

21 February 2018

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

Dear Sir

Report on results and financial statements for the half year ended 31 December 2017

The Directors of Steadfast Group Limited announce the financial results for the half year ended 31 December 2017:

- Appendix 4D and the half year 2018 financial report
- 1H18 results market release
- 1H18 results investor presentation
- Appendix 3A.1: notification of dividend

Yours faithfully



Linda Ellis
Group Company Secretary & Corporate Counsel

Steadfast Group Limited

ABN: 98 073 659 677 ACN: 073 659 677
Level 4, 99 Bathurst Street, Sydney NSW 2000
t 02 9495 6500 f 02 9495 6565 www.steadfast.com.au

STRENGTH WHEN YOU NEED IT



Steadfast Group Limited and controlled entities

Appendix 4D (rule 4.3A)

Preliminary final report for the half year ended 31 December 2017

Results for announcement to the market

(All comparisons to half year ended 31 December 2016)

	2017 \$'000	Up/Down	% Movement
Revenues from ordinary activities	216,910	8,588	4%
EBITA before non-trading items	72,841	6,098	9%
Underlying net profit after tax attributable to shareholders (Underlying NPAT) (Note 1)	32,509	2,513	8%
Net profit after tax attributable to shareholders (NPAT) (Note 1)	33,813	(4,117)	(11%)
Total comprehensive income attributable to shareholders	32,753	(5,043)	(13%)

Note 1:

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

	2017 \$'000	2016 \$'000
Net profit after tax attributable to shareholders (NPAT)	33,813	37,930
Less: non-trading items	(1,304)	(7,934)
Net profit after tax after non-trading items attributable to shareholders (Underlying NPAT)	32,509	29,996

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

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

Dividend information

	Amount per share (cents)	Franked amount per share (cents)	Tax rate for franking credit (%)
Interim 2018 dividend per share	2.8	2.8	30

Interim dividend dates

Ex-dividend date	26 February 2018
Record date	27 February 2018
Payment date	22 March 2018

The Company's DRP will operate by purchasing ordinary shares on market. No discount will be applied. The record date is 27 February 2018. The last election notice for participation in the DRP in relation to this interim dividend is 28 February 2018.

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

	31 Dec 2017 (\$)	30 Jun 2017 (\$)
Net tangible assets per ordinary share*	0.11	0.12

* Net tangible assets per ordinary share are based on 787,213,356 shares on issue at 31 December 2017. There has been an increase of 37,461,722 ordinary shares on issue since 30 June 2017.

Other information

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

	Ownership interest %
Associates	
Abbott Insurance Brokers Limited	50.0%
Armstrong's Insurance Brokers Pty Ltd and Armstrong's Insurance Brokers Unit Trust	25.0%
Ausure Group Pty Ltd- associates thereof	24.8%
Blackburn (Insurance Brokers) Pty Ltd and Liability Brokers Pty Ltd	40.0%
Covercorp Pty Ltd	49.0%
Edgewise Insurance Brokers Pty Ltd and The Bradstock GIS Unit Trust	33.1%
Emergence Insurance Group Pty Ltd	33.3%
Empire Insurance Services Pty Ltd and McLardy McShane & Associates Pty Ltd	37.0%
Finpac Insurance Advisors Pty Ltd	49.0%
Glenowar Pty Ltd	49.0%
IPS Insurance Brokers Pty Ltd	40.0%
J.D.I (YOUNG) Pty Ltd	25.0%
Johansen Insurance Brokers Pty Ltd	48.4%
King Insurance Brokers Pty Ltd	37.0%
Lanyon Partners Consolidated Pty Ltd	45.0%
McKillops Insurance Brokers Pty Ltd	49.0%
Melbourne Insurance Brokers Pty Ltd	49.0%
Meridian Lawyers Limited	25.0%
Northern City Insurance Brokers (VIC) Pty Ltd	50.0%
Paramount Insurance Brokers Pty Ltd	25.0%
Pollard Advisory Services Pty Ltd	49.0%
QUS Pty Ltd	45.0%
Risk Partners Pty Ltd	45.0%
Rose Stanton Insurance Brokers Pty Ltd	49.0%
Rothbury Group Limited	44.5%
RSM Group Pty Ltd	49.0%
Sapphire Star Pty Ltd	30.0%
Scott & Broad Pty Ltd	42.9%
Southside Insurance Brokers Pty Ltd	49.0%
Steadfast Eastern Insurance Brokers Pty Ltd	34.4%
Steadfast Life Pty Ltd	50.0%
Sterling Insurance Pty Limited	39.5%
Tudor Insurance Australia (Insurance Brokers) Pty Ltd and Tudor Insurance Agency Unit Trust	48.0%
unisonSteadfast AG	26.2%
Watkins Taylor Stone Insurance Brokers Pty Ltd and D&E Watkins Unit Trust	35.0%
Joint ventures	
Ausure Ruralco Pty Ltd (formerly Ausure Consolidated Brokers Pty Ltd)	50.0%
Blend Insurance Solutions Pty Ltd	50.0%
Macquarie Premium Funding Pty Ltd and its subsidiaries (Macquarie Pacific Funding Group)	50.0%

The aggregate share of profits after tax of associates and joint venture accounted for using equity method is \$6.533 million.

Additional Appendix 4D disclosure requirements can be found in the directors' report and the 31 December 2017 financial statements and accompanying notes.

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

Attachment A
Steadfast Group Limited
Half year financial report – 31 December 2017

Steadfast Group Limited
(ASX: SDF)

**Half Year Report
2018**

Steadfast Group Limited

ABN 98 073 659 677

Financial Report

For the half year ended 31 December 2017

Contents	Page
Directors' report	1
Lead auditor's independence declaration	4
Consolidated statement of profit or loss and other comprehensive income	5
Consolidated statement of financial position	6
Consolidated statement of changes in equity	7
Consolidated statement of cash flows	9
Notes to the financial statements	10
Directors' declaration	28
Independent auditor's review report	29

Steadfast Group Limited

Directors' Report

The Directors present their report together with the consolidated financial statements of Steadfast Group Limited (Steadfast or the Company); its subsidiaries and the Group's interests in associates and joint ventures (Steadfast Group or the Group) for the half year ended 31 December 2017 and the auditor's review report thereon.

Directors

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

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

Operating and financial review

Operating results for the half year

	31 Dec 2017 \$'000	31 Dec 2016 \$'000
Revenue – consolidated entities	263,250	243,415
Expenses – consolidated entities	(201,799)	(188,752)
EBITA* – consolidated entities	61,451	54,663
Share of EBITA from associates and joint ventures	11,390	12,080
EBITA before non-trading items	72,841	66,743
Finance costs	(5,411)	(4,929)
Amortisation expense	(11,972)	(12,449)
Profit before income tax before non-trading items	55,458	49,365
Income tax expense on profit before non-trading items	(17,213)	(14,514)
Profit after income tax before non-trading items	38,245	34,851
Non-controlling interests (NCI) in profit after tax before non-trading items	(5,736)	(4,855)
Underlying net profit after income tax attributable to owners of Steadfast Group Limited (Underlying NPAT)	32,509	29,996
Non-trading items:		
Income	4,284	9,384
Expenses	(2,911)	(400)
Income tax (expense)/benefit on non-trading items	170	(1,229)
NCI	(239)	179
Net profit after income tax attributable to owners of Steadfast Group Limited (NPAT)	33,813	37,930
Other comprehensive income/(expense) attributable to owners of Steadfast Group Limited	(1,060)	(134)
Total comprehensive income after income tax attributable to owners of Steadfast Group Limited	32,753	37,796

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

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

The profit attributable to the group after income tax, before non-trading items was \$32.509 million compared to \$29.996 million in 31 December 2016. The increase was mainly due to:

- revenue growth generated by the existing businesses;
- increased marketing and administration fee revenue in Australia and New Zealand; and
- acquisition of interests in further businesses and a listed investment.

This additional profit was partially offset by:

- divestment of businesses in the prior corresponding period particularly White Outsourcing Pty Ltd;
- reduced profit shares from underwriting agencies; and
- higher income tax expense.

There was a reduction in non-trading net gains during the half year. Included in non-trading net gains are:

- profit on sale of investments;
- income reported from downwards revised estimates of deferred acquisition payments where earnout arrangements existed (this was more significant in the prior corresponding period); and
- impairment of certain intangible assets relating to a business where there was a downward revised estimation of a deferred acquisition payment.

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

REVIEW OF FINANCIAL CONDITION

i. Financial position

The total assets of the Group as at 31 December 2017 were \$1,930.280 million compared to \$1,800.027 million as at 30 June 2017. The increase was mainly attributable to the addition of assets from businesses acquired during the half year as detailed in Note 10 to the financial statements.

Total liabilities of the Group as at 31 December 2017 were \$914.708 million compared to \$886.859 million as at 30 June 2017. The increase was mainly attributable to the assumption of liabilities from the newly acquired businesses.

The increase in the Group's equity from \$913.168 million at 30 June 2017 to \$1,015.572 million at 31 December 2017 largely reflects the proceeds from the institutional placement of \$100.000 million in December 2017 and the retention of profits.

The Group has a multibank syndicated facility that allows the Group to borrow up to \$285.000 million. As at balance date, the Group had the ability to borrow an additional \$89.357 million from this facility.

ii. Cash from operations

The net inflows of \$60.237 million include net inflows from operating activities of \$51.386 million and a net inflow of \$8.851 million to broking accounts.

The net operating cash flows, before broking trust account movements, of \$51.386 million are higher than those for the prior period, reflecting the continued growth of the Group. This amount represents the continued conversion of profit into cash inflows, which is typically strong in the first half where higher June billings are collected, from which the dividends paid were funded leaving the remaining free cash flow available for corporate activities, including acquisitions of further business interests. The acquisition of Whitbread Insurance Brokers and Axis Underwriting were funded by a \$100.000 million capital raise in December 2017.

iii. Capital management

As at 31 December 2017, the Company had a total of 787.213 million ordinary shares on issue compared to 749.752 million ordinary shares on issue at 30 June 2017. The increase was a result of the institutional placement of 35.335 million shares (\$100.000 million) in December and 2.126 million shares (\$6.016 million) issued to vendors as part consideration for the acquisition by the Group of Whitbread Insurance Brokers and Axis Underwriting.

The Board leverages the Group's equity, adopting a maximum 25.0% corporate gearing ratio (defined as corporate debt: corporate debt and equity). As at 31 December 2017, the Company's corporate gearing ratio was 15.9% (30 June 2017: 16.0%). In recognition that subsidiaries may require debt to fund bolt-on acquisitions, the Group has limited the extent of

subsidiary borrowings to an additional 5% leverage. The Group's total gearing ratio at balance date was 18.8% (30 June 2017: 18.5%). Refer Note 9C.

Events subsequent to reporting date

Subsequent to 31 December 2017, the Board declared an interim dividend of 2.8 cents per share, 100% franked. Further details of the dividend is set out in note 17.

Steadfast completed the Share Purchase Plan (SPP) on 22 January 2018 with \$7.761 million raised and an additional 2.823 million shares issued on 29 January 2018. Further details of the SPP are set out in note 17

Likely developments

With the acquisition of Whitbread Insurance Brokers and Axis Underwriting and subject to stable market conditions and no further material acquisitions, the Board has updated the full year guidance, to underlying EBITA of \$160 million to \$170 million and underlying NPAT of \$72.5 million to \$77.5 million.

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

The Group continues to work closely with the management team of each acquired business, and allow each business to operate in a manner consistent with the Group's co-ownership model. In most cases, this model involves ongoing equity participation of key management personnel in the business acquired.

Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 4 and forms part of the Directors' report for the half year ended 31 December 2017.

Rounding

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

Signed at Sydney on 21 February 2018 in accordance with a resolution of the Directors.



Frank O'Halloran, AM
Chairman



Robert Kelly
Managing Director & CEO



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Steadfast Group Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Steadfast Group Limited for the half-year ended 31 December 2017 there have been:

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

KPMG

KPMG

A handwritten signature in black ink, appearing to read 'Scott Guse'.

Scott Guse
Partner

Sydney
21 February 2018

Steadfast Group Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half year ended 31 December 2017

	Note	31 Dec 2017 \$'000	31 Dec 2016 \$'000
Revenue			
Fee and commission income		234,730	210,433
Less: brokerage commission paid		(67,677)	(59,681)
Net fee and commission income		167,053	150,752
Marketing and administration fees		20,806	18,361
Interest income		3,900	3,912
Other revenue		12,284	18,272
		204,043	191,297
Share of profits of associates accounted for using the equity method	11	5,571	5,831
Share of profits of joint ventures accounted for using the equity method	12	962	1,104
Fair value gain on financial assets	13	1,500	-
Net gain from adjustments to deferred consideration estimates	4,10	3,570	3,635
Net gain from sale of subsidiaries and associates	4	460	5,495
Other income		804	960
		216,910	208,322
Expenses			
Employment expense		(95,354)	(90,103)
Selling expense		(11,325)	(9,025)
Administration, brokers' support service and other expenses		(27,847)	(29,361)
Occupancy expense		(7,721)	(7,202)
Amortisation expense	7	(11,520)	(10,779)
Depreciation expense		(1,798)	(1,649)
Impairment expense	4	(2,334)	(400)
Finance costs	4	(5,118)	(4,594)
		(163,017)	(153,113)
Profit before income tax expense		53,893	55,209
Income tax expense		(14,105)	(12,603)
Profit after income tax expense for the half year		39,788	42,606
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net movement in foreign currency translation reserve		(1,741)	(74)
Cash flow hedge effective portion of change in fair value		227	(118)
Income tax expense on other comprehensive income		454	58
Other comprehensive income for the period, net of tax		(1,060)	(134)
Total comprehensive income for the half year, net of tax		38,728	42,472
Profit for the half year is attributable to:			
Non-controlling interests		5,975	4,676
Owners of Steadfast Group Limited	4	33,813	37,930
		39,788	42,606
Total comprehensive income for the half year is attributable to:			
Non-controlling interests		5,975	4,676
Owners of Steadfast Group Limited		32,753	37,796
		38,728	42,472
Basic earnings per share (cents per share)	5	4.51	5.08
Diluted earnings per share (cents per share)	5	4.48	5.06

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

Steadfast Group Limited
Consolidated Statement of Financial Position
As at 31 December 2017

	Note	31 Dec 2017 \$'000	30 June 2017 \$'000
Assets			
Current assets			
Cash and cash equivalents		79,826	66,537
Cash held on trust		290,939	263,198
Receivables from broking/underwriting agency operations		313,439	343,882
Trade and other receivables		43,498	45,248
Related party loans	15	5,654	1,031
Other		7,216	4,984
Total current assets		740,572	724,880
Non-current assets			
Goodwill	7	806,335	717,397
Intangible assets	7	173,435	154,990
Investments in associates	11	125,428	125,690
Interest in joint ventures	12	11,771	11,362
Other financial assets	13	6,547	-
Deferred tax assets		3,083	3,419
Property, plant and equipment		29,453	27,498
Related party loans	15	906	6,182
External shareholder loans		31,736	27,489
Other		1,014	1,120
Total non-current assets		1,189,708	1,075,147
Total assets		1,930,280	1,800,027
Liabilities			
Current liabilities			
Payables on broking/underwriting agency operations		537,566	533,975
Trade and other payables		47,362	49,551
Bank overdrafts	8	78	526
Borrowings	8	1,093	995
Deferred consideration	10	1,410	5,222
Income tax payable		12,768	13,727
Provisions		16,335	15,020
Total current liabilities		616,612	619,016
Non-current liabilities			
Borrowings	8	233,280	204,945
Deferred consideration	10	1,366	1,366
Other payables		3,461	3,788
Deferred tax liabilities		52,557	50,655
Provisions		7,432	7,089
Total non-current liabilities		298,096	267,843
Total liabilities		914,708	886,859
Net assets		1,015,572	913,168
Equity			
Share capital	9	901,366	796,857
Treasury shares held in trust	9	(7,617)	(7,014)
Foreign currency translation reserve		(1,384)	(165)
Share-based payments reserve		3,507	3,761
Undistributed profits reserve		66,603	64,086
Other reserves		(25,626)	(20,484)
Retained earnings		33,469	35,161
Equity attributable to the owners of Steadfast Group Limited		970,318	872,202
Non-controlling interests		45,254	40,966
Total equity		1,015,572	913,168

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

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

31 Dec 2017	Equity attributable to owners of Steadfast Group Limited								Total equity
	Share capital	Treasury shares held in trust	Foreign currency translation reserve	Share-based payments reserve	Un-distributed profits reserve	Other reserves	Retained earnings	Non-controlling interests	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2017	796,857	(7,014)	(165)	3,761	64,086	(20,484)	35,161	40,966	913,168
Profit after income tax expense for the half year	-	-	-	-	-	-	33,813	5,975	39,788
Other comprehensive income for the half year, net of tax	-	-	(1,219)	-	-	159	-	-	(1,060)
Total comprehensive income for the half year	-	-	(1,219)	-	-	159	33,813	5,975	38,728
Transactions with owners in their capacity as owners:									
Shares issued for Share placement (Note 9)	100,000	-	-	-	-	-	-	-	100,000
Less: Transaction costs on issued shares, net of income tax	(1,507)	-	-	-	-	-	-	-	(1,507)
Shares issued for Whitbread acquisition	6,016	-	-	-	-	-	-	-	6,016
Shares acquired and held in trust (Note 9)	-	(1,799)	-	-	-	-	-	-	(1,799)
Share-based payments on Executive Shares and employee share plans	-	-	-	1,113	-	-	-	-	1,113
Shares allotted through Dividend Reinvestment Plan (Note 9)	-	(171)	-	-	-	-	-	-	(171)
Shares allotted to employees under Employee Conditional Rights Scheme (Note 9)	-	1,367	-	(1,367)	-	-	-	-	-
Transfer of retained earnings to profit reserve	-	-	-	-	2,517	-	(2,517)	-	-
Acquisition of non-controlling interests (Note 10)	-	-	-	-	-	-	-	1,288	1,288
Change in equity interests in subsidiaries without loss of control	-	-	-	-	-	(5,301)	-	5,643	342
Dividends declared and paid (Note 6)	-	-	-	-	-	-	(32,988)	(8,618)	(41,606)
Balance at 31 December 2017	901,366	(7,617)	(1,384)	3,507	66,603	(25,626)	33,469	45,254	1,015,572

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

Steadfast Group Limited
Consolidated Statement of Changes in Equity
For the half year ended 31 December 2016

31 Dec 2016	Equity attributable to owners of Steadfast Group Limited							Non-controlling interests	Total equity
	Share capital	Treasury shares held in trust	Foreign currency translation reserve	Share-based payments reserve	Un-distributed profits reserve	Other reserves	Retained earnings		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2016	796,857	(4,396)	28	3,675	31,542	(15,108)	47,399	38,144	898,141
Profit after income tax expense for the half year	-	-	-	-	-	-	37,930	4,676	42,606
Other comprehensive income for the half year, net of tax	-	-	(51)	-	-	(83)	-	-	(134)
Total comprehensive income for the half year	-	-	(51)	-	-	(83)	37,930	4,676	42,472
Transactions with owners in their capacity as owners:									
Shares acquired and held in trust (Note 9)	-	(2,827)	-	-	-	-	-	-	(2,827)
Share-based payments on Executive Shares and employee share plans	-	-	-	143	-	-	-	-	143
Shares allotted through Dividend Reinvestment Plan (Note 9)	-	(145)	-	-	-	-	-	-	(145)
Shares allotted to employees under Employee Conditional Rights Scheme (Note 9)	-	461	-	-	-	-	-	-	461
Transfer of retained earnings to profit reserve	-	-	-	-	20,755	-	(20,755)	-	-
Acquisition of non-controlling interests (Note 10)	-	-	-	-	-	-	-	1,609	1,609
Change in equity interests in subsidiaries without loss of control	-	-	-	-	-	(71)	-	(1,407)	(1,478)
Dividends declared and paid (Note 6)	-	-	-	-	-	-	(26,992)	(5,475)	(32,467)
Balance at 31 December 2016	796,857	(6,907)	(23)	3,818	52,297	(15,262)	37,582	37,547	905,909

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

Consolidated Statement of Cash Flows

For the half year ended 31 December 2017

	Note	31 Dec 2017 \$'000	31 Dec 2016 \$'000
Cash flows from operating activities			
Receipts from customers		219,922	195,834
Payments to suppliers and employees, and Network Broker rebates		(153,374)	(141,358)
Dividends received from associates and joint ventures		7,483	6,567
Interest received		3,445	3,245
Interest and other finance costs paid		(4,903)	(4,875)
Income taxes paid		(21,187)	(20,268)
Net cash from operating activities before customer trust accounts movement		51,386	39,145
Net movement in customer trust accounts (net cash receipts/payments on behalf of customers)		8,851	4,187
Net cash from operating activities	14	60,237	43,332
Cash flows from investing activities			
Payments for acquisitions of subsidiaries and business assets, net of cash acquired		(81,754)	(17,288)
Payments for investments in associates and joint ventures		(2,703)	(10,304)
Payments for step-up investment in subsidiaries on hubbing arrangements		(6,670)	(880)
Payments for financial assets		(5,047)	-
Payments for deferred consideration of subsidiaries, associates and business assets		(3,761)	(8,888)
Proceeds from disposal of investment in subsidiaries, net of cash disposed		-	24,976
Proceeds from part disposal of investment in subsidiaries on hubbing arrangements		1,762	1,554
Proceeds from disposal of investment in associates		1,356	-
Payments for property, plant and equipment		(2,427)	(595)
Payments for intangible assets		(4,959)	(3,106)
Net cash used in investing activities		(104,203)	(14,531)
Cash flows from financing activities			
Proceeds from issue of shares		100,000	-
Payments for transaction costs on issue of shares		(2,154)	-
Dividends paid to owners of Steadfast		(32,988)	(26,992)
Proceeds from borrowings		55,666	40,000
Repayment of borrowings		(27,317)	(36,875)
Payments for purchase of treasury shares		(1,799)	(2,827)
Repayment of related party loans		907	851
Payments for related party loans		-	(275)
Repayment of non-related party loans		2,097	2,020
Payments for non-related party loans		(80)	-
Dividends paid to non-controlling interests		(8,618)	(5,475)
Net cash used in financing activities		85,714	(29,573)
Net increase in cash and cash equivalents		41,748	(772)
Cash and cash equivalents at the beginning of the financial period		329,209	291,745
Effect of movements in exchange rates on cash held		(270)	-
Cash and cash equivalents at the end of the financial period*		370,687	290,973
* Balance represents:			
Cash and cash equivalents		79,826	60,649
Cash held on trust		290,939	230,857
Bank overdrafts		(78)	(533)
		370,687	290,973

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

Steadfast Group Limited

Notes to the Financial Statements

For the half year ended 31 December 2017

Note 1. General information

This financial report is for the half year ended 31 December 2017 and comprises the consolidated financial statements of Steadfast Group Limited (Steadfast or the Company); its subsidiaries and the Group's interests in associates and joint ventures (Steadfast Group or the Group). These financial statements are presented in Australian dollars, which is Steadfast's functional and presentation currency.

The Company is a for-profit listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Level 4, 99 Bathurst Street, Sydney NSW 2000.

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

This financial report was authorised for issue by the Board on 21 February 2018.

This report should be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by the Company during the half year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Note 2. Significant accounting policies

A. Statement of compliance

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

International Financial Reporting Standards (IFRS) refer to the overall framework of standards and pronouncements approved by the International Accounting Standards Board. IFRS forms the basis of the Australian Accounting Standards. This half year financial report of the Group does not include all information required for annual financial statement presentation in accordance with IFRS.

B. Basis of preparation of the financial report

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

I. New and amended standards adopted by the Group

The Group has adopted the following revised or amending Accounting Standard issued by the Australian Accounting Standards Board that is mandatory for the year ending 30 June 2018 and thus is also applicable for the half year ended 31 December 2017. Adoption of this standard has not had any material effect on the financial position or performance of the Group.

Title	Description
AASB 2016-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107

II. Reclassification of comparatives

Prior half year comparative information relating to stamp duty, due diligence and restructure costs in the consolidated statement of profit or loss and other comprehensive income has been revised in this financial report to conform to the current period's presentation. This is now contained within line item Administration, brokers' support service and other expenses.

During the current period, the presentation of Note 4 has been updated to reflect more appropriately the way in which operating segments are reviewed by the Chief Operating Decision Maker (being the Managing Director & CEO). Prior half year comparative information has been reclassified to align with the current period's presentation.

III. Rounding

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

IV. Australian Accounting Standards issued and not yet effective

The Company has not early adopted and applied any new, revised or amending Accounting Standards and Interpretations that are not yet mandatory for the half year ended 31 December 2017.

The Company intends to adopt new, revised or amending Accounting Standards and Interpretations in the operating year commencing 1 July after the effective date of these standards and interpretations as set out in the table below.

Title	Description	Effective date	Operating year	Note
AASB 9	Financial Instruments and the relevant amending standards	1 January 2018	30 June 2019	(i)
AASB 15	Revenue from Contracts with Customers and the relevant amending standards	1 January 2018	30 June 2019	(ii)
AASB 16	Leases	1 January 2019	30 June 2020	(iii)
AASB 2016-5	Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions	1 January 2018	30 June 2019	(iv)

Table notes

(i) The Group has reviewed its financial assets and liabilities and is expecting commission receivable, a subset of receivables from broking/underwriting agency operations as an area that is likely to be affected by the new accounting standard. The new standard requires the recognition of expected credit losses from the moment when financial instruments are first recognised, rather than when a trigger event occurs. The large majority of the receivables from broking/underwriting agency operations relates to a gross up of premium receivable to be on-paid to insurers and underwriters. As such there is no credit loss risk from the Group's perspective. The other amount in receivables from broking/underwriting agency operation relates to commission receivable due to the brokerages and underwriting agencies. Based on historical trend, an insignificant portion of commission receivable is not recoverable and is written off at the point when the trigger event occurs. The new standard requires provision to be made for the expected non-recoverable portion of commission receivable at the time it is invoiced to the clients. The estimated adjustment to opening retained earnings and provision for doubtful debt is not expected to have a significant impact.

(ii) The Group has completed a preliminary review of the contracts with insurers and customers and has identified claims handling services as an area that is likely to be affected by the new revenue standard. The application of the new standard may result in the identification of separate performance obligations for handling claims on behalf of customers as part of the insurance brokerages' customary business practices, which could affect the timing of revenue recognition. Based on the results of the preliminary review, the Group does not expect a material impact on the consolidated statement of profit or loss provided that the business volumes do not change significantly from one reporting period to the next.

The Group intends to apply paragraph C3(b) of the new standard on transition which does not require comparative financial information to be restated. Under this transition approach, the cumulative effect of initially applying this new standard is recognised as an adjustment to opening retained earnings of the first annual reporting report, i.e. financial year ending 30 June 2019, as an adjustment to 1 July 2018 retained earnings. Based on results of the preliminary review, the estimated adjustment to opening retained earnings and deferred income provision is in the range of \$7 million to \$13 million.

The Group does not intend to adopt the standard before its effective date of 1 July 2018. The Group will make more detailed assessments of the effect prior to balance date.

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

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

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

Based on operating lease commitments as at 30 June 2017, the application of the modified retrospective approach under paragraph C8(b)(i) would have had the following estimated impacts on the balance sheet on 1 July 2017 if the Group had been required to apply the new standard on that date:

- \$27 million increase in lease liability measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application;
- \$25 million increase in right-of-use asset measured at its carrying amount as if the new standard had been applied since the commencement date of the lease, discounted using the Group's incremental borrowing rate at the date of initial application; and
- \$1 to \$2 million opening retained earnings adjustment.

At this stage, the Group does not intend to adopt the standard before its effective date of 1 January 2019. The Group will make more detailed assessments of the effect over the next twelve months.

- (iv) These changes are not expected to have a significant financial impact.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates may differ from the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the half year ended 31 December 2017 are detailed below.

A. Fair value of assets acquired

The Group measures the net assets acquired in a business combination at their fair value at the date of acquisition. If new information obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date identifies adjustments to the fair value, then the amounts recognised as at the acquisition date will be retrospectively revised.

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

B. Fair value of financial assets and liabilities

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

Financial instrument	Fair value hierarchy	Valuation technique	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Deferred consideration	Level 3	The fair value is calculated based on a contracted multiple of forecast EBITA or fees and commissions	Forecast EBITA or fees and commissions	The estimated fair value would increase/decrease if the forecast EBITA or fees and commissions were higher/lower
Interest rate swaps	Level 2	The fair value is calculated using the present value of the estimated future cash flow based on observable yield curves	Not applicable	Not applicable
Investment in listed shares	Level 1	The fair value is calculated based on number of shares multiply by quoted price on ASX	Not applicable	Not applicable

C. Deferred consideration

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

D. Goodwill

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

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

E. Intangible assets

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

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

F. Equity-accounted investments

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

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

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

G. Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase/decrease where the useful lives are less/greater than previously estimated. It would also change if the amortisation methodology was reassessed.

H. Recovery of deferred tax assets

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

Note 4. Operating segments

The Company's corporate structure includes equity investments in insurance intermediary entities (insurance broking, underwriting agencies and premium funders) and complementary businesses. Discrete financial information about each of these entities is reported to management on a regular basis and, accordingly, management considers each entity to be a discrete business operation. The Company believes that all of the Group's equity investments in insurance intermediary entities exhibit similar economic characteristics and have therefore been aggregated into a single reporting segment, being the general insurance intermediary sector. This assessment is based on each of the business operations having similar products and services, similar types of customer, employing similar operating processes and procedures, and operating within similar regulatory environments. The Group is in the business of distributing and advising on insurance products in Australia, New Zealand, United Kingdom and Singapore; and investment in unisonSteadfast network headquartered in Germany. In regards to geographical information, the revenue and non-current assets attributed to geographies outside of Australasia are currently immaterial to the Group and hence no separate geographical disclosure has been made.

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

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

Half year to 31 Dec 2017							
	Table note	Insurance intermediary \$'000	Other \$'000	Total underlying \$'000	Reclassification \$'000	Non-trading items ⁽ⁱ⁾ \$'000	Total statutory \$'000
Fee and commission income		225,764	-	225,764	(58,711)	-	167,053
M&A Fees		20,806	-	20,806	-	-	20,806
Share of profits from associates and joint venture		6,349	184	6,533	-	-	6,533
Other revenue		15,538	1,142	16,680	1,554	4,284	22,518
Revenue		268,457	1,326	269,783	(57,157)	4,284	216,910
Less: Share of profits from associates and joint venture		(6,349)	(184)	(6,533)	-	-	(6,533)
Revenue – consolidated entities		262,108	1,142	263,250	(57,157)	4,284	210,377
Employment expenses		(86,234)	(1,703)	(87,937)	(6,840)	(577)	(95,354)
Other expenses		(113,287)	(575)	(113,862)	65,171	(2,334)	(51,025)
Expenses - Consolidated entities		(199,521)	(2,278)	(201,799)	58,331	(2,911)	(146,379)
EBITA – consolidated entities		62,587	(1,136)	61,451	1,174	1,373	63,998
Share of EBITA from associates and joint venture		11,087	303	11,390	-	-	11,390
EBITA		73,674	(833)	72,841	1,174	1,373	75,388
Finance costs	(ii)	(5,409)	(2)	(5,411)	-	-	(5,411)
Amortisation expense	(iii)	(11,556)	(416)	(11,972)	(1,174)	-	(13,146)
Income tax expense	(iv)	(17,773)	560	(17,213)	-	170	(17,043)
Net profit after tax		38,936	(691)	38,245	-	1,543	39,788
Non-controlling interests		(5,736)	-	(5,736)	-	(239)	(5,975)
Net profit after income tax attributable to owners of Steadfast Group Limited (NPAT)		33,200	(691)	32,509	-	1,304	33,813

Half year to 31 Dec 2016

	Table note	Insurance intermed- iary \$'000	Other \$'000	Total underlying \$'000	Reclass- ification \$'000	Non- trading items ⁽ⁱ⁾ \$'000	Total statutory \$'000
Fee and commission income		203,164	-	203,164	(52,412)	-	150,752
M&A Fees		18,361	-	18,361	-	-	18,361
Share of profits from associates and joint venture		6,811	124	6,935	-	-	6,935
Other revenue		13,705	8,185	21,890	1,000	9,384	32,274
Revenue		242,041	8,309	250,350	(51,412)	9,384	208,322
Less: Share of profits from associates and joint venture		(6,811)	(124)	(6,935)	-	-	(6,935)
Revenue – consolidated entities		235,230	8,185	243,415	(51,412)	9,384	201,387
Employment expenses		(78,336)	(5,339)	(83,675)	(6,428)	-	(90,103)
Other expenses		(102,769)	(2,308)	(105,077)	57,840	(400)	(47,637)
Expenses - Consolidated entities		(181,105)	(7,647)	(188,752)	51,412	(400)	(137,740)
EBITA – consolidated entities		54,125	538	54,663	-	8,984	63,647
Share of EBITA from associates and joint venture		11,854	226	12,080	-	-	12,080
EBITA		65,979	764	66,743	-	8,984	75,727
Finance costs	(ii)	(4,918)	(11)	(4,929)	-	-	(4,929)
Amortisation expense	(iii)	(11,839)	(610)	(12,449)	-	-	(12,449)
Income tax expense	(iv)	(14,593)	79	(14,514)	-	(1,229)	(15,743)
Net profit after tax		34,629	222	34,851	-	7,755	42,606
Non-controlling interests		(4,855)	-	(4,855)	-	179	(4,676)
Net profit after income tax attributable to owners of Steadfast Group Limited (NPAT)		29,774	222	29,996	-	7,934	37,930

TABLE NOTES

	Half year to 31 Dec 2017			Half year to 31 Dec 2016		
	Insurance intermed- iary \$'000	Other \$'000	Total \$'000	Insurance intermed- iary \$'000	Other \$'000	Total \$'000
(i) Non-trading items						
Breakdown of non-trading income adjustments:						
Reversal of deemed interest costs on interest free executive loans	254	-	254	254	-	254
Net (gain)/loss from sale of investments in subsidiaries and associates	460	-	460	(2,689)	8,184	5,495
Net gain on re-estimation and settlement of deferred consideration*	3,570	-	3,570	3,635	-	3,635
	4,284	-	4,284	1,200	8,184	9,384
Breakdown of non-trading expenses adjustment:						
Non- recurring redundancy costs	(577)	-	(577)	-	-	-
Impairment loss (Note 7)*	(2,334)	-	(2,334)	(400)	-	(400)
	(2,911)	-	(2,911)	(400)	-	(400)
Total non-trading items:						
Non-trading revenue	4,284	-	4,284	1,200	8,184	9,384
Non-trading expenses	(2,911)	-	(2,911)	(400)	-	(400)
Total non-trading items:	1,373	-	1,373	800	8,184	8,984
Less: tax applicable	170	-	170	(115)	(1,114)	(1,229)
Less: NCI applicable	(239)	-	(239)	179	-	179
Total non-trading items to NPAT	1,304	-	1,304	864	7,070	7,934

(ii) Breakdown of finance costs:

Finance costs – consolidated entities	(5,118)	-	(5,118)	(4,594)	-	(4,594)
Finance costs – associates and joint ventures (Note 11, 12)	(291)	(2)	(293)	(324)	(11)	(335)
	(5,409)	(2)	(5,411)	(4,918)	(11)	(4,929)

(iii) Breakdown of amortisation expenses of acquired intangibles:

Amortisation expense – consolidated entities	(9,966)	(380)	(10,346)	(10,205)	(574)	(10,779)
Amortisation expense – associates and joint ventures (Note 11, 12)	(1,590)	(36)	(1,626)	(1,634)	(36)	(1,670)
	(11,556)	(416)	(11,972)	(11,839)	(610)	(12,449)

(iv) Breakdown of income tax benefit/(expense):

Income tax benefit/(expense) – consolidated entities	(14,916)	641	(14,275)	(11,508)	134	(11,374)
Income tax expense – associates and joint ventures (Note 11, 12)	(2,857)	(81)	(2,938)	(3,085)	(55)	(3,140)
	(17,773)	560	(17,213)	(14,593)	79	(14,514)

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

Note 5. Earnings per share

	Half year to 31 Dec 2017 cents	Half year to 31 Dec 2016 cents
A. Reporting period value		
Basic earnings per share	4.51	5.08
Diluted earnings per share	4.48	5.06

The higher earnings per share reported in the half year to 31 December 2016 compared to the half year to 31 December 2017 is primarily due to the inclusion of non-trading items in particular the net gain from sale of investments in subsidiaries and on re-estimation and settlement of deferred consideration as detailed in Note 4.

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

	Half year to 31 Dec 2017 cents	Half year to 31 Dec 2016 cents
Basic earnings per share	4.33	4.02
Diluted earnings per share	4.31	4.01

	Half year to 31 Dec 2017 \$'000	Half year to 31 Dec 2016 \$'000
B. Reconciliation of earnings used in calculating earnings per share		
Profit after income tax	39,788	42,606
Non-controlling interests	(5,975)	(4,676)
Profit after income tax attributable to the owners of Steadfast Group Limited for calculation of statutory basic and diluted earnings per share	33,813	37,930
Removing non-trading items:		
Non-trading items	(1,134)	(9,163)
Income tax expense/(benefit)	(170)	1,229
Profit after income tax attributable to the owners of Steadfast Group Limited for calculation of adjusted pro forma basic and diluted earnings per share	32,509	29,996

	Half year to 31 Dec 2017 Number in '000	Half year to 31 Dec 2016 Number in '000
C. Reconciliation of weighted average number of shares used in calculating earnings per share		
I. Weighted average number of ordinary shares issued		
Weighted average number of ordinary shares issued	754,460	749,752
Weighted average number of treasury shares held in trust	(3,979)	(3,705)
Weighted average number of ordinary shares used in calculating basic earnings per share	750,481	746,047
II. Weighted average number of dilutive potential ordinary shares related to		
Weighted average number of ordinary shares	750,481	746,047
Effect of share based payment arrangements ^(a)	1,537	1,317
Effect of deemed bonus shares on share options ^(b)	1,910	1,599
Weighted average number of ordinary shares used in calculating diluted earnings per share	753,928	748,963

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

- (a) Steadfast operates share-based payments arrangements (being an employee conditional rights scheme, a short-term incentive plan and a long-term incentive plan) where eligible employees could receive conditional rights instead of cash. One conditional right will convert to one ordinary share subject to vesting conditions being met. These share-based payments arrangements are granted to employees free of costs and no consideration will be paid on conversion to Steadfast's ordinary shares. These arrangements have a dilutive effect to the basic earnings per share (EPS).
- (b) 3.000 million share options were issued to a member of key management personnel of an acquired business in 2013 with an exercise price of \$1.00 per share. Because the average share price exceeds the exercise price, 1.910 million shares (31 December 2016: 1.599 million) are deemed to be bonus shares. The options will expire on 27 June 2018, and it is expected that the options will be exercised within financial year 2018.

Note 6. Dividends

A. Dividends on ordinary shares during the half year

	Cents per share	Total amount \$'000	Payment date	Tax rate for franking credit	Percentage franked
31 December 2017					
2017 final dividend	4.4	32,988	13 October 2017	30%	100%
31 December 2016					
2016 final dividend	3.6	26,992	14 October 2016	30%	100%

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

B. Dividend policy

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

C. Dividend reinvestment

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

D. Dividend not recognised at reporting date

On 21 February 2018, the Board resolved to pay the following dividend. As this occurred after the reporting date, the dividends declared have not been recognised in this financial report.

	Cents per share	Total amount \$'000	Expected payment date	Tax rate for franking credit	Percentage franked
2018 interim dividend	2.8	22,121	22 March 2018	30%	100%

The Company's DRP will operate by purchasing ordinary shares on market. No discount will be applied. The last election notice for participation in the DRP in relation to this interim dividend is 28 February 2018.

Note 7. Intangible assets and goodwill

	Customer relationships \$'000	Capitalised software \$'000	Other Intangible assets \$'000	Total intangible assets \$'000	Goodwill \$'000
31 December 2017					
A. Composition					
At cost	233,821	18,985	7,895	260,701	813,071
Accumulated amortisation and impairment	(79,216)	(3,010)	(5,040)	(87,266)	(6,736)
	154,605	15,975	2,855	173,435	806,335
B. Movements (6 months)					
Balance at the beginning of the financial period	139,479	12,348	3,163	154,990	717,397
Additions	-	4,880	79	4,959	-
Additions through business combinations	25,271	-	-	25,271	91,477
Reduction upon loss of control	(18)	-	-	(18)	-
Amortisation expense – acquired intangibles	(9,880)	(79)	(387)	(10,346)	-
Amortisation expense – developed intangibles	-	(1,174)	-	(1,174)	-
Impairment	(151)	-	-	(151)	(2,183)
Net foreign currency exchange difference	(96)	-	-	(96)	(356)
Balance at the end of the financial period	154,605	15,975	2,855	173,435	806,335

	Customer relationships \$'000	Capitalised software \$'000	Other Intangible assets \$'000	Total intangible assets \$'000	Goodwill \$'000
30 June 2017					
C. Composition					
At cost	208,667	14,105	7,816	230,588	721,918
Accumulated amortisation and impairment	(69,188)	(1,757)	(4,653)	(75,598)	(4,521)
	139,479	12,348	3,163	154,990	717,397
D. Movements (12 months)					
Balance at the beginning of the financial period	154,967	6,361	3,952	165,280	712,329
Additions	-	7,526	69	7,595	-
Additions through business combinations	11,163	-	-	11,163	38,145
Reduction upon loss of control	(9,779)	(676)	-	(10,455)	(30,055)
Disposals – accumulated amortisation and impairment upon loss of control	2,569	571	-	3,140	1,058
Amortisation expense transferred to other reserve on hubbing	202	-	-	202	-
Amortisation expense – acquired intangibles	(19,181)	(273)	(858)	(20,312)	-
Amortisation expense – developed intangibles	-	(1,161)	-	(1,161)	-
Impairment	(454)	-	-	(454)	(4,072)
Net foreign currency exchange difference	(8)	-	-	(8)	(8)
Balance at the end of the financial period	139,479	12,348	3,163	154,990	717,397

	31 Dec 2017 \$'000	30 June 2017 \$'000
Note 8. Borrowings		
A. Bank loans		
Current	1,093	995
Non-current	233,931	205,680
Capitalised transaction costs	(651)	(735)
	234,373	205,940
B. Bank facilities available		
<i>Bank facilities drawn down</i>		
Bank loans - corporate facility	191,500	174,000
Bank loans - subsidiaries	43,525	32,676
	235,025	206,676
Lines of credit - corporate facility	4,143	485
Lines of credit - subsidiaries	78	526
	239,246	207,687
<i>Undrawn bank facilities</i>		
Bank loans - corporate facility	87,500	105,000
Bank loans - subsidiaries	225	225
Lines of credit - corporate facility	1,857	5,515
Lines of credit - subsidiaries	1,297	1,249
	90,879	111,989
<i>Total bank facilities available</i>		
Bank loans	322,750	311,901
Lines of credit	7,375	7,775
	330,125	319,676

C. Bank corporate facility details

As at 31 December 2017:

- the Company had a \$285.000 million multibank syndicated facility (corporate facility) with Macquarie Bank and ANZ Banking Group (30 June 2017: \$285.000 million);
- \$191.500 million of the \$285.000 million facility had been drawn down, which together with \$4.143 million for bonds and rental guarantees, leaves \$89.357 million available in the corporate facility for future drawdowns (30 June 2017: \$110.515 million).

The \$285.000 million corporate facility, negotiated in August 2015, consists of a three-year tranche of \$235.000 million and a five-year tranche of \$50.000 million. The three-year tranche has the potential for two one-year extensions by agreement of all parties at the end of the first and second year of the facility. During the half year ended 31 December 2017, the second one year extension was completed, moving the maturity date of the three-year tranche from August 2019 to August 2020.

The Facility charges variable interest rates based on BBSY plus the applicable margin. The Company has entered into an interest rate swap with notional amount of \$75.000 million where the Company swaps the floating rate payment into fixed rate payments.

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

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

	Bank loans – corporate facility \$'000	Bank loans – subsidiaries \$'000	Total bank loans \$'000
31 December 2017			
Balance at the beginning of the financial period	173,264	32,676	205,940
Proceeds from borrowings	44,500	11,166	55,666
Repayment of borrowings	(27,000)	(317)	(27,317)
Unwind capitalised transaction costs	84	-	84
Balance at the end of the financial period	190,848	43,525	234,373

Note 9. Notes to the statement of changes in equity and reserves

A. Share capital

	Half year to 31 Dec 2017	Year to 30 June 2017	Half year to 31 Dec 2017	Year to 30 June 2017
	Number of shares in 000's	Number of shares in 000's	\$'000	\$'000
Reconciliation of movements				
Balance at the beginning of the financial period	749,752	749,752	796,857	796,857
Shares issued under the institutional share placement	35,335	-	100,000	-
Less: Transaction costs on issue of shares, net of income tax	-	-	(1,507)	-
Shares issued for Whitbread acquisition	2,126	-	6,016	-
Balance at the end of the financial period	787,213	749,752	901,366	796,857

B. Treasury shares held in trust

Reconciliation of movements

Balance at the beginning of the financial period	4,144	2,942	7,014	4,396
Shares allocated to employees	(914)	(213)	(1,367)	(461)
Shares acquired	668	1,308	1,799	2,827
Shares allotted through the Dividend Reinvestment Plan	62	107	171	252
Balance at the end of the financial period	3,960	4,144	7,617	7,014

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

C. Capital Risk Management

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

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

The Group monitors capital on the basis of its gearing ratio, which is calculated as borrowings divided by total equity and borrowings. The Company's current maximum corporate gearing ratio determined by the Board is 25%. In recognition that subsidiaries may require debt to fund bolt-on acquisitions, the Group has limited the extent of subsidiary borrowings to an additional 5% leverage, taking the total gearing ratio to 30%. The gearing ratios at reporting date are as follows:

	Note	31 Dec 2017 \$'000	30 June 2017 \$'000	Maximum approved
Corporate borrowings	8	191,500	174,000	
Total borrowings	8	235,025	206,676	
Total Group equity		1,015,572	913,168	
Total Group equity and corporate borrowings		1,207,072	1,087,168	
Total Group equity and total borrowings		1,250,597	1,119,844	
Corporate gearing ratio		15.9%	16.0%	25.0%
Total gearing ratio		18.8%	18.5%	30.0%

D. Nature and purpose of reserves

i. Foreign currency translation reserve

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

ii. Share based payments reserve

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

iii. Other reserves

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

iv. Undistributed profits reserve

The undistributed profits reserve consists of any retained amount from prior periods transferred from retained earnings. This reserve will be utilised should the Board declare a dividend from this reserve.

Note 10. Business combinations

Acquisitions for the half year ended 31 December 2017

During the half year ended 31 December 2017, the Group completed a number of acquisitions in accordance with its strategy.

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

Acquisition of subsidiaries

The following tables provide:

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

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

- Whitbread Insurance Group (Whitbread Group), comprising two businesses: Whitbread Insurance Brokers (Whitbread), a leading general insurance broker and Axis Underwriting (Axis), an underwriting agency specialising in niche areas of property and liability. The following disclosures provide the provisional financial impact for Axis and Whitbread separately.

a. Consideration paid/payable

Half year to 31 December 2017	Axis \$'000	Whitbread \$'000	Other acquisitions \$'000	Total \$'000
Cash	49,120	45,035	12,032	106,187
Consideration shares ^(a)	475	5,541	-	6,016
Deferred consideration ^(b)	-	-	2,568	2,568
Total	49,595	50,576	14,600	114,771

(a) The Company issued shares to the Whitbread Group vendors as part of the purchase price. The consideration shares were valued at \$2.83 per share at settlement.

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

- \$2.461 million of deferred consideration for which the maximum amount of payment is not capped; and
- \$0.107 million of deferred consideration which is fixed.

b. Identifiable assets and liabilities acquired

Half year to 31 December 2017	Axis \$'000	Whitbread \$'000	Other acquisitions \$'000	Total \$'000
Cash, and cash equivalents ^(a)	5,843	13,370	5,220	24,433
Trade and other receivables ^(b)	14,638	9,300	2,632	26,570
Property, plant and equipment	-	1,027	394	1,421
Deferred tax assets	108	209	190	507
Identifiable intangibles	9,985	12,013	3,273	25,271
Other assets	-	270	-	270
Trade and other payables	(17,001)	(20,153)	(5,045)	(42,199)
Income tax payable	(354)	(169)	(252)	(775)
Provisions	(403)	(943)	(615)	(1,961)
Deferred tax liabilities	(3,580)	(3,990)	(1,027)	(8,597)
Other liabilities	(197)	-	(159)	(356)
Total net identifiable assets acquired	9,039	10,934	4,611	24,584

(a) Includes cash held on trust.

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

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

c. Goodwill on acquisition

Half year to 31 December 2017	Axis \$'000	Whitbread \$'000	Other acquisitions \$'000	Total \$'000
Total consideration paid/payable	49,595	50,576	14,600	114,771
Total net identifiable assets acquired	(9,039)	(10,934)	(4,611)	(24,584)
Non-controlling interests acquired	-	-	1,290	1,290
Goodwill on acquisition*	40,556	39,642	11,279	91,477

* The majority of goodwill relates to benefits from the combination of synergies as well as the acquired subsidiaries' ability to generate future profits. None of the goodwill recognised is expected to be deductible for tax purposes.

d. Financial performance of acquired subsidiaries

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

Half year to 31 December 2017	Axis \$'000	Whitbread \$'000	Other acquisitions \$'000	Total \$'000
Revenue	1,699	1,310	1,621	4,630
EBITA	640	425	226	1,291
Profit after income tax	448	306	167	921

If the acquisitions of subsidiaries occurred on 1 July 2017, the Group's revenue for the half year ended 31 December 2017 would increase from \$216.910 million to \$234.869 million and profit after income tax would increase from \$39.788 million to \$42.431 million.

e. Acquisition-related costs

The Group incurred acquisition-related costs, including stamp duty and legal fees, for business interests acquired during the half year ended 31 December 2017.

f. Subsidiaries acquired

The table below outlines all the subsidiaries acquired during the half year ended 31 December 2017.

Name of subsidiary acquired	Table note	Ownership interest as at 31 December 2017 %
Galaxy Insurance Consultants Pte Ltd	(i)	73.00
Joe Vella Insurance Brokers Pty Ltd		70.00
Whitbread Insurance Brokers	(ii)	100.00
Axis Underwriting Pty Ltd		100.00

Table notes

- (i) The Group acquired Galaxy Insurance Consultants Pte Ltd (Galaxy) through Steadfast Distribution Services Pte Ltd, a wholly-owned newly established Singapore subsidiary of the Group.
- (ii) The acquisition of Whitbread Insurance Brokers consists of 100% equity in the following legal entities: WIB Holdings Pty Ltd, WIB Associates Pty Ltd, Resolute Property Protect Pty Ltd and Whitbread Life Pty Ltd.

g. Deferred consideration reconciliation

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

	Half year to 31 Dec 2017 \$'000	Year to 30 June 2017 \$'000
Balance at the beginning of the financial period	6,588	13,669
Settlement of deferred consideration	(3,761)	(11,745)
Non-cash settlement of deferred consideration	951	(106)
Additions from new acquisitions in business combinations	2,568	7,969
Additions from new acquisitions of associates	-	222
Net gain in profit or loss on settlement or reassessment	(3,570)	(3,421)
Balance at the end of the financial period	2,776	6,588
Disclosed as:		
Deferred consideration current	1,410	5,222
Deferred consideration non-current	1,366	1,366
Balance at the end of the financial period	2,776	6,588

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

	31 Dec 2017 \$'000	30 June 2017 \$'000
Amount payable is limited	88	88
Amount payable is not capped	2,574	6,009
Amount payable is fixed	114	491
	2,776	6,588

Note 11. Investments in associates

	Half year to 31 Dec 2017 \$'000	Year to 30 June 2017 \$'000
Reconciliation of movements		
Balance at the beginning of the financial period	125,690	121,783
Acquisition of associates	2,453	15,821
Reclassification to investment in subsidiaries	-	(8,053)
Disposal of associates	(1,230)	(1,671)
Share of EBITA from associates	9,590	20,596
Add share of:		
Non-trading income	-	211
Less share of:		
Finance costs	(248)	(467)
Amortisation expense	(1,365)	(2,862)
Income tax expense	(2,406)	(5,374)
Share of associates' profit after income tax	5,571	12,104
Dividends received	(6,680)	(12,383)
Impairment	-	(1,933)
Net foreign exchange movements	(376)	22
Balance at the end of the financial period	125,428	125,690

Note 12. Interest in joint ventures

	Half year to 31 Dec 2017 \$'000	Year to 30 June 2017 \$'000
Reconciliation of movements		
Balance at the beginning of the financial period	11,362	2,211
Additions – deemed consideration ^(a)	-	8,045
Additions – cash	250	850
Share of EBITA from joint ventures	1,800	3,410
Less share of:		
Finance costs	(45)	(134)
Amortisation expense	(261)	(509)
Income tax expense	(532)	(830)
Share of joint ventures' profit after income tax	962	1,937
Dividends received	(803)	(1,681)
Balance at the end of the financial period	11,771	11,362

Table note

- (a) This amount represents the fair value of the retained 50% in Ausure Ruralco Pty Ltd (Aisure Ruralco, formerly Ausure Consolidated Brokers Pty Ltd). Ausure Ruralco was a wholly-owned subsidiary of Ausure Group Pty Ltd (Ausure). In December 2016, Ausure sold 50% of its ownership interest in Ausure Ruralco Holdings Pty Ltd. As a result of the 50% sale, Ausure Ruralco became a joint venture of Ausure.

Note 13. Other financial assets

	31 Dec 2017 \$'000	30 June 2017 \$'000
Investment in ASX listed securities at cost ^(a)	5,000	-
Fair value adjustment ^(a)	1,500	-
Investment in non-listed securities at cost	47	-
	6,547	-

- (a) During the half year ended 31 December 2017, the Group has invested \$5.000 million in Johns Lyng Group Ltd, an ASX listed company. The investment is classified as financial asset measured at fair value through profit or loss. The fair value adjustment above represents the market-to-market movement for the half year ended 31 December 2017.

Note 14. Reconciliation of profit after income tax to net cash from operating activities

	Half year to 31 Dec 2017 \$'000	Half year to 31 Dec 2016 \$'000
Profit after income tax expense for the half year	39,788	42,606
Adjustments for		
Depreciation, amortisation and loss on disposal of property, plant and equipment	13,403	12,428
Share of profits of associates and joint ventures	(6,533)	(6,935)
Income tax paid	(21,187)	(20,268)
Dividends received from associates/joint ventures	7,483	6,567
Net gain from adjustments to deferred consideration estimates	(3,570)	(3,635)
Capitalised interest on loans	(240)	(948)
Net gain on disposal of investment in subsidiaries and associates	(460)	(5,495)
Fair value gain on financial assets	(1,500)	-
Share-based payments and incentives accruals	1,680	(122)
Impairment expense	2,334	400
Change in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	58,170	37,147

(Increase)/decrease in deferred tax assets	843	(8,670)
(Increase)/decrease in other assets	(857)	(1,553)
Increase/(decrease) in trade and other payables	(40,741)	(29,031)
Increase/(decrease) in income tax payable	19,130	17,026
Increase/(decrease) in deferred tax liabilities	(5,868)	4,247
Increase/(decrease) in other liabilities	(661)	(207)
Increase/(decrease) in provisions	(977)	(225)
Net cash from operating activities	60,237	43,332

Note 15. Related party transactions

A. Transactions with subsidiaries

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

B. Transactions with other related parties

The following transactions occurred with related parties:

	Half year to 31 Dec 2017 \$	Half year to 31 Dec 2016 \$
<i>i. Sale of goods and services</i>		
Marketing and administration fees received from associates on normal commercial terms	74,831	57,221
Marketing and administration fees received from joint ventures on normal commercial terms	1,373,688	1,289,025
Commission income received/receivable from associates on normal commercial terms	256,943	231,060
<i>ii. Interest income</i>		
Interest income received/receivable from joint ventures	48,544	71,403
<i>iii. Payment for goods and services</i>		
Estimated Steadfast Network Broker rebate expense paid or payable to associates on the basis as determined by the Board	251,552	228,892
Commission expense paid/payable to associates on normal commercial terms	1,853,004	1,762,853
Service fees paid to associates	16,762	47,415
	As at 31 Dec 2017 \$	As at 30 June 2017 \$

iv. Receivable from and payable to related parties

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

<i>a. Current receivables</i>		
Receivables from associates	5,854,870	6,377,567
Receivables from joint ventures	57,197	102,146
<i>b. Current payables</i>		
Payables to associates	222,506	126,480

v. Loans to/from related parties

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

<i>a. Current receivables</i>		
Loan to joint venture ^(a)	603,125	603,125
Executive loans ^(b)	5,050,916	427,800
	5,654,041	1,030,925
<i>b. Non-current receivables</i>		
Loan to joint venture ^(a)	603,125	1,206,250
Executive loans ^(b)	-	4,672,580
Loans to associates	302,976	302,976
	906,101	6,181,806

- (a) The loan to the joint venture, Macquarie Pacific Funding Group (MPF) has a face value of \$1,206,250 (30 June 2017: \$1,809,375).

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 in equal instalments by March 2020; and
- the loan is secured by all present and future assets of MPF.

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

The key terms and conditions of these loans are:

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

Note 16. Contingencies

Contingent liabilities

Macquarie Bank put options

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

Bank guarantee

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

Note 17. Events after the reporting period

A. Interim dividend

On 21 February 2018, the Board declared an interim dividend of 2.8 cents per share, 100% franked. The dividend will be paid on 22 March 2018. The Company's DRP will be funded via the purchase of shares on market. No discount will be applied. The last election notice for participation in the DRP in relation to this interim dividend is 28 February 2018.

B. Share Purchase Plan

Steadfast Group Limited offered eligible shareholders the opportunity to purchase new shares under a Share Purchase Plan (SPP) at an issue price equal to the lesser of \$2.83, being the issue price under the institutional share placement completed on 8 December 2017, or the price that is a one percent discount to the volume weighted average price of shares as traded on the ASX over the five trading days ending on the closing date of the SPP offer, being 22 January 2018. The SPP was completed on 22 January 2018 with \$7.761 million raised and an additional 2,822,599 shares issued on 29 January 2018 at a price of \$2.75 per share.

Steadfast Group Limited

Directors' declaration

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

- (a) the consolidated financial statements and notes 1 to 17, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance, for the six month period ended on that date; and
 - (ii) complying with Australian Accounting Standards AASB134 Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed at Sydney on 21 February 2018 in accordance with a resolution of the Directors.



Frank O'Halloran, AM
Chairman



Robert Kelly
Managing Director & CEO



Independent Auditor's Review Report

To the shareholders of Steadfast Group Limited

Report on the Half-year Financial Report

Conclusion

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

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

- giving a true and fair view of the **Group's** financial position as at 31st December 2017 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

- Consolidated statement of financial position as at 31st December 2017
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Half-year ended on that date
- Notes 1 to 17 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

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

Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

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



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

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Half-year Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31st December 2017 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Steadfast Group Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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

KPMG

Scott Guse
Partner

Sydney
21 February 2018