

For personal use only



About iSelect

iSelect is Australia's leading multi-channel comparison service, providing Australian consumers with trusted product comparison and advice on more than 12,500 insurance, energy, personal finance and broadband products from over 85 partner providers.

With a household brand that attracts over eight million unique visitors to its website every year, iSelect now distributes one in five of all private health insurance policies in Australia. Owing to its digitally enabled and customer-centric advice model, iSelect continues to grow its market-leading position in health insurance, energy, life insurance and personal finance comparison.

We are

- Digitally enabled
- Data driven
- Customer centric
- Value focused

A partner for life

Our vision

To be the most highly valued and trusted adviser to households making important purchase decisions.

IMPORTANT NOTICE AND DISCLAIMER

All references to FY13, FY14, FY15, FY16 appearing in this Annual Report are to the financial years ended or ending 30 June 2013, 30 June 2014, 30 June 2015 and 30 June 2016, respectively, unless otherwise indicated. Any references to 1H FY13, 2H FY13, 1H FY14, 2H FY14, 1H FY15 and 2H FY15 appearing in this Annual Report are to the half financial years ended 31 December 2012, 30 June 2013, 31 December 2013, 30 June 2014, 31 December 2014 and 30 June 2015, respectively, unless otherwise indicated.

This Annual Report contains forward-looking statements. The statements in this Annual Report are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, at the date of this Annual Report, are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Group, the Directors and management.

The Group cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Annual Report will actually occur

and investors are cautioned not to place undue reliance on these forward-looking statements. To the full extent permitted by law, iSelect disclaims any obligation or undertaking to release any updates or revisions to the information contained in this Annual Report to reflect any change in expectations or assumptions

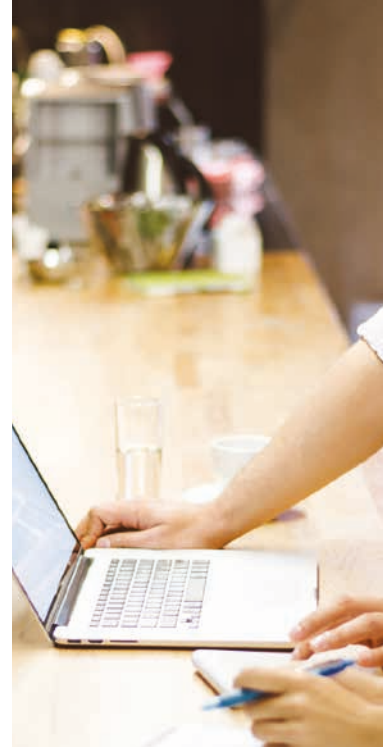
NON-IFRS INFORMATION

iSelect's results are reported under International Financial Reporting Standards (IFRS). Throughout this Annual Report, iSelect has included certain non-IFRS financial information. The information is presented to assist in making appropriate comparisons with prior periods and to assess the operating performance of the business. iSelect uses these measures to assess the performance of the business and believes that information is useful to investors. EBITDA, EBIT, Operating Cash Conversion and Revenue per Sale (RPS) have not been audited or reviewed.

Any and all monetary amounts quoted in this Annual Report are in Australian dollars (AUD) unless otherwise stated.

Any references to "Group" in this Annual Report refer to iSelect Limited and its controlled entities.

ABN: 48 124 302 932



For personal use only



Contents		
About iSelect	IFC	Brand and Partners 10
Chairman's Report	2	People and Culture 12
CEO's Report	4	Key Achievements in FY15 14
FY15 Key Themes	6	Our Strategic Horizons 15
Segment Performance	8	Board Members 16
		Executive Team 18



Chairman's Report

Dear shareholder,

It gives me pleasure to present our FY15 annual report, my first since joining iSelect as independent Non-Executive Chairman on 1 July this year.

At the time of writing we have just announced the appointment of Scott Wilson as our new CEO. Scott is a highly strategic thinker with very strong commercial acumen who I have every confidence will add great value to the business. The Board and I congratulate Scott on his appointment and look forward to working with him over the years ahead.

I'd also like to thank our outgoing CEO, Alex Stevens, for his contribution to iSelect over the past 18 months. The Board and I wish him all the best for his future endeavours.

Our 2015 financial year was characterised by significant change and ongoing diversification, and I am pleased to report progress was made despite challenging external market conditions. Looking forward, we now enter a period of work to lay the foundation for sustainable growth and expansion over the medium to long term.

Overview

Amidst a challenging external operating environment, iSelect delivered a solid set of financial results, growing revenue to \$157.2 million, with EBIT of \$25.1 million and record NPAT at \$21.4 million.

Following the recent resolution of the NIA Health loan facility, we now hold approximately \$113 million on our balance sheet.

Our FY15 financial results clearly demonstrate the value we consistently deliver to Australian consumers and the ongoing strength of the Company's brand and established business model.

Health performed comparatively well versus the industry, amidst challenging external conditions, delivering strong year-on-year unit sales growth of 10%, underpinned by the strength of iSelect's proprietary conversion technologies and the drive of our front-line employees.

The observed market trend of consumer 'down-trading' in health, however, is clearly an issue that requires persistent monitoring and focus to ensure this challenge is adequately dealt with over the year ahead. A number of key initiatives to actively manage health Revenue Per Sale (RPS) are being put in place by Scott Wilson and the management team.

It was very pleasing to see the Board and management team's strong focus on diversification deliver meaningful results in FY15. The standout performance from Energy in FY15 is a glimpse of the bright future ahead for iSelect, and tangible evidence that the iSelect model has wide application outside the intermediation of health insurance.

Initial observations

Immediately following my appointment on 1 July, I spent a substantial amount of time meeting with iSelect's executive team, senior management and front-line employees to develop a comprehensive understanding of the business, including key drivers, opportunities and risks. I was both comforted and encouraged to observe that our people share a genuine passion for making a difference to the lives of Australian consumers.

Capital management

Following the recent settlement of the NIA Health loan facility, the Board is now considering a number of capital management initiatives. These may include an on-market buy-back, and the commencement of paying a fully-franked dividend, with timing to be confirmed. iSelect is currently taking advice from external advisers in this regard and a further announcement will be made once the structure and key terms are finalised.

Board and governance

I am firmly committed to upholding and driving the highest standards of corporate

governance at iSelect, and I know my fellow Directors share my commitment in this regard. This will continue to be a key focus of mine over the years to come.

Since joining, I have initiated a refresh of our Board charter, policies and committee structures to ensure we continue meeting the corporate governance expectations of our shareholders and the Australian community.

Prior to my appointment, the Board farewellled Greg Camm and I'd like to join my fellow Directors in thanking him for his service since 2012. Subsequent to the end of the 2015 financial year, Les Webb resigned as a Non-Executive Director of iSelect. The Board and I thank Les for his hard work and determination over the last 14 years. Les contributed a great deal to iSelect during his tenure and we all wish him well for the future.

I'd like to take this opportunity to recognise and thank Damien Waller as co-founder and former Chairman of iSelect. Damien has worked incredibly hard over many years to build this unique and successful Australian business and I look forward to his ongoing valuable contribution on the Board.

Thank you

I would like to thank the iSelect team for their commitment in FY15. iSelect continues to grow its leading position as Australia's largest multi-channel comparison service and I look forward to seeing iSelect achieve great things over the years ahead.

Finally, I thank you, our shareholders, for your ongoing support and look forward to meeting you at our AGM in November.

Regards,



Chris Knoblanche AM
Chairman

For personal use only

\$157.2m

Revenue for FY15 up
15% normalised

\$25.1m

EBIT for FY15 up
10% normalised

\$21.4m

NPAT for FY15 up
17% normalised

\$27.5m

Operating cash flow
for FY15 up 122%
normalised



CEO's Report

2015 was a year of significant achievement, stabilisation and diversification at iSelect, whose team strived to not only achieve their FY15 operating targets but delivered several additional outcomes to the long-term benefit of shareholders.

A strong operational result

We continued to strengthen our position as Australia's leading multi-channel comparison service in FY15, achieving a robust set of financial results, confirming the strength of our established business model.

The Group reported normalised revenue growth of 15%, EBIT growth of 10% and NPAT growth of 17%, versus prior year. Significantly, operating cash flow improved by 122% over the period to reach an all-time high cash conversion rate of 88%.

Health insurance

I was pleased with the underlying performance of our health insurance business, amidst a challenging external operating environment where affordability has become a major issue for many private health insurance consumers. Notwithstanding this trend, iSelect Health's sales unit growth of 10% was well above system growth. This was driven by our strong brand and ongoing improvements in conversion, further strengthening our clear leadership position in the health insurance comparison market.

As Chris referenced in his Chairman's Report, a number of key initiatives have commenced to ensure iSelect responds decisively to the affordability challenge faced by Australian private health insurance consumers. Central to these initiatives is our core commitment to ensuring Australian consumers have the right level of cover for their individual circumstances and needs.

These initiatives will be directed at product development, data-mining and innovation with our product partners. In addition, all Health consultants are undergoing enhanced product training to ensure price-conscious consumers are fully aware of what they are and are not covered for under their private health insurance policy, and the importance product features play

in the longer-term value of any health insurance product they purchase through iSelect.

Energy

The strong growth in our Energy business in FY15 stands as a clear example of how much opportunity exists within the iSelect business model. The successful optimisation of last year's investments in Energy delivered significant revenue and profit upside in FY15, with plans to build on these gains in FY16.

health.com.au resolution

I was also pleased to see iSelect move beyond the NIA Health loan arrangement in July, and secure a cash settlement of \$42.1 million in satisfaction of the amount owing to iSelect. This was a favourable outcome for our shareholders, further enhanced by the addition of GMHBA and the return of the health.com.au brand to the iSelect panel.

Strengthened partnerships

Significant progress was made in further strengthening our partner relationships and augmenting our panel with greater depth and breadth.

This year's signing of several multi-year distribution agreements with nib, HBF and GMHBA demonstrates that iSelect is increasingly viewed as a highly competitive customer acquisition channel and important business partner by major industry participants.

Outlook

The long-term growth opportunities, within iSelect's established and emerging businesses alike are very compelling. The focus will be on building scale and diversifying our earnings over the medium to long term.

Over the year ahead the Company intends to broaden its reach and relevance through a strong marketing program, and investment in R&D, systems and technology to ensure we have the necessary people, platforms and infrastructure in place to support our next stage of growth.

Thank you

First and foremost I would like to sincerely thank our fantastic iSelect employees and Board for their commitment and drive in FY15. I am incredibly humbled by the collaborative and selfless way that our people, at every level of the business, go about delivering first-class customer service to Australian consumers.

Regards,



Scott Wilson
Chief Executive Officer

For personal use only



We've provided over
1,000,000
Energy comparisons in
Australia...and counting!*

For personal use only



* Based on internal data for the period
29 February 2012 to 30 June 2015



“It’s been really exciting to be part of the growth in our Energy business this year. Consumers really see the value in the service we provide. It’s so rewarding coming to work every day knowing we make a tangible difference to people’s lives.”

– Chloe, Sales Manager,
iSelect Energy

FY15 Key Themes

Stabilisation

Establishment of a strong internal operating rhythm underpinned by structure, process, platforms and priorities



New robust business planning processes introduced, underpinned by new category structure



Significant investment in systems and platforms to ensure scalability



A renewed focus on cash flow and return on invested capital

Sophistication

Continued evolution of the business in preparation for its next stage of growth



Appointment of a new independent Non-Executive Chairman



Best practice data security and compliance regimes introduced



Single customer view established

Diversification

Contribution from our emerging businesses and a wider partner panel has diversified our income streams



Explosive growth from our Energy business delivered revenue and profit upside



Significant investments made in people, systems and processes within emerging business verticals



Signing of several multi-year distribution agreements has de-risked our partner panel

Key Business Drivers

FY15 Operational Performance Highlights

Strong results amidst a challenging external operating environment

Leads (m)	FY14	FY15	Change	<ul style="list-style-type: none"> Deliberate easing in most verticals to align with capacity Focus on improvement in quality Investment in Energy resulted in positive energy lead growth
	3.8	3.8	-1%	
Conversion (%)	FY14	FY15	Change	<ul style="list-style-type: none"> Improvement across majority of verticals, particularly Energy Reflects past investment in people, systems and processes Home Loans and Broadband reconfiguration proceeding well
	6.6%	9.7%	3.1pp	
Sales Units (000s)	FY14	FY15	Change	<ul style="list-style-type: none"> Growth in sales driven mostly by focus on conversion Health up 10% on prior year Energy up significantly
	250	362	45%	
Revenue Per Sale (RPS)	FY14	FY15	Change	<ul style="list-style-type: none"> Decrease largely reflective of shift in mix of business Health 6% down on prior year, with consumers trading down Energy RPS up significantly
	\$549	\$457	-17%	

Segment Performance

Health and Car insurance (HAC)

HAC \$m	FY14	FY15	Change
Segment revenue	104.3	101.0	-3%
Segment EBITDA	32.0	24.4	-24%
Margin	31%	24%	-7pp

Health

- Sales unit growth well above system growth
- Significant improvements in contact penetration and conversion
- Adverse product mix due to market trend of consumers trading down:
 - RPS -6%
 - Decrease in combined-cover policy sales
 - Decrease in mid and top hospital cover sales
 - Reduced availability of certain product types e.g. mid-range pregnancy
- Net revenue growth also impacted by reduced discount unwind

Car

- Revenue down due to contract renegotiation in FY14: RPS -22%
- Strong conversion performance and volume growth

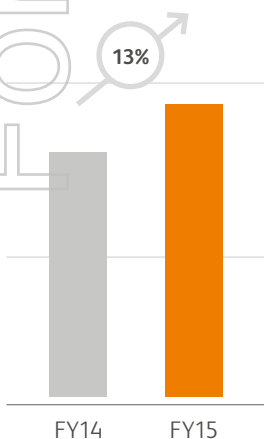
^10%

Health Sales Units up 10% on prior year

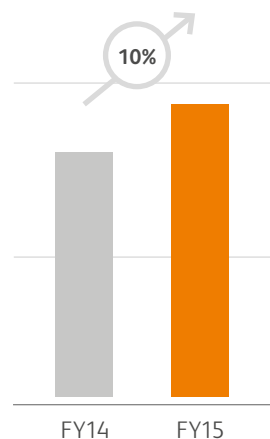


Car experienced strong conversion performance and volume growth

Health Conversion



Health Sales Units



Explosive growth in

Energy

underpinned the ongoing diversification of our income streams in FY15.

Our strong focus on data-analytics and cross-serve has us well positioned to harness and consolidate this shift over the year ahead.



Segment Performance

Household Utilities and Financial (HUF)

HUF \$m	FY14	FY15	Change
Segment revenue	32.4	56.2	74%
Segment EBITDA	1.3	9.5	625%
Margin	4%	17%	13pp

Energy

- iSelect Energy revenue up 147%
- Investment in marketing and staffing for future growth
- Energy Watch integration progressing smoothly

^147%

iSelect Energy revenue up by 147%

Emerging businesses

- Strong revenue growth across all other verticals including:
 - InfoChoice up 20%
 - Home Loans up 51%
 - Broadband up 65%

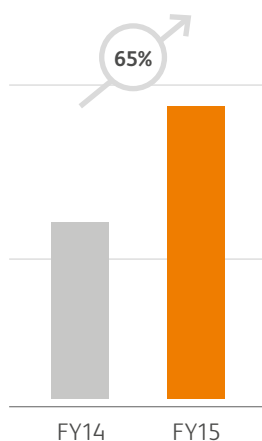
^51%

Home Loans revenue up by 51%

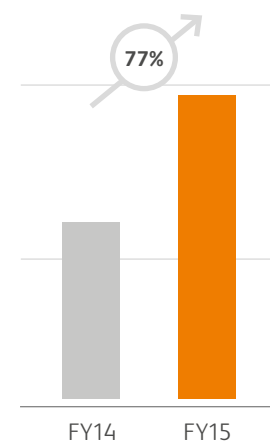
^65%

Broadband revenue up by 65%

Energy Conversion



Energy Sales Units



Brand

Total marketing investment increased by 11% versus FY14 as we continued to strengthen and evolve our brand.

Underlying this investment was a focus on increasing the quality of our 'above the line' (ATL) and digital display activities in Health, while simultaneously increasing our Energy ATL and 'search engine marketing' (SEM) activities.

Importantly, our brand and marketing spend continues to be focused on three core qualitative metrics: trust, consideration and loyalty.

17

new TVCs aired

9.2m

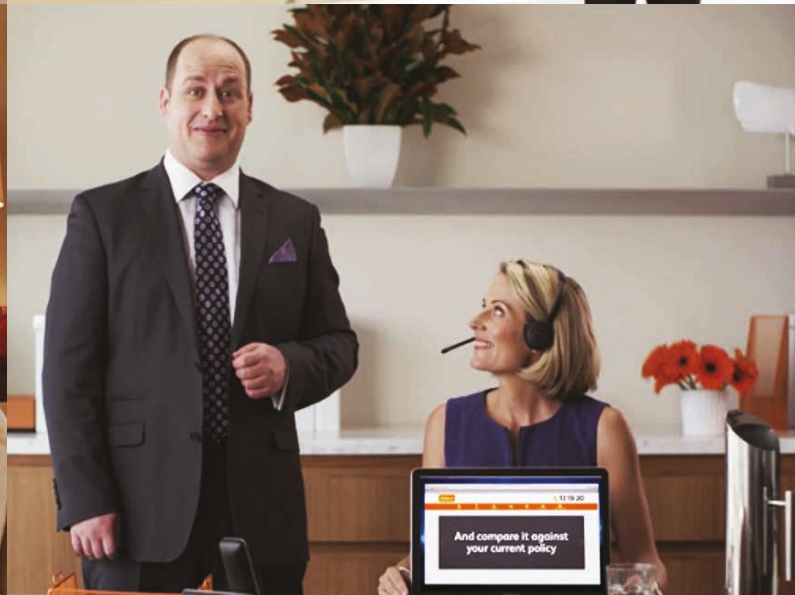
eDMs sent

+1.3m

brand searches

8m

UVs to our website



Partners

In FY15 we made significant progress in strengthening our partner panel, particularly in Health, signing multi-year agreements with several major Australian health insurers.

Investment in our partner relationships will continue in FY16 as we continue to drive innovation, growth and collaboration within the markets we serve.

2015 partner highlights

New partnerships and agreements including:



Continued improvement of customer experience via new digital gateways



Joint business planning, innovation and growth strategies continue with many partners

Car



Life



Health



Home Loans



InfoChoice



Energy¹



Broadband



1. Includes Energy Watch

personal use only



WELLNESS

- Fire Wardens **First Aiders**
- Ergonomic Assessments ★★★★★
- Employee Assistance Program (EAP)
- Mindfulness Life Psychologists **Coach**
- November **RU OK? Day**
- Workplace Safety Flu Shots
- Fresh Fruit **Recharge Days** **Massages**
- Sleep pods & **Massage Chairs**



If you have any queries or feedback please connect with the Wellness Committee at iselectwellness@iselect.com.au



"You can feel the energy when you walk into iSelect, it's infectious. No matter where in the Company you work, everyone wants to make a real difference to the lives of our customers. You can't bottle that, and that's why I love coming to work every day."

– Erin, Client Solutions Team Leader



People and Culture

Our people are the engine room of our business. In FY15 we engaged across all levels of iSelect to define our internal iSelect vision, values and behaviours that embody the passion and drive we all have to see iSelect consolidate and extend its position as Australia's leading multi-channel comparison service.

We launched our new employee reward and recognition 'WOW' program



The program embeds and drives our newly defined values and behaviours across every level of the business.

We also launched our new internal vision, values and behaviours

Our vision

We Care. | We Empower. | We Lead.

Our values and associated behaviours

Values	Have heart	Keep it real	Be brave	Celebrate
	▼	▼	▼	▼
Behaviours	Empathy & Unity	Open & Honest Positive Intent	Be You Be Curious	Praise Play

2015 people and culture highlights



Developed and launched our internal vision, values and behaviours



Developed and launched our new reward and recognition program: the 'WOW' program



Introduced a category model structure to drive cross-functional vertical performance



Key Achievements in FY15

FY15 was an eventful year marked by several significant achievements in key areas that will underpin our capability to sustainably build scale and further diversify our business in FY16 and beyond.



Brand

- Continued investment in brand – quality and depth of engagement
- Further development and integration of digital channels



Business Verticals

- Energy vertical successfully established
- Capability enhanced to drive other verticals



Corporate

- NIA Health loan resolved, iSelect adopted a renewed focus on cash flow and ROIC
- Independent Chairman appointed, moved to conventional governance structure



Operations

- Contact centre leadership enhanced
- More sophisticated people management systems and processes



Data

- Data mining tools rolling out across all verticals and applied to marketing
- Data warehouse upgraded, single customer view established



People and Culture

- Executive team reset and category leadership introduced
- Employee engagement at all-time high, new reward and recognition program launched



Partners

- Strategic partnerships widened and deepened: especially Health and Life Insurance
- New long-term agreements were formed



Technology

- Improved web and mobile functionality and customer engagement
- Investment in R&D and core systems: data warehouse and network infrastructure

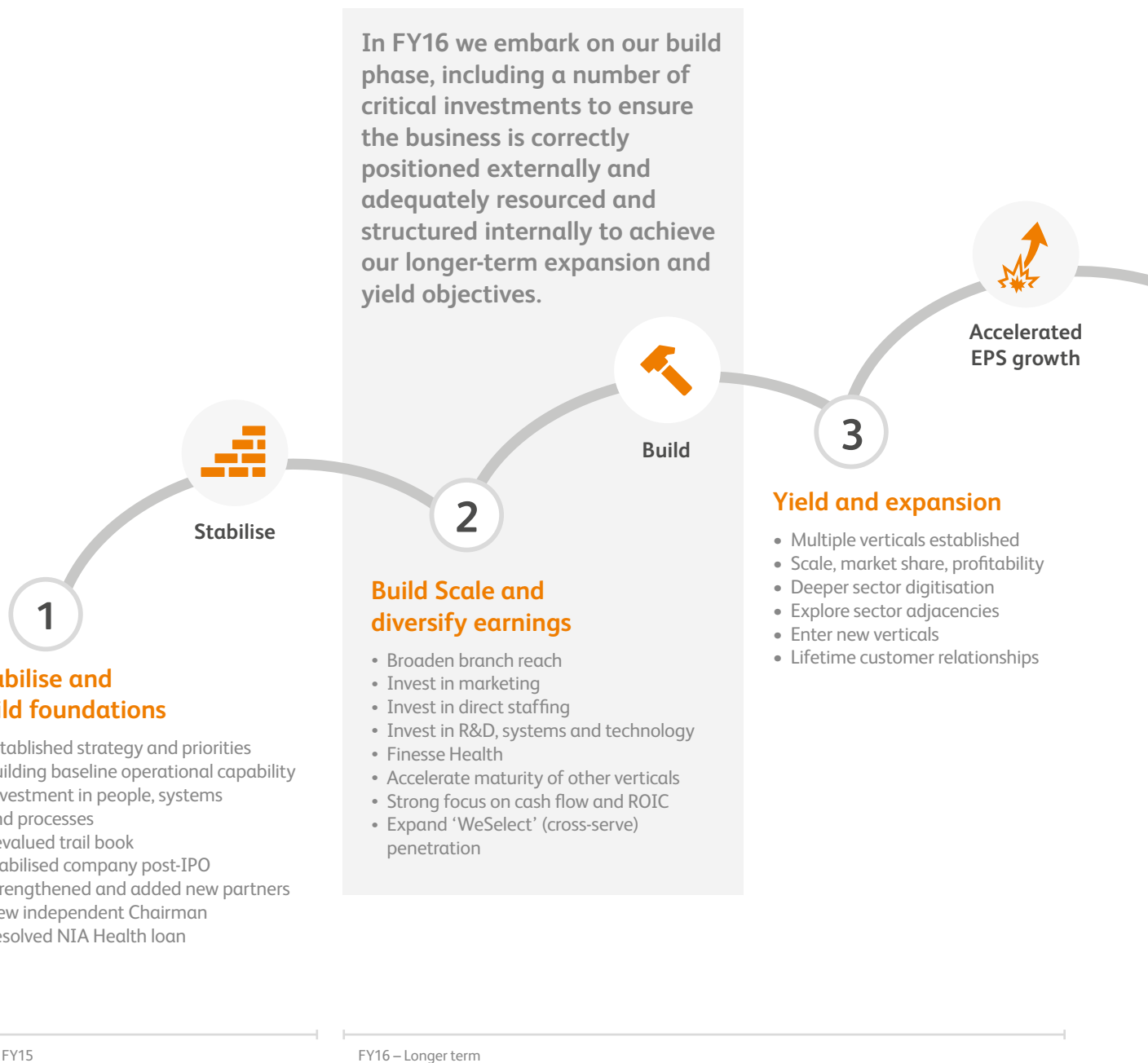


Compliance

- Best practice data security and compliance regimes introduced
- Independent PwC review of unbiased contact centre advice and our Health algorithm

Our Strategic Horizons

A number of significant achievements were made in FY14 and FY15 to stabilise iSelect following the IPO and establish the necessary foundations and operating rhythms to sustainably scale iSelect and diversify our earnings over the medium term.



In FY16 we embark on our build phase, including a number of critical investments to ensure the business is correctly positioned externally and adequately resourced and structured internally to achieve our longer-term expansion and yield objectives.

For personal use only

Board Members



Chris Knoblanche AM Chairman and Independent Non- Executive Director

Chris joined the iSelect Board as Chairman and Independent Non-Executive Director on 1 July 2015 and brings significant experience in strategy and financial services to the Board.

He currently serves on the Boards of Greencross Limited (ASX: GXL), GE Capital/ Money Australia (Hallmark Companies), Environment Protection Authority NSW, Norton Rose Fulbright – Lawyers, and Sydney Opera House. He has also served as an adviser to and on the Board of Aussie Home Loans. In addition, he has considerable expertise as the Chair of several Board-level audit and risk committees.

Mr Knoblanche is a chartered accountant and has extensive CEO, executive and financial markets experience, having served as Managing Director and Head of Citigroup Corporate and Investment Banking (Australia and NZ), a partner in Caliburn (now Greenhill Investment Bank) and CEO of Andersen Australia and Andersen Business Consulting – Asia.

Chris holds a Bachelor of Commerce and is a Member of the Institute of Chartered Accountants in Australia (ACA), and Fellow of the Australian Society of CPAs (FCPA).



Alex Stevens Chief Executive Officer & Managing Director Resigned: effective 12 October 2015

Alex joined iSelect as CEO in March 2014 and has over 20 years' experience as an executive in the consumer products and finance sectors, both domestically and internationally.

Since 1996 Alex has held a variety of senior executive roles, domestically and internationally, with leading global consumer products organisations including PepsiCo, Fonterra and Fosters. Most recently this has included several years as either CEO or Managing Director, preceded by broad-ranging executive roles across marketing, sales, finance, strategy and IT.

Prior to entering consumer products, Alex held a number of positions in the finance sector within corporate finance and as an equity research analyst with UBS and JP Morgan.

Alex holds an MBA (Distinction) from the Australian Graduate School of Management, an MBBS (Hons) from the University of NSW and is a Fellow of the Royal Australasian College of Surgeons (FRACS).



Brodie Arnhold Non-Executive Director

Brodie joined the iSelect Board in September 2014 and has over 15 years' domestic and international experience in private equity, investment banking and corporate finance.

Prior to his current role as CEO of Melbourne Racing Club, Brodie worked for Investec Bank from 2010 to 2013 where he was responsible for building a high-net-worth private client business. Prior to this, Brodie worked for Westpac Banking Corporation where he grew the institutional bank's presence in Victoria, South Australia and Western Australia, and from 2006 to 2010 held the role of Investment Director at Westpac's private equity fund.

During his career Brodie has also worked at leading accounting and investment firms including Deloitte (Australia), Nomura (UK) and Goldman Sachs (Hong Kong).

Brodie holds a Bachelor of Commerce and MBA from the University of Melbourne and is a member of the Institute of Chartered Accountants Australia (ICAA).



Shaun Bonett Non-Executive Director

Shaun was appointed to the iSelect Board in May 2003. Shaun founded and is the Chief Executive Officer of Precision Group, an investor, developer and financier of retail and commercial property across Australia.

Precision Group owns over AUD \$1 billion of commercial assets in Australia and has diversified its business into financial services and private equity investments, primarily in the IT and health sectors.

Shaun is a qualified lawyer and Barrister and Solicitor of the High Court of Australia and previously held various corporate advisory roles with publicly listed and private companies. He is also a member of the AICD and Young Presidents' Organisation.

Shaun is also a Director and Chairman of Litigation Lending Services Ltd. Shaun is founder and trustee of the Heartfelt Foundation, an Australian charitable trust.



Bridget Fair
Non-Executive Director

Bridget was appointed to the iSelect Board in September 2013 and is a senior media executive with over 20 years' experience in government relations, business strategy, corporate affairs and commercial negotiation.

Bridget is currently Group Chief of Corporate and Regulatory Affairs at Seven West Media, following 13 years as Head of Regulatory and Business Affairs at the Seven Network. Between 1995 and 2000, Bridget held the position of General Counsel for SBS. Prior to this, she was legal counsel for the ABC and practiced as a solicitor at law firm Phillips Fox, now DLA Piper.

Bridget occupies Board positions at Freeview Australia Limited and Free TV Australia Limited.

Bridget holds a BA/LLB from the University of New South Wales (UNSW).



Damien Waller
Non-Executive Director

Damien is an Australian online entrepreneur based in Melbourne, Australia and is a Non-Executive Director of iSelect. Damien co-founded iSelect in 2000 and since then the Company has grown to become Australia's leading multi-channel comparison service.

In recent years, Damien spearheaded the expansion of the Company into new underlying markets including Home Loans, Money and Energy. Damien's position within iSelect has evolved over the years and has included Managing Director, CEO, Executive Chairman, and now Non-Executive Director.

Prior to iSelect, Damien was recruited by JB Were & Son via its elite graduate program. Damien is currently a director of Nimble Money Pty Ltd, and other related Nimble entities.

Damien is a Fellow of FINSIA (the Financial Services Institute of Australasia) and a member of the Australian Institute of Company Directors (AICD).



Leslie Webb
Non-Executive Director
Resigned: effective
28 August 2015

Leslie was appointed to the iSelect Board of Directors in February 2001. He brings legal expertise to the Board given his experience as a barrister and solicitor.

Leslie has consulted extensively to both publicly listed and unlisted public companies in the information technology (IT) and biotechnology industries on corporate and financial planning, intellectual property, corporate governance and strategic planning issues. In his role as a consultant, he has been actively involved in advising on the globalisation of Australian companies.

Previously, Leslie was a director of the ASX-listed biotechnology company Gradipore Ltd, non-executive Chairman of Stem Cell Sciences (Australia) and a non-executive Director of Stem Cell Sciences PLC (previously listed on the London Alternative Investment Market).

Leslie is currently a non-executive Director of Generic Health and is non-executive Chairman of Nimble Money Pty Ltd.

Leslie is a member of the AICD.

Executive Team



Scott Wilson Commercial Director Appointed as CEO: effective 12 October 2015

Scott joined iSelect in February 2013 and holds the position of Commercial Director and maintains overall responsibility for the Company's individual business units and product provider relationships.

Scott has over 20 years of sales and key account management experience within multinational fast-moving consumer goods and entertainment companies.

Prior to joining iSelect, Scott was Sales Director (Australia and New Zealand) for 20th Century Fox Home Entertainment, following senior national sales roles at SPC Ardmona.

Scott holds a Master of Business and Graduate Certificate of Business Administration from The University of Newcastle.



Paul McCarthy Chief Financial Officer

Paul joined iSelect in July 2014 and leads iSelect's finance and administration function.

Paul is a chartered accountant by background and has over 17 years' experience as a finance and commercial executive in major corporate, investment banking and corporate finance roles.

Prior to iSelect, Paul worked within the Investment Banking team at Morgan Stanley, based in Melbourne. Prior to this, he was a Director of Corporate Finance for PwC following five years with Foster's Group Limited as Director of M&A and Strategic Alliances and General Manager within Global Strategy and Business Development. Prior to that he worked in Commercial and Corporate Finance for BlueScope Steel Limited.

Paul holds a Bachelor of Commerce (Honours) from the University of Melbourne and a Graduate Diploma in Applied Finance and Investment from the Financial Services Institute of Australasia (FINSIA).



Shane Abeyratne Operations Director

Shane joined iSelect in February 2015 and has over 15 years' specialist experience in call centre operations. Shane's call centre leadership expertise and track record are extensive, having spent considerable time leading sales and service contact centres across Australia and internationally.

Prior to iSelect, Shane spent 12 years at Telstra in management roles of increasing responsibility, most recently leading its national sales centres and industry partner relationships.

Shane holds a Bachelor of Applied Science (Business and Information Technology, Human Resources) from Swinburne University of Technology.



David Christie
General Counsel and
Company Secretary

David joined iSelect in September 2013 and leads the Group’s legal, compliance and company secretary functions.

David has over 15 years’ experience as a senior legal executive and prior to joining iSelect served as Global Head of Legal for Renaissance Capital Limited, where he maintained global responsibility for legal affairs, including M&A, litigation and intellectual property matters.

Between 2004 and 2006, David held the position of Senior Lawyer with Deutsche Bank AG (UK), London, prior to which he held legal roles of increasing responsibility with Simmons and Simmons Lawyers London, and Minter Ellison Lawyers Sydney.

David holds a BA/LLB Law from the University of Canberra, and a LLM in International Law from the University of Edinburgh, Scotland.



Elise Morris
Human Resources
Director

Resigned: effective
30 September 2015

Elise joined iSelect in February 2012 and leads iSelect’s human resources function.

Prior to iSelect, Elise held human resources roles of increasing responsibility within some of Australia’s most well-recognised companies including Seek Limited and Pacific Brands. During her career, Elise has also held senior management positions within the UK-based confectionery manufacturer Cadbury and its parent company Kraft Foods.

Elise holds a BBus (Marketing), a Master of Management from Monash University and graduate qualifications in Psychology.



Alex Stevens
Chief Executive Officer
and Managing Director

Resigned: effective
12 October 2015

Alex joined iSelect as CEO in March 2014 and has over 20 years’ experience as an executive in the consumer products and finance sectors, both domestically and internationally.

Throughout his career, Alex has held various senior executive roles with broad ranging responsibilities, including marketing, sales, finance, strategy and IT.

The majority of his time in the consumer products sector was spent with PepsiCo in Australia and the US between 1996 and 2008. Over that time he held the roles of Vice President Sales and Marketing, Commercial Director, CFO and lastly CEO of PepsiCo Australia and New Zealand.

Prior to entering the consumer products sector, Alex held roles in Corporate Finance, and also as a quantitative financial and then equity research analyst with UBS and JP Morgan.

Alex holds an MBA (Distinction) from the Australian Graduate School of Management, an MBBS (Hons) from the University of NSW and is a Fellow of the Royal Australasian College of Surgeons (FRACS).

Financial Report

Contents

Directors' Report	21
Remuneration Report	28
Corporate Governance Statement	46
Auditor's Independence Declaration	54

Consolidated Financial Statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income	55
Consolidated Statement of Financial Position	56
Consolidated Statement of Changes in Equity	57
Consolidated Statement of Cash Flows	58
Notes to the Consolidated Financial Statements	59
Directors' Declaration	106
Independent Auditor's Report	107
ASX Additional Information	109
Reported vs. Normalised Results	111
Corporate Directory	IBC

Forperso



Directors' Report

The Directors present their report with the consolidated financial statements of the Group comprising iSelect Limited and its subsidiaries for the financial year ended 30 June 2015 and the auditor's report thereon.

DIRECTORS

The names of the Directors in office during or since the end of the financial year are:

Chris Knoblanche	Non-Executive Chairman – appointed 1 July 2015
Brodie Arnhold	Non-Executive Director – appointed 25 September 2014
Shaun Bonètt	Non-Executive Director
Greg Camm	Non-Executive Director and Deputy Chairman – ceased effective 31 October 2014
Bridget Fair	Non-Executive Director
Alex Stevens	Managing Director – appointed to Board on 1 December 2014
Damien Waller	Executive Chairman to 30 December 2014, Non-Executive Chairman from 31 December 2014 to 30 June 2015, Non-Executive Director from 1 July 2015
Leslie Webb	Non-Executive Director – ceased effective 28 August 2015

The above named Directors held office for the whole of the period unless otherwise specified.

COMPANY SECRETARY

David Christie

PRINCIPAL ACTIVITIES

The principal activities during the financial year within the Group were health, life and car insurance policy sales, mortgage brokerage, energy, broadband and financial referral services. There have been no significant changes in the nature of these activities during the year.

OPERATING AND FINANCIAL REVIEW¹

Group Financial Performance and Reported Results

Summary Financial Reported Results – Reported

	FY15 \$'000	FY14 \$'000	Change %
Operating revenue	157,214	120,366	31%
Gross profit	66,286	46,740	42%
EBITDA	18,591	12,078	54%
EBIT	12,576	5,610	124%
NPAT	9,638	6,263	54%
EPS (cents)	3.7	2.4	54%
Cash balance	70,542	75,906	-7%

Summary Financial Reported Results – Normalised²

	FY15 \$'000	FY14 \$'000	Change %
Operating revenue	157,214	136,682	15%
Gross profit	66,286	63,056	5%
EBITDA	31,143	29,249	6%
EBIT	25,128	22,781	10%
NPAT	21,420	18,282	17%
EPS (cents)	8.2	7.0	17%
Cash balance	70,542	75,906	-7%

1 Throughout this report, certain non-IFRS information, such as EBITDA, EBIT, Conversion Ratio, Leads and Revenue Per Sale (RPS) are used. Earnings (profit) before interest, income tax expense and loss from associates (EBIT) reflects profit for the year prior to including the effect of net finance costs, income taxes and loss from associates. Earnings (profit) before interest, income tax expense, depreciation and amortisation and loss on associates (EBITDA) reflects profit for the year prior to including the effect of net finance costs, income taxes, depreciation and amortisation and loss on associates. The individual components of EBITDA and EBIT are included as line items in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Non-IFRS information is not audited.

2 Refer to the reported versus normalised results reconciliation on page 111. The reconciliation forms part of the Operating and Financial Review.

The Group operates in the online product comparison sector and compares private health insurance, life insurance, car insurance, broadband, energy, home loans and personal financial products. The Group maintains three brands, iSelect (www.iselect.com.au), InfoChoice (www.infochoice.com.au) and the newly acquired Energy Watch (www.energywatch.com.au). The Group's business model is comprised of four key pillars that are linked: brand, lead generation, conversion and product providers. The Group derives the majority of its revenue from fees or commissions paid by product providers for successful sale of their products.

Reported operating revenue in financial year 2015 was \$157,214,000, up 31% on the prior year. Reported EBITDA was \$18,591,000, up 54%. Reported net profit after tax (NPAT) was \$9,638,000, up 54%.

Reported results for the year have been normalised for the impact of the impairment of the NIA loan receivable and one-off costs associated with the loan's recovery (further detailed in the Financial Position section of this Operating and Financial Review), and also for costs incurred in relation to the integration of the Energy Watch business, as well as for costs incurred in relation to the resignation of the Executive Chairman, and search for a Non-Executive Chairman. For comparative purposes, reported earnings for financial year 2014 have been normalised for the impact of the revaluation of trail commission receivable as at 30 June 2014, and also for costs incurred in relation to the exit and replacement of the Group's former Chief Executive Officer. A reconciliation of reported versus normalised results is on page 111.

The commentary that follows considers the results for financial year 2015 compared with financial year 2014 on a normalised basis.

Directors' Report (continued)

for the year ended 30 June 2015

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Group Financial Performance and Reported Results (continued)

Normalised operating revenue in financial year 2015 was the same as reported operating revenue at \$157,214,000 and was up 15% on the prior year. Normalised EBITDA was \$31,143,000, up 6%.

Normalised EBIT was \$25,128,000, up 10%. Normalised NPAT was \$21,420,000, up 17%.

The Group recorded solid year-on-year revenue growth particularly in its newer businesses. As noted above, revenue was up 15% on the prior year's normalised operating revenue. Leads were slightly below the prior year as a result of more focus on web optimisation, which delivered increased continuation rates of web traffic into the business. Conversion improved significantly as a result of these improved continuation rates and also due to improved operational disciplines, with overall sales volumes increasing 45% on the prior year. Revenue per sale at Group level declined, impacted by mix of business towards those with lower commissions and also as a result of consumer behaviour in the Health business, particularly in the last quarter of the financial year.

Gross profit for the financial year 2015 was \$66,286,000, up 5% on the prior year normalised gross profit of \$63,056,000. Normalised gross profit margin decreased to 42% of operating revenue from 46% in the prior year reflecting the mix of businesses towards those with lower margins and also deliberate investment in staffing and marketing costs, particularly in the Health business.

It is also worth noting that there was a reduction in discount unwind (a component of revenue) in financial year 2015 (\$5,858,000) when compared to financial year 2014 (\$8,524,000), which resulted from the revaluation of trail commission receivable as at 30 June 2014. These amounts have not been normalised from the revenue or profit results in either financial year. However, if they had been normalised and if the revenue from Energy Watch is excluded, the revenue growth year-on-year would have been 13%. Similarly, gross profit growth on this basis would have been 10%.

Normalised operating expenses (net of other income) totalled \$35,143,000 and represented 22% of operating revenue. Whilst operating expenses were up from the prior year by 4% or \$1,336,000, growth in operating expenses was slower than operating revenue growth, reflecting a focus on managing overheads. That said, deliberate investment in operational capability did occur over the course of the year to support the future growth of the business.

Depreciation and amortisation was \$6,015,000, a decrease of 7% on the prior year.

Net finance income for financial year 2015 was \$5,768,000, compared with \$3,403,000 in financial year 2014. This reflects interest being earned on cash on deposit, interest earned on the Group's loan to NIA Health Pty Ltd and the undrawn status of the Group's debt facility.

A loss from associates of \$313,000 was recorded in relation to the Group's investment in iMoney, which occurred on 10 October 2014.

Key Operating Metrics

Leads

iSelect categorise a 'lead' across the business (except in the Money business unit within the Household Utilities and Financial segment) as a second-page visit to one of its websites, or an inbound phone call from a potential customer to the Business Development Centre. This is considered by management to be a more conservative metric than considering all the unique visits to the homepage as leads.

Leads for the Money business unit are sourced via the Infochoice website, which operates under a lead generation model providing a low-cost source of leads. On this basis, a lead for the Money business unit is considered a visit to its website.

Leads for the Energy Watch business are sourced via the Energy Watch website. In the absence of reliable data on second-page visits, the number of individuals whose personal information has been recorded has been determined to be a lead. This is a more conservative estimate of leads when compared to the broader iSelect business.

Conversion Ratio

Once a lead is generated, iSelect provides purchase advice and information to the consumer either via its websites or its Business Development Centre. If that purchase advice results in a referral to a product provider and a sale is completed, then the lead is considered to have been converted. The conversion ratio is used to measure the efficiency in turning leads into sales. An increase in the conversion ratio increases iSelect's earnings without the need for additional marketing spend. During financial year 2015, iSelect has leveraged efficiencies from its existing resources to achieve a greater number of sales from the same lead pool.

It should be noted that product sales are subject to clawback provisions and lapses (resulting from consumers deciding not to continue with their selected products). The conversion ratio as tabled below represents the 'gross' conversion of leads, before the impact of clawback and lapses. Under the lead generation model operated by the Money business unit, consumers are able to directly click through to product providers, which registers as a visit to the Infochoice website. As a result, the click-through is recorded without registering a corresponding lead as defined previously. As such, the conversion ratio metric just described is not meaningful for the Money business unit.

Revenue Per Sale

Revenue per sale (RPS) measures the average revenue generated from each lead that is converted to a sale. It should be noted the RPS of different products sold by iSelect varies considerably.

Consolidated Key Operating Metrics

	FY11	FY12	FY13	FY14	FY15
Gross Consolidated (excluding Money)					
Leads (000s)	1,911	2,945	3,317	3,801	3,750
Conversion ratio (%) ¹	5.1%	5.9%	6.7%	6.6%	9.7%
Average RPS (\$) ²	743	590	515	549	457
Leads growth	26%	54%	13%	15%	-1%
Sales unit growth	76%	75%	28%	13%	45%
Money					
Leads (000s)	n.a.	874	1,693	1,962	2,254
Average revenue per click-through (\$) ³	n.a.	3	3	6	7
Leads growth	n.a.	n.m.	94%	16%	15%

1 Conversion ratio is calculated as the number of gross sales units divided by leads (i.e. the average percentage of leads that are converted into sales).

2 Average RPS is calculated as gross revenue divided by the number of gross sales units.

3 Average revenue per click-through for the Money business has been re-stated historically to better reflect the key drivers of the part of the business that relies on leads and click-throughs for the generation of revenue.

n.m. = not meaningful

n.a. = not applicable

Discussion of Consolidated Key Operating Metrics for the 2015 Financial Year

The consolidated key operating metrics for the financial year 2015 are discussed in more detail below. Key operating metrics by segment are also discussed in this Operating and Financial Review, in the section on Segment Performance.

Leads Growth for the Financial Year 2015

Leads (excluding Money) decreased by 1% to 3,750,000. The Energy business in particular showed strong growth. All other businesses (again excluding Money) recorded a decline in leads which was largely a managed result, but also reflected a softer market in Health in the second half of the financial year. The primary focus for the period was on improving operational conversion of leads and aligning leads to the operational capacity to convert them.

As already noted, a lead for Money is considered a visit to the InfoChoice website and is reported separately to leads for the other businesses where a lead is a second-page visit to the website, with consumers having entered a level of personal information. Money leads were up 15% on prior year.

Conversion Ratio for the Financial Year 2015

Conversion increased by 3.1 percentage points (pp) to 9.7% for the year, excluding Money. Improvements occurred in all businesses except for Life where performance was consistent with the prior year. This improvement in conversion is reflective of past investment and focus on people and systems, with more intelligent data capture, customer needs assessment, routing of customers to consultants and training of business development centre teams, coupled with renewed leadership.

Revenue Per Sale for the Financial Year 2015

RPS decreased by 17% to \$457, excluding Money, driven by changing mix in contribution from each business. In particular, strong growth in Energy, which has a lower RPS than the Group average, contributed to this result. The RPS in the Health business was softer than the prior year in the second half of financial year 2015 and particularly in the last quarter. This is further discussed in the Segment Performance section below.

Segment Performance

The Group reports segment information on the same basis as the Group's internal management reporting structure at reporting date. Segment information as presented below is on a normalised basis, as detailed on pages 21 and 22 of this report. Commentary on the performance of the two segments follows.

Health and Car Insurance

The Health and Car Insurance segment offers comparison and referral services across the private health insurance and car insurance categories.

Financial Performance	FY15 \$'000	FY14 \$'000	Change %
Operating revenue	101,006	104,323	-3%
Segment EBITDA ¹	24,401	32,044	-24%
Margin %	24%	31%	-7pp

Key Operating Metrics	FY15	FY14	Change %
Leads (000s)	2,065	2,199	-6%
Conversion ratio (%)	8.0%	6.9%	1.1pp
Average RPS (\$)	679	732	-7%

1 Segment EBITDA excludes certain corporate overhead costs that are not allocated at segment level.

Directors' Report (continued)

for the year ended 30 June 2015

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Segment Performance (continued)

Health and Car Insurance (continued)

Operating revenue decreased by 3% to \$101,006,000. Despite leads being lower than the prior comparative period, conversion was up resulting in sales units for the segment remaining strong, being up 10% on the prior year. Within the Health business, operating revenue was impacted in the year by reduced discount unwind (a component of revenue), subsequent to the trail valuation at 30 June 2014. As noted on page 22, discount unwind in financial year 2015 was lower than in financial year 2014. This reduction in discount unwind represented 2.4% of prior year segment revenue. Excluding the impact of discount unwind, revenue for the segment for financial year 2015 was down 1% on the prior comparative period, and segment EBITDA was down 21%.

RPS for the 2015 financial year was impacted by both the Health and the Car businesses. The second half of financial year 2015, and the last quarter in particular, saw a reduction in Health RPS on the prior period.

Trading patterns during this period suggested that reduced affordability of health insurance may have caused an increased proportion of consumers to trade down to lower premium policies. In particular there was a noticeable shift away from mid-hospital to basic hospital style policies. There was also a significant shift away from combined cover policies to extras (ancillary cover) only policies. In addition, slower growth was observed in the 'new to private health insurance' segment of the market suggesting a slowing of participation rates. These factors coupled with a corresponding change in product and provider mix, with providers also reducing the availability of certain policy types (e.g. mid to upper range pregnancy products), resulted in RPS declining, partially offsetting strong volume growth.

As a further result of changing sales mix in Health there was also a significant shift towards upfront fee revenue, away from trail commission revenue. This mix change in Health was one of the major contributors to the corresponding change in the Group's sales mix, which saw upfront revenue grow and trail commission revenue from current period trail commission sales decline. This change in sales mix also contributed towards the Group's cash conversion performance.

Revenue performance in the Car business was also below last year, despite conversion and sales units being up significantly. This was also due to RPS being lower than the prior year. As foreshadowed in the Group's announcement on 10 February 2014, commission rates with Auto & General Services were lowered as part of a two-year distribution agreement under which the Group began to sell an expanded suite of Auto & General's insurance products. Resultantly, the full year impact of these new commission rates was experienced in financial year 2015.

The segment posted an EBITDA result of \$24,401,000 compared with the prior year of \$32,044,000.

Household Utilities and Financial

The Household Utilities and Financial segment offers comparison and lead referral services across a range of household utilities and personal financial products including electricity and gas products, broadband, life insurance, home loans, savings accounts, term deposits, credit cards and personal loans. The Energy Watch brand made no material impact to EBITDA in its first year and is included in the segment financial performance results for financial year 2015, but has no prior year comparatives. The key operating metrics of the business are reported below exclusive of Energy Watch to allow for more meaningful comparison of the year-on-year underlying business performance of the segment.

Financial Performance	FY15 \$'000	FY14 \$'000	Change %
Operating revenue	56,208	32,359	74%
Segment EBITDA ¹	9,549	1,317	625%
Margin %	17%	4%	13pp

Key Operating Metrics ²	FY15	FY14	Change %
Leads (000s)	1,685	1,602	5%
Conversion ratio (%)	11.6%	6.1%	5.5pp
Average RPS (\$)	268	266	1%

¹ Segment EBITDA excludes certain corporate overhead costs that are not allocated at segment level.

² Key operating metrics reported here for the Household Utilities and Financial segment exclude the metrics for the Money business unit. The key operating metrics for the Money business unit are reported with the consolidated Group's key operating metrics on page 23.

Operating revenue grew by 74% to \$56,208,000 and was driven by Energy in particular, with Home Loans, Money and Broadband all showing strong growth during the year. Revenue growth excluding Energy Watch was 55%.

The iSelect Energy business showed substantial growth in both revenue and profitability, following considerable investment in people and marketing in financial year 2014, which continued into financial year 2015. Sales units increased by 77% on the prior comparative period, mostly the result of improved operational conversion which was 7.4 percentage points better than the prior comparative period. The Energy Watch brand contributed positive gross profit to the Group, and has rounded out the consumer offering provided by the Group in the Energy sector.

The Life business continued to provide the segment with a strong contribution to profit having undergone a change in leadership and a full re-tender of the provider panel. The Home Loans business, whilst still relatively small, showed strong conversion and unit growth, which resulted in revenue growth and significantly improved profitability when compared to the prior comparative period.

During financial year 2015, the Broadband business was housed in an 'incubator' style arrangement. With the business now more established, Broadband will be managed in a manner consistent with the broader business.

The Money business, branded as Infochoice, again made a strong contribution to profit and was also able to grow unit sales and revenue per click over the year.

The segment posted an EBITDA profit of \$9,549,000 compared with prior year of \$1,317,000.

Financial Position

Summary Statement of Cash Flows	FY15 \$'000	FY14 \$'000	Change %
Net cash provided by operating activities	24,952	11,534	116%
Net cash used in investing activities	(30,923)	(18,183)	-70%
Net cash provided by financing activities	615	(2,760)	n.m.
Net (decrease)/ increase in cash	(5,356)	(9,409)	43%

Summary Statement of Financial Position	FY15 \$'000	FY14 \$'000	Change %
Current assets	176,235	134,580	31%
Non-current assets	131,012	149,912	-13%
Total assets	307,247	284,492	8%
Current liabilities	33,960	24,290	40%
Non-current liabilities	26,365	23,906	10%
Total liabilities	60,325	48,196	25%
Net assets	246,922	236,296	4%
Equity	246,922	236,296	4%

Capital Expenditure and Cash Flow

Operating cash flow was \$24,952,000 (being 116% higher than last year), which can be attributed to the improved profitability of the business, as well as a continued shift in revenue mix towards upfront fees and away from trail commission revenue when compared to prior comparative period.

Investing cash outflows for the year ended 30 June 2015 totalled \$30,923,000 and included \$9,701,000 relating to the acquisition of the Energy Watch business and \$4,578,000 for the investment in iMoney. In addition, under the secured facility agreement with NIA Health Pty Ltd, the Group advanced \$17,937,000 of funds during the year ended 30 June 2015. As noted below, this facility was settled for an amount of \$42,133,667 on 31 July 2015, being the total amount received by the Group in full payment of all interest owed on the facility and the outstanding loan balance. Please also refer to the section of this report titled Significant Events After Balance Date for further details.

Net financing cash inflows for the 30 June 2015 year totalled \$615,000. This included \$750,000 which was received for the issue of shares upon exercise of options. There are no further options on issue for the Group as at 30 June 2015.

Capital expenditure for financial year 2015 was \$4,355,000 compared with \$4,844,000 for the financial year 2014.

Statement of Financial Position

Net assets have increased to \$246,922,000 at 30 June 2015 from \$236,296,000 at 30 June 2014.

Current assets have increased from 30 June 2014 by 31% to \$176,235,000. This is mostly as a result of the reclassification of the NIA facility receivable from non-current to current having regard to the facility maturity date of 31 July 2015 and the recently negotiated settlement of this receivable. The carrying value of the NIA loan receivable as at 30 June 2015 was \$40,716,000, which is net of an impairment charge of \$9,987,000 as reported in the Group's announcement to the ASX on 27 July 2015. In addition to the loan balance, an amount of \$1,079,000 was receivable in interest from NIA as at 30 June 2015. On 31 July 2015, iSelect received cash of \$42,133,667 in settlement of all interest owing and the outstanding facility balance as per agreed terms.

The current component of the trail commission receivable is \$28,174,000, which is 3% higher than the balance at 30 June 2014.

Non-current assets have decreased from 30 June 2014 by 13% to \$131,012,000 largely a result of the reclassification of the NIA facility receivable, offset in part by an increase in goodwill and brand name intangibles arising from the Energy Watch acquisition (\$9,735,000) and the investment in iMoney (\$4,265,000). Similar to the current balance of trail commission receivable, the non-current component of trail commission receivable was \$73,451,000, an increase of 3% from 30 June 2014.

Current liabilities increased from 30 June 2014 to 30 June 2015 by \$9,670,000, or 40%, to \$33,960,000 due to seasonally high creditor balances as at 30 June 2015, and also due to income tax which has become payable for the first time now that carry forward losses have been utilised in full.

Non-current liabilities increased to 30 June 2015 by 10% to \$26,365,000. This is mostly the result of an increase in net deferred tax liability, which in turn is the result of the utilisation of carry forward tax losses and timing in relation to trail commission receivable as well as accruals and payables balances.

Debt Position

As at 30 June 2015 the Group has nil debt (30 June 2014: nil).

FUTURE DEVELOPMENTS AND EXPECTED RESULTS

Current expectations for the Group for financial year 2016 are for revenue growth in excess of that experienced for financial year 2015. Earnings before interest and tax (EBIT), on a normalised basis, is expected to be between \$26 million and \$28 million. Additional investments to further develop the more mature businesses and accelerate the growth of the developing businesses will be made particularly in marketing, direct staffing and technology. EBIT in the first half of financial year 2016 is expected to be significantly below the first half of financial year 2015. It should be noted however that, as in previous years, the Group's first half revenue and earnings are expected to be significantly smaller than second half revenue and earnings due to operating seasonality, particularly in Health.

Commentary on the major operational parts of each segment follows.

Directors' Report (continued)

for the year ended 30 June 2015

FUTURE DEVELOPMENTS AND EXPECTED RESULTS (CONTINUED)

Health and Car Insurance

- As mentioned previously, the Group's trading patterns in the second half of financial year 2015 suggested the Health insurance market is experiencing some softness with consumers trading down to lower priced policies.
- Specifically RPS management is likely to remain a focal point. This dynamic will require careful management moving forward to maximise returns.
- The Group is planning to make large additional investments in direct staffing during the first half, to build experience and competency across the Group's consultants, which is expected to generate positive returns in the second half and beyond.
- There has been an observed increase in Health insurance policy lapses over the last 12 months. The possibility of sustained increased policy attrition in excess of current assumptions may adversely impact the trail commission receivable, and trail related revenue.
- The opportunities in the Car insurance business are being assessed on an ongoing basis, with focus in the near term on further operational optimisation and trials to attract new partners to the car panel.

Household Utilities and Financial

- Following significant growth in financial year 2015 in the Energy business, there will be continued focus on both the iSelect and Energy Watch brands in financial year 2016. Consequently additional investment in marketing, people and technology is planned, particularly in the first half, with resulting benefits expected to be derived on a lagged basis.
- Further investments in people and processes, in both the Life Insurance and Home Loans businesses, are planned for financial year 2016.
- It is also worth noting that both the Life and Home Loans businesses have trailing commissions as a component of revenue, consistent with the broader Life and Home Loans brokerage industries. In periods of strong revenue growth, the growth in trail revenue and trail commission receivable will tend to be greater than cash receipts in the same period.
- The Group continues to monitor the potential impact of the Life Industry reforms, but notes that its recently negotiated commission structures are more aligned with these proposed reforms.
- The personal finance (InfoChoice) business and Broadband are expected to contribute positively to the Group's financial results, with growth in profitability year-on-year after taking into consideration targeted investments to improve these businesses over the longer term.

Following the recent settlement of the NIA Health loan facility, the Board is considering a number of capital management initiatives. These may include an on-market buyback of up to 5% of the Company's issued capital over a 12 month period, and the commencement of paying a fully franked dividend (timing to be confirmed). iSelect is currently taking advice from external advisers in this regard and a further announcement will be made once the structure and key terms are finalised.

The Group does remain cognisant of potential risks to its business and will continue to closely monitor and work to mitigate these throughout financial year 2016. These risks include potential changes in government policy and legislation with regard to private health insurance, lower than expected cash receipts from future trail commissions, and any adverse decisions taken by product providers currently listed on the Group's websites. All of these risks have the potential to adversely impact the Group's revenue and profitability.

CHANGES IN THE STATE OF AFFAIRS

In the Directors' opinion there have been no significant changes in the state of affairs of the Group during the year. A further review of matters affecting the Group's state of affairs is contained in the Operating and Financial Review.

SIGNIFICANT EVENTS AFTER BALANCE DATE

As noted in an announcement to the ASX on 27 July 2015, the Group received a cash settlement of \$42,133,667 in satisfaction of the amount owing under the NIA Health loan facility, subject to the terms and certain conditions of an agreement entered into on July 25, 2015 under which GMHBA will acquire health.com.au Pty Ltd.

The Group has adjusted for an impairment charge to the NIA Health loan facility of \$9,987,000 as at 30 June plus additional legal, advisory and other one-off costs of \$837,000 (pre-tax) included in its 2015 financial year result.

Other than the matters discussed above, there has not arisen in the interval between the end of the financial year and the date of this report, any transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Group, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

During the year the Group paid a premium in respect of a contract insuring the Directors and Officers of the Group against a liability incurred by such a Director or Officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The Group has not otherwise, during or since the end of the period, indemnified or agreed to indemnify a Director, Officer or Auditor of the Group or of any related body corporate against a liability incurred by such a Director, Officer or Auditor.

DIRECTORS' MEETINGS

The number of meetings of Directors, including meetings of committees of Directors, held during the year and the number of meetings attended by each Director is presented below.

Directors	Board of Directors		Audit and Risk Management Committee		Remuneration Committee		Nomination Committee	
	Held [^]	Attended	Held [^]	Attended	Held [^]	Attended	Held [^]	Attended
D. Waller	16	15	–	–	–	–	8	8
B. Arnold ¹	11	11	3	3	–	–	–	–
G. Camm ²	7	7	1	1	–	–	–	–
A. Stevens ³	7	7	–	–	–	–	–	–
L. Webb	16	14	–	–	3	3	8	8
S. Bonètt	16	14	4	4	3	3	8	8
B. Fair	16	16	4	4	3	3	–	–

[^] The number of meetings held indicates the total number held whilst the Director was in office during the course of the year.

¹ Appointed as Director and Chair of the Audit and Risk Management Committee on 25 September 2014.

² Ceased as a Director on 31 October 2014.

³ Appointed as Director 1 December 2014.

DIVIDENDS

Dividends paid or declared since the start of the year are \$nil (2014: \$nil).

PROCEEDINGS ON BEHALF OF THE GROUP

No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under Section 237 of the Corporations Act 2001.

ENVIRONMENTAL REGULATION

The Group is not subject to significant environmental regulation in respect of its operations. The Group has not incurred any liability (including any liability for rectification costs) under any environmental legislation.

CORPORATE GOVERNANCE

In recognising the need for high standards of corporate behaviour and accountability, the Directors have followed the corporate governance statement found on the Group's website at iSelect.com.au.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 in relation to the audit for the year ended 30 June 2015 is on page 54 of this report.

NON-AUDIT SERVICES

The following non-audit services were provided by the Group's auditor, Ernst & Young. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised. Ernst & Young received or are due to receive the following amounts for the provision of non-audit services:

	30 June 2015 \$
Regulatory compliance	36,000
Tax compliance	–
Assurance related services	–
Due diligence	–
	36,000

ROUNDING

The Group is of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the Directors' report and the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Remuneration Report (Audited)

for the year ended 30 June 2015

This Remuneration Report for the year ended 30 June 2015 outlines the remuneration arrangements of the Group in accordance with the Corporations Act 2001 (the 'Act') and its regulations. This information has been audited as required by Section 308(3C) of the Act.

The remuneration report is presented under the following sections:

1. Introduction
2. Remuneration Governance
3. Executive Remuneration for the Year Ended 30 June 2015
4. Executive Contracts
5. Link Between Group Performance, Shareholder Wealth and Remuneration

Current Non-Executive Directors

Chris Knoblanche	Independent Chairman – appointed 1 July 2015
Brodie Arnhold	Non-Executive Director – appointed 25 September 2014
Shaun Bonètt	Non-Executive Director
Bridget Fair	Non-Executive Director
Damien Waller	Non-Executive Director – appointed 1 July 2015 (operated as Non-Executive Chairman from 31 December 2014 until 30 June 2015)
Leslie Webb	Non-Executive Director – ceased effective 28 August 2015

Former Non-Executive Director

Greg Camm	Deputy Chair, Non-Executive Director – resigned effective 31 October 2014
-----------	---

Current Executive Directors

Alex Stevens	Chief Executive Officer – joined the Board as Managing Director on 1 December 2014
--------------	--

Former Executive Director

Damien Waller	Executive Chairman – resigned effective 31 December 2014
---------------	--

Current Senior Executives

Shane Abeyratne	Operations Director – appointed 15 February 2015
David Christie	General Counsel & Company Secretary
Natalie Ellisdon	Interim Marketing Director – appointed 27 April 2015
Paul McCarthy	Chief Financial Officer – appointed 21 July 2014
Elise Morris	People Director
Scott Wilson	Commercial Director

Former Senior Executives

Geraldine Davys	Marketing Director – resigned effective 10 February 2015
Joanna Thomas	Operations Director – resigned effective 15 July 2014

2. REMUNERATION GOVERNANCE

2.1 Remuneration Committee

In accordance with the Remuneration Committee Charter ('the Charter'), the role of the Remuneration Committee is:

- To review and make recommendations to the Board on remuneration packages and policies related to the Directors and Senior Executives; and
- To ensure that the remuneration policies and practices are consistent with the Group's strategic goals and human resources objectives.

6. Non-Executive Director Remuneration
7. Key Management Personnel Shareholdings
8. Key Management Personnel Option Holdings

1. INTRODUCTION

The Remuneration Report details the remuneration arrangements for Key Management Personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, either directly or indirectly, including any Director (whether executive or otherwise) of the Parent entity. The KMP during and since the year ended 30 June 2015 were as follows:

The Remuneration Committee membership is made up of members of the Board, none of whom are Executives, as determined in accordance with the iSelect Board Charter. For the year ended 30 June 2015:

- Leslie Webb acted as Chair of the Committee; and
- Shaun Bonètt and Bridget Fair served as members of the Committee.

Details regarding Remuneration Committee meetings are provided in the Directors' report.

The Remuneration Committee meets as often as is required by the Charter or other policies approved by the Board to govern the Committee's operation. The Remuneration Committee reports to the Board as necessary, and seeks Board approval as required. iSelect's CEO attends certain Remuneration Committee meetings by invitation, where management input is required. The CEO is not present during any discussions related to his own remuneration arrangements. For the period the role existed, the Executive Chairman did not attend Remuneration Committee meetings, unless by invitation.

2.2 Information used to set Executive Remuneration

To ensure the Remuneration Committee has sufficient information to make appropriate remuneration decisions and recommendations, it may seek and consider information from independent remuneration consultants. Remuneration advice provided by such consultants is used to aid decision making, but does not replace thorough consideration of Executive Remuneration by the Directors.

During the 2015 financial year, the Chairman of the Remuneration Committee engaged KPMG to provide advice in relation to the appropriateness of iSelect's general remuneration framework and structure, including benchmarking of the remuneration of the CEO and CFO and information regarding market practice. All advice was provided directly to the Chairman of the Remuneration Committee and KPMG provided a declaration that any advice was provided free from undue influence by management. iSelect does not consider that the advice provided by KPMG constitutes a 'remuneration recommendation' for the purposes of the Corporations Act 2001.

To ensure KPMG was free from undue influence of KMP when providing this advice, the advice was provided in writing directly to the Chair of the Remuneration Committee. As a result of this approach, the Board is satisfied that the remuneration recommendation was made free from undue influence by the members of the KMP to whom the remuneration recommendation relates.

3. EXECUTIVE REMUNERATION FOR THE YEAR ENDED 30 JUNE 2015

3.1 Remuneration Principles and Strategy

iSelect is a fast moving and growing business with a heavy reliance on people to perform, grow and innovate.

The aim of the Group's remuneration strategy is to align remuneration with iSelect's strategic direction, align remuneration with the creation of shareholder value and provide a tangible link between remuneration outcomes with both Group and individual performance.

Fixed remuneration is set at a level which is competitive with remuneration for professionals with the required skills and expertise to maximise the current and future value of the business. Variable remuneration provides the opportunity for employees to share financially in iSelect's overall performance and performance of the business, when targets are met and exceeded.

The Group's Executive remuneration strategy is designed to:

- **Align the interests of Executives with shareholders** – the remuneration framework incorporates 'at risk' components, including short-term incentives and long-term incentives. Performance is assessed against both financial and non-financial targets, with key performance indicators that are relevant to the success of the Group and provide acceptable returns for shareholders; and
- **Attract, motivate and retain high performing individuals** – the remuneration framework helps ensure that the remuneration paid by the Group is competitive with that offered by companies to professionals with the required skills and expertise to maximise the current and future value of the business, and longer-term remuneration encourages retention.

3.2 Remuneration Framework

Executive remuneration is provided in a mix appropriate to the position, responsibilities and performance of each Executive within the Group, and considerations of relevant market practices.

For the financial year ended 30 June 2015, Executive remuneration was structured as a mix of fixed and variable ('at risk') remuneration utilising short and long-term incentive elements. As a result, the relative weightings of the three components are as follows:

	Total Remuneration % (annualised at target) ¹ for FY2015		
	Fixed	Variable	
	Fixed Annual Remuneration (FAR)	Short-Term Incentive (STI)	Long-Term Incentive (LTI)
CEO & Executive Chairman ²	56%	22% (40% of FAR)	22% (40% of FAR)
Other Executives	58%	21% (35% of FAR)	21% (35% of FAR)

¹ These figures assume on target performance on an annualised basis. The actual performance against targets for the variable components will determine the amount received by each Executive.

² All references in Section 3 to Executive Chairman relate only to the period of the year ended 30 June 2015 that this role existed (1 July to 30 December 2014).

Further details regarding each element of the remuneration mix are provided in Section 3.3.

Remuneration Report (Audited) (continued)

for the year ended 30 June 2015

3. EXECUTIVE REMUNERATION FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

3.3 Details of Executive Remuneration Components

A. Fixed Annual Remuneration (FAR)

What is FAR?

FAR consists of base salary and statutory superannuation contributions. Executives may also elect to have a combination of benefits provided out of their FAR, including additional superannuation and the provision of a motor vehicle. The value of any non-cash benefits provided to them includes the cost of any fringe benefits tax payable by iSelect as a result of providing the benefit.

FAR is not 'at risk' and is set using appropriate market benchmark data, considering the individual's role, responsibility, skills, experience and performance.

Given the rapidly changing nature of iSelect's business and market sector, benchmark data considers professionals with the required skills and expertise to maximise the current and future value of the business. Fixed remuneration is set with reference to this group.

How is FAR determined?

Remuneration levels are considered annually through a remuneration review that considers market data, insights into remuneration trends, the performance of the Group and individual, and the broader economic environment.

A review of FAR was undertaken during the 2015 financial year. FAR levels for a number of Executives were increased based on individual performance and to align to targeted remuneration levels.

B. Short-Term Incentive Plan (STI Plan)

How does the STI Plan operate?

All Executives are eligible to participate in the STI Plan. The STI Plan puts a significant proportion of remuneration 'at risk' subject to the achievement of Group financial outcomes and individual performance measures. This provides a tangible link between the interests of employees and the financial performance of the Group.

For the year ended 30 June 2015, the target STI opportunity was between 21% and 22% of the total remuneration package for Executives (as detailed in Section 3.2). This represents 40% of FAR for the CEO and the Executive Chairman, and 35% of FAR for all other Executives. The STI Plan is cash-based, with payments made once per year from financial year 2015, following the announcement of the audited financial results at financial year end.

The minimum payout for Group performance and individual performance is 0% of FAR. The maximum payout for Group performance in the EBITDA measure is 200% for outstanding performance, and in the Operating Revenue (as that term is defined in the audited accounts) and individual key performance indicators (KPIs) is 100% for achievement of targets.

What changes were made to the STI Plan during the year?

No changes were made to the STI Plan during financial year 2015.

Changes are being considered for financial year 2016, which will be disclosed in the report for financial year 2016, if the changes are adopted.

What were the STI performance measures for the financial year ended 30 June 2015?

The performance measures for the Executives have been adopted to provide a balance between financial and non-financial, Group and individual, operational and strategic aspects of performance. The performance measures are described in detail below:

Measure	FY2015 Target Details	
Group performance	1. Growth in EBITDA	
	The EBITDA target was set against the Group's financial year 2015 Annual Operating Plan.	
	EBITDA result	Percentage of STI that vests ¹
	Less than or equal to 95% of target	0%
	At target	100%
	Above target (measured between 100% and 125% of target)	200%
	2. Growth in Operating Revenue	
The Operating Revenue target was set against the Group's financial year 2015 Annual Operating Plan.		
Revenue result	Percentage of STI that vests	
Less than or equal to 95% of target	0%	
At target	100%	
Individual Key Performance Indicators (KPIs)	Individual KPIs are set for Senior Executives which take into account their area of accountability, and for the financial year ended 30 June 2015, related to key business objectives in the areas of stakeholder relationships, sales conversion, brand growth, development of the organisational model, delivering high performance ways of working, technology solutions and resources, operational performance in the Business Development Centre and developing commercialisation opportunities.	
	Individual KPIs are set with clearly measurable outcomes that the individual is directly able to control.	
	Payout levels vary between 0 and 100% for individual KPIs.	

¹ Straight-line vesting occurs between 0% and 100%, and 100% and 200% for EBITDA only.

How are the various measures weighted to determine the STI Plan payment for Executives?

There are three performance measures considered under the STI Plan – EBITDA, Operating Revenue, and individual KPIs. The weighting between the three measures varies for participants, dependent upon their individual functional responsibilities and their ability to influence measurement outcomes. For the financial year ended 30 June 2015, the relative weightings were unchanged from financial year 2014, and are as follows:

Performance measure	EBITDA	Revenue	Individual KPIs
CEO and Executive Chairman	50%	50%	–
Other Senior Executives	40%	30%	30%

Who sets the STI Plan performance measures?

The Group’s financial performance targets are set by the Board, based on the recommendations of the Remuneration Committee. Individual KPIs are set and measured for each Senior Executive by the CEO, and recommendations in relation to payment on the basis of achievement of performance targets set under the STI Plan are made to the Remuneration Committee for their consideration by the CEO.

What is EBITDA and why is it used as an STI performance measure?

EBITDA is an operational measure that is widely used by listed companies to measure financial performance. EBITDA has continued to be used as a performance measure in the financial year ended 30 June 2015. The Board uses EBITDA as a primary measure to assess the Group’s operating performance, maintaining focus on the Group’s operating results and associated cash generation.

This aligns with the Group’s objective of delivering growth and shareholder returns.

Why is Operating Revenue used as an STI performance measure and how is it defined?

The use of Operating Revenue as an STI performance measure has been adopted to align performance with market top-line growth expectations of the Group.

What are the individual KPIs and why are they used as an STI performance measure?

The use of individual KPIs for each Executive (excluding the CEO and Executive Chairman) creates a personal, non-financial group of measures specific to each individual. These measures also consider the behaviours that Executives are expected to display in the running of their operations. For the financial year ended 30 June 2015, KPIs related to key business objectives in the areas of:

- Key stakeholder relationships;
- Brand and consumers/customers relationships;
- Sales conversion through the provision of amazing customer experiences;
- New brand growth;

- Future growth through the establishment of organisational model enhancement;
- High performance through happy and contributing employees;
- Simplified and strengthened ways of working;
- Optimised technology solutions and resources;
- Operational performance in the Business Development; and
- Commercialisation opportunities.

The use of individual KPIs helps ensure leadership behaviours are aligned with the Group’s corporate philosophy and objectives, and establishes a business platform for sustainable future growth.

How is performance assessed?

Performance against the EBITDA and Operating Revenue targets is assessed by the Board, and independently verified following the preparation of the financial statements each financial year. Performance against individual KPIs for senior executives is assessed by the CEO, and approved by the Remuneration Committee based upon the CEO’s assessment.

How are the varying levels of performance achievement rewarded?

STI Plan targets are designed to encourage and reward high performance, as well as differentiating between individual performance. Performance against the financial targets must be greater than 95% in order for any STI to be paid, and at target for 100% of STI to be paid. Performance is rewarded pro-rata from 0% to 100% for achievement of over 95% and less than 100%.

Greater rewards are available to recognise and encourage significant over-performance, ranging from greater than 100% to a maximum of 200% of the STI payment related to EBITDA available when financial performance exceeds target. The maximum EBITDA and Operating Revenue performance at which bonus payments are capped is determined by the Remuneration Committee each year.

The proportion of STI subject to individual KPIs is rewarded between 0% and 100%, with 100% being the maximum payout. The individual element provides a measure of differentiation between individual levels of performance.

What if an Executive ceases employment?

Executives do not receive payment for partial financial year completion against financial targets, unless they have a contractual arrangement to do so. This term has been incorporated into contracts for all current Executives (excluding the CEO).

During the financial year ended 30 June 2015, no Board discretion was used to pay pro-rata bonuses to departing Executives, after their termination date, outside contractual arrangements.

When are the performance conditions tested and payments made?

All elements of the STI Plan are measured and paid annually, following the preparation of the financial statements, with payments generally made in the September following financial year end.

Remuneration Report (Audited) (continued)

for the year ended 30 June 2015

3. EXECUTIVE REMUNERATION FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

3.3 Details of Executive Remuneration Components (continued)

B. Short-Term Incentive Plan (STI Plan) (continued)

What were the STI performance outcomes for the year ended 30 June 2015?

	STI Outcome (%)				Actual STI Awarded	% STI Forfeited
	EBITDA	Revenue	Individual KPIs ¹	Total		
Current Senior Executives						
Shane Abeyratne	90%	90%	90%	90%	\$38,732	0%
David Christie	90%	90%	90%	90%	\$124,346	0%
Natalie Ellison	90%	90%	n.a.	63%	\$9,817	0%
Paul McCarthy	90%	90%	90%	90%	\$116,550	0%
Eiise Morris	90%	90%	90%	90%	\$110,282	0%
Scott Wilson	90%	90%	90%	90%	\$116,550	0%
Current Executive Directors						
Alex Stevens	90%	90%	n.a.	90%	\$270,000	0%
Former Executive Directors						
Damien Waller ²	200%	100%	n.a.	150%	\$185,597	0%
Acting Executives						
Geraldine Davys	–	–	–	–	–	100%
Joanna Thomas	–	–	–	–	–	100%

¹ Individual KPIs result is for the full FY15 year, and represents a straight average between the results of each half.

² As detailed in Section 3.4, Mr Waller's STI outcome against EBITDA and Operating Revenue targets considered company performance during his tenure as Executive Chairman only (1 July to 30 December 2014).

C. Long-Term Incentive Plan ('LTI Plan')

Grants were made under the FY2015 LTI Plan in August and November 2014, and the details provided in this section relate to these grants during the financial year ended 30 June 2015.

Further grants made in July 2015 relating to the financial year 2016 incorporate additional enhancements to the LTI Plan, disclosed at the end of this section, consistent with the proposed CEO grant incorporated in the Notice of Meeting for the 2015 Annual General Meeting.

What is the purpose of the FY2015 LTI Plan?

The LTI Plan has been established to provide a long-term incentive component of remuneration to assist with the attraction, reward and retention of key employees, including Executives. The LTI Plan links long-term reward with the ongoing creation of shareholder value, using LTI Plan shares which are subject to satisfaction of long-term performance conditions, including share price growth. The combination of these factors will help to ensure that Executives are focused on long-term value creation, linking their interests with those of shareholders. LTI Plan shares are not transferable and do not carry voting rights.

The Remuneration Committee determines the size and allocation of the LTI Plan grant in accordance with the LTI Plan rules, for recommendation to the Board, who is responsible for final approval.

What changes were made to the LTI Plan as part of the remuneration review following the 2013 AGM?

A comprehensive review of the LTI Plan was undertaken during financial year 2014, as part of the remuneration review that followed the 2013 AGM. The LTI Plan in particular was thoroughly reviewed, with numerous changes adopted to take into account feedback provided by shareholders, proxy advisors and other stakeholders.

As a result, the FY2015 LTI Plan grant incorporated the following changes and enhancements:

- Introduction of Earnings Per Share (EPS) as a second performance measure;
- A lengthened performance period of three years (1 July 2014 to 30 June 2017, for the FY2015 grant) compared to 27 months under the FY2013 LTI Plan;
- Single performance testing point at the end of the third year, with no further retesting. Any shares that don't pass the test will be forfeited in full satisfaction of the associated share loan; and
- The Remuneration Committee tightened its approach with regard to the treatment on departure for Executives participating in the LTI Plan.

How does the LTI Plan operate for grants made in FY2015?

Executives were invited to participate in the LTI Plan, via a loan based share plan. There was no initial cost to the recipient to participate in the LTI Plan, but the loan must be repaid before or at the time of sale of the shares. The value of the loan is set by applying the market value at grant date to the number of units granted. This means the share price must increase over the life of the Plan, and pass the performance tests (below) for there to be any value to the participant between vesting and expiry.

Each LTI Plan share is offered subject to the achievement of the performance measures, which is tested once at the end of the three-year performance period. The LTI Plan value is split between two performance measures – Total Shareholder Return (TSR) and EPS. LTI Plan shares that do not vest after testing of the relevant performance measure lapse, without retesting. There is no financial risk to the Group as lapsed shares are cancelled in full repayment of the portion of the loan to which they relate. Shares that pass the performance tests are able to be traded during the period between vesting and expiry, upon repayment of the loan value. This means there is only value to the participant where both the performance condition is met, and the share price exceeds the market value of the share, as determined at the grant date.

The number of LTI Plan Shares granted to each participant is calculated using the fair value of awards at the allocation date, being 1 July 2014.

What are the LTI performance measures for grants made under the LTI plan in the financial year ended 30 June 2015?

Awards granted under the FY2015 LTI plan are subject to a three-year performance period and the following dual performance measures over that period:

Measure	Weighting	Description of Measure	
Total Shareholder Return (TSR)	50%	TSR measures the total change in the value of the iSelect shares over the performance period, plus the value of any dividends and other distributions being treated as if they were reinvested in shares.	
		The compound annual growth rate (CAGR) will be calculated using the market price of a Share at the end of the performance period (using the volume weighted average price (VWAP) for trades on the Australian Securities Exchange over the one week period up to and including the final day of the performance period), compared against the market price at the start of the period.	
		% CAGR in TSR	% of LTI Plan shares that vest
		Less than 12%	0%
		12%	50%
		Between 12% and 15%	Straight-line vesting between 50% and 100%
Growth in Earnings Per Share (EPS)	50%	EPS measures the Net Profit after Tax, divided by the weighted average number of ordinary shares outstanding during the period.	
		The CAGR will be calculated by comparing the EPS in the final year of the performance period (i.e. year ended 30 June 2017) compared with the base year being the last year ended before the start of the performance period (i.e. the year ended 30 June 2014).	
		% CAGR in EPS	% of LTI Plan shares that vest
		Less than 12%	0%
		12%	50%
		Between 12% and 15%	Straight-line vesting between 50% and 100%
		15% or more	100%

Why were these Long-Term Incentive (LTI) performance measures selected?

The TSR target is a market based performance measure that provides a direct link between Executive reward and security holder value. It provides an external market measure to encourage and motivate Executive performance. TSR growth has been used since the year ended 30 June 2013. The EPS performance measure was introduced to provide a non-market performance measure. It links Executive performance to the Group's earnings.

How will the LTI performance targets be measured?

TSR – Market data will be used to prepare an internal calculation of the TSR for the Group. This will be disclosed in the Annual Report for the year the testing occurs.

EPS – The calculation will be based on the audited accounts and will also be disclosed in the Annual Report for the year the testing occurs.

Remuneration Report (Audited) (continued)

for the year ended 30 June 2015

3. EXECUTIVE REMUNERATION FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

3.3 Details of Executive Remuneration Components (continued)

C. Long-Term Incentive Plan ('LTI Plan') (continued)

Why has a loan based share plan model been adopted?

In considering the best LTI Plan to adopt, a number of different types of employee equity alternatives were considered. The loan based share plan was adopted as it allows the benefits of employee share options, but without adverse tax implications. Participants pay tax once they sell the shares, and they are only able to sell the shares once both the performance hurdle has been met and the share price has increased above the loan value. This provides a tangible future benefit to Executives that is strongly linked to shareholder value. This approach allows Executives to be rewarded for capital growth in the shares, while also placing the Group in a superior position as a result of reduced taxation and transaction costs compared with other schemes.

Importantly, as a loan based share plan is not an employee share plan within the terms of the tax legislation, the 75% rule does not apply. This rule would require 75% of permanent employees to be offered participation in an employee share plan, to permit other types of equity to be used – such as a performance share plan. Due to iSelect's size, and the establishment costs and complexity of such a scheme, a loan based share plan is currently the preferred choice.

What will happen if the Executive ceases employment?

Where an Executive ceases employment, any unvested LTI Plan shares will be forfeited in full satisfaction of the corresponding loan, unless determined and approved otherwise by the Board.

What will happen in the event of a change in control?

Unless the Board determines otherwise, all LTI Plan shares vest upon a change in control.

What was the grant and movement in the number and value of performance awards during the financial year ended 30 June 2015?

Eligible Senior Executives (excluding the CEO) received LTI plan shares with a grant date of 29 August 2014. Following the receipt of shareholder approval at the 2014 AGM, the CEO received LTI plan shares with a grant date of 18 November 2014. All LTI Plan shares granted in FY2015 vest subject to a performance period from 1 July 2014 to 30 June 2017.

The relevant values of the grants are as follows:

Recipient	Grant date	Fair value of awards at grant date		One week VWAP up to and including grant date
		TSR	EPS	
Eligible Senior Executives	29 August 2014	\$0.26	\$0.37	\$1.20
CEO	18 November 2014	\$0.33	\$0.41	\$1.38

Name	Number of performance awards granted	Value at grant date (\$) ¹	Maximum total value of grant yet to vest (\$)
Alex Stevens	1,630,434	603,621	603,621
David Christie ²	1,020,612	321,493	321,493
Geraldine Davys ^{2,3}	675,904	212,910	n.a. ³
Paul McCarthy	532,190	167,640	167,640
Elise Morris	502,172	158,184	158,184
Scott Wilson	532,608	167,722	167,722

¹ Determined at the time of grant per AASB2. For details on the valuation of the LTIP shares please refer to Note 31 of the financial statements.

² Grants made to Mr Christie and Ms Davys included a pro-rata award based on time served during financial year 2014.

³ Ms Davys' grant under the 2015 LTI Plan was forfeited upon departure in February 2015.

What clawback arrangements are in place for grants made under the FY2015 LTI Plan?

Under the rules of the FY2015 LTI Plan, the Board has the power (in certain circumstances) to determine that a participant's interest in any or all of the LTI Plan shares is forfeited and surrendered, and/or that the value that the participant has derived from any vested shares is set off against any current or future fixed remuneration or annual bonuses owed to the participant. This applies in cases of fraud, dishonesty and breach of obligations, including, without limitation, a material misstatement of financial information, whether the action or omission is intentional or inadvertent.

D. Legacy Incentive Plans

The Group has a number of LTI Plans that were offered in previous financial years, as detailed below.

Employee Share Option Plans – 2010 and 2011 Plans

These are legacy plans under which options were offered prior to the adoption of the current LTI Plan. No additional offers will be made under these plans, however awards previously granted under these plans will continue to be governed by their respective terms. All options granted under these plans either lapsed or were exercised during financial year 2015. Further details in relation to performance awards that vested or lapsed in the financial year ended 30 June 2015 are provided in the section below. Refer to Note 31 of the Financial Report for further detail on the 2010 and 2011 Employee Share Option Plans.

FY2013 Long-Term Incentive Plan

All LTI Plan shares in the 2013 LTI Plan as detailed below lapsed during the year ended 30 June 2015.

Detail	2013 LTI Plan										
Grant date	1 April 2013										
Performance period (testing date is the last day of each period)	Tranche 1 (20%) – 1 April 2013 to 30 June 2013 Tranche 2 (40%) – 1 April 2013 to 30 June 2014 Tranche 3 (40%) – 1 April 2013 to 30 June 2015										
Performance condition	Compound annual growth rate (CAGR) in Total Shareholder Return (TSR). TSR measures the total change in the value of the shares over a period, plus the value of any dividends and other distributions being treated as if they were reinvested in shares.										
Vesting schedule	<table><thead><tr><th>CAGR in TSR Performance level</th><th>Percentage of awards that vest</th></tr></thead><tbody><tr><td>Less than 12%</td><td>0%</td></tr><tr><td>12%</td><td>50%</td></tr><tr><td>Between 12% and 15%</td><td>Straight-line between 50% and 100%</td></tr><tr><td>15% or more</td><td>100%</td></tr></tbody></table>	CAGR in TSR Performance level	Percentage of awards that vest	Less than 12%	0%	12%	50%	Between 12% and 15%	Straight-line between 50% and 100%	15% or more	100%
CAGR in TSR Performance level	Percentage of awards that vest										
Less than 12%	0%										
12%	50%										
Between 12% and 15%	Straight-line between 50% and 100%										
15% or more	100%										
Expiry date	24 May 2018										
Fair value of instrument at grant	Tranche 1: 28.8 cents Tranche 2: 36.7 cents Tranche 3: 42.0 cents										
Testing outcomes	The performance condition was not passed for the first tranche, so the shares rolled over to the second tranche for cumulative target testing. The performance condition was not passed for the second tranche, so all shares have rolled over to be retested as at 30 June 2015.										
Current status	Final test was not passed and all LTI Plan shares were forfeited as at 30 June 2015.										
Shares on issue	Nil										
Minimum share price to pass test	\$2.39 (for 50% vesting) or \$2.53 (for 100% vesting)										

Remuneration Report (Audited) (continued)

for the year ended 30 June 2015

3. EXECUTIVE REMUNERATION FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

3.3 Details of Executive Remuneration Components (continued)

D. Legacy Incentive Plans (continued)

Value of performance awards vested and lapsed in the year ended 30 June 2015

All following options under the 2010 and 2011 Plans as detailed below lapsed in the year ended 30 June 2015.

Name	Option Plan name	Date lapsed	Number lapsed/forfeited
Current Non-Executive Directors			
Leslie Webb	2011 Option Plan	30 June 2015	450,000 ¹

¹ These options remain subject to clawback in line with the 2011 Employee Share Option Plan Rules.

All LTI Plan shares under the FY2013 LTI Plan were tested for Tranches 1, 2 and 3 as at 30 June 2015, against the cumulative TSR CAGR requirements. In order for the shares to have vested at the 30 June 2015 test date, the share price was required to reach \$2.39 for 50% vesting, and \$2.53 for 100% vesting. The share price as at 30 June 2015 was \$1.44, and accordingly no shares passed the performance test, and all shares have been forfeited.

Name	Number lapsed/forfeited
Current Senior Executives	
Elise Morris	540,540
Scott Wilson	540,540
Former Senior Executives	
Geraldine Davys ¹	675,904
Jo Thomas ²	621,620
Former Executive Director	
Damien Waller	1,351,350

¹ Ms Davys forfeited her 2013 LTI Plan shares upon her departure in February 2015.

² Ms Thomas forfeited her 2013 LTI Plan shares upon her departure in July 2014.

For further details regarding the number of LTI Plan shares on issue during the year, and the rules applicable on cessation of employment (including the forfeiture of shares), please see Note 28 of the financial report.

Number of performance awards on issue as at 30 June 2015

	Balance at start of year	Granted during year	Vested during year	Forfeited during year	Balance at end of year
Current Senior Executives					
Shane Abeyratne	–	–	–	–	–
David Christie	–	1,020,612	–	–	1,020,612
Natalie Ellisdon	–	–	–	–	–
Paul McCarthy	–	532,190	–	–	532,190
Elise Morris	540,540	502,172	–	540,540	502,172
Scott Wilson	540,540	532,608	–	540,540	532,608
Former Executives					
Geraldine Davys	–	675,904	–	675,904	–
Jo Thomas	621,620	–	–	621,620	–
Current Executive Directors					
Alex Stevens	–	1,630,434	–	–	1,630,434
Former Executive Directors					
Damien Waller	1,351,350	–	–	1,351,350	–

3.4 Key Events Impacting Remuneration during the Year Ended 30 June 2015

Executive Chairman Departure

In October 2014, Mr Waller advised the Board of his desire to become a Non-Executive Director of iSelect. As part of this transition, Mr Waller departed the role of Executive Chairman, effective 30 December 2014. Mr Waller was the co-founder of iSelect in February 2000, and has played a key role in the Group's business and development.

Mr Waller received the following during the financial year ended 30 June 2015 in satisfaction of his contractual entitlements:

- A pro-rata amount of his usual FAR for the period worked up to 31 December 2014 (\$294,326 plus superannuation of \$15,000);
- A termination payment of \$709,996 comprising pay in lieu of notice (including superannuation) for 12 months from his date of resignation in line with his contractual entitlements and capped at his three-year average base pay, in line with Corporations Act requirements (\$548,586 plus superannuation of \$15,000) and payout of his annual leave entitlement (\$nil) and long service leave entitlement (\$146,410);
- A pro-rata STI Plan payment of \$185,597 based on company performance during the time served as Executive Chairman (from 1 July to 31 December 2014), in line with his contractual entitlements, and subject to the usual performance hurdles. To ensure appropriate governance, pro-rata STI was linked to first half results to align with Mr Waller's actual service as opposed to linking STI to a period (H2) where he served as Non-Executive Director. Mr Waller elected that no STI payment for the period of payment in lieu of notice (1 January to 31 December 2015) was payable, despite a contractual entitlement to receive the same; and
- He forfeited 1,351,350 shares under the 2013 LTI Plan in full satisfaction of the associated share loan, despite having a contractual entitlement to receive accelerated vesting of shares and share options that would have vested during the notice period and/or 12 months following the date of termination, within the usual exercise period.

For details regarding Mr Waller's remuneration while Non-Executive Chairman and Non-Executive Director, please see Section 6.3.

Chief Financial Officer

As disclosed in the financial year 2014 Remuneration Report, Mr McCarthy commenced as CFO on 21 July 2014, and his remuneration is disclosed in this report.

Operations Director Transition

Ms Thomas resigned as Operations Director, effective 15 July 2014. As a result of her departure, Ms Thomas received:

- A pro-rata amount of her usual FAR for the period worked up to 18 July 2014 (\$12,738 plus superannuation of \$1,196);
- Six months FAR as gardening leave (\$160,584 plus superannuation of \$15,074) for her contractual six-month notice period to 15 January 2015;
- A termination payment comprising payout of her annual leave entitlement (\$56,300);
- She forfeited 621,620 shares under the 2013 LTI Plan, as determined by the Board, in full satisfaction of the associated share loan; and
- She did not receive any STI payments for financial year 2015 as she was ineligible by reason of resignation.

New Operations Director

Mr Abeyratne joined iSelect as Operations Director on 15 February 2015.

Marketing Director

Ms Davys resigned as Marketing Director, effective 10 February 2015. As a result of her departure, Ms Davys received:

- A pro-rata amount of her usual FAR for the period worked up to 9 February 2015 (\$166,667 plus superannuation of \$15,833);
- Payment of FAR for the two months and one week gardening leave period (\$52,511 plus superannuation of \$4,988) for her notice period to 17 April 2015;
- Payout of her annual leave entitlement (\$8,863);
- She forfeited 675,904 shares under the 2015 LTI Plan, as determined by the Board, in full satisfaction of the associated share loan; and
- She did not receive any STI payments for financial year 2015 as she was ineligible by reason of resignation.

Interim Marketing Director

Natalie Ellisdon was appointed to the role of Interim Marketing Director on 27 April 2015, for an initial six-month period while the Company continued to search for a Marketing Director. Ms Ellisdon joined iSelect in January 2015 as Head of Brand and Campaign Management. Her remuneration is disclosed in this report for the period she operated in the Interim Marketing Director role only.

Remuneration Report (Audited) (continued)

for the year ended 30 June 2015

3. EXECUTIVE REMUNERATION FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

3.5 Remuneration Paid to Executives

The table below has been prepared in accordance with the requirements of the Corporations Act and relevant Accounting Standards. The figures provided under the equity settled share-based payments columns are based on accounting values and do not reflect actual payments received by Executives.

Name and title	Year	Short-Term Benefits			Post Employment Benefits			Long-Term Benefits			Equity Settled Share-Based Payments Expense			Performance Related	
		Salary \$	STI \$	Other \$	Super \$	Long Service Leave \$	Options \$	Shares ¹ \$	Termination Payments \$	Total \$	Total \$	\$			
Current Executive Director															
Alex Stevens Chief Executive Officer	2015	715,000	270,000	-	35,000	-	-	-	173,234	-	-	1,193,234	-	443,234	
	2014	184,038	-	-	6,250	-	-	-	-	-	-	190,288	-	-	
Current Senior Executives															
Shane Abeyratne Operations Director (from 15 February 2015)	2015	112,048	38,732	-	10,645	-	-	-	-	-	-	161,425	-	38,732	
	2014	-	-	-	-	-	-	-	-	-	-	-	-	-	
David Christie General Counsel	2015	364,750	124,346	-	30,000	-	-	-	91,430	-	-	610,526	-	215,776	
	2014	261,828	30,181	-	18,750	-	-	-	-	-	-	310,759	-	30,181	
Natalie Ellisdon Marketing Director (from 27 April 2015)	2015	41,426	9,817	-	3,935	-	-	-	-	-	-	55,178	-	9,817	
	2014	-	-	-	-	-	-	-	-	-	-	-	-	-	
Paul McCarthy Chief Financial Officer (from 27 April 2015)	2015	323,436	116,550	-	28,538	-	-	-	47,675	-	-	516,199	-	164,225	
	2014	-	-	-	-	-	-	-	-	-	-	-	-	-	
Elise Morris People Director	2015	320,100	110,282	-	30,000	-	-	-	114,351	-	-	574,733	-	224,633	
	2014	305,606	33,971	-	22,681	-	-	-	83,382	-	-	445,640	-	117,353	
Scott Wilson Commercial Director	2015	355,070	116,550	-	29,581	-	-	-	117,077	-	-	618,278	-	233,627	
	2014	290,000	34,944	-	28,458	-	-	-	83,382	-	-	436,784	-	118,326	

1 The figures provided under the equity settled share-based payments columns are based on accounting values and do not reflect actual payments received by Executives.

Name and title	Year	Short-Term Benefits			Post Employment Benefits		Equity Settled Share-Based Payments Expense			Termination Payments	Performance Related Total
		Salary	STI	Other	Super	Long Service Leave	Options	Shares ¹			
		\$	\$	\$	\$	\$	\$	\$	\$	\$	
Former Executive Director											
Damien Waller Executive Chairman (until 30 December 2014)	2015	294,326	185,597	-	15,000	146,410	-	(264,588) ²	563,586	940,331	(78,991)
	2014	545,686	-	-	25,000	16,290	-	208,456	-	795,432	208,456
Former Executives											
Geraldine Davys Former Marketing Director (until 10 February 2015)	2015	166,667	-	-	15,833	-	-	- ³	66,362	248,862	-
	2014	171,472	17,285	-	16,284	-	-	-	-	205,041	17,285
Joanna Thomas Former Operations Director (until 15 July 2014)	2015	12,738	-	-	1,196	-	-	(121,710) ⁴	231,958	124,182	(121,710)
	2014	311,970	33,037	-	25,185	-	-	95,889	-	466,081	128,926
Total Current and Former KMP	2015	2,705,561	971,874	-	199,728	146,410	-	157,469	861,906	5,042,948	1,129,343
	2014	2,070,600	149,418	-	142,608	16,290	-	471,109	-	2,850,025	620,527

The total remuneration of KMP as per the financial year 2014 audited financial statements was \$5,216,780. The financial year 2014 total displayed in the main table above (\$2,850,025) does not include former KMP from financial year 2014 who had nil remuneration in financial year 2015.

Comparison of total financial year 2015 to financial year 2014 remuneration report											
	2015	2,705,561	971,874	-	199,728	146,410	-	157,469	861,906	5,042,948	1,129,343
Total	2014	3,018,403	217,759	-	212,377	16,290	-	518,770	1,233,181	5,216,780	736,529

1 The figures provided under the equity settled share-based payments columns are based on accounting values and do not reflect actual payments received by Executives.
2 Includes share-based payment expense in financial year 2015 of \$86,706, net of expense write-back of \$351,294 upon forfeiture of share resulting from resignation as Executive Chairman.
3 Includes share-based payment expense in financial year 2015 of \$37,159, net of expense write-back of \$37,159 upon forfeiture of share resulting from resignation as Marketing Director.
4 Includes share-based payment expense in financial year 2015 of \$3,324, net of expense write-back of \$125,034 upon forfeiture of share resulting from resignation as Operations Director.

Remuneration Report (Audited) (continued)

for the year ended 30 June 2015

4. EXECUTIVE CONTRACTS

Remuneration arrangements for Executives with service during the year ended 30 June 2015 are formalised in employment contracts. All contracts are for an unlimited duration.

Name	Notice Period ¹ and Termination Payment ²
Alex Stevens	<ul style="list-style-type: none"> – 6 months notice by either party (or payment in lieu) – Entitled to pro-rata bonus, subject to achievement of Key Performance Indicators (KPIs), for time worked (including any payment in lieu or gardening leave period)
Damien Waller (resigned as an Executive effective 31 December 2014)	<ul style="list-style-type: none"> – 12 months notice by either party (or payment in lieu) – 1 month notice within 6 months of ceasing to hold the position of Executive Chairman or Executive Director or where the scope of responsibilities or authority is materially diminished – Entitled to pro-rata bonus, subject to achievement of KPIs, for time worked (including any payment in lieu or gardening leave period), including a consideration of the achievement against KPIs in the prior 12 months – Accelerated vesting of shares and share options that would have vested during the notice period and/or 12 months following the date of termination, with the usual exercise period
Shane Abeyratne	<ul style="list-style-type: none"> – 3 months notice by either party (or payment in lieu) – Where employment terminates prior to a bonus being paid, or a bonus is due to be paid during gardening leave, may receive a bonus payment at the absolute discretion of the Group
David Christie	<ul style="list-style-type: none"> – 6 months notice by either party (or payment in lieu) – Where employment terminates prior to a bonus being paid, or a bonus is due to be paid during gardening leave, may receive a bonus payment at the absolute discretion of the Group
Geraldine Davys (resigned effective 10 February 2015)	<ul style="list-style-type: none"> – 3 months notice by either party (or payment in lieu) – Where employment terminates prior to a bonus being paid, or a bonus is due to be paid during gardening leave, may receive a bonus payment at the absolute discretion of the Group
Natalie Ellisdon (appointed 27 April 2015)	<ul style="list-style-type: none"> – Fixed term contract until 5 February 2016 in Head of Brand and Campaign Management role – Appointed Interim Marketing Director (temporary secondment from fixed term contract role from 27 April 2015 to 20 October 2015) – 4 weeks notice by either party until 4 August 2015, thereafter 2 months by either party (or payment in lieu) – Where employment terminates prior to a bonus being paid, payment in respect of any bonus accrued but not yet paid will not be payable
Paul McCarthy (appointed 21 July 2014)	<ul style="list-style-type: none"> – 3 months notice by either party (or payment in lieu) – Where employment terminates prior to a bonus being paid, or a bonus is due to be paid during gardening leave, may receive a bonus payment at the absolute discretion of the Group
Elise Morris	<ul style="list-style-type: none"> – 3 months notice by either party (or payment in lieu) – Where employment terminates prior to a bonus being paid, may receive a bonus payment at the absolute discretion of the Company (no entitlement where bonus is due to be paid during gardening leave)
Joanna Thomas (resigned effective 15 July 2014)	<ul style="list-style-type: none"> – 6 months by either party (or payment in lieu) – Where employment terminates prior to a bonus being paid, or a bonus is due to be paid during gardening leave, may receive a bonus payment at the absolute discretion of the Group
Scott Wilson	<ul style="list-style-type: none"> – 3 months notice by either party (or payment in lieu) – Where employment terminates prior to a bonus being paid, or a bonus is due to be paid during gardening leave, may receive a bonus payment at the absolute discretion of the Group

¹ All Executive contracts permit immediate termination for misconduct, breach of contract or bankruptcy.

² All Executive contracts include payout of statutory entitlements.

5. LINK BETWEEN GROUP PERFORMANCE, SHAREHOLDER WEALTH AND REMUNERATION

The variable (or 'at risk') remuneration of Executives is linked to the Group's performance through measures based on the operating performance of the business.

5.1 Group Performance and STI

For the year ended 30 June 2015, a significant proportion of the STI award was determined with reference to EBITDA and Operating Revenue.

EBITDA

The EBITDA result for the year ended 30 June 2015 was \$18,591,000. Details regarding EBITDA performance of the business are provided in the Operating and Financial Review in the Directors' Report.

Operating Revenue

The Operating Revenue result for the year ended 30 June 2015 was \$157,214,000.

5.2 Group Performance and LTI Plan Grants

LTI Plan grants were made in the financial year ended 30 June 2015. Grants made in financial year 2015 are linked to TSR and EPS.

5.3 Group Performance

Measure	FY2015	FY2014	FY2013	FY2012
Share price at year end	\$1.44	\$1.15	\$1.70	n.a. (pre-listing)
5 day VWAP to 30 June	\$1.45	\$1.11	\$1.62	n.a. (pre-listing)
Dividend paid per security	–	–	–	–
EBITDA	\$18,591,000	\$12,078,000	\$25,004,000	\$24,082,000
Operating Revenue	\$157,214,000	\$120,366,000	\$118,037,000	\$111,928,000
TSR compound annual growth rate (based on initial share price at 1 April 2013 of \$1.85)	1 April 2013 to 30 June 2015 (27 months): –10%	1 April 2013 to 30 June 2014 (15 months): –34%	1 April 2013 to 30 June 2013 (3 months): –41%	n.a. (pre-listing)
Reported earnings per share	3.7 cents	2.4 cents	6.6 cents	7.8 cents

6. NON-EXECUTIVE DIRECTOR REMUNERATION

6.1 Remuneration Policy

The Group's Non-Executive Director remuneration strategy is designed to:

- **Attract and retain Directors of the highest calibre** – ensure remuneration is competitive with companies of a similar size and complexity. Independence and impartiality of Directors is aided by no element of Director remuneration being 'at risk' (i.e. Remuneration is not based upon Group performance); and
- **Incur a cost that is acceptable to shareholders** – the aggregate pool is set by shareholders with any change requiring shareholder approval at a general meeting.

6.2 Remuneration Arrangements

Maximum aggregate remuneration

The aggregate remuneration paid to Non-Executive Directors is capped at a level approved by shareholders. The current Non-Executive Director fee pool was set at \$950,000 on 31 May 2013. The amount of aggregate remuneration is reviewed annually, with no increase in the Non-Executive Director fee pool during the financial year ended 30 June 2015.

Board and committee fees, as well as statutory superannuation contributions made on behalf of the Non-Executive Directors, are included in the aggregate fee pool.

Non-Executive Director fees for the financial year ended 30 June 2015

The table below provides details of Board and committee fees (inclusive of superannuation) for the year ended 30 June 2015. Director fees have not increased during financial year 2015, and the remuneration of Non-Executive Directors does not include any commission, incentive or percentage of profits.

The Executive Chairman was not paid any fees in addition to his salary for the period he served in that role (1 July 2014 to 30 December 2014).

Remuneration Report (Audited) (continued)

for the year ended 30 June 2015

6. NON-EXECUTIVE DIRECTOR REMUNERATION (CONTINUED)

6.2 Remuneration Arrangements (continued)

Non-Executive Director fees for the financial year ended 30 June 2015 (continued)

All committee members are also members of the Board. No additional fees are paid to Board members for their participation on Committees, apart from where they act as Chair of the committee or Deputy Chair of the Board. Fees are annualised and include super.

	Chair fee \$	Deputy Chair fee \$	Member fee \$
Board ¹	115,000	10,000	85,000
Audit Committee	10,000		
Remuneration Committee	10,000		
Nomination Committee	10,000		

¹ For the Board, the Chair fee is for the Independent Chairman role. Mr Waller, when acting as Executive Chairman during the period 1 July to 30 December 2014, did not receive any fees for his role as Chair in addition to his salary. For the period 31 December 2014 to 30 June 2015, Mr Waller received an additional \$115,000 per annum (pro-rated for the applicable period) for his role as Chairman. The Deputy Chair fee has been discontinued following Mr Camm's departure and the move to an Independent Chairman.

6.3 Key Events Impacting Remuneration and make-up of Non-Executive Directors during the year ended 30 June 2015

Executive to Independent Chairman Transition

As announced in October 2014, following Mr Waller's resignation from the role of Executive Chairman, the Board commenced a formal search for a new Independent Chairman.

During his year of transition, Mr Waller received the following remuneration:

- From 31 December 2014 until 30 June 2015, when Chris Knoblanche was appointed as Independent Chairman, Mr Waller performed the duties of Non-Executive Chairman, receiving Director fees of \$200,000 per annum (inclusive of superannuation) pro rata.
- Following Mr Knoblanche's commencement, Mr Waller became a Non-Executive Director of iSelect, and for the period from 1 July 2015 will receive the usual member fee of \$85,000 per annum (inclusive of superannuation).

New Independent Chairman

Mr Knoblanche commenced as Independent Chairman on 1 July 2015. As disclosed to the ASX at the time of his appointment, he receives Director fees of \$250,000 per annum. He received no remuneration for the financial year ended 30 June 2015, as he commenced in the 2016 financial year.

Deputy Chairman

Mr Camm resigned from the role of Deputy Chair, Non-Executive Director effective 31 October 2014. In addition, as a result of the disestablishment of the Executive Chairman role, it was decided that the role of Deputy Chairman would no longer apply.

6.4 Remuneration Paid to Non-Executive Directors for the Year Ended 30 June 2015

		Fees & Allowances \$	Short-Term Benefits \$	Super- annuation \$	Other \$	Total \$
Current Non-Executive Directors						
Brodie Arnhold (from 25 September 2014)	2015	66,420	–	6,310	–	72,730
	2014	–	–	–	–	–
Shaun Bonètt	2015	86,758	–	8,242	–	95,000
	2014	86,957	–	8,043	–	95,000
Bridget Fair	2015	77,626	–	7,374	–	85,000
	2014	58,652	–	5,425	–	64,077
Damien Waller (from 1 January 2015 as Non-Executive Chairman)	2015	100,000	–	–	–	100,000
	2014	–	–	–	–	–
Leslie Webb (ceased effective 28 August 2015)	2015	86,758	–	8,242	–	95,000
	2014	86,957	–	8,043	–	95,000
Former Non-Executive Directors						
Greg Camm (ceased 31 October 2014)	2015	28,919	–	2,747	–	31,666
	2014	86,957	–	8,043	–	95,000
Pat O’Sullivan (ceased 17 April 2015)	2015	–	–	–	–	–
	2014	74,470	–	6,889	–	81,359
Total	2015	446,481	–	32,915	–	479,396
	2014	393,993	–	36,443	–	430,436

For personal use only

Remuneration Report (Audited) (continued)

for the year ended 30 June 2015

7. KEY MANAGEMENT PERSONNEL SHAREHOLDINGS

The numbers of ordinary shares in iSelect Limited held during the financial year (directly and indirectly) by KMP of the Group and their related parties are set out below:

	Balance at start of year	Granted as remuneration	Lapsed/ forfeited	Other changes	Balance at end of year
Current Executive Directors					
Shane Abeyratne	–	–	–	–	–
David Christie	–	1,020,612	–	–	1,020,612
Natalie Ellisdon	–	–	–	–	–
Elise Morris	540,540	502,172	(540,540)	–	502,172
Paul McCarthy	–	532,190	–	–	532,190
Scott Wilson	540,540	532,608	(540,540)	8,405	541,013
Former Executives					
Geraldine Davys	–	675,904	(675,904)	–	–
Joanna Thomas	621,620	–	(621,620)	–	–
Current Executive Director					
Alex Stevens	85,384	1,630,434	–	–	1,715,818
Current Non-Executive Directors¹					
Brodie Arnhold	–	–	–	–	–
Shaun Bonètt	500,000	–	–	2,000,000	2,500,000
Bridget Fair	32,495	–	–	33,333	65,828
Chris Knoblanche	37,836	–	–	–	37,836
Damien Waller	32,905,010	–	(1,351,350)	–	31,553,660
Leslie Webb	2,100,000	–	–	–	2,100,000
Former Non-Executive Director²					
Greg Camm	97,000	–	–	(97,000)	–

¹ All increases in share holdings for Non-Executive Directors during financial year 2015 were by way of on-market purchases.

² Balance removed on resignation as a Non-Executive Director during the year.

8. KEY MANAGEMENT PERSONNEL OPTION HOLDINGS

The numbers of options in iSelect Limited held during the financial year (directly and indirectly) by KMP of the Group and their related parties are set out below¹:

	Balance at start of year	Granted as remuneration	On exercise of option	Other changes	Balance at end of year
Current Non-Executive Director					
Leslie Webb ² (ceased effective 28 August 2015)	450,000	–	–	(450,000)	–

¹ KMP not specified in the table above held no shares at any time during financial year 2015.

² Details as noted on page 36 of this report.

For personal use only

This Directors' Report and Remuneration Report is signed in accordance with a resolution of the Directors.

On behalf of the Directors



Alex Stevens
Director
Melbourne,
27 August 2015



Brodie Arnhold
Director
Melbourne,
27 August 2015

Corporate Governance Statement

This statement explains how the Board of iSelect Limited (**the Board**) oversees the management of iSelect Limited's (**iSelect**) business. The Board is responsible for the overall corporate governance of iSelect, including establishing and monitoring key performance goals. The Board monitors the operational and financial position and performance of iSelect and oversees its business strategy including approving the strategic goals of iSelect and considering and approving an annual operating plan, including a budget.

As at the date of this report, the Board of Directors is comprised of an independent non-executive Chairman, and four other non-executive Directors. Currently the Board consists of:

Director	Position	Appointed	Independent
Chris Knoblanche	Non-Executive Chairman	01 July 2015	Yes
Damien Waller	Non-Executive Director	21 Jul 1999	No
Shaun Bonëtt	Non-Executive Director	01 May 2005	Yes
Brodie Arnhold	Non-Executive Director	25 Sep 2014	Yes
Bridget Fair	Non-Executive Director	30 Sep 2013	Yes

The following are Directors who also held office during the year ended 30 June 2015:

Former Director	Position	Ceased	Independent
Alex Stevens	Managing Director and CEO	01 Dec 2014	No
Leslie Webb	Non-Executive Director	28 Aug 2015	Yes
Greg Camm	Non-Executive Director	31 Oct 2014	Yes

Details of each Director's skills, experience, expertise, qualifications, term of office, relationships affecting independence, their independence status and membership of committees are set out within this Annual Report.

The Board is committed to maximising performance, generating appropriate levels of shareholder value and financial return, and sustaining the growth and success of iSelect. In conducting iSelect's business with these objectives, the Board seeks to ensure that iSelect is properly managed to protect and enhance Shareholder interests, and that iSelect, its Directors, officers and personnel operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing iSelect including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for iSelect's business and which are designed to promote the responsible management and conduct of iSelect.

The ASX Corporate Governance Council has developed and released its ASX Corporate Governance Principles and Recommendations (**ASX Recommendations**) for Australian listed entities in order to promote investor confidence and to assist companies in

meeting stakeholder expectations. The recommendations are not prescriptions, but guidelines. However, under the ASX Listing Rules, iSelect is required to provide a statement in its annual report disclosing the extent to which it has followed the ASX recommendations in the reporting period. Where iSelect does not follow a recommendation, it must identify the recommendation that has not been followed and give reasons for not following it.

An overview of iSelect's main corporate governance practices is set out below. The information in this statement relating to the Directors, Board committee memberships and other details is current at the date of this Annual Report.

Details of iSelect's key policies and practices and the charters for the Board and each of its committees are available in the Governance section of the Company's website at www.iselect.com.au.

PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

A listed entity should establish and disclose respective roles and responsibilities of its board and management and how their performance is monitored and evaluated.

Recommendation 1.1

Roles and responsibilities of the Board and Management

The Board has adopted a formal Charter that details the functions and responsibilities of the Board. The Board Charter also establishes the functions reserved to the Board and those powers delegated to management.

The Board delegates to the Chief Executive Officer (CEO) the authority and power to manage iSelect and its businesses within the levels of authority specified.

The CEO's role includes the day-to-day management of iSelect's operations including effective leadership of the management team in addition to the development of strategic objectives for the business.

The number of Board and Board Committee meetings held during the year along with the attendance by Directors is set out in the Directors' Report under Directors' Meetings.

Roles and responsibilities of the Board

The Board is appointed by shareholders who hold them accountable for the Company's governance, performance, strategies and policies. To assist with the efficient and effective discharging of its responsibilities, the Board Charter allows the Board to delegate powers and responsibilities to committees established by the Board.

The Board strives to build sustainable value for shareholders whilst protecting the assets and reputation of iSelect. The Board's responsibilities include but are not limited to:

- approving iSelect's strategies, budgets, plans and policies;
- assessing performance against strategies implemented by management;
- reviewing operating information to understand the state of health of the Company;
- approval of proposed acquisitions, divestments and significant capital expenditure;

- approval of capital management including approving the issue or allotment of equity, borrowings, dividend policy and other financing proposals;
- ensuring that iSelect operates an appropriate corporate governance structure and compliance systems;
- approving iSelect's risk management strategy and frameworks, and monitoring their effectiveness;
- approval and monitoring of the annual and half-year financial reports; and
- appointment and removal of the CEO.

The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities. The Board has established an Audit and Risk Management Committee, a Nominations Committee and a Remuneration Committee. Other committees may be established by the Board as and when required. Membership of Board committees will be based on the needs of iSelect, relevant legislative and other requirements and the skills and experience of individual Directors.

The Board Charter provides that with guidance from the Nominations Committee and, where necessary, external consultants, the Board shall identify candidates with appropriate skills, experience, expertise and diversity in order to discharge its mandate effectively and to maintain the necessary mix of expertise on the Board.

Directors may obtain independent professional advice at iSelect's expense on matters arising in the course of their Board and committee duties, after obtaining the Chair's approval.

A copy of the Board Charter is publicly available in the Governance section of the Company's website at www.iselect.com.au.

Recommendation 1.2

Background checks prior to Director appointments

The Board is committed to ensuring appropriate checks are conducted before appointing a person, or putting forward a candidate for election to security holders, as a Director. The types of verifications the Company typically undertakes include checks as to the proposed Director's character, experience, education, criminal history and bankruptcy history.

All information relevant to a decision to elect or re-elect a Director will be provided to shareholders before a resolution is put forward to shareholders at the General Meeting. This information will include details of any other material directorships and biographical details, including relevant qualifications and experience.

Recommendation 1.3

Director and senior executive agreements

Non-executive Directors are appointed pursuant to formal letters of appointment setting out the key terms and conditions of the appointment including details regarding Directors' remuneration, role and responsibilities, confidentiality of information, disclosure of interests, matters affecting independence and entering into deeds of indemnity, insurance and access. Each senior executive also has a written employment contract which sets out the terms of their employment.

Recommendation 1.4

Company Secretary

The Board is responsible for appointing and removing the company secretary and the company secretary shall be accountable to the Board, through the Chair, on all corporate governance matters. All Directors shall have direct access to the company secretary.

Recommendation 1.5

Diversity policy

The workforce of iSelect is made up of individuals with diverse skills, backgrounds, perspectives and experiences and this diversity is recognised, valued and respected by the Company. In recognition of the Company's workforce, the Company has established a 'Diversity Policy' and also formed the iSelect Diversity Council. The iSelect Diversity Council is committed to its goal of fostering an inclusive and equitable work environment for all of its people.

The Diversity Policy is publicly available in the Governance section of the Company's website at www.iselect.com.au.

Measurable objectives for achieving gender diversity set

The Diversity policy includes requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them. The objectives for the year ended 30 June 2015 and the progress towards achieving them are outlined below:

Objective	Key Performance Indicator	Actions	Status
Recruitment	Ensure iSelect's recruitment policy requires external consultants to include suitably qualified male and female candidates on the short list.	A review of iSelect's recruitment practices was conducted during the year and Management are comfortable that external recruitment firms are complying with this requirement.	Complete
Gender Representation	Increase the number of women in management roles across the business, with focus on increased year-on-year (YoY) representation in percentage terms for women within the senior leadership team.	A number of initiatives have been introduced to address gender representation including: - new recruitment guidelines implemented; and - parental leave policy reviewed with updated policy implemented. This objective will be continually monitored and remain a focus going forward.	Ongoing Focus

Corporate Governance Statement (continued)

Objective	Key Performance Indicator	Actions	Status
Gender Pay Equality	Review of any gender pay gap and, if required, identification of strategies to reduce any such gap.	The gender pay equality review conducted during the period using WGEA submission data. Appropriate strategies have been enacted to address gender pay gap.	Complete
Attitudes to Gender Balance	Update employee surveys to conduct benchmark staff attitudes to gender balance, track changes and test perception of achievements.	Specific questions are being developed to be included in the Company's routine employee survey with data to be analysed to identify opportunities to improve attitudes.	Ongoing

Gender Equality Indicators

The proportion of female employees, senior leadership, executive and Board members as disclosed to the Workplace Gender Equality Agency (WGEA) during the year is outlined below:

Employee Category	Total	Female Component	Female %
All employees	560	267	48%
Board	7	1	14%
Executive Team	7	2	29%
Senior Leadership	44	10	23%

iSelect remains committed to the improvement of gender diversity on the Board and at other tiers of the Company, and this remains a priority.

Recommendation 1.6

Process for evaluating the performance of the Board, its committees and individual Directors

The Company's Board Charter details a process for the review of Board, committee and individual Directors' performance. Following the Company's transition to an Independent Chair on 1 July 2015, a formal performance evaluation has been commissioned to review the Board, committees and individual Directors to ensure that they work effectively and efficiently in fulfilling their functions.

This review, which is being facilitated by an external consultant, involves a 360-degree review with the Board, its committees and each Director and senior executives assessing their own performance and the performance of their peers. The Chairman of the Board also held discussions with individual Directors as to their performance.

Recommendation 1.7

Process for evaluating the performance of senior executives

The Company's Board Charter details a process for the review of the performance of the Chief Executive Officer.

The performance of the Company's senior executives, including the CEO, is reviewed regularly to ensure that executive members continue to perform effectively in their roles. Performance is measured against goals and Company performance set at the beginning of the financial year and reviewed throughout the year. A performance evaluation for senior executives has occurred during the year in accordance with this process.

PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

A listed entity should have a board of an appropriate size, composition, skills and commitment to be able to discharge its duties effectively.

Recommendation 2.1

Nominations Committee

The Board has established a Nominations Committee which consists of a majority of independent Directors, is chaired by an independent Director and has at least three members.

The committee currently comprises Shaun Bonètt (Chair), Bridget Fair and Damien Waller.

The Nominations Committee meets as often as is required by the Nominations Committee Charter or other policy approved by the Board to govern the operation of the Nominations Committee. The number of Nominations Committee meetings held during the year is set out in the Directors' Report under Directors' Meetings.

Following each meeting, the Nominations Committee reports to the Board on any matter that should be brought to the Board's attention and on any recommendation of the Nominations Committee that requires Board approval.

Further details for the procedure for the selection of new Directors to the Board, the re-election of incumbent Directors and the Board's policy for the nomination of Directors is contained with the Company's 'Nominations Committee Charter' and 'Board Charter'.

A copy of the Company's 'Nominations Committee Charter' is publicly available in the Governance section of the Company's website at www.iselect.com.au.

Recommendation 2.2

Board skills matrix

The Nominations Committee is responsible for reviewing and making recommendations in relation to the composition and performance of the Board and its committees and ensuring that adequate succession plans are in place (including for the recruitment and appointment of Directors and senior management). Independent advice will be sought where appropriate.

The criteria to assess nominations of new Directors is reviewed annually and the Nominations Committee regularly compares the skill base of existing Directors with that required for the future strategy of iSelect to enable identification of attributes required in new Directors. In searching for and selecting new Directors for the Board, the committee assesses certain criteria to make recommendations to the Board. The criteria which will be assessed

include the candidate's background, experience, professional skills, personal qualities, gender, capability of the candidate to devote the necessary time and commitment to the role, potential conflicts of interest, independence and whether their skills and experience will complement the existing Board.

The Board's objective is to have an appropriate mix of expertise and experience on our Board and its committees so that the Board can effectively discharge its corporate governance and oversight responsibilities. This mix is described in the Board skills matrix below:

- Accounting and financial reporting;
- Legal and compliance;
- Strategy;
- Corporate governance;
- Audit and risk management;
- Remuneration, workplace health and safety and human resources management;
- Government relations;
- CEO and Board experience; and
- Industry experience.

Recommendations 2.3, 2.4 and 2.5

Independence

The Board considers an independent Director to be a non-executive Director who is not a member of iSelect's management and who is free of any business or other relationship that could materially interfere with or reasonably be perceived to interfere with the independent exercise of their judgement. The Board will consider the materiality of any given relationship on a case-by-case basis and has adopted guidelines to assist in this regard. The Board reviews the independence of each Director in light of interests disclosed to the Board from time to time.

The iSelect Board Charter sets out guidelines and thresholds of materiality for the purpose of determining independence of Directors in accordance with the ASX Recommendations and has adopted a definition of independence that is based on that set out in the ASX Recommendations.

The Board considers thresholds of materiality for the purpose of determining 'independence' on a case-by-case basis, having regard to both quantitative and qualitative principles. Without limiting the Board's discretion in this regard, the Board has adopted the following guidelines:

- the Board will determine the appropriate base to apply (e.g. revenue, equity or expenses), in the context of each situation;
- in general, the Board will consider an affiliation with a business that accounts for less than 5% of the relevant base to be immaterial for the purpose of determining independence. However, where this threshold is exceeded, the materiality of the particular circumstance with respect to the independence of the particular Director should be reviewed by the Board; and

- overriding the quantitative assessment is the qualitative assessment. Specifically, the Board will consider whether there are any factors or considerations which may mean that the Director's interest, business or relationship could, or could be reasonably perceived to, materially interfere with the Director's ability to act in the best interests of iSelect.

The Board considers that each of the independent Directors is free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of the Director's judgement and is able to fulfil the role of independent Director for the purpose of the ASX Recommendations. The Board considers that the following current Directors are independent:

- Chris Knoblanche;
- Bridget Fair;
- Shaun Bonètt; and
- Brodie Arnhold.

Damien Waller is the co-founder of iSelect, former Executive Chairman and is also a substantial shareholder of iSelect. Damien Waller is not currently considered to be independent. During his tenure Alex Stevens as Managing Director and CEO, was not considered to be independent.

Recommendation 2.4

The Board consists of a majority of independent Directors.

Recommendation 2.5

Independent Chair

The Board recognises the ASX Corporate Governance Council's recommendation that the Chairman should be an independent Director and, following the appointment of Chris Knoblanche as independent Chairman on 1 July 2015, is now in line with the recommendation.

The Company acknowledges that Damien Waller did not meet the definition of independence during the period up to 30 June 2015 while he was appointed as Chairman. During this period, the Board benefited from Damien's knowledge of the Company's operations and were comfortable that he was able to bring considered and independent judgement to the role of Chairman.

Roles of the Chairman and Chief Executive Officer

The role of Chairman and CEO were not exercised by the same individual at any time during the year ended 30 June 2015.

For the period up to 31 December 2014 when Damien Waller fulfilled the position of Executive Chair, the position of Chair and CEO had separately defined responsibilities and there was clear division between the Executive Chairman and CEO role with the details of their respective roles clearly outlined in the Board Charter. Since 1 January 2015, the Chairman has been a non-executive Director of the Company with the role being fulfilled by an independent Director since 1 July 2015.

Corporate Governance Statement (continued)

Recommendation 2.6

Director induction and professional development

The Board recognises the importance of having a program for inducting new Directors and providing appropriate professional development opportunities for Directors to maintain the skills to perform their role as Directors effectively.

The induction program for new Directors includes briefings by the CEO and other members of senior management about iSelect. The briefings will provide details on iSelect's structure, people, policies, culture, business strategies and performance. The induction program also includes site visits to review operations and understand the industries in which iSelect operates.

The Company operates a program of professional development for Directors including regular written updates on key developments within corporate governance and ad-hoc seminars on relevant topics including corporate governance and accounting. Formal professional development opportunities for Directors are considered by the Chair on a case-by-case basis.

PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY

A listed entity should act ethically and responsibly

Code of Conduct

The Board recognises that it has a responsibility for setting the ethical tone and standards of the Company and iSelect's senior executives recognise that they have a responsibility to implement practices that are consistent with those standards. The reputation of the Company is one of its most valuable assets and the Board acknowledge the importance of protecting this asset by acting ethically and responsibly.

The Company has developed a 'Code of Conduct' Policy which has been fully endorsed by the Board and applies to all Directors and employees. The Code of Conduct is designed to identify and encourage:

- the practices necessary to maintain confidence in the Company's integrity;
- the practices necessary to take into account the Company's legal obligations; and
- the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

A copy of the Company's 'Code of Conduct' is publicly available in the Governance section of the Company's website at www.iselect.com.au.

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING

A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.

Recommendation 4.1

Audit and Risk Management Committee

The Board has established an Audit and Risk Management Committee to assist in the discharge of its responsibilities. The role of the Audit and Risk Management Committee is to assist the Board in fulfilling its responsibilities for corporate governance and overseeing iSelect's internal control structure and risk management

systems. The Audit and Risk Management Committee also confirms the quality and reliability of the financial information prepared by iSelect, works with the external auditor on behalf of the Board and reviews non-audit services provided by the external auditor, to confirm they are consistent with maintaining external audit independence.

The Audit and Risk Management Committee provides advice to the Board and reports on the status and management of the risks to iSelect. The purpose of the committee's risk management process is to ensure that risks are identified, assessed and appropriately managed.

The Board has adopted a policy regarding the services that iSelect may obtain from its external auditor. It is the policy of iSelect that the external auditor:

- must be independent of iSelect and the Directors and senior executives. To ensure this, iSelect requires a formal confirmation of independence from its external auditor on a six-monthly basis; and
- may not provide services to iSelect that are, or are perceived to be, materially in conflict with the role of the external auditor. Non-audit or assurance services that may impair, or appear to impair, the external auditor's judgement or independence are not appropriate. However, the external auditor may be permitted to provide additional services which are not, or are not perceived to be, materially in conflict with the role of the auditor, if the Board or Audit and Risk Management Committee has approved those additional services. Such additional services may include financial audits, tax compliance, advice on accounting standards and due diligence in certain acquisition or sale transactions.

Information on the procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners, is contained with the Company's 'Audit and Risk Management Committee' Charter.

The Audit and Risk Management Committee must comprise, to the extent practicable given the size and composition of the Board, at least three Directors, all of whom must be non-executive Directors and the majority of whom must be independent in accordance with the independence criteria set out in the Board Charter. A member of the Audit and Risk Management Committee, that does not chair the Board, shall be appointed the Chair of the committee.

The committee currently comprises Brodie Arnhold (Chair), Chris Knoblanche and Bridget Fair.

The Board acknowledges the ASX Recommendation that the Audit and Risk Management Committee should be chaired by an independent Director (who is not Chair of the Board) and in recognition of this, Brodie Arnhold currently chairs the Audit and Risk Management Committee. Greg Camm was the Chair of the Audit and Risk Management Committee up his cessation on 31 October 2014.

An Audit and Risk Management Committee Charter has been adopted by the Board and sets out the functions and responsibilities of the committee.

The Audit and Risk Management Committee meets as often as is required by the Audit and Risk Management Committee Charter.

The number of Audit and Risk Management Committee meetings held during the year is set out in the Directors' Report under Directors' Meetings.

The chair of the Audit and Risk Management Committee invites members of management and representatives of the external auditor to be present at meetings of the committee and may seek advice from external advisors. The Audit and Risk Management Committee regularly reports to the Board about committee activities, issues and related recommendations.

A copy of the Company's 'Audit and Risk Management Committee Charter' is publicly available in the Governance section of the Company's website at www.iselect.com.au.

Recommendation 4.2

Before approval of the financial statement for the periods ended 31 December 2014 and 30 June 2015, the Board received assurance from the Chief Executive Officer and the Chief Financial Officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks. This assurance was given on 26 February 2015 and 27 August 2015 by Alex Stevens (the former Chief Executive Officer) and Paul McCarthy (the Chief Financial Officer).

The Board has also received from the Chief Executive Officer and the Chief Financial Officer written affirmations concerning the Company's financial statements as set out in the Directors' Declaration.

Recommendation 4.3

The Board recognises the importance of the external auditor attending its AGM and being available to answer questions from shareholders. To this end, the Company's auditors are requested to attend each AGM.

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price and value of its securities.

Recommendation 5.1

As a company listed on ASX, iSelect is required to comply with the continuous disclosure requirements of the ASX Listing Rules and the *Corporations Act 2001*. iSelect is required to disclose to the ASX any information, with the exception of certain carve-outs, concerning iSelect which is not generally available and which, if it was made available, a reasonable person would expect to have a material effect on the price or value of iSelect's securities.

The Board aims to ensure that shareholders and stakeholders are informed of all major developments affecting iSelect's state of affairs. As such, iSelect has adopted a Disclosure Policy and Shareholder Communication Policy, which together establish procedures to ensure that Directors and senior management are aware of, and fulfil, their obligations in relation to providing timely, full and accurate disclosure of material information to iSelect's stakeholders and comply with iSelect's disclosure obligations under the Corporations Act and Listing Rules. The Disclosure Policy also sets out procedures for communicating with shareholders, the media and the market.

iSelect has formed a disclosure committee which meets as frequently as needed to determine, among other things, whether there are matters that require disclosure to the ASX. The disclosure committee will make recommendations to the Board on matters which may require disclosure to the market. The members of the disclosure committee consist of a non-executive Director, CEO, CFO, Company Secretary and the General Counsel.

iSelect is committed to observing its disclosure obligations under the ASX Listing Rules and the Corporations Act. Information is to be communicated to shareholders through the lodgement of all relevant financial and other information with the ASX and continuous disclosure announcements are made available on iSelect's website, www.iselect.com.au.

Share Trading Policy

iSelect has adopted a Share Trading Policy which applies to iSelect and its Directors, officers, employees and senior management, including those persons having authority and responsibility for planning, directing and controlling the activities of iSelect (**Key Management Personnel**), whether directly or indirectly.

The policy is intended to explain the types of conduct in relation to dealings in shares that are prohibited under the Corporations Act and establish procedures in relation to Directors, senior management or employees dealing in shares.

Subject to certain exceptions, including exceptional financial circumstances, the policy defines certain 'closed periods' during which trading in Shares by the Company's Directors, officers, employees and Key Management Personnel is prohibited. Those closed periods are currently defined as the following periods:

- the period commencing six weeks prior to the release of iSelect's half-year and annual financial results to the ASX and ending 24 hours after such release; and
- the period commencing two weeks prior to the Company's annual general meeting and ending 24 hours after the annual general meeting.

Outside of these periods, Directors, management and iSelect employees must receive clearance for any proposed dealing in Shares. In all instances, buying or selling Shares is not permitted at any time by any person who possesses price-sensitive information.

A copy of the Company's 'Disclosure Policy', 'Shareholder Communication Policy' and 'Share Trade Policy' are publicly available in the Governance section of the Company's website at www.iselect.com.au.

PRINCIPLE 6 – RESPECT THE RIGHTS OF SHAREHOLDERS

A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.

Recommendation 6.1

The Company maintains an investor section of its website which includes information about itself which is relevant to shareholders and other stakeholders. The investor section includes a Governance section which includes detailed information on the Company's governance framework and documents.

Corporate Governance Statement (continued)

Recommendations 6.2, 6.3 and 6.4

The Board has adopted a 'Shareholder Communication Policy' which is designed to supplement the iSelect 'Disclosure Policy'. The 'Shareholder Communication Policy' aims to promote effective communication with shareholders and other stakeholders.

The policy recognises the following key methods of communication which will be used to provide information to shareholders and other stakeholders:

- releases to the Australian Securities Exchange (ASX) in accordance with continuous disclosure obligations;
- iSelect's website;
- iSelect's annual and half-yearly reports;
- the annual general meeting; and
- email and other electronic means.

In addition to the abovementioned communications methods, since listing on the ASX in 2013 the Company has maintained an active investor relations program to facilitate effective two-way communication with retail and institutional shareholders and other relevant equity market stakeholders. This program includes face-to-face meetings with investors, broker analysts and proxy firms as well as responding to shareholder enquiries as appropriate. The Company utilises public investor webcasts and conference calls for key announcements such as the full-year and half-year financial results. The Board encourages effective participation at iSelect's General Meetings by providing opportunity for shareholders to ask questions of the Company's Directors and auditors.

iSelect encourages shareholders to receive company information electronically by registering their email address online with iSelect's shareholder registry. The Company also allows shareholders to communicate electronically with the Company and share registry including providing shareholders the ability to submit proxy voting instructions online.

A copy of the Company's 'Shareholder Communication Policy' is publicly available in the Governance section of the Company's website at www.iselect.com.au.

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.

Recommendation 7.1

As stated in Principle 4, the Board has established an Audit and Risk Management Committee to assist in the discharge of its responsibilities to establish a sound risk management framework and periodically review effectiveness of that framework. This Committee is structured to ensure it consists of a majority of independent Directors and it is chaired by an independent Director.

The Company has also developed a 'Risk Management Policy' which is publicly available in the Governance section of the Company's website at www.iselect.com.au.

Recommendation 7.2

The Company's Board Charter provides that a function of the Board, with the guidance of the Audit and Risk Management Committee, is:

- i. approving policies on and overseeing the management of business, financial and non-financial risks (including foreign exchange and interest rate risks, enterprise risks and risks in relation to occupational health and safety);
- ii. reviewing and monitoring processes and controls to maintain the integrity of accounting and financial records and reporting; and
- iii. approving financial results and reports for release and dividends to be paid to shareholders.

The Company's Audit and Risk Management Charter also provides that the committee's specific function with respect to risk management is to review and report to the Board that:

- i. iSelect's ongoing risk management program effectively identifies all areas of potential risk;
- ii. adequate policies and procedures have been designed and implemented to manage identified risks;
- iii. a regular program of audit is undertaken to test the adequacy of and compliance with prescribed policies; and
- iv. proper remedial action is undertaken to redress areas of weakness.

The Company seeks to take and manage risk in ways that will generate and protect shareholder value and recognises that the management of risk is a continual process and an integral part of the management and corporate governance of the business.

The Company acknowledges that it has an obligation to all stakeholders, including shareholders, customers, employees, contractors and the wider community and that the efficient and effective management of risk is critical to the Company meeting these obligations and achieving its strategic objectives.

The Board, with assistance from the Audit and Risk Management Committee, requires management to design and implement a suitable risk management framework to manage the Company's material business risks. During the year, Management reported to the Board as to the effectiveness of the Company's management of its material business risks. The Audit and Risk Management Committee is responsible for evaluating the adequacy and effectiveness of a risk management framework established by management.

The Audit and Risk Management Committee conducted a review of the Company's risk management framework during the year and were satisfied that it continues to be sound having regard to the size and complexity of the Company's operations.

Recommendation 7.3

iSelect's internal audit function provides independent and objective assurance on the adequacy and effectiveness of Company's systems for internal control, together with recommendations to improve the efficiency of the relevant systems and processes.

iSelect may use external service providers to supplement its core internal team to deliver the internal audit function.

The annual internal audit plan is approved by the Audit and Risk Management Committee and internal audit has full access to all functions, records, property and personnel of the Company. Internal audit administratively reports to the General Counsel and Company Secretary and has a direct reporting line to the Chair of the Audit and Risk Management Committee.

Recommendation 7.4

iSelect's Risk Management Policy supports its strategy of creating an environment in which risk management underpins consistently good practice – enabling informed decisions that optimise returns within a specified appetite for risk.

iSelect understands that 'material exposure' in this context means a real possibility that the risk in question could substantively impact the Company's ability to create or preserve value for shareholders over the short, medium or long term. In this context materiality is linked to the rating attributed to risks, therefore Very High rated risk would be considered material.

At the time of reporting, iSelect has no Very High rated risks to our economic, environmental and social sustainability profile.

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

A listed entity should pay Director remuneration sufficiently to attract and retain high quality Directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.

Recommendation 8.1

The Board has established a Remuneration Committee to assist in the discharge of its responsibilities. The role of the Remuneration Committee is to review and make recommendations to the Board on remuneration packages and policies related to the Directors and senior executives. The Remuneration Committee is also charged with ensuring that the remuneration policies and practices are consistent with iSelect's strategic goals and human resources objectives.

The Remuneration Committee meets as often as is required by the Remuneration Committee Charter. The number of Remuneration Committee meetings held during the year is set out in the Directors' Report under Directors' Meetings.

Following each meeting, the Remuneration Committee reports to the Board on any matter that should be brought to the Board's attention and on any recommendation of the Remuneration Committee that requires Board approval.

The Remuneration Committee must comprise, to the extent practicable given the size and composition of the Board, at least three Directors, all of whom must be non-executive Directors and the majority of whom must be independent in accordance with the independence criteria set out in the Board Charter. An independent member of the Remuneration Committee, that does not chair the Board, shall be appointed the Chair of the committee. Leslie Webb was Chair of the Remuneration Committee until 29 July 2015 with Shaun Bonètt being chair of the Committee from this date.

A copy of the Company's 'Remuneration Committee Charter' is publicly available in the Governance section of the Company's website at www.iselect.com.au.

The committee currently comprises Shaun Bonètt (Chair), Damien Waller, and Bridget Fair.

Recommendation 8.2

iSelect clearly distinguishes the structure of non-executive Directors' remuneration from that of executive Directors and senior executives.

Non-executive Director remuneration is fixed and non-executive Directors do not participate in any 'at risk' incentive plans. Remuneration paid to executives in the 2015 financial year includes fixed and variable components.

Board and non-executive Directors

The remuneration policy for the Board and the remuneration of each Director is set out in both the Remuneration Report which forms part of the Directors' Report, and in Notes to the Financial Report.

The Board acknowledges the guidelines which recommend that non-executive Directors should not be provided with retirement benefits other than superannuation. The Company also notes that Chris Knoblanche has a notice period of three months which may constitute a retirement benefit. The Company believes that a notice period for the Chair is appropriate to ensure continuity.

Senior Executives

Information on the performance evaluation and structure of remuneration for the Company's senior executives can be found in the Remuneration Report, which forms part of the Directors' Report.

Recommendation 8.3

The Company's Share Trading Policy prohibits the Directors and senior executives from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.

Auditor's Independence Declaration

to the Directors of iSelect Limited



Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

Auditor's Independence Declaration to the Directors of iSelect Limited

In relation to our audit of the financial report of iSelect Limited for the financial year ended 30 June 2015, to the best of my knowledge and belief; there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Denis Thorn'.

Denis Thorn
Partner

Melbourne
27 August 2015

For personal use only

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2015

	Note	Consolidated 30 June 2015 \$'000	Consolidated 30 June 2014 \$'000
Upfront fees		118,425	94,457
Click-through fees		3,331	2,746
Advertising and subscription fees		3,411	1,850
Upfront Revenue	6	125,167	99,053
Current period trail commission sales		26,189	31,179
Change in value of future trail cash flow expectations		–	(18,390)
Discount unwind		5,858	8,524
Trail Commission Revenue	6	32,047	21,313
Total Operating Revenue		157,214	120,366
Cost of sales		(90,928)	(73,626)
Gross Profit		66,286	46,740
Other income		209	148
Administrative expenses		(37,630)	(34,172)
Share-based payments expense	6	(287)	(638)
Impairment of NIA loan receivable	6	(9,987)	–
Profit Before Interest, Tax, Depreciation, Amortisation and Loss from Associate		18,591	12,078
Depreciation and amortisation	6	(6,015)	(6,468)
Profit Before Interest, Tax, and Loss from Associate		12,576	5,610
Finance income		6,357	4,479
Finance costs		(589)	(1,076)
Net Finance Income		5,768	3,403
Share of loss from associate, net of tax	14	(313)	–
Profit Before Income Tax Expense		18,031	9,013
Income tax expense	7	(8,393)	(2,750)
Profit After Tax for the Period		9,638	6,263
Other Comprehensive Income/(Loss)			
Items that are or may be reclassified to profit or loss			
Foreign operations – foreign currency translation movements	19	(49)	–
Other Comprehensive Income/(Loss) Net of Tax		(49)	–
Total Comprehensive Income for the Period		9,589	6,263
Profit attributable to owners of the Group		9,589	6,263
Total comprehensive income attributable to owners of the Group		9,589	6,263
Earnings per share (cents per share)	22		
Basic profit for the year attributable to ordinary equity holders of the parent		3.7	2.4
Diluted profit for the year attributable to ordinary equity holders of the parent		3.7	2.4

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Financial Position

as at 30 June 2015

	Note	Consolidated 30 June 2015 \$'000	Consolidated 30 June 2014 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	8	70,542	75,906
Trade and other receivables	9	73,761	27,960
Trail commission receivable	10	28,174	27,452
Other assets	11	3,758	3,262
Total Current Assets		176,235	134,580
Non-Current Assets			
Trade and other receivables	9	–	32,766
Trail commission receivable	10	73,451	71,544
Other assets	11	–	347
Property, plant and equipment	12	7,096	7,709
Intangible assets	13	46,200	37,546
Investment in associate	14	4,265	–
Total Non-Current Assets		131,012	149,912
Total Assets		307,247	284,492
LIABILITIES			
Current Liabilities			
Trade and other payables	15	21,050	17,702
Provisions	16	11,828	6,249
Other		1,082	339
Total Current Liabilities		33,960	24,290
Non-Current Liabilities			
Provisions	16	2,276	2,449
Net deferred tax liabilities	7	24,089	21,457
Total Non-Current Liabilities		26,365	23,906
Total Liabilities		60,325	48,196
Net Assets		246,922	236,296
EQUITY			
Contributed equity	18	173,713	172,963
Share-based payment reserve	19	1,683	1,396
Business combination reserve	19	5,571	5,571
Foreign currency translation reserve	19	(49)	–
Retained earnings	20	66,004	56,366
Total Equity		246,922	236,296

The accompanying notes form part of consolidated these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2015

	Note	Issued Capital \$'000	Share- Based Payment Reserve \$'000	Business Combination Reserve \$'000	Foreign Currency Translation Reserve \$'000	Retained Earnings \$'000	Total \$'000
Balance at 1 July 2013		171,313	858	5,571	–	49,984	227,726
Profit for the period		–	–	–	–	6,263	6,263
Other comprehensive income		–	–	–	–	–	–
Total Comprehensive Income for the Year		–	–	–	–	6,263	6,263
Transactions with Owners in their Capacity as Owners							
Transfers of lapsed and exercised options	18,20	95	(214)	–	–	119	–
Recognition of share-based payments		–	752	–	–	–	752
Issue of share capital	18	1,600	–	–	–	–	1,600
Capitalised equity raising costs (net of tax)		(45)	–	–	–	–	(45)
Balance at 30 June 2014		172,963	1,396	5,571	–	56,366	236,296
Profit for the period		–	–	–	–	9,638	9,638
Other comprehensive income		–	–	–	(49)	–	(49)
Total Comprehensive Income for the Year		–	–	–	(49)	9,638	9,589
Transactions with Owners in their Capacity as Owners							
Transfers of lapsed and exercised options	18, 20	–	–	–	–	–	–
Recognition of share-based payments		–	287	–	–	–	287
Issue of share capital	18	750	–	–	–	–	750
Capitalised equity raising costs (net of tax)		–	–	–	–	–	–
Balance at 30 June 2015		173,713	1,683	5,571	(49)	66,004	246,922

The accompanying notes form part of these consolidated financial statements.

For personal use only

Consolidated Statement of Cash Flows

for the year ended 30 June 2015

	Note	Consolidated 30 June 2015 \$'000	Consolidated 30 June 2014 \$'000
Cash Flows from Operating Activities			
Receipts from customers		166,062	131,080
Payments to suppliers and employees		(141,084)	(119,546)
Income taxes paid		(26)	–
Net cash provided by/(used in) operating activities	8	24,952	11,534
Cash Flows from Investing Activities			
Payments for property, plant and equipment and intangible assets		(4,355)	(4,844)
Net payments for acquisition of subsidiaries	5	(9,701)	–
Net payments for investment in associates	14	(4,578)	–
Interest received		5,648	4,049
Increase in NIA facility		(17,937)	(17,388)
Net cash used in investing activities		(30,923)	(18,183)
Cash Flows from Financing Activities			
Interest paid		(135)	(713)
Net proceeds from issue of shares		750	1,600
Payment of IPO costs		–	(3,647)
Net cash provided from/(used in) financing activities		615	(2,760)
Net decrease in cash and cash equivalents		(5,356)	(9,409)
Net foreign exchange difference		(8)	–
Cash and cash equivalents at the beginning of the year		75,906	85,315
Cash and cash equivalents at the end of the year	8	70,542	75,906

The accompanying notes form part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2015

1. CORPORATE INFORMATION

The financial report of iSelect Limited for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of Directors on 27 August 2015.

iSelect Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The consolidated financial statements of the Company as at and for the year ended 30 June 2015 comprise the financial statements of the Company and its subsidiaries (as outlined in Note 27), together referred to in these financial statements as the 'Group' and individually as 'Group entities'.

The Group is a for-profit entity. The nature of the operations and principal activities of the Group are described in the Directors' Report.

2. BASIS OF PREPARATION

(a) Basis of Accounting

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for certain assets, which as noted have been measured at amortised cost.

All amounts are presented in Australian dollars unless otherwise noted. The Company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the Directors' Report and the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

(b) Statement of Compliance

The financial report complies with the Corporations Act 2001, Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(c) Clarification of Terminology Used in the Consolidated Statement of Profit or Loss and Other Comprehensive Income and the Consolidated Statement of Cash Flows

Under the requirements of AASB 101: *Presentation of Financial Statements*, the Group classifies expenses (apart from any finance costs) according to either the nature (type) of the expense or function (activity to which the expense relates). The Directors have chosen to classify expenses using the nature classification as it more accurately reflects the type of operations undertaken.

Earnings (profit) before interest, income tax expense, depreciation, amortisation and loss from associate (EBITDA) reflects profit for the year prior to including the effect of net finance costs, income taxes, depreciation, amortisation and loss from associate. Depreciation and amortisation are calculated in accordance with AASB 116: *Property, Plant and Equipment* and AASB 138 *Intangible Assets* respectively. In addition to this, the Directors believe that EBITDA is a relevant and useful financial measure used by management to measure the Group's operating performance.

Group management uses EBITDA and earnings (profit) before interest and income tax expense (EBIT), in combination with other financial measures, primarily to evaluate the Group's operating performance before financing, income tax and non-cash capital related expenses. In addition, the Directors believe EBITDA is useful to investors because analysts and other members of the investment community largely view EBITDA as a key and widely recognised measure of operating performance.

EBIT is a similar measure to EBITDA, but it takes into account depreciation, amortisation and loss from associate.

For personal use only

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2015

2. BASIS OF PREPARATION (CONTINUED)

(d) New Accounting Standards and Interpretations

New standards effective from 1 July 2014

The Group has adopted the following new and revised Accounting Standards issued by the AASB that are relevant to its operations.

Reference	Title	Application date of standard	Application date for Group
AASB 2012-3	<p>Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities</p> <p>AASB 2012-3 adds application guidance to AASB 132 <i>Financial Instruments: Presentation</i> to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of ‘currently has a legally enforceable right of set-off’ and that some gross settlement systems may be considered equivalent to net settlement.</p>	1 January 2014	1 July 2014
AASB 1031	<p>Materiality</p> <p>The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework (issued December 2013) that contain guidance on materiality.</p> <p>AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed.</p> <p>AASB 2014-1 Part C issued in June 2014 makes amendments to eight Australian Accounting Standards to delete their references to AASB 1031.</p>	1 January 2014	1 July 2014
AASB 2013-9	<p>Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments</p> <p>The Standard contains three main parts and makes amendments to a number of Standards and Interpretations.</p> <p>Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1.</p> <p>Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards.</p> <p>Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 Hedge Accounting into AASB 9 <i>Financial Instruments</i>.</p>	1 January 2014	1 July 2014
AASB 2014-1 Part A – Annual Improvements 2010–2012 Cycle	<p>AASB 2014-1 Part A: This standard sets out amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) Annual Improvements to IFRSs 2010–2012 Cycle and Annual Improvements to IFRSs 2011–2013 Cycle.</p> <p>Annual Improvements to IFRSs 2010–2012 Cycle addresses the following items:</p> <ul style="list-style-type: none"> – AASB 2 – Clarifies the definition of ‘vesting conditions’ and ‘market condition’ and introduces the definition of ‘performance condition’ and ‘service condition’. – AASB 3 – Clarifies the classification requirements for contingent consideration in a business combination by removing all references to AASB 137. – AASB 8 – Requires entities to disclose factors used to identify the entity’s reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segments’ assets to the entity’s total assets. – AASB 116 & AASB 138 – Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts. 	1 July 2014	1 July 2014

Reference	Title	Application date of standard	Application date for Group
AASB 2014-1 Part A – Annual Improvements 2010–2012 Cycle (continued)	AASB 124 – Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of AASB 124 for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed.		
Amendments to AASB 1053 – Transition to and between Tiers, and related Tier 2 Disclosure Requirements	<p>The Standard makes amendments to AASB 1053 <i>Application of Tiers of Australian Accounting Standards</i> to:</p> <ul style="list-style-type: none"> – clarify that AASB 1053 relates only to general purpose financial statements; – make AASB 1053 consistent with the availability of the AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> option in AASB 1 <i>First-time Adoption of Australian Accounting Standards</i>; – clarify certain circumstances in which an entity applying Tier 2 reporting requirements can apply the AASB 108 option in AASB 1; permit an entity applying Tier 2 reporting requirements for the first time to do so directly using the requirements in AASB 108 (rather than applying AASB 1) when, and only when, the entity had not applied, or only selectively applied, applicable recognition and measurement requirements in its most recent previous annual special purpose financial statements; and – specify certain disclosure requirements when an entity resumes the application of Tier 2 reporting requirements. 	1 July 2014	1 July 2014

New standards and interpretations issued not yet adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ended 30 June 2015 are outlined below. Management is currently working through the implications of these changes.

Reference	Title	Summary and Impact on Group financial report	Application date of standard	Application date for Group
AASB 9	<i>Financial Instruments</i>	<p>AASB 9 (December 2014) is a new Principal standard which replaces AASB 139. This new Principal version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking ‘expected loss’ impairment model and a substantially-reformed approach to hedge accounting.</p> <p>AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application. The own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments.</p> <p>The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.</p>	1 January 2018	1 July 2018

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2015

2. BASIS OF PREPARATION (CONTINUED)

(d) New Accounting Standards and Interpretations (continued)

New standards and interpretations issued not yet adopted (continued)

Reference	Title	Summary and Impact on Group financial report	Application date of standard	Application date for Group
AASB 9 (continued)	<i>Financial Instruments</i> (continued)	<p>Amendments to AASB 9 (December 2009 & 2010 editions and AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.</p> <p>AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139.</p> <p>The main changes are described below.</p> <p>(a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; and (2) the characteristics of the contractual cash flows.</p> <p>(b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.</p> <p>(c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.</p> <p>(d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:</p> <ul style="list-style-type: none"> – The change attributable to changes in credit risk are presented in other comprehensive income (OCI); and – The remaining change is presented in profit or loss. <p>AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E.</p> <p>AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in Dec 2014.</p> <p>AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 (December 2009) and AASB 9 (December 2010)) from 1 February 2015 and applies to annual reporting periods beginning on or after 1 January 2015.</p>		

Reference	Title	Summary and Impact on Group financial report	Application date of standard	Application date for Group
AASB 2014-4	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)	<p>AASB 116 and AASB 138 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset.</p> <p>The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.</p> <p>The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.</p>	1 January 2016	1 July 2016
AASB 15	Revenue from Contracts with Customers	<p>In May 2014, the IASB issued IFRS 15 <i>Revenue from Contracts with Customers</i>, which replaces IAS 11 <i>Construction Contracts</i>, IAS 18 <i>Revenue and related Interpretations</i> (IFRIC 13 <i>Customer Loyalty Programmes</i>, IFRIC 15 <i>Agreements for the Construction of Real Estate</i>, IFRIC 18 <i>Transfers of Assets from Customers</i> and SIC-31 <i>Revenue – Barter Transactions Involving Advertising Services</i>).</p> <p>The core principle of IFRS 15 is that an entity recognises 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. An entity recognises revenue in accordance with that core principle by applying the following steps:</p> <ul style="list-style-type: none"> (a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transaction price (d) Step 4: Allocate the transaction price to the performance obligations in the contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation <p>Early application of this standard is permitted.</p> <p>AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15.</p>	1 January 2017	1 July 2017

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2015

2. BASIS OF PREPARATION (CONTINUED)

(d) New Accounting Standards and Interpretations (continued)

New standards and interpretations issued not yet adopted (continued)

Reference	Title	Summary and Impact on Group financial report	Application date of standard	Application date for Group
AASB 2015-1	Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle	<p>The subjects of the principal amendments to the Standards are set out below:</p> <p>AASB 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>: Changes in methods of disposal – where an entity reclassifies an asset (or disposal group) directly from being held for distribution to being held for sale (or vice versa), an entity shall not follow the guidance in paragraphs 27–29 to account for this change.</p> <p>AASB 7 <i>Financial Instruments: Disclosures</i>: Servicing contracts – clarifies how an entity should apply the guidance in paragraph 42C of AASB 7 to a servicing contract to decide whether a servicing contract is ‘continuing involvement’ for the purposes of applying the disclosure requirements in paragraphs 42E–42H of AASB 7.</p> <p>Applicability of the amendments to AASB 7 to condensed interim financial statements – clarifies that the additional disclosure required by the amendments to AASB 7 <i>Disclosure – Offsetting Financial Assets and Financial Liabilities</i> is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with AASB 134 <i>Interim Financial Reporting</i> when its inclusion would be required by the requirements of AASB 134.</p> <p>AASB 119 <i>Employee Benefits</i>: Discount rate: regional market issue – clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. Further it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level.</p> <p>AASB 134 <i>Interim Financial Reporting</i>: Disclosure of information ‘elsewhere in the interim financial report’ – amends AASB 134 to clarify the meaning of disclosure of information ‘elsewhere in the interim financial report’ and to require the inclusion of a cross-reference from the interim financial statements to the location of this information.</p>	1 January 2017	1 July 2017
AASB 2015-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	<p>The Standard makes amendments to AASB 101 <i>Presentation of Financial Statements</i> arising from the IASB’s Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgement in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures.</p>	1 January 2016	1 July 2016
AASB 2015-3	Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 <i>Materiality</i>	<p>The Standard completes the AASB’s project to remove Australian guidance on materiality from Australian Accounting Standards.</p>	1 July 2015	1 July 2015

(e) Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Revenue Recognition

Revenue is recognised at the point in time where the Group has essentially completed its contracted service with its product providers and it is probable that the Group will receive the revenue in relation to the underlying consumer. This point in time is where a consumer is referred to a product provider. As such, the Group determines a reliable measurement of its revenue on the basis of the probability of a 'referred' sale becoming a 'financial' or paid sale on the basis of extensive historical statistical and trend data. Revenue is recognised on a net basis of the historical percentage of 'referred' sales expected to become 'financial' and is adjusted to actual percentages experienced at each reporting date. Where this information cannot be reliably measured, the Group recognises revenue at the time the consumer makes its first payment to the product provider.

Trail Commission Receivable

The Group has elected to account for trail commission revenue at the time of selling a product to which trail commission attaches, rather than on the basis of actual payments received from the relevant fund or providers involved. This method of revenue recognition requires the Directors and management to make certain estimates and assumptions based on industry data and the historical experience of the Group. In undertaking this responsibility, the Group engages Deloitte Actuaries and Consultants Limited, a firm of consulting actuaries, to assist in reviewing the accuracy of assumptions for health, general, mortgages and life trail revenue. These estimates and assumptions include, but are not limited to: termination or lapse rates, mortality rates, inflation, risk free and other discount rates, counterparty credit risk, forecast fund premium increases and the estimated impact of known Australian Federal and State Government policy.

The Directors consider this method of trail commission recognition to be a more accurate representation of the Group's financial results. This method is further detailed in Note 3(f).

Clawback Provisions

Upfront fees received from certain insurance funds, broadband providers and mortgage brokers can be clawed back in the event of early termination of membership. They vary across the insurance industry and insurers and are usually triggered where a referred member terminates their policy. Each relevant Product Provider has an individual agreement and the clawback period ranges between 0 and 12 months, depending on the agreement. The Group provides for this liability based upon historic average rates of attrition and recognises revenue net of these clawback amounts.

Provisions for Employee Benefits

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date using the discounted cash flow methodology. The risks specific to the provision are factored into the cash flows and as such a government bond rate relative to the expected life of the provision is used as a discount rate. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised as interest expense.

Research and Development Costs

Internal project costs are classified as research or development based on management's assessment of the nature of each cost and the underlying activities performed. Management performs this assessment against the Group's development costs policy which is consistent with the requirements of AASB 138 *Intangible Assets*.

Taxation

The Group's accounting policy for taxation requires management's judgement as to the types of arrangements considered to be a tax on income in contrast to an operating cost. Judgement is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised in the consolidated statement of financial position. Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future sales volumes, operating costs, capital expenditure, dividends and other capital management transactions.

Judgements are also required about the application of income tax legislation in respect of the availability of carry forward tax losses. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the consolidated statement of financial position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the consolidated statement of profit or loss and other comprehensive income in future periods.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2015

2. BASIS OF PREPARATION (CONTINUED)

(e) Significant Accounting Judgements, Estimates and Assumptions (continued)

Share-Based Payments

Accounting estimates and assumptions in relation to share-based payments are discussed in Note 31.

Initial Recognition of Identifiable Assets and Liabilities Upon Acquisition.

On 1 July 2014, the Group obtained control of General Brokerage Services Pty Ltd and its controlled entities (**Energy Watch**), an online comparison company dealing in energy products. Accounting estimates and assumptions in relation to the initial recognition of the identifiable assets and liabilities at fair value are discussed in detail in Note 5.

Determination of Value-In-Use of Goodwill, Brand names and Trademarks

As part of the Group's annual impairment testing for indefinite life intangible assets, accounting estimates and assumptions have been applied in determining the value-in-use of cash-generating units where such intangible assets have been allocated. Further information about these estimates and assumptions is discussed in detail in Note 13.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2015. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has the power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee), the exposure, or rights, to variable returns from its involvement with the investee, and has the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including the contractual arrangement with the other vote holders of the investee, rights arising from other contractual arrangements and the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (**OCI**) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to

bring their accounting policies into line with the Group's accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it de-recognises the assets (including goodwill) and liabilities of the subsidiary, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

(b) Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of AASB 139 *Financial Instruments: Recognition and Measurement*, is measured at fair value and changes in fair value recognised either in profit or loss or as a change to OCI. If the contingent consideration is not within the scope of AASB 139, it is measured in accordance with the appropriate Australian Accounting Standard. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the

acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Business Combination Reserve

The internal Group restructure performed in the 2007 financial year, which interposed the holding Company, iSelect Limited, into the consolidated Group was exempted by AASB 3 *Business Combinations* as it precludes entities or businesses under common control.

The carry-over basis method of accounting was used for the restructuring of the iSelect Group. As such, the assets and liabilities were reflected at their carrying amounts. No adjustments were made to reflect fair values, or recognise any new assets or liabilities. No goodwill was recognised as a result of the combination and any difference between the consideration paid and the 'equity' acquired was reflected within equity as an equity reserve titled 'Business Combination Reserve'.

(c) Investment in Associates and Joint Ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate is accounted for using the equity method. The Group does not hold an investment in joint ventures.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets or the associate or joint venture since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The consolidated statement of profit or loss and other comprehensive income reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses

resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss as 'Share of profit or loss of an associate' in the consolidated statement of profit or loss and other comprehensive income.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the recoverable amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(d) Current versus Non-Current Classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is expected to be realised or intended to be sold or consumed in the Group's normal operating cycle, held primarily for the purpose of trading, expected to be realised within twelve months after the reporting date or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. The Group classifies all other assets as non-current.

A liability is current when it is expected to be settled in the Group's normal operating cycle, it is held primarily for the purpose of trading, it is due to be settled within twelve months after the reporting period or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(e) Foreign Currency Translation

The Group's consolidated financial statements are presented in Australian dollars, which is also the parent's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and Balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Foreign Currency Translation (continued)

Transactions and Balances (continued)

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

Group Companies

On consolidation, the assets and liabilities of foreign operations are translated into Australian dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation purposes are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

(f) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and can be reliably measured.

Fee Revenue

The Group primarily earns two distinct types of fee based revenue: upfront fees and trail commission.

(i) Upfront fees

Upfront fees are earned upon new members joining a health fund, initiating a life insurance policy, and obtaining general insurance products, mortgages, broadband or energy products via iSelect. Upfront fees may trigger a 'clawback' of revenue in the event of early termination by customers as specified in individual product provider agreements. These clawbacks are provided for by the Group on a monthly basis by utilising industry data and historical experience.

(ii) Trail commissions

Trail commissions are ongoing fees for customers referred to individual funds or who have applied for mortgages via iSelect. Trail commission revenue represents commission earned calculated as a percentage of the value of the underlying policy relationship of the expected life and in the case of mortgages a proportion of the underlying value of the loan. The Group is entitled to receive trail commissions without having to perform further services. On initial recognition, trail revenue and receivables are recognised at fair value, being the present value of expected future trail cash receipts discounted to their present value using discounted cash flow valuation techniques. These calculations require the use of assumptions. Due to the differences in underlying product characteristics and product provider circumstances, the discount rates applied in the most recent valuation of the trail commission receivable range between 3.2% and 7.8% (2014: 4.0% and 7.8%) across financial institutions and health, life and car insurers. The Group specifically provides for known or expected risks to future cash flows outside of the discount rate, particularly for the impact of attrition. Attrition rates in Health are particularly relevant to the overall trail commission receivable considering the relative size of the Health trail commission receivable. Attrition rates vary substantially by provider and also by the duration of time the policy has been in force, with rates generally higher in policies under two years old.

The attrition rates used in the valuation of the Health portfolio at 30 June 2015 ranged from 6.5% to 21.0% (2014: 4.6% to 18.6%). The simple average duration band attrition increase was up to 2.3% during the period, with higher increases experienced for policies that have been in force for shorter periods of time.

The key assumptions underlying the fair value calculations of trail revenue receivable at reporting date include, but are not limited to: lapse and mortality rates, commission term, premium increases and discount rate, incorporating risk free rates and estimates of the likely credit risk associated with the funds and credit providers.

For the period ended 30 June 2015, experienced and observed levels of health and car insurance policy lapses increased significantly. The Directors believe that these trends are likely to impact expected future commission cash flows and accordingly the lapse rates assumed in determining the carrying value of the trail commission receivable were increased.

It is the Directors' responsibility to determine the assumptions used and the fair value of trail revenue. In undertaking this responsibility, the Group engages Deloitte Actuaries and Consultants Limited, a firm of consulting actuaries, to assist in reviewing the accuracy of assumptions and the fair value model utilised to determine the fair value of health, life, mortgages and general fund trail revenue and the accompanying asset. The trail commission is a Directors' valuation and is based on the same principles as outlined above. Subsequent to initial recognition and measurement, the trail revenue asset is measured at amortised cost. The carrying amount of the trail revenue asset is adjusted to reflect actual and revised estimated cash flows by recalculating the carrying amount through computing the present value of estimated future cash flows at the original effective interest rate. The resulting adjustment is recognised as income or expense in the consolidated statement of profit or loss and other comprehensive income.

Click-Through Fee

Click-through fee is recognised based on the contractual arrangement with the relevant product provider. This can occur at one of three points, either when an internet user clicks on a paying advertiser's link, or submits an application, or a submitted application is approved.

Advertising and Subscription Fee

Revenue for contracted services, including advertising and subscription fee, is recognised systematically over the term of the contract. Revenue for services provided other than pursuant to a defined period contract is recognised during the month the services are provided.

(g) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a Lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease. An operating lease is a lease other than a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the consolidated statement of profit or loss and other comprehensive income.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Group as a Lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(h) Cash and Short-Term Deposits

Cash and short-term deposits in the consolidated statement of financial position comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

(i) Trade and Other Receivables

All trade and other receivables recognised as current assets are due for settlement within no more than 30 days for marketing fees and within one year for trail commission. Trade receivables are measured on the basis of amortised cost and trail commission is initially measured at fair value and subsequently at amortised cost.

Recoverability of trade and other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised where some doubt as to collection exists.

(j) Taxes**Current Income Tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated statement of profit or loss and other comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences except:

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

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Taxes (continued)

Deferred Tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

Tax Consolidation Legislation

iSelect Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. Members of the tax consolidated group have entered into a tax funding agreement. Each entity is responsible for remitting its share of the current tax payable/receivable assumed by the head entity.

In accordance with Group accounting policy, the Group has applied UIG 1052, in which the head entity, iSelect Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts.

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

The allocation of taxes to the head entity is recognised as an increase/decrease in the controlled entities intercompany accounts with the tax consolidated group head entity.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except:

- When the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable.
- When receivables and payables are stated with the amount of GST included.

The net amount of GST recovered from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the consolidated statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is from, or payable to, the taxation authority is classified as part of operating cash flows.

(k) Property, Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and accumulated impairment loss, if any. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated over the estimated useful life of the asset as follows:

	Useful Life	Method
Computer software/equipment	2 to 5 years	Straight-line method
Furniture, fixtures and fittings	8 years	Straight-line method
Leasehold improvements	8 to 10 years	Straight-line method
Motor vehicles	3 years	Straight-line method

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(I) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is measured at fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or infinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates and adjusted on a prospective basis. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss as the expense category that is consistent with the function of the intangible assets.

Amortisation is calculated over the estimated useful life of the asset as follows:

	Useful Life
Development costs (including website development)	2 to 5 years
Trademarks and domain names	Indefinite
Computer software	2 to 4 years
Brand names	Indefinite
Goodwill	Indefinite

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed at each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is made on a prospective basis.

Gains and losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Research and development costs

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or

sale, its intention to complete, its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset, the ability to measure reliably the expenditure during development and the ability to use the intangible asset generated. Following the initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually. Website development costs capitalised as an intangible asset are amortised on a straight-line basis with a useful life as previously detailed.

Trademarks and Domain Names

The Group made upfront payments to purchase trademarks and domain names and these can be renewed at little or no cost to the Group. As a result, these trademarks and domain names are assessed as having an indefinite useful life.

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see Note 3(b). Subsequently goodwill is measured at cost, and is tested for impairment annually. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Restatement of Goodwill

Goodwill acquired through the Infochoice Limited acquisition on 14 November 2011 was allocated to the cash-generating units (CGUs) post the acquisition. Recently identified information regarding initial allocation calculations has given rise to a re-allocation as outlined in the table below. This correction has had no effect on consolidated net assets, consolidated profit and reported basic or diluted earnings per share for the current or prior periods.

Segment	CGU	Initial Allocation \$'000	Adjustment \$'000	Revised Allocation \$'000
Health and car insurance	Health	4,634	2,011	6,645
	Car	1,659	720	2,379
Household utilities and financial	Home loans	10,088	(5,708)	4,380
	Money	6,801	2,953	9,754
	Life	53	24	77
		23,235	-	23,235

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Investments

Investments in controlled entities are carried at the lower of cost or recoverable amount.

(n) Loans and borrowings

Loans and borrowings are recognised initially at fair value plus directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate method. The effective interest rate method amortisation is included in finance costs in the income statement.

(o) Financial Instruments – Initial Recognition and Subsequent Measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

1. Financial Assets

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as loans and receivables (including trail commission receivable) or held-to-maturity investments. All financial assets are recognised initially at fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent Measurement

For the purposes of subsequent measurement, financial assets are classified into two categories: Loans and receivables (including trail commission receivable) and held-to-maturity investments.

Loans and Receivables (including Trail Commission Receivable)

This category is the most relevant to the Group. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the consolidated statement of profit or loss and other comprehensive income. The losses arising from impairment are recognised in the consolidated statement of profit or loss and other comprehensive income in finance costs for loans and in cost of sales or other operating expenses for receivables. This category generally applies to trade and other receivables. For more information on receivables, refer to Notes 9 and 10.

Held-To-Maturity Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments

are measured at amortised cost using the EIR, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the consolidated statement of profit or loss and other comprehensive income. The losses arising from impairment are recognised in the consolidated statement of profit or loss and other comprehensive income as finance costs.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of Financial Assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR.

Financial Assets Carried at Amortised Cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income (recorded in finance income in the consolidated statement of profit or loss and other comprehensive income) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account.

If a write-off is later recovered, the recovery is credited to finance costs in the consolidated statement of profit or loss and other comprehensive income.

ii. Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and may include loans and borrowings (including bank overdrafts).

Subsequent Measurement

The measurement of financial liabilities depends on their classification as described below:

Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in AASB 139 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the consolidated statement of profit or loss and other comprehensive income. As at 30 June 2015, the Group does not have any loans and borrowings. For more information refer to Note 17.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

iii. Offsetting of Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(p) Impairment of Non-Financial Assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased, except in relation to goodwill. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Impairment of Non-Financial Assets (continued)

exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior periods. Such reversal is recognised in the consolidated statement of profit or loss and other comprehensive income.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to projected future cash flows after the fifth year.

Impairment losses on continuing operations are recognised in the consolidated statement of profit or loss and other comprehensive income in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit or loss and other comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

(q) Trade and Other Payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the reporting date that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(r) Comparative Balances

Accounting policies adopted are consistent with those of the previous year. Where revenue and expenses have been reallocated between departments or within revenue and expense lines, the comparatives for the previous year and, if applicable, corresponding balance sheet movement have been reallocated to assist comparability between the years.

(s) Onerous Contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on assets associated with the contract.

(t) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of profit or loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

Wages, Salaries and Sick Leave

Liabilities for wages and salaries, including non-monetary benefits, are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long Service Leave and Annual Leave

The Group does not expect its long service leave or annual leave benefits to be settled wholly within 12 months of each reporting date. The Group recognises a liability for long service leave and annual leave measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bond rates with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Clawback Provisions

Upfront fees received from certain insurance funds, broadband providers and mortgage brokers can be clawed back in the event of early termination of membership. They vary across the insurance industry and insurers and are usually triggered where a referred member terminates their policy. Each relevant Product Provider has an individual agreement and the clawback period ranges between 0 and 12 months, depending on the agreement. The Group provides for this liability based upon historic average rates of attrition and recognises revenue net of these clawback amounts.

(u) Share-based payments

The Group provides benefits to its employees (including key management personnel) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity settled transactions).

During the year there were three plans in place to provide these benefits:

- The FY2015 Long-Term Incentive Plan (FY2015 LTI Plan), which provides benefits to employees and key management personnel;
- The FY2013 Long-Term Incentive Plan (FY2013 LTI Plan), which provides benefits to employees and key management personnel; and
- The Employee Share Option Plan, comprising the 2010 Option Plan and 2011 Option Plan, which provides benefits to employees, including Directors.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they were granted. The fair value was determined by the Directors and management using a Binomial model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the consolidated statement of profit or loss and other comprehensive income is the product of (i) the grant date fair value of the award; (ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and (iii) the expired portion of the vesting period. The charge to the consolidated statement of profit or loss and other comprehensive income for the period is the cumulative amount as calculated above less the amounts already charged in previous periods where there is a corresponding credit to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph

(v) Finance Income and Finance Costs

The Group's finance income and finance costs include:

- Interest income;
- Interest expense;
- The net gain or loss on financial assets at fair value through profit or loss;
- The foreign currency gain or loss on financial assets and financial liabilities; and
- Impairment losses recognised on financial assets (other than trade receivables);

Interest income or expense is recognised using the effective interest rate method.

(w) Contributed Equity

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

(x) Earnings per Share

Basic Earnings per Share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares outstanding during the financial year.

Diluted Earnings per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- The after-tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2015

4. SEGMENT INFORMATION

For management purposes, the Group is organised based on its products and services and has two reportable segments as follows:

- Health and Car Insurance segment, which offers comparison services across private health insurance and car insurance categories; and
- Household Utilities and Financial segment, which offers comparison services across a range of household utilities and personal finance products including retail energy products, broadband, life insurance, home loans, savings accounts, term deposits, credit cards and personal loans.

No operating segments have been aggregated to form the above reportable segments. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss in the consolidated financial statements. However, Group finance costs and income, income taxes and certain corporate overhead costs that are not considered to be appropriate to allocate, are not allocated to operating segments. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Geographical locations

All revenue and operating assets are attributed to geographic location based on the location of customers, which are entirely in Australia.

	Reported 30 June 2015 \$'000	Reported 30 June 2014 \$'000
Operating revenue		
Health and Car Insurance	101,006	87,107
Household Utilities and Financial	56,208	33,259
Consolidated Group operating revenue	157,214	120,366
Profit before interest, tax, depreciation, amortisation and loss from associate		
Health and Car Insurance	24,401	14,828
Household Utilities and Financial	9,549	2,217
Unallocated (Corporate) [^]	(15,359)	(4,967)
Consolidated Group profit before interest, tax, depreciation, amortisation and loss from associate (EBITDA)	18,591	12,078
Depreciation and amortisation	(6,015)	(6,468)
Net finance income/(costs)	5,768	3,403
Loss from associate	(313)	–
Consolidated Group profit before income tax	18,031	9,013
Income tax expense	(8,393)	(2,750)
Consolidated Group net profit for the year	9,638	6,263

[^] Unallocated corporate costs in the current period include costs associated with the integration of Energy Watch, NIA loan impairment and associated costs and Chairman exit and replacement costs. In the prior year, unallocated corporate costs include CEO exit and replacement costs. These are further explained in Note 6.

5. BUSINESS COMBINATIONS

Energy Watch acquisition

On 1 July 2014, the Group obtained control of General Brokerage Services Pty Ltd and its controlled entities (**Energy Watch Group**), an online comparison company dealing in energy products. From the date of acquisition which was 1 July 2015, the Energy Watch Group contributed \$6,291,000 of revenue, \$390,000 gross profit and \$840,000 loss before tax from continuing operations of the Group on a normalised basis. In determining these amounts management has assumed that the fair value adjustments determined arose on the date of acquisition.

Purchase consideration

The Group paid cash consideration of \$9,701,000 for the purchase of Energy Watch Group, and has recognised assets and liabilities assumed at the acquisition date.

Details of net assets and liabilities acquired

The fair value of the assets and liabilities arising from the acquisition are as follows:

	Fair value \$'000
Cash	423
Trade debtors	56
Accrued income	1,358
Property, plant and equipment	–
Brand name	1,754
Other assets	110
Deferred taxes	298
Trade and other payables	(1,269)
Prepaid income	(202)
Provisions	(808)
Net identifiable assets	1,720
Add goodwill acquired	7,981
Purchase consideration transferred	9,701

Initial accounting

The net asset value and allocation of the purchase price to acquired assets has now been finalised.

Fair value of assets

The following fair values have been determined by management:

- The brand names acquired as part of the Energy Watch Group acquisition were initially recognised at fair value and this intangible asset has been determined to have an indefinite useful life; and
- The fair values of property, plant and equipment as well as any development and software assets have been determined to be nil at acquisition.

Acquisition, integration and closure related costs

The Group has incurred acquisition, integration and site closure related costs of \$983,000 relating to external legal fees, due diligence costs, consultancy costs, redundancy and staff associated costs which were expensed in the consolidated statement of profit or loss and other comprehensive income in FY14 (\$284,000) and FY15 (\$699,000) as incurred.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2015

6. REVENUE AND EXPENSES

	Consolidated 30 June 2015 \$'000	Consolidated 30 June 2014 \$'000
Upfront Revenue		
Upfront fees	118,425	94,457
Click-through fees	3,331	2,746
Advertising and subscription fees	3,411	1,850
	125,167	99,053
Trail Commission Revenue		
Trail commission revenue – current period trail commission sales	26,189	31,179
Trail commission revenue – change in value of future trail cash flow expectations	–	(18,390)
Trail commission revenue – discount unwind	5,858	8,524
	32,047	21,313
Employee Benefits Expense		
Cost of sales and administration expenses include the following employee benefits expenses:		
Remuneration, bonuses, on-costs and amounts provided for benefits (i)	52,442	41,543
Superannuation expenses	4,385	3,998
Share-based payments	287	638
	57,114	46,179
Depreciation and Amortisation		
Depreciation	2,537	2,772
Amortisation of previously capitalised development costs	3,478	3,696
	6,015	6,468
Occupancy Related Expenses		
Operating lease rental expense	1,833	1,688
Doubtful Debt Related Expenses		
Doubtful debt expense/(recovery)	–	(23)
Other Expenses Included in the Income Statement		
Costs associated with the integration of Energy Watch (ii)	699	–
Executive chairman exit and replacement costs (iii)	1,029	–
CEO exit and replacement costs (iv)	–	855
NIA associated costs (v)	837	–
Impairment of NIA loan receivable (v)	9,987	–
	12,552	855

(i) Employee benefits expense is net of amounts capitalised as development costs of \$1,719,000 (2014: \$2,808,000) and superannuation expenses which are separately disclosed.

(ii) Costs in relation to the integration of Energy Watch.

(iii) Executive Chairman exit and replacement costs in relation to the resignation of Damien Waller and the search for a Non-Executive Chairman (Chris Knoblanche, appointed effective 1 July 2015).

(iv) CEO exit and replacement costs relate to the resignation of Matt McCann and the appointment of Alex Stevens in financial year 2014.

(v) NIA loan receivable impairment and associated legal and advisory related costs.

7. INCOME TAX

	Consolidated 30 June 2015 \$'000	Consolidated 30 June 2014 \$'000
<i>Current income tax</i>		
Current income tax (expense)/benefit	(7,854)	(6,239)
Adjustment in respect of current income tax of previous years	421	(97)
<i>Deferred income tax</i>		
Relating to origination and reversal of temporary differences	(2,632)	(2,752)
Adjustments in respect of deferred income tax of previous years	(384)	–
Utilisation of carried forward tax losses	2,056	6,338
Income tax reported in income statement	(8,393)	(2,750)
A reconciliation of income tax benefit/(expense) and accounting profit before income tax at the statutory income tax rate is as follows:		
Accounting profit before income tax	18,031	9,013
Prima facie income tax (expense)/benefit using the statutory income tax rate of 30% (2014: 30%)	(5,409)	(2,704)
Share of loss/(profit) of associate reported net of tax	(77)	–
Adjustments in respect of current income tax of previous years	421	(97)
Adjustments in respect of deferred income tax of previous years	(384)	–
Share-based payments	(86)	(191)
Entertainment	(102)	(102)
Initial recognition of available research and development concessional credits	223	432
Impairment of NIA loan receivable	(2,996)	–
Other	17	(88)
Total income tax expense	(8,393)	(2,750)
Deferred tax assets relate to the following:		
Deferred tax assets from temporary differences on:		
Trade and other payables	1,935	1,060
Provisions	2,301	2,876
Fixed assets	1,175	693
Carried forward losses	–	1,622
Expenditure for initial public offering costs	1,606	2,413
Other	8	361
Total deferred tax assets	7,025	9,025
Deferred tax liabilities from temporary differences on:		
Trail commission receivable	(30,613)	(29,699)
Development costs	(501)	(675)
Other	–	(108)
Total deferred tax liabilities	(31,114)	(30,482)
Net deferred tax liabilities	(24,089)	(21,457)

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2015

7. INCOME TAX (CONTINUED)

Tax Consolidation

The iSelect Group formed an income tax consolidated group as at 30 April 2007. iSelect Limited continues to act as the head entity of this group. Upon the 100% acquisitions of Infochoice Limited and the Energy Watch Group, these companies became part of the tax consolidated group. Members of the Group entered into a tax sharing agreement at that time that provided for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts are expected to be recognised in the consolidated financial statements in respect of this agreement on the basis that the probability of default is remote. The head entity and the controlled entities in the likely tax consolidated group continue to account for their own current and deferred tax balances.

Unrecognised deferred tax assets

Deferred tax assets of \$2.9 million (gross tax loss of \$9.6 million) in respect of losses acquired as part of the Infochoice Limited acquisition have not been recognised as at 30 June 2015. Further, the Group has not recognised a deferred tax benefit on the loss on the NIA receivable, which would be \$2,996,000.

8. CASH AND CASH EQUIVALENTS

	Consolidated 30 June 2015 \$'000	Consolidated 30 June 2014 \$'000
Cash at bank and on hand	25,542	30,906
Term deposits	45,000	45,000
	70,542	75,906

Cash at bank and on hand earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Reconciliation of profit after tax to net cash flows from operating activities

Net profit after tax	9,638	6,263
Adjustments for non-cash income and expense items:		
Foreign exchange movements	(41)	–
Depreciation and amortisation	6,015	6,468
Impairment of NIA loan receivable	9,987	–
Share-based payments expense	287	752
Share of loss in associate	313	–
Adjustments for items in net profit but not in operating cash flows:		
Interest income classified as investing cash flow	(6,357)	(4,479)
Interest expense classified as financing cash flow	589	1,076
Changes in net assets and liabilities:		
(Increase)/decrease in trade receivables	(5,085)	(3,541)
(Increase)/decrease in trail commission receivable	(2,629)	2,250
(Increase)/decrease in other assets	129	(1,366)
Increase/(decrease) in trade and other payables	3,325	1,132
Increase/(decrease) in deferred taxes	2,632	2,750
Increase/(decrease) in provisions	5,406	287
Increase/(decrease) in other liabilities	743	(58)
Net cash flow provided from/(used in) operating activities	24,952	11,534

9. TRADE AND OTHER RECEIVABLES

	Consolidated 30 June 2015 \$'000	Consolidated 30 June 2014 \$'000
<i>Current</i>		
Trade receivables	33,066	28,040
Allowance for credit losses	(21)	(80)
Other receivables (secured NIA facility)	40,716	–
	73,761	27,960
<i>Non-Current</i>		
Other receivables (secured NIA facility)	–	32,766
	–	32,766
	73,761	60,726

Refer to Note 23 for information on the credit risk management policy of the Group.

Allowance for credit loss

As at 30 June 2015, current trade receivables with a nominal value of \$21,000 (2014: \$80,000) were provided for as doubtful.

Movements in the allowance account for credit losses were as follows:

Carrying value and the beginning of the year	80	151
Allowance for credit losses recognised during the year	–	38
Receivables written off during the year as uncollectable	(59)	–
Unused amount reversed	–	(109)
Carrying value at the end of the year	21	80

Trade and other receivables past due but not provided for as doubtful

As at 30 June 2015, trade receivables of \$1,129,000 (2014: \$490,000) were past due but not impaired. These relate to customers for whom there is no recent history of default or other indicators of impairment.

The ageing analysis of trade and other receivables that were not provided for as doubtful is as follows:

Neither past due nor impaired	72,632	27,470
Past due 1 – 30 days	281	110
Past due 31 – 90 days	403	173
Past due 90+ days	445	207
	73,761	27,960

With respect to trade receivables that are neither past due nor provided for as doubtful, there are no indications as at the reporting date that the debtors will not meet their payment obligations. It is the Group's policy that all key partners who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2015

9. TRADE AND OTHER RECEIVABLES (CONTINUED)

Secured NIA facility

NIA Limited launched health.com.au in April 2012, which was the first major new health insurance fund in Australia for over 20 years. health.com.au has an online-focused marketing strategy and a suite of products that have been designed to appeal to underserved consumer segments within online comparison. NIA Limited has appointed the Group as a distributor of health.com.au's private health insurance products.

The Group has provided a secured facility to NIA Health Pty Ltd (**NIA Health**) for the sole purpose of allowing NIA Health to defer the time at which it is required to make commission payments under distribution arrangements with the Group. The facility does not allow NIA Health to draw down cash amounts; rather, it creates a deferred payment obligation for which NIA Health provides security and pays interest.

The key terms of the facility were as follows:

- (i) NIA Health must pay interest every three months to the Group on the amount outstanding under the facility. Interest is payable at variable rates.
- (ii) Unless repaid earlier by NIA Health, all amounts drawn under the facility shall be finally repaid by NIA Health on 31 July 2014, unless:
 - a. An extension is requested by NIA Health to 31 July 2015 by NIA Health giving notice that it is unable to refinance the facility; or
 - b. An event of default or review event occurs under the facility which will entitle the Group to accelerate repayment of the facility.
- (iii) The maximum size of the facility is \$75 million.
- (iv) NIA Health has provided a fixed and floating charge over all its present and after-acquired property. In addition, NIA Health's parent company, NIA Limited, has provided a share of mortgage over all the present and after-acquired shares in NIA Health and a guarantee from NIA Limited to the Group in respect of the facility.

On 31 July 2015, the Group received a cash settlement of \$42,133,667 in full satisfaction of interest owing with the balance being applied to remaining amounts owed under the NIA Health loan facility, subject to the terms and certain conditions of an agreement entered into on 25 July 2015 under which GMHBA will acquire health.com.au Pty Ltd.

The Group has adjusted for an impairment to the NIA Health loan facility of \$9,987,000 plus additional one-off costs of approximately \$837,000 within its FY15 financial result. Refer to Note 6 for further details.

10. TRAIL COMMISSION RECEIVABLE

	Consolidated 30 June 2015 \$'000	Consolidated 30 June 2014 \$'000
<i>Current</i>		
Trail commission receivable	28,174	27,452
	28,174	27,452
<i>Non-Current</i>		
Trail commission receivable	73,451	71,544
	73,451	71,544
Total trail commission receivable	101,625	98,996
Reconciliation of movement in trail commission receivable:		
Opening balance	98,996	101,246
Trail commission revenue – current period trail commission sales	26,189	31,179
Trail commission revenue – change in value of future trail cash flow expectations	–	(18,390)
Trail commission revenue – discount unwind	5,858	8,524
Cash receipts	(29,418)	(23,563)
Closing balance	101,625	98,996

Sensitivity of trail commission receivable

A combined premium price decrease of 1% and termination rate increase of 1% would have the effect of reducing the carrying value by \$9,269,000 (2014: \$8,854,000). A combined premium price increase of 1% and termination rate decrease of 1% would have the effect of increasing the carrying value by \$11,303,000 (2014: \$9,728,000). Individually, the effects of these inputs would not give rise to any additional amount greater than those stated.

11. OTHER ASSETS

	Consolidated 30 June 2015 \$'000	Consolidated 30 June 2014 \$'000
Current		
Prepayments – facility fees	361	445
Prepayments – other	1,242	1,605
Interest receivable – NIA (i)	1,079	347
Other assets	1,076	865
	3,758	3,262
Non-Current		
Prepayments – facility fees	–	347
	–	347

(i) The NIA loan settlement amount received included all interest owed to the date of settlement.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2015

12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvements \$'000	Office and Computer Equipment \$'000	Motor Vehicles \$'000	Computer Software \$'000	Furniture, Fixtures and Fittings \$'000	Total \$'000
As at 30 June 2015						
Cost	7,996	6,103	–	4,909	436	19,444
Accumulated depreciation	(4,364)	(4,165)	–	(3,675)	(144)	(12,348)
Net carrying amount	3,632	1,938	–	1,234	292	7,096
Net carrying amount at 1 July 2014	4,564	1,958	–	1,035	152	7,709
Additions	82	848	–	818	176	1,924
Disposals	–	–	–	–	–	–
Depreciation expense	(1,014)	(868)	–	(619)	(36)	(2,537)
Net carrying amount at 30 June 2015	3,632	1,938	–	1,234	292	7,096
As at 30 June 2014						
Cost	9,686	5,256	167	4,095	1,090	20,294
Accumulated depreciation	(5,122)	(3,298)	(167)	(3,060)	(938)	(12,585)
Net carrying amount	4,564	1,958	–	1,035	152	7,709
Net carrying amount at 1 July 2013	4,509	1,338	30	949	127	6,953
Additions	1,224	1,360	101	791	55	3,531
Disposals	–	–	–	–	(3)	(3)
Depreciation expense	(1,169)	(740)	(131)	(705)	(27)	(2,772)
Net carrying amount at 30 June 2014	4,564	1,958	–	1,035	152	7,709

13. INTANGIBLE ASSETS

	Development Costs \$'000	Trademarks and Domain Name \$'000	Goodwill \$'000	Brand Names \$'000	Customer Contracts \$'000	Total \$'000
As at 30 June 2015						
Cost	19,212	368	31,216	8,204	806	59,806
Accumulated amortisation and impairment	(12,800)	–	–	–	(806)	(13,606)
Net carrying amount	6,412	368	31,216	8,204	–	46,200
Net carrying amount at 1 July 2014	7,511	350	23,235	6,450	–	37,546
Acquisitions through business combination	–	–	7,981	1,754	–	9,735
Other additions	2,379	18	–	–	–	2,397
Amortisation	(3,478)	–	–	–	–	(3,478)
Net carrying amount at 30 June 2015	6,412	368	31,216	8,204	–	46,200
As at 30 June 2014						
Cost	17,267	350	23,235	6,450	806	48,108
Accumulated amortisation and impairment	(9,756)	–	–	–	(806)	(10,562)
Net carrying amount	7,511	350	23,235	6,450	–	37,546
Net carrying amount at 1 July 2013	8,812	229	23,235	6,450	–	38,726
Acquisitions through business combination	–	–	–	–	–	–
Other additions	2,395	121	–	–	–	2,516
Amortisation	(3,696)	–	–	–	–	(3,696)
Net carrying amount at 30 June 2014	7,511	350	23,235	6,450	–	37,546

Description of intangible assets

(i) Development costs

Development costs relate to the development of the Group's various websites and customer conversion systems and are carried at cost less accumulated amortisation and accumulated impairment losses. This intangible asset has been assessed as having a finite life and is amortised using the straight-line method over a period of between two and five years. The amortisation has been recognised in the consolidated statement of profit or loss and other comprehensive income in amortisation. If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

(ii) Trademarks and domain names

Trademarks and domain names are carried at cost and are not amortised. These intangible assets have been determined to have infinite useful lives. These assets were tested for impairment as at 30 June 2015, on a 'value-in-use' basis. Also refer Note 3(l), 3(o) and below.

(iii) Goodwill

Goodwill relates to the acquisitions of Infochoice Limited and the Energy Watch group. Goodwill has been tested for impairment on a value-in-use basis as at 30 June 2015; refer to Note 3(l), 3(o), and below.

(iv) Brand Names

The brand names acquired as part of the Infochoice Limited and the Energy Watch Group acquisitions were initially recognised at fair value. These intangible assets have been determined to have an indefinite useful life. These assets were tested for impairment on a value-in-use basis as at 30 June 2015, refer to Note 3(l), 3(o) and below.

(v) Customer Contracts

The customer contract asset acquired as part of the Infochoice Limited acquisition is carried at cost less accumulated amortisation and accumulated impairment losses. This asset is fully written down.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2015

13. INTANGIBLE ASSETS (CONTINUED)

Impairment testing of goodwill and intangible assets with indefinite lives

Goodwill acquired through the Infochoice Limited and Energy Watch group acquisitions have been allocated to the cash-generating units (CGUs) for impairment testing as outlined in the table below:

Segment	CGU	30 June 2015 \$'000 ¹	30 June 2014 \$'000
Health and car insurance	Health	6,645	4,634
	Car	2,379	1,659
Household utilities and financial	Home loans	4,380	10,088
	Money	9,754	6,801
	Life	77	53
Goodwill from Infochoice acquisition		23,235	23,235
	Household	7,981	–
Goodwill from Energy Watch acquisition		7,981	–
Total Group	Total Goodwill	31,216	23,235

¹ Refer to Note 3(i) for an explanation of the re-allocation of goodwill from the acquisition of Infochoice Limited. Impairment was tested using both historical and re-allocated goodwill amounts, and no impairment was identified under either.

The brand name acquired through the Infochoice Limited acquisition has an indefinite useful life and is allocated at a Group level.

Trademarks and domain names also have an indefinite useful life and are allocated at a Group level. The brand name acquired through the Energy Watch acquisition has an indefinite useful life and is allocated to the Household CGU, which is comprised of iSelect Energy, iSelect Broadband and Energy Watch.

The Group has performed its annual impairment test as at 30 June 2015. The recoverable amount of CGUs has been determined based on a value-in-use calculation using a combination of the financial year 2016 annual operating plan approved by Executive Management with a growth rate increment for subsequent years, and cash flow projections based on management forecasts. As a result of this analysis, no impairment was identified for the CGUs to which goodwill or brand names are allocated.

Key assumptions used in value-in-use calculation

Discount rates

Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowings the Group is obliged to service. CGU-specific risk is incorporated into the WACC rate where it is considered appropriate. The pre-tax discount rates are as follows:

CGU	FY15	FY14
Health	12.2%	14.1%
Car	11.8%	14.1%
Home loans	19.9%	18.2%
Money	14.7%	16.6%
Life	12.7%	14.1%
Household	12.2%	n.a.

Growth rate estimates

For each CGU, five years of cash flows have been included in the cash flow models. These are based on projections from 2015 financial results and growth rates ranging from 3% to 5% for all CGUs other than Home Loans.

The Home Loans CGU remains an immature business and its operation to date has incurred losses. However, management believes improved focus and attention will drive substantial growth in the business over the forecast time period. The cash flows for Home Loans are based on management projections. The cash flow forecast for financial year 2016 is negative (though an improvement on financial year 2015), with a further yet smaller loss in financial year 2017 and then significant growth into the 2018 to 2020 financial years. A long-term terminal growth rate of 3% is in line with the assessment for other CGUs.

Market share assumptions

These assumptions are important because management assesses how the unit's position, relative to its competitors, might change over the budget period. Management expects the Group's share of its respective markets to grow over the forecast period.

Sensitivity to changes in assumptions

With regard to the assessment of 'value-in-use' of the CGUs other than the Home Loans CGU, management believes that no reasonable change in any of the above key assumptions would cause the carrying value of the units to materially exceed its recoverable amount.

For the Home Loans CGU, the estimated recoverable amount is \$6,136,000 greater than its carrying value. Despite this headroom, certain adverse changes in a key assumption may result in an impairment loss. The implications of these adverse changes in the key assumptions for the recoverable amount are discussed below:

- Growth rate assumptions – management recognises that the Home Loans CGU is still in its infancy and the speed of its growth may have a significant impact on growth rate assumptions applied. As an indication of the potential impact on impairment, if cash flows achieved are less than 85% projected for financial year 2019 and less than 59% of projected for 2020, this would result in impairment.
- Discount rate assumptions – assuming forecast cash flows are achieved, the pre-tax discount rate would need to exceed 27.3% before there is any impairment.

14. INVESTMENT IN ASSOCIATE

On 10 October 2014, the Group acquired a 20% interest on a fully dilutive basis for AUD \$4.6 million (USD \$4.0 million) in the Intelligent Money Group (**iMoney**), an online comparison company dealing in financial products across South East Asia. The Group also has 20% of the voting rights on the Board of Directors, and as such has determined it has significant influence. However, it has also determined that the investment in associate is immaterial in nature for the Group's overall operations.

The following table analyses, in aggregate, the carrying amount of the share of profit and other comprehensive income of this investment.

	Consolidated 30 June 2015 \$'000	Consolidated 30 June 2014 \$'000
Carrying amount of interest in associates	4,265	–
Balance at beginning of year	–	–
Investment in associate	4,578	–
Share of:		
Loss from continuing operations	(313)	–
Other comprehensive income	–	–
Balance at the end of the year	4,265	–

15. TRADE AND OTHER PAYABLES

	Consolidated 30 June 2015 \$'000	Consolidated 30 June 2014 \$'000
Trade payables	5,310	5,867
Other payables	15,740	11,835
	21,050	17,702

Trade payables and other payables are non-interest bearing and are normally settled on 30-day terms.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2015

16. PROVISIONS

	Consolidated 30 June 2015 \$'000	Consolidated 30 June 2014 \$'000
<i>Current</i>		
Employee benefits – annual leave	2,403	2,024
Employee benefits – long service leave	357	467
Lease incentive	319	319
Clawback	1,961	2,093
Provision for income tax payable	5,434	–
Other	1,354	1,346
	11,828	6,249
<i>Non-Current</i>		
Employee benefits – long service leave	680	533
Lease Incentive	1,596	1,916
	2,276	2,449

Nature and timing of provisions

(i) Clawback provision

The Group has recognised a provision for expected clawback of marketing fees receivable from health, life and general funds due to early termination of policies by new members. This is based on historical and average industry rates of attrition. Clawback of fees is incurred within 0 to 12 months of the sale of the relevant policies.

(ii) Provision for lease incentive

Relates to the receipt of lease incentive payments in relation to the Group's campus. This income has been deferred and is being recognised in the consolidated statement of profit or loss and other comprehensive income over the life of the lease.

(iii) Other

Predominantly relates to the make good provision in relation to the Group's campus.

Movements in provisions

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

	Clawback		Lease Incentive		Other	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Carrying amount at beginning of year	2,093	1,825	2,235	2,554	1,346	–
Arising during the year	5,675	6,205	–	–	154	1,346
Utilised during the year	(5,807)	(5,937)	(320)	(319)	(146)	–
Unused amounts reversed	–	–	–	–	–	–
Carrying amount at end of year	1,961	2,093	1,915	2,235	1,354	1,346

17. LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see Note 23.

	Consolidated 30 June 2015 \$'000	Consolidated 30 June 2014 \$'000
Current	–	–
Revolving facility	–	–

Funding activities

The Group currently maintains a revolving facility with CBA, on the terms outlined below.

Revolving facility

On 18 April 2013 the Group entered into a \$40 million facility with the Commonwealth Bank of Australia (**CBA**). The arrangements included a term debt revolving facility of up to \$35 million and a secured letter of credit facility of up to \$5 million. The term of the facility was three years, from 18 April 2013 to 17 April 2016.

During financial year 2014 the Group renegotiated its terms and facility limit with CBA and an updated arrangement for a \$15 million facility. The arrangement reduced the term debt revolving facility down to \$10 million, whilst the credit limit facility terms remained unchanged.

The purpose of the facility is to provide funding for general corporate purposes, including ongoing working capital requirements, and to meet the ongoing liquidity requirements of the Group. Interest is payable at a rate calculated as BBSY plus a pre-determined margin.

The term debt revolving facility contains financial covenants that are required to be met. As at 30 June 2015, the Group has complied with these covenants.

The Group has provided a General Security Deed over all the present and after-acquired property of all entities in the consolidated Group.

For personal use only

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2015

18. CONTRIBUTED EQUITY

	Consolidated 30 June 2015 \$'000	Consolidated 30 June 2014 \$'000
Issued capital	173,713	172,963
Issued capital – ordinary shares		
	Number of Shares	Share Capital \$'000
Movement in shares on issue		
Total quoted shares outstanding at 1 July 2013	259,064,894	171,313
Issue of shares – ESOP ⁽¹⁾	1,825,000	1,555
Transfers of exercised options	–	95
Total quoted shares outstanding at 30 June 2014	260,889,894	172,963
Issue of shares – ESOP	600,000	750
Transfer of exercised options	–	–
Total quoted shares outstanding at 30 June 2015	261,489,894	173,713
Total LTI Plan shares outstanding at 1 July 2013	8,883,670	–
Forfeiture of Shares – LTI Plan ⁽²⁾	(3,797,551)	–
Total LTI Plan shares outstanding at 30 June 2014	5,086,119	–
Issue of shares – LTI Plan ⁽²⁾	7,546,080	–
Forfeiture of Shares – LTI Plan ⁽²⁾	(6,109,847)	–
Total LTI Plan shares outstanding at 30 June 2015	6,522,352	–

¹ Net of transaction costs of \$64,000 and associated tax of \$(19,000).

² Shares issued as part of Long-Term Incentive Plan are unquoted ordinary shares. Refer to Note 31 for further details of the Long-Term Incentive Plan.

Ordinary Shares

Ordinary shares entitle the holder to the right to receive dividends as declared and, in the event of winding up the Group, to participate in the proceeds from the sale of all surplus assets in proportion to the number and amount paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Group.

19. RESERVES

	30 June 2015 \$'000	30 June 2014 \$'000
Share-based payment reserve	1,683	1,396
Business combination reserve	5,571	5,571
Foreign currency translation reserve	(49)	–
	7,205	6,967

(a) Share-based payment reserve

This reserve records the value of shares under the Long-Term Incentive Plan, and historical Employee and CEO Share Option plans offered to the CEO, Executives and employees as part of their remuneration. Refer to Note 31 for further details of these plans. During the year, the exercised options balance was transferred into issued capital.

(b) Business combination reserve

This reserve records the difference between the consideration paid and the 'equity' acquired from the internal Group restructure performed in the 2007 financial year. Refer to Note 3(b) for further details.

(c) Foreign currency translation reserve

This reserve records translation differences arising as a result of translating the financial statement items of a foreign operation into the Group's functional currency and on translation of receivables/payables from/to a foreign operation, where settlement is neither planned nor likely to occur in the foreseeable future and therefore recorded as part of the net investment in the foreign operation.

20. RETAINED EARNINGS

	30 June 2015 \$'000	30 June 2014 \$'000
Balance at beginning of period	56,366	49,984
Profit for the period	9,638	6,263
Transfers of lapsed options	–	119
Balance at end of period	66,004	56,366

21. DIVIDENDS

Dividends provided for or paid during the year	–	–
	–	–

Franking credit balance

The amount of franking credits available for the subsequent financial year are:

Franking account balance as at the end of the financial year at 30% (2014: 30%)	–	–
Franking credits that will arise from the payment of income tax payable as at the end of the financial year	5,434	–
Franking debits that will arise from the payment of dividends as at the end of the financial year	–	–
Franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date	–	–
	5,434	–

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2015

22. EARNINGS PER SHARE

Basic earnings per share is calculated as net profit attributable to members of the parent by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share are calculated as above with an adjustment for the weighted number of ordinary shares that would be issued on conversion of all dilutive ordinary shares.

Basic and dilutive earnings per share are calculated as follows:

	30 June 2015 \$'000	30 June 2014 \$'000
Profit attributable to members of the parent	9,638	6,263
	Shares ('000)	Shares ('000)
Weighted average number of ordinary shares for basic earnings per share	261,299	260,437
Effect of dilution	774	89
Weighted average number of ordinary shares adjusted for effect of dilution	262,073	260,526
	Cents	Cents
Earnings per share:		
Basic for profit for the year attributable to ordinary members of the parent	3.7	2.4
Diluted for profit for the year attributable to ordinary members of the parent	3.7	2.4

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise trade and other receivables, trade and other payables, loans and borrowings and cash and short-term deposits. The Group does not use derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge risk exposures. It is not exposed to either securities price risk or commodity price risk. Foreign exchange risk is limited to international operations (Energy Watch Services Ltd whose functional currency is New Zealand Dollars) and transactional currency exposure for some purchases made by the Australian entities in currencies other than the functional currency. However, the New Zealand operations and foreign currency denominated purchases made by the Australian entities are not significant parts of the overall iSelect business and therefore the exposure is minor.

The main risks arising from the Group's financial instruments are:

- Market risk (including interest rate risk and foreign currency risk);
- Credit risk; and
- Liquidity risk.

The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate risk and assessments of market forecasts for interest rates and exchange rates. Ageing analysis and monitoring of specific credit allowances are undertaken to manage credit risk, and liquidity risk is monitored through the development of future rolling cash flow forecasts and comprehensive capital management planning.

The Board of Directors continues to review the Group's risk and capital management framework and has an Audit and Risk Management Committee to aid and oversee this process.

The Group's policies in relation to financial risks to which it has exposure are detailed below.

(a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include trade and other receivables, trade commission receivables, short-term deposits, trade and other payables and borrowings.

(i) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from cash and cash equivalents, trail commission receivables and borrowings. The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date:

	30 June 2015 \$'000	30 June 2014 \$'000
Financial Assets		
Current		
Cash and cash equivalents	70,542	75,906
Trade and other receivables	73,761	27,960
Trail commission receivable	28,174	27,452
Non-Current		
Trade and other receivables	–	32,766
Trail commission receivable	73,451	71,544
	245,928	235,628
Financial Liabilities		
Current		
Trade and other payables	21,050	17,702
Borrowings	–	–
	21,050	17,702
Net Exposure	224,878	217,926

At 30 June 2015, if interest rates had moved as illustrated in the table below, with all other variables being held constant, post-tax profit would have been higher/(lower) as follows:

	30 June 2015 \$'000	30 June 2014 \$'000
TOTAL		
Consolidated		
+1% (100 basis points)	494	531
–1% (100 basis points)	(494)	(531)
CASH AT BANK		
Consolidated		
+1% (100 basis points)	494	531
–1% (100 basis points)	(494)	(531)

Judgements of reasonably possible movements

The movements in profit are due to higher/lower interest income from cash balance.

(ii) Foreign currency risk

The Group has minimal transactional currency exposure. Such exposure arises from operating in New Zealand (Energy Watch Services Limited) and purchases by an Australian operating entity in currencies other than the functional currency. No hedging instruments have been or are in place.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2015

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Credit Risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash management equivalents, trade and other receivables and trail commission receivable in future periods. The Group's maximum exposure to credit risk at reporting date in relation to each class of financial assets is the carrying amount of those assets as indicated in the statement of financial position.

Exposure to credit risk

The carrying amount of the financial assets represents the maximum credit exposure. The maximum credit risk at the reporting date was as follows:

	30 June 2015 \$'000	30 June 2014 \$'000
Cash and cash equivalents	70,542	75,906
Trade and other receivables	33,045	27,960
NIA receivable	40,716	32,766
Trail commission receivable	101,625	98,996
	245,928	235,628

Credit risk related to trade receivables and future trail commission

The Group has exposure to credit risk associated with the health, life and general funds and mortgage providers, with regard to the calculation of trail commissions (as discussed in Note 3(f) and outstanding receivables). Estimates of the likely credit risk associated with the health, life and general funds and mortgage providers are incorporated in the discount rates (one of the assumptions used in the fair value and amortised cost calculation). Any risk in relation to other revenue has been reflected in allowance for credit losses.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. It is the Group's policy that all key partners who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis. Note 9 provides an ageing of receivables past due. The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures. The Group otherwise does not require collateral in respect of trade and other receivables.

Credit risk related to cash and cash equivalents

Investments of surplus funds are made only with approved counterparties and for approved amounts, to minimise the concentration of risks and mitigate financial loss through potential counterparty failure.

(c) Liquidity Risk

The Group aims to maintain the level of its cash and cash equivalents at an amount to meet its financial obligations. The Group also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables through rolling forecasts. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's internal policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying Amount \$'000	Contractual Cash Flows \$'000	<3 months \$'000	3–12 months \$'000	1–2 years \$'000	2–5 years \$'000	>5 years \$'000
As at 30 June 2015							
Non-derivative financial liabilities							
Borrowings	–	–	–	–	–	–	–
Trade payables	21,050	21,050	21,050	–	–	–	–
Total	21,050	21,050	21,050	–	–	–	–
As at 30 June 2014							
Non-derivative financial liabilities							
Borrowings	–	–	–	–	–	–	–
Trade payables	17,702	17,702	17,702	–	–	–	–
Total	17,702	17,702	17,702	–	–	–	–

As disclosed in Note 17, the Group has a debt facility, which contains debt covenants. A breach of these covenants may require the Group to repay the loan, however as at 30 June 2015 iSelect has not drawn down on this facility.

(d) Fair Values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated statement of financial position, are as follows:

	Note	\$'000			
		Carrying Amount		Fair Value	
		2015	2014	2015	2014
Financial Assets					
Cash and cash equivalents (i)	8	70,542	75,906	70,542	75,906
Trade and other receivables – current (i)	9	73,761	27,960	73,761	27,960
Trade and other receivables – non-current (ii)	9	–	32,766	–	30,339
Trail commission receivable (ii)	10	101,625	98,996	103,164	97,564
		245,928	235,628	247,467	231,769
Financial Liabilities					
Trade and other payables (i)	15	21,050	17,702	21,050	17,702
Borrowings (ii)	17	–	–	–	–
		21,050	17,702	21,050	17,702

The methods and assumptions used to estimate the fair value of financial instruments are as follows:

- (i) For financial assets and financial liabilities with a short-term to maturity, the carrying amount is considered to approximate fair value.
- (ii) The fair value has been calculated by discounting the expected future cash flows at prevailing interest rates.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2015

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Fair Values (continued)

	Note	Quoted market price (Level 1) \$'000	Valuation technique – market observable inputs (Level 2) \$'000	Valuation technique – non-market observable inputs (Level 3) \$'000	Total
30 June 2015					
Financial Assets					
Other receivables	9	–	–	40,716	40,716
Trail commission receivable	10	–	–	103,164	103,164
		–	–	143,880	143,865
Financial Liabilities					
		–	–	–	–
30 June 2014					
Financial Assets					
Other receivables – non-current	9	–	–	30,339	30,339
Trail commission receivable	10	–	–	97,564	97,564
		–	–	127,903	127,903
Financial Liabilities					
		–	–	–	–

For financial instruments not quoted in the active markets, the Group used valuation techniques such as present value techniques (which include lapse and mortality rates, commission terms, premium increases, credit risk), comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs.

(e) Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain operations and future development of the business. Capital consists of ordinary shares and retained earnings. The Board of Directors monitors the return on capital and seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

24. COMMITMENTS AND CONTINGENCIES

	Consolidated 30 June 2015 \$'000	Consolidated 30 June 2014 \$'000
Commitments		
Non-cancellable operating lease commitments		
Not later than 1 year	2,419	2,258
Later than 1 year and not later than 5 years	10,272	9,524
Later than 5 years	2,691	5,279
	15,382	17,061
Contingencies		
Guarantees		
Trading guarantees	2,089	2,134

The Group has issued a number of bank guarantees and letters of credit for various operational purposes. It is not expected that these guarantees will be called upon. All trading guarantees are issued in the name of iSelect Limited.

Other

On 24 October 2011, iSelect Life Pty Ltd reported to the Australian Securities and Investment Commission a breach in relation to its Australian Financial Services Licence relating to life insurance policies sold between April 2009 and March 2011. As a result of this breach, an internal review of all life insurance policies sold during that period was undertaken. The review and remediation work commenced in October 2011. As at 30 June 2015, 100% of the initial 5,095 policies had been reviewed by iSelect with only 665 policies in relation to one provider still subject to final remediation.

The amount, if any, of liability associated with those policies yet to be remediated cannot be reliably determined at this time, and accordingly no amounts have been recorded in the consolidated financial statements for the year ended 30 June 2015.

Potential liabilities for the Group, should any obligation be identified, are expected to be covered by insurance maintained by the Group.

25. EVENTS AFTER BALANCE SHEET DATE

The Group has received a cash settlement of \$42,133,667 in satisfaction of the outstanding interest and remaining amounts owing under the NIA Health loan facility, subject to the terms and certain conditions of an agreement entered into on 25 July 2015 under which GMHBA acquired health.com.au Pty Ltd.

The Group has adjusted for an impairment to the NIA Health loan facility of \$9,987,000 plus additional one-off costs of approximately \$837,000 within its FY15 financial result.

No other matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in future financial years.

26. PARENT ENTITY INFORMATION

The accounting policies of the parent entity, iSelect Limited, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements. Refer to Note 3 for a summary of accounting policies relating to the Group.

	30 June 2015 \$'000	30 June 2014 \$'000
Financial Position		
Assets		
Current Assets	87,536	61,429
Non-Current Assets	167,915	166,126
Total Assets	255,451	227,555
Liabilities		
Current Liabilities	83,424	9
Non-Current Liabilities	–	50,139
Total Liabilities	83,424	50,148
Net Assets	172,027	177,407
Equity		
Issued Capital	173,713	172,963
Reserves	1,683	1,396
Retained Earnings/(Accumulated Losses)	(3,369)	3,048
Total Equity	172,027	177,407
Financial Performance		
Profit/(loss) of the parent entity	(6,417)	2,105
Total comprehensive income/(loss) of the parent entity	(6,417)	2,105

There are no contractual or contingent liabilities of the parent as at reporting date (2014: \$nil). iSelect Limited has issued bank guarantees and letters of credit to third parties for various operational purposes. It is not expected these guarantees will be called on. The amount of trading guarantees in place at reporting date is disclosed in Note 24.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2015

27. SUBSIDIARIES

The consolidated financial statements include the financial statements of iSelect Limited as the ultimate parent, and the subsidiaries listed in the following table:

Name of Subsidiary	Country of incorporation	Functional currency	Equity Interest	
			30 June 2015	30 June 2014
iSelect Health Pty Ltd [^]	Australia	AUD	100%	100%
iSelect Life Pty Ltd	Australia	AUD	100%	100%
iSelect General Pty Ltd	Australia	AUD	100%	100%
iSelect Media Pty Ltd [^]	Australia	AUD	100%	100%
iSelect Mortgages Pty Ltd [^]	Australia	AUD	100%	100%
Mobileselect Pty Ltd [^]	Australia	AUD	100%	100%
Infochoice Pty Ltd	Australia	AUD	100%	100%
iSelect Services Pty Ltd [^]	Australia	AUD	100%	100%
Tyrian Pty Ltd [^]	Australia	AUD	100%	100%
General Brokerage Services Pty Ltd [^]	Australia	AUD	100%	–
Energy Watch Trading Pty Ltd [^]	Australia	AUD	100%	–
Procure Power Pty Ltd [^]	Australia	AUD	100%	–
Telco Advice Pty Ltd [^]	Australia	AUD	100%	–
Energy Watch Services Pty Ltd [^]	Australia	AUD	100%	–
Energy Watch Services Limited	New Zealand	NZD	100%	–
Insurawatch Pty Ltd [^]	Australia	AUD	100%	–
iSelect International Pty Ltd [^]	Australia	AUD	100%	–

[^] A Deed of Cross Guarantee has been entered into by iSelect Limited and these entities. Refer to Note 28 for further details.

28. DEED OF CROSS GUARANTEE

Pursuant to the iSelect Deed of Cross Guarantee ('the Deed') and in accordance with ASIC Class Order 98/1418, the subsidiaries identified with a '^' in Note 27 are relieved from the requirements of the Corporations Act 2001 relating to the preparation, audit and lodgement of their financial reports.

iSelect Limited and the subsidiaries identified with a '^' in Note 27 together are referred to as the 'Closed Group'. The Closed Group, with the exception of General Brokerage Services Pty Ltd, Energy Watch Trading Pty Ltd, Procure Power Pty Ltd, Telco Advice Pty Ltd and Insurawatch Pty Ltd, Energy Watch Services Pty Ltd and iSelect International Pty Ltd entered into the Deed on 26 June 2013.

General Brokerage Services Pty Ltd, Energy Watch Trading Pty Ltd, Procure Power Pty Ltd, Telco Advice Pty Ltd, Energy Watch Services Pty Ltd and Insurawatch Pty Ltd entered into the Deed on 1 July 2014, the date they were acquired as part of the Energy Watch Group acquisition. iSelect International entered the Deed on 8 September 2014. The effect of the Deed is that iSelect Limited guarantees to each creditor payment in full of any debt in the event of winding up any of the entities in the Closed Group.

The consolidated income statement of the entities that are members of the Closed Group is as follows:

	30 June 2015 Closed Group* \$'000	30 June 2014 Closed Group \$'000
Consolidated income statement		
Profit from continuing operations before income tax	2,401	2,643
Income tax expense	(3,559)	(859)
Net profit for the year	(1,158)	1,784
Retained earnings at the beginning of the period	61,835	59,932
Net profit for the year	(1,158)	1,784
Transfer of lapsed options	–	119
Retained earnings at the end of the year	60,677	61,835

+ General Brokerage Services Pty Ltd, Energy Watch Trading Pty Ltd, Procure Power Pty Ltd, Telco Advice Pty Ltd, Energy Watch Services Pty Ltd and Insurawatch Pty Ltd entered the Deed on 1 July 2014 and iSelect International on 8 September 2014, and accordingly the comparatives exclude them.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2015

28. DEED OF CROSS GUARANTEE (CONTINUED)

	30 June 2015 Closed Group* \$'000	30 June 2014 Closed Group \$'000
The consolidated income balance sheet of the entities that are members of the Closed Group is as follows:		
Consolidated balance sheet		
Assets		
Current assets		
Cash and cash equivalents	58,628	67,519
Trade and other receivables	71,039	26,046
Trail commission receivable	23,900	23,647
Other assets	3,730	3,229
Total current assets	157,297	120,441
Non-current assets		
Trade and other receivables	–	45,778
Other assets	–	347
Investments	52,683	48,418
Trail commission receivable	53,006	54,803
Property, plant and equipment	6,993	7,645
Intangible assets	14,877	5,178
Total non-current assets	127,559	162,169
Total assets	284,856	282,610
Liabilities		
Current liabilities		
Trade and other payables	18,932	16,148
Provisions	10,927	5,143
Borrowings	–	–
Total current liabilities	29,859	21,291
Non-current liabilities		
Trade and other payables	–	7,493
Provisions	2,276	2,333
Net deferred tax liabilities	16,648	15,299
Total non-current liabilities	18,924	25,125
Total liabilities	48,783	46,416
Net Assets	236,073	236,194
Equity		
Issued Capital	173,713	172,963
Reserves	1,683	1,396
Retained Earnings	60,677	61,835
Total Equity	236,073	236,194

+ General Brokerage Services Pty Ltd, Energy Watch Trading Pty Ltd, Procure Power Pty Ltd, Telco Advice Pty Ltd, Energy Watch Services Pty Ltd and Insurawatch Pty Ltd entered the Deed on 1 July 2014 and iSelect International on 8 September 2014, and accordingly the comparatives exclude them.

29. RELATED PARTIES

(a) Transactions with key management personnel

In accordance with AASB 124: 'Related Party Disclosures', key management personnel (KMP) have authority and responsibility for planning, directing and controlling the activities of the Group. For a list of key management personnel and additional disclosures, refer to the remuneration report on pages 28 to 44.

During financial years 2015 and 2014, the aggregate compensation provided to KMP was as follows:

	30 June 2015 \$	30 June 2014 \$
Short-term employee benefits	4,123,916	3,737,670
Post-employment benefits	232,643	248,820
Long-term employee benefits	146,410	16,290
Share-based payments	157,469	518,770
Termination benefits	861,906	1,125,666
	5,522,344	5,647,216

During financial year 2014, apart from transactions trivial and domestic in nature and on normal commercial terms and conditions, there were no other transactions with KMP and their related parties.

(b) Other related party transactions

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year.

	Sales to Related Parties \$	Purchases from Related Parties \$	Other Transactions with Related Parties \$	Balances at Reporting Date \$
30 June 2015				
Associates – iMoney Group service fee	–	–	57,003	24,216
30 June 2014				
Associates – iMoney Group service fee	–	–	–	–

30. REMUNERATION OF AUDITORS

	30 June 2015 \$	30 June 2014 \$
(a) Ernst & Young		
Audit and review of financial statements	288,000	301,811
Other assurance services		
– Regulatory compliance	36,000	36,000
– Tax compliance	–	20,000
– Assurance related services	–	8,000
– Due diligence	–	50,500
Total remuneration of Ernst & Young	324,000	416,311

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2015

31. SHARE-BASED PAYMENTS

The recognised expense arising from equity settled share-based payment plans during the period is shown in Note 6. During the year ended 30 June 2015, the Group had the following share-based payment plans in place (described below):

- FY2015 Long-Term Incentive Plan (**FY2015 LTI Plan**);
- FY2013 Long-Term Incentive Plan (**FY2013 LTI Plan**); and
- Employee Share Option Plan (**ESOP**) consisting of the 2011 Option Plan and the 2010 Option Plan.

There have been no cancellations or modifications to any of the plans during the period.

(a) Description of Share-Based Payment Plans

FY2015 LTI Plan

The FY2015 LTI Plan was established as the long-term incentive component of remuneration in order to assist in the attraction, reward and retention of certain employees. The LTI Plan is designed to link long-term reward with the ongoing creation of shareholder value, through the allocation of LTI Plan Shares which are subject to satisfaction of long-term performance conditions.

The key terms of the FY2015 LTI Plan are as follows:

- Participants are invited to join, via a loan based share plan. There is no initial cost to the recipient to participate in the LTI Plan, but the loan must be repaid before or at the time of sale of the shares. The value of the loan is set by applying the market value at grant to the number of units granted. This means the share price must increase over the life of the Plan, and pass the performance tests for there to be any value to the participant between vesting and expiry;
- The LTI Plan Shares are issued to each participant upfront, with the number of LTI Plan Shares determined by dividing the remuneration value by the fair value of the LTI Plan Shares at the time of allocation;
- The LTI Plan Shares will only vest upon satisfaction of conditions set by the Board at the time of the offer;
- If the conditions are met and LTI Plan Shares vest, the loan becomes repayable and participants have up to three years from the date of allocation of the LTI Plan Shares to repay the outstanding balance. The LTI Plan Shares cannot be dealt with (other than to repay the loan) until the loan in respect of the vested LTI Plan Shares is repaid in full;
- Until the LTI Plan Shares vest, the participant is not entitled to exercise any voting rights attached to the LTI Plan Shares. Any dividends paid on the LTI Plan Shares while the loan remains outstanding are applied (on a notional after-tax basis) towards repayment of the loan; and
- In general, if the conditions are not satisfied by the relevant testing date for those conditions, or if the participant ceases employment before the LTI Plan Shares vest, the participant forfeits all interest in the LTI Plan Shares in full satisfaction of the loan.

FY2015 offer under LTI Plan

The FY2015 LTI Plan shares were granted in two tranches, with each tranche being subject to one of two performance conditions over the period 1 July 2014 to 30 June 2017.

The first condition is a compound annual growth rate (**CAGR**) in total shareholder return (**TSR**). TSR measures the total change in the value of the Shares over the period, plus the value of any dividends and other distributions being treated as if they were reinvested in Shares. In relation to the FY2015 offer, vesting starts where CAGR over the period is 12%. The second condition is a CAGR in earnings per share (**EPS**) over the period, and again, vesting starts where the CAGR over the period is 12%.

At 12% TSR CAGR and 12% EPS CAGR, 50% of each respective tranche of LTI Plan Shares will vest. All LTI Plan Shares will vest if CAGR over the period is 15% or more for both tranches. Between these points, the percentage of vesting increases on a straight-line basis.

In the event that the performance conditions are not met at 30 June 2017, the iSelect Board believes that the loss of any remuneration value from the LTI Plan is sufficient penalty to the participants.

Cessation of employment

Except where the Board determines otherwise in a specific instance, where a participant ceases employment with iSelect prior to any conditions attaching to LTI Plan Shares issued under the LTI Plan being satisfied, their LTI Plan Shares will be forfeited and surrendered (in full satisfaction of the loan) and the participant will have no further interest in the LTI Plan Shares. However the Board has discretion to approve the reason for a participant ceasing employment before LTI Plan Shares have vested in appropriate circumstances. Such circumstances may include ill health, death, redundancy or other circumstances approved by the Board.

Where the Board has approved the reason for ceasing employment, it has discretion to determine any treatment in respect of the unvested LTI Plan Shares it considers appropriate in the circumstances – for example, that a pro-rata number of LTI Plan Shares are eligible to vest, having regard to time worked during the performance period and the extent the performance condition has been satisfied at the time of cessation.

In relation to vested LTI Plan Shares that remain subject to the loan, the participant will have 12 months from the date of the cessation of their employment to repay the loan. Once the loan is repaid, the participant may deal in the LTI Plan Shares.

For the purposes of Sections 200B and 200E of the Corporations Act, iSelect Shareholders have approved the giving of any potential benefits under the LTI Plan provided in connection with any future retirement of a participant who holds a 'managerial or Executive office' such that for the purposes of the provisions, those benefits will not be included in the statutory limit.

Change in control

Unless the Board determines otherwise, all LTI Plan Shares will vest upon a 'change of control', and participants' loans will become repayable (including in respect of any outstanding loan where LTI Plan Shares had already vested prior to the 'change of control'). If the Share price has fallen, LTI Plan Shares will be forfeited and surrendered in full satisfaction of the loan.

FY2013 LTI Plan

In a manner similar to the FY2015 LTI Plan, the FY2013 LTI Plan was established as the long-term incentive component of remuneration to link long-term reward with the ongoing creation of shareholder value, through the allocation of LTI Plan Shares which are subject to satisfaction of long-term performance conditions.

The key terms of the FY2013 LTI Plan are as follows:

- Participants were invited to join, via a loan based share plan. There is no initial cost to the recipient to participate in the LTI Plan, but the loan must be repaid before or at the time of sale of the shares. The value of the loan is set by applying the market value at grant to the number of units granted. This means the share price must increase over the life of the Plan, and pass the performance tests for there to be any value to the participant between vesting and expiry;
- The LTI Plan Shares are issued to each participant upfront, with the number of LTI Plan Shares determined by dividing the 'loan amount' by the market value of the LTI Plan Shares at the time of allocation;
- The LTI Plan Shares will only vest upon satisfaction of conditions set by the Board at the time of the offer;
- If the conditions are met and LTI Plan Shares vest, the loan becomes repayable and participants have up to five years from the date of allocation of the LTI Plan Shares to repay the outstanding balance. The LTI Plan Shares cannot be dealt with (other than to repay the loan) until the loan in respect of the vested LTI Plan Shares is repaid in full;
- Until the LTI Plan Shares vest, the participant is not entitled to exercise any voting rights attached to the LTI Plan Shares. Any dividends paid on the LTI Plan Shares while the loan remains outstanding are applied (on a notional after-tax basis) towards repayment of the loan; and
- In general, if the conditions are not satisfied by the relevant testing date for those conditions, or if the participant ceases employment before the LTI Plan Shares vest, the participant forfeits all interest in the LTI Plan Shares in full satisfaction of the loan.

FY2013 offer under LTI Plan

The performance condition for the FY2013 offer is a compound annual growth rate (CAGR) in total shareholder return (TSR). TSR measures the total change in the value of the Shares over a period, plus the value of any dividends and other distributions being treated as if they were reinvested in Shares. In relation to the 2013 offer, vesting starts where CAGR over the period is 12%.

At this level, 50% of the LTI Plan Shares will vest. All LTI Plan Shares will vest if CAGR over the period is 15% or more. Between these points, the percentage of vesting increases on a straight-line basis. In respect of the first offer made under the LTI Plan, in order to provide for direct LTI Plan Share ownership by participants and alignment with shareholder interests as soon as possible following establishment of the Plan, LTI Plan Shares may vest in three tranches if the relevant condition is met in respect of that period. The first testing date (in respect of 20% of LTI Plan Shares under the 2013 offer) was 30 June 2013. The performance condition for this test was not met, and the first tranche did not vest. The second testing date was 30 June 2014. The performance condition for this test was not met, and the second tranche did not vest.

The third and final testing date was 30 June 2015. The performance condition for this test was not met and all LTI Plan Shares granted under the FY2013 LTI Plan were forfeited as of that date, and surrendered in full satisfaction of the loan such that participants have no further interest in the LTI Plan Shares.

Cessation of employment

Except where the Board determines otherwise in a specific instance, where a participant ceases employment with iSelect prior to any conditions attaching to LTI Plan Shares issued under the LTI Plan being satisfied, their LTI Plan Shares will be forfeited and surrendered (in full satisfaction of the loan) and the participant will have no further interest in the LTI Plan Shares. However the Board has discretion to approve the reason for a participant ceasing employment before LTI Plan Shares have vested in appropriate circumstances. Such circumstances may include ill health, death, redundancy or other circumstances approved by the Board.

Where the Board has approved the reason for ceasing employment, it has discretion to determine any treatment in respect of the unvested LTI Plan Shares it considers appropriate in the circumstances – for example, that a pro-rata number of LTI Plan Shares are eligible to vest, having regard to time worked during the performance period and the extent the performance condition has been satisfied at the time of cessation.

In relation to vested LTI Plan Shares that remain subject to the loan, the participant will have 12 months from the date of the cessation of their employment to repay the loan. Once the loan is repaid, the participant may deal in the LTI Plan Shares.

For the purposes of Sections 200B and 200E of the Corporations Act, iSelect Shareholders have approved the giving of any potential benefits under the LTI Plan provided in connection with any future retirement of a participant who holds a 'managerial or Executive office' such that for the purposes of the provisions, those benefits will not be included in the statutory limit.

Change in control

Unless the Board determines otherwise, all LTI Plan Shares will vest upon a 'change of control' (this excludes the IPO undertaken on 24 June 2013), and participants' loans will become repayable (including in respect of any outstanding loan where LTI Plan Shares had already vested prior to the 'change of control'). If the Share price has fallen, LTI Plan Shares will be forfeited and surrendered in full satisfaction of the loan.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2015

31. SHARE-BASED PAYMENTS (CONTINUED)

(a) Description of Share-Based Payment Plans (continued)

Employee Share Option Plan (ESOP)

The iSelect ESOP is a legacy plan under which there are no further issues or grants. Details of the plan terms, relevant to when they were established and operational, are noted and included for completeness of information. The ESOP was designed to align participants' interests with those of shareholders, by increasing the value of the Group's shares, and could be granted to Company Directors, Company Secretary, Senior Executives and employees. The fair value of the equity settled share options granted under the ESOP is estimated as at the date of grant using a Binomial Model taking into account the terms and conditions upon which the options were granted.

2011 Option Plan

Under the 2011 option plan, the exercise price of the options was set at or above the market price of the shares on the date of grant. The typical vesting period for options granted under the 2011 Option Plan was the equivalent of two-and-a-half years. The term of the options was typically three years. For all participants, in the event of a change in control or departure from iSelect, after the required service period, the issued options were to be pro-rated to determine the applicable qualifying options based on the service term. In addition, all shares had an attached Group performance condition hurdle that needed to be achieved in order for options to be exercisable. Specific conditions existed in relation to a takeover where more than 90% of the share capital is acquired by another entity.

When a participant ceased employment prior to the service period of their share options, the non-vested share options are pro-rated based on the proportion of the service period completed. The vested options were also to be forfeited in circumstances where a participant breached their contract of employment. All ESOP options are forfeited on the insolvency of iSelect Limited. There are no cash settlement alternatives.

2010 Option Plan

Under the 2010 option plan, the exercise price of the options was set at or above the market price of the shares on the date of grant. For all participants, excluding Company Directors and the Company Secretary, 50% of deemed options granted vested over the prescribed vesting period subject to CEO performance assessment. The typical vesting period for options granted under the 2010 Option Plan varied from three to four years. The term of the options is typically five years. For all participants, excluding Company Directors and the Company Secretary, vested options could be exercised on an Initial Public Offering (IPO) event or trade sale event or within six months prior to their expiry or at the discretion of the Board. For all participants, 75% of any unvested options immediately vested on an IPO or trade sale event.

When a participant ceases employment prior to the vesting of their share options, the non-vested share options are forfeited. The vested options will also be forfeited in circumstances where the participant has breached their contract of employment. All ESOP options are forfeited on the insolvency of iSelect Limited or iSelect Health Pty Ltd. There are no cash settlement alternatives.

(b) Summary of Shares Issued under the FY2015 LTI Plan

The following table illustrates the number of, and movements in, shares issued under the LTI Plan during the year:

	30 June 2015 Number	30 June 2014 Number
Outstanding at the beginning of the period	–	–
Granted during the period	7,546,080	–
Forfeited during the period	(1,023,728)	–
Exercised during the period	–	–
Outstanding at the end of the period	6,522,352	–

The fair value shares granted under the LTI Plan take into account the terms and conditions upon which the LTI Plan shares were granted. The fair value is estimated as at the date of the grant using a binomial option pricing model for shares subject to an EPS hurdle. For shares subject to a TSR hurdle, a Monte Carlo simulation option pricing model has been used to estimate the fair value.

The following table lists the inputs to the model for grants made under the FY2015 LTI Plan:

	Grant on 29 August 2014	Grant on 18 November 2014
Five day volume weighted average price (VWAP) as at grant date	\$1.20	\$1.38
Exercise price (same as underlying share price at grant date)	\$1.20	\$1.38
Expected life of LTI Plan shares	3 years	3 years
Risk free rate	2.88%	2.80%
Dividend yield	0%	0%
Expected volatility	30%	30%

Fair value of LTI Pan shares at grant date :

	Grant on 29 August 2014	Grant on 18 November 2014
TSR component	\$0.26	\$0.33
EPS component	\$0.37	\$0.41

The expected life of the performance shares is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is reflective of future trends, which may also not necessarily be reflective of the actual outcome. No other features of shares granted were incorporated into the measurement of fair value.

(c) Summary of Shares Issued under the FY2013 LTI Plan

The following table illustrates the number of, and movements in, shares issued under the LTI Plan during the year:

	30 June 2015 Number	30 June 2014 Number
Outstanding at the beginning of the period	5,086,119	8,883,670
Granted during the period	–	–
Forfeited during the period	(5,086,119)	(3,797,551)
Exercised during the period	–	–
Outstanding at the end of the period	–	5,086,119

(d) Summary of Options Issued under ESOP

The following table illustrates the number and weighted average exercise prices (WAEF) of, and movements in, share options during the year.

	30 June 2015 Number	30 June 2015 WAEF	30 June 2014 Number	30 June 2014 WAEF
Outstanding at the beginning of the period	2,349,750	1.66	5,219,200	1.43
Granted during the period	–	–	–	–
Forfeited during the period	(1,749,750)	1.80	(1,044,450)	1.86
Exercised during the period	(600,000)	1.25	(1,825,000)	0.88
Outstanding at the end of the period	–	n.a.	2,349,750	1.66
Exercisable at the end of the year	–	n.a.	900,000	1.25

(e) Weighted average remaining contractual life

There are no share options outstanding as at 30 June 2015 (Weighted average contractual life in 2014: 0.41 years).

(f) Range of exercise price

There are no share options outstanding as at 30 June 2015 (Range in exercise price in 2014: \$1.25 to \$2.65).

(g) Weighted average fair value

There were no options granted during the year ended 30 June 2015 (2014: \$nil).

For personal use only

Directors' Declaration

In accordance with a resolution of the Directors of iSelect Limited we state that:

1. In the opinion of the Directors:
 - a. the consolidated financial statements and notes that are set out on pages 55 to 105 and 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 2015 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
 - iii. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
2. There are reasonable grounds to believe that the Company and the Group entities identified in Note 27 will be able to meet any obligations or liabilities;
3. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and the Chief Financial Officer for the financial year ended 30 June 2015;
4. The Directors draw attention to Note 2 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards; and
5. As at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 27 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

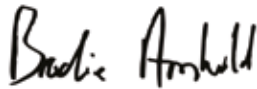
On behalf of the Directors



Alex Stevens

Director

Melbourne,
27 August 2015



Brodie Arnhold

Director

Melbourne,
27 August 2015

Independent Auditor's Report



Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

Independent auditor's report to the members of iSelect Limited

Report on the financial report

We have audited the accompanying financial report of iSelect Limited, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company iSelect Limited and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

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

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

A member firm of Ernst & Young Global Limited
Lately limited by a scheme approved under Professional Standards Legislation

For personal use only



Opinion

In our opinion:

- a. the financial report of iSelect Limited is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Report on the remuneration report

We have audited the Remuneration Report included in pages 28 to 44 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of iSelect Limited for the year 30 June 2015, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Denis Thorn
Partner
Melbourne, Australia
27 August 2015

ASX Additional Information

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as of 21 August 2015.

(a) Distribution of Shareholdings

Size of Holding	Fully paid ordinary shares Number of shares [^]
1 – 1,000	59,938
1,001 – 5,000	499,406
5,001 – 10,000	823,256
10,001 – 100,000	6,604,429
100,001 and over	253,502,865

[^] The total number of shares on issue as at 30 June 2015 and 21 August 2015 was 261,489,894.

(b) Marketable Parcel

The number of holders holding parcels of less than \$500 was 50 as at 21 August 2015.

(c) Shares Subject to Voluntary Escrow

As at 21 August 2015, there are no shares subject to voluntary escrow.

(d) Twenty Largest Shareholders

The twenty largest shareholders of fully paid ordinary shares as at 21 August 2015 were:

Name	Number of ordinary shares held	% of issued capital
J P Morgan Nominees Australia Limited	56,600,261	21.65
National Nominees Limited	30,736,085	11.75
HSBC Custody Nominees (Australia) Limited	24,073,374	9.21
Damien Michael Trevor Waller	23,355,780	8.93
Citicorp Nominees Pty Limited	13,805,795	5.28
Spectrum VI IS LLC	13,263,454	5.07
BNP Paribas Noms Pty Ltd <DRP>	12,199,768	4.67
RBC Investor Services Australia Nominees P/L <WAM Account>	10,101,698	3.86
RBC Investor Services Australia Nominees Pty Limited <PI Pooled A/C>	8,929,128	3.41
Aurielle Pty Ltd <iSelect Class A/C>	8,021,880	3.07
HSBC Custody Nominees (Australia) Limited <NT-COMNWLTH SUPER CORP A/C>	5,190,718	1.99
Argo Investments Limited	4,472,554	1.71
Starfish Technology Fund II Nominees A Pty Ltd <Trust A A/C>	3,041,470	1.16
Starfish Technology Fund II Nominees B Pty Ltd <Trust B A/C>	3,041,470	1.16
Significant Other Pty Ltd <The iSelect Class No 2 A/C>	2,800,000	1.07
HSBC Custody Nominees (Australia) Limited – A/C 3	2,756,642	1.05
UBS Nominees Pty Ltd	2,679,055	1.02
Lambrook Pty Ltd <Raymonde Superfund A/C>	2,176,000	0.83
ITV Consulting Pty Ltd	2,100,000	0.80
George Tauber Management Pty Ltd	2,000,000	0.76

The percentage holding of the 20 largest shareholders of iSelect Limited fully-paid ordinary shares was 88.47%.

ASX Additional Information (continued)

(e) Substantial Shareholders as at 21 August 2015

Name	Number of ordinary shares held	% of voting rights
Damien Michael Trevor Waller^	32,729,010^	12.21
Paradice Investment Management Pty Ltd	23,252,822	8.89
Quest Asset Partners Pty Ltd	14,317,855	5.49
Spectrum VI IS LLC	13,263,454	5.08
Ellerston Capital Limited	13,141,151	5.03

^ As required by the ASX Listing Rules, the number of shares disclosed here is in line with the substantial shareholders notice provided to the Company. The substantial shareholders notice was lodged on 24 June 2013 and includes LTI Plan shares which have since been forfeited.

For personal use

Reported vs. Normalised Results

This summarised schedule details adjustments made to the reported results for the current year and the prior year to reflect a normalised result that forms the basis of certain commentary in the Directors' Report.

	Reported		Adjustments			Normalised	Reported		Adjustment		Normalised
	FY15 \$'000	NIA Loan Impairment	NIA Transaction Costs	Chairman Costs	Energy Watch Integration Costs	FY15 \$'000	FY14 \$'000	CEO Costs	Trail Revaluation	FY14 \$'000	
Operating Revenue	157,214	-	-	-	-	157,214	120,366	-	16,316	136,682	
Cost of sales	(90,928)	-	-	-	-	(90,928)	(73,626)	-	-	(73,626)	
Gross Profit	66,286	-	-	-	-	66,286	46,740	-	16,316	63,056	
Total expenses	(47,695)	9,987	837	1,029	699	(35,143)	(34,662)	855	-	(33,807)	
EBITDA	18,591	9,987	837	1,029	699	31,143	12,078	855	16,316	29,249	
Depreciation and amortisation	(6,015)	-	-	-	-	(6,015)	(6,468)	-	-	(6,468)	
EBIT	12,576	9,987	837	1,029	699	25,128	5,610	855	16,316	22,781	
Net finance income/(costs)	5,768	-	-	-	-	5,768	3,403	-	-	3,403	
Loss from associate	(313)	-	-	-	-	(313)	-	-	-	-	
Profit before Income Tax Expense	18,031	9,987	837	1,029	699	30,583	9,013	855	16,316	26,184	
Income tax expense	(8,393)	-	(251)	(309)	(210)	(9,163)	(2,750)	(257)	(4,895)	(7,902)	
Profit for the Period	9,638	9,987	586	720	489	21,420	6,263	598	11,421	18,282	
EPS (cents)	3.7	3.8	0.2	0.3	0.2	8.2	2.4	0.2	4.4	7.0	

For personal use only

For personal use only

This page has been left blank intentionally.

Corporate Directory

ABN 48 124 302 932

DIRECTORS

Chris Knoblanche

Brodie Arnhold

Shaun Bonètt

Bridget Fair

Alex Stevens (resigned: effective 12 October 2015)

Damien Waller

Leslie Webb (resigned: effective 28 August 2015)

COMPANY SECRETARY

David Christie

REGISTERED OFFICE

294 Bay Road
Cheltenham Victoria 3192
Australia

Phone: +61 3 9276 8000

PRINCIPAL PLACE OF BUSINESS

294 Bay Road
Cheltenham Victoria 3192
Australia

Phone: +61 3 9276 8000

SHARE REGISTER

Computershare Investor Services Pty Ltd

Yarra Falls

452 Johnston Street
Abbotsford Victoria 3067
Australia

iSelect Limited shares are listed
on the Australian Securities Exchange (ASX: ISU)

SOLICITORS

Clayton Utz

18/333 Collins Street
Melbourne Victoria 3000
Australia

BANKERS

Commonwealth Bank of Australia

385 Bourke Street
Melbourne Victoria 3000
Australia

AUDITORS

Ernst & Young

8 Exhibition Street
Melbourne Victoria 3000
Australia

DISCLAIMER

Although care has been taken by iSelect, its related companies and their contractors and agents (iSelect parties) in the preparation of this document to ensure that the information provided is accurate, the contents of the document have not been independently verified by the iSelect parties (other than to the extent that Ernst & Young have carried out verification). No liability other than that which may not be excluded by law is accepted for any damage, loss, injury or expense caused by errors or omissions in this document or arising from any action taken by any person in reliance upon it. The information in this document is subject to variation if changes occur after the document has been prepared. Nothing in the contents (express or implied) of this document will be taken to constitute any warranty or representation by any iSelect party. Any person using the information in this document does so at his or her own risk and should conduct independent enquiries to verify the accuracy of the information. The contents of this document are the confidential information of iSelect and its related companies. This document is provided on the condition that the contents must not, in whole or in part, be disclosed to any person except to the extent that any part of the document is already in the public domain through no breach of this confidentiality obligation. ©2015 All rights reserved. No part of this document may be reproduced, stored on a retrieval system or transmitted in any form or by any means without the prior written consent of iSelect Ltd, other than as permitted under the *Copyright Act 1968* (Cth).

