2019
Steadfast Group Annual Report

Steadfast
THE STRENGTH YOU NEED

Values

We are united
We achieve
We are strong

None of us is as
good as all of us

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Vision: Continually grow shareholder value through our leading general insurance distribution model and related businesses domestically and internationally.

Mission: Deliver value to our broker network by being a market leader and an innovator in insurance broking.

Steadfast Group

Steadfast Group was established in 1996 and is the largest general insurance broker network and the largest underwriting agency group in Australasia, with growing operations in Asia and Europe. We have grown the Steadfast Network to 398 brokerages (of which Steadfast Group has equity in 65), built a portfolio of 26 underwriting agencies and we have a 40% interest in the unisonSteadfast network of 267 brokerages. Our business model is designed to allow us to achieve sustainable growth via our Network brokerages and the equity positions we hold within the Network.

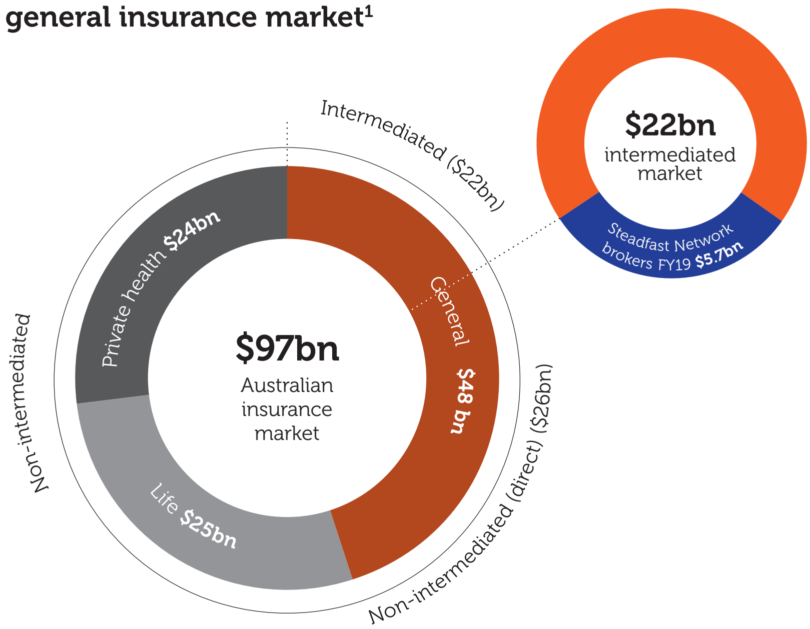
Our Steadfast Underwriting Agencies offer cover for the entire market and are also supported by the Steadfast Network.

Key market

The intermediated general insurance market consists of insurance brokers and underwriting agencies. Australia is Steadfast Group's largest market, with intermediated gross written premium of $22 billion generated in 2018, of which our Network and agencies have a 31% share.

We are a key distribution channel for our insurer partners as the Steadfast Network has a large and diverse client base across Australia.

Australian intermediated general insurance market[1]



[1]APRA Quarterly General Insurance Performance Statistics (March 2019), Steadfast Group and APRA Intermediated General Insurance Performance Statistics (December 2018).

26%

Steadfast brokers' share of the Australian market

Our clients

Steadfast Group is primarily focused on the small-to-medium enterprise (SME) market. The SME market is advice-driven, which means that client relationships are key to Steadfast Network brokers, and the Underwriting Agencies who provide niche advice and products for brokers.

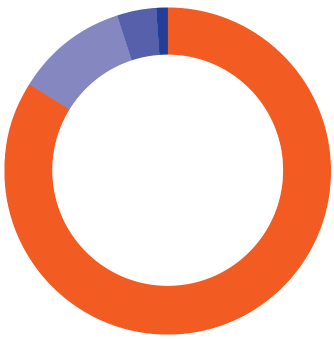
These relationships ensure that the SME market is more stable than the sometimes fickle corporate market.

Diversified product offering and client base

Steadfast Network brokers and Underwriting Agencies offer a diverse range of general insurance products to their clients across Australasia. This diversity of product and client base supports sustainable sales growth.

84% of Steadfast Network clients are small-to-medium enterprises and 12% are retail.

Diversified by client base



Small-to-medium enterprises (SMEs)	84%
Retail – home and motor	11%
Corporate	4%
Retail – other	1%

Diversified by product

Business pack	20%
Commercial motor	14%
Retail	12%
Commercial property and ISR	10%
Liability	9%
Professional risks	8%
Statutory covers	7%
Strata	6%
Rural and farm	4%
Construction and engineering	4%
Other	6%

Diversified by geography

VIC	33%
NSW	21%
QLD	16%
WA	13%
NZ	7%
SA	5%
TAS	3%
ACT	1%
NT	1%

Our business

Steadfast Group has three business streams focused on servicing general insurance clients.

Steadfast Group (listed on the ASX)

1. Steadfast Network	2. Steadfast Underwriting Agencies	3. Complementary businesses
398 general insurance brokerages with over 1,900 offices	26 underwriting agencies	7 businesses supporting the Steadfast Network and Steadfast Underwriting Agencies
Steadfast Group has equity holdings in 65 brokerages	Steadfast Group has equity holdings in all 26 underwriting agencies	Mixture of wholly owned, part-owned and joint venture businesses

+

267 brokers in the unisonSteadfast Network (see page 11)

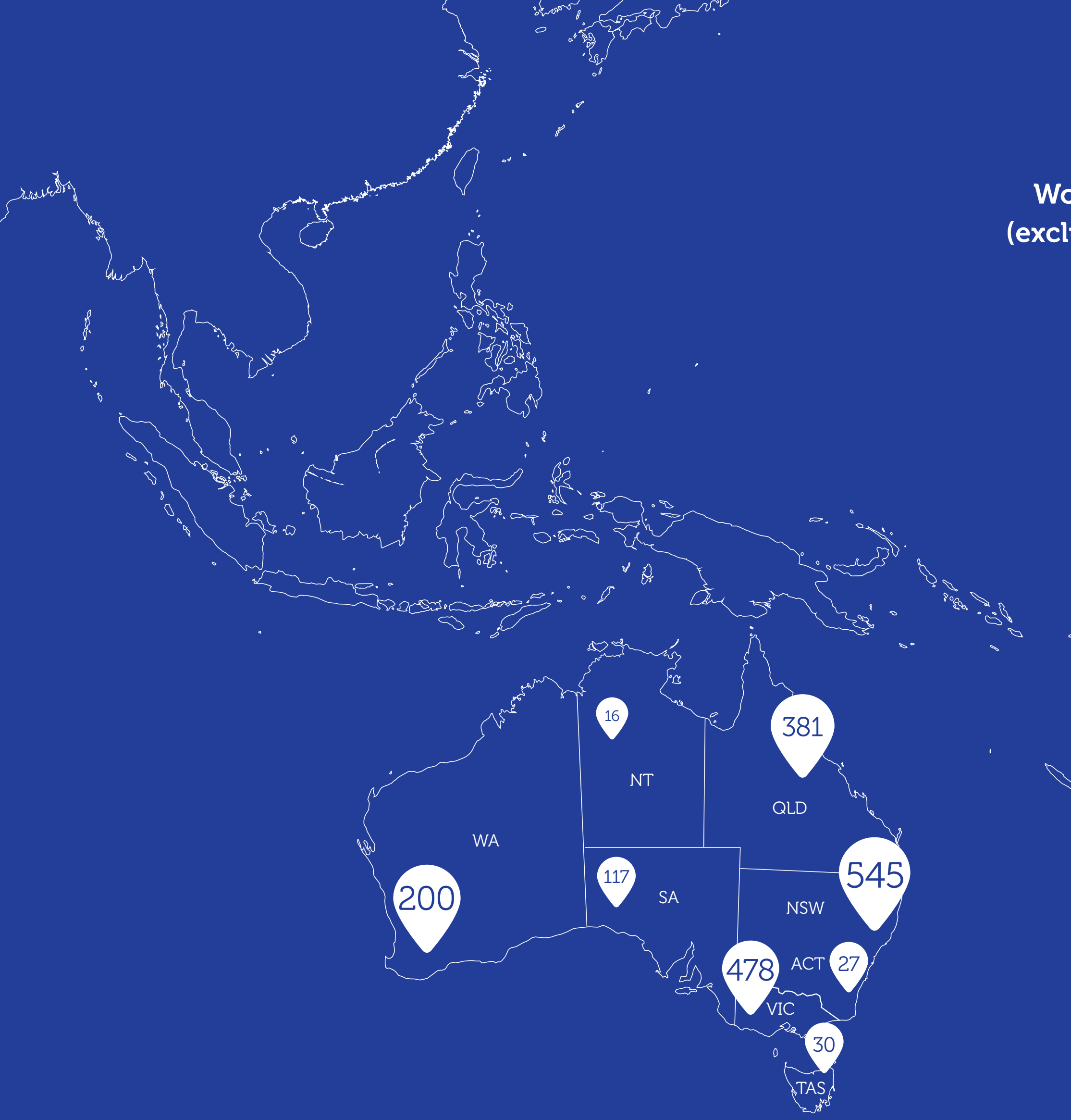
1. Steadfast Network

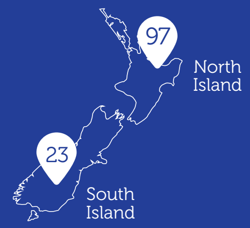
As the largest general insurance broker network in Australasia, brokerages receive superior market access and exclusive products and services backed by the scale and expertise of the Group. This allows them to focus on servicing the clients' insurance and risk management needs.

Why use an insurance broker?

Insurance brokers are qualified professionals who advise their clients on their risk management needs. Brokers act on behalf of their clients to arrange appropriate coverage with insurers and assist clients with any claims process.

Worldwide office network (excluding unisonSteadfast)





1.Steadfast Network

Key benefits to brokers include:

Market-leading policy wordings

Exclusive access to Steadfast proprietary technology

Tools and support

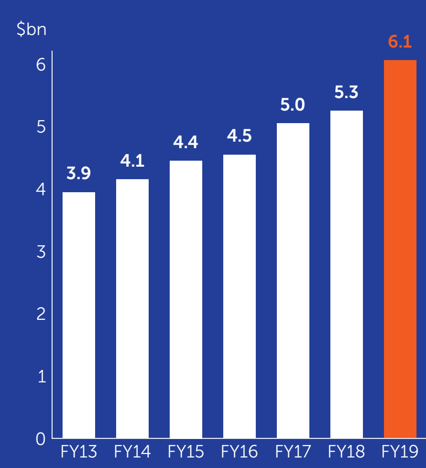
398

brokers in the Steadfast Network

160+

exclusive products and services

Steadfast Network GWP ($bn)[1]



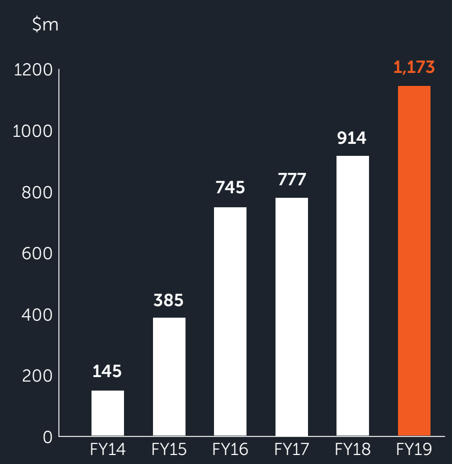
[1]Excludes unisonSteadfast

2. Steadfast Underwriting Agencies

Steadfast Underwriting Agencies is the largest underwriting agency group in Australasia.

The agencies extend our intermediated general insurance distribution by offering brokers, inside and outside of the Steadfast Network, specialised products and capacity in niche markets.

Steadfast Underwriting Agencies GWP ($m)



3. Complementary businesses

Seven complementary businesses support the operations of the Steadfast Network and Steadfast Underwriting Agencies and provide an EBITA contribution to the Group.

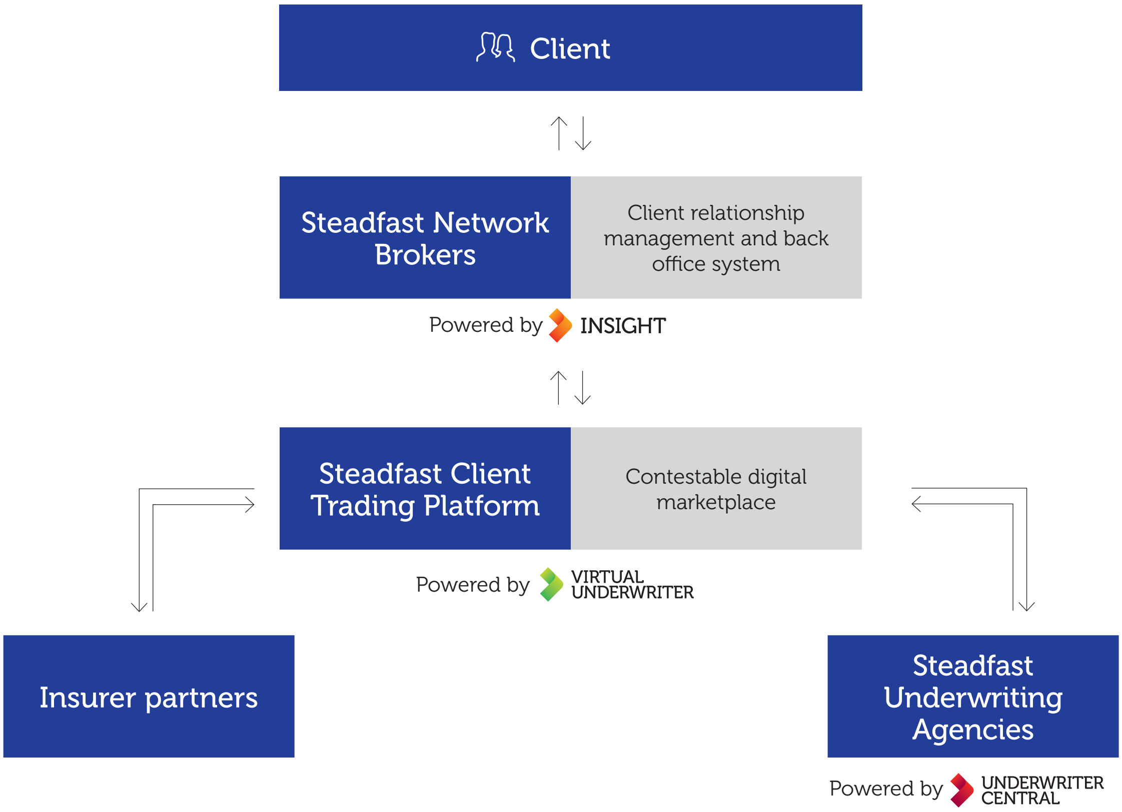
Our partners

Over our 23 year history, Steadfast Group has developed strong relationships with carefully selected insurers, underwriting agencies, premium funding and strategic partners that support the Steadfast Network.

Major insurer partners

Strategic partner

Premium funding partners



A global leader in insurance technology.

Key strategy: our insurTech

Steadfast Technologies provides exclusive, market-leading technology to support broker and underwriting agency operations and facilitate interactions with our insurer partners to support client outcomes.

This technology positions us as a global leader in insurance technology (insurTech) and facilitates our strong market position.

- **Virtual Underwriter:** powers the Steadfast Client Trading Platform (SCTP), a contestable digital marketplace giving brokers automated access to all insurers who connect to the platform allowing comparison of policies and prices on a single screen.
- **Insight:** client relationship management and back office system for brokers offering a single view of their business.
- **UnderwriterCentral:** underwriting agency management system which manages the entire policy lifecycle.

SCTP benefits for clients:

- Contestable digital marketplace generating improved pricing competition and coverage.
- Market-leading policy wordings.
- Instant policy issue, maintenance and renewal, all on a market contestable basis.
- Linked and supported by the Steadfast claims triage team.

SCTP benefits for brokers:

- Automated market access to leading insurers.
- Market-leading policies.
- Fixed commission, same for all insurers.
- In-depth data analytics.
- Stimulates advisory discussions with clients on their insurance programs with the major market players.

SCTP benefits for insurers:

- Automated access to Steadfast Network for all policies placed on the platform.
- Significantly reduced technology and distribution costs.
- Data analytics and market insights, live at all times .
- Updated policy wordings, based on prior claims scenarios.

General insurance lines live on SCTP

- Business pack
- Professional risks
- Commercial property and industrial special risks
- Liability
- Commercial motor
- Strata (in beta testing)
- Domestic home
- Domestic motor
- Landlords

Major insurer partners and Underwriting Agencies live on the SCTP

2023 platform target

60%

of 80% of available GWP to be transacted on SCTP.

Key strategy: international growth

Expanding our markets

While we are primarily focused on our Australian and New Zealand markets, we are also growing our international presence to create geographically diverse revenue streams. We are doing so with a low-risk, 'capital-light' strategy where we either build revenue streams to self-fund expansion or acquire an equity stake in an existing global network (unisonSteadfast).

62

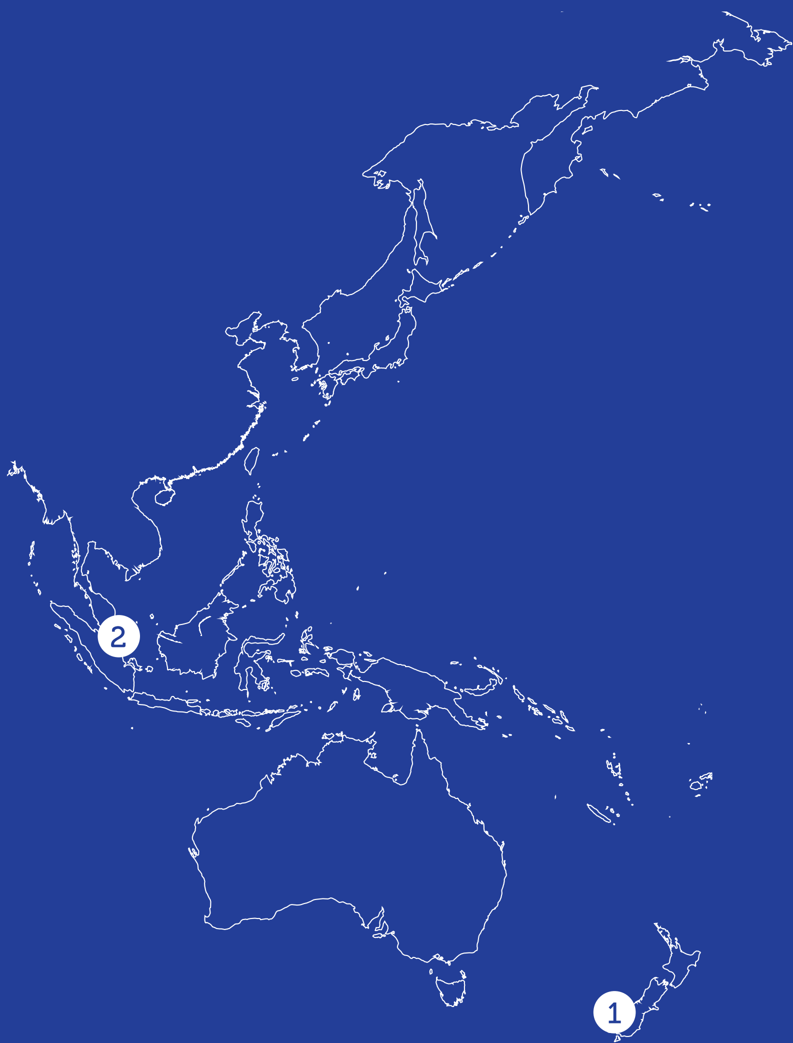
network brokers in New Zealand and Asia

Replicating our model in New Zealand

The Steadfast Network model has been successfully replicated in jurisdictions where there is a similar insurance market, strong regulatory framework and demand from brokers to join a network offering market-leading policy wordings, market competitive pricing and a range of products and services that give them a competitive edge.

Agreements with insurer partners create professional services fees with additional products and services made available to each jurisdiction as demand grows.

Asia is our next market to roll out the Steadfast model with variations according to geographic requirements.



Steadfast offices: 1. New Zealand 2. Asia 3. London

unisonSteadfast

A global broker network to access new markets for the Steadfast Network via inbound and outbound insurance placements.

Steadfast Group has a 40% stake in unisonSteadfast which is one of the largest global networks of general insurance brokerages with 267 brokerages across 135 countries.

unisonsteadfast

267
brokerages

135
countries

Head office: Hamburg, Germany

Recent developments

- GWP aggregation – analysis of global GWP generated by unisonSteadfast brokers.
- Global insurers – meetings held with senior executives at global insurers to discuss improved distribution through unisonSteadfast network.
- Seeking to increase professional indemnity (PI) cover for unisonSteadfast brokers - creation of first new product for unisonSteadfast brokers.

600+
referrals between the Steadfast Network and unisonSteadfast

2019 financial highlights

Underlying NPAT

$89m

up 19% year-on-year

Underlying EPS (NPAT)

11.3cps

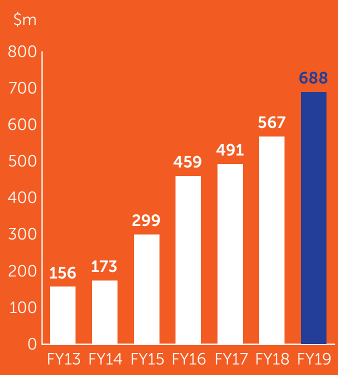
up 16% year-on-year

Total dividend

8.5cps

up 13% year-on-year

Underlying revenue
$688m up 21% year-on-year

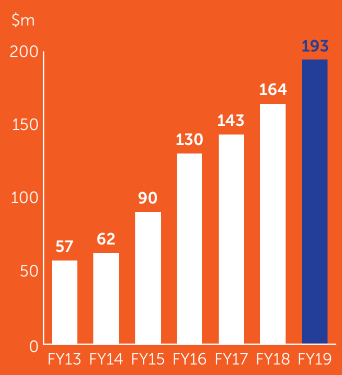


Total billings

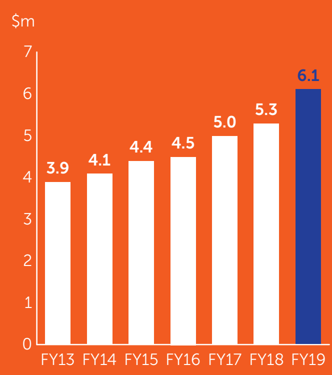
$8.4bn+

Steadfast Network brokers, Steadfast Underwriting Agencies GWP plus fees, levies, taxes

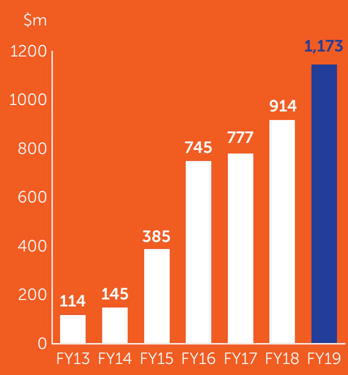
Underlying EBITA, excluding impact from dividend income and mark-to-market adjustments for JLG investments
$193m up 18% year-on-year



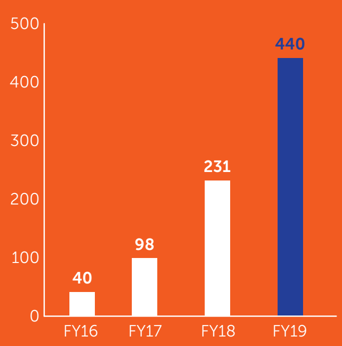
Steadfast Network GWP
$6.1bn up 16% year-on-year



Steadfast Underwriting Agencies GWP
$1,173m up 28% year-on-year



Steadfast Client Trading Platform GWP
$440m up 91% year-on-year



Message from the Chairman

The Directors are pleased to report a FY19 result at the top end of our guidance range, as upgraded in October 2018. This was driven by an 18% increase in underlying earnings before interest, tax and amortisation (EBITA) and a 19% increase in underlying net profit after tax (NPAT). Pleasingly, we reported underlying earnings per share of 11.27 cents, an uplift of 16%, which places us in the top quartile of ASX200 peers.

These excellent results continue the Group's strong performance since listing in 2013. Our total shareholder return was 28% for the year and since listing has been 239%.

Dividend

The Board has declared a fully-franked final dividend of 5.3 cps, up 13% from last year. This takes the total dividend to 8.5 cps (fully-franked). The 2019 total dividend represents a payout ratio of 76%, in-line with our target range of 65% – 85% of underlying net profit after tax, adjusting for non-trading items.

Capital management

We continue to be prudent with our capital as we assess potential acquisition opportunities against disciplined criteria. We made a total investment of $136 million during FY19. This included 7 new acquisitions and 12 increases in our equity holdings in Steadfast Network brokerages and underwriting agencies.

Our total Group gearing ratio is 23.9% which is within the Board-mandated Group maximum of 30%. Long-term corporate debt facilities of $385 million are in place with $90 million of unutilised capacity available to fund future corporate activity, as at 30 June 2019. This excludes the debt referable to IQumulate Premium Funding which is ring-fenced (i.e not cross-collateralised) from the rest of the Group (as the debt has corresponding premium funding receivables that act as security against the premium funding lending).

Governance

Steadfast Group continues to adhere to the corporate governance principles as set out by the ASX Corporate Governance Council. Our governance framework and robust risk management strategies are set out in more detail on page 37 and I am pleased to note another year in which there were no material departures from these principles.

Recent initiatives

Since year end, Steadfast has announced the launch of its takeover offer for IBNA Limited which has the potential to add an additional 79 members to the network. This will involve the issue of up to $70 million of shares (at $3.28) with a potential annualised uplift to underlying EBITA of $8 million.

In addition we have offered Steadfast Network brokers the opportunity to forego future rebates of professional service fees in exchange for shares or cash using an 8.32 times multiple and a $3.28 share price.

Given the above, and the pipeline of acquisitions, the Board has announced a fully underwritten placement to raise approximately $100 million and an accompanying Share Purchase Plan.

The impact of these initiatives to the outlook are covered on page 15 in the Managing Director & CEO's message. The accounting treatment is covered on page 16 in the Chief Financial Officer's message.

Thank you

I would like to thank all of our employees, led by our highly experienced Managing Director & CEO Robert Kelly, for their amazing efforts to deliver such excellent results for our shareholders.

This performance would not have been possible without the contribution from Steadfast brokers, Steadfast Underwriting Agencies and complementary businesses.

I would also like to extend my gratitude to my fellow Board Directors who continue to be focused on strong governance and driving shareholder value.

We look forward to another great year ahead.

Frank O'Halloran, AM
Chairman

Message from the Managing Director & CEO

I'm pleased to report that FY19 was another record year for Steadfast Group. We reported underlying earnings before interest, tax and amortisation (EBITA) of $193 million and underlying net profit after tax (NPAT) of $89 million. This strong performance was driven by organic and acquisition growth from our Steadfast brokerages and underwriting agencies.

Steadfast Network

We grew Steadfast Network gross written premium (GWP) to $6.1 billion in FY19, up from $5.3 billion in FY18. This was driven by continuing moderate premium price rises and new brokerages joining the Network.

We now have 398 brokerages in the Network with 21 having joined in FY19. We have 336 brokerages in Australia and have continued to grow our international presence with 48 in New Zealand and 14 in Singapore. We also have a 40% interest in unisonSteadfast Network of 267 brokerages across the globe.

Takeover offer for IBNA

IBNA is an outstanding Australian general insurance broker network with 79 brokers placing $1.25bn of GWP annually. We recently announced a takeover offer for IBNA to support its brokerages to join the Steadfast Network. IBNA brokerages have expressed interest in joining our Network to take advantage of the 160 products and services that we offer to support their businesses, particularly our insurance technology ("insurTech").

We look forward to welcoming these brokerages to our Network as we continue to grow our presence as the largest general insurance broker network in Australasia[1].

Steadfast Underwriting Agencies

The Steadfast Underwriting Agencies generated over $1.17 billion of GWP, a 28% uplift over FY18. Their niche expertise allowed them to grow market share which, combined with a rising premium price environment, led to underlying EBITA growth of 25%.

[1]Steadfast Group and APRA Intermediated General Insurance Performance Statistics (December 2018).

We now have 26 agencies since the additional of heavy vehicle specialists, HMIA, to our portfolio during FY19.

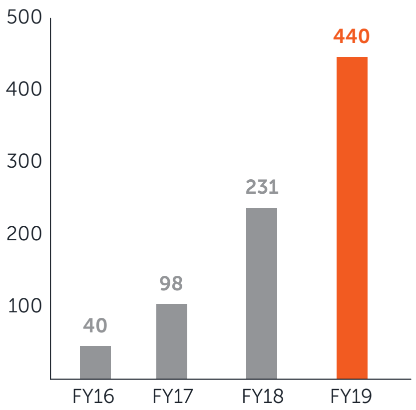
Our insurTech

Our market-leading technology continues to gain traction with our broker network. Over $400 million of GWP was transacted on the Steadfast Client Trading Platform (SCTP) in FY19 as brokers took advantage of the efficiency and full market view that the platform offers. As the final few major insurer partners join the platform, brokers will continue to increase their usage.

Acquisitions

Our acquisitions made a solid contribution to underlying EBITA growth in FY19. Of particular note were our acquisitions of Community Broker Network (CBN) and the remaining 50% of Macquarie Pacific Funding (renamed IQumulate), thus growing our presence in the strategically important authorised representative and premium funding markets.

Steadfast Client Trading Platform GWP ($m)



$6.1bn

Steadfast Network GWP

$89m

Underlying NPAT

Outlook

We saw moderate premium price increases by strategic partners across our key market in FY19. We expect this trend to continue through FY20 as insurers look to improve their profitability.

We will continue to focus on rolling out and driving usage of our technology as we target 60% of the 80% of available GWP that can be transacted via the SCTP. This will drive improved outcomes for clients and offer fixed remuneration for brokers via all insurers that participate.

Our FY20 guidance is underlying EBITA of between $215 million and $225 million, underlying NPAT of between $100 million and $110 million. This equates to 5% to 10% growth in underlying earnings per share (NPAT)[1] :

- Strategic partners continuing to drive moderate premium price increases;
- Increased contribution from insurTech;
- Ongoing technology investment;
- Minimum 80% acceptance of IBNA takeover offer;
- PSF Rebate Acquisition proceeds with minimum 33% take up by Network brokers (of which 20% requesting cash)[2]; and
- Completion of a fully underwritten placement to raise approximately $100 million and accompanying Share Purchase Plan.

Refer to pages 48 to 52 on key risks.

Thank you

I would like to thank our employees, Board members, Steadfast Network brokers, Steadfast Underwriting Agencies, complementary business and strategic partners for contributing to our record performance this year. I would also like to thank all our shareholders for their ongoing support.

We have had another great year but there is much more to achieve and I look forward to working with all of our stakeholders for many years to come.

Robert Kelly
Managing Director & CEO

[1]Includes allowance for issue of new shares for the equity raising and IBNA and Steadfast Network transactions.

[2]The PSF Rebate Acquisition and its structure should it proceed, remains subject to further consideration and approval of the Board.

Message from the Chief Financial Officer

FY19 was another record year for Steadfast Group where we delivered strong shareholder returns whilst maintaining our solid balance sheet.

Earnings per share and dividend growth

Strong organic (+11%) and acquisition (+7%) underlying EBITA growth drove underlying diluted EPS (NPAT) of 11.27 cents per share (+16%) allowing the Board to declare a total dividend of 8.5 cents per share (+13%). This was achieved while we continue to invest in our market-leading technology platform to enhance the Group's long-term offering and earnings potential.

As expected for a working capital and capital expenditure-light business, the earnings were translated into cash flow throughout the year. This cash has been utilised to fund further acquisitions and pay increased dividends to shareholders.

Balance sheet

Steadfast Group's balance sheet remains strong, during FY19 we increased our debt facilities by $100 million to $385 million. These facilities have now been extended to August 2021.

With our recent initiatives including the takeover offer for IBNA Limited and the opportunity for Steadfast Network brokerages to capitalise their PSF rebates, together with our continual strong pipeline of acquisitions, we have announced a fully underwritten placement to raise approximately $100 million with an accompanying Share Purchase Plan.

We continue to invest in our market-leading technology platform to enhance the Group's long-term offering and earnings potential.

IQumulate acquisition

We acquired the remaining 50% of Macquarie Premium Funding (renamed IQumulate) in FY19. This will bring further debt onto the Group's balance sheet which will be offset by premium funding receivables that act as security for these loans. The premium funding debt and assets are ring-fenced (i.e not cross-collateralised) from the Group's corporate borrowings.

Reconciliation of earnings

Page 17 shows the reconciliation of earnings between the statutory profit and the underlying earnings.

On the assumption that the IBNA Limited takeover and the Steadfast Network brokers offer proceeds, it is anticipated that, under Australian Accounting Standards, any consideration paid will be expensed in the Group's FY20 statutory accounts (and could result in a statutory loss). This will, however, be excluded from normalised underlying earnings.

18%

underlying EBITA growth FY19

19%

underlying NPAT growth FY19

This expense (which is expected to cause a statutory loss) will be normalised in Steadfast Group's FY20 financial results to reflect the true underlying position of the business.

Our financiers have agreed that this expense will not be counted for financial covenant purposes.

Our ability to pay franked dividends in FY20 will be unaffected, as they can be funded via the Undistributed Profits reserve.

Year ended 30 June, $million	2019	2018
Underlying Revenue	688.3	567.0
Underlying EBITA	193.3	164.1
Underlying NPAT	89.2	75.0
Underlying NPATA	114.1	97.3
Underlying EPS (NPAT)	11.27	9.71
Underlying EPS (NPATA)	14.42	12.60
Reconciliation of earnings:		
Statutory comprehensive income after tax	103.8	75.9
Change in value and sale of investments	(14.6)	(0.2)
Share-based payment expense on share options and executive loans and shares	–	(0.4)
Deferred acquisition adjustments	0.1	(3.1)
Impairments	–	2.3
Non-recurring costs from closure of residential builders agency	–	0.5
Other	(0.1)	-
Underlying NPAT	89.2	75.0
Underlying NPAT growth	19.0%	12.9%
Amortisation	24.9	22.3
Underlying NPATA[1]	114.1	97.3
Underlying NPATA growth	17.3%	11.6%

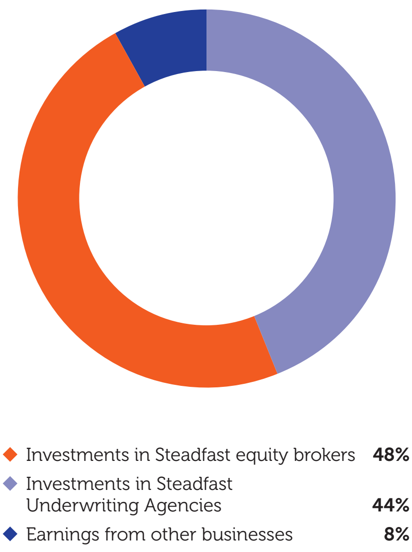
**For further information refer note 4 to the accounts.*

Thank you

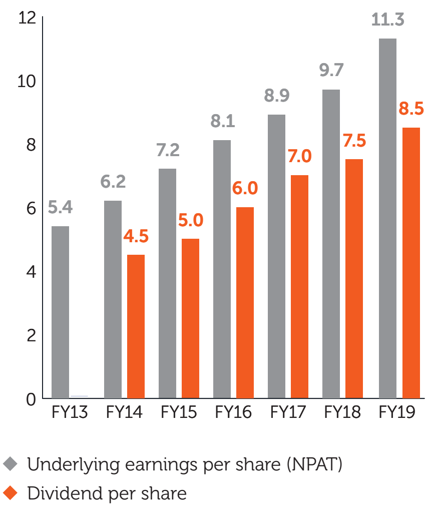
Significant time and effort go into the collation of the financial data for the Group, including from across a number of businesses, so that stakeholders obtain quality, reliable and timely data. My thanks go to all who have participated in their collation.

Stephen Humphrys
Chief Financial Officer

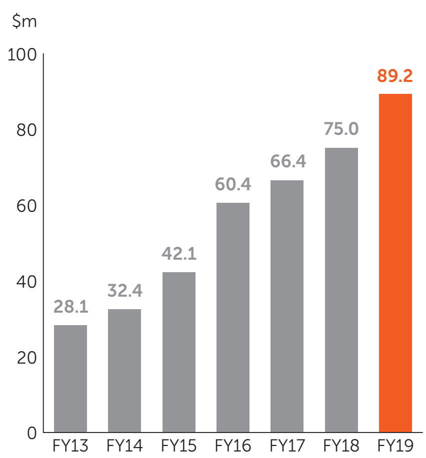
FY19 underlying EBITA mix (IFRS)



Underlying earnings per share (NPAT) and dividend growth (cents per share)



Underlying net profit after tax ($m)



[1]*Calculated on consistent basis since IPO*

Board of Directors

Frank O'Halloran, AM

Non-Executive Chairman (independent)

Frank had over 35 years' experience at QBE where he was Group CEO from 1998 until 2012. He also worked with Coopers & Lybrand for 13 years where he started his career as a Chartered Accountant. Frank was President of the Insurance Council of Australia from 1999 to 2000 and was inducted into the International Insurance Hall of Fame in 2010. He was the Chairman of The Salvation Army Sydney Appeal and Fund Development Committee from 2013 to 2019.

Robert Kelly

Managing Director & CEO

Robert co-founded Steadfast and has over 50 years' experience in the insurance industry. He is ranked the second most influential person in insurance by Insurance News, and was awarded the ACORD Rainmaker Award in 2014. Robert is a Qualified Practising Insurance Broker, a Fellow of NIBA, a Senior Associate of ANZIIF, a Certified Insurance Professional, Graduate member of the Australian Institute of Company Directors and sits on the ACORD Board in New York. Robert is also a Director of ASX-listed Johns Lyng Group Limited and not-for-profit organisation KidsXpress.

David Liddy, AM

Non-Executive Director (independent)

David has over 40 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 a Director of EML Payments Limited. He is a Fellow of the Australian Institute of Company Directors.

Gai McGrath

Non-Executive Director (independent)

Gai has over 30 years' experience in the financial services and legal industries. This includes 12 years with Westpac Group where she was General Manager of Westpac's retail banking business in Australia from 2012 to 2015 and in New Zealand from 2010 to 2012. Gai is a Director of Genworth Mortgage Insurance Australia Limited (where she also chairs the Audit Committee), IMB Bank (where she chairs the People & Culture Committee and Financial Planning Committee), HBF Health Limited and Toyota Finance Australia Limited.

Anne O'Driscoll

Non-Executive Director (independent)

Anne has over 30 years' business experience. A Chartered Accountant since 1984, she was CFO of Genworth Australia from 2009 to 2012 following more than 13 years with IAG. Anne is on the Board of Infomedia Limited, FINEOS Corporation Holdings Plc, Commonwealth Bank's insurance subsidiaries (CommInsure) and MDA National Insurance Pty Ltd. She is a Fellow of ANZIIF, a Graduate member of the Australian Institute of Company Directors and a graduate of 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 consults to clients who are engaged in commercial transactions or mediation of commercial disputes.

Greg Rynenberg

Non-Executive Director (independent)

Greg has over 40 years' experience in the general insurance broking industry with 35 years spent running his own business, East West Group. East West Group is a Steadfast Network Broker not owned by Steadfast and includes an underwriting agency which provides services to Steadfast Network Brokers. Greg is a Qualified Practising Insurance Broker, Fellow of NIBA and an Associate of ANZIIF. He holds an Advanced Diploma in Financial Services (General Insurance Broking) and was named NIBA Queensland Broker for 2014.

Senior Management Team

Robert Kelly
Managing Director & CEO

Robert co-founded Steadfast and has over 50 years' experience in the insurance industry. He is ranked the second most influential person in insurance by Insurance News, and was awarded the ACORD Rainmaker Award in 2014. Robert is a Qualified Practising Insurance Broker, a Fellow of NIBA, a Senior Associate of ANZIIF, a Certified Insurance Professional, Graduate member of the Australian Institute of Company Directors and sits on the ACORD Board in New York. Robert is also a Director of ASX-listed Johns Lyng Group Limited and not-for-profit organisation KidsXpress.

Stephen Humphrys
Chief Financial Officer

Stephen joined Steadfast in 2013 and has over 30 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 played a key role in placing Moore Stephens into the top 10 accounting firms in Australia. Stephen is a Fellow of Australia and New Zealand Chartered Accountants.

Samantha Hollman
Chief Operating Officer

Samantha has 25 years' experience in the insurance industry including 19 years at Steadfast. She was promoted to COO in September 2016 to direct and manage operational activities of the organisation and to ensure the implementation of the overall strategy. Samantha works closely with the Managing Director & CEO and the Board to implement strategic initiatives for the Group on a national and international level. Samantha sits on the unisonSteadfast Supervisory Board.

Simon Lightbody
Chief Executive Officer
Steadfast Underwriting Agencies

Simon has worked in the insurance industry for over 25 years in both the UK (at Lloyd's of London) and Australia, including nine years within his own business, Miramar Underwriting Agency (Miramar). Steadfast entered into the underwriting agency market in 2005 as a 50% joint venture partner of Miramar and acquired the remaining balance in August 2013.

Allan Reynolds
Executive General Manager
Direct, New Zealand & Asia

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

Nick Cook
Executive General Manager
Partner & Broker Services

Nick, who joined Steadfast in February 2015, had over 15 years' experience at Zurich Financial Services, including three as the Head of Customer & Proposition Development (where he was responsible for the performance of Zurich products & propositions in the marketplace) and nine years as a distribution manager. He is an Associate ANZIIF member and has graduated from both the AGSM Leadership Program and the Prosci Organizational Change Management Program.

Peter Roberts
Executive General Manager Business Solutions

Peter joined Steadfast in 2013 and focuses on back office outsourcing opportunities for the Group. He was also Managing Director of White Outsourcing until stepping down on 30 June 2016 to concentrate on his role at Steadfast Business Solutions. Peter has over 25 years' experience in accounting and back office services to the financial services sector, is a member of Australia and New Zealand Chartered Accountants, and commenced his career in accounting with KPMG. Peter is a company secretary of Steadfast.

John O'Herlihy
Executive General Manager - Operations & Acquisitions

John joined Steadfast in 2012 and is joint lead of the Operations and Acquisitions team. Having completed his professional accounting training with KPMG in 1996, John has spent over 15 years working within the insurance industry. During this time he has held a number of senior finance and operational roles in both North America and Australia specialising in corporate transactions. John is now a Fellow of the Institute of Chartered Accountants Ireland.

Jeff Papps
Executive General Manager - Operations & Acquisitions

Jeff joined Steadfast in 2012 and is joint lead of the Operations and Acquisitions team. Prior to joining Steadfast, Jeff worked for PwC specialising in financial services. After transferring from London to Sydney in 1998, he focused on mergers and acquisitions, leading domestic and cross border transactions and listings across Australia, Asia, Europe and North America. Jeff is a Member of the Institute of Chartered Accountants in England and Wales.

Duncan Ramsay
General Counsel

Duncan began with Steadfast in June 2014 after 20 years at QBE. He was Group General Counsel and Company Secretary. Duncan's career commenced in 1986 with Freehills in Sydney. He holds degrees in commerce and law, and a graduate certificate in applied risk management. Duncan is a Fellow of ANZIIF and the Governance Institute of Australia, as well as a graduate of the Australian Institute of Company Directors.

Linda Ellis
Group Company Secretary & Corporate Counsel

Linda is Group Company Secretary & Corporate Counsel at Steadfast Group Limited and has been part of the Executive team since 2013. Before joining Steadfast, she specialised in mergers and acquisitions and worked in Sydney and London at global law firms. Linda is a Graduate member of the Australian Institute of Company Directors, holds a BEc and LLB (Hons I) from The University of Sydney and is on the boards of Abbotsleigh School for Girls, Mosman Preparatory School and the advisory board of Heads Over Heels.

Martyn Thompson
Executive General Manager - Corporate Development

Martyn recently joined Steadfast with over 35 years' experience as an Insurance Broker, the previous 29 years working in senior roles for the global Broker, Willis Towers Watson. During this tenure he was National Client Service Director responsible for implementing service platforms and standards across the network including providing risk and insurance solutions to many ASX companies, government and Multi-National organisations. He is a Senior Associate ANZIIF, holds a Diploma of Financial Services and a Graduate Certificate in Business Administration.

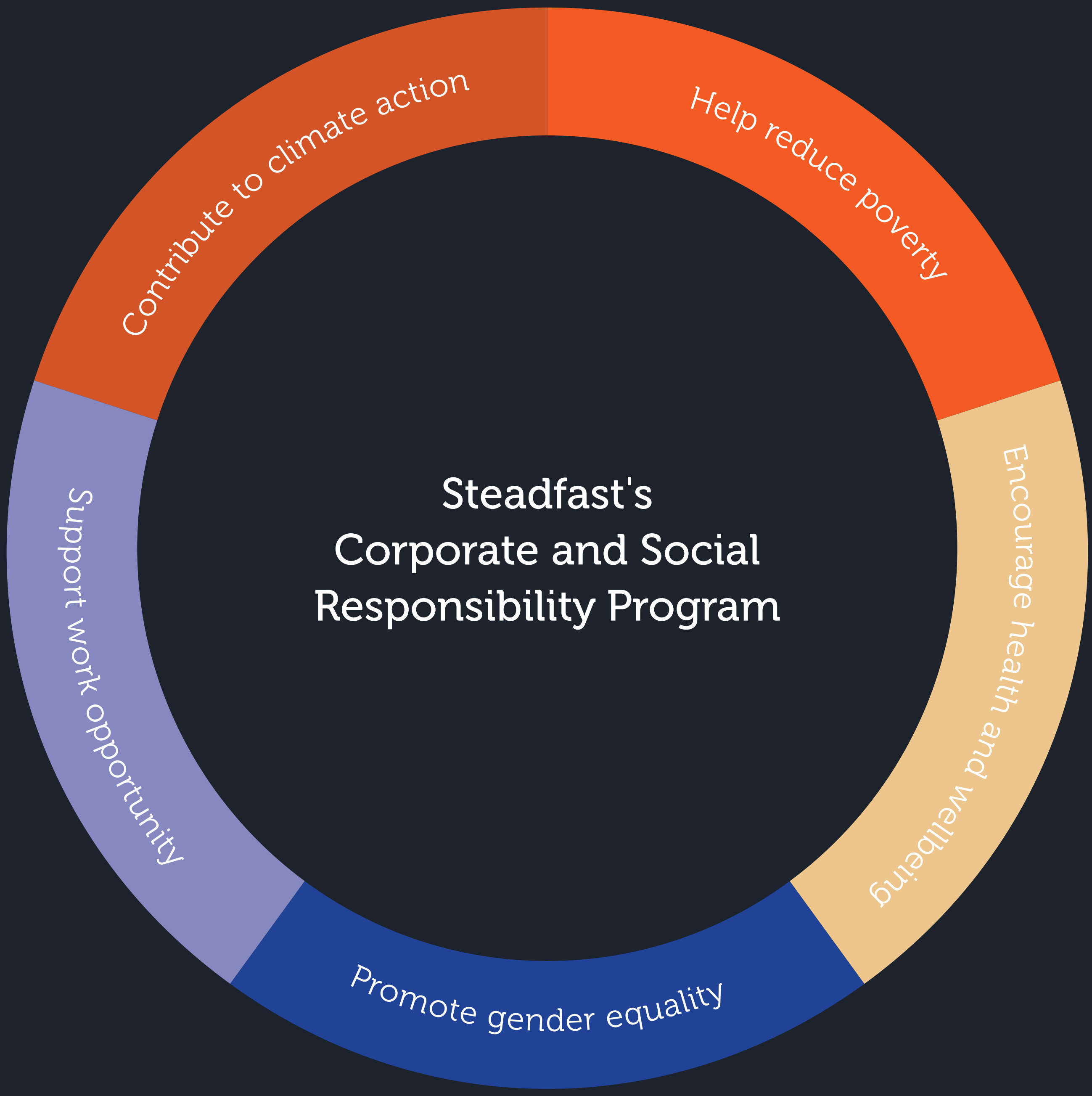
As part of our culture, a commitment to doing the right thing and acting responsibly are key planks of our commitment to CSR and ESG standards.

Corporate and Social Responsibility (CSR), Environmental, Social and Governance (ESG)

Our approach to CSR and ESG

Steadfast's long term sustainability is enhanced by our CSR program and by our focus on ESG considerations. Our Board considers that CSR and ESG are important elements of acting in the best interests of our shareholders as we continue to develop our long term sustainability as a business. As part of our culture, a commitment to doing the right thing and acting responsibly are key planks of our commitment to CSR and ESG standards. In the process:

- We engage our people. We demonstrate that we care about them and the issues that are important to them.
- Our businesses feel proud of being part of the Steadfast Group.
- Client outcomes are better when culture is ethical and responsible.
- We make a positive impact in our communities.
- We have better long term sustainability and performance in the best interests of our stakeholders.


Steadfast's
Corporate and Social
Responsibility Program
Help reduce poverty
Encourage health and wellbeing
Promote gender equality
Support work opportunity
Contribute to climate action

Our CSR framework

We have considered how we can help make a difference to some of the world's most pressing environmental and social challenges, through our CSR program to our business and sphere of influence. We have formulated five principles which align with our business and culture and where we can have the most impact.

Steadfast's CSR program is centred on these five principles:

Contribute to climate action

Our relationship with Sustainability Ambassador, Tim Jarvis AM, provides Steadfast with an opportunity to contribute on climate change and the transition to a lower-carbon economy.

- Steadfast Sustainability Ambassador: Tim Jarvis AM.
- Energy efficiency.
- Carbon offsetting.

Help reduce poverty

Insurance protects individuals and businesses when disaster strikes, providing a safety net against poverty and building financial wellbeing. Our brokers and underwriting agencies are proud to provide their clients with insurance solutions and advice.

- Our brokers, underwriting agencies and their clients.
- Salvation Army Red Shield Appeal Sydney Launch sponsor.
- Steadfast Foundation.

Encourage health and wellbeing

Steadfast is committed to good health and wellbeing outcomes for our people and much of our charity giving is directed to improving health outcomes in our community.

- Employee attraction, retention and engagement.
- Health, safety & wellbeing.
- Steadfast Foundation.

Promote gender equality

We are committed to gender equality as a sound business practice and because it is the right thing to do. Diversity and inclusion is important in our business and we also promote gender equality through supporting initiatives outside Steadfast.

- Diversity & inclusion.
- Heads Over Heels.
- Dive In festival.
- Woman in Insurance.
- Wear it Purple.

Support work opportunity

Insurance is a key factor in enabling sustainable economic growth. We provide insurance products that support decent work such as through our workers' compensation solutions business, accident & health solutions and life insurance solutions. Our support for Indigenous people aims to provide opportunities for work and growth.

- Our brokers and their clients.
- Industry engagement & leadership.
- Reconciliation Action Plan.
- Indigenous Engagement Ambassador.
- Investment in Origin Insurance.
- Human rights and modern slavery.
- Governance framework.
- Date protection & privacy.

ESG

Our ESG approach is evolving.

Our ESG initiatives overlap with our CSR framework and we set them out under the three pillars of environmental, social and governance in the following pages.

Environmental

Steadfast's Sustainability Ambassador, Tim Jarvis AM

Tim Jarvis AM wears many hats and one of those is Steadfast's sustainability ambassador.

Tim is a polar explorer, environmental scientist, author, public speaker and film maker. Tim holds Masters degrees in environmental science and environmental law. He was conferred a Member of the Order of Australia (AM) for services to the environment, community and exploration in the 2010 Australian honours list and was voted Conservationist of the Year in 2016 by the Australian Geographic Society. In 2013, Tim successfully recreated Sir Ernest Shackleton's epic crossing of the Southern Ocean.

Tim speaks regularly to Steadfast businesses, highlighting the importance of environmental sustainability and providing practical guidance on what steps individuals and businesses can take to become more environmentally sustainable.

South Georgia, 2018
Credit: Miles Rowland

Tim speaks regularly to Steadfast businesses, highlighting the importance of environmental sustainability and providing practical guidance on what steps individuals and businesses can take to become more environmentally sustainable.

Energy efficiency

We look for opportunities to reduce our environmental impact and improve energy efficiency. An example of a recent initiative is changing over the lighting in head office to Light Emitting Diode (LED) to reduce greenhouse gas emissions. Despite the considerable up front cost, there was a compelling business case due to the reduction in ongoing energy and maintenance costs.

Carbon offsetting

Steadfast demonstrates its commitment to minimising the impact we have on the environment by offsetting the carbon emissions of the Senior Management Team's corporate travel.

Our carbon offsets reflect Steadfast's CSR priorities. We direct our carbon offsetting to support local communities in Africa with a focus on empowering women and addressing the effects of climate change on local communities.

Steadfast Convention, Gold Coast, 2019

Social

Our culture and values

Building a culture that supports and enables us to achieve our purpose, vision and strategy in an ethical and responsible manner is a strategic priority for Steadfast. Culture is key to ensuring that how we go about doing our work is just as important as what gets achieved. All our people undertake training on the standards of behaviour that are expected and these are also encapsulated in our corporate governance policies such as our code of conduct. All our people have culture and values KPIs and the Board has charged the executives with the responsibility of setting the tone from the top in all aspects of their interactions and work.

Our brokers and their clients

We prioritise what matters to our brokers and strive to deliver an outstanding broker service to enable Steadfast Network brokers to thrive. We provide over 160 products and services to enable them to provide best in class solutions for their clients and run the best business possible. Tools include access to helplines, calculators, legal and compliance advice and broker development support. We provide advice and services including webinars and professional development days to support our brokers in meeting their regulatory obligations, both under their Australian Financial Services Licences (AFSL) and generally at law.

Our Steadfast Client Trading Platform (SCTP) provides Steadfast brokers and their clients with choice across leading insurers and 'best in class' product wordings. The SCTP provides real time, full policy life cycle capability accessed through the Steadfast Virtual Underwriter. This ensures our brokers can provide clients with insurance solutions from a range of insurers quickly and efficiently.

Steadfast performs an annual 'Your Shout' survey of its brokers. Our brokers indicate that they continue to be very pleased with the products and service offerings Steadfast provides. We strive for continual improvement in levels of broker satisfaction.

Social *Continued*

The Steadfast Convention is the largest insurance industry convention in Australia. In 2019, we celebrated the 21st Steadfast Convention. The Marketplace is always a hive of activity, this year made up of 9 gold sponsors, 10 silver sponsors and 86 exhibitors. A key focus of the convention presentations was the themes of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry (the Royal Commission), including the importance of always working in the best interest of customers and adhering to best practice standards.

Industry engagement and leadership

A number of our senior executives hold leadership roles within the industry such as serving on the board of industry bodies. Our executives contribute by speaking an industry events and judging industry awards. Our executives are recognised throughout the industry and receive accolades for their leadership and contribution. Working with the industry body, National Insurance Brokers Association, Steadfast continues to play a leading role in seeking to ensure that the insurance broker industry stays strong, delivers excellent outcomes for customers and meets its legal and ethical obligations from a regulatory perspective.

Steadfast welcomed the final report of the Royal Commission. It did not generally raise concerns of misconduct within insurance broking of general insurance. Nonetheless, the Royal Commission and its implications provide an opportunity for the industry, including Steadfast, to reflect on our practices.

We will continue to make adjustments to our practices, and lead the way, on our journey of continual improvement as best practice in insurance broking continues to evolve.

Steadfast sponsors a number of industry awards and functions including the ANZIIF awards, Mansfield Awards, the Northern Territory Insurance Conference and the NIBA Conference.

ANZIIF

THE MANSFIELD AWARDS

NIBA
National Insurance Brokers Association

Building a culture that supports and enables us to achieve our purpose, vision and strategy in an ethical and responsible manner

Diversity and Inclusion

Steadfast is committed to increasing and supporting diversity. This flows naturally from our values and is an important part of our culture. Steadfast believes that we perform better as a business with diverse people and an inclusive culture. It helps us attract, retain and motivate the best people. We are proud of our considerable gender, ethnic and age diversity and are committed to inclusion at all levels regardless of sexual orientation, gender identity, age, disability, ethnicity, religious beliefs, cultural background or socio-economic background. We do not tolerate discrimination, harassment or vilification and staff undergo training to support our commitment to inclusion.

Steadfast offers flexible work practices to assist our people fulfil their responsibilities outside work. We have training programs to prepare our people, particularly those we have identified as high potential, for senior positions and we actively create opportunities such as appointing them to boards within the Steadfast Group, to assist professional development.

We are formulating specific numerical targets to further improve gender diversity. Our Board receives regular gender diversity reporting and gender diversity is an important consideration in executive development and succession planning. Steadfast undertakes regular gender pay equity audits and acts to remedy any inconsistencies to drive gender pay equity.

Steadfast is currently furbishing a parents' room in our head office. This will be of great practical support for the increasing number of new parents in our team and ease their transition back to work.

Gender

We are committed to gender diversity at all levels

Non-executive directors

◆ Female	**30%**
◆ Male	**70%**

Key management personnel

◆ Female	**20%**
◆ Male	**80%**

Senior executives

◆ Female	**31%**
◆ Male	**69%**

Group-wide employees

◆ Female	**55%**
◆ Male	**45%**

Promotions and transfers

◆ Female	**70%**
◆ Male	**30%**

Participants in our manager development program

◆ Female	**60%**
◆ Male	**40%**

Ethnic

Steadfast has considerable ethnic diversity

Head office employees place of birth

◆ Born outside of Australia	**52%**
◆ Born in Australia	**48%**

Workforce language diversity

◆ Non-English speaking background	**40%**
◆ English speaking background	**60%**

Age

We have excellent age diversity

Age diversity (Group wide)

◆ Under 30 years old	**28%**
◆ Between 30 and 50 years old	**61%**
◆ Over 50 years old	**21%**

Social *Continued*

Head Over Heels Portfolio Event, March 2019, Sydney

Jobsupport

Steadfast employs two people from Jobsupport who are making a valuable contribution to the day-to-day running of our head office. Jobsupport is the leading employment service for people with intellectual disability in Australia and specialises in providing high quality solutions for employers and support for job seekers and employees with intellectual disability.

Head Over Heels

Steadfast supports gender diversity through its sponsorship of Heads Over Heels. Two of our executives also sit on the Heads Over Heels advisory council. Heads over Heels is a not-for-profit organisation that actively supports women entrepreneurs through providing access to influential business networks. Its mission is to eliminate the discrimination and gender inequality faced by women entrepreneurs in Australia through enabling access to the business connections they need to grow their companies.

Dive In

Steadfast supports Dive In – an annual weeklong festival for diversity and inclusion in insurance. Dive In is a global movement in the insurance sector to support the development of inclusive workplace cultures. Its mission is to enable people to achieve their potential by raising awareness of the business case and promoting positive action for diversity in all its forms.

Women in Insurance

Steadfast supports Women In Insurance, a not-for-profit organisation which was established to provide a forum to support and develop women working in the insurance industry.

Wear it Purple

Steadfast supports Wear It Purple Day which strives to foster supportive, safe, empowering and inclusive environments for rainbow young people. Wear it Purple was founded in 2010 in response to global stories of real teenagers, real heartache and several young people taking their own lives following bullying and harassment resulting from the lack of acceptance of their sexuality or gender identity.

Support for Aboriginal & Torres Strait Islander peoples

Reconciliation Action Plan

Steadfast has committed to the development of our first Reconciliation Action Plan (RAP) as part of our broader commitment to CSR and diversity and inclusion.

Steadfast's RAP commitment lays the foundations for us to establish meaningful and long-term relationships and contribute to reconciliation in a structured, relevant and respectful way. We recognise that the pillars of reconciliation include respect, relationships and opportunities and these are our guiding principles as we begin our reconciliation journey.

We are committed to raising awareness and encouraging a deeper understanding of Aboriginal and Torres Strait Islander peoples - including their culture, history, achievements and aspirations - throughout Steadfast. In this way we are building respect which will be critical to achieving positive results.

We are both using existing relationships and forging new relationships, with Aboriginal and Torres Strait Islander communities through our business relationships.

It is through these relationships that we seek to have a positive impact within our sphere of influence.

We intend to explore opportunities to assist Aboriginal and Torres Strait Islander peoples within our sphere of influence – particularly employment and enterprise. As well as seeking to employ more Aboriginal and Torres Strait Islander peoples, we have invested in a business, Origin Insurance. It was founded and is run and majority-owned by Aboriginal and Torres Strait Islander people who we are supporting and we envisage it will continue to have a strong positive impact for Indigenous Australians as it grows.

Steadfast has an entrepreneurial culture and we intend to continue to explore opportunities to act within our sphere of influence, and through our relationships, to help forge reconciliation.

David Liddiard OAM

Indigenous Engagement Ambassador

Steadfast has appointed David Liddiard OAM as our Indigenous Engagement Ambassador. For the past three decades, David has been committed to closing the education, health and wellbeing and employment gaps between Indigenous and non-Indigenous Australians. David is a Ngarabal from Northern NSW and a well-known passionate advocate of Indigenous Australians.

David's role includes representing Steadfast's Indigenous commitment and programs, providing advice and facilitating Indigenous engagement and supporting the business interests of Steadfast.

Social *Continued*

Support for Indigenous children to participate in sport

Underwriting Agencies of Australia (UAA), a Steadfast business, is a platinum partner of Central Coast Academy of Sport.

UAA is in its fifth year of sponsoring the annual Indigenous Talent Program to 'unearth' local Indigenous talent from the Central Coast region and then provide scholarships to CCAS sports programs. The scholarships provide a localised training environment for eligible aspiring Aboriginal and Torres Strait Islander youth to access quality development opportunities and support for a number of sports. Each year, UAA provides 16 scholarships. Thousands of young Indigenous youth have benefitted from the program since inception.

We are committed to raising awareness and encouraging a deeper understanding of Aboriginal and Torres Strait Islander peoples.

UAA is a platinum partner of Central Coast Academy of Sports

Human Rights and Modern Slavery

Steadfast rejects any form of modern slavery such as slavery, servitude, human trafficking and forced labour. We are committed to implementing controls to ensure it does not occur in our business and raising awareness about it in our own business and supply chain. We respect the human rights of our employees, customers and those of our suppliers and business partners. We aim to identify and manage risks related to human rights across our business and through our supply chain management.

Steadfast is committed to complying with relevant laws, community expectations and ethical standards related to human rights and modern slavery in respect of our employees and business. Employees are encouraged to report any genuine concerns about modern slavery relating to our people, business or supply chain.

Steadfast acknowledges the potential for modern slavery to occur in our supply chains. Our suppliers are expected to manage their business in an ethical manner respecting human rights. In particular, suppliers are expected to ensure that all employees and contractors are legally entitled to work and no bonded, forced or involuntary labour, child labour, human trafficking or other forms of slavery employed in the delivery of their products and services to Steadfast.

We manage and mitigate emerging threats, including cyber threats, by seeking to adhere to all legislation and appropriate risk management standards.

Privacy and security

Security of data and information is integral to building and maintaining trust with our brokers and strategic partners and is critical for our brokers to build relationships with their customers. We are committed to protecting privacy and data security through implementing appropriate policies and procedures throughout our business, including in our technology platforms such as INSIGHT, our broker operating system. We manage and mitigate emerging threats, including cyber threats, by seeking to adhere to all legislation and appropriate risk management standards.

Social *Continued*

Employee attraction, retention and engagement

We are very proud of our culture and our approach to CSR, including diversity and inclusion. We know that these are important to our people. They are important aspects of our employee attraction, retention and engagement strategy.

We invest in developing our people. Steadfast has a formal talent development strategy and we actively develop our people. We have a dedicated training and development manager who delivers a substantial number of training programs throughout the year at all levels. Steadfast's College of Leadership offers our current and future leaders the opportunity to develop while exposing them to forward-thinking, relevant and practical leadership methodology and application. In addition to leadership and management training, our people participate in annual development planning to ensure their continued technical and non-technical development.

We continue to implement initiatives designed to engage employees and build relationships, such as our intranet, regular staff meetings and briefings, a formal performance review process, participation in a number of community events, social activities and an off-site bi-annual workshop.

Steadfast has a volunteer day. We encourage our people to volunteer, on a day of paid employment, at a charity of their choice. This initiative also strengthens the link between Steadfast and the Steadfast Foundation as we encourage our people to volunteer for a charity supported by the Steadfast Foundation.

We test our employee engagement through annual engagement surveys and analysis of retention and turnover, using the insights to find out what is important to our people and how we can keep improving. Our employee engagement surveys continue to place Steadfast in the 'highly engaged' zone of the engagement spectrum and is 10% above the Australian industry norm. Our levels of both voluntary and involuntary staff turnover are well below the industry average.

Steadfast offers an Additional Leave Purchase Scheme enabling our people to salary sacrifice to acquire additional annual leave to facilitate a better balance between professional and personal lives.

Steadfast has introduced a Short-Term Employee Incentive Scheme to increase market competitiveness and attract, retain and motivate our people. The scheme has been designed to ensure goal alignment throughout the business and also provides our people with the opportunity to receive shares in Steadfast. As well as salary and incentive arrangements, Steadfast offers a wide-reaching benefits program for our people including travel insurances and discounts on a wide range of consumer goods and cars.

We have a graduate program and a school leavers' summer intern program. We are delighted in the quality of people who have joined us, and stayed, through these programs.

Health, safety and wellbeing

We actively promote the health, safety and wellbeing of our people. We have had no material work, health and safety incidents.

Our Board receives regular work, health and safety (WHS) reports and we are in the process of undergoing a comprehensive WHS external audit to review and practices and procedures and recommend improvements in these and WHS Board reporting. We have recently engaged with businesses within our Group to review their WHS compliance. We have a work, health and safety committee to provide a forum for our people to suggest initiatives and raise any concerns.

We have recently renovated one floor of our head office. This has produced a fresh and innovative office space that boosts employee wellbeing through a better working environment. Our office layouts encourage collaboration and interaction, making it easier to exchange information and share ideas.

Each desk in the new fitout is a sit and stand desk to promote better health. We arrange regular visits by ergonomic consultants to help employees set up their desks and provide ongoing guidance on posture.

Steadfast has implemented a comprehensive health and wellbeing program. Some of our initiatives include complimentary:

- Life, total & permanent disability insurance.
- Health assessments and flu shot.
- Access to confidential external Employee Assistance. Programs (EAPs) for counselling to support mental health.
- Workplace health and safety training.
- A range of education and awareness of key health and wellbeing issues including physical fitness, nutrition, mental health and stress management.
- On-site yoga classes.
- Participation in the City 2 Surf.
- Fresh fruit bowls.

Steadfast supports flexible workplace initiatives to recognise and respond to people's different needs at different stages of their lives and to help our people balance personal obligations with their careers. We offer paid parental leave at 12 weeks' full pay. We engage with our people when they are on parental leave, if they wish, to maintain a sense of connectedness and ease the transition back to work.

Red Shield Appeal 2019 – Sydney Launch Event

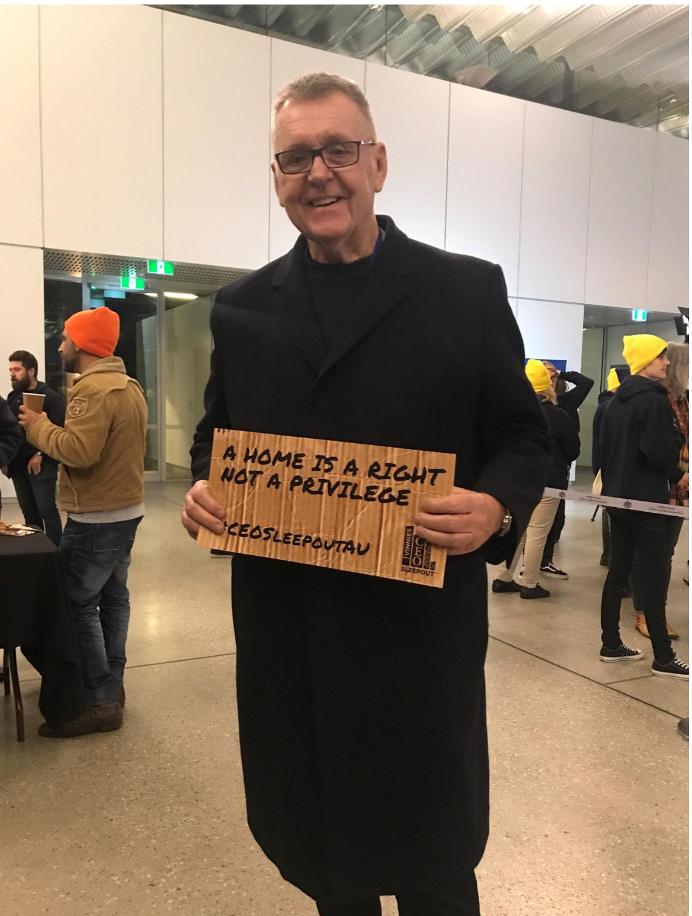
Steadfast Foundation

The Steadfast Foundation is in its 8th year. In 2018, a second Foundation was also established by our New Zealand businesses to support local charities.

Steadfast created the Steadfast Foundation to facilitate grants and charitable contributions that support charities helping people to overcome adversity, with approximately $470,000 donated during the 2018/19 financial year. Charities are often chosen based on the recommendations of Steadfast brokers, and include cancer research and support, mental health, children's causes and charities supporting domestic violence, the homeless and disadvantaged. Some of the charities the Steadfast Foundation supported this year include: Assistance Dogs; Breast Cancer WA; Cancer Patients Foundation; Create Foundation; EB Research; Make A Wish; Mary's House; McGrath Foundation; Prostate Cancer; Salvation Army and Starlight Children's' Foundation.

One example of a Steadfast business giving back is Community Broker Network (CBN). One of the ways CBN supports the community is through its support of Lifeline. CBN employees are encouraged to volunteer at Lifeline and the CBN conference in July 2019 raised $53,000 for Lifeline in donations from CBN authorised brokers. Lifeline is a national charity providing all Australians experiencing a personal crisis with access to 24 hour crisis support and suicide prevention services.

Steadfast's CEO Robert Kelly at St Vincent's de Paul's 2019 CEO Sleepout



Social *Continued*

Other charities we support

Steadfast has sponsored the Sydney Launch of the Red Shield Appeal for four years. This partnership with the Salvation Army has helped raised vital funds for The Salvation Army, as well as helping to raise awareness of The Salvation Army's biggest fundraising campaign, the Red Shield Appeal. Each year The Salvation Army appeals to the Australian community to ensure The Salvation Army can give hope where it is needed most through the Salvos' social welfare and community service programs. This includes providing shelter for people experiencing homelessness, assisting families in crisis through practical support and financial counselling, and guiding people with addictions through to a clean, healthy lifestyle.

Steadfast supports Vinnies CEO Sleepout. Our MD & CEO, Robert Kelly, participated for his second time in 2019 and was the highest fundraiser at the Sydney event. Steadfast is proud to support his efforts to assist Australians experiencing homelessness, to raise awareness and bring home the realities of homelessness.

Steadfast supports the Starlight Children's Foundation. Each year Steadfast is represented at the Starlight Ball and we donate to support the Starlight Children's Foundation in fulfilling its mission 'To brighten the lives of seriously ill children and their families".

Many Steadfast businesses also have their own social responsibility programs and actively support and donate to community causes. In aggregate, businesses within our Group gave approximately $180,000 to charity in the FY19 year. In addition, $275,000 was raised at the Steadfast Convention to support Black Dog Institute from the generous donations of Steadfast brokers, our strategic partners and individuals.

Governance

Our governance framework

Steadfast is committed to high standards of corporate governance so that our decisions and actions are based on the principles of transparency, integrity, responsibility and performance which promote the long term sustainability and ongoing success of our business. We strive to maintain a compliant and ethical culture in our business practices.

Steadfast's governance framework is crucial for the continuing success of its operations and long term viability and for protecting the interests of shareholders and other stakeholders. Our governance framework is explained in our Corporate Governance Statement. Our Board and Committee charters and corporate governance policies form part of our governance framework. These are all available on the corporate governance section of our investor website.

Our Board

Steadfast has a strong Board and Chairman. All of our non-executive directors (NEDs) are independent. All of our NEDs are also on each of our board committees:

- Audit & Risk Committee.
- Nomination Committee and Remuneration.
- Succession Planning Committee.

Our Board is responsible for demonstrating leadership, defining Steadfast's purpose and setting its strategic objectives. The Board oversees management's implementation of our strategy, performance generally and instilling of values and culture. The Board monitors the effectiveness of Steadfast's governance practices. The Board charter sets out the respective roles of the Board and management. The Board is structured to collectively have the skills, experience and industry knowledge to enable it to add value and discharge its duties effectively.

Our Senior Management Team is responsible for implementing strategy and instilling and reinforcing our values and culture within our governance framework.

Code of conduct

Steadfast is committed to maintaining high ethical standards in how we conduct our business. Our code of conduct sets the standards we expect of our directors, employees and contractors and the expectation that employees act at all times consistently with Steadfast's values and ethical standards, including in a legal, ethical and responsible manner. Material breaches of our code of conduct carry serious consequences and are reported to the Board.

Whistleblowing

Steadfast encourages employees to speak up when they see wrongdoing. We are committed to maintaining and continuously improving our strong legal, ethical and responsible culture. Whistleblowing plays an important role in increasing transparency and improving our culture.

Our whistleblower policy sets out how employees can report concerns they may have about misconduct involving Steadfast or any of its related companies. It also sets out our approach to supporting whistleblowers and how Steadfast will protect them from harm. It explains what steps Steadfast will take to investigate a whistleblower's concerns.

Anti-bribery & corruption

Steadfast prohibits the giving of bribes or other improper payments to public officials as these are serious criminal offences and can damage our reputation and are contrary to our legal, ethical and responsible culture. Steadfast has controls around the giving and receiving of gifts and hospitality and provides training for staff about how to recognise and deal with bribery or corruption. Material breaches of the policy carry serious consequences and are reported to the Board.

Compliance with law

Steadfast is subject to extensive legal and regulatory requirements and obligations, and business and ethical standards across our business activities.

Compliance with these is critical to enable us to deliver our strategy and create long-term value for our shareholders. Our people must comply with all relevant laws and regulations as well as the technical and ethical requirements of relevant regulatory and professional bodies.

Steadfast provides mandatory compliance training so that our employees understand all relevant laws, regulations and internal policies and how to adhere to them and apply them in their daily work. Employees must report all actual and potential breaches of law or regulations immediately.

Risk management

Steadfast has a sound risk management framework and regularly reviews the effectiveness of that framework. We have a board committee which oversees risk, is chaired by an independent director and whose members are all independent directors. Steadfast considers that recognising and managing risk is a crucial role of both the Board and management.

Tax

Steadfast has set a low tolerance for tax risk and seeks to comply with all applicable tax laws, regulations and disclosure requirements and to pay the amount that is legally required to be paid in all jurisdictions in which we operate. The Board has oversight of tax governance and the CFO is responsible for tax risk management and ensuring implementation of Steadfast's tax risk framework.

Executive remuneration

Remuneration is a key driver of culture and a focus for investors. Steadfast aims to reward its executives with a level of remuneration commensurate with their responsibilities and position and their ability to influence shareholder value creation. Our incentive schemes are designed to align the interests of shareholders and executives, attract and retain high quality executives and encourage executives to strive to ensure that Steadfast outperforms the market on an ongoing basis without rewarding conduct that is contrary to Steadfast's values or risk appetite. Steadfast sets key performance indicators for each executive which are linked to our culture and aligned to our strategic plan.

Succession planning

Steadfast has a Board committee responsible for remuneration and succession planning. The Board takes succession planning and executive and employee development very seriously – for the Board, the Senior Management Team as well as for the leaders of our businesses. Senior management is responsible for succession planning throughout the business. Succession planning and executive and employee development is critical for the long term success of Steadfast.

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Directors' Report

The Directors present their report together with the consolidated financial statements of Steadfast Group Limited (Steadfast or the Company), its subsidiaries and interests in associates and joint ventures (collectively Steadfast Group or the Group) for the financial year ended 30 June 2019 (FY19) 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, AM	1 January 2013
Gai McGrath	1 June 2018
Anne O'Driscoll	1 July 2013
Philip Purcell	1 February 2013
Greg Rynenberg	10 August 1998

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	None	
Robert Kelly	Johns Lyng Group Limited	Since 16 November 2017
David Liddy, AM	Collection House Limited	March 2012 to November 2016
	EML Payments Limited	Since April 2012
Gai McGrath	Genworth Mortgage Insurance Australia Limited	Since August 2016
	Investa Office Fund	October 2017 to December 2018
Anne O'Driscoll	Infomedia Limited	Since December 2014
Philip Purcell	None	
Greg Rynenberg	None	

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

Particulars of the Company Secretaries' qualifications and experience are set out under Senior Management Team on page 21.

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:

	Board		Audit & Risk Committee		Nomination Committee		Remuneration & Succession Planning Committee	
Total number of meetings held		8		4		4		5
Director	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	8	8	4	4	4	4	5	5
Robert Kelly	8	8	-	-	4	4	-	-
David Liddy, AM	8	8	4	4	4	4	5	5
Gai McGrath	8	8	4	4	4	4	5	5
Anne O'Driscoll	8	8	4	4	4	4	5	5
Philip Purcell	8	8	4	4	4	4	5	5
Greg Rynenberg	8	8	4	4	4	4	5	5

Particular details of the responsibilities of the members of the Board and the various committees are set out in the Corporate Governance Statement in this report, and are also available in the corporate governance section of the Steadfast Investor website (http://investor.steadfast.com.au/).

PRINCIPAL ACTIVITIES

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group. The Group continued to acquire insurance brokers and underwriting agencies during the year, as well as acquiring the remaining 50 percent interest in IQumulate Premium Funding Pty Ltd (formerly Macquarie Premium Funding Pty Limited). Refer Note 10.

OPERATING AND FINANCIAL REVIEW

A. OPERATING RESULTS FOR THE YEAR

The trading results for the year are summarised as follows (refer Note 4):

	2019 $'000	2018 $'000
Revenue – consolidated entities	**688,263**	567,014
Expenses – consolidated entities	**(519,903)**	(427,511)
EBITA* – consolidated entities	**168,360**	139,503
Share of EBITA from associates and joint ventures	**24,969**	24,567
EBITA before non-trading items and adjustments for investment in listed securities	**193,329**	164,070
Dividends and mark to market adjustments for investment in listed securities	**820**	1,500
EBITA before non-trading items	**194,149**	165,570
Finance costs	**(14,610)**	(10,578)
Amortisation expense	**(28,648)**	(25,219)
Profit before income tax before non-trading items	**150,891**	129,773
Income tax expense on profit before non-trading items	**(43,986)**	(40,844)
Profit after income tax before non-trading items	**106,905**	88,929
Non-controlling interests in profit after tax before non-trading items	**(17,708)**	(13,967)
Underlying net profit after income tax attributable to owners of Steadfast Group Limited (Underlying NPAT)	**89,197**	74,962
Non-trading items:		
Income	**15,018**	4,193
Expenses	**-**	(3,026)
Income tax benefit/(expense) on non-trading items	**(89)**	255
Non-controlling interests	**(281)**	(530)
Net profit after income tax attributable to owners of Steadfast Group Limited (NPAT)	**103,845**	75,854
Other comprehensive income/(expense) attributable to owners of Steadfast Group Limited	**1,508**	(200)
Total comprehensive income after income tax attributable to owners of Steadfast Group Limited	**105,353**	75,654
Underlying diluted earnings per share (cents per share)	**11.27**	9.71
Statutory diluted earnings per share (cents per share)	**13.12**	9.83

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

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

The underlying profit attributable to the Group after income tax, before non-trading items was $89.197 million compared to $74.962 million in 30 June 2018. The increase was mainly due to:

- revenue and profit growth generated by the existing businesses;
- improved margins in these businesses derived through overall premium rate increases and efficiency gains;
- increased professional services fee revenue in Australia and New Zealand; and
- acquisitions of interests in further businesses.

This additional profit was partially offset by higher income tax expense mainly from higher earnings.

There was an increase in non-trading net gains during the year. Included in non-trading net gains are:

- profits recognised as a result of re-measuring to fair value the equity interests in businesses that changed from associates or joint ventures to subsidiaries;
- profit on sale of investments; and
- income reported from downwards revised estimates of deferred acquisition payments where earnout arrangements existed.

Some of the financial data in section A on the previous page, 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 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 2019 were $2,157.197 million compared to $1,745.265 million as at 30 June 2018. The increase was mainly attributable to the addition of assets from acquired businesses throughout the year as detailed in Note 10 to the financial statements and the growth of the business.

Total liabilities of the Group as at 30 June 2019 were $1,061.945 million compared to $688.286 million as at 30 June 2018. The increase was mainly attributable to the assumption of liabilities from the newly acquired businesses and the additional debt utilised to fund the acquisitions, and the growth of the business.

The increase in the Group's equity from $1,056.979 million at 30 June 2018 to $1,095.252 million at 30 June 2019 largely reflects the retention of profits (net of dividends paid) and the reduction in retained earnings as a result of adopting new accounting standards. Refer Note 2B.

The Group increased the multibank syndicated facility by $100.000 million to $385.000 million during FY19. As at balance date the Group had the capacity to borrow an additional $90.472 million from this facility. Subsequent to balance date this facility was extended by one year to August 2021.

During the financial year the Group acquired the remaining interest of joint venture IQumulate Premium Funding Pty Ltd (IQumulate), previously Macquarie Premium Funding Pty Limited. IQumulate became the lender of record for its premium funding receivables in late June 2019. As new loans are written, this will bring all premium funding receivables onto the consolidated statement of financial position as receivables with the corresponding indebtedness to financiers recognised as a liability.

The Group has applied AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contracts with Customers* from 1 July 2018. The implementation of AASB 9 and AASB 15 resulted in the reduction of $1.699 million and $15.145 million respectively, to both retained earnings and net assets as at 1 July 2018. In addition, as part of the project undertaken in relation to the adoption of AASB 15 and AASB 9, including a comparison to global practices, the Group has also determined that it should no longer recognise a receivable in relation to the insurance premiums owed by policyholders upon entering into a policy. This is in recognition of the role of the Group's insurance intermediaries and as such, they are not liable as principals for the insurance premiums. Similarly, the Group will not recognise a liability for insurance premiums payable to the insurer until cash is received from the policyholder. The impact of the change is a reduction in receivables from broking/underwriting agency operations and a reduction in payables on broking/underwriting agency operations. Fee and commission receivable is now included in trade and other receivables. The consolidated statement of financial position comparatives have been restated for this change in presentation. The change has no impact on the net assets of the Group.

II. Cash from operations

The net inflows of $161.348 million include net inflows from operating activities of $117.650 million and a net inflow of $43.698 million to broking accounts.

The net operating cash flows, before broking trust account movements of $117.650 million, are 22% higher than those for the prior period, reflecting the continued growth of the Group. This amount represents the continued strong conversion of profit into cash inflows from which the dividends paid were funded, leaving the remaining free cash flow available for corporate activities, including acquisition of further business interests.

III. Capital management

As at 30 June 2019, the Company had a total of 793.036 million ordinary shares on issue which is unchanged from 30 June 2018. Shares were acquired on market for shareholders who opted to reinvest under the Company's dividend reinvestment plan (DRP). The Company also funded the on market acquisition of shares by an employee share trust holding shares to meet obligations to Key Management Personnel (KMP) under share-based remuneration.

The Board leverages the Group's equity, adopting a maximum 30.0% total gearing ratio excluding premium funding operations. The total gearing ratio is defined as total borrowings of the Company and its subsidiaries excluding premium funding borrowings: total Group equity and total borrowings of the Company and its subsidiaries excluding premium funding borrowings. As at 30 June 2019, the Group's total gearing ratio was 23.9% (2018: 17.5%). Refer Note 9C.

STRATEGY AND PROSPECTS

Steadfast's business strategy is to continually grow shareholder value through continued expansion of the Steadfast insurance distribution model and related businesses domestically and internationally. The table below details the key strategies of the Group together with FY19 accomplishments and prospects for future years. Considerable achievements were delivered on each of the ongoing strategic objectives. Steadfast Group has a robust risk management framework which includes regularly assessing industry and Company-specific risks relevant to the Group and its prospects. The assessment of key risks and the strategies in place to manage them are detailed in the next section.

The table below details the key strategies of the Group in FY19 together with FY19 accomplishments to date and future prospects.

Strategy	FY19 achievements	Prospects and strategic initiatives
Maintain and develop premier service offering to Steadfast Network brokers	• Refreshed services to Network based on annual "Your Shout" survey including broker playbook & broker best practice Professional Development (PD) series & webinars supporting Network brokers through the post Hayne regulatory environment • Substantially increased broker usage of services • Regular communication with Network brokers further enhanced, including Town Hall meetings, training workshops, webinars, The Cover, which is distributed fortnightly • Extensive interaction between state-based Broker Network team and Network brokers • Steadfast Convention — again managed entirely in-house and continues to be the premier event in general insurance in Australia • Broker tools continue to be delivered across the Network • Continue to expand middle and back office services to Network via Steadfast Business Solutions • Enhanced risk management tools • Partnerships between underwriting agencies and strategic partners enhanced and working effectively • Product range with strategic partners expanded • SCTP and technology developments • Steadfast New Zealand and Asia highlighted below	• Continue to create competition for products for the benefit of the Network's clients • Continue to develop the Steadfast brand • Continue to enhance and communicate the Network value proposition • Continue to attract new brokers to the Network • Provide marketing and business development initiatives to the Network • Continue to expand the services offered • Maintain the Steadfast Convention as the premier event in general insurance in Australia • Continue to grow Steadfast Direct • Continue to improve back and middle office functionality • Continued product development • Continued expansion of Steadfast Business Solutions • Continued provision of risk management services to the Network • Continue to grow the Superbinder • Continue to negotiate, and seek new opportunities with strategic partners including expanding our product range • Continue to develop international in-bound and out-bound referrals • Continue to develop Steadfast Placement Solutions • Launch Steadfast London broker • Continue to grow Steadfast Asia • Continue SCTP and technology initiatives
Maintain, build and enhance our strategic relationships	• New strategic partners continue to provide the Network with products and services to the Network that support the broker • Steadfast Convention continues to be extremely well supported by strategic partners • New strategic partners added to SCTP panel • Superbinder – added more syndicates and expanded capacity	• Continue FY19 strategic initiatives and build on FY19 achievements

Strategy	FY19 achievements	Prospects and strategic initiatives
Drive growth organically and through acquisitions	• 12 new Australian brokers joined the Network; 9 new brokers joined the Network outside of Australia • Organic EBITA growth of $17.9m • Acquisition EBITA growth of $11.3m • $117m net total investment in businesses • Initiatives executed to drive increased profitability in underlying businesses and support organic growth • Acquisition of equity in 4 new brokers/underwriting agencies & increased holding in 12 equity brokers/underwriting agencies • Indirect investments in 3 additional brokerages and ARs which were acquired by existing equity investments (bolt-ons) • 3 equity investments in new start-ups • Additional brokers added to SBS accounting services • All acquisitions executed against disciplined criteria • Continued to assess potential acquisitions in the acquisition pipeline • Formation of Steadfast Risk Services to provide Engineering Survey Reports as well as Risk Advisory Services	• Continue to apply strict cultural, risk and financial acquisition guidelines • Continue to implement management buy-ins, hubbing and the co-owner model • Continue to enhance and communicate the Network value proposition • Proactively seek out acquisition opportunities including from the broader broker market • Add new brokers to the Network • Drive increased profitability in some of the underlying businesses • High customer retention strategies • Moderate price increases from strategic partners to continue
Expand and solidify our international reach	• Continued underlying business expansion offshore • New Zealand: 7 new brokers joined the Network • Launched the first ever contestable platform for SME business in New Zealand, with NZI and Ando • Established NZ Foundation for charity • Steadfast Asia: additional broker joined Network, number of brokerages is 14, represented by 47 offices • Continued collection and collation of GWP data for unisonSteadfast to understand footprint • unisonSteadfast relationship further enhanced and developed • Outbound and inbound placement requests increased through unisonSteadfast • Extensive engagement with global strategic partners about offshore expansion opportunities • Lloyd's broker licence successfully completed • London office: placement services expanded and increasing business being placed for Steadfast and non-Steadfast brokers • Superbinder renewed and writing increasing GWP including through SCTP	• Continue to investigate potential equity opportunities offshore • Develop Steadfast Asia network • Continue to leverage strategic relationships to expand offshore • Continue to expand operating businesses offshore • Maximise the value of the unisonSteadfast relationship • Continue to expand and promote the London office and Steadfast's Lloyd's broker to the Network • Further grow Superbinder GWP including through our international network

Strategy	FY19 achievements	Prospects and strategic initiatives
Grow the Steadfast Client Trading Platform (SCTP)	• SCTP rollout and growth continued • $440m GWP placed on SCTP, increased 91% year on year • 8 strategic partners live on panel for Business Pack • 15 strategic partners live on SCTP • Further wordings developed and in review with strategic partners • Steadfast broker SCTP site enhancement • Bulk import team successfully supported brokers in migrating to SCTP • Ongoing training and support for brokers using SCTP • SCTP Liability auto-rating in Pilot with launch to Network in July 2019	• Drive superior client outcomes through increased SCTP usage • Continue to develop and add further product lines • Continue to add new strategic partners • Continue implementation of auto-rating interfaces with strategic partners • Continue to provide training and support to brokers including importing broker business • Successful completion of IBNA acquisition will provide further SCTP volumes
Continue to develop and rollout our technology platforms	• Implemented enhanced security policies and procedures • Enhanced efficiency projects • SCTP: see above • INSIGHT enhancements continued, further broker migrations completed, training provided • UnderwriterCentral: enhancements and further development continued, new products delivered, further migrations completed, business processes improved • Launched new investor relations website	• Continue to focus on delivering strong outcomes for our businesses and their clients • Continue to enhance security and efficiency • INSIGHT: continue to enhance and drive migrations • UnderwriterCentral: continue to enhance, expand and complete further rollouts

Strategy	FY19 achievements	Prospects and strategic initiatives
Continue to enhance organisational capability and sustainability	• FY19 financial results within guidance range provided to shareholders • Executed $100m increase in syndicated debt facility to $385m, within Group gearing tolerance • MD & CEO agreed to remain in his role until end 2022 • Efficiencies driven with various internal initiatives successfully executed • Broker and underwriting agency margins further improved • Continuous review of industry and implications of the Royal Commission final report to ensure Steadfast remains industry leader • Engagement on issues of conflicted remuneration where they exist in general insurance in anticipation of the review recommended by the Royal Commission • Strong corporate governance and ongoing improvements in risk management and governance policies and procedures • Brand kept reputable and strong, brand awareness grown • Strong, dynamic, ethical culture continues. Review of culture and values undertaken • Further developed a culture of excellence that drives business performance including further enhancing programs for staff and leadership development and training, succession planning and appraisal • Substantial contribution to community through corporate and social responsibility initiatives including Steadfast Foundation, Aboriginal reconciliation initiatives • Substantial contribution to the industry through sponsorships and other initiatives including Women in Insurance and the Dive In Festival supporting diversity and inclusion • A highly engaged workforce: engagement survey results in highly engaged zone • Delivered on numerous effective employee engagement and development strategies, health & wellbeing strategies • Recruited numerous new roles and awarded promotions; graduate program continues successfully	• Continue FY19 strategic initiatives and build on FY19 achievements • Further develop a culture of excellence that drives business performance including further enhancing systems and structures for staff development, succession planning, TOGETHER behaviour initiative, 360 degree assessment and appraisal • Optimise funding structure and financing • Continue to drive further efficiencies and challenge expense base • Continue to improve margins in underlying businesses • Continue to engage and prepare for review into conflicted remuneration recommended by Royal Commission • Continue Human Resources initiatives to further enhance Steadfast as an employer of choice that fosters the development and wellbeing of staff • Further create brand awareness, promote and protect brand • Meet or exceed expectations of all key stakeholders • Continue to promote strong corporate governance including risk management and sustainability • Continue to promote an ethical culture • Provide technology solutions that support the key strategies and promote ongoing sustainability of Steadfast • Ensure remuneration practices are designed to retain and attract quality staff • Continue to build talent pipeline • Continue to be an industry leader in innovation and seek opportunities to ensure Steadfast remains strong and viable • Contribute to the community by supporting charities through the Steadfast Foundation, sponsorships and other initiatives

RISKS

In seeking to achieve its strategic goals, Steadfast is subject to a number of risks that 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, and monitors those risks to which it is exposed that are outside the Group's control. Some of the key risks include:

Risk	Description	Risk management strategies
Investment and acquisition risk:		
A. Acquiring and holding equity in operating businesses	• Insufficient funding to capitalise on opportunities • Deficiencies in due diligence by Steadfast • Transition to new owners may be disruptive and costly • Potential unknown or contingent liabilities • Reliance on partners performing satisfactorily	• Ongoing monitoring of available capital and resources • Experienced management team to assess opportunities and risks • Stringent due diligence • Selecting acquisitions that are expected to transition well and have good cultural fit • Tight acquisition and shareholders' agreements • Thorough transition management • Close oversight of ongoing operations, profit and profit margins, including continual reporting and reviews • Business continuity planning • Earn-out / deferred consideration arrangements
B. Investment impairment risk	• Investments that are subject to a permanent decrease in value, with the subsequent impairment resulting in an expense 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 income caused by:		
A. Loss of Steadfast Network brokers	• Network brokers can leave the Steadfast Network at any time, potentially resulting in a reduction in Professional Services fees for Steadfast	• Provision of excellent services and support to Steadfast Network brokers, including Steadfast Client Trading Platform (SCTP) • Considerable ongoing engagement with Network brokers, including seeking and addressing feedback • Conversion of Network brokers to Steadfast proprietary INSIGHT broking system
B. Reduction in Professional Services fees, commission or advice fees	• Strategic partners may seek to reduce Professional Services fees paid to Steadfast • Strategic partners may seek to reduce remuneration paid to brokers and/or agencies • Potential reduction in remuneration if strategic partners are lost and not replaced within appropriate timeframe • Potential reduction in broker remuneration due to change in remuneration structures driven by strategic partners, clients or regulators.	• Continue to provide excellent value proposition and service to clients • Diversity of earnings via a number of revenue sources, e.g. Professional Services fees, profits from operating businesses derived from commission, fees and other revenue • Continue to engage strategic partners and offer a powerful value proposition to them (including SCTP) to justify the Professional Services fees and commission rates • Operating businesses seek to increase fees to mitigate any loss of commission arising from reduced premiums • Significant effort expended in maintaining and strengthening relationships with strategic partners, most of whom are longstanding • Continually adding new strategic partners
C. Reduction in GWP in the Australian and New Zealand general insurance markets	• Steadfast Group has a number of revenue sources linked to size and growth of GWP in the Australian and New Zealand markets • GWP is influenced by factors including pricing decisions by strategic partners and level of demand for general insurance products (which can be influenced by economic conditions) • Any softening in local and global economic conditions would be expected to lead to a softening in the level of GWP	• Initiatives to increase the size of the Steadfast Network, make further investments in insurance brokers and underwriting agencies and other strategic initiatives (including increasing fee income) have the capacity to partially offset pressure on profitability of any softening in GWP • Small-to-medium enterprises (SMEs) sector, which accounts for 85%+ of Steadfast's total GWP sold through the Steadfast Network, has historically experienced higher growth in GWP with less volatility compared to the large corporate sector • Growth opportunities in other markets, e.g. Steadfast Direct, Asia and other international markets
Loss of capacity for underwriting agencies	• Risk the underwriter withdraws capacity for strategic reasons (exit of lines of business or country exit) • Risk an underwriter withdraws due to uneconomic underwriting results	• Longstanding delivery of acceptable results to underwriters • Longstanding strong relationships with both incumbent underwriters and/or alternative capacity to ensure replacement capacity is available • Steadfast Underwriting Agencies (SUA) has a diverse range of specialist products and capacity providers • Establishment of London Superbinder provides better access to deeper insurance markets

Risk	Description	Risk management strategies
Increased competition or industry disruption:		
A. Increased competition or market change	• Increased competition from new entrants and existing market participants, including increased commoditisation of business insurance products • Changes in the remuneration model for insurance brokers or underwriting agencies • Increased competition or change in market structure for premium funding • More customers buying direct from strategic partners through the internet	• Diversity in investments (i.e. portfolio of underwriting agencies, premium funding and complementary services as well as insurance broking) • Diversity in earnings (e.g. Professional Services fees as well as profits from investments) • Geographical spread of the businesses of subsidiaries and associates • Continue to develop the Steadfast Direct offering • Provide leading technology solutions to retain and attract customers
B. Disruption risk	• Risk of business model disruption due to external factors including, but not limited to technological developments, new business models developed by existing competitors and regulation changes	• Steadfast constantly monitors and evaluates international and local developments impacting the Steadfast business model and other industries to learn about disruption opportunities as they emerge • Develop leading technology offering to enable intermediaries to be more efficient and effective
C. Regulatory risk	• The Hayne Royal Commission has recommended that the Government in consultation with ASIC review the effectiveness of measures that have been implemented by Government, regulators and financial services entities to improve quality of financial advice. This review is to be undertaken by December 2022. The review will consider whether each remaining exemption to the ban on conflicted remuneration (specifically commissions) remains justified, including the exemptions for general insurance products and consumer credit insurance products. These changes may impact Steadfast Group's remuneration structure. • Risk that Steadfast's subsidiaries and associates may not individually comply with their Australian Financial Services Licence requirements or financial services regulation more generally and their licence may be in the worst case suspended or withdrawn • Risk that regulatory changes may impact the Group's or entities within the Group's business model either through costly and burdensome regulations or from the structure and management of the operations.	• Work with key industry groups to proactively engage with the Government and regulators on the benefits to clients of the current operating model for our industry • Along with other broker representative organisations, the Group monitors and consults on regulatory changes with regulators to ensure changes are introduced in the most efficient way for the industry and to minimise unintended consequences • Continue to implement Steadfast Client Trading Platform, a contestable marketplace with consistent commission rates • Initial due diligence on acquisitions includes reviews of historical and current compliance. Steadfast also provides a range of services to advise and assist the entities within the Group with regulatory change and compliance • Continue to monitor the entities within the Group from an operations viewpoint • An ongoing internal audit program, which includes a review of compliance

Risk	Description	Risk management strategies
International expansion risk	• Steadfast business model, skills, services and experience may not be transferable and successful in other countries • Management may lose focus on domestic operations resulting in missed opportunities or operational issues may not be addressed on a timely basis	• Seek to invest in offshore opportunities in a capital-light manner whilst proving business opportunity • Due diligence is performed on each country to ensure Steadfast will add value to the country. Steadfast takes time to assemble a compelling deliverable offer for each new market • Appropriate resources engaged in both domestic and international operations. Resource levels regularly monitored and operating performance levels reviewed using internal and external inputs • Monitoring percentage of funds invested overseas including regional allocation
Technology & Cyber security	• Cybercrime targeting Steadfast may materially negatively impact the ability to deliver services to clients and to safeguard broker, agency and client data • Failure of key internal and cloud systems would be detrimental to business performance and ability to deliver services • Migration, implementation or other IT failure issues for INSIGHT and UnderwriterCentral systems may adversely impact business growth	• A security roadmap underpinned by an ongoing improvement program that is led by an IT security officer is in place to minimise the occurrence and the impact of cybercrime • Processes in place and being further developed based on industry best practice, which are designed to maintain system availability and support ongoing business operations • Dedicated teams focussing on migration, implementation, continued development and support are in place with processes validated through a program for external compliance audits aimed at sustainable performance • Cyber insurance policies held

Risk	Description	Risk management strategies
People, conduct and culture risk:		
A. Loss of key people	• Loss of key executives • Loss of key individuals in operating businesses with consequential material business interruption • Potential loss of key customer relationships	• Succession planning • Appropriate earn-outs, shareholdings and restraints to protect ongoing business • Market competitive remuneration • Career development opportunities • Long-term incentive arrangements
B. Fraud or embezzlement of Group or client funds	• Fraud or embezzlement	• Appropriate policies and procedures implemented and regularly reviewed • Fidelity insurance held • INSIGHT broker system improving day-to-day broker transparency, system controls and audit trails • Established internal audit program across investees
C. Conduct and culture risk	• Employees may act in a way that is not consistent with the expected behaviours, culture and values of the Group. This can result in financial loss or reputational damage that impacts the relationship with clients, brokers, partners, regulators and/or stakeholders.	• Effective tone set from the top • Employ people who fit the culture • Regular performance reviews and feedback for staff • Staff training • Regular monitoring and governance • 360 degree assessments, based on TOGETHER initiative, Steadfast's core cultural behaviours

DIVIDENDS

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

During the financial year ended 30 June 2019, a final dividend for 2018 of 4.7 cents per share and an interim dividend for 2019 of 3.2 cents per share were declared and paid, both fully franked.

EVENTS AFTER THE REPORTING PERIOD

- On 20 August 2019, the Board declared a final dividend for 2019 of 5.3 cents per share, 100% franked. The dividend will be paid on 20 September 2019.
- The $385.000 million multibank syndicated facility (corporate facility) with Macquarie Bank and ANZ Banking Group was extended a further year in August 2019 with a revised maturity date of August 2021.
- Steadfast Group has launched a takeover bid for Insurance Brokers Network Australia Limited (IBNA), with up to $70.000 million of scrip to be issued to IBNA members should the offer be accepted. This is expected to produce an additional circa $8.000 million in annual pre-tax underlying earnings to the Group. The consideration paid will be expensed in accordance with accounting standards in the Group's FY20 statutory accounts (and could cause a statutory loss) and will be excluded from normalised underlying earnings.
- In July 2019 the Group announced that it will seek expressions of interest from Steadfast Network brokerages in Australia and New Zealand to receive either cash or shares in exchange for renouncing rights to rebates from professional service fees (PSF rebate) from 1 July 2019. The outcome is yet to be determined. It is anticipated that any consideration to be paid (being the issue of shares or payment of cash) will be expensed in accordance with accounting standards in the Group's FY20 statutory accounts (and could cause a statutory loss) and will be excluded from normalised underlying earnings.
- The premium funding debt facility of IQumulate that commenced in June 2019 has continued to be drawn upon, with a corresponding increase in premium funding receivables as security against these loans.
- The Group is undertaking a fully underwritten placement to raise approximately $100.000 million together with an accompanying Share Purchase Plan.

LIKELY DEVELOPMENTS

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.

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.

Our FY20 guidance* is underlying EBITA of between $215.000 million and $225.000 million and underlying NPAT of between $100.000 million and $110.000 million. This equates to 5% to 10% growth in underlying earnings per share (NPAT). This is subject to:

- strategic partners continuing to drive moderate premium price increases;
- increasing contribution from Steadfast Client Trading Platform;
- ongoing technology investment;
- a minimum 80% acceptance of the proposed Insurance Brokers Network Australia Limited (IBNA) takeover offer;
- a minimum 33% acceptance of the proposed PSF rebate capitalisation offer through the issuance of ordinary shares; and
- the completion of the fully underwritten placement to raise approximately $100.000 million and accompanying Share Purchase Plan.

*Refer to pages 48 to 52 on key risks.

ENVIRONMENTAL REGULATION

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

INDEMNIFICATION AND INSURANCE OF OFFICERS

In accordance with its Constitution, and where permitted under relevant legislation or regulation, the Company indemnifies the Directors and Officers against all liabilities to another person that may arise from their position as Directors or Officers of the Company and its subsidiaries, except if, in the Board's reasonable opinion, the liability arises out of conduct that is fraudulent, criminal, dishonest or a wilful default of the Directors' or Officers' duties.

In accordance with the provisions of the *Corporations Act 2001*, the Company has insured the Directors and Officers against liabilities incurred in their role as Directors and Officers of the Company. The terms of the insurance policy, including the premium, are subject to confidentiality clauses and therefore the Company is prohibited from disclosing the nature of the liabilities covered and the premium paid.

NON-AUDIT SERVICES

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

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

- all non-audit services engagements 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 affect 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 25 to the financial statements.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 79 and forms part of the Directors' Report for the year ended 30 June 2019.

Dear Shareholders

On behalf of Steadfast Group Board, I am pleased to present the Remuneration Report for the year ended 30 June 2019.

The purpose of this report is to outline Steadfast Group's approach to remuneration for Executives and Non-Executive Directors, and in particular, the links between Steadfast Group's remuneration framework and business strategy, performance and reward.

The Group reported underlying earnings before interest, tax and amortisation (EBITA) of $193 million and underlying net profit after tax (NPAT) of $89 million. This represents an 18% increase in underlying EBITA and a 19% increase in underlying NPAT over the prior year; and is at the top end of Steadfast Group's guidance range which was upgraded in October 2018.

Steadfast Group is committed to ensuring its remuneration framework rewards decision making by Executives that is aligned with the long-term interests of shareholders. This is achieved through allowing Steadfast Group's people to be rewarded financially in the form of both short and long-term remuneration as shareholder value is created. The objectives of Steadfast Group's remuneration framework are to:

- maintain market competitive remuneration that enables the Group to attract and retain key talent;
- align remuneration to the Group's strategic and business objectives and the creation of shareholder value;
- be fair, transparent and easily understood by all stakeholders; and
- be acceptable to shareholders and meet community expectations.

The Board continually reviews Steadfast Group's existing remuneration arrangements to ensure that our framework is fit-for-purpose and continues to support our strategic and business objectives. In particular, the Board focuses on ensuring the remuneration framework supports sustainable long-term value creation for Steadfast Group shareholders while also retaining and attracting Executives in a dynamic business environment. In making any adjustments, our remuneration principles of simplicity, fair and transparent, shareholder aligned and competitive are followed.

We believe our remuneration structure has clearly demonstrated delivering Group results in the best interests of our shareholders. I am pleased to report that the Group's underlying EPS growth for the financial year was 16% or 11.27 cents per share. The Total Shareholder Return (TSR) since listing in 2013 has been 239%.

There were no significant adjustments made to remuneration outcomes in the current year under review. No material changes in our remuneration structure have been proposed for the 2019/20 year. In summary, the Board has sought to ensure our Key Management Personnel (KMP) think and act like owners of Steadfast Group, and so rather than pay out cash rewards for STI and LTI, the majority of our rewards are made in equity.

We welcome any feedback you may have on our remuneration framework as we continue to ensure it is meeting the needs and expectations of our shareholders, employees and other stakeholders.

On behalf of the Board, we recommend this report to you.

David Liddy AM
Chairman, Remuneration and Succession Planning Committee

Remuneration Report

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Remuneration Report – Audited

1. INTRODUCTION

The Remuneration Report outlines Steadfast's remuneration philosophy, framework and outcomes for the financial year ended 30 June 2019 (FY19) for all key management personnel (KMP), including all Non-Executive Directors and the Executive Team made up of the Managing Director & Chief Executive Officer (MD & CEO) and certain direct reports. KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly.

1.1 Key management personnel

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

Name	Role	Date of appointment
Non-Executive Directors		
Frank O'Halloran, AM[(a)(d)]	Chairman, Non-Executive Director	21 October 2012
David Liddy, AM[(b)(d)]	Non-Executive Director	1 January 2013
Gai McGrath[(d)]	Non-Executive Director	1 June 2018
Anne O'Driscoll[(c)(d)]	Non-Executive Director	1 July 2013
Philip Purcell[(d)]	Non-Executive Director	1 February 2013
Greg Rynenberg[(d)]	Non-Executive Director	10 August 1998
Executive Director		
Robert Kelly	Managing Director & CEO	18 April 1996
Other key management		
Stephen Humphrys	Chief Financial Officer	2 January 2013
Samantha Hollman	Chief Operating Officer	4 January 2000
Simon Lightbody	CEO, Steadfast Underwriting Agencies	1 January 2015
Allan Reynolds	Executive General Manager – Direct, New Zealand & Asia	5 December 2002
Linda Ellis	Group Company Secretary & Corporate Counsel	3 June 2013

Table notes

(a) Frank O'Halloran is Chairman of the Nomination Committee.

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

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

(d) All Non-Executive Directors listed in the table above are independent directors.

2. REMUNERATION OUTCOMES FOR 2019

The following table outlines the returns the Group delivered to its shareholders.

2.1 Link between Steadfast's performance and remuneration

Earnings per share (EPS) is used as a core financial measure for determining incentives payable to the Executive Team for FY19, and together with achievement against annual individual key performance objectives, remains the financial performance measure for short-term incentives (STI). The EPS used in determining STI and the long-term incentive plan (LTI) for FY19 excludes non-trading income and expenses approved by the Board. This is consistent with prior year calculations.

In addition to EPS growth, the Board has adopted Total Shareholder Return (TSR) as a second financial performance measure for LTI awarded in August 2016 and beyond. This is a result of the Board's ongoing review of remuneration strategy to further strengthen the alignment between shareholder returns and executive remuneration. There were no changes in FY19.

TSR is calculated as the change in share price plus dividends declared and any capital returns measured over the financial year together with a future three-year vesting period.

Historical data pertaining to the key financial metrics involved in calculating STI and LTI are shown in the table below.

	2015 $'000	2016 $'000	2017 $'000	2018 $'000	2019 $'000
Reported net profit attributable to owners of the Company	42,104	73,480	66,792	75,854	**103,845**

The reconciliation on the reported EPS to the underlying EPS used for STI and LTI is as follows:

	2015[a] $'000	2016 $'000	2017 $'000	2018 $'000	2019 $'000
Reported net profit attributable to owners of the Company	42,104	73,480	66,792	75,854	**103,845**
Less: non-trading income (Note 4 (i))	(3,186)	(27,173)	(8,449)	(4,193)	**(15,018)**
Add: non-trading expenses (Note 4 (i))	3,302	18,572	7,866	3,026	**-**
Less: non-trading tax effect (Note 4 (i))	(126)	(4,551)	884	(255)	**89**
Less: non-controlling interests in non-trading items (net of tax)	-	119	(554)	530	**281**
Less: share of EBITA from associates and joint ventures	-	-	(147)	-	**-**
Underlying net profit attributable to owners of the Company (Note 4)	42,094	60,447	66,392	74,962	**89,197**
Underlying diluted EPS (cents per share) (Note 5A)	7.24	8.09	8.87	9.71	**11.27**
Growth from prior financial year (%)	16.4%	11.8%	9.6%	9.5%	**16.1%**
Growth required for minimum STI (%)	5.0%	5.0%	5.0%	5.0%	**5.0%**
Growth required for maximum STI (%)[c]	15.0%	12.5%	10.0%	10.0%	**10.0%**
UBS weighted EPS growth for industrial companies (%)[b]	5.8%	(3.0%)	6.4%	6.8%	**0.3%**
UBS weighted EPS growth for finance sector (%)[b]	3.6%	(4.6%)	3.0%	(1.8%)	**(0.9%)**
Opening share price ($)	1.26	1.62	1.98	2.66	**2.81**
Closing share price ($)	1.62	1.98	2.66	2.81	**3.51**
Change in share price (cents per share)	36.0	36.0	68.0	15.0	**70.0**
Dividends declared per share (cents per share)	5.0	6.0	7.0	7.5	**8.5**
TSR for the year (cents per share)	41.0	42.0	75.0	22.5	**78.5**
TSR for the year (%)	32.5%	25.9%	37.9%	8.5%	**27.9%**
Dividend paid	23,611	40,297	46,485	55,195	**62,649**

Table notes

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

(b) Data sourced from Australian Equity Strategy report published by UBS in July 2019. Figures shown for 2018 above are actual (figures in 2018 Annual Report were estimates). Figures shown for 2019 are estimates.

(c) Figures represent growth required for maximum STI granted in August 2015, 2016, 2017, 2018 and 2019.

Underlying diluted EPS (cents per share)

The graph below shows the base, minimum, maximum and actual underlying diluted EPS (cents per share) used for determining STI and LTI for the financial years ended 30 June 2013 to 30 June 2019. The underlying diluted EPS for the prior financial year is the base used for calculating growth for the following financial year.

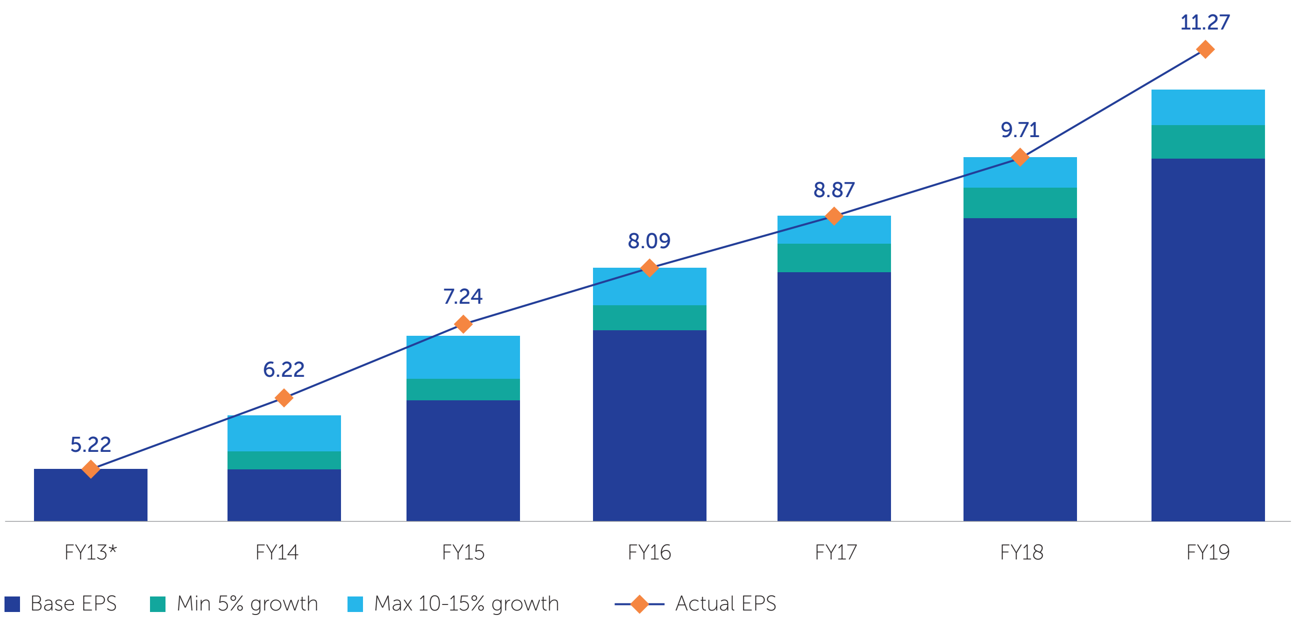
No STI is payable if the growth in underlying diluted EPS is less than 5%. The maximum STI is awarded if the underlying diluted EPS growth is 15% or higher for the awards granted in August 2014 and 2015; 12.5% or higher for awards granted in August 2016; 10% or higher for awards granted in August 2017, 2018 and 2019.

Underlying diluted EPS growth accounts for 75% weighting on LTI awards granted in August 2016 and beyond (previously: 100%), which is not payable unless at least 5% straight line growth is achieved over a future three-year vesting period for the LTI awards in August 2017 and beyond (previously: 5% compound growth).

The underlying diluted EPS growth in FY19 was 16.1%, which was well ahead of initial expectations due to actions taken by management during the year, including:

- outperformance by a number of our businesses particularly underwriting agencies with strong market share growth;
- strategic acquisitions; and
- continued growth of the Steadfast Network.

Underlying diluted EPS (for awards granted in August of the financial year)

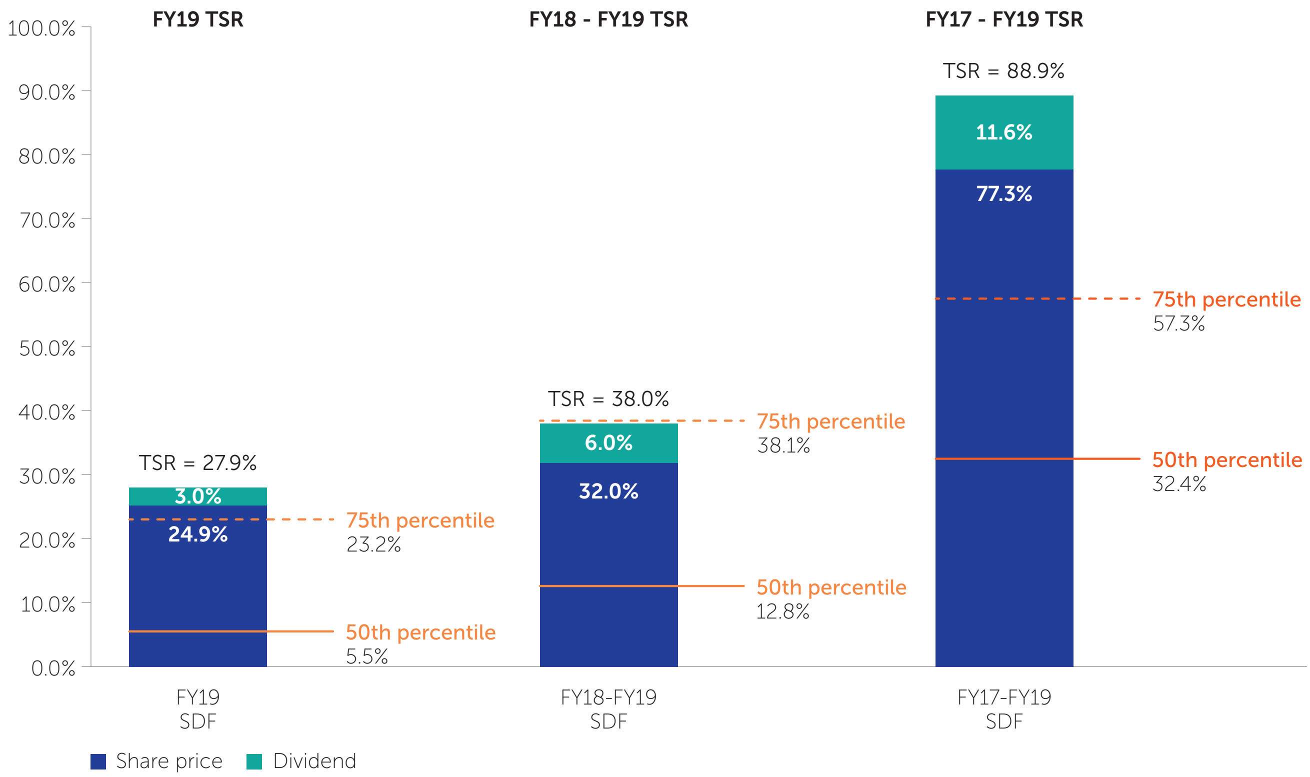


* FY13 data is based on pro-forma financial information as if the Group operations, which listed in August 2013, had operated as the Group for FY13.

Total Shareholder Return (TSR)

The graph below shows the Company's TSR in FY19 as well as the cumulative TSR since FY17, compared against the median TSR of the top 200 ASX companies excluding those in the mining industry (peer group).

TSR accounts for 25% weighting on LTI award granted in August 2016 and beyond (previously: nil weighting), which is not payable unless at least at or above 50th percentile (August 2016 grants: at average) of the peer group is achieved over the reporting year and the future three-year vesting period.



2.2 Maximum potential and actual STI and LTI outcomes

All participants of the STI and LTI schemes have to achieve at least 60% of their annual key performance objectives to be eligible for any incentive payments.

The MD & CEO's performance against his annual key performance indicators (KPIs) set at the beginning of FY19 is set out below:

FY19 performance measures	Weighting %	Achieved %	Comments
• Achieve or exceed budgeted growth of 11.3% in underlying NPAT	20	20	Actual growth is 19% in underlying NPAT
• Maintain or improve EBITA margin (aggregated) of 31%	15	12	Traditional brokers 32%, reduced to 29% in total due to acquisitions
• Further development of key staff including increased delegation of responsibilities	15	10	Material progress in developing key staff and delegation increased
• Achieve FY19 target for net improvement over prior year in NPAT of $1.5m from Steadfast Client Trading Platform (SCTP)	10	5	SCTP slightly behind target due to delays from strategic partners
• Achieve organic growth in revenue of at least 5%	10	10	Achieved 12.6% organic growth in revenue
• Grow Steadfast Network	10	10	Steadfast Network brokers grew from 377 to 398
• Generate new fee revenue from the Singapore Network and unisonSteadfast	10	5	Some new fee revenue generated but progress is slow
• Successful implementation of INSIGHT and back office technologies to improve efficiencies	10	8	Continued strong progress in broker participation
	100	**80**	

The above scorecard shows more than 60% of KPIs were achieved.

The table below provides details of maximum potential STI and LTI, and actual STI and LTI awarded to KMP.

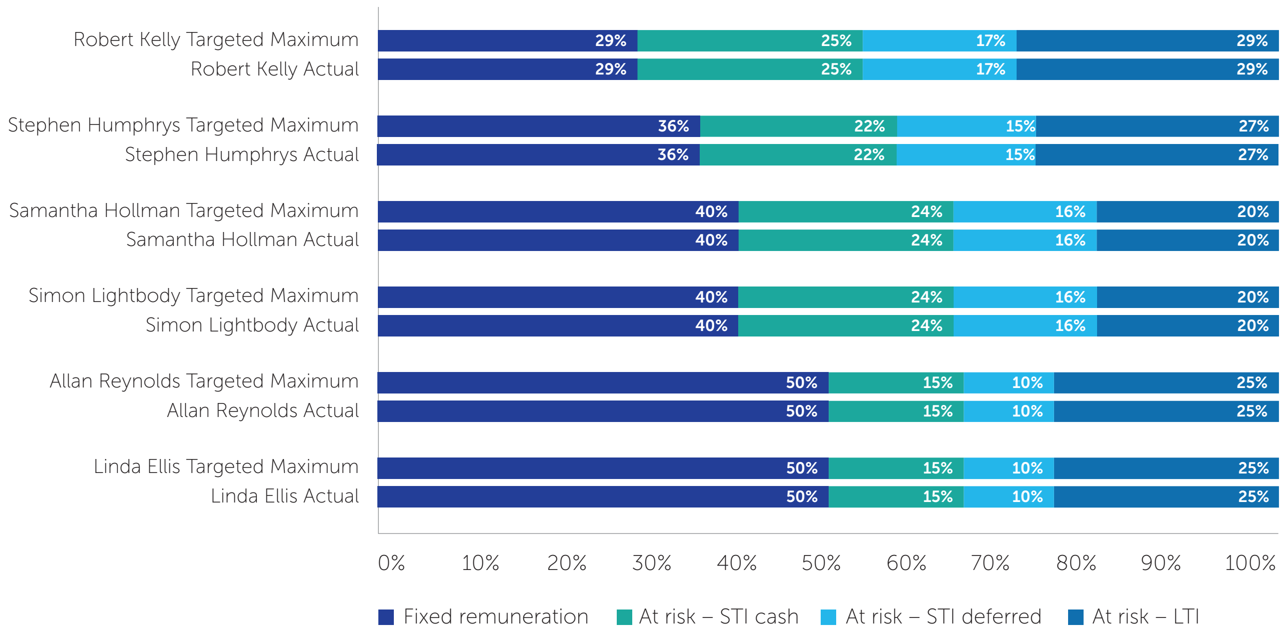
	Fixed pay $	Maximum STI potential (% of fixed pay)	Actual STI outcome[a] (% of fixed pay)	STI – cash outcome (60% of outcome) $	STI – deferred equity award outcome (40% of outcome) $[b]	Maximum LTI potential (% of fixed pay)	Actual LTI outcome[a] (% of fixed pay)	LTI – deferred equity award outcome $[b]
Robert Kelly	1,015,000	150.00%	150.00%	913,500	609,000	100.00%	100.00%	1,015,000
Stephen Humphrys	557,000	100.00%	100.00%	334,200	222,800	75.00%	75.00%	417,750
Samantha Hollman	463,500	100.00%	100.00%	278,100	185,400	50.00%	50.00%	231,750
Simon Lightbody	479,000	100.00%	100.00%	287,400	191,600	50.00%	50.00%	239,500
Allan Reynolds	430,000	50.00%	50.00%	129,000	86,000	50.00%	50.00%	215,000
Linda Ellis	260,750	50.00%	50.00%	78,225	52,150	50.00%	50.00%	130,375

Table notes

(a) All participants of the FY19 STI and LTI schemes have exceeded the 60% non-financial performance hurdle and therefore are eligible.

(b) The number of conditional rights to be granted to the Executive Team has been determined by the dollar value of the deferred equity award (DEA) outcome divided by the weighted average share price over the five trading days prior to the date of this report. The LTI award outcome is subject to meeting future financial performance hurdles detailed in Section 3.4.

2.3 Targeted maximum potential and actual remuneration mix for FY19



2.4 STI and LTI vesting information

Summary of vesting conditions on the STI and LTI plans are as detailed below:

	STI	LTI
Vesting conditions	• Tenure of employment • No material adverse change to the FY19 reported results over the retention period of three years • Refer Section 3.3 for more details including award conditions	• Awarded in August 2018 • Tenure of employment • Achieve at least 60% of the annual key performance objectives • 75% based on average diluted EPS increasing by a straight line 5% to 10% per annum over a three-year vesting period: vesting made on a 50-100% straight line basis. • 25% based on minimum TSR measured against 50th to 75th percentile of the peer group • Refer Section 3.4 for more details including award conditions

The vesting schedule for DEAs of conditional rights to convert to Steadfast ordinary shares that were on foot during the financial year or granted since is set out below, subject at all time to the vesting conditions being met (refer Section 6.2 for the vesting date of the STI and LTI conditional rights):

DEA awarded		August 2018	August 2019	August 2020	August 2021	August 2022
August 2014	**STI**					
	LTI		●			
August 2015	**STI**	●				
	LTI	●				
August 2016	**STI**	●	●			
	LTI		●			
August 2017	**STI**	●	●	●		
	LTI			●		
August 2018	**STI**		●	●	●	
	LTI				●	
August 2019	**STI**			●	●	●
	LTI					●

- ● Vesting occurs three years after grant date
- ● Vesting occurs five years after grant date
- ● Vesting occurs in three equal tranches after one, two, and three years from grant date

Details of the Steadfast ordinary shares transferred to the relevant Executive Team members (at nil cost to them) for the DEAs that vested during the current financial year are set out in Section 6.3.

3. 2019 REMUNERATION EXPLAINED

The listing of the Company necessitated the introduction of a remuneration structure that aligns with *ASX Corporate Governance Principles & Practice* (3rd edition) and commenced from 1 July 2013.

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 incentive schemes are designed to encourage participants to strive to ensure Steadfast outperforms the market on an ongoing basis (refer table 2.1 for EPS growth comparison against the finance sector and broader market).

The remuneration framework links rewards with the strategic goals and performance of the individual and the Group and provides a market competitive mix of both fixed and variable rewards. To retain and attract high calibre employees, the Group has adopted an approach to position fixed remuneration and total remuneration around the 75th percentile. Key Performance Indicators (KPIs) together with weightings are established for each individual and are aligned to the Group's strategic objectives.

The key elements of the executive remuneration are:

- fixed remuneration consisting of cash salary, superannuation and non-monetary benefits (Section 3.2);
- an annual incentive referred to as short-term incentive (STI) plan (Section 3.3); and
- a long-term incentive referred to as long-term incentive (LTI) plan (Section 3.4).

Refer Section 2.3 for targeted maximum remuneration mix.

3.1 Remuneration framework

The objective of the Group's executive remuneration framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of sustainable long-term value for shareholders and conforms to market practice for delivery of remuneration. The incentive schemes are designed to incentivise performance that is better than market.

The Board embodies the following principles in its remuneration framework:

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

3.1.1 Target remuneration mix

The Board believes that the fundamental driver for executive remuneration should be long-term financial performance that generates value for Steadfast shareholders. The at risk (or variable) remuneration components of the Executive Team are set by referencing 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 hurdles:
  - diluted EPS growth has been chosen to meet and align with shareholders' objectives. This measure was chosen by the Board after considering alternatives such as return on capital employed (ROCE), or return on equity (ROE). The Board considers that EPS is, on balance, the best driver of executive behaviour that achieves superior performance outcomes for Steadfast and its shareholders. It is also a relatively simple and transparent measure that is easily reconciled to reported net profit (see Section 2.1). As funding mix can impact EPS, it is noted that the Board has approved a maximum total Group gearing ratio of 30.0% excluding premium funding borrowings. The total Group gearing ratio at year end was 23.9%;
  - TSR was first introduced as the second financial performance hurdle for LTI awarded in August 2016. This measure was added by the Board as a result of their ongoing review of the remuneration framework, current market practice and market feedback. The Board considers TSR is an effective way to incentivise and measure long-term shareholder value creation;
- non-financial performance hurdle – each member of the Executive Team is set annual performance objectives known as KPIs with weightings aligned to the Group's strategic objectives, and must achieve at least 60% of those objectives to be eligible for any STI and LTI;
- 40% of the STI is granted as deferred equity awards (DEA) and is intended to be satisfied by the issue or transfer of ordinary shares in the capital of the Company over a three-year period from the grant date – being one-third at the end of years one, two and three;
- subject to meeting the individual and Group financial objectives, vesting of the LTI occurs after three years from the grant date and is satisfied by the issue or transfer of ordinary shares in the capital of the Company; and
- the Board retains the discretion to adjust any unpaid or unvested performance related remuneration (such as STI – Cash, STI – DEA and LTI) downwards if it is appropriate to do so. This discretion applies to all the STI and LTI awards on applicable dates for vesting of share-based payment awards.

The Board has set the total remuneration of the Managing Director & CEO at a level to correspond to the 75th percentile of CEO remuneration of a comparator group of companies. The 75th percentile was chosen in light of the considerable experience of the Managing Director & CEO and his very strong performance in the role, including the very strong financial performance of Steadfast since its initial public offering (IPO) in August 2013 as demonstrated by the Company achieving:

- a 16.1% underlying diluted EPS growth in FY19;
- a 100.9% underlying diluted EPS growth for the period since the IPO; and
- a TSR of 239% for the period since the IPO, inclusive of FY19 final dividend of 5.3 cents per share payable in September 2019.

As part of the ongoing review of remuneration, the STI and LTI plans are continuously refined to ensure incentives are aligned with the Group's remuneration philosophy, market competitiveness and market feedback on the incentive schemes. The Board has determined that no material changes to STI or LTI terms will be made for the financial year ending 30 June 2020.

The FY20 key terms for the STI and LTI plans are as follows:

Remuneration changes	FY19 terms (awarded August 2018)	FY20 new terms (awarded August 2019)
STI	Maximum STI awarded when diluted EPS growth of 10.0% is achieved.	Maximum STI awarded when diluted EPS growth of 10.0% is achieved.
LTI	75% based on average diluted EPS increasing by a straight line 5% to 10% per annum over a future three-year vesting period. The vesting schedule is outlined below:	75% based on average diluted EPS increasing by a straight line 5% to 10% per annum over a future three-year vesting period. The vesting schedule is outlined below:

FY19 terms (awarded August 2018):

Straight line diluted EPS growth	Vesting outcome
Below 5%	0%
At 5%	50%
5% to 10%	Straight line between 50% to 100%
10% or higher	100%

FY20 new terms (awarded August 2019):

Straight line diluted EPS growth	Vesting outcome
Below 5%	0%
At 5%	50%
5% to 10%	Straight line between 50% to 100%
10% or higher	100%

	FY19 terms (awarded August 2018)	FY20 new terms (awarded August 2019)
LTI	25% based on Total Shareholder Return (TSR)[(a)] measured against Top 200 ASX companies excluding those in the mining industry (peer group).	25% based on Total Shareholder Return (TSR)[(a)] measured against Top 200 ASX companies excluding those in the mining industry (peer group).

FY19 terms (awarded August 2018):

TSR	Vesting outcome
Less than 50th percentile of peer group	0%
At 50th percentile of peer group	50%
Between 50th and 75th percentile of peer group	Straight line between 50% to 100%
Exceeding 75th percentile of peer group	100%

FY20 new terms (awarded August 2019):

TSR	Vesting outcome
Equal to or less than 50th percentile of peer group	0%
Greater than 50th but less than 75th percentile of peer group	Straight line between 50% to 100%
Equal to or exceeding 75th percentile of peer group	100%
Exceeding 75th percentile of peer group	100%

(a) TSR is calculated as the change in share price plus dividends declared and any capital returns measured over the financial year together with a future three-year vesting period.

3.2 Fixed remuneration for FY19

The table below outlines the key details of executives' fixed remuneration.

Component	Details
Description	Cash salary, superannuation, and non-monetary benefits.
Purpose and link to strategy	Helps to attract and retain high calibre executives. Reflects individual role, experience and performance.
Operation	Reviewed annually by the Remuneration & Succession Planning Committee and fixed for 12 months (unless there is a significant role change), with any changes effective 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. The Executive Team is provided with cash salary, superannuation, and other non-monetary benefits such as car parking, income protection and life insurances.
Potential reward	Fixed remuneration targeted at 29%-50% of total remuneration.

3.3 Short-term incentives for FY19

The table below outlines the key details of the STI plan. STI awards in FY19 are summarised in Section 2.2 of the Remuneration Report.

Component	Details
Purpose and link to strategy	Recognises the contributions and achievements of the Executive Team and helps to attract and retain talent.
Operation	STI Plan consisting of cash and deferred equity award.
Potential reward	STI awards are performance based, at risk reward arrangements with Board discretion. The combined total of at risk remuneration (STI and LTI combined) is targeted at 50%-70% of total remuneration.
Performance metrics	**STI – Cash award (60% of total STI); Deferred equity award (40% of total STI)** • Continuous employment for the vesting period for deferred equity awards split one-third over one, two and three years; • vesting is subjected to future performance hurdles below; and • no negative material deterioration in reported results in the subsequent year.
Performance measures	**Non-financial measures** Personal objectives (KPIs) as agreed with the Board. At least 60% of the objectives must be achieved by the members of the Executive Team to be eligible for any STI. The MD & CEO achieved a substantial majority of his FY19 non-financial objectives with weightings (refer Section 2.2). **Financial measures relating to awards issued during FY19 (awarded in August 18)** No STI is payable unless at least 5% EPS growth is achieved against the base underlying EPS. Maximum STI can be awarded if the EPS growth is 10.0% or higher.
Potential maximum STI	MD & CEO can earn up to 150% of his annual fixed remuneration. The other executives within the Executive Team can earn 50% to 100% of their annual fixed remuneration.
Approval of the STI	The MD & CEO's STI is recommended by the Remuneration & Succession Planning Committee based on the Group's financial and his non-financial performance outcomes and approved by the Board. The STI of other members of the Executive Team is recommended by the MD & CEO to the Remuneration & Succession Planning Committee, based on the Group's financial and their non-financial performance outcomes. It is recommended by the Remuneration & Succession Planning Committee and approved by the Board.

3.3 Short-term incentives for FY19 continued

Component	Details
Rationale for choosing performance measures	The non-financial measures are chosen to ensure each member of the Executive Team delivers outcomes that support the success of Steadfast. The financial measure of EPS growth is chosen to ensure long-term shareholder value is increased.
Forms of STI reward elements	60% is paid as cash, normally in September following the end of financial year. 40% is granted as deferred equity award (DEA) of conditional rights to Steadfast ordinary shares and vesting over a three-year tenure hurdle from the grant date. The conditional rights will vest in three equal tranches after one, two and three years from the grant date.
Key terms of DEA	DEA is normally granted on the date the audited financial results are announced. These rights are granted to the participants at no cost, to the dollar value of their DEA. The number of conditional rights granted is calculated based on the weighted average share price over the five trading days before the grant date. The participants in the STI Plan become eligible to receive one Steadfast ordinary share per conditional right, subject to their continuing employment with the Group over the vesting period post grant date, and no material adverse change to the reported results. The Remuneration & Succession Planning Committee noted there had not been any negative material deterioration in EPS from prior year adjustments in the subsequent year. These rights will accrue notional dividends and may accrue, subject to Board discretion, any bonus element inherent in any rights issue, which will be paid as additional shares upon vesting.
Forfeiture conditions	The Board retains the discretion to adjust any unpaid or unvested performance related remuneration (such as STI – Cash, STI – deferred portion) downwards if it is appropriate to do so. The conditional rights will be forfeited if the executive resigns before the vesting date. When an executive ceases employment in special circumstances, such as genuine retirement, redundancy or ill health, any unvested rights may be paid in cash and/or Steadfast ordinary shares, subject to Board discretion.

3.4 Long-term incentives for FY19

The table below outlines the key details of the LTI plan. LTI awards in FY19 are summarised in Section 2.2 of the Remuneration Report.

Component	Details
Purpose and link to strategy	Provides opportunity for the Executive Team to acquire equity in the Company as a reward for increasing EPS and TSR over the longer term and helps to attract and retain talent.
Operation	LTI Plan consisting of DEA.
Potential reward	LTI awards are discretionary, performance based, at risk reward arrangements. The combined total of at risk remuneration (LTI and STI combined) is targeted at 50%-70% of total remuneration.
Performance metrics	***LTI – Deferred equity award (100%)*** • Continuous employment and performance rating to be met for the three-year vesting period; • vesting is subjected to future performance hurdles below; and • no negative material deterioration in reported results in the subsequent year.

Component	Details
Future performance hurdles	**Non-financial measures:** Personal objectives (KPIs) as agreed with the Board. At least 60% of the objectives must be achieved by the members of the Executive Team to be eligible to any LTI. The MD & CEO achieved a substantial majority of his FY19 non-financial objectives with weightings (refer Section 2.2). **Financial measures relating to awards issued during FY19 (awarded in August 2018):** • 75% is based on average underlying diluted EPS growth, which is not payable unless at least 5% straight line growth is achieved over a future three-year vesting period. The vesting schedule is outlined below: **Average diluted EPS growth** — **Vesting outcome** Below 5% — 0% At 5% — 50% 5% to 10% — Straight line between 50% to 100% 10% or higher — 100% and • 25% is based on TSR measured against the top 200 ASX companies excluding those in the mining industry (peer group), which is not payable unless TSR exceeds the median of the peer group. TSR is calculated as the change in share price plus dividends declared and any capital returns measured over the financial year together with a future three-year vesting period. The vesting schedule is outlined below: **TSR** — **Vesting outcome** Less than 50th percentile of peer group — 0% At 50th percentile of peer group — 50% Between 50th and 75th percentile of peer group — Straight line between 50% to 100% Exceeding 75th percentile of peer group — 100%
Potential maximum LTI	The MD & CEO can earn up to 100% of his annual fixed remuneration. The other executives within the Executive Team can earn 50% to 75% of their annual fixed remuneration.
Approval of the LTI	The Board approves the LTI based on the financial and non-financial performance outcome as recommended by the Remuneration & Succession Planning Committee.
Forms of LTI reward	DEA of conditional rights to Steadfast ordinary shares and vesting after a three-year tenure hurdle and meeting future performance hurdles from the grant date.
Rationale for choosing performance measures	The financial measures of EPS growth and TSR are chosen to ensure long-term shareholders' value is increased. The non-financial measures are chosen to ensure each member of the Executive Team delivers outcomes that support the success of Steadfast.
Key terms of DEA	DEA is normally granted on the date the audited financial results are announced. These rights are granted to the participants (at no cost), to the dollar value of a percentage of their fixed remuneration in accordance with the LTI Plan. The number of conditional rights granted is calculated based on the weighted average share price over the five trading days before the grant date. The participants in the LTI Plan become eligible to receive one Steadfast ordinary share per conditional right, subject to their continuing employment with the Group for the three-year period from the grant date and meeting performance hurdles, subject to Board discretion. These rights will not accrue notional dividends and may accrue, subject to Board discretion, any bonus element inherent in any rights issue, which will be paid as additional shares upon vesting.
Forfeiture conditions	The Board retains the discretion to adjust any unpaid or unvested LTI downwards if it is appropriate to do so. The conditional rights will be forfeited if the executive resigns before the vesting date. When an executive ceases employment in special circumstances, such as genuine retirement, redundancy or ill health, any unvested rights may be paid in cash and/or Steadfast shares subject to Board discretion.

3.5 Keeping executives' and shareholders' interest aligned

Component	Details
Shareholding requirements	There is no specific policy requiring the Executive Team to hold any of Steadfast's ordinary shares. However, the Executive Team have acquired Steadfast's ordinary shares through the following means: • shares allocated to three executives either directly or through loans, which have since been repaid by the executives (for further details, refer Section 6.4 Executive loans); • allotment of ordinary shares to Mr Lightbody as part consideration for the acquisition by Steadfast, as part of the IPO in August 2013, of Miramar, an underwriting agency business then partly owned by Mr Lightbody; • subscription for ordinary shares as part of the Company's IPO and subsequent rights issues; • participation in the Company's Dividend Reinvestment Plan; • conditional rights converting into ordinary shares; • potential vesting of DEAs granted through the STI and LTI Plans in the financial years from 1 July 2014 onwards (refer Sections 3.3 and 3.4 for further details of the STI and LTI Plans); and • purchase of shares on market within trading windows.

Section 6.3 provides movements of Steadfast's ordinary shares held by the Executive Team during the current financial year.

4. REMUNERATION IN DETAIL

4.1 Statutory remuneration disclosure

The table below provides remuneration details for the Executive Team (including the MD & CEO and his direct reports). No executive was newly appointed to the Executive Team during either financial year.

	Short-term employment benefits			Post-employment benefits	Other long-term employment benefits	Subtotal (excluding share-based payments)	Share-based payments	Total
	(1) Cash salary and leave accruals $	(2) Cash short-term incentive $	(3) Non-monetary benefits $	(4) Super-annuation $	(5) Long service leave accruals $	$	(6) $	$
Key Management Personnel (including Managing Director & CEO)								
Robert Kelly, Managing Director & CEO								
2019	**982,116**	**913,500**	**19,270**	**20,531**	**23,505**	**1,958,922**	**1,624,000**	**3,582,922**
2018	973,871	808,763	29,821	20,049	27,803	1,860,308	1,210,646	3,070,954
Stephen Humphrys, Chief Financial Officer								
2019	**569,625**	**334,200**	**37,095**	**20,531**	**10,364**	**971,815**	**640,550**	**1,612,365**
2018	537,837	301,576	36,530	20,049	9,793	905,785	575,897	1,481,682
Samantha Hollman, Chief Operating Officer								
2019	**444,672**	**278,100**	**29,880**	**20,531**	**8,005**	**781,188**	**417,150**	**1,198,338**
2018	437,626	250,965	28,682	20,049	7,149	744,471	280,257	1,024,728
Simon Lightbody, CEO – Steadfast Underwriting Agencies								
2019	**462,054**	**287,400**	**25,707**	**20,531**	**11,140**	**734,982**	**431,100**	**1,237,932**
2018	448,285	196,137	15,897	20,049	10,947	691,314	152,564	843,878
Allan Reynolds, Executive General Manager – Direct, New Zealand & Singapore								
2019	**420,542**	**129,000**	**21,160**	**20,531**	**19,689**	**610,922**	**301,000**	**911,922**
2018	372,118	108,642	24,246	20,049	8,310	533,365	339,663	873,028
Linda Ellis, Group Company Secretary & Corporate Counsel(7)								
2019	**258,769**	**78,225**	**27,468**	**19,907**	**11,466**	**395,835**	**182,525**	**578,360**
2018	214,345	62,040	24,568	18,710	3,721	323,384	200,946	524,330

Table notes

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

(2) The 2019 short-term incentive (STI) represents 60% of the total STI awarded and approved by the Board and will be paid in cash in September 2019.

(3) The Executive Team is provided with cash salary, superannuation, and other non-monetary benefits such as car parking, income protection and life insurances.

(4) Superannuation contributions are paid in line with legislative requirements.

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

(6) Share-based payments represent the expense amount accrued in the year for deferred equity awards (both STI and LTI). The 2019 expense is higher than prior year due to the cumulative effect of prior years' grants plus increased probability of meeting vesting conditions.

(7) Mrs Ellis was employed on a 60% of full-time basis from 1 July 2018 to 31 December 2018 and on an 80% of full-time basis from 1 January 2019 to 30 June 2019.

4.2 Conditional rights

The table below provides the number of conditional rights held by members of the Executive KMP at 30 June 2018 and 30 June 2019. These are aggregate holdings of unvested DEAs from the various grants that remain on foot (see chart in section 2.4).

	Balance 30 June 2018	STI granted during FY19	LTI granted during FY19	DRP granted	STI/LTI vested and/ or transferred during FY19[a]	Balance 30 June 2019
Robert Kelly	1,428,907	175,925	318,128	17,295	(509,520)	**1,430,735**
Stephen Humphrys	746,422	65,600	132,329	8,065	(251,645)	**700,771**
Samantha Hollman	332,514	54,591	73,414	4,215	(99,168)	**365,566**
Simon Lightbody	200,394	42,664	75,861	1,901	(20,688)	**300,132**
Allan Reynolds	480,048	23,632	61,994	5,061	(163,481)	**407,254**
Linda Ellis	268,522	13,495	35,402	2,887	(101,494)	**218,812**
	3,456,807	375,907	697,128	39,424	(1,145,996)	**3,423,270**

Table note

(a) The third tranche of the STI DEAs granted in August 2015, the second tranche of the STI DEAs granted in August 2016, the first tranche of the STI DEAs granted in August 2017 and the LTI DEAs granted in August 2015 were vested in the current financial year. In accordance with the terms of the STI and LTI plans, eligible participants of the plans received one Steadfast ordinary share per conditional right at nil cost to them upon vesting.

Refer Section 6.2 for the fair value of the conditional rights awarded in August 2018.

4.3 Executive service agreements

Steadfast has ongoing executive service agreements (Executive Agreements) with each of the members of the Executive KMP. 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 KMP's Executive Agreements. The Executive Agreements do not provide for any termination payments, other than payment in lieu of notice by the Company.

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
Samantha Hollman	6 months	6 months	6 months fixed remuneration
Simon Lightbody	6 months	6 months	6 months fixed remuneration
Allan Reynolds	6 months	6 months	6 months fixed remuneration
Linda Ellis	6 months	6 months	6 months fixed remuneration

* Mr Kelly has agreed not to terminate his employment contract before 31 December 2022.

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

4.3.1 Retrenchment entitlements

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

4.3.2 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.

5. NON-EXECUTIVE DIRECTOR REMUNERATION

5.1 Fee 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.

An external remuneration consultant, Egan Associates, was engaged during the financial year to conduct remuneration benchmarking for the Non-Executive Directors.

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

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

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

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

At the Annual General Meeting held on 18 October 2018, the shareholders approved the maximum aggregate Directors' fee pool of $1,100,000 per annum for each financial year effective from and including the financial year commenced on 1 July 2018.

The table below contains the annual fee structure for the Steadfast Board and committees (inclusive of superannuation).

		Board $	Audit & Risk Committee $	Remuneration & Succession Planning Committee $	Nomination Committee $
Chairman	**2019**	**275,000**	**30,000**	**27,500**	**-**
	2018	231,750	20,600	20,600	-
Members	**2019**	**135,000**	**7,500**	**7,500**	**-**
	2018	118,450	5,150	5,150	-

No additional remuneration will be paid for the Chairman and members of the Nomination Committee nor any directorships of subsidiaries. The Directors have determined that fees for the financial year ended 30 June 2020 will not be increased.

5.2 Minimum shareholding requirement

Non-Executive Directors are not required under the Company's constitution to hold any of 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.

Refer Section 6.3 for details of Steadfast's ordinary shares held by the Non-Executive Directors.

5.3 Remuneration details for Non-Executive Directors

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

	Short-term employment benefits		Post-employment benefits	Total
	Board fees $	Committee fees $	Superannuation $	$
Current Non-Executive Directors				
Frank O'Halloran, AM				
2019	**254,469**	**-**	**20,531**	**275,000**
2018	211,701	10,300	20,049	242,050
David Liddy, AM				
2019	**123,288**	**31,963**	**14,749**	**170,000**
2018	108,174	23,516	12,511	144,201
Gai McGrath				
2019	**135,000**	**15,000**	**-**	**150,000**
2018[a]	9,014	784	931	10,729
Anne O'Driscoll				
2019	**123,288**	**34,247**	**14,965**	**172,500**
2018	108,174	23,516	12,511	144,201
Philip Purcell				
2019	**123,288**	**13,699**	**13,013**	**150,000**
2018	108,174	9,406	11,170	128,750
Greg Rynenberg				
2019	**123,288**	**13,699**	**13,013**	**150,000**
2018	108,174	9,406	11,170	128,750

(a) Gai McGrath was appointed to the Board effective 1 June 2018.

6. ADDITIONAL INFORMATION

6.1 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.

6.1.1 Role of the 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 in Section 1.1.

6.1.2 Use of remuneration consultant

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 with respect to the Executive Team. Remuneration consultants are engaged no less than every three years 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 during this financial year.

6.2 Valuation of conditional rights

The table below details the fair value of conditional rights issued affecting remuneration of KMP in the previous, current or future reporting periods:

Description	Recipient	Grant date	Vesting date	Fair value at grant date[b] $	Volume weighted average share price (VWAP)[c] $
October 2018 STI conditional rights[a]	MD & CEO	18 October 2018	24 August 2019	2.9486	3.0648
October 2018 STI conditional rights[a]	MD & CEO	18 October 2018	24 August 2020	2.9403	3.0648
October 2018 STI conditional rights[a]	MD & CEO	18 October 2018	24 August 2021	2.9252	3.0648
August 2018 STI conditional rights[a]	Other executives	24 August 2018	24 August 2019	3.0045	3.0648
August 2018 STI conditional rights[a]	Other executives	24 August 2018	24 August 2020	2.9922	3.0648
August 2018 STI conditional rights[a]	Other executives	24 August 2018	24 August 2021	2.9737	3.0648
October 2017 STI conditional rights[a]	MD & CEO	26 October 2017	23 August 2018	2.7389	2.8170
October 2017 STI conditional rights[a]	MD & CEO	26 October 2017	23 August 2019	2.7318	2.8170
October 2017 STI conditional rights[a]	MD & CEO	26 October 2017	23 August 2020	2.7175	2.8170
August 2017 STI conditional rights[a]	Other executives	23 August 2017	23 August 2018	2.6053	2.8170
August 2017 STI conditional rights[a]	Other executives	23 August 2017	23 August 2019	2.5945	2.8170
August 2017 STI conditional rights[a]	Other executives	23 August 2017	23 August 2020	2.5771	2.8170
October 2016 STI conditional rights[a]	MD & CEO	27 October 2016	24 August 2017	2.1292	2.1858
October 2016 STI conditional rights[a]	MD & CEO	27 October 2016	24 August 2018	2.1234	2.1858
October 2016 STI conditional rights[a]	MD & CEO	27 October 2016	24 August 2019	2.1128	2.1858
August 2016 STI conditional rights[a]	Other executives	24 August 2016	24 August 2017	2.1264	2.1858
August 2016 STI conditional rights[a]	Other executives	24 August 2016	24 August 2018	2.1179	2.1858
August 2016 STI conditional rights[a]	Other executives	24 August 2016	24 August 2019	2.1047	2.1858
October 2015 STI conditional rights[a]	MD & CEO	30 October 2015	24 August 2016	1.4992	1.4881
October 2015 STI conditional rights[a]	MD & CEO	30 October 2015	24 August 2017	1.4939	1.4881
October 2015 STI conditional rights[a]	MD & CEO	30 October 2015	24 August 2018	1.4841	1.4881
August 2015 STI conditional rights[a]	Other executives	24 August 2015	24 August 2016	1.4519	1.4881
August 2015 STI conditional rights[a]	Other executives	24 August 2015	24 August 2017	1.4442	1.4881
August 2015 STI conditional rights[a]	Other executives	24 August 2015	24 August 2018	1.4323	1.4881
October 2018 LTI conditional rights	MD & CEO	18 October 2018	24 August 2021	2.7609	3.0648
August 2018 LTI conditional rights	Other executives	24 August 2018	24 August 2021	2.7771	3.0648
October 2017 LTI conditional rights	MD & CEO	26 October 2017	23 August 2020	2.5581	2.8170
August 2017 LTI conditional rights	Other executives	23 August 2017	23 August 2020	2.3879	2.8170
October 2016 LTI conditional rights	MD & CEO	27 October 2016	24 August 2019	1.9834	2.1858
August 2016 LTI conditional rights	Other executives	24 August 2016	24 August 2019	1.9500	2.1858
October 2015 LTI conditional rights	MD & CEO	30 October 2015	24 August 2018	1.4841	1.4881

6.2 Valuation of conditional rights continued

Description	Recipient	Grant date	Vesting date	Fair value at grant date[b] $	Volume weighted average share price (VWAP)[c] $
August 2015 LTI conditional rights	Other executives	24 August 2015	24 August 2018	1.4323	1.4881
October 2014 STI conditional rights	MD & CEO	29 October 2014	25 August 2017	1.4312	1.3960
August 2014 STI conditional rights	Other executives	25 August 2014	25 August 2017	1.3253	1.3960
October 2014 LTI conditional rights	MD & CEO	29 October 2014	25 August 2019	1.4001	1.3960
August 2014 LTI conditional rights	Other executives	25 August 2014	25 August 2019	1.2908	1.3960

Table notes

(a) The STI conditional rights granted in October 2018, August 2018, October 2017, August 2017, October 2016, August 2016, October 2015 and August 2015 all vest in three equal tranches after one, two and three years from the grant date.

(b) The fair value at grant date is determined in accordance with Accounting Standard, AASB 2 *Share-based Payment*.

(c) To calculate the number of conditional rights to be granted, the award value is divided by the volume weighted average share price of Steadfast shares over the five trading days on the Australian Securities Exchange prior to Steadfast announcing its full year results.

6.3 Shareholdings

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

	Total shares held at 1 July 2018	Purchases	Shares transferred upon vesting of DEA	Shares allocated via DRP	Sales/ Reductions	Total shares held at 30 June 2019	Shares held nominally at 30 June 2019[a]
Frank O'Halloran, AM[b]	1,619,646	182,000	-	-	(651,107)	1,150,539	749,432
Robert Kelly[b]	5,933,163	-	509,520	-	(3,380,474)	3,062,209	-
David Liddy, AM[b]	255,455	-	-	-	(105,455)	150,000	150,000
Gai McGrath[b]	10,500	9,250	-	-	-	19,750	19,750
Anne O'Driscoll[b]	168,498	-	-	-	-	168,498	168,498
Philip Purcell[b]	160,142	-	-	-	-	160,142	160,142
Greg Rynenberg[b]	846,385	-	-	22,291	(10,000)	858,676	858,676
Stephen Humphrys	400,000	-	251,645	-	(251,645)	400,000	-
Samantha Hollman	316,307	-	99,168	9,940	(196,700)	228,715	172,596
Simon Lightbody	1,476,874	-	20,687	-	-	1,497,561	455,314
Allan Reynolds	1,051,576	-	163,481	5,545	(265,000)	955,602	46,089
Linda Ellis	165,000	-	101,494	-	(203,494)	63,000	-

Table notes

(a) Shares held nominally are included in the column headed 'Total shares held at 30 June 2019'. 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.

6.4 Executive loans

In the Extraordinary General Meeting held on 14 June 2013, the shareholders approved the making by the Company of full recourse loans to three continuing KMP.

All Executive loans were fully repaid during the financial year ended 30 June 2019.

The table below provides the amount of the Executive loans provided to three Executives and the fair value at the drawn down date and movement during the financial year.

	Face value of Executive loans $	Fair value of Executive loans drawn down at start of the year $	Deemed interest income during the year $	Repayment during the year $	Fair value of Executive loans at the end of the year $
Robert Kelly	5,000,000	3,704,258	-	(3,704,258)	-
Stephen Humphrys	1,000,000	140,693	-	(140,693)	-
Allan Reynolds	900,000	666,900	-	(666,900)	-
	6,900,000	4,511,851	-	(4,511,851)	-

6.5 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:

	2019 $	2018 $
i. Sale of goods and services		
Marketing and administration fees received from Directors' related entities on normal commercial terms	**20,610**	26,348
ii. Payment for goods and services		
Estimated Steadfast Network broker rebate expense to Directors' related entities on the basis as determined by the Board	**51,663**	28,344
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	**80,119**	71,434

ROUNDING

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

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

Frank O'Halloran, AM
Chairman

Robert Kelly
Managing Director & CEO

LEAD AUDITOR'S INDEPENDENCE DECLARATION

UNDER SECTION 307C OF *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 of Steadfast Group Limited for the financial year ended 30 June 2019 there have been:

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

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

KPMG

KPMG

Scott Guse

Scott Guse
Partner

Sydney
20 August 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $'000	2018 $'000
REVENUE			
Fee and commission income		583,751	505,627
Less: brokerage commission paid		(144,775)	(136,679)
Net fee and commission income		438,976	368,948
Professional services fees		87,370	70,629
Premium funding income		10,613	-
Interest income		8,833	7,560
Share of profits of associates accounted for using the equity method	12	12,522	12,436
Share of profits of joint ventures accounted for using the equity method	13	2,394	2,058
Fair value gain on listed investment		725	1,500
Net gain / (loss) from adjustments to deferred consideration estimates	4, 10	(110)	3,275
Net gain from sale of subsidiaries and associates	4	2,086	480
Net gain / (loss) on fair value of investments in subsidiaries	4	12,853	(70)
Other income		2,177	1,287
		578,439	468,103
EXPENSES			
Employment expense		(240,670)	(200,123)
Operating, brokers' support service and other expenses		(70,643)	(58,897)
Commission and other related expenses		(38,681)	(26,761)
Occupancy expense		(18,932)	(16,458)
Amortisation expense	7	(31,416)	(25,000)
Depreciation expense		(4,713)	(3,832)
Impairment expense – non-financial assets		-	(2,372)
Finance costs		(14,125)	(9,995)
		(419,180)	(343,438)
Profit before income tax expense		159,259	124,665
Income tax expense	21	(37,425)	(34,314)
Profit after income tax expense for the year		121,834	90,351
OTHER COMPREHENSIVE INCOME			
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS			
Net movement in foreign currency translation reserve		2,095	(717)
Cash flow hedge effective portion of change in fair value		60	431
Income tax (expense) / benefit on other comprehensive income		(647)	86
Other comprehensive income for the period, net of tax		1,508	(200)
Total comprehensive income for the year, net of tax		123,342	90,151
PROFIT FOR THE YEAR IS ATTRIBUTABLE TO:			
Non-controlling interests		17,989	14,497
Owners of Steadfast Group Limited	4	103,845	75,854
		121,834	90,351

	Note	2019 $'000	2018 $'000
TOTAL COMPREHENSIVE INCOME FOR THE YEAR IS ATTRIBUTABLE TO:			
Non-controlling interests		17,989	14,497
Owners of Steadfast Group Limited		105,353	75,654
		123,342	90,151
EARNINGS PER SHARE			
Basic earnings per share (cents per share)	5	13.16	9.87
Diluted earnings per share (cents per share)	5	13.12	9.83

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Financial Position

AS AT 30 JUNE 2019

	Note	2019 $'000	2018* $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	22	**116,520**	76,746
Cash held on trust	22	**427,449**	310,856
Trade and other receivables*	14	**164,619**	147,622
Premium funding receivable	14	**76,178**	-
Related party loans	23	**-**	5,115
Other		**7,775**	3,875
Total current assets		**792,541**	544,214
NON-CURRENT ASSETS			
Goodwill	7	**945,498**	816,246
Intangible assets	7	**193,206**	171,660
Investments in associates	12	**112,582**	138,743
Interest in joint ventures	13	**15,677**	6,862
Property, plant and equipment	15	**43,667**	39,001
External shareholder loans	16C	**33,211**	16,928
Related party loans	23	**500**	-
Other financial assets		**7,225**	6,500
Deferred tax assets	21	**7,358**	3,514
Other		**5,732**	1,597
Total non-current assets		**1,364,656**	1,201,051
Total assets		**2,157,197**	1,745,265
LIABILITIES			
CURRENT LIABILITIES			
Payables on broking/underwriting agency operations*		**410,334**	323,464
Trade and other liabilities	2	**99,232**	38,489
Bank overdrafts	8, 22	**3,781**	-
Corporate and subsidiaries borrowings	8	**25,707**	1,055
Premium funding borrowings	8	**3,384**	-
Premium funding payables		**66,873**	-
Deferred consideration	10G	**28,064**	2,822
Income tax payable		**11,614**	16,868
Provisions		**25,615**	19,226
Total current liabilities		**674,604**	401,924
NON-CURRENT LIABILITIES			
Corporate and subsidiaries borrowings	8	**311,232**	218,185
Deferred consideration	10G	**6,342**	1,124
Other payables		**3,003**	2,812
Deferred tax liabilities	21	**57,858**	56,320
Provisions		**8,906**	7,921
Total non-current liabilities		**387,341**	286,362
Total liabilities		**1,061,945**	688,286
Net assets		**1,095,252**	1,056,979

	Note	2019 $'000	2018* $'000
EQUITY			
Share capital	9	**912,517**	912,347
Treasury shares held in trust	9	**(9,890)**	(7,728)
Foreign currency translation reserve		**800**	(667)
Share-based payments reserve		**6,187**	4,512
Undistributed profits reserve		**72,076**	89,509
Other reserves		**(4,083)**	(30,793)
Retained earnings		**37,859**	30,397
Equity attributable to the owners of Steadfast Group Limited		**1,015,466**	997,577
Non-controlling interests		**79,786**	59,402
Total equity		**1,095,252**	1,056,979

The above Consolidated Statement of Financial Position should be read in conjunction with the notes to the financial statements.

* Amounts have been restated to ensure comparability between periods. Refer Note 2B.II.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2019

	Equity attributable to owners of Steadfast Group Limited							Non-controlling interests	Total equity
	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 2018	912,347	(7,728)	(667)	4,512	89,509	(30,793)	30,397	59,402	1,056,979
Adjustment on initial application of AASB 15 (net of tax) *	-	-	-	-	-	-	(12,330)	(2,815)	(15,145)
Adjustment on initial application of AASB 9 (net of tax) *	-	-	-	-	-	-	(1,404)	(295)	(1,699)
Adjusted balance at 1 July 2018	912,347	(7,728)	(667)	4,512	89,509	(30,793)	16,663	56,292	1,040,135
Profit after income tax expense for the year	-	-	-	-	-	-	103,845	17,989	121,834
Other comprehensive income for the year, net of tax	-	-	1,467	-	-	41	-	-	1,508
Total comprehensive income for the year	-	-	1,467	-	-	41	103,845	17,989	123,342
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:									
Adjustment to prior year transaction costs, net of income tax	170	-	-	-	-	-	-	-	170
Shares acquired and held in trust (Note 9)	-	(3,685)	-	-	-	-	-	-	(3,685)
Share-based payments on Executive Shares and employee share plans	-	-	-	3,450	-	-	-	-	3,450
Shares allotted through Dividend Reinvestment Plan (Note 9)	-	(252)	-	-	-	-	-	-	(252)
Shares allotted to employees under Employee Conditional Rights Scheme (Note 9)	-	1,775	-	(1,775)	-	-	-	-	-
Transfer of other reserves to retained earnings	-	-	-	-	(17,433)	37,433	(20,000)	-	-
Non-controlling interests of acquired entities (Note 10)	-	-	-	-	-	-	-	6,225	6,225
Change in equity interests in subsidiaries without loss of control	-	-	-	-	-	(10,764)	-	15,141	4,377
Dividends declared and paid (Note 6)	-	-	-	-	-	-	(62,649)	(15,861)	(78,510)
Balance at 30 June 2019	912,517	(9,890)	800	6,187	72,076	(4,083)	37,859	79,786	1,095,252

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

Steadfast Group Limited

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2018

	Equity attributable to owners of Steadfast Group Limited							Non-controlling interests	Total equity
	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 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 year	-	-	-	-	-	-	75,854	14,497	90,351
Other comprehensive income for the year, net of tax	-	-	(502)	-	-	302	-	-	(200)
Total comprehensive income for the year	-	-	(502)	-	-	302	75,854	14,497	90,151
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:									
Shares issued under institutional and retail share placement (Note 9)	107,762	-	-	-	-	-	-	-	107,762
Less: Transaction costs on issued shares, net of income tax (Note 9)	(1,288)	-	-	-	-	-	-	-	(1,288)
Shares issued to Whitbread/Axis vendors (Note 9)	6,016	-	-	-	-	-	-	-	6,016
Shares issued to key management member (Note 9)	3,000	-	-	-	-	-	-	-	3,000
Shares acquired and held in trust (Note 9)	-	(1,799)	-	-	-	-	-	-	(1,799)
Share-based payments on Executive Shares and employee share plans	-	-	-	2,484	-	-	-	-	2,484
Shares allotted through Dividend Reinvestment Plan (Note 9)	-	(283)	-	-	-	-	-	-	(283)
Shares allotted to employees under Employee Conditional Rights Scheme (Note 9)	-	1,368	-	(1,733)	-	-	-	-	(365)
Transfer of retained earnings to profit reserve	-	-	-	-	25,423	-	(25,423)	-	-
Acquisition of non-controlling interests	-	-	-	-	-	-	-	1,514	1,514
Changes in part equity interests in subsidiaries without loss of control	-	-	-	-	-	(10,611)	-	15,846	5,235
Dividends declared and paid (Note 6)	-	-	-	-	-	-	(55,195)	(13,421)	(68,616)
Balance at 30 June 2018	912,347	(7,728)	(667)	4,512	89,509	(30,793)	30,397	59,402	1,056,979

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 2019

	Note	2019 $'000	2018 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		516,126	483,644
Payments to suppliers and employees, and Network broker rebates		(366,965)	(362,488)
Dividends received from associates and joint ventures		14,256	15,857
Interest received		8,099	6,899
Interest and other finance costs paid		(12,789)	(9,946)
Income taxes paid		(41,077)	(37,896)
Net cash from operating activities before customer trust accounts movement		117,650	96,070
Net movement in customer trust accounts (net cash receipts/payments on behalf of customers)		43,698	27,154
Net cash from operating activities	22	161,348	123,224
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisitions of subsidiaries and business assets		(85,292)	(110,045)
Cash acquired from acquisitions of subsidiaries and business assets		91,210	26,859
Payments for investments in associates and joint ventures		(12,396)	(7,368)
Payments for step-up investment in subsidiaries on hubbing arrangements		(11,364)	(16,952)
Payments for financial assets		-	(5,047)
Payments for deferred consideration of subsidiaries, associates and business assets	10G	(17,389)	(5,047)
Proceeds from disposal of investment in subsidiaries, net of cash disposed		1,950	-
Proceeds from part disposal of investment in subsidiaries on hubbing arrangements		3,709	6,210
Proceeds from disposal of investment in associates		314	1,719
Payments for property, plant and equipment		(6,384)	(13,490)
Payments for intangible assets		(12,118)	(11,933)
Net cash used in investing activities		(47,760)	(135,094)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	110,762
Payments for transaction costs on issue of shares		-	(2,206)
Dividends paid to owners of Steadfast	6	(62,649)	(55,195)
Dividends paid to non-controlling interests		(15,861)	(13,421)
Proceeds from borrowings	8	138,374	76,476
Repayment of borrowings	8	(23,411)	(63,111)
Payments for purchase of treasury shares		(3,685)	(1,799)
Repayment of related party loans		5,194	2,303
Payments for related party loans		(500)	-
Repayment of non-related party loans		2,553	16,864
Payments for non-related party loans		(1,505)	(187)
Net cash from financing activities		38,510	70,486
Net increase in cash and cash equivalents		152,098	58,616
Cash and cash equivalents at the beginning of the financial year		387,602	329,209
Effect of movements in exchange rates on cash held		488	(223)
Cash and cash equivalents at the end of the financial year	22	540,188	387,602

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 YEAR ENDED 30 JUNE 2019

NOTE 1. GENERAL INFORMATION

This general purpose financial report is for the year ended 30 June 2019 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 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 general purpose financial report was authorised for issue by the Board on 20 August 2019.

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

I. New and amended standards adopted by the Group

The Group has adopted the following revised or amending Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the year ended 30 June 2019. The effect of the adoption of these standards on the financial position of the Group is disclosed below:

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

Table notes

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

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

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES continued

	Impact of adopting AASB 9 at 1 July 2018 ($ '000)
Current assets	
Decrease in trade and other receivables (expected credit loss provision)	2,403
Non-current assets	
Increase in deferred tax assets	713
Equity	
Decrease in opening retained earnings	1,404
Decrease in non-controlling interests	295
Expenses	
Decrease in income tax expense	9

The following tables summarise the impacts of adopting AASB 9 on the Group's statement of financial position as at 30 June 2019 and its consolidated statement of profit or loss and other comprehensive income for the year then ended for each of the line items affected. There was no material impact on the Group's statement of cash flows for the year ended 30 June 2019.

Impact on the consolidated statement of financial position

	As reported $'000	Adjustments $'000	Amounts without adoption of AASB 9 $'000
ASSETS			
Trade and other receivables	164,619	2,780	167,399
Others	627,922	-	627,922
Total current assets	792,541	2,780	795,321
Investments in associates	112,582	4	112,586
Interest in joint ventures	15,677	(4)	15,673
Deferred tax assets / (liabilities)	7,358	(817)	6,541
Others	1,229,039	(39)	1,229,000
Total non-current assets	1,364,656	(856)	1,363,800
Total assets	2,157,197	1,924	2,159,121
LIABILITIES			
Total current liabilities	674,604	-	674,604
Total non-current liabilities	387,341	-	387,341
Total liabilities	1,061,945	-	1,061,945
Net assets	1,095,252	1,924	1,097,176
EQUITY			
Retained earnings	37,859	1,594	39,453
Non-controlling interests	79,786	314	80,100
Foreign currency translation reserve	800	16	816
Others	976,807	-	976,807
Total equity	1,095,252	1,924	1,097,176

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES continued

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

For the year ended 30 June 2019	As reported $'000	Adjustments $'000	Amounts without adoption of AASB 9 $'000
Share of profits of associates	12,522	4	12,526
Share of profits of joint ventures	2,394	(4)	2,390
Operating, brokers' support service and other expenses	(70,643)	305	(70,338)
Others	214,986	-	214,986
Income tax expense	(37,425)	(96)	(37,521)
Profit after income tax expense for the year	121,834	209	122,043
Other comprehensive income	1,508	-	1,508
Total comprehensive income for the year, net of tax	123,342	209	123,551
Profit for the year is attributable to:			
Non-controlling interests	17,989	19	18,008
Owners of Steadfast Group Limited	103,845	190	104,035
	121,834	209	122,043
Total comprehensive income for the year is attributable to:			
Non-controlling interests	17,989	19	18,008
Owners of Steadfast Group Limited	105,353	190	105,543
	123,342	209	123,551

(a) Classification and measurement

On 1 July 2018 (the date of initial application of AASB 9), the Group's management assessed which business models apply to the financial assets held by the Group and classified its financial instruments into the appropriate AASB 9 categories.

The table below summarises the impacts in classification and measurement of financial assets under AASB 139 and AASB 9 at the date of initial application, 1 July 2018:

	Classification		Carrying amount ($'000)		
	Original under AASB 139	New under AASB 9	Original amount: AASB 139	Additional allowance recognised under AASB 9	New amount: AASB 9
Cash and cash equivalents	Loans and receivables	Amortised cost	76,746	-	76,746
Cash held on trust	Loans and receivables	Amortised cost	310,856	-	310,856
Trade and other receivables	Loans and receivables	Amortised cost	147,622	(2,403)	145,219
Premium funding receivable	Loans and receivables	Amortised cost	-	-	-
External shareholder loans	Loans and receivables	Amortised cost	16,928	-	16,928
Related party loans	Loans and receivables	Amortised cost	5,115	-	5,115
Other financial assets	Loans and receivables	Amortised cost	5,472	-	5,472

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES continued

Note:

There was no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss.

(b) Impairment of financial assets

The new impairment model applies to Group's financial assets measured at amortised cost. The Group has reviewed its financial assets measured at amortised cost and identified that fee and commission receivable is affected by the new accounting standard.

The Group applies the AASB 9 simplified approach to measure ECLs on fee and commission receivable. Under this approach, the credit losses expected over the life of receivables are recognised in the consolidated statement of financial position at each reporting date.

Credit loss allowances related to fee and commission receivables are included in the Consolidated Statement of Profit and Loss and Other Comprehensive Income under "Operating, brokers' support service and other expenses".

The application of AASB 9 resulted in additional impairment losses on trade and other receivables of \$0.3m (\$0.2m net of tax and non-controlling interests).

(c) Derecognition

The derecognition rules have been transferred from AASB 139 and remain largely unchanged.

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

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

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES continued

	Impact of adopting AASB 15 at 1 July 2018 ($ '000)
Non-current assets	
Increase in deferred tax assets	6,421
Current liabilities	
Increase in deferred income – claims handling	21,480
Equity	
Decrease in opening retained earnings	12,330
Decrease in non-controlling interests	2,815
Expenses	
Decrease in income tax expense	86

The following tables summarise the impacts of adopting AASB 15 on the Group's statement of financial position as at 30 June 2019 and its consolidated statement of profit or loss and other comprehensive income for the year then ended for each of the line items affected. There was no material impact on the Group's statement of cash flows for the year ended 30 June 2019.

Impact on the consolidated statement of financial position

As at 30 June 2019	As reported $'000	Adjustments $'000	Amounts without adoption of AASB 15 $'000
ASSETS			
Total current assets	792,541	-	792,541
Investments in associates	112,582	239	112,821
Interest in joint ventures	15,677	21	15,698
Deferred tax assets / (liabilities)	7,358	(6,889)	469
Others	1,229,039	(1,373)	1,227,666
Total non-current assets	1,364,656	(8,002)	1,356,654
Total assets	2,157,197	(8,002)	2,149,195
LIABILITIES			
Trade and other liabilities (including deferred income – claims handling)	99,232	(23,326)	75,906
Others	575,372	-	575,372
Total current liabilities	674,604	(23,326)	651,278
Total non-current liabilities	387,341	-	387,341
Total liabilities	1,061,945	(23,326)	1,038,619
Net assets	1,095,252	15,324	1,110,576
EQUITY			
Retained earnings	37,859	12,502	50,361
Non-controlling interests	79,786	2,822	82,608
Others	977,607	-	977,607
Total equity	1,095,252	15,324	1,110,576

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES continued

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

For the year ended 30 June 2019	As reported $'000	Adjustments $'000	Amounts without adoption of AASB 15 $'000
Fee and commission income	438,976	(116)	438,860
Share of profits of associates	12,522	239	12,761
Share of profits of joint ventures	2,394	21	2,415
Others	(294,633)	-	(294,633)
Income tax expense	(37,425)	35	(37,390)
Profit after income tax expense for the year	121,834	179	122,013
Other comprehensive income	1,508	-	1,508
Total comprehensive income for the year, net of tax	123,342	179	123,521
Profit for the year is attributable to:			
Non-controlling interests	17,989	7	17,996
Owners of Steadfast Group Limited	103,845	172	104,017
	121,834	179	122,013
Total comprehensive income for the year is attributable to:			
Non-controlling interests	17,989	7	17,996
Owners of Steadfast Group Limited	105,353	172	105,525
	123,342	179	123,521

(iii) These changes in relation to share-based payment transactions are not expected to have a significant financial impact on the Group.

II. Comparative balances

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

The following table summarises the impact of change as at 30 June 2018.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES continued

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

There was no impact on the consolidated statement of profit or loss and other comprehensive income.

III. Rounding

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

C. PRINCIPLES OF CONSOLIDATION

I. Business combinations

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

II. Subsidiaries

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

III. Non-controlling interests

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

IV. Loss of control

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

V. Interests in equity-accounted investees

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

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

VI. Transactions eliminated on consolidation

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES continued

D. REVENUE RECOGNITION

Revenue is recognised as the Group provides services. Revenue is recognised to the extent that there is no future performance obligation. Where there is a future performance obligation, a portion is deferred over the expected service period.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract. The Group's revenue does not have a significant financing component so the transaction (invoice) price is considered to be their amortised cost.

The Group's revenue is disaggregated by major products and services, which is consistent with the revenue information by reportable segment as disclosed in Note 4.

The Group recognises revenue on contract assets when service is provided, which is generally at the point in time when the invoice is raised resulting in a recognition of a receivable. In general, it is possible that there is a short time lag between invoice date and policy inception date. Following a detailed review, it was determined that revenue is generally recognised in the same month that work is undertaken, and any revenue earned but not invoiced would be immaterial.

I. Fee and commission income

The Group retains a portion of the policy premiums as fee and commission income. Premiums are typically collected on an annual basis, at or near invoice date (which could be up to 90 days from contract inception). In some cases, customers are offered to pay in instalments or are directed to a third-party premium credit provider.

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. Where there is a future obligation to provide claims handling services, a portion of the commission income is deferred over the expected service period.

The Group utilises the practical expedient in AASB 15 to recognise the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity would have recognised is one year or less.

II. Professional services fees

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

III. Premium funding income

Fees on premium funding loans are recognised as revenue as performance obligations are satisfied. A portion of the fee is recognised upfront for the performance of loan origination services while the remaining portion relating to servicing activities is recognised on a monthly basis over the life of the loans.

IV. Claims experience benefit

The Group may receive a claims experience benefit payment or payments in respect of certain types of insurance purchased by the Group for the benefit of the Network. 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 reliably measured.

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.

V. Other revenue

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES continued

E. TAXATION

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

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

F. CASH AND CASH EQUIVALENTS

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

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

G. TRADE AND OTHER RECEIVABLES

Trade and other receivables includes fee and commission receivable net of the associated expected credit loss (ECL) provision, as well as other receivables.

H. PREMIUM FUNDING RECEIVABLE

Premium funding receivable represents the amount due from clients in the Group's premium funding businesses net of the associated expected credit loss (ECL) provision. Funds are collected on a monthly instalment basis and generally within twelve months of the loan issuance date.

I. PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses. The carrying value of property, plant and equipment is periodically reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in consolidated statement of profit or loss and other comprehensive income.

J. 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.

Internally developed software costs are capitalised once the project is assessed to be feasible. The costs capitalised include licensing and direct labour costs. The useful lives of capitalised software assets are assessed when the projects are completed and available for use.

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

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

K. PREMIUM FUNDING BORROWINGS

The Group's premium funding borrowings are loans from third party financial institutions to finance the premium funding businesses. These loans have recourse to the assets of the premium funding businesses only and are not cross-collateralised with the other borrowings in the Group. Premium funding borrowings are classified as either a current or non-current liability depending on the agreement expiry dates with the relevant third party financial institutions.

L. PAYABLES ON BROKING/UNDERWRITING AGENCY OPERATIONS

These amounts represent insurance premiums payable to insurance companies for broking/underwriting agency operations on amounts received from customers (policyholders) prior to the end of the financial period.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES continued

M. HEDGE ACCOUNTING

Hedge accounting is applied when the Group designates certain derivatives to be part of a hedging relationship, and they meet the criteria for hedge accounting.

The Group uses cash flow hedges to mitigate the risk of variability of future cash flows attributable to interest rate fluctuations associated with the corporate debt facility. For cash flow hedges, the portion of the gain or loss on the hedge instrument that is effective is recognised directly in equity, while the ineffective portion is recognised in profit or loss. Amounts deferred in equity are transferred to profit or loss in the same period the hedged item is recognised in the profit or loss.

N. AUSTRALIAN ACCOUNTING STANDARDS ISSUED AND NOT YET EFFECTIVE

The Group has not early adopted and applied any new, revised or amending Australian Accounting Standards and Interpretations that are not yet mandatory for the year ended 30 June 2019.

The Group intends to adopt new, revised or amending Australian Accounting Standards and Interpretations in the operating year commencing 1 July after the effective date of these standards and interpretations as set out in the table below. Additional disclosures as result of adopting these new accounting standards will be provided in accordance with the disclosure requirements. The Group does not expect any adverse impact to financial covenants as a result of applying the new accounting standards.

Title	Description	Effective date	Operating year	Note
AASB 16	Leases	1 January 2019	30 June 2020	(i)
AASB 17	Insurance Contracts	1 January 2021	30 June 2022	(ii)
AASB 2014-5	Amendments to Australian Accounting Standards arising from AASB 15	1 January 2019	30 June 2020	(iii)
AASB 2014-10	Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2021	30 June 2022	(iii)
AASB 2016-3	Amendments to Australian Accounting Standards – Clarifications to AASB 15	1 January 2019	30 June 2020	(iii)
AASB 2017-4	Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments	1 January 2019	30 June 2020	(iii)
AASB 2018-6	Amendments to Australian Accounting Standards – Definition of a Business	1 January 2020	30 June 2021	(iii)
AASB 2018-7	Amendments to Australian Accounting Standards – Definition of Material	1 January 2020	30 June 2021	(iii)
AASB 2017-7	Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures	1 January 2019	30 June 2020	(iii)

Table notes

(i) AASB 16 *Leases* replaces AASB 117 *Leases* and related interpretations. It introduces a single accounting model for lessees, requiring the Group to recognise substantially all of its current operating lease commitments in the statement of financial position as right-of-use assets and lease liabilities. AASB 16 substantially carries forward the lessor accounting requirements in AASB 117.

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 on 1 July 2019, there will be:

- right-of-use assets and the corresponding lease liabilities;
- front-loaded lease expense comprising interest and depreciation expenses; and
- reclassification of cash flows in the consolidated statement of cash flows.

Based on operating lease commitments as at 30 June 2019, the application of the modified retrospective approach under paragraph C8(b)(i) would have had the following estimated impacts on the consolidated statement of financial position on 30 June 2019 if the Group had been required to apply the new standard on that date:

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES continued

- $48 million increase in lease liability measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate;
- $40 million increase in right-of-use asset measured at its carrying amount as if the new standard had been applied since the commencement date of the lease, discounted using the Group's incremental borrowing rate;
- $2 million increase in deferred tax asset; and
- $6 million impact on retained earnings.

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

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

(iii) At the date of reporting, the impact of the Australian Accounting Standards issued and not yet effective had not been determined. The Group does not expect the implementation of the amendments to have a material impact on the Group.

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 various other 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 2019 are discussed below.

A. FAIR VALUE OF ASSETS ACQUIRED

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

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

B. 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 is determined, including the valuation technique and inputs used. For the Group's financial assets and liabilities not measured at fair value, their carrying amount provides a reasonable approximation of their fair values.

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

NOTE 3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS continued

C. DEFERRED CONSIDERATION

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

D. GOODWILL

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

The recoverable amount of goodwill is estimated using the higher of fair value or the value in use of the relevant Cash Generating Unit (CGU) deducting the carrying amount of the identifiable net assets of the CGU. Key assumptions used in the calculation of recoverable amounts are the discount rates, terminal value growth rates and inputs to revenue and expense growth assumptions.

E. INTANGIBLE ASSETS

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

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

F. EQUITY-ACCOUNTED INVESTMENTS

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

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

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

G. ESTIMATION OF USEFUL LIVES OF ASSETS

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

H. RECOVERY OF DEFERRED TAX ASSETS

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

I. DEFERRED REVENUE FOR CLAIMS HANDLING

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

J. EXPECTED CREDIT LOSS PROVISION

The expected credit loss provision is estimated based on the analysis of aged receivables, as the Group assumes that the credit risk on fee and commission receivable increases significantly if it is more than 90 days past due, as well as based on assumptions made on forward-looking information. For the premium funding businesses, the expected credit loss provision is based on historical analysis of credit losses for loans in arrears.

NOTE 4. OPERATING SEGMENTS

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

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

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

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

NOTE 4. OPERATING SEGMENTS continued

2019	Insurance intermediary $'000	Other $'000	Total underlying $'000	Re-classification $'000	Non-trading items[i] $'000	Total statutory $'000
Fee and commission income	583,446	-	583,446	(144,470)	-	438,976
Professional services fees	80,354	3,068	83,422	3,948	-	87,370
Premium funding income*	10,613	-	10,613	-	-	10,613
Interest income	8,850	16	8,866	-	(33)	8,833
Share of profits from associates and joint ventures	14,382	(119)	14,263	653	-	14,916
Other revenue	1,972	(56)	1,916	764	15,051	17,731
Revenue	699,617	2,909	702,526	(139,105)	15,018	578,439
Less: share of profits from associates and joint ventures	(14,382)	119	(14,263)	(653)	-	(14,916)
Revenue – consolidated entities	685,235	3,028	688,263	(139,758)	15,018	563,523
Employment expenses	(216,899)	(5,930)	(222,829)	(17,841)	-	(240,670)
Occupancy expenses	(18,758)	(174)	(18,932)	-	-	(18,932)
Other expenses	(277,206)	(936)	(278,142)	164,105	-	(114,037)
Expenses – Consolidated entities	(512,863)	(7,040)	(519,903)	146,264	-	(373,639)
EBITA – consolidated entities	172,372	(4,012)	168,360	6,506	15,018	189,884
Share of EBITA from associates and joint ventures	25,016	(47)	24,969	157	-	25,126
EBITA before non-trading items and adjustments for investment in listed securities	197,388	(4,059)	193,329	6,663	15,018	215,010
Investment in listed securities						
Dividends received	95	-	95	(95)	-	-
Mark to market adjustments	725	-	725	(725)	-	-
EBITA	198,208	(4,059)	194,149	5,843	15,018	215,010
Finance costs						
Consolidated entities	(14,125)	-	(14,125)	-	-	(14,125)
Associates and joint ventures	(485)	-	(485)	-	-	(485)
Amortisation expense						
Consolidated entities	(22,401)	(3,329)	(25,730)	(5,686)	-	(31,416)
Associates and joint ventures	(2,846)	(72)	(2,918)	(157)	-	(3,075)
Income tax benefit / (expense)						
Consolidated entities	(38,052)	1,369	(36,683)	(653)	(89)	(37,425)
Associates and joint ventures	(7,303)	-	(7,303)	653	-	(6,650)
Net profit after tax	112,996	(6,091)	106,905	-	14,929	121,834
Non-controlling interests	(17,708)	-	(17,708)	-	(281)	(17,989)
Net profit after income tax attributable to owners of Steadfast Group Limited (NPAT)	95,288	(6,091)	89,197	-	14,648	103,845

* Premium funding income is recognised as premium funding businesses became subsidiaries of the Group.

NOTE 4. OPERATING SEGMENTS continued

2018	Insurance intermediary $'000	Other $'000	Total underlying $'000	Re-classification $'000	Non-trading items[i] $'000	Total statutory $'000
Fee and commission income	492,387	-	492,387	(123,439)	-	368,948
Professional services fees	63,702	2,765	66,467	4,162	-	70,629
Interest income	7,045	7	7,052	-	508	7,560
Share of profits from associates and joint ventures	13,637	322	13,959	535	-	14,494
Other revenue	803	305	1,108	1,679	3,685	6,472
Revenue	577,574	3,399	580,973	(117,063)	4,193	468,103
Less: share of profits from associates and joint ventures	(13,637)	(322)	(13,959)	(535)	-	(14,494)
Revenue – consolidated entities	563,937	3,077	567,014	(117,598)	4,193	453,609
Employment expenses	(181,761)	(2,965)	(184,726)	(14,820)	(577)	(200,123)
Occupancy expenses	(16,130)	(328)	(16,458)	-	-	(16,458)
Other expenses	(225,336)	(991)	(226,327)	136,914	(2,449)	(91,862)
Expenses – Consolidated entities	(423,227)	(4,284)	(427,511)	122,094	(3,026)	(308,443)
EBITA – consolidated entities	140,710	(1,207)	139,503	4,496	1,167	145,166
Share of EBITA from associates and joint ventures	24,028	539	24,567	135	316	25,018
EBITA before non-trading items and adjustments for investment in listed securities	164,738	(668)	164,070	4,631	1,483	170,184
Investment in listed securities						
Dividends received	-	-	-	-	-	-
Mark to market adjustments	1,500	-	1,500	(1,500)	-	-
EBITA	166,238	(668)	165,570	3,131	1,483	170,184
Finance costs						
Consolidated entities	(9,995)	-	(9,995)	-	-	(9,995)
Associates and joint ventures	(580)	(3)	(583)	-	-	(583)
Amortisation expense						
Consolidated entities	(19,703)	(2,301)	(22,004)	(2,996)	-	(25,000)
Associates and joint ventures	(3,143)	(72)	(3,215)	(135)	(316)	(3,666)
Income tax benefit / (expense)						
Consolidated entities	(35,014)	980	(34,034)	(535)	255	(34,314)
Associates and joint ventures	(6,667)	(143)	(6,810)	535	-	(6,275)
Net profit after tax	91,136	(2,207)	88,929	-	1,422	90,351
Non-controlling interests	(13,967)	-	(13,967)	-	(530)	(14,497)
Net profit after income tax attributable to owners of Steadfast Group Limited (NPAT)	77,169	(2,207)	74,962	-	892	75,854

NOTE 4. OPERATING SEGMENTS continued

Table notes

	2019			2018		
	Insurance intermediary $'000	Other $'000	Total $'000	Insurance intermediary $'000	Other $'000	Total $'000
(i) Non-trading items						
Breakdown of non-trading income adjustment:						
Net gain from sale of investments in subsidiaries and associates	2,086	-	2,086	480	-	480
Net gain/(loss) on re-estimation and settlement of deferred consideration*	(110)	-	(110)	3,275	-	3,275
Reversal of deemed interest costs on interest-free executive loans	(33)	-	(33)	508	-	508
Net gain/(loss) on fair value of investments in subsidiaries	12,853	-	12,853	(70)	-	(70)
Other income	222	-	222	-	-	-
	15,018	-	15,018	4,193	-	4,193
Breakdown of non-trading expenses adjustment:						
Impairment loss (Note 7F)*	-	-	-	(2,372)	-	(2,372)
Non-recurring redundancy costs	-	-	-	(577)	-	(577)
Other expenses	-	-	-	(77)	-	(77)
	-	-	-	(3,026)	-	(3,026)

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

Total non-trading items:						
Non-trading revenue	15,018	-	15,018	4,193	-	4,193
Non-trading expenses	-	-	-	(3,026)	-	(3,026)
Total non-trading items:	15,018	-	15,018	1,167	-	1,167
Income tax benefit/(expense)	(89)	-	(89)	255	-	255
Non-controlling interests	(281)	-	(281)	(530)	-	(530)
Total non-trading items to NPAT	14,648	-	14,648	892	-	892

NOTE 5. EARNINGS PER SHARE

	2019 Cents	2018 Cents
A. REPORTING PERIOD VALUE		
Basic earnings per share	**13.16**	9.87
Diluted earnings per share	**13.12**	9.83
If non-trading items were removed, the underlying earnings per share would be as follows:		
Basic earnings per share	**11.30**	9.75
Diluted earnings per share	**11.27**	9.71

	2019 $'000	2018 $'000
B. RECONCILIATION OF EARNINGS USED IN CALCULATING EARNINGS PER SHARE		
Profit after income tax	**121,834**	90,351
Non-controlling interests	**(17,989)**	(14,497)
Profit after income tax attributable to the owners of Steadfast Group Limited for calculation of statutory basic and diluted earnings per share	**103,845**	75,854
Removing non-trading items:		
Income	**(15,018)**	(4,193)
Expenses	**-**	3,026
Income tax expense/(benefit)	**89**	(255)
Non-controlling interests (net of tax)	**281**	530
Profit after income tax attributable to the owners of Steadfast Group Limited for calculation of underlying basic and diluted earnings per share	**89,197**	74,962

	2019 Number in '000	2018 Number in '000
C. RECONCILIATION OF WEIGHTED AVERAGE NUMBER OF SHARES USED IN CALCULATING EARNINGS PER SHARE		
I. Weighted average number of ordinary shares issued		
Weighted average number of ordinary shares issued	**793,036**	772,884
Weighted average number of treasury shares held in trust	**(3,973)**	(3,982)
Weighted average number of ordinary shares used in calculating basic earnings per share	**789,063**	768,902
II. Weighted average number of dilutive potential ordinary shares related to		
Weighted average number of ordinary shares	**789,063**	768,902
Effect of share-based payments arrangements[a]	**2,579**	1,811
Effect of deemed bonus shares on share options[b]	**-**	1,245
Weighted average number of ordinary shares used in calculating diluted earnings per share	**791,642**	771,958

NOTE 5. EARNINGS PER SHARE continued

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 cost and no consideration will be paid on conversion to Steadfast's ordinary shares. These arrangements have a dilutive effect to the basic earnings per share (EPS).

(b) 3.000 million share options were issued to a member of key management personnel of an acquired business in 2013 with an exercise price of $1.00 per share. The share options were exercised on 25 February 2018. Because the average share price up to 25 February 2018 exceeded the exercise price, 1.245 million shares were deemed to be bonus shares in the year to June 2018.

NOTE 6. DIVIDENDS

	Cents per share	Total amount $'000	Payment date	Tax rate for franking credit	Percentage franked
A. DIVIDENDS ON ORDINARY SHARES					
2019					
2019 interim dividend	**3.2**	**25,377**	**21 March 2019**	**30%**	**100%**
2018 final dividend	**4.7**	**37,272**	**20 September 2018**	**30%**	**100%**
2018					
2018 interim dividend	2.8	22,206	22 March 2018	30%	100%
2017 final dividend	4.4	32,989	13 October 2017	30%	100%

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

The dividends recognised in the current reporting period include $0.252 million (2018: $0.283 million) paid in relation to treasury shares held in a trust controlled by the Group. All the treasury shares participate in the Dividend Reinvestment Plan (DRP).

B. DIVIDEND POLICY

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

C. DIVIDEND REINVESTMENT

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

D. DIVIDEND NOT RECOGNISED AT REPORTING DATE

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

	Cents per share	Total amount $'000	Expected payment date	Tax rate for franking credit	Percentage franked
2019 final dividend	**5.3**	**42,031**	**20 September 2019**	**30%**	**100%**

The Company's DRP will operate by issuing ordinary shares to participants. No discount will be applied. The last election notice for participation in the DRP in relation to this final dividend is 27 August 2019.

NOTE 6. DIVIDENDS continued

	2019 $'000	2018 $'000
E. FRANKING CREDITS		
Franking account balance at reporting date at 30%	33,764	38,851
Franking credits to arise from payment of income tax payable/(refundable)	(6,573)	(2,727)
Franking credits available for future reporting periods	27,191	36,124
Franking account impact of dividends declared before issuance of financial report but not recognised at reporting date	(18,013)	(15,974)
Franking credits available for subsequent financial periods based on a tax rate of 30%	9,178	20,150

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 relating to the parent entity at the reporting date;
- franking debits that will arise from the payment of dividends not recognised as a liability at the reporting date; and
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

NOTE 7. INTANGIBLE ASSETS AND GOODWILL

	Customer relationships $'000	Capitalised software $'000	Other intangible assets $'000	Total intangible assets $'000	Goodwill $'000
2019					
A. COMPOSITION					
At cost	**278,311**	**37,873**	**8,031**	**324,215**	**952,451**
Accumulated amortisation and impairment	**(114,183)**	**(10,783)**	**(6,043)**	**(131,009)**	**(6,953)**
	164,128	**27,090**	**1,988**	**193,206**	**945,498**
B. MOVEMENTS					
Balance at the beginning of the financial year	**148,048**	**20,960**	**2,652**	**171,660**	**816,246**
Additions	**68**	**11,934**	**116**	**12,118**	**-**
Additions through business combinations	**42,963**	**-**	**-**	**42,963**	**132,798**
Reduction upon loss of control	**(2,168)**	**-**	**-**	**(2,168)**	**(3,707)**
Amortisation expense – acquired intangibles	**(24,836)**	**(114)**	**(780)**	**(25,730)**	**-**
Amortisation expense – developed intangibles	**-**	**(5,686)**	**-**	**(5,686)**	**-**
Net foreign currency exchange difference	**53**	**(4)**	**-**	**49**	**161**
Balance at the end of the financial year	**164,128**	**27,090**	**1,988**	**193,206**	**945,498**
2018					
C. COMPOSITION					
At cost	237,927	25,939	7,915	271,781	823,058
Accumulated amortisation and impairment	(89,879)	(4,979)	(5,263)	(100,121)	(6,812)
	148,048	20,960	2,652	171,660	816,246
D. MOVEMENTS					
Balance at the beginning of the financial year	139,479	12,348	3,163	154,990	717,397
Additions	-	11,834	99	11,933	-
Additions through business combinations	31,469	-	-	31,469	108,203
Reduction upon loss of control	(1,661)	-	104	(1,557)	(7,015)
Amortisation expense – acquired intangibles	(21,064)	(226)	(714)	(22,004)	-
Amortisation expense – developed intangibles	-	(2,996)	-	(2,996)	-
Impairment	(154)	-	-	(154)	(2,218)
Net foreign currency exchange difference	(21)	-	-	(21)	(121)
Balance at the end of the financial year	148,048	20,960	2,652	171,660	816,246
E. AMORTISATION RATES PER ANNUM	10.0%-33.3%	20.0%-100.0%	20.0%-33.3%		

NOTE 7. INTANGIBLE ASSETS AND GOODWILL continued

F. IMPAIRMENT TESTING OF IDENTIFIABLE INTANGIBLE ASSETS AND GOODWILL

The Group performs impairment testing for all goodwill on an annual basis and for any identifiable intangibles that have impairment indicators. For the year ended 30 June 2019, the Group recognised an impairment provision of nil (2018: $2.372 million). Impairment losses for each category of intangible assets are shown in Section D above. The impairments in the prior year related to acquisitions for which there was also a downward revision of deferred consideration (earnout) payments. When assessing the recoverable amount of customer relationships, the Group considered client retention rates and current market conditions to determine both fair value and value in use of each asset.

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

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

- value in use – a discounted cash flow model, based on a five-year projection of 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 of acquired intangible assets (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:

	2019 %	2018 %
Post tax discount rates[a]	**10.0% to 11.0%**	10.1% to 11.1%
Pre-tax discount rates	**13.5% to 15.9%**	13.7% to 15.9%
Revenue growth rate – one year to five years extrapolation	**4.0% to 6.7% per annum**	4.0% to 6.5% per annum
Long-term revenue growth rate[b]	**3.25% per annum**	3.25% per annum

(a) Post tax discount rates reflect the Group's weighted average cost of capital (WACC), adjusted for additional risks specific to each CGU. The WACC takes into account market risks, size of the business, current borrowing interest rates, borrowing capacity of the businesses and the risk free rate. External advice has been sought in relation to the determination of appropriate discount rates to be used.

(b) The Group considers that a long-term revenue growth rate of 3.25% is appropriate, based on the current market conditions and historical Gross Written Premium (GWP) trends.

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

NOTE 8. BORROWINGS

The Group has two types of borrowings, as follows:

(i) Bank loans and lines of credit in corporate and subsidiaries for the purpose of carrying out the Group's principal activities including the distribution of insurance policies via insurance brokerages and underwriting agencies and related services, as well as acquisitions and bolt-ons. These loans are secured against the Group's assets, excluding IQumulate Premium Funding Pty Ltd (formerly Macquarie Premium Funding Pty Limited).

(ii) Loans to finance the premium funding businesses (predominantly IQumulate Premium Funding Pty Ltd). These loans have recourse to the assets of the premium funding business.

These two lines of loans are not cross-collateralised, and therefore are shown separately.

A. CORPORATE AND SUBSIDIARIES' BORROWINGS

	2019 $'000	2018 $'000
I. BANK LOANS		
Current	**25,707**	1,055
Non-current	**311,543**	218,985
	337,250	220,040
Capitalised transaction costs	**(311)**	(800)
	336,939	219,240
II. BANK FACILITIES AVAILABLE		
a. Bank facilities drawn down or applied		
Bank loans – corporate facility	**290,654**	171,500
Bank loans – subsidiaries	**46,596**	48,540
Lines of credit – corporate facility	**3,874**	4,241
Lines of credit – subsidiaries	**3,781**	-
	344,905	224,281
b. Bank facilities not drawn down or applied		
Bank loans – corporate facility	**88,346**	107,500
Bank loans – subsidiaries	**1,142**	598
Lines of credit – corporate facility	**2,126**	1,759
Lines of credit – subsidiaries	**7,294**	1,075
	98,908	110,932
c. Total bank facilities available		
Bank loans	**426,738**	328,138
Lines of credit	**17,075**	7,075
	443,813	335,213

III. CORPORATE FACILITY DETAILS

As at 30 June 2019:

- the Company had a $385.000 million multibank syndicated facility (corporate facility) with Macquarie Bank and ANZ Banking Group (2018: $285.000 million); and
- $290.654 million of the $385.000 million facility had been drawn down together with $3.874 million for bonds and rental guarantees, which left $90.472 million available in the corporate facility for future drawdowns (30 June 2018: $109.259 million).

NOTE 8. BORROWINGS continued

IV. KEY TERMS AND CONDITIONS OF CORPORATE FACILITIES

The $285.000 million corporate facility negotiated in August 2015 was increased by $100.000 million to $385.000 million in October 2018.

As at 30 June 2019, the maturity date of the whole facility was August 2020. Subsequent to balance date, the date has been extended to August 2021. Other key terms of the facility continue to be:

- variable interest rate – based on BBSY plus a margin; and
- the facility is guaranteed by certain wholly-owned subsidiaries and is secured over all of the present and after acquired property of the Company and the guarantors (other than certain excluded property), which is standard in facilities of this nature.

B. PREMIUM FUNDING BORROWINGS

	2019 $'000	2018 $'000
I. PREMIUM FUNDING BORROWINGS		
Premium funding borrowings	4,009	-
Less: capitalised transaction costs	(625)	-
	3,384	-
II. PREMIUM FUNDING BORROWINGS AVAILABLE		
Premium funding borrowings drawn down or applied	3,384	-
Premium funding borrowings not drawn down or applied	504,594	-
	507,978	-

The premium funding borrowings are loans from third party financial institutions to finance the premium funding businesses of the Group, predominantly IQumulate.

The key terms and conditions of the IQumulate premium funding borrowings as at 30 June 2019 were as follows:

- two Australian Dollar (AUD) facilities for $480.000 million and $10.000 million, and a New Zealand Dollar (NZD) facility for $25.000 million;
- the maturity date of all facilities is 31 July 2020;
- variable interest rate – AUD facilities and NZD facility based on BBSY (Bank Bill Swap Bid Rate) and BKBM (Bank Bill Benchmark Rate) respectively plus a margin; and
- recourse to the assets of IQumulate only and are not cross-collateralised with other borrowings in the Group.

NOTE 8. BORROWINGS continued

C. RECONCILIATION OF MOVEMENTS OF LIABILITIES AND CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Bank loans – corporate facility $'000	Bank loans – subsidiaries $'000	Premium funding borrowings $'000	Total borrowings $'000
2019				
Balance at the beginning of the financial period	170,700	48,540	-	219,240
Proceeds from borrowings	138,154	220	-	138,374
Repayment of borrowings	(19,000)	(4,411)	-	(23,411)
Acquisitions	-	2,247	3,384	5,631
Unwind capitalised transaction costs	489	-	-	489
Balance at the end of the financial period	290,343	46,596	3,384	340,323

	Bank loans – corporate facility $'000	Bank loans – subsidiaries $'000	Premium funding borrowings $'000	Total borrowings $'000
2018				
Balance at the beginning of the financial period	173,265	32,675	-	205,940
Proceeds from borrowings	58,500	17,976	-	76,476
Repayment of borrowings	(61,000)	(2,111)	-	(63,111)
Unwind capitalised transaction costs	(65)	-	-	(65)
Balance at the end of the financial period	170,700	48,540	-	219,240

D. BORROWING BY ASSOCIATES AND JOINT VENTURES

As at 30 June 2019, the Group's associates and joint ventures had a total of $35.370 million (2018: $35.190 million) of bank borrowings (including bank overdrafts and loans).

As the associates and joint ventures are equity-accounted, these borrowings are not included in the Group consolidated statement of financial position. The Group's proportionate share of the associates' and joint ventures' bank borrowings is $14.776 million (2018: $15.530 million). Refer Note 12C and Note 13C for summarised financial information of associates and joint ventures.

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

	2019 Number of shares '000	2018 Number of shares '000	2019 $'000	2018 $'000
A. SHARE CAPITAL				
Reconciliation of movements				
Balance at the beginning of the financial year	**793,036**	749,752	**912,347**	796,857
Shares issued under the institutional and retail share placement	**-**	38,158	**-**	107,762
Shares issued to Whitbread/Axis vendors	**-**	2,126	**-**	6,016
Shares issued for call option exercised by key management member of acquired business	**-**	3,000	**-**	3,000
Less: transaction costs (and adjustments thereto), net of income tax	**-**	-	**170**	(1,288)
Balance at the end of the financial year	**793,036**	793,036	**912,517**	912,347

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

	2019 Number of shares '000	2018 Number of shares '000	2019 $'000	2018 $'000
B. TREASURY SHARES HELD IN TRUST				
Reconciliation of movements				
Balance at the beginning of the financial year	**4,002**	4,144	**7,728**	7,014
Shares allocated to employees	**(1,274)**	(914)	**(1,775)**	(1,368)
Shares acquired	**1,207**	668	**3,685**	1,799
Shares allotted through the Dividend Reinvestment Plan	**82**	104	**252**	283
Balance at the end of the financial year	**4,017**	4,002	**9,890**	7,728

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

C. CAPITAL RISK MANAGEMENT

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

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

The Group monitors capital on the basis of total gearing ratio excluding premium funding borrowings, as these borrowings are only securitised against the assets of the premium funder. The total gearing ratio is calculated as total borrowings of the Company and its subsidiaries divided by total equity and total borrowings of the Company and its subsidiaries. Currently the Group's total maximum gearing ratio determined by the Board is 30.0% excluding premium funding borrowings. The total gearing ratio has been calculated both including and excluding the premium funding borrowings as follows:

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

	Note	2019 $'000	2018 $'000	Maximum Board approved
Total borrowings of the Company and its subsidiaries (excluding premium funding borrowings)	8	**344,905**	224,281	
Total Group equity		**1,095,252**	1,056,979	
Total Group equity and total borrowings of the Company and its subsidiaries		**1,440,157**	1,281,260	
Total gearing ratio excluding premium funding borrowings		**23.9%**	17.5%	30.0%
Total borrowings of the Company and its subsidiaries (including premium funding borrowings)	8	**348,914**	224,281	
Total Group equity		**1,095,252**	1,056,979	
Total Group equity and total borrowings of the Company and its subsidiaries		**1,444,166**	1,281,260	
Total gearing ratio including premium funding borrowings		**24.2%**	17.5%	

D. NATURE AND PURPOSE OF RESERVES

I. Foreign currency translation reserve

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

II. Share-based payments reserve

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

III. Other reserves

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

IV. Undistributed profits reserve

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

NOTE 10. BUSINESS COMBINATIONS

ACQUISITIONS FOR THE YEAR ENDED 30 JUNE 2019

During the year ended 30 June 2019, the Group completed a number of acquisitions in accordance with its strategy.

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

ACQUISITION OF SUBSIDIARIES

The following tables provide:

- detailed information for the acquisition of Community Broker Network Pty Ltd (CBN) during the year; and
- aggregated information for eight other acquired businesses (Other acquisitions).

Note 10F contains a list of subsidiaries acquired and the respective ownership interests.

A. CONSIDERATION PAID/PAYABLE

2019	CBN $'000	Other acquisitions $'000	Total $'000
Cash	45,000	40,292	85,292
Deemed consideration[(a)]	-	45,656	45,656
Deferred consideration[(b)]	17,760	29,587	47,347
Total	62,760	115,535	178,295

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

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

- $15.257 million of deferred consideration for which the maximum amount of payment is not capped;
- $31.868 million of deferred consideration which is capped; and
- $0.222 million of deferred consideration which is fixed.

NOTE 10. BUSINESS COMBINATIONS continued

B. IDENTIFIABLE ASSETS AND LIABILITIES ACQUIRED

2019	CBN $'000	Other acquisitions $'000	Total $'000
Cash and cash equivalents[a]	57,979	33,231	91,210
Trade and other receivables[b]	3,909	48,645	52,554
Property, plant and equipment	439	2,302	2,741
Deferred tax assets	1,116	7,772	8,888
Identifiable intangibles	9,449	33,514	42,963
Other assets	4,626	8,067	12,693
Trade and other payables	(54,241)	(51,255)	(105,496)
Income tax payable	798	(2,473)	(1,675)
Provisions	(3,832)	(2,763)	(6,595)
Deferred tax liabilities	(2,978)	(10,875)	(13,853)
Other liabilities	(388)	(31,320)	(31,708)
Total net identifiable assets acquired	16,877	34,845	51,722

(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

2019	CBN $'000	Other acquisitions $'000	Total $'000
Total consideration paid/payable	62,760	115,535	178,295
Total net identifiable assets acquired	(16,877)	(34,845)	(51,722)
Non-controlling interests acquired	-	6,225	6,225
Goodwill on acquisition*	45,883	86,915	132,798

* 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.

2019	CBN $'000	Other acquisitions $'000	Total $'000
Revenue	10,818	40,556	51,374
EBITA	860	12,530	13,390
NPATA	619	8,677	9,296
Profit after income tax	(45)	8,129	8,084

If the acquisitions of subsidiaries occurred on 1 July 2018, the Group's revenue for the year ended 30 June 2019 would increase from $578.439 million to $616.551 million and profit after income tax would increase from $121.834 million to $126.922 million.

NOTE 10. BUSINESS COMBINATIONS continued

E. ACQUISITION-RELATED COSTS

The Group incurred acquisition-related costs, including stamp duty and legal fees, for business interests acquired during the year ended 30 June 2019.

F. SUBSIDIARIES ACQUIRED

The table below outlines all the subsidiaries acquired during the year ended 30 June 2019. It includes some entities in which the Group had a prior equity interest and that became subsidiaries following internal restructuring.

Name of subsidiary acquired	Table note	Ownership interest as at 30 June 2019 %
Abbott NZ Holdings Limited	(i)	65.48
Aus Funding Solutions Pty Ltd	(ii)	80.00
Community Broker Network Pty Ltd (formerly National Adviser Services Pty Ltd) and its subsidiaries		100.00
HMIA Pty Ltd		95.00
IQumulate Premium Funding Pty Ltd (formerly Macquarie Premium Funding Pty Limited)	(iii)	100.00
JPI Insurance Brokers Pty Ltd	(iv)	100.00
Lanyon Partners Consolidated Pty Ltd	(iii)	97.56
Paramount Insurance Brokers Pty Ltd	(iii)	62.50
T&G Insurance Brokers Pty Ltd and its subsidiary		80.00

Table notes

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

(ii) The Group acquired 80% of Aus Funding Solutions Pty Ltd, a Premium Funding business.

(iii) During the year the Group acquired additional shares in Lanyon Partners Consolidated Pty Ltd (Lanyon), Paramount Insurance Brokers Pty Ltd (Paramount) and IQumulate Premium Funding Pty Ltd (IQumulate). As a result, Lanyon, Paramount and IQumulate which were previously associates or joint ventures became subsidiaries of the Group.

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

NOTE 10. BUSINESS COMBINATIONS continued

G. DEFERRED CONSIDERATION RECONCILIATION

The following table shows a reconciliation of movements in deferred consideration for the years ended 30 June 2019 and 30 June 2018.

	2019 $'000	2018 $'000
Balance at the beginning of the financial year	3,946	6,588
Settlement of deferred consideration	(17,389)	(5,047)
Non-cash settlement of deferred consideration	(2)	(83)
Additions from new acquisitions in business combinations	47,347	4,349
Additions from new acquisitions of associates	121	-
Additions from step-up investments	273	1,414
Net (gain)/loss in profit or loss on settlement or reassessment	110	(3,275)
Balance at the end of the financial year	34,406	3,946
Disclosed as:		
Deferred consideration current	28,064	2,822
Deferred consideration non-current	6,342	1,124
Balance at the end of the financial year	34,406	3,946

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

	2019 $'000	2018 $'000
Amount payable is limited	22,108	-
Amount payable is not capped	12,298	3,815
Amount payable is fixed	-	131
	34,406	3,946

NOTE 11. SUBSIDIARIES

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

Name	Country of incorporation	Ownership interest 2019 %	Ownership interest 2018 %
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
Steadfast Group UK Ltd	United Kingdom	**100.00**	100.00
Abbott NZ Holdings Limited and its subsidiaries	New Zealand	**65.48**	-
Austcover Holdings Pty Ltd and its subsidiary	Australia	**50.00**	50.00
Ausure Group Pty Ltd and its subsidiaries	Australia	**50.01**	50.01
Ballyglisheen Pty Ltd (trades as Steel Pacific)	Australia	**60.00**	60.00
Body Corporate Brokers Pty Ltd	Australia	**100.00**	100.00
Capital Insurance (Broking) Group Pty Ltd and Capital Insurance Broking Group Unit Trust and its subsidiaries	Australia	**79.46**	88.35
Centrewest Holdings Pty Ltd and its subsidiaries	Australia	**70.18**	70.18
Community Broker Network Pty Ltd (formerly National Adviser Services Pty Ltd) and its subsidiaries	Australia	**100.00**	-
Consolidated Insurance Agencies Pty Ltd and its subsidiary	Australia	**55.00**	55.00
Corporate Insurance Brokers Ballina (NSW) Pty Ltd	Australia	**100.00**	100.00
G.W.S. Pty Ltd and its subsidiaries	Australia	**62.50**	100.00
Galaxy Insurance Consultants Pte Ltd	Singapore	**73.00**	73.00
Great Wall Insurance Services Pty Ltd	Australia	**67.50**	75.00
ICF (Australia) Pty Ltd and its subsidiary	Australia	**56.25**	100.00
Joe Vella Insurance Brokers Pty Ltd	Australia	**70.00**	70.00
Lanyon Partners Consolidated Pty Ltd	Australia	**97.56**	-
Mega Capital Holdings Pty Ltd and Mega Capital Unit Trust and its subsidiary	Australia	**100.00**	100.00
National Credit Insurance (Brokers) Pty Ltd (incorporating IMC Trade Credit) and its subsidiaries	Australia	**91.20**	87.20
Newmarket Grand West Pty Ltd and its subsidiaries	Australia	**90.00**	90.00
Newmarket Insurance Brokers Pty Ltd	Australia	**100.00**	100.00
Paramount Insurance Brokers Pty Ltd	Australia	**62.50**	-
Phoenix Insurance Brokers Pty Ltd	Australia	**89.00**	89.00
PID Holdings Pty Ltd and its subsidiaries	Australia	**100.00**	100.00
Quattro Risk Services Pty Ltd (formerly Finn Foster & Associates Pty Ltd) and its subsidiaries	Australia	**93.68**	65.60
Resolute Property Protect Pty Ltd	Australia	**100.00**	100.00
RIB Group Holdings Pty Ltd and its subsidiaries (RIB Group)	Australia	**81.08**	81.08
Steadfast Brecknock Insurance Brokers Pty Ltd (formerly Brecknock Insurance Brokers Pty Ltd) and its subsidiaries	Australia	**95.00**	95.00
Steadfast Distribution Services Pte Ltd	Singapore	**100.00**	100.00
Steadfast Hub Pty Ltd	Australia	**62.50**	-

NOTE 11. SUBSIDIARIES continued

Name	Country of incorporation	Ownership interest 2019 %	Ownership interest 2018 %
Steadfast IFS Pty Ltd	Australia	**50.98**	50.98
Steadfast IRS Pty Ltd and its subsidiaries	Australia	**56.25**	100.00
Steadfast NZ Holdings Ltd	New Zealand	**100.00**	100.00
Steadfast NZ Ltd	New Zealand	**100.00**	100.00
Steadfast QIS Pty Ltd (formerly NCA Insurance Services Pty Ltd) and its subsidiary	Australia	**70.91**	61.91
Steadfast Re Pty Ltd	Australia	**50.00**	50.00
Steadfast Taswide Insurance Brokers Pty Ltd and its subsidiaries	Australia	**73.12**	73.12
T&G Insurance Brokers Pty Ltd and its subsidiary	Australia	**80.00**	-
Trident Insurance Group Pty Ltd and its subsidiary	Australia	**80.00**	60.00
VBIH Pty Ltd and its subsidiary	Australia	**80.00**	80.00
Webmere Pty Ltd and its subsidiaries	Australia	**88.00**	77.00
Whitbread Life Pty Ltd	Australia	**100.00**	100.00
Whitbread Holdings Pty Ltd and its subsidiary	Australia	**100.00**	100.00
Work Health Alternatives Pty Ltd	Australia	**57.00**	70.00
II. Underwriting agency businesses			
Steadfast Underwriting Agencies Holdings Pty Ltd	Australia	**100.00**	100.00
SUA Services Pty Ltd	Australia	**100.00**	100.00
Associated Marine Underwriting Agency Pty Ltd	Australia	**100.00**	100.00
Axis Underwriting Services Pty Ltd	Australia	**100.00**	100.00
Calliden Group Pty Ltd and its subsidiaries	Australia	**100.00**	100.00
CHU Underwriting Agencies Pty Ltd and its subsidiaries	Australia	**97.00**	97.00
Emergence Insurance Group Pty Ltd and its subsidiary	Australia	**50.00**	50.00
Grange Underwriting Pty Ltd	Australia	**88.00**	77.00
HMIA Pty Ltd	Australia	**95.00**	-
Hostsure Underwriting Agency Pty Ltd	Australia	**100.00**	100.00
Miramar Underwriting Agency Pty Ltd	Australia	**100.00**	100.00
NM Insurance Pty Ltd and its subsidiary	Australia	**75.00**	75.00
Procover Underwriting Agency Pty Ltd	Australia	**100.00**	100.00
Protecsure Pty Ltd	Australia	**90.00**	90.00
Proteus Marine Insurance Pty Ltd	Australia	**87.50**	87.50
Residential Builders Underwriting Agency Pty Ltd	Australia	**80.00**	80.00
Sports Underwriting Australia Pty Ltd	Australia	**90.00**	90.00
Steadfast Placement Solutions Pty Ltd	Australia	**100.00**	100.00
Steadfast Placement Solutions UK Ltd	United Kingdom	**100.00**	100.00
Underwriting Agencies of Australia Pty Ltd	Australia	**88.33**	88.33
Underwriting Agencies of Fiji Pte Ltd	Fiji	**88.33**	-
Underwriting Agencies of New Zealand Limited	New Zealand	**83.92**	83.92
Underwriting Agencies of Singapore Pte Ltd	Singapore	**88.33**	-

NOTE 11. SUBSIDIARIES continued

Name	Country of incorporation	Ownership interest 2019 %	2018 %
Unity Trade Credit Pty Ltd	Australia	100.00	100.00
Winsure Underwriting Pty Ltd	Australia	100.00	100.00
WM Amalgamated Pty Ltd and its subsidiaries	Australia	86.14	84.16
III. Complementary businesses			
Aus Funding Solutions Pty Ltd	Australia	80.00	-
CHU Services Pty Ltd	Australia	97.00	97.00
IQumulate Premium Funding Pty Ltd	Australia	100.00	-
InsuranceCONNECT Pty Ltd	Australia	100.00	100.00
Steadfast Business Solutions Pty Ltd	Australia	100.00	100.00
Steadfast Convention Pty Ltd	Australia	100.00	100.00
Steadfast Foundation Pty Ltd	Australia	100.00	100.00
Steadfast INSIGHT Holdings Pty Ltd (formerly Actionquote Holdings Pty Ltd)	Australia	100.00	100.00
Steadfast Share Plan Nominee Pty Ltd	Australia	100.00	100.00
Steadfast Technologies Group Holdings Pty Ltd	Australia	100.00	100.00
Steadfast Technologies NZ Ltd	New Zealand	100.00	100.00
Steadfast Technologies Pty Ltd	Australia	100.00	100.00
Steadfast Technologies Shared Services Pty Ltd	Australia	100.00	100.00
Steadfast Technology Services Pty Ltd	Australia	100.00	100.00
Steadfast Technology Services NZ Ltd	New Zealand	100.00	100.00
Steadfast UnderwriterCentral Holdings Pty Ltd (formerly Insurance Connect Holdings Pty Ltd)	Australia	100.00	100.00
Steadfast Virtual Underwriter Holdings Pty Ltd	Australia	100.00	100.00

NOTE 12. INVESTMENTS IN ASSOCIATES

A. DETAILS OF ASSOCIATES

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

Name	Ownership interest 2019 %	Ownership interest 2018 %	Equity-accounted 2019 $'000	Equity-accounted 2018 $'000
I. Insurance broking businesses				
Abbott NZ Holdings Limited and its subsidiaries	-	65.48	-	22,085
Armstrong's Insurance Brokers Pty Ltd and Armstrong's Insurance Brokers Unit Trust	**25.00**	25.00	**848**	804
Ausure Group Pty Ltd – associates thereof	**20.00**	20.00	**4,604**	4,234
Blackburn (Insurance Brokers) Pty Ltd and Liability Brokers Pty Ltd	**40.00**	40.00	**2,814**	2,857
Collective Insurance Brokers Pty Ltd	**49.00**	-	**62**	-
Covercorp Pty Ltd	**49.00**	49.00	**1,112**	1,119
Edgewise Insurance Brokers Pty Ltd and The Bradstock GIS Unit Trust	**35.31**	33.14	**4,174**	3,035
Empire Insurance Services Pty Ltd and McLardy McShane & Associates Pty Ltd	**37.00**	37.00	**3,912**	3,851
Finpac Insurance Advisors Pty Ltd	**49.00**	49.00	**1,037**	1,043
Glenowar Pty Ltd	**49.00**	49.00	**4,072**	4,101
IPS Insurance Brokers Pty Ltd	**40.00**	40.00	**3,034**	2,961
J.D.I. (YOUNG) Pty Ltd	**25.00**	25.00	**874**	819
Johansen Insurance Brokers Pty Ltd	**48.35**	48.35	**4,454**	4,468
King Insurance Brokers Pty Ltd	**37.00**	37.00	-	-
Lanyon Partners Consolidated Pty Ltd	-	45.00	-	4,843
McKillops Insurance Brokers Pty Ltd	**49.00**	49.00	**4,670**	4,733
Melbourne Insurance Brokers Pty Ltd	**49.00**	49.00	**1,626**	1,629
Origin Insurance Brokers Pty Ltd	**26.00**	-	**399**	-
Northern City Insurance Brokers (VIC) Pty Ltd	**50.00**	50.00	**9**	9
Paramount Insurance Brokers Pty Ltd	-	25.00	-	1,011
Pollard Advisory Services Pty Ltd	**46.50**	46.50	**3,817**	3,742
Risk Partners Pty Ltd	**45.00**	45.00	**9,085**	9,145
Rose Stanton Insurance Brokers Pty Ltd	**49.00**	49.00	**684**	669
Rothbury Group Ltd and its subsidiaries	**42.80**	44.51	**25,726**	25,037
RSM Group Pty Ltd	**49.00**	49.00	**4,929**	5,277
Sapphire Star Pty Ltd	**30.00**	30.00	**1,167**	1,246
Scott & Broad Pty Ltd and its subsidiary	**49.00**	49.00	**8,938**	8,923
Southside Insurance Brokers Pty Ltd	**49.00**	49.00	**611**	614
Steadfast Eastern Insurance Brokers Pty Ltd	**25.00**	34.38	**444**	405
Steadfast Life Pty Ltd and its subsidiary	**50.00**	50.00	**3,084**	3,059
Tudor Insurance Australia (Insurance Brokers) Pty Ltd and Tudor Insurance Agency Unit Trust	**48.00**	48.00	**2,055**	1,966
unisonSteadfast AG	**40.00**	40.00	**2,868**	2,959
Watkins Taylor Stone Insurance Brokers Pty Ltd and D&E Watkins Unit Trust	**35.00**	35.00	**1,656**	1,705

NOTE 12. INVESTMENTS IN ASSOCIATES continued

Name	Ownership interest 2019 %	Ownership interest 2018 %	Equity-accounted 2019 $'000	Equity-accounted 2018 $'000
II. Underwriting agencies businesses				
Community Broker Network Pty Ltd (formerly National Adviser Services Pty Ltd) – associates thereof	**37.50**	-	**303**	-
QUS Pty Ltd	**45.00**	45.00	**1,016**	1,097
Sterling Insurance Pty Ltd	**39.50**	39.50	**6,981**	7,157
III. Complementary businesses				
HJS Unit Trust	**33.33**	-	**257**	-
Meridian Lawyers Ltd	**25.00**	25.00	**2,149**	2,352

	2019 $'000	2018 $'000
B. RECONCILIATION OF MOVEMENTS		
Balance at the beginning of the financial year	**138,743**	125,690
Additions – deemed consideration[(a)]	**2,868**	2,125
Additions – cash	**1,053**	3,215
Additions – scrip for scrip	**-**	22,085
Step-up investment to subsidiaries	**(29,994)**	(11,403)
Disposal of associates	**(111)**	(1,491)
Share of EBITA from associates	**20,806**	21,203
Less share of:		
Finance costs	**(444)**	(494)
Amortisation expense	**(2,487)**	(3,094)
Income tax expense	**(5,353)**	(5,179)
Share of associates' profit after income tax	**12,522**	12,436
Dividend received/receivable	**(12,480)**	(13,575)
Net foreign exchange movements	**(19)**	(339)
Balance at the end of the financial year	**112,582**	138,743

Table note

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

NOTE 12. INVESTMENTS IN ASSOCIATES continued

C. SUMMARISED FINANCIAL INFORMATION OF ASSOCIATES

I. Disclosure in aggregate

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

	2019 $'000	2018 $'000
Current assets	**219,593**	352,053
Non-current assets	**112,453**	136,887
Current liabilities	**190,561**	314,065
Non-current liabilities	**30,964**	31,062
Net assets	**110,521**	143,813
Revenue	**251,724**	208,430
EBITA	**63,851**	56,922
Profit after income tax	**35,076**	39,664
Total comprehensive income	**35,076**	39,477

NOTE 13. INVESTMENT IN JOINT VENTURES

A. DETAILS OF JOINT VENTURES

	Ownership interest	
Name	2019 %	2018 %
ABICO Insurance Brokers and its related entities (ABICO)	**50.00**	50.00
Ausure City & Rural Pty Ltd	**50.00**	-
BAC Insurance Brokers Ltd Pty	**50.00**	-
Blend Insurance Solutions Pty Ltd	**50.00**	50.00
IQumulate Premium Funding Pty Ltd and its subsidiaries (formerly Macquarie Premium Funding Pty Limited)	**-**	50.00
Steadfast Risk Services Pty Ltd and its subsidiary	**50.00**	-
Rhymemat Pty Ltd	**27.80**	27.80

	2019 $'000	2018 $'000
B. RECONCILIATION OF MOVEMENTS		
Balance at the beginning of the financial year	**6,862**	11,362
Additions	**11,343**	4,153
Reclassification to investment in subsidiaries	**(3,146)**	(8,429)
Share of EBITA from joint ventures	**4,320**	3,815
Less share of:		
Finance costs	**(41)**	(89)
Amortisation expense	**(588)**	(572)
Income tax expense	**(1,297)**	(1,096)
Share of joint ventures' profit after income tax	**2,394**	2,058
Dividend received/receivable	**(1,776)**	(2,282)
Balance at the end of the financial year	**15,677**	6,862

NOTE 13. INVESTMENT IN JOINT VENTURES continued

C. SUMMARISED FINANCIAL INFORMATION OF JOINT VENTURES

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

	2019 $'000	2018 $'000
Current assets	19,328	22,534
Non-current assets	8,374	8,633
Current liabilities	18,009	17,952
Non-current liabilities	408	1,903
Net assets	9,285	11,312
Revenue	55,221	65,140
EBITA	9,350	9,466
Profit after income tax	5,296	4,525
Total comprehensive income	5,296	4,915

NOTE 14. TRADE AND OTHER RECEIVABLES

Trade and other receivables	2019 $'000	2018 $'000
Fee and commission receivable	84,958	93,792
Less: expected credit loss provision	(2,780)	-
Net fee and commission receivable	82,178	93,792
Other receivables	82,441	53,830
	164,619	147,622

Premium funding receivable	2019 $'000	2018 $'000
Premium funding receivable	76,398	-
Less: expected credit loss provision	(220)	-
	76,178	-

NOTE 15. PROPERTY, PLANT AND EQUIPMENT

Included in Property, Plant and Equipment is $23.010 million of buildings where the Group's head office is based in Sydney. This is measured at cost less accumulated depreciation. Based on the most recent valuation carried out by external consultants in June 2019, these offices have a fair value at least $15.000 million in excess of their carrying value.

NOTE 16. 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.

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

B. MARKET RISK

Interest rate risk

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

	2019 Weighted average interest rate %	2019 Balance $'000	2018 Weighted average interest rate %	2018 Balance $'000
Non-derivatives				
Cash at bank	**0.98**	**435,192**	1.13	297,904
Cash on deposit	**1.96**	**108,925**	1.85	89,596
Bank overdrafts	**-**	**(3,781)**	-	-
Bank loans	**3.32**[(a)]	**(336,939)**	3.99[(a)]	(219,240)
Premium funding borrowings	**5.16**[(a)]	**(3,384)**	-	-
		200,013		168,260
Derivatives				
Interest rate swap	**-**	**-**	3.79[(b)]	(75,000)[(b)]

Table notes

(a) Weighted average interest rate excludes any applicable line fee paid to lenders.

(b) In August 2015, the Group entered into an interest rate swap with a notional amount of $75.000 million where the Group swaps the BBSY indexed floating rate payment into 3.79% fixed rate payment. The Group entered into the interest rate swap to minimise the Group's exposure to interest rate risk. The Group agreed to exchange the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. The swap was designed to hedge interest costs associated with the underlying corporate debt obligations. The interest rate swap matured in August 2018, and no further interest rate swaps have been entered into for the year ended 30 June 2019. At 30 June 2019 the Group had all of its corporate debt exposed to variable rates (2018: 56.3%).

An increase/decrease in interest rates of one hundred (2018: one hundred) basis points would have a favourable/adverse effect on profit/(loss) after tax of $2.047 million (2018: favourable/adverse effect of $1.178 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.

NOTE 16. FINANCIAL INSTRUMENTS continued

C. CREDIT RISK

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

Credit risk of the Group mainly arises from cash and cash equivalents, trade and other receivables and a loan to IQumulate Premium Funding Pty Ltd (repaid in June 2019).

The Group has funded $33.211 million (2018: $16.928 million) of loans to facilitate management buy-ins to certain businesses under the Group's owner-driver business model. These loans are disclosed as other non-current assets in the Consolidated Statement of Financial Position. These loans attract commercial interest rates, with dividends from these businesses used to fund interest and loan repayments. The shares held by management in those businesses are provided as loan collateral.

The Group's exposure to credit risk is concentrated in the financial services industry with parties that are considered to be of sufficiently high credit quality (including cash held with major Australian banks) to minimise credit risk losses. Receivables include amounts due from policyholders in respect of insurances arranged by controlled entities. The Group assumes that the credit risk on fee and commission receivable increases significantly if it is more than 90 days past due. The expected credit loss provision is recognised for the fee and commission receivable.

The Group also has exposure to credit risk from premium funding loans. The expected credit loss provision for premium funding loans is based on historical data as a percentage of total loans written, after expected recoveries from trade credit policies.

The following table shows the movement in expected credit loss that has been recognised for fee and commission receivable in accordance with the simplified approach set out in AASB 9:

	2019 $'000
Balance at 1 July 2018 under AASB 139	-
Adjustment on initial application of AASB 9	2,403
Balance at 1 July 2018 under AASB 9	2,403
Increase in expected credit loss	305
Foreign exchange losses	16
Acquisition of companies	56
Balance at 30 June 2019	2,780

NOTE 16. FINANCIAL INSTRUMENTS continued

D. LIQUIDITY RISK

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

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

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

	Weighted average interest rate %	1 year or less $'000	Between 1 to 2 years $'000	Between 2 to 5 years $'000	Over 5 years $'000	Total contractual maturities $'000
2019						
Non-derivatives						
Non-interest bearing						
Payables on broking/underwriting agency operations		410,334	-	-	-	410,334
Trade and other payables		99,232	3,003	-	-	102,235
Premium funding payables		66,873	-	-	-	66,873
Deferred consideration		28,064	6,342	-	-	34,406
Interest bearing						
Bank loans	3.33	26,151	301,416	13,099	7,444	348,110
Premium funding borrowings	5.16	3,559	-	-	-	3,559
Total non-derivatives		634,213	310,761	13,099	7,444	965,517
Derivatives						
Hedge interest rate swaps (net settled)		-	-	-	-	-
Total derivative		-	-	-	-	-
2018						
Non-derivatives						
Non-interest bearing						
Payables on broking/underwriting agency operations		323,464	-	-	-	323,464
Trade and other payables		38,489	2,812	-	-	41,301
Deferred consideration		2,822	1,124	-	-	3,946
Interest bearing						
Bank loans	3.99	1,097	1,099	211,790	13,999	227,985
Total non-derivatives		365,872	5,035	211,790	13,999	596,696
Derivatives						
Hedge interest rate swaps (net settled)		60	-	-	-	60
Total derivative		60	-	-	-	60

NOTE 17. CONTINGENCIES

CONTINGENT LIABILITIES

Macquarie Bank put options

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

NOTE 18. 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.

	2019 $'000	2018 $'000
OPERATING LEASE COMMITMENTS		
Within one year	**15,758**	11,471
One to five years	**45,716**	26,423
Over five years	**5,035**	3,980
	66,509	41,874

NOTE 19. EVENTS AFTER THE REPORTING PERIOD

FINAL DIVIDEND

On 20 August 2019, the Board declared a final dividend for 2019 of 5.3 cents per share, 100% franked. The dividend will be paid on 20 September 2019.

MULTIBANK SYNDICATED FACILITY (CORPORATE FACILITY)

The $385.000 million multibank syndicated facility (corporate facility) with Macquarie Bank and ANZ Banking Group was extended a further year in August 2019 with a revised maturity date of August 2021.

BID FOR INSURANCE BROKERS NETWORK AUSTRALIA LIMITED (IBNA)

Steadfast Group has launched a takeover bid for Insurance Brokers Network Australia Limited (IBNA), with up to $70.000 million of scrip to be issued to IBNA members should the offer be accepted. This is expected to produce an additional circa $8.000 million in annual pre-tax underlying earnings to the Group. The consideration paid will be expensed in accordance with accounting standards in the Group's FY20 statutory accounts (and could cause a statutory loss) and will be excluded from normalised underlying earnings.

ACQUISITION OF REBATES FROM STEADFAST NETWORK BROKERAGES

In July 2019 the Group announced that it will seek expressions of interest from Steadfast Network brokerages in Australia and New Zealand to receive either cash or shares in exchange for renouncing rights to rebates from professional service fees (PSF rebate) from 1 July 2019. The outcome is yet to be determined. It is anticipated that any consideration to be paid (being the issue of shares or payment of cash) will be expensed in accordance with accounting standards in the Group's FY20 statutory accounts (and could cause a statutory loss) and will be excluded from normalised underlying earnings.

IQUMULATE'S DEBT FACILITY

The premium funding debt facility of IQumulate that commenced in June 2019 has continued to be drawn upon, with a corresponding increase in premium funding receivables as security against these loans.

CAPITAL RAISING

The Group is undertaking a fully underwritten placement to raise approximately $100.000 million together with an accompanying Share Purchase Plan.

NOTE 20. SHARE-BASED REMUNERATION

SHARE-BASED PAYMENTS – EMPLOYEE RELATED

Share-based remuneration encourages employee share ownership, links employee reward to the performance of the Group and assists with attracting, retaining and motivating highly qualified and key personnel.

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

Trading in the Company's ordinary shares awarded under the share-based remuneration arrangements is covered by the same restrictions that apply to all forms of share ownership by employees. These restrictions prohibit an employee trading in the Company's ordinary shares when they are aware of price sensitive information and limit their trading at other times.

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

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

The share-based payments are included in the employment expense line in the statement of profit or loss and other comprehensive income.

Senior Management and Executive share plans

The senior management and executive share plan arrangements are awarded based on the terms and conditions as set out in the short-term and long-term incentive plans. When granted, the awards in these two plans 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. The short-term incentive plan (STI)

The STI plan is a discretionary, performance-based, at risk reward arrangement. STI is awarded based on each participant's performance hurdles and whether the financial performance hurdle of a minimum 5% of diluted underlying earnings per share growth of the Group are met.

The key terms of the STI plan for 2019 financial year 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 (i.e. 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 from the grant date of the rights (retention period), split one-third over one, two and three years;
- the rights will accrue notional dividends during the retention period;
- when vesting (after completion of the retention period), each right will be converted into one Steadfast ordinary share per right for nil consideration upon exercise by the participant. The notional dividends will be converted into an equivalent number of Steadfast ordinary shares based on the Dividend Reinvestment Plan issue price applicable to each dividend;
- the Board has discretion to settle the rights in cash instead of Steadfast ordinary shares;
- the vesting is conditional on there being no material adverse deterioration in the 2019 reported results during the performance period before the exercise of the rights; and
- if the vesting condition is not met then the rights lapse.

Further details of the 2019 STI in relation to the Group's key management personnel are disclosed in the Remuneration Report.

NOTE 20. SHARE-BASED REMUNERATION continued

B. The long-term incentive plan (LTI)

The LTI plan is a discretionary, performance-based, at risk reward arrangement. LTI is awarded based on each participant's performance hurdles and whether the minimum financial performance hurdles in diluted underlying earnings per share growth and Total Shareholder Return (TSR) are met.

The key terms of the LTI plan awarded in August 2018 were:

- LTI will be awarded in the form of conditional rights as approved by the Board and will be granted in August following the end of each financial year;
- conditional rights (rights) are granted for nil consideration;
- the vesting condition of rights is not market related and is conditional on meeting the following performance hurdles:
  - the participants meeting their individual performance hurdles during the three-year employment tenure from the grant date of the rights (retention period);
  - 75% based on the Group achieving a minimum 5% (maximum at 10%) average straight line per annum diluted EPS growth during the retention period; and
  - 25% based on the Group achieving a minimum TSR above the 50th percentile (maximum at 75th percentile) of the peer group during the retention period;
- the rights will not accrue notional dividends during the retention period;
- before vesting, the Board will determine the number of rights to vest based on the combined outcome of the performance hurdles;
- when vesting (after completion of the retention period), each right will be converted into one Steadfast ordinary share for nil consideration upon exercise 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.

Further details of the 2019 LTI in relation to the Group's key management personnel are disclosed in the Remuneration Report.

Employee share plan

The Short-Term Employee Incentive Plan (STEIP) was introduced during FY19. The STEIP is a discretionary, performance based at-risk reward arrangement that aims to recognise the contributions of eligible employees of Steadfast Group Limited when outstanding financial results and individual performance objectives are achieved.

The STEIP consists of two reward components:

- cash component – a cash award which may be delivered if diluted EPS growth targets are met; and
- deferred equity component – a deferred equity award (DEA) of conditional rights to Steadfast shares if EPS growth targets are met and subject to a tenure hurdle and no negative material deterioration in EPS from prior year adjustments in the subsequent year. Participation in the DEA component of the STEIP is by invitation only and is limited to participants approved by the Group CEO.

The EPS growth targets for the STEIP are aligned with those in the senior management and executive share plans.

Notional dividends on the conditional rights will accrue during the tenure hurdle period from the first interim dividend after the grant date. The notional dividends will be calculated in accordance with the Dividend Reinvestment Plan (DRP) as varied from time to time. The accrued value of notional dividends will be provided to a participant on the vesting date of a conditional right in the form of additional Steadfast shares (or cash in lieu).

NOTE 21. TAXATION

	2019 $'000	2018 $'000
A. INCOME TAX (EXPENSE)/BENEFIT		
Profit before income tax expense	159,259	124,665
Income tax expense at statutory tax rate of 30%	(47,778)	(37,399)
Tax effect of differential corporate tax rate	29	276
Tax effect of amounts that are not (deductible)/taxable in calculating taxable income		
Share of after-tax profits of associates and joint ventures	4,475	4,348
Non-assessable and other deductible items	9,340	6,461
Non-deductible and other assessable items	(6,068)	(7,428)
	(40,002)	(33,742)
Over/(under) provision for income tax of prior periods	2,577	(572)
Income tax expense	(37,425)	(34,314)
B. MAJOR COMPONENTS OF INCOME TAX EXPENSE		
Current tax	(39,272)	(38,643)
Movement in deferred tax assets	(1,421)	537
Movement in deferred tax liabilities	691	4,364
Adjustments for current tax of prior periods	2,577	(572)
	(37,425)	(34,314)
C. INCOME TAX ON ITEMS RECOGNISED DIRECTLY IN EQUITY		
Deferred tax assets	782	785
Deferred tax liabilities	85	9
	867	794
D. DEFERRED TAX ASSETS		
I. Composition		
Accrued expenses	10,637	4,212
Provisions	8,800	7,866
Employee share scheme	1,951	1,893
Deferred income	8,943	1,863
Others	4,476	3,590
	34,807	19,424
II. Movements		
Balance at the beginning of the financial year	3,514	3,419
Add: reversal of offset against deferred tax liabilities	15,910	13,808
Gross balance at the beginning of the financial year	19,424	17,227
Opening balance adjustments to retained earnings	7,134	-
Charged to profit or loss	(1,421)	537
Charged to equity	782	785
Additions through business combinations	8,888	875
Balance at the end of the financial year before offset	34,807	19,424
Less: offset against deferred tax liabilities	(27,449)	(15,910)
Balance at the end of the financial year	7,358	3,514

NOTE 21. TAXATION continued

	2019 $'000	2018 $'000
E. DEFERRED TAX LIABILITIES		
I. Composition		
Intangible assets	**47,733**	44,868
Receivables	**25,487**	18,602
Accrued income	**11,999**	5,771
Other	**88**	2,989
	85,307	72,230
II. Movements		
Balance at the beginning of the financial year	**56,320**	50,655
Add: reversal of offset against deferred tax assets	**15,910**	13,808
Gross balance at the beginning of the financial year	**72,230**	64,463
Charged to profit or loss	**(691)**	(4,364)
Charged to equity	**(85)**	(9)
Additions through acquisitions	**13,853**	12,140
Balance at the end of the financial year before offset	**85,307**	72,230
Less: offset against deferred tax assets	**(27,449)**	(15,910)
Balance at the end of the financial year	**57,858**	56,320

F. ATO TRANSPARENCY REPORTING

The Australian Taxation Office (ATO) publishes total income, taxable income and tax payable in relation to large taxpayers, with the 2017 financial year being the latest information released. The information published is sourced from the income tax return lodged by Steadfast Group Limited as the head company of the Australian tax consolidated group (which captures only the entities that are 100% owned by the Group).

Total income includes all Australian income, including commission and fee income, investment return and dividends. It does not include any business expenses such as commission and fees expense, salaries or other operating expenses.

Taxable income is the net profit that is subject to tax and takes into account allowable deductions for business expenses and other tax concessions, including non-taxable dividends from foreign subsidiaries.

Tax payable on taxable income is calculated with reference to the Australian corporate tax rate of 30%, adjusted for franking credits and other tax concessions. On release of the 2018 tax information, we envisage the following will be reported:

	2018 $'000	2017 $'000
Total income	**245,197**	292,098
Taxable income	**83,886**	64,894
Tax paid by head entity	**1,480**	5,537
Effective tax rate	**1.76%**	8.53%

The most significant reason for the low effective tax rate for the parent entity is that a substantial portion of its disclosed taxable income is dividends received and the attached franking credits (derived from those entities paying tax) reduce the tax payable by the head entity.

For a complete view of the effective tax rate, the following needs to be considered:

	2018 $'000	2017 $'000
Tax paid by head entity	1,480	5,537
Tax paid by investees (and passed to head entity as franking credits)	23,686	13,534
Research & Development offset	-	398
Underlying tax paid	25,166	19,468
Taxable income	83,886	64,894
Effective tax rate (excl. franking credits)	30%	30%

The 2019 income tax return for Steadfast Group Limited is expected to have an effective rate continuing at circa 30%.

NOTE 22. NOTES TO THE STATEMENT OF CASH FLOWS

	2019 $'000	2018 $'000
A. COMPOSITION		
Cash and cash equivalents	**116,520**	76,746
Cash held on trust	**427,449**	310,856
Bank overdrafts	**(3,781)**	-
	540,188	387,602
B. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH FROM OPERATING ACTIVITIES		
Profit after income tax expense for the year	**121,834**	90,351
Adjustments for		
Depreciation, amortisation and (gain)/loss on disposal of property, plant and equipment	**36,112**	29,270
Share of profits of associates and joint ventures	**(14,916)**	(14,494)
Income tax paid	**(41,077)**	(37,896)
Dividends received from associates/joint ventures	**14,256**	15,857
Fair value gain on listed investments	**(725)**	(1,500)
Interest income on loans	**(986)**	(944)
Capitalised interest on loans	**1,336**	48
Net gain on disposal of investment in subsidiaries and associates	**(2,086)**	(480)
Net (gain)/loss on fair value of investments in subsidiaries	**(12,853)**	70
Net gain from adjustments to deferred consideration estimates	**110**	(3,275)
Share-based payments and incentives accruals	**7,501**	5,034
Impairment expense	**-**	2,372
Change in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	**(42,331)**	(65,053)
(Increase)/decrease in deferred tax assets	**12,624**	780
(Increase)/decrease in other assets	**5,200**	57
Increase/(decrease) in trade and other payables	**80,977**	71,114
Increase/(decrease) in income tax payable	**35,440**	38,757
Increase/(decrease) in deferred tax liabilities	**(10,639)**	(5,223)
Increase/(decrease) in other liabilities	**(25,894)**	(1,580)
Increase/(decrease) in provisions	**(2,535)**	(41)
Net cash from operating activities	**161,348**	123,224

NOTE 23. 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.

	2019 $'000	2018 $'000
Short-term employee benefits	**5,247**	4,872
Post-employment benefits	**123**	119
Long-term benefits	**84**	68
Accrued share-based expenses	**3,451**	2,760
	8,905	7,819

NOTE 23. RELATED PARTY TRANSACTIONS continued

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:

	2019 $'000	2018 $'000
I. Sale of goods and services		
Professional services fees received from associates on normal commercial terms	**120**	137
Professional services fees received from joint ventures on normal commercial terms	**2,417**	2,706
Commission income received/receivable from associates on normal commercial terms	**103**	119
II. Interest income		
Interest income received/receivable from joint ventures	**41**	93
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	**901**	703
Commission expense paid/payable to associates on normal commercial terms	**6,724**	3,650
Service fees paid to associates	**111**	57
IV. Receivable from and payable to related parties		
The following balances are outstanding at the reporting date in relation to transactions with related parties:		
a. Current receivables		
Receivables from associates	**6,055**	11,274
Receivables from joint ventures	**-**	213
Dividend receivable from associates	**-**	295
b. Current payables		
Payables to associates	**1,527**	1,357
V. Loans to related parties		
The following balances are outstanding at the reporting date in relation to loans with related parties:		
a. Current receivables		
Loan to joint venture[a]	**-**	603
Executive loans[b]	**-**	4,512
	-	5,115
b. Non-current receivables		
Loans to associates	**500**	-
	500	-

(a) The loan to IQumulate (previously Macquarie Premium Funding Pty Limited) was fully paid on 17 June 2019 (30 June 2018: $603,125).

(b) Executive loans were interest-free loans to certain executives to acquire Steadfast ordinary shares when the Company was listed on the ASX in August 2013. These loans were fully repaid in FY19.

NOTE 24. PARENT ENTITY INFORMATION

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

	2019 $'000	2018 $'000
A. STATEMENT OF COMPREHENSIVE INCOME		
Profit after income tax	49,014	52,561
Other comprehensive income	42	302
Total comprehensive income	49,056	52,863
B. STATEMENT OF FINANCIAL POSITION		
Current assets	68,026	75,258
Total assets	1,358,442	1,247,716
Current liabilities	68,599	68,747
Total liabilities	363,865	241,389
Equity		
Share capital	912,517	912,347
Undistributed profits reserve	89,509	89,445
Other reserves	6,187	4,535
Retained earnings	(13,636)	-
Total equity	994,577	1,006,327

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 ventures which are accounted for at cost, less any impairment. Dividends received are recognised as income by the parent entity.

D. GOING CONCERN

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

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

The parent entity provided no guarantees in relation to the debts of its subsidiaries as at 30 June 2019 and 30 June 2018.

F. CONTINGENT ASSETS/LIABILITIES

The Company is exposed to the contingent assets and liabilities pertaining to the Macquarie Bank put options set out in Note 17.

G. CAPITAL COMMITMENTS – PROPERTY, PLANT AND EQUIPMENT

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2019 and 30 June 2018.

NOTE 25. REMUNERATION OF AUDITORS

	2019 $	2018 $
A. KPMG		
I. Audit and review services		
Audit or review of the financial statements of the Company and certain subsidiaries	**1,759,210**	1,464,318
II. Other assurance, taxation and due diligence services		
Other assurance services		
Other assurance services	**-**	107,000
Other services		
Taxation compliance and other advisory services	**251,072**	114,445
	251,072	221,445
B. OTHER AUDITORS		
I. Audit and review services		
Audit or review of the financial statements	**334,239**	302,731
II. Services other than audit and review of financial statements		
Other services		
Taxation advisory services	**35,069**	35,403
Other services	**395,744**	42,089
	430,813	77,492

Directors' declaration

1. In the opinion of the Directors of Steadfast Group Limited ('the Company'):
   (a) the consolidated financial statements and notes that are set out on pages 80 to 136 and the Remuneration Report in the Directors' Report, are 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 2019 and of its performance, for the financial year ended on that date; and
      (ii) complying with Australian Accounting Standards 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.
2. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the chief executive officer and chief financial officer for the financial year ended 30 June 2019.
3. The Directors draw attention to Note 2A to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed at Sydney on 20 August 2019 in accordance with a resolution of the Directors:

Frank O'Halloran, AM
Chairman

Robert Kelly
Managing Director & CEO

Independent Auditor's Report

TO THE SHAREHOLDERS OF STEADFAST GROUP LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the Financial Report of Steadfast Group Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The Financial Report comprises:

- Consolidated statement of financial position as at 30 June 2019
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The Group consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Report section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key audit matters

The Key Audit Matters we identified are:

- Valuation of Goodwill, Other Intangible Assets, Investments in Associates, and Interests in Joint Ventures
- Decentralised Operations

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

Key audit matter	How our audit addressed the key audit matter

VALUATION OF GOODWILL, OTHER INTANGIBLE ASSETS, INVESTMENTS IN ASSOCIATES, AND INTERESTS IN JOINT VENTURES

Refer to Note 7, Goodwill ($945,498k) and Other Intangible Assets ($193,206k), Note 12, Investments after Associates ($112,582k), Note 13, Interests in Joint Ventures ($15,677k), and Note 3, Critical Accounting Judgements, Estimates and Assumptions.

The valuation of goodwill, other intangible assets, investments in associates, and interests in joint ventures is a key audit matter as:

- goodwill and other intangible assets and investments in associates and interests in joint ventures represented 58% of the Group's total assets.
- the high number of individual Cash Generating Units (CGUs) (more than 70 at 30 June 2019), necessitated our consideration of the Group's determination of CGUs and the valuation for each of the CGUs, intangible assets, investments in associates, and interests in joint ventures.
- our evaluation of potential impairment involves applying judgement in relation to the Group's forecast cash flows and forward looking assumptions, including discount rates, short term growth rates and terminal growth rates. We focussed specifically on those CGUs and associates where the forecast growth rates were in excess of historic rates and those where the achievement of the forecasts are reliant on the success of business initiatives.

We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.

Our procedures included:

- We assessed the Group's determination of CGUs based on our understanding of the operation of the Group's business, and how independent cash flows were generated, against the requirement of the accounting standards.
- We assessed the Group's analysis of indicators of impairment of other intangible assets and its investment in associates.

Working with our valuation specialists:

- We considered the appropriateness of the valuation methods applied (VIU and FVLCTS) by the Group against the requirements of the accounting standards.
- We compared the forecast cash flows contained in the valuation models to the Board approved budgets. We also evaluated the forecasting process undertaken by the Group and assessed the precision of prior year forecast cash flows by comparison to actual outcomes. We used knowledge from this evaluation to inform our detailed testing focus.
- We applied increased scepticism to forecasts in the areas where previous forecasts were not achieved. We compared the forecast revenue growth rate and terminal growth rate assumptions to external data on inflation rates and projected revenue growth for the insurance brokerage industry in Australia. We used our knowledge of the Group, their past performance, business and customers, and our general insurance industry experience in considering the appropriateness of the forecast used.
- We independently developed a discount rate range based on analysis of comparable companies using publicly available market data, adjusted by risk factors specific to the Group and the industry it operates in.
- We performed sensitivity analysis on the discount rate, and forecast growth rate for key CGUs, placing focus on the expected increase in forecast revenue growth rates. Additionally, we cross checked the valuation results against earnings multiples inherent in the value of other comparable companies.
- We assessed the integrity of the value in use model used, including accuracy of the underlying calculation formulas.

Key audit matter	How our audit addressed the key audit matter

DECENTRALISED OPERATIONS

Refer to Note 2, Significant Accounting Policies, Note 11, Subsidiaries, Note 12, Investments in Associates and Note 13, Interests in Joint Ventures.

The Group comprises more than 130 subsidiaries and associates (components) whose operations are spread across Australia, New Zealand, and to a lesser degree, the United Kingdom, Singapore and Germany. The Group's business is general insurance distribution, and the individual components are wide ranging in size and also in the customers and products of each business operation.

The decentralised and varied nature of these operations requires significant oversight by Steadfast Group to monitor the activities, review component financial reporting and undertake the Group consolidation. This is an extensive process due to the variety of accounting processes and systems used across the Group.

This was a key audit matter for us given the high number of subsidiaries and associates, and the varied operations, accounting processes and systems. We focused on:

- understanding the components and identifying the significant risks of misstatement within each component, taking significant acquisitions made during the year into consideration;
- the scoping of relevant procedures consistent with the risks identified and to enable coverage of significant aggregated balances;
- the assessment of components compliance with Group accounting policies, particularly regarding compliance with the new accounting standards AASB 15 *Revenue with Contracts with Customers* and AASB 9 *Financial Instruments*; and
- the consolidation process and aggregating results from component procedures.

Our procedures included:

- We instructed component audit teams to perform procedures on the financial information prepared for consolidation purposes by 34 components. The selected components were significant to the audit of the Group, either by size or by risk, included over 87% of the Group's revenue and 85% of total assets. The objective of this approach was to gather evidence on significant balances that aggregate to form part of the Group's financial reporting.
- The component audit teams performed audits of the financial information of the components on specific Group reporting package information and local statutory financial reporting. We worked with the component audit teams to identify risks significant to the audit of the Group and to plan relevant procedures. There was additional effort and attention given to our procedures on the newly acquired businesses in scope for group reporting. We discussed the component audits as they progressed to identify and address any issues, working with the component audit teams as appropriate. We read the audit reports issued to us and the underlying memos explaining component results. We evaluated the work performed by the component audit teams for sufficiency for our overall audit purpose. We also considered the components' compliance with the Group's accounting policies, including those relating to the recognition of revenue as part of our evaluation of the component audit teams reporting to us.
- We tested the financial data used in the consolidation process for consistency with the financial data audited by component audit teams. We also assessed the consolidation process for compliance with accounting standards with particular focus on implementation of AASB 15 and 9.
- For a sample of financially significant components, we inspected the component auditors' files for consistency between the auditor's opinion and the underlying audit work.
- For the other components, not within the scope of the component audit teams, our head office audit procedures included testing the Group's key monitoring controls and performance of analytical procedures. We inspected a sample of bank reconciliations, statutory financial reports and accompanying audit reports, and enquired of head office and component management. In our analytical procedures we compared actual financial results to budgets and the prior year results. We enquired of head office and component management and considered trends within the insurance market.

Other Information

Other Information is financial and non-financial information in Steadfast Group Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

A further description of our responsibilities for the Audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our Auditor's Report.

Independent Auditor's Report

TO THE SHAREHOLDERS OF STEADFAST GROUP LIMITED

REPORT ON THE REMUNERATION REPORT

Opinion

In our opinion, the Remuneration Report of Steadfast Group Limited for the year ended 30 June 2019, complies with Section 300A of the *Corporations Act 2001*.

Directors' responsibilities

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 responsibilities

We have audited the Remuneration Report included in pages 56 to 78 of the Directors' report for the year ended 30 June 2019.

Our responsibility is to express an opinion on the Remuneration Report, based on our Audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Scott Guse

Scott Guse
Partner

Sydney
20 August 2019

Shareholders' information

AS AT 29 JULY 2019

ORDINARY SHARE CAPITAL

There were 793,035,955 fully paid ordinary shares held by 5,187 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 are as follows:

Range	No. of holders	No. of shares	% of issued capital
100,001 and over	357	742,039,855	93.57%
10,001 to 100,000	1,305	41,529,570	5.24%
5,001 to 10,000	606	4,568,567	0.58%
1,001 to 5,000	1,625	4,245,095	0.54%
1 to 1,000	1,294	652,868	0.07%
Total	**5,187**	**793,035,955**	**100.00%**

There were 0 shareholders holding less than a marketable parcel based on a market price of $3.71 at the close of trading on 29 July 2019.

SUBSTANTIAL SHAREHOLDERS	Date of notice	No. of shares	% of issued capital
INVESTORS MUTUAL	07/06/17	44,821,736	5.98%
VANGUARD GROUP	27/05/19	44,190,384	5.57%

This information is based on the most recent substantial holder notices lodged with the ASX.

TWENTY LARGEST SHAREHOLDERS

Name	No. of shares	% of issued capital
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	219,136,007	27.63%
JP MORGAN NOMINEES AUSTRALIA PTY LIMITED	140,970,148	17.78%
CITICORP NOMINEES PTY LIMITED	70,119,704	8.84%
NATIONAL NOMINEES LIMITED	57,169,454	7.21%
MACKAY INSURANCE SERVICES PTY LTD	27,764,302	3.50%
BNP PARIBAS NOMINEES PTY LTD	24,732,647	3.12%
CITICORP NOMINEES PTY LIMITED	14,442,301	1.82%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	13,937,377	1.76%
ARGO INVESTMENTS LIMITED	11,775,120	1.48%
BNP PARIBAS NOMS PTY LTD	9,731,538	1.23%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,427,923	0.94%
MACKAY INSURANCE SERVI CES PTY LTD	6,165,945	0.78%
AMP LIFE LIMITED	4,453,142	0.56%
STEADFAST SHARE PLAN NOMINEE PTY LTD	4,017,368	0.51%
RC & IP GILBERT PTY LTD	3,100,000	0.39%
RM & JA ALFORD INVESTMENTS PTY LTD	3,085,000	0.39%
MR ROBERT BERNARD KELLY	3,062,209	0.39%
BNP PARIBAS NOMINEES PTY LTD	2,687,329	0.34%
MR DAVID INGRAM	2,661,876	0.34%
AUSTRALIAN EXECUTOR TRUSTEES LIMITED	2,350,258	0.30%
Total	**628,789,648**	**79.29%**

DIVIDEND DETAILS

Dividend	Franking	Amount per share	DRP issue price	Payment date
Interim	Fully franked	3.2 cents	$3.19	21 March 2019
Final	Fully franked	5.3 cents	*	20 September 2019

The final dividend has an ex-dividend date of 23 August 2019 a record date of 26 August 2019, a payment date of 20 September 2019 and is eligible for Steadfast's Dividend Reinvestment Plan (DRP), which carries no discount.

*The DRP issue price for the final dividend is scheduled to be announced on 13 September 2019

Corporate Directory

DIRECTORS

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

COMPANY SECRETARIES

Linda Ellis
Peter Roberts

NOTICE OF AGM

The AGM will be held on Thursday 17 October 2019 at 10.00am at the Hilton Hotel, 488 George Street, Sydney NSW 2000.

CORPORATE OFFICE

Steadfast Group Limited
Level 4
99 Bathurst Street
Sydney NSW 2000

Postal Address
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Sydney South NSW 1235

P 02 9495 6500
E investor@steadfast.com.au
W steadfast.com.au
ACN 073 659 677

SHARE REGISTRY

Link Market Services
Level 12
680 George Street
Sydney NSW 2000

Postal Address
Locked Bag A14
Sydney South NSW 1235

P 1300 554 474
E registrars@linkmarketservices.com.au

STOCK LISTING

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

Steadfast Group Limited
ABN 98 073 659 677

www.steadfast.com.au