Director	2013	31 / accounting and insurance	Independent
Philip Purcell	Non-executive Director	2013	40 / legal and insurance	Independent
Greg Rynenberg[1]	Non-executive Director	1998	38 / insurance	Independent
Jonathan Upton[1]	Non-executive Director	2005	41 / insurance	Non-independent

Further details of the Directors are disclosed on page 18 and page 25.

Note:

1. Greg Rynenberg and Jonathan Upton each own and manage a broker business in the Steadfast Network. Mr Rynenberg is deemed independent as Steadfast does not have an equity interest in his business. Mr Upton is deemed non-independent as a majority of his business is owned by Steadfast.

Nomination Committee

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

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

The Nomination Committee meets at least four times each year.

Performance evaluation of the Board

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

In accordance with the processes outlined in the Board charter, a performance evaluation for the Board and Directors was undertaken during the reporting period to preserve the effective functioning of the Board.

Principle 3 – Promote ethical and responsible decision making

Code of Conduct

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

Conflicts of Interest

The Board takes conflicts of interest very seriously. At the Board level, this is dealt with in part by minimising conflicts of interest and having a majority of independent directors on the Board. Conflicts of interest are identified in a timely manner, largely by having an open culture and policies of disclosure including maintaining an up to date register of interests. Conflicts of interest are dealt with in an appropriate framework, including exclusion from decision making of individuals with a conflict.

Anti-Bribery & Corruption Policy

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

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

A whistleblowing policy has also been adopted.

Securities Trading Policy

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

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

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

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

a) the 30 day period beginning on the business day after Steadfast's half yearly results are announced to the ASX;
b) the 30 day period beginning on the business day after Steadfast's annual results are announced to the ASX;
c) the 30 day period beginning on the business day after Steadfast's annual general meeting (AGM);
d) at any time a prospectus or similar disclosure document has been lodged with the Australian Securities and Investments Commission and is open for acceptances; and
e) at any other times as the Steadfast Board permits.

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

- has not vested; or
- has vested but remains subject to a holding lock.

Diversity Policy

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

A survey to monitor gender diversity in leadership, management, the corporate office and its controlled entities is conducted annually. The results of the survey are as follows:

• Women on the Board	14%
• Women on the Executive Management Team	43%
• Women in the corporate office	48%
• Women in management positions in Steadfast controlled entities	29%
• Women in Steadfast controlled entities	59%

In accordance with the Diversity Policy, the Board has approved the following measurable objectives for achieving diversity:

- achieve or maintain appropriate ethnic and/or cultural diversity having regard to the general population and the industry;
- achieve or maintain appropriate age diversity having regard to the general population and the industry; and
- achieve or maintain appropriate female participation at all levels of the organisation having regard to the industry.

The Board also receives an annual report from management on the progress against these objectives including:

- succession plans and appointment processes to achieve diversity;
- policies to support work/life balance;
- provision of supportive and inclusive diversity related polices programs and practices;
- ways to promote a culture supportive of diversity; and
- review of appropriate procedures for proper implementation of the Diversity Policy.

The report for 2014 shows that Steadfast Group has met its diversity objectives and achieved a high level of cultural, age and gender diversity compared to its peers and other ASX 200 listed companies.

Principle 4 – Safeguard integrity in financial reporting

Audit & Risk Committee

The Board has established an Audit & Risk Committee to:

- ensure the integrity of external financial reporting;
- safeguard the independence of the external auditor;
- ensure that Directors are provided with financial and non-financial information that is of high quality and relevance;
- ensure that systems or procedures are in place so that Steadfast complies with relevant statutory and regulatory requirements, including the Risk Management Framework, Compliance Management Framework and Internal Audit Plan; and
- assess financial and other risks arising from the Group's operations and consider the adequacy of measures taken to moderate those risks.

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

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

- to conduct audit tenders when considered necessary and recommend the appointment of an external auditor; and
- to assess the performance of the external auditor on an annual basis and to consider whether it is appropriate to propose to the Board that an auditor be removed, or that competitive tenders for audit work be sought.
- The external auditor is in attendance at the AGM and is available to answer any shareholder questions about the conduct of the audit and preparation of the audit report.

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

Disclosure & Communication Policy

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

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

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

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

Principle 7 – Recognise and manage risk

Risk Management Policy

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

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

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

The Board has delegated to the Audit & Risk Committee responsibility for recommending to the Board the Group's risk and reward strategy framework and the Group's risk appetite.

The Audit & Risk Committee annually:

- reviews and makes recommendations to the main Board on the Group's risk appetite, including strategic, operational, financial, legal and regulatory, reputational and counterparty risk;
- reviews and makes recommendations to the main Board on the frameworks for managing risk and compliance;
- reviews and makes recommendations to the main Board on the limits and conditions that apply to the taking of risk, including the authority delegated by the Board to the Managing Director & CEO and Executive Management Team;
- provides recommendations to the Board on the Group's risk-reward strategy; and
- monitors the risk profile, performance, and exposure against risk appetite and the management and control of the Group's risks.

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

Steadfast has a Chief Risk Officer whose role is to:

- coordinate the implementation of the risk management frameworks, risk profile and treatment strategies;
- facilitate, challenge and drive risk management development within the Group;
- review the sufficiency and effectiveness of the internal control framework;
- review systems and operations and the adequacy of controls;
- plan and manage internal audits to comply with the internal control framework and operational framework within the Group; and
- report to senior management and the Audit & Risk Committee at regular intervals on the risk management process, material business risks and internal control framework.

Management has reported to the Board as to the effectiveness of Steadfast's material business risk management processes. The Board has a process in place to receive written assurances from the Managing Director & CEO and Chief Financial Officer that in their opinion the declarations provided under section 295A of the Corporations Act are founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks. The Board receives these assurances prior to approving annual financial statements, and all half year and full year financial results.

Principle 8 – Remunerate fairly and responsibly

Remuneration & Succession Planning Committee

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

- establishes, amends, reviews and approves the compensation and benefit plans for Steadfast's senior management and employees and reviews the performance of Steadfast's executive officers with respect to these elements of compensation; and
- reviews the succession planning for key executives of Steadfast as well as the key executives of the 20 largest Steadfast Equity Brokers, measured by size of brokerage income.

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

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

Steadfast distinguishes the remuneration of executive Directors and senior executives from that of non-executive Directors by offering the Managing Director & CEO and other senior executives a mix of fixed and incentive based remuneration in certain circumstances (e.g., under the Short Term Incentive Plan and Long Term Incentive Plan). Remuneration of non-executive Directors is fixed.

Steadfast does not have any schemes for retirement benefits, other than superannuation, for non-executive Directors.

2014 Financial Report Contents

Directors' Report »

The Directors present their report together with the consolidated financial statements of Steadfast Group Limited (Steadfast or the Company) and its subsidiaries, and the Group's interests in associates and a joint venture (Steadfast Group or the Group) for the financial year ended 30 June 2014 and the auditor's report thereon.

DIRECTORS

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

Name	Date of appointment
CHAIRMAN	
Frank O'Halloran, AM	21 October 2012
MANAGING DIRECTOR & CEO	
Robert Kelly	18 April 1996
OTHER DIRECTORS	
David Liddy	1 January 2013
Anne O'Driscoll	1 July 2013
Philip Purcell	1 February 2013
Greg Rynenberg	10 August 1998
Jonathan Upton	9 May 2005

DIRECTORSHIPS OF OTHER LISTED COMPANIES

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

Name	Company	Period of directorship
Frank O'Halloran, AM	QBE Insurance Group Limited	From 1984 to August 2012
	SubZero Group Limited	From December 2013
Robert Kelly	None	
David Liddy	Bank of Queensland Limited	From April 2001 to August 2011
	Collection House Limited	From March 2012
	Emerchants Limited	From April 2012
Anne O'Driscoll	None	
Philip Purcell	None	
Greg Rynenberg	None	
Jonathan Upton	None	

Particulars of the Directors' qualifications and experience are set out under Board of Directors on page 18.

COMPANY SECRETARY

LINDA ELLIS, BEC, LLB (HONS 1)

Linda Ellis joined the Company in June 2013 as Group Company Secretary & General Counsel. Linda is a lawyer with over 15 years experience. Further details of Linda's experience are set out under Executive Management Team on page 19.

PETER ROBERTS, BBUS, CA

Peter Roberts was appointed Company Secretary in May 2013 and has over 25 years experience in the fields of chartered accountancy and specialised back office services to the financial services sector. Peter is also Executive General Manager – Integration Synergies. Further details of Peter's experience are set out under Executive Management Team on page 19.

DIRECTORS' MEETINGS

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

Director		Board		Audit & Risk Committee		Nomination Committee		Remuneration & Succession Planning Committee
Total number of meetings held		12		4		3		3
	Eligible to attend as a member	Attended as a member	Eligible to attend as a member	Attended as a member	Eligible to attend as a member	Attended as a member	Eligible to attend as a member	Attended as a member
Frank O'Halloran, AM	12	12	4	4	3	3	3	3
Robert Kelly	12	12	-	-	3	3	-	-
David Liddy	12	12	4	4	3	3	3	3
Anne O'Driscoll	12	12	4	4	3	3	3	3
Philip Purcell	12	11	4	4	3	3	3	3
Greg Rynenberg	12	12	4	4	3	3	3	3
Jonathan Upton	12	12	4	4	3	3	3	3

Particular details of the responsibilities and members of the Board and the various committees are set out in the Corporate Governance Statement on pages 20 to 23.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year were the provision of services to Steadfast Network Brokers, equity interests in insurance brokers, underwriting agencies, premium funders and ancillary businesses.

OPERATING AND FINANCIAL REVIEW

A. OPERATING RESULTS FOR THE YEAR

	Note	2014 $'000	2013 $'000
EBITA – consolidated entities	4	**40,270**	13,063
Share of EBITA from associates and joint venture	4	**23,056**	4,472
EBITA from core operations – pre-corporate expenses		**63,326**	17,535
Corporate expenses	4	**(8,130)**	(5,192)
EBITA from core operations – post-corporate expenses		**55,196**	12,343
Finance costs (net of interest received on surplus cash held)	4	**(1,130)**	(1,205)
Amortisation expense	4	**(10,158)**	(756)
Profit before income tax for the year from core operations before non-recurring items		**43,908**	10,382
Add: net non-recurring profit on changes in value of investments	4	**3,996**	-
Less: non-recurring expenses	4	**(8,562)**	(23,782)
Profit before income tax after non-recurring items		**39,342**	(13,400)
Income tax (expense)/benefit	4	**(11,900)**	133
Net profit/(loss) after income tax for the year		**27,442**	(13,267)
Non-controlling interests		**(2,355)**	(170)
Net profit/(loss) after income tax attributable to owners of Steadfast Group Limited		**25,087**	(13,437)
Other comprehensive income		**653**	157
Total comprehensive income/(loss) after income tax attributable to owners of Steadfast Group Limited		**25,740**	(13,280)

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

- profits generated from the date of acquisition of subsidiaries and associates upon successful listing on the Australian Securities Exchange (ASX) in August 2013;
- small profits generated from other post listing acquisitions;
- a net profit of $3.996 million on changes in value of investments consisting of:
  - a non-recurring profit of $4.611 million recognised as a result of remeasuring to fair value the equity interest in Miramar Underwriting Agency Pty Limited (Miramar). This was required when the Group increased its shareholding in Miramar from 50% to 100% (refer to Note 11 for further details); offset by
  - net loss of $0.615 million on re-assessment of deferred consideration on acquisitions based on updated information and on disposal to an associate of certain partially owned investments as part of the hubbing arrangements;
- offset by non-recurring expenses of $8.562 million which arose due to specific activities to facilitate the Company restructure and listing on the ASX. The significant expenses were:
  - $3.283 million (2013: $13.304 million) in relation to due diligence and restructuring on acquisition of equity interests in 64 subsidiaries and associates, completed in August 2013 and in relation to other potential acquisitions considered for inclusion at that time; and
  - a total of $5.279 million of share based payments and other employment costs recognised due to (2013: $10.478 million of share based payments on re-weighting of shares):
    - » $1.635 million share based payments for the $0.15 discount to the $1.15 listing share price on 10.900 million ordinary shares allotted to four executives (Executive Shares) at $1.00 per share;
    - » $4.015 million costs on interest free, unsecured and full recourse loans provided to four executives (Executive loans) for the allotment of Executive Shares. These effective interest costs will be reversed in the five years period to August 2018 including $0.736 million written back in the year ended 30 June 2014. The Board assessed and confirmed that these Executive loans are recoverable; and
    - » $0.365 million share based payments on share options issued to a key management personnel of an acquired business; and
- higher income tax expense on the increased scale of operations.

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

B. REVIEW OF FINANCIAL CONDITION

I. Financial position

The total assets of the Group as at 30 June 2014 were $822.712 million compared to $97.729 million as at 30 June 2013. The increase was mainly attributable to the raising of capital on the ASX upon listing which was applied towards:

- the acquisition of 64 subsidiaries and equity interests in associates completed on 7 August 2013 that included:
  - cash and cash equivalents of $81.619 million. This included cash held on trust, being cash received from insurance policyholders which cannot be used to meet business obligations/operating expenses other than payments to insurers, underwriting agencies and/or refunds to policyholders;
  - trade and other receivables of $77.534 million;
  - investments in associates of $138.153 million;
  - acquired intangible assets of $65.251 million; and
  - goodwill of $221.794 million; and
- approximately $25.000 million surplus cash raised on issuing new shares when the Company listed on the ASX for future acquisitions which was subsequently utilised in funding further acquisitions.

The total liabilities of the Group as at 30 June 2014 were $297.674 million compared to $85.347 million as at 30 June 2013. The increase was mainly attributable to:

- an increase in trade and other payables of $178.449 million following the acquisition of subsidiaries completed on 7 August 2013. A portion of the trade and other payables represents amounts to be paid to insurance companies or underwriting agencies out of cash received on trust from policyholders; offset by
- the repayment of bank loans of $36.623 million which was funded by the cash inflows from the shares issued to the retail and institutional investors when the Company listed on the ASX;
- the $13.944 million drawdown of debt facilities by entities in the Group, including $12.524 million by the Company post listing to fund the acquisition of further subsidiaries;

The increase in the Group's equity from $12.382 million at 30 June 2013 to $525.038 million at 30 June 2014 largely reflects:

- $486.867 million of share capital issued when listing on the ASX, net of costs (net of income tax) of $12.077 million;
- $1.003 million of new shares issued from the Dividend Reinvestment Plan;
- $28.095 million of comprehensive income;
- $7.596 million of acquired non-controlling interests; and
- $3.187 million share based payments reserve recognised for ordinary shares issued to executives at a discount in accordance with the Executive Shares, share options granted and employee share plan arrangements.

The Group has a revolving line of credit facility that will allow the Group to borrow up to $85.000 million. As at balance date, the Group had the ability to borrow an additional $63.956 million from this facility.

II. Cash from operations

The net operating cash flows, before broking trust account movements, of $16.398 million are higher than those for the prior period, reflecting the increased scale of operations of the Group. This amount represents the derivation of the profits for the period, apart from the delayed receipt of dividends from associates which are contracted to be received half yearly typically no later than 45 days post December half year end and June year end.

The net cash inflow from operating activities for the year ended 30 June 2014 was $5.463 million compared to $2.946 million for the year ended 30 June 2013. The net inflows of $5.463 million include a net outflow of $10.935 million from broking accounts and net inflows from the balance of operating activities of $16.398 million as detailed above. At the time of acquisition in August 2013, the liabilities of the brokers included cash held on trust which was subsequently remitted to insurers in accordance with normal trading terms. The seasonality of insurance premium receipts following June renewals meant that the amounts held on trust at acquisition in August 2013 were higher than the $76.679 million balance as at 30 June 2014.

III. Other significant cash movements

The Company raised $333.703 million in cash on issuing new shares upon listing the Company on the ASX in August 2013. The cash raised was used to fund the following:

- transaction costs (gross) of $15.896 million in relation to the Company's listing on the ASX;
- repayment of borrowings of $36.623 million which had been used to invest in subsidiaries, associates and business assets completed in the year to 30 June 2013;
- settlement of $186.577 million (net of cash acquired) for the acquisitions of 64 subsidiaries and equity interests in associates completed on 7 August 2013 and the subsequent acquisitions of other subsidiaries; and
- cash held for corporate needs.

IV. Capital management

In August 2013, the Company listed on the ASX. As at 30 June 2014, the Company had a total of 501.638 million ordinary shares on issue resulting from:

- 65.686 million ordinary shares for re-weighting shares;
- 10.900 million ordinary shares for Executive Shares;
- 134.210 million ordinary shares for consideration shares in respect of acquisitions of subsidiaries and associates;
- 290.175 million ordinary shares for individual and institutional investors; and
- 0.667 million ordinary shares in April 2014 under the terms of its Dividend Reinvestment Plan.

In addition, there were 1,395 preferred capital shares issued resulting from the conversion of the ordinary share capital on issue as at 30 June 2013. These preferred capital shares were cancelled in November 2013 following member approval.

STRATEGY AND PROSPECTS

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

Strategy	FY14 achievements	Prospects and strategic initiatives
Continuing to enhance the services we provide to all Network brokers	• Town Hall meetings • National marketing campaigns • Steadfast Virtual Underwriter (SVU), an eCommerce platform • Net addition of five new brokers to Network	• Increase SVU penetration by adding more insurers to the platform • Continued promotion of SVU to Network brokers • Implementation of Steadfast Direct • Continue to expand and refine broker services • Expand the services offered to the Network offshore eg provision of services to the Allied network of 31 brokers in New Zealand
Building and developing our strategic relationships with strategic partners and other parties	• Further products added to the strategic product list • New strategic partners added • More insurers being added to the SVU platform	• Continued promotion of products which generate enhanced marketing and administration (M&A) fees • Continue to increase strategic product offerings and develop new partnerships including in relation to life products • Initiatives to increase the rate of M&A fees and the range of products to which they apply • Joint ventures with strategic partners
Delivering synergies from the acquisitions made to date and for the Steadfast Network	• Finalised initial hubs in each state • Developed proof of concept for Project 360 which will automate certain key back office transactions	• Deliver synergies for each hub • Cost saving initiatives including back office services • Expand hubs by adding more brokers • Pilot and roll out Project 360

Directors' Report continued

Strategy	FY14 achievements	Prospects and strategic initiatives
Generating growth from acquisitions. We are the natural acquirer of Steadfast Network Brokers, non-aligned brokers and underwriting agencies	• Acquired four companies with a total gross written premium (GWP) of $96.597 million including three underwriting agencies and one "bolt-on" trade credit broker business • Developed a pipeline of potential acquisitions with a number under active consideration	• Continue to apply strict cultural and financial acquisition guidelines including that acquisitions be earnings accretive in first 12 months using 80% equity and 20% debt funding assumption • Continue to actively convert acquisition opportunities including Network brokers and underwriting agencies • Continued offshore expansion eg New Zealand • Acquire niche underwriting agencies in certain market segments
Cross-selling existing and new products within the Steadfast Network	• Presentations of niche broker offerings at Town Hall meetings and annual Convention • Underwriting agencies – on an annualised basis, have grown from 4% of total GWP sold through the Steadfast Network to over 5% • Macquarie Pacific Funding – 50% of business sold through Steadfast Network	• Further initiatives to cross sell underwriting agency services into the Steadfast Network • Work with strategic partners to develop new products • Continue to increase Macquarie Pacific Funding penetration in Steadfast Network • Steadfast expects pricing of insurance premiums to remain under pressure
Building on our existing underwriting agencies with particular focus on specialist products and driving down costs of servicing and administration	• Umbrella group Steadfast Underwriting Agencies formed • Expanded through acquisition and restructure to nine agencies and over 80% increase in annualised GWP since IPO	• Acquisition and successful integration of additional underwriting agencies, including by joint venture with strategic partners • Continued product development • Roll out of cost saving initiatives • Develop niche underwriting agencies to complement and expand range of products offered to brokers

RISKS

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

Risk	Description	Risk management strategies
Acquiring and holding equity in operating businesses	• Possible deficiencies in management by Steadfast • Integration may be disruptive and costly • Potential unknown liabilities • Reliant on partners performing satisfactorily • Insufficient funding to capitalise on opportunities	• Stringent due diligence • Selecting acquisitions which are expected to integrate well and have good cultural fit • Tight acquisition and shareholders agreements • Thorough integration management • Close oversight and audit of ongoing operations, profit margins, including continual reporting and reviews • Ongoing monitoring of available capital and resources • Ongoing monitoring of profit and margins
People risk	• Loss of key executives • Loss of key individuals in operating businesses • Material business interruption possible • Potential loss of key customer relationships	• Succession planning • Appropriate restraints to protect ongoing business • Market competitive remuneration • Career development opportunities
Investment impairment risk	• Investments which are subject to a permanent decrease in value indicated by a decrease in profits below level which supports the value of the asset are required to be written down • Investment write down or impairment results in an expense and reduced profit for the Group	• Close monitoring of investments • Steadfast works with management of businesses in which Steadfast is invested to optimise results

Risk	Description	Risk management strategies
Reduction in rates for marketing and administration (M&A) fees, commission rates or advice fees	• Strategic partners may seek to reduce rates of M&A fees paid to Steadfast • Insurers may seek to reduce rates of commission paid to brokers	• Diversity of earnings via a number of revenue sources eg M&A fees, dividends from operating businesses derived from commission and other revenue • Continue to engage strategic partners and offer a powerful value proposition to them to justify the M&A fees and commission rates • Operating businesses seek to increase fees to mitigate any loss of commission arising from reduced premiums
Fraud or embezzlement of Group or client funds	• Particularly in operating businesses where Steadfast does not control the day-to-day operations	• Appropriate policies and procedures implemented and regularly reviewed • Fidelity insurance held • Implement Project 360
Loss of Steadfast Network Brokers	• Network brokers can leave the Network at any time potentially resulting in a reduction in M&A fees for Steadfast	• Provision of excellent services and support to Steadfast Network Brokers • Continue to share M&A fees in the form of Network Broker rebates with members • Considerable ongoing engagement with Network brokers
Reliance on strategic partners	• Potential reduction in M&A fees (and commission due to lower gross written premium (GWP)) if strategic partners are lost and not replaced within appropriate timeframe	• Considerable effort expended in maintaining and strengthening relationships with strategic partners of which most are longstanding • Continually adding new strategic partners
Increased competition or market change	• Increased competition from new entrants and existing market participants including increased commoditisation of business insurance products • Changes in the remuneration model for, or the use of, insurance brokers or underwriting agencies • Increased competition or change in market structure for premium funding	• Diversity in investments (ie underwriting agencies, premium funding and ancillary services as well as insurance broking) • Diversity in earnings (eg M&A fees as well as dividends from investments dependent upon the commissions and fees earned by the underlying businesses) • Geographical spread of the businesses of subsidiaries and associates
Information and technology (IT) systems risk	• Risk of data loss/fraud, system breakdown • Potential material adverse effect on ability to deliver services and profitability	• Back-up, restoration and recovery procedures • IT security guidelines implemented • IT risk assessment program and other procedures in place
Reduction in GWP in the Australian general insurance market	• Group has a number of revenue sources linked to size and growth of GWP in Australian market • GWP is influenced by factors including pricing decisions by insurers and level of demand for general insurance products • Any softening in local and global economic conditions would be expected to lead to a softening in the level of GWP	• Initiatives to increase the size of the network, make further investments in insurance brokers and underwriting agencies and other strategic initiatives (including increasing fee income) have the capacity to partially offset pressure on profitability of any softening in GWP • SME sector, which accounts for 85%+ of Steadfast's total GWP sold through the network, has historically experienced higher growth in GWP with less volatility compared to the large corporate sector

Directors' Report continued

Risk	Description	Risk management strategies
Regulatory risk	• Risk that Steadfast's subsidiaries and associates may individually not comply with their Australian Financial Services Licence requirements or financial services regulation more generally and their licence may be in the worst case suspended or withdrawn • Risk that regulatory changes may impact the Group's or entities within the Group's business model either through costly and burdensome regulations or the structure and management of the operations	• Initial due diligence on acquisition includes reviews of historical and current compliance. Steadfast also provides a range of services to advise and assist the entities within the Group with regulatory change and compliance • Continue to monitor the entities within the Group from an operations viewpoint • An internal audit programme, which includes a review of compliance • Along with other broker representative organisations, the Group monitors and consults on regulatory changes with the regulators to ensure changes are introduced in the most efficient way for the industry and to minimise unintended consequences

DIVIDENDS

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

During the financial year ended 30 June 2014, a fully franked interim dividend of 1.8 cents was declared and paid.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the financial year ended 30 June 2014:

- the Company listed on the ASX in August 2013; and
- the Group completed the acquisition of:
  - 64 subsidiaries and equity interests in associates completed on 7 August 2013; and
  - four businesses and five hubbing arrangements (ie the transfer of equity interests and the operations of some broking businesses into business hubs headed by another entity within the Group) in the major capital cities (refer to Note 10 for further details).

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

EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to 30 June 2014, the following events occurred:

- the Board declared a final dividend of 2.7 cents per share, 100% franked;
- the Group acquired equity interests in the following businesses:
  - Allied Insurance Group, the second largest broker network in New Zealand;
  - Ausure Group, an authorised representative network of insurance professionals;
  - Steadfast Re, a reinsurance broking business; and
- the Group extended its revolving line of credit facility from $85.000 million to $130.000 million.
- on 27 August 2014, the Group announced the potential acquisition of Calliden Group Ltd (Calliden) and a binding sale of the general insurance business of Calliden Insurance Ltd on completion for a net cost of approximately $55.000 million. The acquisition is subject to approval of a Scheme of Arrangement by Calliden's shareholders, the Court and regulators. Subject to these approvals, the Group expects completion to occur in December 2014.

Further details are set out in Note 17.

ENVIRONMENTAL REGULATION

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

INDEMNIFICATION AND INSURANCE OF OFFICERS

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

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

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

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

NON-AUDIT SERVICES

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

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

- all non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Audit & Risk Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Group, KPMG, and its network firms, for audit and non-audit services provided during the financial year are provided in Note 24 to the financial statements.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The Lead auditor's independence declaration is set out on page 51 and forms part of the Directors' report for the year ended 30 June 2014.

Remuneration Report — Audited

A. INTRODUCTION

The remuneration report outlines Steadfast's remuneration philosophy, framework and outcomes for the financial year ended 30 June 2014 (FY14) for all key management personnel, including all Non-executive Directors and the Executive Team made up of the Managing Director & Chief Executive Officer (MD & CEO) and his direct reports. Key management personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the entity.

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

TABLE 1 – NON-EXECUTIVE DIRECTORS

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

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

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

When reviewing the independence of Directors, the Board decided to rebase tenure for Greg Rynenberg to 2013 in view of the significant changes in the Group's operations following its restructure and listing. Other than Jonathan Upton, all Non-executive Directors listed in Table 1 above are independent directors.

TABLE 2 – EXECUTIVE TEAM

Name	Role	Date of appointment
Robert Kelly	Managing Director & CEO	18 April 1996
Stephen Humphrys	Chief Financial Officer	2 January 2013
Linda Ellis	Group Company Secretary & General Counsel	3 June 2013
Samantha Hollman	Executive General Manager – Strategic Projects	4 January 2000
Allan Reynolds	Executive General Manager	5 December 2002
Peter Roberts	Executive General Manager – Integration Synergies	1 August 2013
Dana Williams	Chief Operating Officer	28 January 2014*

* Dana Williams was appointed as Executive General Manager – Acquisitions on that date and Chief Operating Officer from 1 July 2014.

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

The structure of the remuneration report is as follows.

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

B. REMUNERATION GOVERNANCE

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

I. REMUNERATION & SUCCESSION PLANNING COMMITTEE

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

II. REMUNERATION PHILOSOPHY

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders and conforms to market practice for delivery of reward.

The Board embodies the following principles in its remuneration framework:

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

III. INVOLVEMENT OF EXTERNAL REMUNERATION ADVISORS

The Remuneration & Succession Planning Committee directly engages and considers market remuneration data from remuneration consultants as required. The data provided by remuneration consultants is used as a guide for remuneration decisions in respect of the Executive Team. For the financial year ended 30 June 2014, remuneration consultant (Egan Associates Pty Ltd) was engaged to provide information on fixed remuneration packages and incentives to the Remuneration & Succession Planning Committee.

No remuneration recommendations as defined by the Corporations Act 2001 were provided by Egan Associates Pty Ltd.

C. EXECUTIVE REMUNERATION STRUCTURE

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

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

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

The key elements of the executive remuneration are:

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

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

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

The targeted remuneration mix for:

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

Table 4 provides a breakdown of the three elements of the total remuneration for the Executive Team, measured at maximum level and FY14 actual.

Table 3 provides a snapshot of the key elements comprising executive remuneration as well as the purpose, performance hurdles (where applicable) and the FY14 outcome. Table 3A provides executive remuneration changes from FY15 onwards.

TABLE 3 – SNAPSHOT OF EXECUTIVE REMUNERATION STRUCTURE AND FY14 OUTCOME

Form of remuneration	Purpose and link to strategy	Operation and outcome for FY14	Opportunity	Performance metrics
a. Fixed remuneration				
Cash salary and superannuation	Helps to attract and retain high calibre executives Reflects individual role, experience and performance	Reviewed annually by the Remuneration & Succession Planning Committee and fixed for 12 months, with any changes effecting from 1 July each financial year. Decision influenced by: • role, experience and performance; • reference to comparative remuneration in the market; and • total organisational salary budgets. ***FY14 outcome*** The Board approved an overall 4% increase in fixed remuneration.	Target at 40% to 60% of total remuneration	Personal objectives set each year
Non-monetary benefits	Helps to attract and retain high calibre executives	Executive Team is provided with car parking, income protection and life insurance ***FY14 outcome*** Executive loans were provided to four executives as interest free loans for them to acquire Steadfast's share at a discount of 15 cents. Refer to section G.III. for further details.	Car parking cost per annum: $5,000 Income protection and life insurance: $10,000	Personal objectives set each year
b. Variable and at risk remuneration				
Short term incentive (STI)	Recognises the contributions and achievements of the Executive Team	STI Plan consisting of cash and deferred equity award commenced in FY14. EPS growth measured against the FY13 prospectus forecast pro forma EPS of 5.4 cents. For FY14, EPS excludes non-recurring items relating to the listing of the Company in August 2013. ***FY14 outcome*** STI was awarded in the range of 12% to 67% of fixed pay approved by Board. The forms and time of STI awards are: • 60% cash award will be paid in September 2014; and • 40% deferred equity award to be granted in August 2014. *Refer to Table 6 for details of STI awarded.*	Both STI and LTI are discretionary, performance based, at risk reward arrangements The combined total of STI and LTI is targeted at 40% to 60% of total remuneration	***STI – Cash award (60% of total STI)*** • achievement of personal objectives • earnings per share (EPS) minimum growth hurdle of 5% to be met ***STI – Deferred equity award (40% of total STI)**** • continuous employment for the three year vesting period; and • EPS minimum growth of 5% to be met in base year

Form of remuneration	Purpose and link to strategy	Operation and outcome for FY14	Opportunity	Performance metrics
Long term incentive (LTI)	Provides opportunity for the Executive Team to acquire equity in the Company as a reward for increasing EPS over the longer term	LTI Plan consisting of deferred equity award commenced in FY14. EPS growth is measured against the FY13 prospectus forecast pro forma EPS of 5.4 cents. For FY14, EPS excludes non-recurring items relating to the listing of the Company in August 2013. ***FY14 outcome*** LTI based on the percentage of fixed remuneration of the Executive Team was awarded and approved by the Board. The actual number of deferred equity awards will be granted in August 2014. *Refer to Table 8 for details of LTI awarded.*		***LTI – Deferred equity award (100%)**** • continuous employment and performance rating to be met for the five year vesting period; and • the Group's average diluted EPS increasing by a compound 10% per annum over the five year vesting period

* The FY14 STI and LTI, which were granted in the form of deferred equity award for the MD & CEO, are subject to shareholders' approval in the FY14 Annual General Meeting.

As part of the ongoing review of remuneration, the STI and LTI plans were refined to ensure incentives aligned with our remuneration philosophy and market competitiveness. The Board approved the remuneration changes as set out below in Table 3A for the financial year ending 30 June 2015 (FY15) to be more in line with the market and still motivate our executives to outperform.

TABLE 3A – EXECUTIVE REMUNERATION CHANGES FROM FY15 ONWARDS

Remuneration changes	FY14 terms	FY 15 new terms
STI – performance hurdles	Maximum STI could be awarded if the EPS growth is 20% or more	Maximum STI could be awarded if the EPS growth is 15% or more
STI – vesting condition for the deferred equity award (DEA)	All of the DEA vesting after a three years tenure hurdle from the grant date	One third of DEA vesting after one year tenure from the grant date; One third of DEA vesting after second year tenure from the grant date; and One third of DEA vesting after third year tenure from the grant date
LTI – vesting period and tenure hurdles only*	All of the DEA vesting after a five year tenure hurdle from the grant date and meeting financial and non-financial performance measures over the five year vesting period	All of the DEA vesting after a three year tenure hurdle from the grant date and meeting financial and non-financial performance measures over the three year vesting period

* The LTI plan's financial performance hurdle, namely the Group's diluted EPS growth compound rate of 10% has not changed.

TABLE 4 – MAXIMUM POTENTIAL AND FY14 ACTUAL REMUNERATION MIX

	Maximum potential		FY14 Actual	
	MD & CEO %	Other executives %	FY14 Actual MD & CEO %	Other executives[b] %
Fixed remuneration	36%	44%-54%	36%	44%-54%
At risk				
STI – cash	27%	15%-20%	25%	14%-19%
STI – deferred[a]	18%	10%-13%	-%	-%
LTI[a]	19%	19%-25%	-%	-%
Total at risk	64%	46%-56%	25%	14%-19%
	100%	100%	61%	63%-70%

(a) During the year, there was no STI – deferred or LTI vested, they were granted and pending for vesting conditions to be met in the future.

(b) Executive data for FY14 actual excludes:
- Peter Roberts and Dana Williams who commenced on 1 August 2013 and 28 January 2014, respectively; and
- Cameron McCullagh who agreed to waive his right to STI for FY14 upon resignation.

I. REMUNERATION OUTCOME FOR FY14

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

a. Short term incentives

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

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

Table 5 – Key details of the STI Plan

Potential maximum STI	MD & CEO can earn up to 125% of his annual fixed remuneration. The other executives within the Executive Team can earn 50% to 75% of their annual fixed remuneration.
Performance measures	Non-financial measures – personal, cultural and behavioural objectives as agreed with the Board. At least 60% of the objectives must be achieved by the members of the Executive Team to be eligible to any STI. Financial measures – no STI will be payable unless at least 5% pro forma EPS growth is achieved against the FY13 prospectus forecast pro forma EPS of 5.4 cents. Maximum STI could be awarded if the EPS growth is 20% or more.
Testing and approval of performance measures	The MD & CEO's STI is recommended by the Remuneration & Succession Planning Committee based on the financial and his non-financial performance outcome and approved by the Board. The STI of other members of the Executive Team is recommended by the MD & CEO to Remuneration & Succession Planning Committee based on their financial and non-financial performance outcome and recommended by Remuneration & Succession Planning Committee for approval by the Board.
Rationale for choosing performance measures	The non-financial measures are chosen to ensure each executive of the Executive Team performs specific tasks that support the success of Steadfast. The financial measure of EPS growth is chosen to ensure long term shareholders value is achieved.
Forms of STI reward elements	60% is paid as cash, normally in September following the end of financial year. 40% is granted as deferred equity award (DEA) of conditional rights to Steadfast ordinary shares and vesting after a three year tenure hurdle from the grant date.
Key terms of DEA	DEA of conditional rights to Steadfast ordinary shares are normally granted in August following the financial year. These rights are granted to the participants at no cost, to the dollar value of their DEA awarded. The number of conditional rights granted is calculated based on the weighted average share price over the five trading days before the grant date. The participants in the STI Plan become eligible to receive one Steadfast ordinary share per conditional right subject to their continuing employment with the Group for three year period from the grant date. These rights will accrue notional dividends which will be paid upon vesting.
Forfeiture conditions	The Board retains the discretion to adjust any unpaid or unvested performance related remuneration (such as STI – Cash, STI – deferred portion) downwards if it is appropriate to do so. The conditional rights will be forfeited if the executive resigns before the vesting date. When an executive ceases employment in special circumstances, such as redundancy, any unvested rights may be paid in cash and/or Steadfast ordinary shares subject to Board discretion.

The Executive Team met their non-financial performance objectives and the Group achieved an underlying EPS growth of 19.1% for FY14.

The underlying EPS for FY14 was measured on a pro forma basis to reflect:

- a full 12 months operation of the Group; and
- the normalised results by excluding non-recurring income and expenses that resulted from the ASX listing and restructure.

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

Table 6 – Actual STI outcomes for FY14

	Maximum STI potential	Actual STI outcome		STI – cash outcome (60% of outcome)		STI – deferred equity award outcome (40% of outcome)	
	(% of fixed pay)	(% of maximum)[(a)]	(% of fixed pay)[(b)]	(% of fixed pay)	($)	(% of fixed pay)	($)[(c)]
Robert Kelly	125%	94%	118%	71%	552,240	47%	368,160
Stephen Humphrys	75%	95%	71%	43%	181,892	28%	121,261
Linda Ellis	50%	96%	48%	29%	79,894	19%	53,263
Samantha Hollman	50%	96%	48%	29%	72,742	19%	48,495
Allan Reynolds	50%	96%	48%	29%	98,158	19%	65,439
Peter Roberts	50%	96%	48%	29%	80,927	19%	53,951
Dana Williams	50%	96%	48%	29%	42,253	19%	28,169
Executive who ceased as key management personnel during the year:							
Cameron McCullagh[(d)]	75%	-%	-%	-%	-	-%	-

Table note

(a) The proportion of STI forfeited is derived by subtracting the actual percentage of maximum awarded from the maximum STI potential and was 8% on average for the year ended 30 June 2014.

(b) The dollar value of STI awarded to Peter Roberts and Dana Williams is pro-rated for the period from their employment date to 30 June 2014.

(c) The number of conditional rights to be granted to the Executive Team will be determined by dollar value of the deferred equity award outcome divided by the weighted average share price over the five trading days prior to the grant date in September 2014.

(d) During the year, Cameron McCullagh resigned and agreed to waive his right to STI for FY14. Mr McCullagh has resigned from Steadfast with effect from 30 June 2014.

b. Long term incentives

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

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

Table 7 – Key details of the LTI Plan

Potential maximum LTI	MD & CEO can earn up to 50% of his annual fixed remuneration. The other executives within the Executive Team can earn 35% to 50% of their annual fixed remuneration.
Approval of the LTI	No later than the end of August 2014, the Remuneration & Succession Planning Committee based on the financial and non-financial performance outcome and recommended by Remuneration & Succession Planning Committee for approval by the Board.
Forms of LTI reward	Deferred equity award (DEA) of conditional rights to Steadfast ordinary shares and vesting after a five year tenure hurdle and meeting future performance hurdles from the grant date.
Future performance hurdles	Non-financial measures – personal, cultural and behavioural objectives as agreed with the Board. At least 60% of the objectives must be achieved by the members of the Executive Team to be eligible to any LTI. Financial measures – no LTI will be vested unless the Group's average diluted EPS growth by at least a **compound 10%** per annum over the five year vesting period is achieved.
Rationale for choosing performance measures	The financial measure of EPS growth is chosen to ensure long term shareholders value is achieved. The non-financial measures are chosen to ensure each executive of the Executive Team performs specific tasks that support the success of Steadfast.

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

Table 8 – LTI awarded for the year ended 30 June 2014

	Fixed pay ($)	Maximum LTI (% of fixed pay)	LTI – deferred equity awards ($)[(a)]
Robert Kelly	780,000	50%	390,000
Stephen Humphrys	425,000	50%	212,500
Linda Ellis	277,410	35%	97,094
Samantha Hollman	252,578	35%	88,402
Allan Reynolds	340,827	50%	170,414
Peter Roberts[(b)]	308,000	35%	96,577
Dana Williams[(b)]	350,000	35%	51,349
Executive who ceased as key management personnel during the year:			
Cameron McCullagh[(c)]	572,000	50%	-

Table note

(a) The number of conditional rights to be granted to the Executive Team will be determined by the dollar value of the deferred equity award outcome divided by the weighted average share price over the five trading days prior to the grant date in September 2014.

(b) The dollar value of LTI awarded to Peter Roberts and Dana Williams is pro-rated for the period from their employment date to 30 June 2014.

(c) During the year, Cameron McCullagh resigned and agreed to waive his right to LTI for FY14.

II. SHAREHOLDING REQUIREMENTS

There is no specific policy requiring the Executive Team to hold any Steadfast's ordinary shares. However, the Executive Team acquire Steadfast's ordinary shares, through the following means:

- re-weighting shares allocated to the shareholders who held ordinary shares before the Company's change of constitution as approved by its Extraordinary General Meeting in June 2013;
- for one executive, acquisition of consideration shares pursuant to the initial public retail and institutional offer as part consideration for an acquisition made by the Group;
- subscription for ordinary shares as part of the Company's initial public retail and institutional offer;
- for four executives, acquisition of Executive Shares through the Executive Loan Arrangement (for further details, refer to section G.III. Executive loans and Executive Shares and Table 15 – Movement of Executive loans);
- participation in the Company's Dividend Reinvestment Plan;
- conditional rights conversion into ordinary shares at the end of August 2014 (refer to Table 14 – Conditional rights allocated to the Executive Team for further details); and
- potential vesting of deferred equity awards granted through the STI and LTI Plans in the financial years from 1 July 2014 onwards (refer to Table 3 – Key elements of executive remuneration for further details of the STI and LTI Plans).

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

III. HISTORICAL ANALYSIS OF FINANCIAL PERFORMANCE

The following table outlines the returns of the Group delivered to its shareholders. The Company has gone through significant development and transformation to facilitate its successful listing on the ASX in August 2013. As a result, historical analysis of financial performance for the financial years prior to 2014 does not provide meaningful comparative information to the users of this report.

Table 9 – Key financial performance indicator

	2010	2011	2012	2013	2014
Net profit/(loss) attributable to owners of the Company ($'000)	3,581	2,810	6,174	(13,437)	**25,087**

Dividends paid in 2010 and 2012 were $950.183 per share and $1,351.250 per share, respectively. The dividends per share calculated were based on 1,425 and 1,395 shares on issue as at 30 June 2010 and 2012, respectively. Upon ASX listing, 500.971 million shares were issued. The historical comparative basic and diluted earnings per share, dividend paid per share cannot be used as an indication of future earnings and dividend per share.

The pro forma EPS used for determining STI and LTI for FY14 excludes non-recurring income and expenses relating to the ASX listing and restructure of the Company in August 2013. This is consistent with the FY13 pro forma EPS used as the base for determining FY14's STI and LTI awards. The reconciliation on the reported EPS to the adjusted EPS used for STI and LTI is as follows:

	$'000
2014	
Reported net profit attributable to owners of the Company	**25,087**
Less: non-recurring income, pre tax	**(3,996)**
Add: non-recurring expenses, pre tax	**8,562**
Add: July 2013 trading results, pre tax	**4,507**
Less: tax effect on the above	**(1,738)**
Adjusted pro forma net profit attributable to owners of the Company*	**32,422**
Adjusted pro forma EPS (cents per share)	**6.47 cents**
2013	
Prospectus forecast pro forma net profit/(loss) attributable to owners of the Company ($'000)	27,200
Prospectus forecast pro forma EPS (cents per share)	5.43 cents
Growth from FY13 (%)	**19.1%**

* The adjusted pro forma net profit/(loss) attributable to owners of the Company reflected the full 12 months' operations of the Group.

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

D. EXECUTIVE REMUNERATION DETAILS

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

For an executive who was newly appointed to the Executive Team during either financial year, the remuneration information provided in the table below relates to the period from the date of their appointment as key management personnel (KMP) to the year ended 30 June. Refer to Table 2 – Executive Team for KMP who were appointed during the financial year ended 30 June 2014.

The table below also contains remuneration information of KMP who resigned during the financial year from 1 July 2013 to the date of their resignation.

TABLE 10 – TOTAL EXECUTIVE REMUNERATION OF THE GROUP

Table note	Short term employment benefits (1) Cash salary and leave accruals $	Short term employment benefits (2) Short term incentive $	Short term employment benefits (3) Non-monetary benefits (refer table 10a) $	Post employment benefits (4) Superannuation $	Other long term employment benefits (5) Long service leave accruals $	Sub total (excluding share based payments) $	Share based payments (6) $	Total $
Current Executive Team (including Managing Director):								
Robert Kelly, Managing Director & CEO								
2014	**809,011**	**552,240**	**2,613,658**	**17,775**	**14,976**	**4,007,660**	**126,304**	**4,133,964**
2013	869,013	-	16,727	21,784	52,093	959,617	-	959,617
Stephen Humphrys, Chief Financial Officer, KMP since 2 January 2013								
2014	**409,474**	**181,892**	**534,844**	**15,888**	**8,207**	**1,150,305**	**128,001**	**1,278,306**
2013	190,375	-	6,962	8,235	3,875	209,447	6,519	215,966
Linda Ellis, Group Company Secretary & General Counsel, KMP since 3 June 2013								
2014	**254,433**	**79,894**	**12,247**	**17,775**	**5,216**	**369,565**	**61,667**	**431,232**
2013	19,635	-	550	1,373	358	21,916	2,933	24,849
Samantha Hollman, Executive General Manager – Strategic Projects								
2014	**242,713**	**72,742**	**12,306**	**17,498**	**15,724**	**360,983**	**59,351**	**420,334**
2013	219,514	-	9,867	19,252	2,470	251,103	3,259	254,362
Allan Reynolds, Executive General Manager								
2014	**323,763**	**98,158**	**478,007**	**17,621**	**6,426**	**923,975**	**110,508**	**1,034,483**
2013	330,807	-	9,362	21,784	13,029	374,982	6,519	381,501
Peter Roberts, Executive General Manager – Integration Synergies, KMP since 1 August 2013								
2014	**303,836**	**80,927**	**9,034**	**23,237**	**17,464**	**434,498**	**20,680**	**455,178**
Dana Williams, Chief Operating Officer, KMP from 28 January 2014 to 30 June 2014 and former Chief Financial Officer, KMP from 13 August 2012 to 9 November 2012[(b)]								
2014	**154,579**	**42,253**	**5,761**	**8,887**	**2,688**	**214,168**	**5,638**	**219,806**
2013	70,930	-	1,238	5,070	-	77,238	-	77,238
Executive who ceased as key management personnel during the year:								
Cameron McCullagh, former Chief Operating Officer[(c)], KMP ceased on 30 June 2014								
2014	**337,921**	**-**	**2,084,816**	**17,775**	**(22,446)**	**2,418,066**	**-**	**2,418,066**
2013	529,773	-	8,995	18,243	14,677	571,688	-	571,688

I. Footnote to Table 10

(a) During the year ended 30 June 2013, Jenny Varley (former Company Secretary) ceased as KMP, her total remuneration was $582,576.

(b) Dana Williams, former Chief Financial Officer left Steadfast on 9 November 2012. Ms Williams was appointed as Executive General Manager – Acquisitions and re-joined Steadfast on 28 January 2014. From 1 July 2014, Ms Williams was appointed as Chief Operating Officer to replace Mr McCullagh. In Table 10 above, her remuneration for both financial years ended 30 June 2013 and 2014 were only part year.

(c) During the year, Cameron McCullagh, former Chief Operating Officer, resigned (with effect from 30 June 2014) and agreed to waive his right to STI and LTI for FY14.

His remuneration was for the full financial year and he was not entitled to any termination benefits in accordance with the employment agreement. The Board confirmed that there would be no changes in terms and conditions of the interest free Executive Loan agreement.

II. Table note

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

(2) 2014 short term incentive (STI) represents 40% of the total STI awarded and approved by the Board and will be paid in cash in September 2014. No STI payment was awarded to any KMP for the prior financial year ended 30 June 2013.

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

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

Table 10a - Breakdown of non-monetary benefits

	Deemed interest expense during the year $	Deemed interest expense for future years $	Total effective interest on Executive loans $	Discount on Executive Shares $	Other non-monetary benefits $	Total non-monetary benefits $
Robert Kelly	337,623	1,504,006	1,841,629	750,000	22,029	2,613,658
Stephen Humphrys	67,495	300,831	368,326	150,000	16,518	534,844
Allan Reynolds	60,797	270,696	331,493	135,000	11,514	478,007
Executive ceased as key management personnel during the year:						
Cameron McCullagh	270,128	1,203,175	1,473,303	600,000	11,513	2,084,816

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

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

(6) For FY14, the significant increase in the share based payments is mainly due to:

- the operation of new STI and LTI Plans, an allocated portion of the unvested STI and LTI is required to be recognised for the services provided by the members of the Executive Team for the year; and
- a full 12 months effect on the allocated portion of the unvested conditional rights granted in 2013 as described below.

During the prior financial year, four members of the Executive Team were allocated conditional rights which will convert to the Company's ordinary shares free of costs at the end of August 2014 subject to continuing employment at that time and their performance meeting the minimum criteria as agreed. Details of the conditional rights are provided in Table 14 Movement of conditional rights in Section G.II. in this report. An allocated portion of the unvested conditional rights is included in Table 10 above. The value of the conditional rights is calculated based on the expected share price, less expected dividends without discounting (due to immaterial time value over the vesting period).

E. NON-EXECUTIVE DIRECTORS REMUNERATION

I. STRUCTURE AND POLICY

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

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

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

For the financial year ended 30 June 2014, a remuneration consultant (Egan Associates Pty Ltd) was engaged to provide information on Non-executive Director remuneration to the Remuneration & Succession Planning Committee. No recommendation as defined by the Corporations Act 2001 was provided by Egan Associates Pty Ltd.

II. BOARD AND COMMITTEE FEES

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

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

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

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

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

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

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

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

F. NON-EXECUTIVE DIRECTOR REMUNERATION DETAILS

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

For those Directors appointed during the financial year, the remuneration information provided in Table 12 relates to the period from the date of their appointment to the year ended 30 June.

TABLE 12 – TOTAL DIRECTOR REMUNERATION OF THE GROUP

	Short term employment benefits		Post employment benefits	Total
	Board fees $	Other boards and committee fees $	Superannuation $	$
Current Directors				
Frank O'Halloran, AM, appointed 21 October 2012				
2014	**183,066**	**-**	**16,934**	**200,000**
2013	127,780	-	11,468	139,248
David Liddy, appointed 1 January 2013				
2014	**91,533**	**6,865**	**9,102**	**107,500**
2013	49,313	-	4,438	53,751
Anne O'Driscoll, appointed 1 July 2013				
2014	**91,533**	**6,865**	**9,102**	**107,500**
Philip Purcell, appointed 1 February 2013				
2014	**91,533**	**-**	**8,467**	**100,000**
2013	38,226	-	3,440	41,666
Greg Rynenberg				
2014	**91,533**	**-**	**8,467**	**100,000**
2013	80,982	22,652	6,227	109,861
Jonathan Upton*				
2014	**91,533**	**-**	**8,467**	**100,000**
2013	107,986	12,000	4,817	124,803

During the prior financial year ended 30 June 2013, the following Non-executive Directors ceased as KMP and the total remuneration of each former director for that year was as follows:

- Christopher Baker, retired 6 October 2012 – $44,679;
- Cameron Bott, retired 6 October 2012 – $44,363;
- Michael Olofinsky, retired 6 October 2012 – $30,625;
- Richard Post, retired 6 October 2012 – $13,125;
- Shayne Smith, appointed 19 October 2011 and retired 6 October 2012 – $13,125;
- Graham Stevens, retired 20 August 2012 – $13,125;
- Gregory Stewart, retired 6 October 2012 – $77,438;
- Joseph Vella, retired 6 October 2012 – $13,125; and
- John Wolozny, retired 6 October 2012 – $36,094.

* Jonathan Upton is the Managing director and minority shareholder (via his related parties) of Steadfast IRS Pty Limited, a subsidiary of the Group, his remuneration and other related party transactions with Steadfast IRS are provided in section G.V.b. in this report.

SHAREHOLDINGS REQUIREMENTS

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

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

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

G. ADDITIONAL INFORMATION

I. EXECUTIVE SERVICE AGREEMENTS

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

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

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

Table 13 – Key terms of executive service agreements

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

* Mr Kelly has agreed not to terminate his employment contract before 21 October 2015.

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

a. Retrenchment entitlements

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

b. Termination under other situations

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

II. CONDITIONAL RIGHTS

During the prior financial year ended 30 June 2013, the Remuneration & Succession Planning Committee approved the allocation of conditional rights to selected employees who contributed to the listing of the Company. The conditional rights allocated were free of cost and will convert to one ordinary share per right at the end of August 2014 subject to the continuing employment at that time and the performance of the employee meeting the minimum criteria as agreed by management (or the Remuneration & Succession Planning Committee for the Executive Team). The table below provides the number of conditional rights held by four members of the Executive Team at 1 July 2013 and 30 June 2014. There was no movement in conditional rights held by these four members of the Executive Team during the financial year. Other members of the Executive Team were not granted conditional rights during the prior financial year. No conditional rights were granted to the two new members of the Executive Team appointed during the current financial year.

Table 14 – Movement in conditional rights

	At 1 Jul 2013 Number	At 30 Jun 2014 Number
Stephen Humphrys	100,000	**100,000**
Linda Ellis	50,000	**50,000**
Samantha Hollman	50,000	**50,000**
Allan Reynolds	100,000	**100,000**
	300,000	**300,000**

The fair value of the conditional rights as recognised at 1 July 2013 and 30 June 2014 is $0.98.

Conditional rights awarded as deferred equity award from the STI Plan and LTI Plan as approved by the Board will be granted to the Executive Team in September 2014. Further information of these rights will be provided in the 2015 Remuneration Report.

III. EXECUTIVE LOANS AND EXECUTIVE SHARES

In the Extraordinary General Meeting held on 14 June 2013, the shareholders approved the making by the Company of full recourse loans to four members of the Executive Team. They have entered into loan agreements with the Company (Executive Loan Agreements). Under the Executive Loan Agreements, the Company provided loans to these executives with the loan proceeds to be used only to fund the acquisition of ordinary shares in the capital of the Company at a fixed price of $1.00 per share pursuant to the Company's initial retail and institutional offer (Executive Shares).

The loans were intended:

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

The key terms of the Executive Loan Agreements are:

- interest free, unsecured and full recourse loans;
- all dividends in respect of Executive Shares must be applied towards repayment of the loans; and
- to be repaid in full five years after the date on which the loans are provided.

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

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

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

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

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

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

- the proceeds from the disposal of the Executive Shares are to be applied towards the repayment of the Executive loans first in the same proportion as the percentage of total Executive Shares disposed. The executives are entitled to retain any profits or gains from the disposal of the Executive Shares.
- the disposal is made in the event of the death of the executive, the executive being declared bankrupt or the executive ceasing to be employed by the Company as a consequence of termination of an employment contract, ill health or retirement.

Table 15 below provides the amount of the Executive loans provided to the four executives and the fair value at the drawn down date and movement during the financial year. Table 16 provides details of Executive Shares acquired on 2 August 2014 (date of listing of the Company).

Table 15 – Movement of Executive loans

	Face value of Executive loans $	Fair value of Executive loans drawn down during the year $	Deemed interest expense during the year $	Repayment during the year $	Fair value of Executive loans at the end of the year $
Robert Kelly	5,000,000	3,158,371	337,623	(90,000)	3,405,994
Stephen Humphrys	1,000,000	631,674	67,495	(18,000)	681,169
Allan Reynolds	900,000	568,507	60,797	(16,200)	613,104
Executive ceased as key management personnel during the year:					
Cameron McCullagh*	4,000,000	2,526,697	270,128	(72,000)	2,724,825
	10,900,000	6,885,249	736,043	(196,200)	7,425,092

* It is agreed that the Executive Loan Agreement with Cameron McCullagh continues despite his resignation from the Company.

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

Following the successful listing of the Company in August 2013, Non-executive Directors and the Executive Team acquired Steadfast's ordinary shares through the initial public retail offer, re-weighting shares, consideration shares and Executive Shares. Some of them participate in the Dividend Reinvestment Plan and were allotted with Steadfast's ordinary shares instead of receiving cash for the FY14 interim dividend during the financial year.

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

Directors' Report continued

Table 16 below summarises the various types of ordinary shares allotted on 2 August 2013, other changes (including new shares allotted through the Dividend Reinvestment Plan) during the year and the balance at the end of the financial year both in total and held nominally by related parties of Non-executive Directors and the Executive Team.

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

	Shares allotted on 2 August 2013						
	Initial public retail offer Number	Re-weighting shares Number	Consideration shares Number	Executive Shares Number	Other changes during the year Number	Total shares held at 30 June 2014 Number	Shares held nominally at 30 June 2014[a] Number
Frank O'Halloran, AM[b]	1,147,825	-	-	-	-	1,147,825	626,086
Robert Kelly[b]	98,260	150,461	-	5,000,000	627	5,249,348	249,348
David Liddy[b]	217,391	-	-	-	-	217,391	217,391
Anne O'Driscoll[b]	108,695	-	-	-	-	108,695	108,695
Philip Purcell[b]	86,956	-	-	-	24,000	110,956	110,956
Greg Rynenberg[b]	247,824	286,414	-	-	3,688	537,926	537,926
Jonathan Upton[b]	17,390	478,709	1,700,000	-	208	2,196,307	2,196,307
Stephen Humphrys	-	-	-	1,000,000	-	1,000,000	-
Linda Ellis	60,869	-	-	-	728	61,597	-
Samantha Hollman	173,913	-	-	-	-	173,913	173,913
Allan Reynolds	13,043	-	-	900,000	156	913,199	13,199
Peter Roberts[c]	6,519	-	1,650,000	-	-	1,656,519	1,656,519
Dana Williams[c]	-	-	-	-	-	-	-
Executive ceased as key management personnel during the year:							
Cameron McCullagh	39,129	-	-	4,000,000	-	4,039,129	39,129

Footnote to Table 16

(a) Shares held nominally are included in the column headed total shares held at 30 June 2014. Total shares are held directly by the KMP and indirectly by the KMP's related parties, inclusive of domestic partner, dependants and entities controlled, jointly controlled or significantly influenced by the KMP.

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

(c) Dana Williams and Peter Roberts became KMP from 28 January 2014 and 1 August 2013, respectively.

V. KMP OTHER RELATED PARTY TRANSACTIONS

a. Consultancy fee to a Non-executive Director

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

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

i. Sale of equity interests of Steadfast IRS and Sydney hub

On 7 August 2013, the Group acquired an initial 49% interest in Steadfast IRS Pty Limited (formerly known as IRS Steadfast Pty Limited and Indemnity Corporation Pty Limited). In February 2014, the Group sold the insurance brokerages of Wagland Salter & Associates and DMA (both 100% subsidiaries) to Steadfast IRS. Consideration for these sales included the issue of shares in the capital of Steadfast IRS and further shares in the capital of Steadfast IRS were purchased from interests associated with Jonathan Upton. In aggregate, the Group acquired an additional 31% interest in Steadfast IRS to hold an 80% equity interest in the combined operations. The transaction was a related party transaction due to the interest in Steadfast IRS held by interests associated with Jonathan Upton, a Non-executive Director of the Company. The Company relied upon the arm's length exception in the Corporations Act 2001 to the requirement for shareholder approval.

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

Jonathan Upton is the Managing Director of Steadfast IRS. During the year, Mr Upton received remuneration from managing the entity. Details of remuneration received or receivable are:

	2014 $
Short term employment benefits	
Cash salary and leave accruals	275,710
Non-monetary benefits	11,061
Post-employment benefits	
Superannuation	23,248
Other long term employment benefits	
Long service leave accruals	8,625
Total	318,644

Mr Upton has equity interests in Steadfast IRS directly and indirectly through his 100% ownership interest in Upton Grange Australia Pty Limited and Upton Grange Pty Limited. An interim dividend of $21,506 was received during the year.

The following transactions occurred between Steadfast Group and Steadfast IRS:

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

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

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

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

The key terms of the loan are:

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

Directors' Report continued

c. Sale of equity interests by KMP to the Group

White Outsourcing

On 7 August 2013, the Group acquired an initial 87.5% interest in White Outsourcing from its shareholders. Some of the equity interests were held by entities associated with Stephen Humphrys and Peter Roberts, being key management personnel of the Group (refer details of the Executive Team as listed in Table 2 of this report).

In February 2014, the Group acquired the remaining 12.5% of White Outsourcing from interests associated with Cameron McCullagh, being key management personnel of the Group. The acquisition was on financial terms calculated on the same basis that other vendors of White Outsourcing received on the initial acquisition. The Company relied upon the arm's length exception in the Corporations Act 2001.

d. Other KMP related party transactions

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

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

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

iii. Current receivable from related parties	
Trade receivables from Directors' related entities	47,660

ROUNDING

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

Signed at Sydney on 27 August 2014 in accordance with a resolution of the Directors.

Frank O'Halloran, AM
Chairman

Robert Kelly
Managing Director

Lead Auditor's Independence Declaration

UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

TO THE DIRECTORS OF STEADFAST GROUP LIMITED

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2014, there have been:

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

KPMG

KPMG

Andrew Dickinson
Partner

Sydney
27 August 2014

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 $'000	2013 $'000
Fee and commission income		**112,132**	5,623
Marketing and administration fees		**26,361**	24,513
Other revenue		**28,250**	4,633
Revenue		**166,743**	34,769
Share of profits of associates accounted for using the equity method	12	**10,139**	546
Share of profits of joint venture accounted for using the equity method	13	**3,196**	2,386
Profit on fair value of investments	18	**4,445**	-
Other income		**465**	97
		184,988	37,798
EXPENSES			
Employment expense		**(73,971)**	(10,566)
Selling expense		**(24,766)**	(30)
Administration, brokers support service and other expenses		**(27,043)**	(9,403)
Steadfast Network Broker rebates		**(7,084)**	(5,894)
Occupancy expense		**(5,299)**	(610)
Amortisation expense		**(7,236)**	(521)
Depreciation expense		**(1,689)**	(492)
Finance costs		**(1,016)**	(1,188)
Due diligence and restructure costs	18	**(3,283)**	(23,782)
Profit/(loss) before income tax (expense)/benefit		**33,601**	(14,688)
Income tax (expense)/benefit	20	**(6,159)**	1,421
Profit/(loss) after income tax (expense)/benefit for the year		**27,442**	(13,267)
OTHER COMPREHENSIVE INCOME			
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS			
Net movement in foreign currency translation reserve		**933**	224
Income tax expense on other comprehensive income		**(280)**	(67)
Other comprehensive income/(loss) for the period, net of tax		**653**	157
Total comprehensive income/(loss) for the year, net of tax		**28,095**	(13,110)

	Note	2014 $'000	2013 $'000
PROFIT/(LOSS) FOR THE YEAR IS ATTRIBUTABLE TO:			
Non-controlling interests		**2,355**	170
Owners of Steadfast Group Limited		**25,087**	(13,437)
		27,442	(13,267)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR IS ATTRIBUTABLE TO:			
Non-controlling interests		**2,355**	170
Owners of Steadfast Group Limited		**25,740**	(13,280)
		28,095	(13,110)
EARNINGS/(LOSS) PER SHARE			
Basic earnings/(loss) per share (cents per share)	5	**5.43**	(20.46)
Diluted earnings/(loss) per share (cents per share)	5	**5.41**	(20.46)

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

Consolidated Statement of Financial Position

AS AT 30 JUNE 2014

	Note	2014 $'000	2013 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		**38,551**	3,235
Cash held on trust		**76,679**	8,243
Receivables from broking/underwriting agency operations		**133,460**	12,871
Other receivables		**16,243**	7,226
Related party loans receivable	22	**1,351**	-
Other		**1,730**	1,506
Total current assets		**268,014**	33,081
NON-CURRENT ASSETS			
Related party loans receivable	22	**12,686**	3,698
Property, plant and equipment		**19,825**	12,944
Deferred tax assets	20	**5,817**	138
Investments in associates	12	**144,388**	8,219
Interest in joint venture	13	**4,425**	3,593
Intangible assets	7	**79,389**	7,923
Goodwill	7	**287,214**	28,131
Other		**954**	2
Total non-current assets		**554,698**	64,648
Total assets		**822,712**	97,729
LIABILITIES			
CURRENT LIABILITIES			
Bank overdrafts	8	**654**	-
Payables on broking/underwriting agency operations		**188,222**	18,305
Other payables		**23,706**	16,459
Borrowings	8	**862**	3,094
Income tax payable		**4,929**	1,001
Provisions		**6,388**	1,334
Deferred consideration		**13,598**	8,340
Total current liabilities		**238,359**	48,533
NON-CURRENT LIABILITIES			
Borrowings	8	**19,528**	33,529
Other payables		**1,285**	-
Deferred tax liabilities	20	**26,700**	1,021
Deferred consideration		**6,454**	1,524
Provisions		**5,348**	740
Total non-current liabilities		**59,315**	36,814
Total liabilities		**297,674**	85,347
Net assets		**525,038**	12,382

	Note	2014 $'000	2013 $'000
EQUITY			
Share capital	9	488,187	317
Treasury shares held in trust	9	(1,070)	-
Foreign currency translation reserve		810	157
Share based payments reserve		3,187	-
Undistributed profits reserve		6,328	-
Other reserves		(2,578)	-
Retained earnings		20,937	11,195
Equity attributable to the owners of Steadfast Group Limited		515,801	11,669
Non-controlling interests		9,237	713
Total equity		525,038	12,382

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

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2014

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

2013	Share capital $'000	Treasury shares held in trust $'000	Foreign currency translation reserve $'000	Share based payments reserve $'000	Un-distributed profits reserve $'000	Other reserves $'000	Retained earnings $'000	Non-controlling interests $'000	Total equity $'000
	Equity attributable to owners of Steadfast Group Limited								
Balance at 1 July 2012	317	-	-	-	-	-	14,154	-	14,471
Profit after income tax expense for the year	-	-	-	-	-	-	(13,437)	170	(13,267)
Other comprehensive income for the year, net of tax	-	-	157	-	-	-	-	-	157
Total comprehensive income for the year	-	-	157	-	-	-	(13,437)	170	(13,110)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:									
Share based payments on re-weighting shares	-	-	-	-	-	-	10,478	-	10,478
Acquisition of a subsidiary with non-controlling interest	-	-	-	-	-	-	-	543	543
Balance at 30 June 2013	317	-	157	-	-	-	11,195	713	12,382

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

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 $'000	2013 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		138,443	36,988
Payments to suppliers and employees, and member rebates		(124,092)	(38,721)
Dividends received from associates and joint venture		7,163	2,778
Interest received		3,701	300
Interest and other finance costs paid		(1,016)	(1,188)
Income taxes paid		(7,801)	(624)
Net cash from operating activities before customer trust accounts movement		16,398	(467)
Net movement in customer trust accounts (net cash receipts/payments on behalf of customers)		(10,935)	3,413
Net cash from operating activities		5,463	2,946
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for acquisitions of subsidiaries and business assets, net of cash acquired and repayment of subsidiaries' loans		(116,355)	(18,173)
Payments for investments in associates and joint venture		(70,222)	(8,780)
Proceeds on part disposal of investments in subsidiaries on hubbing arrangements		6,875	-
Payments for property, plant and equipment		(1,751)	(9,446)
Payments for intangible assets		(241)	(103)
Net cash used in investing activities		(181,694)	(36,502)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		333,703	-
Payments of transaction costs on issue of shares		(15,896)	-
Payments for purchase of treasury shares		(1,070)	-
Repayment of related party loan		196	-
Provision of related party loan		(2,993)	-
Proceeds from borrowings		12,524	38,872
Repayment of borrowings		(37,015)	(3,660)
Dividends paid to owners of Steadfast Group Limited, net of Dividend Reinvestment Plan		(8,014)	(168)
Dividends paid to non-controlling interests		(2,106)	-
Net cash from financing activities		279,329	35,044
Net increase in cash and cash equivalents		103,098	1,488
Cash and cash equivalents at the beginning of the financial year		11,478	9,990
Cash and cash equivalents at the end of the financial year	21	114,576	11,478

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

Notes to the Financial Statements »

FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1. GENERAL INFORMATION

This general purpose financial report is for the year ended 30 June 2014 and comprises the consolidated financial statements for Steadfast Group Limited (Steadfast or the Company) and its subsidiaries, and the Group's interests in associates and a joint venture (Steadfast Group or the Group). These financial statements are presented in Australian dollars, which is Steadfast's functional and presentation currency.

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

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

This general purpose financial report was authorised for issue by the Board on 27 August 2014.

This year's financial report is re-ordered and re-written to aid improvement in communication. The flow of information is grouped as follows:

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

A. STATEMENT OF COMPLIANCE

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

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

B. BASIS OF PREPARATION OF THE FINANCIAL REPORT

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

I. Changes in accounting polices

The Company has adopted all of the new recognition and measurement requirements, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the year ended 30 June 2014. There were a number of new and revised Australian Accounting Standards applicable for the current reporting period. Adoption of these standards has not had any material effect on the financial position or performance of the Group.

The Group elected to early adopt AASB2013-3 Amendments to AASB136 – *Recoverable Amount Disclosures for Non-Financial Assets*, adoption of this standard only affects disclosures in Note 7 Intangible assets and goodwill for the year ended 30 June 2014.

II. Reclassification of comparatives

Certain prior year comparative information has been revised in this financial report to conform to the current period's presentation. The reclassifications are for:

- improving readability of the statement of comprehensive income and the statement of financial position by providing further details/ breakdown of expenses and assets and liabilities on the face of these two statements; and
- aligning the nature of the rebate to Steadfast Network Brokers as accrued expenditure (which is grouped with trade and other payables). The rebate was classified as a provision in the prior period. The comparatives of current trade and other payables and current provisions were increased and decreased by $6.020 million, respectively. The reclassification has no profit and loss impact.

III. Rounding

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

C. REVENUE RECOGNITION

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES continued

I. Fees and commission income

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

II. Marketing and administration fees

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

III. Claims experience benefit

The Group may receive a claims experience benefit payment or payments in respect of certain types of insurance products placed with insurance companies. Revenue is recognised for a claims experience benefit for a particular policy year when it is likely that a claims experience benefit is receivable and the amount can be measured reliably.

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

VI. Other revenue

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

D. TAXATION

Tax consolidation

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

E. CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in bank, deposits held at call with financial institutions, and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash. This includes cash held by the subsidiaries for business operations/operating expenses purposes.

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

F. RECEIVABLES FROM BROKING/UNDERWRITING AGENCY OPERATIONS

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

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

G. INTANGIBLE ASSETS

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

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

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and provision for impairment.

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

H. PAYABLES ON BROKING/UNDERWRITING AGENCY OPERATIONS

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

I. NON-CONTROLLING INTERESTS

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. For the operations and business being put into a business hub, non-controlling interests represent the fair value at the hubbing date.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES continued

J. AUSTRALIAN ACCOUNTING STANDARDS ISSUED AND NOT YET EFFECTIVE

The Company has not early adopted and applied any new, revised or amending Accounting Standards and Interpretations that are not yet mandatory for the year ended 30 June 2014, except as described in Note 2.B.I.

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

Title	Description	Effective date	Operating year	Note
AASB 9	Financial Instruments	1 January 2018	30 June 2019	(i)
AASB 2009-11	Amendments to Australian Accounting Standards arising from AASB 9	1 January 2018	30 June 2019	(i)
AASB 2010-7	Amendments to Australian Accounting Standards arising from AASB 9	1 January 2018	30 June 2019	(i)
AASB 2012-6	Amendments to Australian Accounting Standards arising from AASB 9	1 January 2018	30 June 2019	(i)

Table note

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

NOTE 3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates may differ from the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) during the year ended 30 June 2014 are discussed below.

A. FAIR VALUE OF ASSETS ACQUIRED

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

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

B. DEFERRED CONSIDERATION

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

C. GOODWILL

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

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

D. INTANGIBLE ASSETS

The carrying amounts of intangible assets with finite lives are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated on the same basis as goodwill above.

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

E. ESTIMATION OF USEFUL LIVES OF ASSETS

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

F. RECOVERY OF DEFERRED TAX ASSETS

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

G. REBATES ACCRUALS

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

NOTE 4. OPERATING SEGMENTS

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

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

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

	Table note	2014 Insurance intermediary $'000	2014 Other $'000	2014 Total $'000	2013 Insurance intermediary $'000
EBITA – consolidated entities		39,618	652	40,270	13,063
Share of EBITA from associates and joint venture		22,414	642	23,056	4,472
EBITA from core operations – pre-corporate expenses		62,032	1,294	63,326	17,535
Corporate expenses		(8,130)	-	(8,130)	(5,192)
EBITA from core operations – post-corporate expenses		53,902	1,294	55,196	12,343
Finance costs (net of interest received on surplus cash held)	(i)	(1,130)	-	(1,130)	(1,205)
Amortisation expense	(ii)	(9,814)	(344)	(10,158)	(756)
Profit before income tax for the year from core operations before non-recurring items		42,958	950	43,908	10,382
Less: non-recurring expenses	(iii)	(4,566)	-	(4,566)	(23,782)
Profit before income tax after non-recurring items		38,392	950	39,342	(13,400)
Income tax (expense)/benefit	(iv)	(11,324)	(576)	(11,900)	133
Net profit/(loss) after income tax for the year		27,068	374	27,442	(13,267)
Non-controlling interests		(2,299)	(56)	(2,355)	(170)
Net profit/(loss) after income tax attributable to owners of Steadfast Group Limited		24,769	318	25,087	(13,437)
Other comprehensive income		653	-	653	157
Total comprehensive income/(loss) after income tax attributable to owners of Steadfast Group Limited		25,422	318	25,740	(13,280)

TABLE NOTE

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

Finance costs – consolidated entities (net of interest received on surplus cash held)	(72)	-	(72)	(1,188)
Finance costs – associates and joint venture (Note 12, 13)	(1,058)	-	(1,058)	(17)
	(1,130)	-	(1,130)	(1,205)

(ii) Breakdown of amortisation expenses are as below.

Amortisation expense – consolidated entities	(6,958)	(278)	(7,236)	(521)
Amortisation expense – associates and joint venture (Note 12, 13)	(2,856)	(66)	(2,922)	(235)
	(9,814)	(344)	(10,158)	(756)

NOTE 4. OPERATING SEGMENTS continued

	Insurance intermediary $'000	Other $'000	2014 Total $'000	2013 Insurance intermediary $'000
(iii) Breakdown of non-recurring income/(expenses) are as below.				
Net profit on changes in value of investments	3,996	-	3,996	-
Due diligence and restructure costs	(3,283)	-	(3,283)	(13,304)
Share based payments on re-weighting of shares	-	-	-	(10,478)
Share based payments and write down of Executive loans	(6,015)	-	(6,015)	-
Deemed interest expense on interest free Executive loans	736	-	736	-
	(4,566)	-	(4,566)	(23,782)
(iv) Breakdown of income tax expenses are as below.				
Income tax (expense)/benefit – consolidated entities	(5,744)	(415)	(6,159)	1,421
Income tax (expense)/benefit – associates and joint venture (Note 12, 13)	(5,580)	(161)	(5,741)	(1,288)
	(11,324)	(576)	(11,900)	133

NOTE 5. EARNINGS PER SHARE

	2014 cents	2013 cents
A. REPORTING PERIOD VALUE		
Basic earnings/(loss) per share	5.43	(20.46)
Diluted earnings/(loss) per share	5.41	(20.46)

	2014 $'000	2013 $'000
B. RECONCILIATION OF EARNINGS USED IN CALCULATING EARNINGS PER SHARE		
Profit/(loss) after income tax	27,442	(13,267)
Non-controlling interests	(2,355)	(170)
Profit/(loss) after income tax attributable to the owners of Steadfast Group Limited for calculation of basic and diluted earnings per share	25,087	(13,437)

	2014 Number in $'000	2013 Number in $'000
C. RECONCILIATION OF WEIGHTED AVERAGE NUMBER OF SHARES USED IN CALCULATING EARNINGS PER SHARE		
I. Weighted average number of ordinary shares issued		
Re-weighting shares[(a)]	65,686	65,686
Ordinary shares issued on the Company's listing on the ASX[(b)]	387,179	-
Executive Shares[(c)]	9,944	-
Ordinary shares issued for Dividend Reinvestment Plan[(d)]	137	-
Weighted average number of ordinary shares issued	462,946	65,686
Ordinary shares bought by the Company and classified as treasury shares held in trust[(e)]	(602)	-
Weighted average number of ordinary shares used in calculating basic earnings per share	462,344	65,686

NOTE 5. EARNINGS PER SHARE continued

	2014 Number in $'000	2013 Number in $'000
II. Weighted average number of dilutive potential ordinary shares related to		
Weighted average number of ordinary shares used in calculating basic earnings per share	**462,344**	65,686
Effect of share based payments arrangements[f]	**398**	-
Effect of deemed bonus shares on share options[g]	**1,078**	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	**463,820**	65,686

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

(a) Prior period basic earnings per share has been retrospectively adjusted for the effect of 65.686 million re-weighting shares allotted to those shareholders who supported various products and businesses for the two years prior to June 2013. These shares are deemed shares split as they were an increase in number of shares outstanding without a corresponding increase in resources at their issuance.

(b) 424.385 million ordinary shares were issued on the Company's listing on the ASX in August 2013, being:

– 134.210 million for consideration shares; and

– 290.175 million for individual and institutional investors.

(c) 10.900 million ordinary shares were issued to a number of executives (Executive Shares) under the Executive Loan Agreements when the Company listed on the ASX in August 2013.

(d) 0.667 million ordinary shares were issued in April 2014 for the Dividend Reinvestment Plan.

(e) 0.745 million ordinary shares were bought on market and held by the trustee (a wholly owned subsidiary of the Group) of an employee share plan. In addition, 0.009 million ordinary shares were acquired through the Dividend Reinvestment Plan. These shares are held to meet conditional rights granted to eligible employees by the Company. The conditional rights could convert to one ordinary shares per right at the end of August 2014 subject to vesting conditions being met.

(f) Steadfast operates share based payments arrangements (being an employee conditional rights scheme, a short term incentive plan and a long term incentive plan) where eligible employees could receive conditional rights instead of cash. One conditional right will convert to one ordinary share subject to vesting conditions being met. These share based payments arrangements are granted to employees free of costs and no consideration will be paid on conversion to Steadfast's ordinary shares. These arrangements have a dilutive effect to the basic earnings per share in the current reporting period.

(g) 3.000 million share options were issued to a key management personnel of an acquired business with an exercise price of $1.00 per share. Because the average share price exceeds the exercise price, 1.078 million shares are deemed to be bonus shares.

NOTE 6. DIVIDENDS

A. DIVIDENDS ON ORDINARY SHARES

2014	Cents per share	Total amount $'000	Payment date	Tax rate for franking credit	Percentage franked
2014 interim dividend	1.8	9,017	14 April 2014	30%	100%

No dividends were declared or paid by the Company in the prior year ended 30 June 2013.

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

The dividends recognised in the current reporting period include $0.013 million (2013: $Nil) paid in relation to treasury shares held in a trust controlled by the Group. All the treasury shares participate in the Dividend Reinvestment Plan.

B. DIVIDEND POLICY

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

C. DIVIDEND REINVESTMENT

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

NOTE 6. DIVIDENDS continued

D. DIVIDEND NOT RECOGNISED AT REPORTING DATE

On 27 August 2014, the Board resolved to pay the following dividend. As this occurred after the reporting date, the dividends declared have not been recognised in this financial report.

2014	Cents per share	Total amount $'000	Expected payment date	Tax rate for franking credit	Percentage franked
2014 final dividend	**2.7**	**13,544**	**8 October 2014**	**30%**	**100%**

The Company's DRP will operate by issuing ordinary shares to participants by issuing new shares with an issue price per share of the average market price as defined by the DRP terms with 2.5% discount applied and a record date of 12 September 2014. The last election notice for participation in the DRP in relation to this final dividend is 15 September 2014.

E. FRANKING CREDITS

	2014 $'000	2013 $'000
Franking account balance at reporting date at 30%	**8,248**	4,310
Franking credits to arise from payment of income tax payable	**1,588**	-
Franking credits available for future reporting periods	**9,836**	
Franking account impact of dividends declared before issuance of financial report but not recognised at reporting date	**(5,805)**	-
Franking credits available for subsequent financial periods based on a tax rate of 30%	**4,031**	4,310

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 not recognised as a liability at the reporting date; and
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

NOTE 7. INTANGIBLE ASSETS AND GOODWILL

	Customer relationships $'000	Capitalised software $'000	Total intangible assets $'000	Goodwill $'000
2014				
A. COMPOSITION				
At cost	85,787	880	86,667	287,214
Accumulated amortisation	(7,040)	(238)	(7,278)	-
	78,747	642	79,389	287,214
B. MOVEMENTS				
Balance at the beginning of the financial year	7,918	5	7,923	28,131
Changes in cash consideration for a subsidiary acquired prior to the Company's listing	-	-	-	(601)
Additions	-	241	241	-
Additions through business combinations	82,074	450	82,524	280,032
Reduction on part disposal of subsidiaries in hubbing arrangements	(4,626)	-	(4,626)	(20,348)
Amortisation expense reduction in hubbing arrangements	563	-	563	-
Amortisation expense	(7,182)	(54)	(7,236)	-
Balance at the end of the financial year	78,747	642	79,389	287,214

NOTE 7. INTANGIBLE ASSETS AND GOODWILL continued

	Customer relationships $'000	Capitalised software $'000	Total intangible assets $'000	Goodwill $'000
2013				
C. COMPOSITION				
At cost	8,339	189	8,528	28,131
Accumulated amortisation	(421)	(184)	(605)	-
	7,918	5	7,923	28,131
D. MOVEMENTS				
Balance at the beginning of the financial year	-	-	-	-
Additions	-	103	103	-
Additions through business combinations	8,339	2	8,341	28,131
Amortisation expense	(421)	(100)	(521)	-
Balance at the end of the financial year	7,918	5	7,923	28,131
E. AMORTISATION RATES	10.0%	20.0-100.0%		

F. IMPAIRMENT TESTING OF IDENTIFIABLE INTANGIBLE ASSETS AND GOODWILL

The Group performed impairment testing for all goodwill on an annual basis and any identifiable intangibles (customer relationships and capitalised software) which had impairment indicators. There was no impairment provision for the year ended 30 June 2014 (2013: no impairment provision).

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

The methodologies used in the impairment testing are:

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

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

	2014 %	2013 %
Post tax discount rates[(a)]	**10.6% or 12.4%**	11.2% or 13.1%
Pre tax discount rates	**13.3% or 16.0%**	15.1% or 17.9%
Revenue growth rate[(b)] – one year to five years extrapolation	**4.0% per annum**	4.0% per annum
Long term revenue growth rate[(c)]	**4.0% per annum**	2.5% per annum

(a) Post tax discount rates reflect the Group's weighted average cost of capital (WACC), adjusted for additional risks specific to each CGU. The WACC takes into account market risks, size of the business, current borrowing interest rates, borrowing capacity of the businesses and the risk free rate. As a result, 10.6% and 12.4% are the post tax discount rates used for large and small CGUs, respectively. Large CGUs are those businesses that have EBITA over $0.800 million. External advice has been sought in relation to the determination of appropriate discount rates to be used.

(b) The Group has estimated a revenue growth of 4.0% per annum for the financial years between 2015 and 2019 based on short term industry forecasts and has no reason to revise this estimation based on current performance.

(c) The Group considers that the long term revenue growth rate is justified, based on the current market conditions.

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

NOTE 8. BORROWINGS

	2014 $'000	2013 $'000
A. BANK LOANS		
Current	862	3,094
Non-current	19,528	33,529
	20,390	36,623
B. BANK FACILITIES AVAILABLE		
I. Bank facilities drawn down		
Bank loans	20,390	36,623
Lines of credit (bank overdrafts)	654	-
	21,044	36,623
II. Undrawn bank facilities		
Bank loans	63,610	7,807
Lines of credit	346	-
	63,956	7,807
III. Total bank facilities available		
Bank loans	84,000	44,430
Lines of credit	1,000	-
	85,000	44,430
C. BANK FACILITIES PROVIDED BY		
Macquarie Bank – Revolving line of credit facility, secured	78,897	44,430
National Australia Bank, secured by assets of subsidiaries	6,048	-
Other financial institutions	55	-
	85,000	44,430

D. MOVEMENT OF BORROWINGS

The outstanding borrowings as at 30 June 2014 represent bank loans drawn down:

- $12.524 million by the Company post listing to fund acquisition of subsidiaries; and
- by certain subsidiaries of the Group to support their operations.

The borrowings outstanding as at 30 June 2013 were fully repaid during August 2013, funded by cash raised on the Company's listing on the ASX.

E. BANK FACILITY DETAILS

At 30 June 2014, the Group had a $85.000 million revolving line of credit facility (30 June 2013: $44.430 million in secured cash advance term and revolving loan facilities) with Macquarie Bank Limited (Macquarie Bank) for the Group. Any debt arrangements by subsidiaries with any other financial institutions (including bank loans and line of credit – bank overdraft) would decrease the funds available to be drawn.

F. KEY TERMS AND CONDITIONS OF BANKING FACILITIES

As at 30 June 2014, $21.044 million debt (including bank overdrafts) had been drawn down by the Group. The key terms and conditions of the revolving line of credit facility with Macquarie Bank for Steadfast as at 30 June 2014 are as follows.

- The undrawn facility is calculated with reference to the borrowings of the Group, leaving an $63.956 million undrawn facility at balance date.
- Variable interest rate, currently ranging between BBSW plus margin of 1.40% and 1.90% per annum (depending on quantum of borrowings) payable monthly.
- A line fee of 0.35% per annum.
- The Company and certain of its subsidiaries (the Guarantors) have granted a guarantee and indemnity in favour of Macquarie Bank in respect of the Company's obligation under the Macquarie Bank revolving line of credit facility.

NOTE 8. BORROWINGS continued

- The Company and the Guarantors have granted various securities to secure the Macquarie Bank facility including:
  - security interests over all of their present and after-acquired assets and undertakings in favour of Macquarie Bank including shares in subsidiaries and associates;
  - mortgages over Levels 1, 3 and 5, 97–99 Bathurst Street, Sydney NSW 2000 in favour of Macquarie Bank; and
  - mortgages over any money or negotiable instrument received in payment of any claim on, or on cancellation of, any insurance policy in respect of the above property in favour of Macquarie Bank.

The Macquarie Bank revolving line of credit facility contains a number of representations, warranties and undertakings (including financial covenants and reporting obligations) from the Company and the Guarantors that are customary for a facility of this nature, including covenants ensuring that the Company maintains a Company debt to EBITDA ratio below agreed levels and a Company debt service cover ratio above agreed levels. There were no breaches of covenants or default during the year.

G. BORROWING BY ASSOCIATES

As at 30 June 2014, the associates had a total of $28.379 million of bank borrowings (including bank overdrafts and loans).

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

	2014 Number of shares in '000	2013 Number of shares in '000	2014 $'000	2013 $'000
A. SHARE CAPITAL				
Reconciliation of movements				
Balance at the beginning of the financial year	**1**	1	**317**	317
Conversion to preferred capital shares*	**(1)**	-	**-**	-
Shares issued in August 2013 on the Company's listing on the ASX	**500,971**	-	**498,944**	-
Less: Transaction costs on issue of ordinary shares, net of income tax	**-**	-	**(12,077)**	-
Shares issued in April 2014 for the Dividend Reinvestment Plan ($1.5037 per share)	**667**	-	**1,003**	-
Balance at the end of the financial year	**501,638**	1	**488,187**	317

* 1,395 ordinary shares on issue at 30 June 2013 were converted into 1,395 preferred capital shares. These preferred capital shares were cancelled in November 2013 following member approval.

In August 2013, the Company issued a total of 500.971 million ordinary shares that were allotted as follows.

Purpose of allotment of shares	Number of shares in '000	Amount per share $	Total amount $'000	Cash received/ receivable $'000
Re-weighting shares	65,686	-	-	-
Executive Shares	10,900	1.00	10,900	10,900
Consideration shares for acquisitions	134,210	1.15	154,341	-
Individual and institutional investors	290,175	1.15	333,703	333,703
	500,971		498,944	344,603

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

	2014 Number of shares in '000	2013 Number of shares in '000	2014 $'000	2013 $'000
B. TREASURY SHARES HELD IN TRUST				
Reconciliation of movements				
Shares acquired	745	-	(1,057)	-
Shares allotted through Dividend Reinvestment Plan	9	-	(13)	-
Balance at the end of the financial year	754	-	(1,070)	-

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

C. CAPITAL RISK MANAGEMENT

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

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

D. NATURE AND PURPOSE OF RESERVES

I. Foreign currency translation reserve

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

II. Share based payments reserve

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

III. Other reserves

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

IV. Undistributed profits reserve

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

NOTE 10. BUSINESS COMBINATIONS

A. ACQUISITIONS FOR THE YEAR ENDED 30 JUNE 2014

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

I. Acquisitions on 7 August 2013

On 7 August 2013, the Group acquired equity interests in a total of 64 insurance broking businesses (Steadfast Equity Brokers), underwriting agencies, and ancillary services businesses.

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

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

II. Other acquisitions during the year ended 30 June 2014

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

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

III. Acquisition of subsidiaries

The following disclosures provide the financial impact to the Group at the acquisition date, 7 August 2013 (for 64 businesses) and other acquisitions completed as listed in section A.II above, subject to any adjustments on settlement of deferred consideration. For some of the businesses, the disclosures include the impact of the broking business and operations being transferred into a business hub (refer to Table note (i) in Note 11 Subsidiaries for further details). Any such adjustments will be made by expense or credit in the statement of comprehensive income. Only the top five acquisitions by consideration are disclosed separately. The other acquisitions are disclosed in aggregate.

Note 11 Subsidiaries contains the names of all subsidiaries acquired and the respective ownership interests. The top five are as follows:

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

NOTE 10. BUSINESS COMBINATIONS continued

a. Consideration paid/payable

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

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

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

(c) Pursuant to the Share and Unit Purchase Agreements, some of the consideration will be settled based on the actual financial performance for the financial year ending 30 June 2014 and thus was recognised as deferred consideration by the Group. The deferred consideration is estimated based on the assumption that the acquirees will meet the forecast revenue and/or earnings target. Any variation at time of settlement will be recognised as an expense or credit in the statement of comprehensive income.

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

b. Identifiable assets and liabilities acquired

2014	RIB Group $'000	NCIB $'000	Brecknock $'000	GWS $'000	Mega Capital $'000	Other acquisitions $'000	Total $'000
Cash and cash equivalents	12,819	13,719	5,824	2,719	5,336	55,146	95,563
Trade and other receivables*	9,020	17,208	11,763	3,903	3,773	47,742	93,409
Property, plant and equipment	258	1,734	578	243	117	3,991	6,921
Deferred tax assets	79	510	79	88	71	1,181	2,008
Identifiable intangibles	19,862	9,567	4,301	5,451	4,036	39,307	82,524
Other assets	-	184	980	20	101	306	1,591
Trade and other payables	(20,918)	(25,698)	(15,888)	(7,093)	(8,342)	(86,979)	(164,918)
Income tax payable	(494)	(54)	(90)	(343)	25	(1,970)	(2,926)
Provisions	(358)	(2,063)	(221)	(419)	(217)	(6,018)	(9,296)
Deferred tax liabilities	(6,419)	(4,807)	(1,951)	(1,770)	(1,266)	(13,736)	(29,949)
Other liabilities	(7,507)	(13,113)	(972)	(1,545)	(56)	(18,728)	(41,921)
Total net identifiable assets/(liabilities)	6,342	(2,813)	4,403	1,254	3,578	20,242	33,006

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

For those acquisitions acquired since December 2013 (as listed in A.II above), if new information obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date identifies adjustments to the above amounts, then the acquisition accounting will be revised.

NOTE 10. BUSINESS COMBINATIONS continued

c. Goodwill on acquisition

2014	RIB Group $'000	NCIB $'000	Brecknock $'000	GWS $'000	Mega Capital $'000	Other acquisitions $'000	Total $'000
Total consideration paid/payable	78,200	29,667	18,325	17,993	16,819	144,438	305,442
Total net identifiable (assets)/ liabilities acquired	(6,342)	2,813	(4,403)	(1,254)	(3,578)	(20,242)	(33,006)
Non-controlling interests acquired[a]	1,268	-	1,211	1,801	715	2,601	7,596
Goodwill on acquisition[b]	73,126	32,480	15,133	18,540	13,956	126,797	280,032

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

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

d. Financial performance of acquired subsidiaries

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

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

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

e. Acquisition-related costs

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

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

IV. Investments in associates

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

Total assets and total liabilities are the aggregated balance of all the acquired associates as a whole and not just the Group's share. These balances are based on the acquired associates' financial position at acquisition date. The financial information for any entity with overseas operations is translated using exchange rate at the relevant reporting year end date.

a. Consideration and financial position of acquired associates

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

NOTE 10. BUSINESS COMBINATIONS continued

b. Financial performance of acquired associates

The financial performance of the acquired associates in the table below is based on the percentage holding in the equity interests of each acquired associate for the financial period since acquisition. The financial information for any entity with overseas operations is translated using average exchange rate as at their relevant reporting year end date.

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

B. ACQUISITIONS FOR THE YEAR ENDED 30 JUNE 2013

I. Acquisition of subsidiaries

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

- Wasal Holdings Pty Ltd and its wholly owned subsidiary, Wagland Salter & Associates Pty Limited (Wagland), an insurance broker in New South Wales;
- Sports Underwriting Australia Pty Ltd (Sports), an insurance underwriting agency in Victoria; and
- DMA Unit Trust and DMA Insurance Brokers Pty Ltd (DMA), an insurance broker in New South Wales.

a. General details of the acquisitions

2013	Wagland	Sports	DMA
Acquisition date	30/11/2012	12/12/2012	12/12/2012
Voting shares acquired	100.00%	80.00%	100.00%
Non-controlling interests at 30 June 2013	-%	20.00%	-%

b. Consideration transferred

Cash	4,055	3,733	9,046
Deferred consideration - shares[a]	1,554	5,750	-
Deferred consideration[b]	-	1,036	-
Total	5,609	10,519	9,046

(a) On 7 August 2013, 25.00% and 50.00%, respectively of the purchase price for Wagland and Sports were settled with ordinary shares issued by the Company. The shares are valued at $1.15 per share based on the initial public offer price when the Company listed on the ASX. As at 30 June 2013, these amounts were classified as current liabilities as part of trade and other payables as the amounts were expected to be settled as cash if the listing of the Company was not successful.

(b) The deferred consideration for Sports was subject to adjustment based on EBITA for the financial year ended 30 June 2013. The amount recognised was based on 2013 actual EBITA and was subsequently settled at a lower amount than that based on the forecast EBITA at date of acquisition.

NOTE 10. BUSINESS COMBINATIONS continued

c. Identifiable assets and liabilities acquired

2013	Wagland $'000	Sports $'000	DMA $'000
Cash and cash equivalents	1,596	1,925	1,489
Trade and other receivables*	1,398	3,701	1,445
Property, plant and equipment	67	48	143
Deferred tax assets	81	13	52
Identifiable intangibles	972	3,000	2,538
Other assets	30	-	3
Trade and other payables	(2,549)	(4,700)	(2,694)
Income tax payable	(67)	(164)	-
Provisions	(268)	(34)	(174)
Deferred tax liabilities	(408)	(1,073)	(820)
Other liabilities	-	-	(1,360)
Total net identifiable assets	852	2,716	622

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

d. Goodwill on acquisition

2013	Wagland $'000	Sports $'000	DMA $'000
Total consideration paid	5,609	10,519	9,046
Total net identifiable assets acquired	(852)	(2,716)	(622)
Non-controlling interests acquired[a]	-	543	-
Goodwill on acquisition[b]	4,757	8,346	8,424

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

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

II. Acquisition of business assets

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

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

a. Consideration transferred

2013	Newmarket $'000	Authorised Representative of WSA $'000
Cash	5,406	304
Deferred consideration*	1,372	152
Total	6,778	456

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

NOTE 10. BUSINESS COMBINATIONS continued

2013	Newmarket $'000	Authorised Representative of WSA $'000
b. Identifiable assets and liabilities acquired		
Property, plant and equipment	15	-
Deferred tax assets	20	-
Identifiable intangibles	1,545	284
Provisions	(84)	-
Deferred tax liabilities	(464)	(85)
Total net identifiable assets	1,032	199
c. Goodwill on acquisition		
Total consideration paid	6,778	456
Total net identifiable assets acquired	(1,032)	(199)
Goodwill on acquisition*	5,746	257

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

III. Financial performance of acquired subsidiaries and business assets

The contribution by the acquired subsidiaries and business assets to the financial performance of the Group from the acquisition date to 30 June 2013 was outlined in the table below.

2013	Wagland* $'000	Sports $'000	DMA $'000	Newmarket $'000
Contribution for the period since acquisition				
Revenue	1,371	1,988	1,633	831
Profit after income tax	227	778	188	(20)

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

If the acquisitions of subsidiaries and business assets occurred on 1 July 2012, the Group's total revenue and loss after income tax attributable to the owners of the Company for the year ended 30 June 2013 would have been $40.664 million and $12.328 million, respectively.

IV. Acquisition-related costs

The Group incurred acquisition-related costs, being legal fees and due diligence costs for businesses acquired. They could not be separately identified by individual acquisition as there were concurrent acquisition activities for all businesses acquired throughout the financial periods.

V. Investment in associates for the year ended 30 June 2013

On 1 April 2013, the Group acquired 17.9% ownership interest in Rothbury Group Limited (Rothbury) and contracted to increase its shareholding to 30.1% on the successful listing of the Company, which occurred in August 2013. Rothbury is considered an associate as at 30 June 2013 due to the terms of the shareholder agreement in place.

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

NOTE 10. BUSINESS COMBINATIONS continued

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

NOTE 11. SUBSIDIARIES

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

			Ownership interest	
Name	Table note	Country of incorporation	2014 %	2013 %
A. PARENT ENTITY				
Steadfast Group Limited		Australia		
B. SUBSIDIARIES – OPERATING ENTITIES				
I. Insurance broking businesses				
Steadfast Insurance Brokers Pty Ltd		Australia	100.00	100.00
Brecknock Insurance Brokers Pty Ltd		Australia	72.50	-
Capital Insurance (Broking) Group Pty Ltd and Capital Insurance Broking Group Unit Trust	(ii)	Australia	47.00	-
Corporate Insurance Brokers Ballina (NSW) Pty Ltd and Corporate Insurance Brokers Pty Ltd		Australia	80.00	-
Cyclecover Pty Ltd (formerly Australian Underwriting Group Pty Ltd)		Australia	100.00	-
DMA Insurance Brokers Pty Ltd	(i)	Australia	80.00	100.00
Gallivan, Magee & Associates Pty Ltd	(i)	Australia	80.00	-
Grand West Pty Ltd		Australia	100.00	-
GWS Pty Ltd	(i)	Australia	80.00	-
Hosie Steadfast Pty Ltd		Australia	100.00	-
Jakomil Pty Ltd and The Milbar Unit Trust	(i)	Australia	67.00	-
Logan Group Insurance Brokers Pty Ltd		Australia	85.00	-
Masterman Insurance Brokers Pty Ltd and Robert Masterman Insurance Broking Unit Trust	(i)	Australia	80.00	-
Mega Capital Holdings Pty Ltd		Australia	80.00	-
National Credit Insurance (Brokers) Pty Ltd (incorporating IMC Trade Credit)		Australia	100.00	-
Newmarket Insurance Brokers Pty Ltd		Australia	100.00	100.00
PID Holdings Pty Limited		Australia	100.00	-
Professional Risk Placements Pty Ltd		Australia	100.00	-
Queensland Insurance Brokers Pty Ltd and QIS Financial Services Pty Ltd		Australia	80.00	-
RIB Group Holdings Pty Limited and its subsidiaries (RIB Group)	(iv)	Australia	80.00	-
Richards Steadfast Pty Ltd		Australia	100.00	-
RSM Financial Services Pty Ltd		Australia	100.00	-
Saunders Higgins Insurance Brokers Pty Ltd		Australia	87.52	-

NOTE 11. SUBSIDIARIES continued

Name	Table note	Country of incorporation	Ownership interest 2014 %	Ownership interest 2013 %
Sawtell & Salisbury Pty Ltd and Sawtell & Salisbury Unit Trust		Australia	**100.00**	-
Steadfast IRS Pty Limited (formerly IRS Steadfast Pty Ltd)	(i)	Australia	**80.00**	-
Steadfast Taswide Insurance Brokers Pty Ltd (formerly Anca (Tas) Pty Ltd)	(i)	Australia	**87.52**	-
Wagland Salter & Associates Pty Limited	(i)	Australia	**80.00**	100.00
Waveline Investments Pty Ltd	(i)	Australia	**67.00**	-
II. Underwriting agencies businesses				
Steadfast Underwriting Agencies Holdings Pty Ltd		Australia	**100.00**	100.00
Hostsure Underwriting Agency Pty Ltd (formerly Altiora Insurance Services Pty Ltd)		Australia	**100.00**	-
Miramar Underwriting Agency Pty Limited	(v)	Australia	**100.00**	-
NM Insurance Pty Ltd	(iii)	Australia	**70.00**	-
Protecsure Pty Limited	(iii)	Australia	**60.00**	-
Sports Underwriting Australia Pty Ltd		Australia	**80.00**	80.00
Winsure Underwriting Pty Limited	(iii)	Australia	**100.00**	-
WM Amalgamated Pty Ltd	(iii)	Australia	**76.00**	-
III. Ancilliary and other businesses				
Steadfast Convention Pty Ltd		Australia	**100.00**	100.00
Steadfast Foundation Pty Ltd	(viii)	Australia	**100.00**	100.00
Steadfast Share Plan Nominee Pty Ltd	(vi)	Australia	**100.00**	100.00
Steadfast Technologies Pty Ltd		Australia	**100.00**	100.00
White Outsourcing Pty Limited	(vii)	Australia	**100.00**	-

Table note

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

- Perth hub – Jakomil Pty Ltd (Jakomil) and The Milbar Unit Trust (trading as CentreWest Insurance Brokers) acquired 100.00% equity interest in Waveline Investments Pty Ltd. The Group disposed 13.00% of equity interest of the Jakomil Group with the net effect on disposal taken up as other reserves. The Group retains 67.00% equity in this hubbed operation.
- Queensland hub – The 100.00% equity interest in Insurance Broking Queensland Pty Ltd's (IBQ) was sold to an associate, Webmere Pty Ltd. After the change in ownership, IBQ became an associate of the Group.
- Melbourne hub – The Group has sold the insurance brokerages of Gallivan Magee & Associates and Masterman (both 100.00% subsidiaries) into GWS Network Insurance Brokers (80% subsidiary). The Group retains 80.00% equity interest in the combined operations.
- Sydney hub – The Group sold the insurance brokerages of Wagland Salter & Associates and DMA (both 100.00% subsidiaries) to Steadfast IRS Pty Ltd (Steadfast IRS). Consideration for these sales included the issue of shares in the capital of Steadfast IRS and further shares in the capital of Steadfast IRS were purchased from interests associated with Jonathan Upton. In aggregate, the Group acquired an additional 31.00% interest in Steadfast IRS to hold an 80.00% equity interest in the combined operations. The transaction was a related party transaction due to the interest in Steadfast IRS held by interests associated with Jonathan Upton, a Director of the Company. The Company relied upon the arm's length exception in the Corporations Act 2001 to the requirement for shareholder approval.
- Tasmania hub – Steadfast Taswide Insurance Brokers Pty Ltd (formerly Anca (Tas) Pty Ltd) (Anca) acquired 100.00% of equity interest in Saunders Higgins Insurance Brokers Pty Ltd. The Group acquired an additional 43.52% equity interest in Anca. The Group has equity interest of 87.52% in the combined operation.

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

NOTE 11. SUBSIDIARIES continued

(iii) All entities listed in the table above with no ownership holding in 2013 were acquired on 7 August 2013 apart from the entities which were acquired by the Group on a different date as listed below:

- Protecsure Pty Limited was acquired on 13 December 2013;
- NM Insurance Pty Limited was acquired on 3 April 2014;
- MECON Winsure Insurance Group, being WM Amalgamated Pty Ltd and Winsure Underwriting Pty Ltd was acquired on 5 May 2014;
- IMC Trade Credit was acquired through National Credit Insurance Brokers.

(iv) The Group's 90.00% interest is in RIB Group Holdings Pty Limited, but there are minority shareholders in RIB Group's subsidiaries. Following a scrip for scrip offer by RIB Group to these minority shareholders in its subsidiaries as well as further acquisitions by the RIB Group, the Group's effective ownership interest is 80.00%.

In addition to the acquisition considerations paid/payable, the Group entered into the following arrangement with the key management personnel of this acquired business and minority interest shareholder:

- 3.000 million share options to be exercised at $1.00 per share. A share based payment of $0.365 million was recognised in the profit and loss; and
- Put options to acquire the "A" shares held by the minority interest shareholder, the put option liability is recognised in other reserves.

(v) As at 30 June 2013, the Group had a 50.00% equity interest in Miramar Underwriting Agency Pty Ltd (Miramar) and completed the increase in its shareholding in Miramar to 100.00% equity interest on 7 August 2013. The additional consideration was $6.112 million. For the year ended 30 June 2014, a profit of $4.611 million is recognised as a result of remeasuring to fair value the equity interest in Miramar which was held by the Group before the increase in shareholding in Miramar.

(vi) A trustee for Steadfast employee share plans.

(vii) The Group acquired the remaining 12.50% of White Outsourcing from interests associated with Cameron McCullagh, a key management personnel during the financial year. The acquisition was on the same financial terms that other vendors of White Outsourcing received upon the initial acquisition.

(viii) A trustee for Steadfast Foundation.

NOTE 12. INVESTMENTS IN ASSOCIATES

A. RECONCILIATION OF MOVEMENTS

	2014 $'000	2013 $'000
Balance at the beginning of the financial year	**8,219**	1,543
Acquisition of associates	**139,251**	6,360
Write down of investment in an associate being deregistered	**-**	(24)
Reclassification of investment in associates to investment in subsidiaries*	**(9,450)**	-
Reclassification of investment in a subsidiary to investment in associates due to hubbing arrangement	**46**	-
Share of EBITA from associates	**17,732**	824
Less share of:		
Finance costs	**(778)**	(17)
Amortisation expense	**(2,443)**	(29)
Income tax expense	**(4,372)**	(232)
Share of associates' profit after income tax	**10,139**	546
Dividend received/receivable	**(4,799)**	(430)
Net foreign exchange movements	**982**	224
Balance at the end of the financial year	**144,388**	8,219

* This amount included:

- the carrying value of 50% equity interest in Miramar Underwriting Agency Pty Ltd (Miramar) as at 7 August 2013 prior to deemed disposal of investment in associate. As at 30 June 2013, the Group had a 50% equity interest in Miramar and completed the increase in its shareholding in Miramar to 100% equity interest on 7 August 2013. The additional consideration was $6.112 million. For the year ended 30 June 2014, a profit of $4.611 million is recognised as a result of remeasuring to fair value the equity interest in Miramar which is held by the Group before the increase in shareholding in Miramar.
- the associates, Steadfast IRS and Anca went into the hubbing arrangements during the year and are now classified as subsidiaries.

NOTE 12. INVESTMENTS IN ASSOCIATES continued

B. DETAILS OF ASSOCIATES

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

Name	Ownership interest 2014 %	Ownership interest 2013 %	Equity accounted 2014 $'000	Equity accounted 2013 $'000
I. Insurance broking businesses				
Armbro Insurance Brokers Pty Ltd	40.00	-	1,569	-
Armstrong's Insurance Brokers Pty Ltd and Armstrong's Insurance Brokers Unit Trust	25.00	-	779	-
Austcover Holdings Pty Ltd	49.00	-	13,260	-
Blackburn (Insurance Brokers) Pty Ltd and Liability Brokers Pty Ltd	49.00	-	3,403	-
Commercial Industrial Insurance Consultants Pty Ltd	49.00	-	2,369	-
Consolidated Insurance Agencies Pty Ltd	49.00	-	3,780	-
Covercorp Pty Ltd	49.00	-	1,208	
Edgewise Insurance Brokers Pty Ltd and The Bradstock GIS Unit Trust	25.00	-	2,123	-
Empire Insurance Services Pty Ltd and McLardy McShane & Associates Pty Ltd	37.00	-	3,731	-
Finn Foster & Associates Pty Ltd	49.00	-	7,566	-
Finpac Insurance Advisors Pty Ltd	49.00	-	1,105	-
Garaty Murnane Insurance Brokers Pty Ltd	49.00	-	4,690	-
Gardner Insurance Brokers Qld Pty Ltd	49.00	-	1,429	-
Glenowar Pty Ltd	49.00	-	4,407	-
IPS Insurance Brokers Pty Ltd	40.00	-	3,329	-
J.D.I (YOUNG) Pty Limited	25.00	-	745	-
Johansen Insurance Brokers Pty Ltd	48.00	-	4,822	-
King Insurance Brokers Pty Ltd	49.00	-	2,319	-
Lanyon Partners Consolidated Pty Ltd	45.00	-	5,146	-
McKillop Insurance Brokers Pty Ltd	49.00	-	5,111	-
Melbourne Insurance Brokers Pty Ltd	49.00	-	1,631	-
Multi-Functional Policies Pty Ltd	49.00	-	1,171	-
NCA Insurance Services Pty Ltd	49.00	-	3,576	-
Optimus 1 Pty Ltd	25.00	-	642	-
Paramount Insurance Brokers Pty Ltd	25.00	-	971	-
Phoenix Insurance Brokers Pty Ltd	46.00	-	5,155	-
Pollard Advisory Services Pty Ltd	49.00	-	4,717	-
Rose Stanton Insurance Brokers Pty Limited	49.00	-	777	-
Rothbury Group Limited[(b), (d)]	30.10	17.90	13,857	6,836
RSM Group	49.00	-	6,284	-
Sapphire Star Pty Ltd	30.00	-	1,478	-
Scott & Broad Pty Ltd	49.00	-	9,076	-
Southside Insurance Brokers Pty Limited	49.00	-	665	-
Steadfast Life Pty Ltd (formerly Finserve Solutions Pty Limited)	50.00	-	3,083	-
Tudor Insurance Australia (Insurance Brokers) Pty Ltd and Tudor Insurance Agency Unit Trust	48.00	-	2,037	-
Watkins Insurance Brokers Pty Limited and D&E Watkins Unit Trust	35.00	-	1,885	-
Webmere Pty Ltd	49.00	-	4,569	-

Name	Ownership interest 2014 %	Ownership interest 2013 %	Equity accounted 2014 $'000	Equity accounted 2013 $'000
II. Underwriting agencies businesses				
Miramar Underwriting Agency Pty Limited(c)	**-**	50.00	**-**	1,383
Sterling Insurance Pty Limited	**39.50**	-	**7,612**	-
III. Ancilliary and other businesses				
Meridian Lawyers Limited	**25.00**	-	**2,311**	-

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

- The Group acquired 100.00% of the equity interest of Insurance Broking Queensland Pty Ltd (IBQ) in August 2013. IBQ's 100.00% equity interest was sold to Webmere Pty Ltd during the internal restructure (transferring the equity interests of the broking business and its operations into a business hub). After the hubbing arrangement, IBQ became an associate with effective equity interest reduced to 49.00%.
- Steadfast Taswide Insurance Brokers Pty Ltd (formerly Anca (Tas) Pty Ltd) (Anca) acquired 100.00% of equity interest in Saunders Higgins Insurance Brokers Pty Ltd. The Group acquired an additional 43.52% equity interest in Anca. The Group has an equity interest of 87.52% in this hubbed operation. Anca became a subsidiary of the Group post hubbing.

(b) Rothbury is considered an associate as at 30 June 2013 due to the terms of the shareholder agreement in place, including the request to provide a board member to Rothbury. The Group is delivering a range of services to Rothbury as it establishes the Group's presence in the New Zealand market. Further, an additional 12.20% interest in the business was acquired as part of the listing of the Company in August 2013.

(c) As at 30 June 2013, the Group had a 50.00% equity interest in Miramar and completed the increase in its shareholding in Miramar to 100.00% equity interest on 7 August 2013. Miramar became a subsidiary of the Group post the increase in equity interest.

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

C. SUMMARISED FINANCIAL INFORMATION OF ASSOCIATES

I. Disclosure in aggregate

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

	2014 $'000	2013 $'000
Current assets	**268,398**	54,704
Non-current assets	**110,278**	22,802
Current liabilities	**243,243**	48,632
Non-current liabilities	**27,456**	5,696
Revenue	**159,643**	35,743
EBITA	**45,572**	8,719
Profit/(loss) after income tax from continued operations	**30,472**	5,183
Total comprehensive income	**30,472**	5,183

NOTE 13. INVESTMENT IN JOINT VENTURE

A. RECONCILIATION OF MOVEMENTS

	2014 $'000	2013 $'000
Balance at the beginning of the financial year	**3,593**	2,462
Additional investment in joint venture	**-**	1,206
Share of EBITA from joint venture	**5,324**	3,648
Less share of:		
Finance costs	**(280)**	-
Amortisation expense	**(479)**	(206)
Income tax expense	**(1,369)**	(1,056)
Share of joint venture's profit after income tax	**3,196**	2,386
Dividend received/receivable	**(2,364)**	(2,461)
Balance at the end of the financial year	**4,425**	3,593

B. DETAILS OF JOINT VENTURE

	Ownership interest	
Name	2014 %	2013 %
Macquarie Premium Funding Pty Ltd and its subsidiaries (Macquarie Pacific Funding Group)	**50.00**	50.00

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

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

C. SUMMARISED FINANCIAL INFORMATION OF JOINT VENTURE

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

	2014 $'000	2013 $'000
Current assets	**24,567**	20,913
Non-current assets	**9,565**	11,176
Current liabilities	**17,228**	14,502
Non-current liabilities	**7,675**	8,954
Revenue	**56,299**	37,853
EBITA	**10,637**	7,296
Profit/(loss) after income tax	**6,392**	4,772
Total comprehensive income	**6,392**	4,772

NOTE 14. FINANCIAL INSTRUMENTS

A. FINANCIAL RISK MANAGEMENT OBJECTIVES

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

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

B. MARKET RISK

Interest rate risk

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

	2014		2013	
	Weighted average interest rate %	Balance $'000	Weighted average interest rate %	Balance $'000
Cash at bank	**1.93**	**94,510**	1.72	10,530
Cash on deposit	**3.42**	**20,698**	4.02	937
Bank overdrafts	**7.00**	**(654)**	-	-
Bank loans	**5.23**	**(20,390)**	6.95	(36,623)
		94,164		(25,156)

The Group held $0.022 million (2013: $0.011 million) cash in hand which did not generate any interest income at the end of the financial year.

An official increase/decrease in interest rates of one hundred (2013: one hundred) basis points would have an adverse/favourable effect on profit/(loss) after tax of $0.659 million (2013: adverse/favourable effect of $0.176 million) per annum.

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

C. CREDIT RISK

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

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

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

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

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

D. LIQUIDITY RISK

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

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

NOTE 14. FINANCIAL INSTRUMENTS continued

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid.

	Weighted average interest rate %	1 year or less $'000	Between 1 to 2 years $'000	Between 2 to 5 years $'000	Over 5 years $'000	Total contractual maturities $'000
2014						
Non-derivatives						
Non-interest bearing						
Payables on broking/underwriting agency operations		188,222	-	-	-	188,222
Trade and other payables		23,706	1,285	-	-	24,991
Deferred consideration		13,598	6,454	-	-	20,052
Interest bearing						
Bank loans	5.23	862	746	14,657	4,125	20,390
Total non-derivatives		226,388	8,485	14,657	4,125	253,655
2013						
Non-derivatives						
Non-interest bearing						
Payables on broking/underwriting agency operations		18,305	-	-	-	18,305
Trade and other payables		16,459	-	-	-	16,459
Deferred consideration		8,340	1,524	-	-	9,864
Interest bearing						
Bank loans	6.95	3,094	3,094	30,435	-	36,623
Total non-derivatives		46,198	4,618	30,435	-	81,251

The cash flows in the maturity analysis above are not reflective of events that occurred subsequent to balance date. With respect to 30 June 2013 balances, the Company successfully completed its capital raising in August 2013 through the initial public retail and institutional offer via the ASX and repaid all bank loans at that time. The capital raised also provided funding for the settlement of deferred consideration payable through a combination of cash and shares.

E. 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 15. CONTINGENCIES

A. CONTINGENT ASSETS

Claims experience benefit

The Group may receive a claims experience benefit payment or payments in respect of certain types of insurance products placed with insurance companies. Where the revenue recognition criteria for those insurance products' claims experience benefit have not been met, the timing and amount of any such payments are still too uncertain and dependent upon future events. In these circumstances it is not practical to include an estimate of the financial effect of any potential claims experience benefit as considered by AASB 137.

B. CONTINGENT LIABILITIES

There were no contingent liabilities as at 30 June 2014.

NOTE 16. COMMITMENTS

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

	2014 $'000	2013 $'000
OPERATING LEASE COMMITMENTS		
Within one year	**3,926**	74
One to five years	**6,305**	256
Over five years	**986**	-
	11,217	330

NOTE 17. EVENTS AFTER THE REPORTING PERIOD

A. FINAL DIVIDEND

On 27 August 2014, the Board declared a final dividend for 2014 of 2.7 cents per share, 100% franked. The dividend will be paid on 8 October 2014.

B. ACQUISITIONS

I. Acquisition of Ausure Group

On 1 August 2014, the Group announced that it has agreed to acquire 72.3% of Ausure Group (Ausure), an authorised representative network of insurance professionals in 150 locations across Australia. Ausure has a normalised forecast earnings before interest expense, tax and amortisation of $4.000 million for the year ending 30 June 2015.

Due to the very recent timing of this acquisition, for the purposes of this financial report, it is currently impractical to state with any certainty the fair values of the assets and liabilities acquired. The following disclosures provide the preliminary estimated financial impact to the Group at the acquisition date based on Ausure's 30 June 2014 financial information. This will not be the same as the financial impact which will be disclosed in the business combination for the next reporting period when the full financial information will be available.

a. Consideration paid/payable

	Ausure $'000
Cash	13,000
Deferred consideration*	7,619
Total	20,619

* Some of the consideration will be settled based on the actual financial performance for the financial year ending 30 June 2015 and thus will be recognised as deferred consideration by the Group. The deferred consideration is estimated based on the assumption that the acquirees will meet the forecast revenue and/or earnings target.

NOTE 17. EVENTS AFTER THE REPORTING PERIOD continued

b. Estimated identifiable assets and liabilities as at 30 June 2014 (not at acquisition date)

	Ausure $'000
Cash and cash equivalents	469
Trade and other receivables	1,369
Property, plant and equipment	354
Deferred tax assets	119
Identifiable intangibles	5,110
Other assets	802
Trade and other payables	(758)
Income tax payable	(1,594)
Provisions	(396)
Deferred tax liabilities	(1,653)
Total net identifiable assets/(liabilities)	3,822

c. Estimated goodwill on acquisition as at 30 June 2014 (not at acquisition date)

	Ausure $'000
Total consideration paid/payable	20,619
Total net identifiable assets acquired	(3,822)
Non-controlling interests acquired[a]	1,059
Goodwill on acquisition[b]	17,856

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

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

II. Other acquisitions

Post the reporting date, the Group also announced the following acquisitions:

- Allied Insurance Group – on 4 July 2014, the Group acquired Allied Insurance Group Limited (Allied), the second largest broker network in New Zealand. Allied had a normalised earnings before interest expense, tax and amortisation of $0.300 million for the 12 months ended 31 March 2014.
- Steadfast Re – on 5 August 2014, the Group agreed to take a 50% equity interest in Steadfast Re Pty Limited (Steadfast Re). Steadfast Re is the former Australian & New Zealand reinsurance broking business of Beach & Associates Limited with forecast earnings before interest expense, tax and amortisation of $1.000 million for the year ending 30 June 2015.

C. BANK FACILITIES WITH MACQUARIE BANK

The Group extended its Macquarie Bank revolving line of credit facility from $85.000 million to $130.000 million.

D. POTENTIAL ACQUISITON OF CALLIDEN INSURANCE LTD'S GENERAL INSURANCE BUSINESS

On 27 August 2014, the Group announced the potential acquisition of Calliden Group Ltd (Calliden) and a binding sale of the general insurance business of Calliden Insurance Ltd on completion for a net cost of approximately $55.000 million. The acquisition is subject to approval of a Scheme of Arrangement by Calliden's shareholders, the Court and regulators. Subject to these approvals, the Group expects completion to occur in December 2014.

NOTE 18. PROFIT AND LOSS INFORMATION

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

	2014 $'000	2013 $'000
A. DUE DILIGENCE AND RESTRUCTURE COSTS[a]		
Due diligence and restructure costs on acquisition of businesses	**3,283**	13,304
Share based payments on re-weighting of shares[b]	**-**	10,478
Due diligence and restructure costs	**3,283**	23,782

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

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

	2014 $'000	2013 $'000
B. EMPLOYEE BENEFITS		
Contributions to defined contribution superannuation funds	**4,960**	687
Share based payments	**3,187**	64
C. RENTAL EXPENSE RELATING TO OPERATING LEASES		
Minimum lease payments	**4,027**	251
D. TRANSFERS TO PROVISIONS CHARGED TO PROFIT OR LOSS		
Restructuring provision	**-**	400
E. (PROFIT)/LOSS ON INVESTMENTS		
(Profit) on fair value of investments[a]	**(4,445)**	-
Net (profit)/loss on disposal of part interest in investments[b]	**449**	-

(a) This amount represented:

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

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

NOTE 19. SHARE BASED REMUNERATION

A. SHARE BASED PAYMENTS – EMPLOYEE RELATED

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

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

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

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

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

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

NOTE 19. SHARE BASED REMUNERATION continued

I. Senior management and executive plans

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

a. Short term incentive plan

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

The key terms of the STI plan are:

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

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

b. Long term incentive plan

The long term incentive (LTI) plan commenced operation during the financial year ended 30 June 2014. The LTI plan is a discretionary, performance based, at risk reward arrangement. LTI will be awarded based on the Board's approved percentage of the fixed remuneration for each participant (in the range of 15%-50%).

The key terms of the LTI plan are:

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

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

NOTE 19. SHARE BASED REMUNERATION continued

II. Employee share plan

Conditional rights

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

The key terms of the conditional rights allocated include:

- rights allotted free of cost to those employees; and
- conversion to one ordinary share per right at the end of August 2014 subject to the continuing employment at that time and the performance of the employee meeting the minimum criteria as agreed by management.

The table below provides the details of the conditional rights allocated.

	Fair value at grant date $	2014 Number	2013 Number
Conditional rights	0.98	**736,500**	736,500

No conditional rights were granted during the year ended 30 June 2014 (2013: 736,500).

No conditional rights are vested and exercisable as at 30 June 2014 (2013: Nil).

The fair value of the conditional rights at grant date was calculated using the following assumptions. The value of the conditional rights was not discounted as the effect of time value of the money was not material.

2013	Significant factors and assumptions
Share price ($)[(a)]	1.00
Expected dividend foregone	40% of annual dividend at mid-range of the dividend payout ratio[(b)]
Expected life of rights	15 months

(a) As the Company's shares were not listed as at 30 June 2013, the closest price for valuation of the conditional rights was the minimum share price required for the Company to proceed with the listing on the ASX.

(b) The Company intends to target a dividend payout ratio in the range of 65% to 85% of net profit after tax attributable to shareholders of the Company.

B. SHARE BASED PAYMENTS ON RE-WEIGHTING SHARES WITH NON-EMPLOYEES

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

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

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

The re-weighting determined the number of ordinary shares to be issued to each owner upon successful listing of the Company.

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

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

- equal allocation;
- marketing and administration fees contribution;
- claims experience benefits contribution; and
- Macquarie Premium Funding contribution.

NOTE 20. TAXATION

	2014 $'000	2013 $'000
A. INCOME TAX (EXPENSE)/BENEFIT		
Profit/(loss) before income tax (expense)/benefit	**33,601**	(14,688)
Income tax (expense)/benefit at statutory tax rate of 30%	**(10,080)**	4,406
Tax effect of amounts which are not (deductible)/taxable in calculating taxable income:		
Non-deductible expenses – share based payments on re-weighting of shares	**-**	(3,144)
Share of after tax profits of associates and joint venture	**4,000**	880
Non-deductible expenses – other (including restructure costs)	**(1,392)**	(721)
Non-assessable gains - including uplift on fair value of subsidiary	**1,300**	-
Other amounts deductible upon acquisition	**-**	-
Other miscellaneous	**44**	-
	(6,128)	1,421
Over/(under) provision for income tax of prior periods	**(31)**	-
Income tax (expense)/benefit	**(6,159)**	1,421
B. MAJOR COMPONENTS OF INCOME TAX (EXPENSE)/BENEFIT		
Current tax	**(9,169)**	(1,495)
Movement in deferred tax assets	**930**	1,200
Movement in deferred tax liabilities	**2,111**	1,716
Adjustments for current tax of prior periods	**(31)**	-
	(6,159)	1,421
C. INCOME TAX ON ITEMS RECOGNISED DIRECTLY IN EQUITY		
Deferred tax assets	**5,194**	-
Deferred tax liabilities	**(294)**	67
	4,900	67
D. DEFERRED TAX ASSETS		
I. Composition		
Accrued expenses	**412**	694
Provisions	**3,012**	603
Software development pool and capitalised project	**340**	205
Expenditure claimable over five years	**4,261**	510
Executive loans	**1,042**	-
Employee share scheme	**356**	-
Deferred income	**412**	79
Others	**389**	1
	10,224	2,092

NOTE 20. TAXATION continued

	2014 $'000	2013 $'000
II. Movements		
Balance at the beginning of the financial year	**138**	726
Add: reversal of offset against deferred tax liabilities	**1,954**	-
Gross balance at the beginning of the financial year	**2,092**	726
Credited to profit or loss	**930**	1,200
Credited to equity	**5,194**	-
Additions through business combinations	**2,008**	166
Balance at the end of the financial year before offset	**10,224**	2,092
Less: offset against deferred tax liabilities	**(4,407)**	(1,954)
Balance at the end of the financial year	**5,817**	138
E. DEFERRED TAX LIABILITIES		
I. Composition		
Intangible assets	**23,621**	2,369
Unearned income	**5,879**	-
Accrued income	**479**	519
Property, plant and equipment	**140**	20
Prepayments	**32**	-
Other	**956**	67
	31,107	2,975
II. Movements		
Balance at the beginning of the financial year	**1,021**	1,774
Add: reversal of offset against deferred tax assets	**1,954**	-
Gross balance at the beginning of the financial year	**2,975**	1,774
Credited to profit or loss	**(2,111)**	(1,716)
Charged to equity	**294**	67
Additions through acquisitions - identified intangible assets	**23,324**	-
Additions through business combinations	**6,625**	2,850
Balance at the end of the financial year before offset	**31,107**	2,975
Less: offset against deferred tax assets	**(4,407)**	(1,954)
Balance at the end of the financial year	**26,700**	1,021

NOTE 21. NOTES TO THE STATEMENT OF CASH FLOWS

	2014 $'000	2013 $'000
A. COMPOSITION		
Cash and cash equivalents	**38,551**	3,235
Cash held on trust	**76,679**	8,243
Bank overdrafts	**(654)**	-
	114,576	11,478

	2014 $'000	2013 $'000
B. RECONCILIATION OF PROFIT/(LOSS) AFTER INCOME TAX TO NET CASH FROM OPERATING ACTIVITIES		
Profit/(loss) after income tax expense/(benefit) for the year	**27,442**	(13,267)
Adjustments for		
Depreciation and amortisation and loss on disposal of property, plant and equipment	**9,012**	1,013
Share of profits of associates and joint venture	**(13,335)**	(2,932)
Income tax paid	**(7,801)**	(624)
Profit on fair value of investment	**(4,445)**	-
Dividends received from associates/joint venture	**7,163**	-
Executive loans fair value adjustment	**3,279**	-
Loss on sale of associate	**(51)**	-
Share based payments and incentives accruals	**4,391**	10,478
Change in operating assets and liabilities		
Change in trade and other receivables	**(35,605)**	1,518
Change in deferred tax assets	**(3,787)**	734
Change in other assets	**731**	(1,137)
Change in trade and other payables	**12,829**	15,006
Change in income tax payable	**11,754**	(1,102)
Change in deferred tax liabilities	**(1,800)**	(1,053)
Change in other liabilities	**(3,862)**	-
Change in provisions	**(452)**	(5,688)
Net cash from operating activities	**5,463**	2,946

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

I. Investing activities

During the financial year ended 30 June 2014, the Group had the following non-cash investing activities:

- allotment of 134.210 million ordinary shares (consideration shares) at $1.15 per share as partial settlement on acquisitions of subsidiaries and associates completed on 7 August 2013. Refer to Note 9.A share capital movement and Note 10 Business combinations for further details.
- the following hubbing arrangements have been partially completed on a scrip for scrip basis:
  - $6.524 million on Sydney (Steadfast IRS) hub;
  - $6.018 million on Melbourne (GWS) hub; and
  - $8.134 million on Tasmania (Anca) hub.

NOTE 21. NOTES TO THE STATEMENT OF CASH FLOWS continued

II. Financing activities

During the financial year ended 30 June 2014, the following ordinary shares issued were settled by cash:

- $154.341 million consideration shares for acquisitions (as mentioned in section I above);
- $10.900 million interest free, unsecured and full recourse loans provided to four executives (Executive loans) for the allotment of 10.900 million shares in August 2013; and
- $1.003 million dividends under the Dividend Reinvestment Plan were settled by the allotment of 0.667 million of ordinary shares at $1.5037 per share in lieu of cash.

During the financial year ended 30 June 2013, there were no non-cash transactions relating to investing and financing activities, apart from the re-weighting of shares described in Note 19.B.

NOTE 22. RELATED PARTY TRANSACTIONS

A. KEY MANAGEMENT PERSONNEL COMPENSATION

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

	2014 $	2013 $
Short term employee benefits	**10,348,970**	3,270,649
Post employment benefits	**196,995**	148,615
Long term benefits	**48,255**	100,060
Termination payments	**-**	284,271
Share based payments	**512,149**	19,230
	11,106,369	3,822,825

B. TRANSACTIONS WITH SUBSIDIARIES

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

C. TRANSACTIONS WITH OTHER RELATED PARTIES

The following transactions occurred with related parties:

I. Sale of goods and services		
Marketing and administration fees received from associates on normal commercial terms	**103,266**	366,351
Marketing and administration fees received from joint venture on normal commercial terms	**3,153,676**	3,157,769
Commission income received/receivable from associates on normal commercial terms	**85,888**	-
II. Interest income		
Interest income received/receivable from joint venture	**285,422**	-
III. Payment for goods and services		
Estimated Steadfast Network Broker rebate expense paid or payable to associates on the basis as determined by the Board	**1,262,575**	-
Commission expense paid/payable to associates on normal commercial terms	**1,613,420**	-
Service fees paid to associates	**1,690,997**	-

NOTE 22. RELATED PARTY TRANSACTIONS continued

IV. Receivable from and payable to related parties

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

	2014 $	2013 $
a. Current receivables		
Trade receivables from associates	**4,261,029**	82,516
Trade receivables from joint venture	**144,863**	902,031
Dividend receivable from associates	**-**	430,943
b. Current payables		
Trade payables to associates	**124,964**	587

V. Loans to/from related parties

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

	2014 $	2013 $
a. Current receivables		
Loan to joint venture[a]	**603,125**	-
Executive loans[b]	**490,500**	-
Loans to subsidiaries' related parties[c]	**256,912**	-
b. Non-current receivables		
Loan to joint venture[a]	**3,015,625**	3,698,268
Executive loans[b]	**6,934,592**	-
Loans to subsidiaries' related parties[c]	**2,735,526**	-

(a) The loan to joint venture, Macquarie Pacific Funding Group (MPF) has a face value of $3,618,750. The loan receivable balance includes $Nil accrued interest (2013: $79,518).

The key terms and conditions of this loan are:

- Variable interest rate based on the aggregate of Macquarie Bank Limited (MBL) Reference Rate and a margin of 2% per annum. The MBL Reference Rate refers to the interest rate determined by MBL and published by MBL at any time on its website.
- The loan is repayable seven years from the date of initial advance, which occurred in March 2013.
- The loan is secured by all present and future assets of MPF.

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

The key terms and conditions of these loans are:

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

(c) Loans to subsidiaries' related parties were provided to some non-controlling interests owners of certain subsidiaries for them to refinance existing debts. Due to the confidentiality clauses within the agreements, no further terms and conditions can be provided.

NOTE 23. PARENT ENTITY INFORMATION

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

	2014 $'000	2013 $'000
A. STATEMENT OF COMPREHENSIVE INCOME		
Profit/(loss) after income tax	**8,381**	(13,749)
Total comprehensive income	**8,381**	(13,749)
B. STATEMENT OF FINANCIAL POSITION		
Current assets	**39,718**	10,966
Total assets	**538,921**	62,037
Current liabilities	**28,246**	20,961
Total liabilities	**42,023**	54,756
Equity		
Share capital	**488,187**	317
Reserves	**8,711**	-
Retained earnings	**-**	6,964
Total equity	**496,898**	7,281

C. SIGNIFICANT ACCOUNTING POLICIES

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

D. GOING CONCERN

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

E. GUARANTEES ENTERED INTO BY THE PARENT ENTITY IN RELATION TO THE DEBTS OF ITS SUBSIDIARIES

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2014 and 30 June 2013.

F. CONTINGENT ASSETS/LIABILITIES

I. Contingent assets

Claims experience benefit

The Company may receive a claims experience benefit payment or payments in respect of an insurance product placed with an insurance company. Where the revenue recognition criteria for this insurance product's claims experience benefit have not been met, the timing and amount of any such payments are still too uncertain and dependent upon future events. In these circumstances it is not practical to include an estimate of the financial effect of any potential claims experience benefit as considered by AASB 137.

II. Contingent liabilities

There were no contingent liabilities as at 30 June 2014.

G. CAPITAL COMMITMENTS - PROPERTY, PLANT AND EQUIPMENT

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2014 and 30 June 2013.

NOTE 24. REMUNERATION OF AUDITORS

	2014 $	2013 $
A. KPMG		
I. Audit and review services		
Audit or review of the financial statements	1,068,708	438,200
II. Services other than audit and review of financial statements		
Other assurance services		
Due diligence services	72,209	1,212,212
Investigating accountant services	-	1,909,968
Other services		
Taxation compliance and advisory services	25,000	140,097
Other services	-	267,296
	97,209	3,529,573
B. OTHER AUDITORS		
I. Audit and review services		
Audit or review of the financial statements	153,311	-
II. Services other than audit and review of financial statements		
Other services		
Taxation advisory services	46,498	-
Other services	139,436	-
	185,934	-

Directors’ Declaration

In the opinion of the Directors of Steadfast Group Limited (the Company):

- the consolidated financial statements and notes 1 to 24, including all the remuneration disclosures that are contained in the Remuneration Report of the Directors’ Report, are in accordance with the Corporations Act 2001, including:
  - giving a true and fair view of the financial position of the Group as at 30 June 2014 and of its performance for the year ended on that date; and
  - complying with Australian Accounting Standards (including Australian Interpretations) and the Corporations Regulations 2001; and
- the financial report also complies with International Financial Reporting Standards as disclosed in Note 2; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declaration required by section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2014.

Signed at Sydney on 27 August 2014 in accordance with a resolution of the Directors.

Frank O’Halloran, AM
Chairman

Robert Kelly
Managing Director

Independent Auditor's Report

TO THE OWNERS OF STEADFAST GROUP LIMITED

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of Steadfast Group Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2014, and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 24 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL REPORT

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 2, the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements of the Group comply with International Financial Reporting Standards.

AUDITOR'S RESPONSIBILITY

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

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

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

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

INDEPENDENCE

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

AUDITOR'S OPINION

In our opinion:

(a) the financial report of the Group is in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2.

REPORT ON THE REMUNERATION REPORT

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

AUDITOR'S OPINION

In our opinion, the remuneration report of Steadfast Group Limited for the year ended 30 June 2014, complies with Section 300A of the Corporations Act 2001.

KPMG

Andrew Dickinson
Partner

Sydney
27 August 2014

Shareholders' Information

AS AT 15 AUGUST 2014

ORDINARY SHARE CAPITAL

There were 501,638,307 fully paid ordinary shares held by 3,737 shareholders. All the shares carry one vote per share and carry the rights to dividends.

DISTRIBUTION OF SHAREHOLDERS

The number of shareholders by size of holding is as follows:

Range	Number of holders	Number of shares	% of issued capital
100,001 and Over	471	439,748,852	87.66
10,001 to 100,000	1,640	54,853,063	10.93
5,001 to 10,000	562	4,400,482	0.88
1,001 to 5,000	781	2,454,278	0.49
1 to 1,000	283	181,632	0.04
Total	3,737	501,638,307	100.00

There were 69 shareholders holding fewer than a marketable parcel ($500) based on a market price of $1.39 at the close of trading on 15 August 2014.

SUBSTANTIAL SHAREHOLDERS

	Number of shares	% of issued capital
Steadfast Group Limited*	184,110,351	36.70
JCP Investment Partners	50,021,769	9.97
Mackay Insurance Services Pty Ltd	32,000,000	6.38

* This balance consists of 172.5 million Re-weighting Shares and Consideration Shares subject to escrow until 31 August 2014, 10.9 million Executive Shares subject to ongoing escrow arrangements, and 0.7 million Employee Share Plan Shares.

Shareholders' Information continued

AS AT 15 AUGUST 2014

TWENTY LARGEST SHAREHOLDERS

Name	Number of shares	% of issued capital
J P Morgan Nominees Australia Limited	51,488,449	10.26
National Nominees Limited	50,381,821	10.04
HSBC Custody Nominees (Australia) Limited	47,083,140	9.38
Mackay Insurance Services Pty Ltd	32,000,000	6.38
Citicorp Nominees Australia Limited	16,177,923	3.23
National Nominees Limited	13,448,069	2.68
RBC Investor Services Australia Nominees Pty Limited	10,469,735	2.09
BNP Paribas Nominees Pty Limited	8,087,516	1.61
Citicorp Nominees Pty Limited	7,092,359	1.41
Argo Investments Limited	5,197,797	1.04
Robert Bernard Kelly	5,000,000	1.00
Cameron Scott McCullagh	4,000,000	0.80
Yabby Investments Pty Limited	4,000,000	0.80
RC & IP Gilbert Pty Limited	4,000,000	0.80
HSBC Custody Nominees (Australia) Limited	3,741,823	0.74
Condell Holdings Pty Limited	3,453,636	0.69
David Wayne Higgins	3,091,006	0.62
UBS Nominees Pty Limited	2,946,257	0.59
David Ingram	2,815,821	0.56
RM & JA Alford Investments Pty Limited	2,730,000	0.54
Total	277,205,352	55.26

DIVIDEND DETAILS

Dividend	Franking	Amount per share	DRP issue price	Payment date
Interim	Fully franked	1.8 cents	$1.5037	14 April 2014
Final	Fully franked	2.7 cents	*	8 October 2014

* The DRP issue price for the final dividend is scheduled to be announced on 22 September 2014.

Corporate Directory »

DIRECTORS

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

COMPANY SECRETARY

Linda Ellis
Peter Roberts

NOTICE OF AGM

The annual general meeting of Steadfast Group Limited will be held on Wednesday 29 October 2014 at 10.00 am at The Radisson Blu Plaza Hotel, 27 O'Connell Street, Sydney NSW 2000.

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STOCK LISTING

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

Steadfast

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