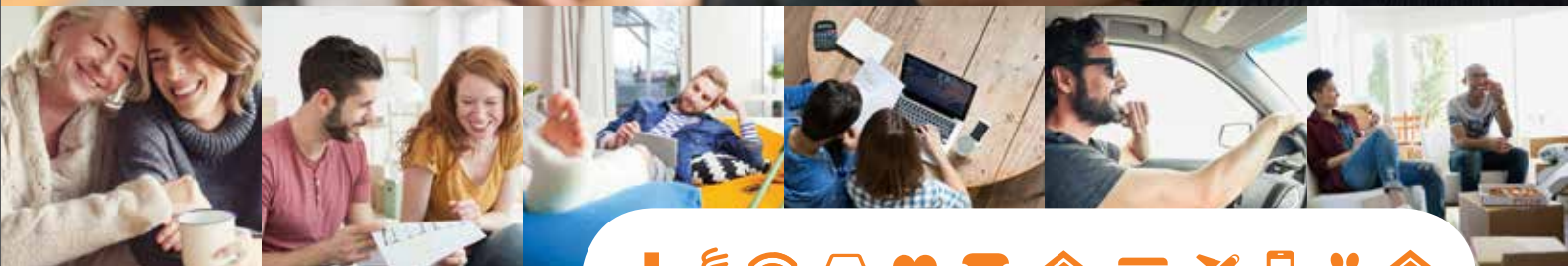


iSelect

always get it right



Australia's
Life Admin Store®

Annual Report 2017



iSelect is Australia's leading destination for personalised comparison and expert advice across insurance, utilities and personal finance products. We are a consumer-led and customer-centric business.



9.8M

Unique Website Visits



6M

Comparisons Performed
for Customers

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ISELECT – AUSTRALIA'S LIFE ADMIN STORE®

At iSelect, we get that most people find insurance, utilities and personal finance boring. But we understand that it's really important to always get these things right. As Australia's Life Admin Store®, iSelect gives customers the confidence to make the right call on some of the things that matter most.

Our mission is to help provide customers with a truly effortless experience to help them take care of complex purchase decisions or 'life admin®'. Comparing online is only the first step in our personalised comparison and expert advisory service. Our highly-trained experts at iSelect HQ help customers to choose and buy from thousands of available policies, products and plans. From health and life insurance through to energy and broadband, as well as car insurance, home loans and personal finance products, iSelect helps Australians take care of the boring but important stuff.

We are **Australia's Life Admin Store®**.

www.home.iselect

IMPORTANT NOTICE AND DISCLAIMER

All references to FY13, FY14, FY15, FY16, FY17 appearing in this Annual Report are to the financial years ended 30 June 2013, 30 June 2014, 30 June 2015, 30 June 2016 and 30 June 2017, respectively, unless otherwise indicated. Any references to 1H FY13, 2H FY13, 1H FY14, 2H FY14, 1H FY15, 2H FY15, 1H FY16, 2H FY16, 1H FY17 and 2H FY17 appearing in this Annual Report are to the half financial years ended 31 December of the relevant years, 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

About Us



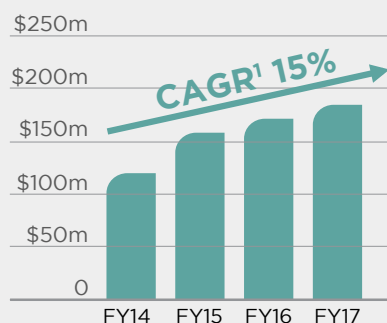
More than just a comparison website

iSelect is a digitally-enabled broker of insurance, utilities and personal financial products. We compare and sell private health insurance, life, car, pet, travel and home & contents insurance, broadband, mobile phones & plans, energy, home loans and personal finance products.

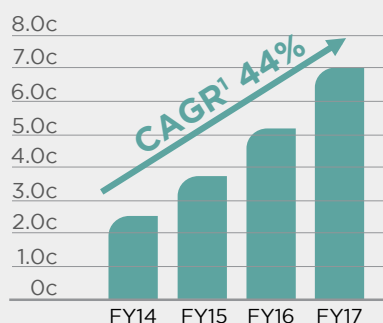
The iSelect Group maintains three brands, iSelect (www.home.iselect), InfoChoice (www.infochoice.com.au) and Energy Watch (www.energywatch.com.au). The Group's business model is comprised of four linked key pillars: brand, lead generation, conversion and product providers.

While our comparison services are initially provided via our website, most of our customers choose to receive a personalised recommendation and buy their products over the phone after speaking to one of our 600 highly-trained, expert advisers.

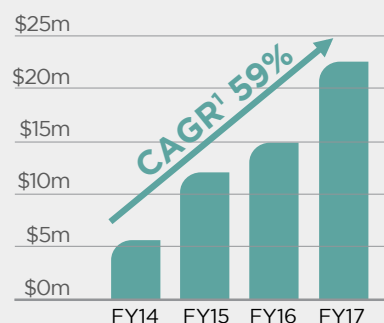
REVENUE



EARNINGS PER SHARE



EBIT



63.6M

People reached by our
earned media²



\$14M

Equivalent advertising value²

¹ CAGR = Compound Annual Growth Rate

² Earned media means editorial coverage (press/radio/tv/internet) where iSelect is featured. Equivalent advertising value (or Advertising Space Rate) is the estimated value of editorial coverage based on advertising costs.



Health



Energy



Broadband



Car



Life



Home Loans



Credit Cards



Travel
Insurance



Mobile
Phones



Pet

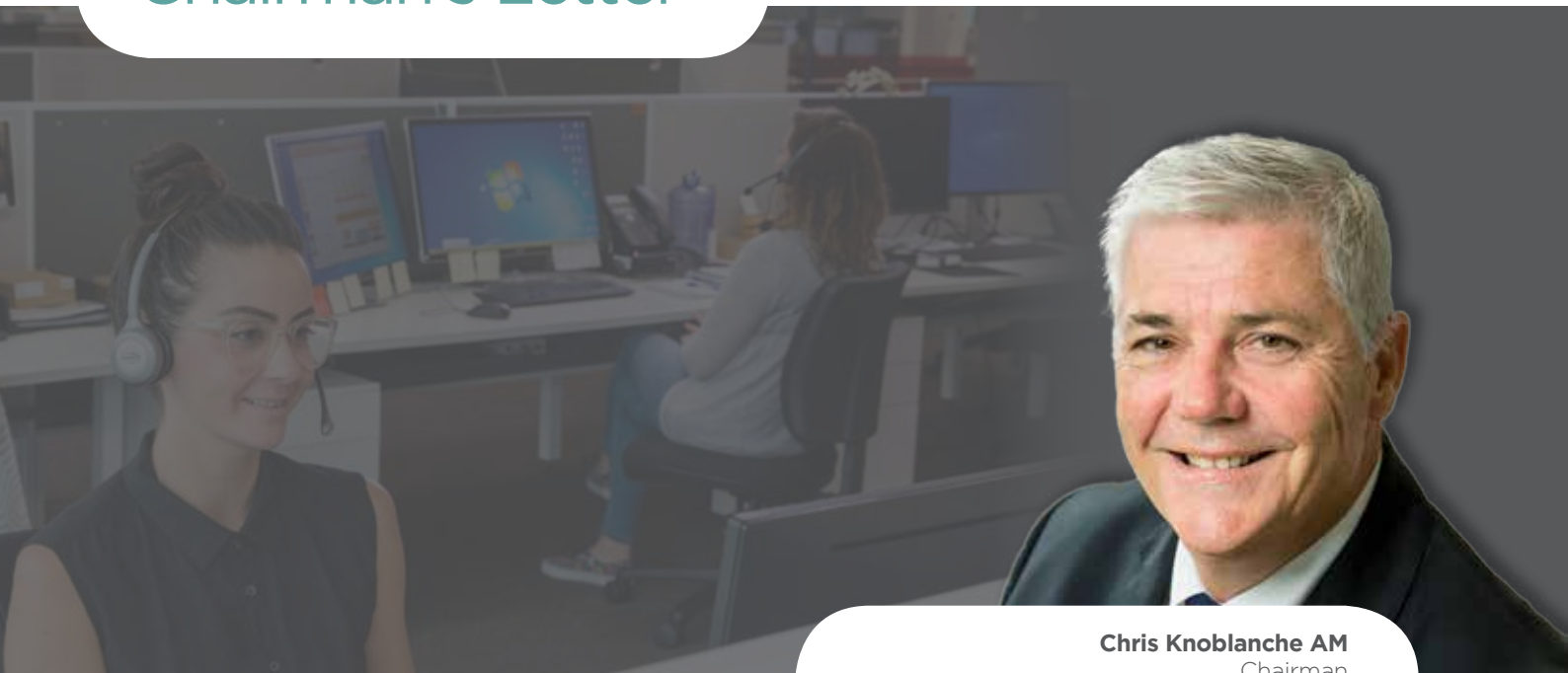


Connected
Home



Home &
Contents

Chairman's Letter



Chris Knoblanche AM
Chairman

Dear Shareholders,

It is my great pleasure to present to you the iSelect Limited 2017 Annual Report. We have brought forward the production of the Annual Report this year to align it with the release of the Company's annual results, providing shareholders with more timely information, in line with our aims of transparency and greater efficiency.

While Managing Director & CEO, Scott Wilson details a review of our operational performance in 2017, I would like to highlight the fact that the year saw the Company maintain its overall growth and further diversify its revenue sources.

We have continued our investment in technology and systems to remain on our growth path, and during the year announced the launch of four new verticals: Travel Insurance, Credit Cards, Mobile Phones and Pet Insurance.

The technology investments have concentrated on the implementation of Salesforce's customer relationship management system and Aspect's new VIA customer engagement platform, both of which are already delivering positive results.

COMPANY PERFORMANCE

The revenue result to 30 June 2017 showed an increase of 8% year-on-year to \$185.1 million, reported earnings before interest & tax (EBIT) was up by a pleasing 50% to \$22.5 million and net profit after tax (NPAT) was up 27% to \$16.4 million.

The proportion of iSelect's revenue from non-health businesses continued to rise from 47.7% in FY16 to 49.2% in FY17, demonstrating the continued diversification away from Health.

Health posted another year of growth at 4%, despite the well-reported, widespread softness in the external private health insurance industry. Meanwhile our Life and General Insurance businesses recorded revenues level with last year, supported by excellent growth in General Insurance.

Most gratifying was the fact that our Energy & Telco segment contributed the majority of the Company's revenue growth in FY17, which augers well for the future.

Our sales conversion rates continue to improve, increasing by 0.6 percentage points to 10.5%, driving overall sales volumes up by 13%. Conversion is a critical component in the iSelect model and is our major competitive advantage, driven to a large extent by the 'smarts' inherent in our proprietary iConnect platform.

“The 2017 financial year saw the Company maintain its overall growth and diversification of revenue sources, while continuing the investment in people, technology and systems.”

CAPITAL MANAGEMENT

Our capital management strategy focusses on maximising returns to shareholders, while maintaining a strong balance sheet and strategic flexibility. The on-market share buybacks which commenced in FY16, continued through FY17. During FY17, a total of \$27.7 million of cash was returned to shareholders via the buybacks and dividend payments. Our cash balance at 30 June 2017 remains strong at \$80.4 million.

BOARD AND SENIOR MANAGEMENT

Your Board has seen some change during the 2017 financial year. Earlier in 2017, I was pleased to welcome Scott Wilson to the Board in the role of Managing Director & CEO, after 15 months as Chief Executive Officer.

In addition, iSelect co-founder Damien Waller retired from the Board after 17 years' involvement with iSelect, initially as CEO, then Managing Director, Chairman and most recently as non-executive Director. As I mentioned at the time, on behalf of all the Directors, I thank Damien for his dedication in helping build iSelect into the strong and fast-growing listed company it is today.

FY17 also saw the addition of Darryl Inns as Chief Financial Officer and Geraldine Davys as Chief Marketing Officer to our senior management team.

LOOKING FORWARD

FY18 has commenced with the exciting announcement of iSelect's partnership with Nest Labs, Inc., part of the Alphabet Group and the launch of the inaugural iSelect e-commerce store directly selling physical items for the first time.

The Board and I are looking forward to FY18 with anticipation of a further year of solid growth, especially in cashflow, coupled with a disciplined capital management program. Our confidence in the outlook for the Company has enabled the Board to revise the Group's dividend policy to 50%-80% of reported NPAT, subject to the availability of franking credits and cash reserves. A final dividend of 4.0 cents per share has been declared, bringing the total FY17 dividend to 5.5 cents per share.

I would like to thank Scott and the whole iSelect team for their efforts throughout FY17 and ongoing.

We are also truly grateful to you, our shareholders, for sharing in our vision for the future and supporting us so enthusiastically.

Regards,



Chris Knoblanche AM
Chairman

Managing Director & CEO's Report



Scott Wilson
Managing Director & CEO

OUR CUSTOMER PROPOSITION – AUSTRALIA'S LIFE ADMIN STORE®

iSelect helps our customers make the right choice for some of life's most important purchase decisions. Our company was founded on this principle and today we continue to use our expert advice to guide our customers towards the best product for their needs. This underpins our aim to be Australia's Life Admin Store®. We know many customers are concerned with the rising cost of living pressures and this presents a great opportunity for iSelect to help more Australians find the right product at the right price.

DELIVERING ON STRATEGY IS DELIVERING RESULTS

Our five corporate strategic aims are diversifying revenue sources, being an efficient marketplace, ensuring our customer always comes first, being an employer of choice and best-in-class platforms and technology.

Over my two years as CEO, iSelect has been on a path of transformation aimed at delivering on this strategy. This commenced with a senior management restructure in late 2015 to better align our operations with the way our customers want to do business with us. We have continued to improve our customer offering with new verticals, partners and products, and by transforming our technology platforms to deliver a truly effortless customer experience.

Our journey is a continuous one, and I am delighted to report that we are already seeing benefits flow through to our results. With continued revenue growth, dramatic improvements in operating cash flows and increased margins (our EBIT in FY17 showed a 50% improvement) being some of the financial highlights.

OPERATIONAL RESULTS

Our standout business segment remains Energy & Telco. Alongside revenue growth of 25%, I am particularly pleased that we are also now seeing earnings flowing through, with EBITDA up 70% following an increased investment in marketing to accelerate the growth.

The solid outcome in Health demonstrates how we are leveraging the scale of our marketplace and continuing to attract a large audience of customers in a challenging broader private health insurance market. Health revenue grew at 4% year-on-year, with EBITDA up 50% reflecting continued realisation of cost efficiencies and conversion improvements.

Our other segments, including Life & General Insurance remain profitable, with solid growth in the Car vertical across revenue, sales volumes and conversion rates offsetting a challenging environment in the Life vertical. Home Loans had a strong year with 14% sales unit growth bringing the total book to over \$1 billion. The Home Loans business was recognised at the prestigious Australian Broking Awards 2017, debuting at number 13 in their "Top 25 Brokerages" ranking and shortlisted for two individual broking awards.

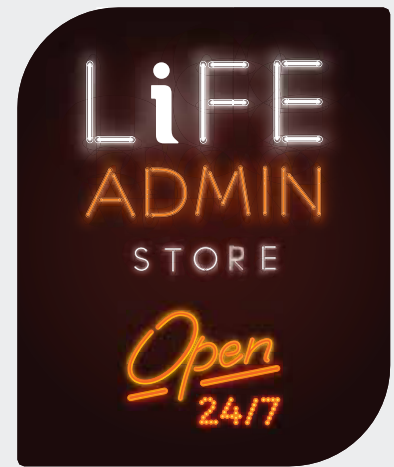
2017 – AN ACCOMPLISHED YEAR

The past year has seen the Company deliver a number of transformational projects impacting technology, people and growth and I am very proud of the team's successes during FY17.

In March, we launched our newest customer contact centre in South Africa. Our Cape Town team is operating across Broadband, Energy, Car and Health verticals and further enhances our Australian customers' experience with extended trading hours better suited to their lifestyle. We now have 169 consultants in Cape Town and I am delighted with results to-date, including the continued reduction in our cost-to-serve our customers and constantly improving conversion rates.

The rollout of Salesforce's customer relationship management platform has seen us retire six of our seven historically separate CRMs. Salesforce will enable our consultants to see a 360-degree single view of the customer and enhances their ability to cross-serve customers across our entire product suite. We have also implemented the first stage of the Aspect VIA customer engagement platform, which will replace our legacy dialler systems with a state-of-the-art cloud-

“People come to iSelect to save time, effort, money and to find the right product for their needs.”



based customer engagement system enabling us to deliver a consistent customer experience across voice, mobile, web and messaging platforms.

PLATFORM GROWTH & THE NETWORK EFFECT

In addition to the four new verticals mentioned by the Chairman, we welcomed eleven new partner brands to the iSelect marketplace in FY17, spanning Health, Energy, Telco, Home Loans and General Insurance. Expanding our marketplace offering is key to our Life Admin Store® aspiration, as we become the one-stop-shop for helping Australians with all their Life Admin® needs.

It took us 16 years to reach the milestone of selling to our 1 millionth customer, however in just the past 18 months we increased this by a further 400,000. This growth demonstrates the compounding 'network effect', where attracting more customers to our marketplace in turn attracts more product providers. We have also increased the average number of products our customers buy to 1.4 each, up from 1.2 last year. Our specialist 'Mover' segment currently serves customers an average of 2.3 products and this is the target the remainder of the business will be aiming for and beyond.

NEST AND THE CONNECTED HOME

In July this year, we announced a partnership with Alphabet Group-owned Nest Labs Inc. to be the exclusive launch partner for Nest's award-winning safety and security products in Australia. Nest strives to create a home that takes care of the people inside it and this aligns perfectly with our mission to help Australians take care of their important Life Admin®. Our partnership with Nest places us at the forefront of the Internet of Things (IoT) revolution in Australia. This enables us to tap into the rapidly growing connected home market by developing innovative new product offerings across our Insurance, Energy and Telco businesses to help Australians make their homes safer, more efficient and more affordable.

CELEBRATING CORPORATE SOCIAL RESPONSIBILITY

I am proud to say that in FY17 we have continued to develop our Corporate Social Responsibility (CSR) program, supporting a number of causes during the year including Ask Izzy, CHIME IN and Prostate Cancer Australia. In June 2017, iSelect we became the major sponsor of iconic non-government education provider Life Education Australia in a three-year \$1.5 million partnership which will form the cornerstone of iSelect's ongoing CSR efforts.

In FY17 iSelect also became the inaugural major sponsor for the Melbourne Football Club's AFLW team and subsequently broadened our partnership with MFC by signing on as a Co-Principal Partner of the men's team.

OUTLOOK

I have a very positive outlook for iSelect in both the near and long-term. As you can see from the charts on Page 3 of this report, iSelect's business performance has grown dramatically since we listed on the ASX only four years ago. We aim to build on this success for the future by executing our corporate strategy, investing in growth technology and focusing on our customers to help address cost of living pressures and sort out their important Life Admin®.

I would like to join Chris and the Board and express my gratitude to the whole iSelect team. I am proud to say they are a group of highly talented professionals wholly committed to our Company's aim of always putting our customers first.

Regards

A handwritten signature in black ink, appearing to read 'Scott Wilson', with a long, sweeping horizontal line extending to the right.

Scott Wilson

Managing Director & CEO

Highlights 2017

"I have been using iSelect for a couple of years now - they are my "Go-To" people when I feel it is time to update my Health cover and my Power & Gas provider. They do the leg work for me - they make it easy to switch providers if they can save me money."

Lesley, CARRUM DOWNS, VIC





2017 Key Financial Highlights

REVENUE UP

8%

to \$185.1 million

EBIT UP

50%

to \$22.5 million

NPAT UP

27%

to \$16.4 million

CASH LEVEL
STRONG AT

\$80.4M

after returning
shareholders \$27.7 million

DIVIDEND UP

120%

to 5.5 cps fully franked

EPS UP

39%

to 7.1 cps



2017 Key Operational Highlights

UNIQUE VISITS
TO ISELECT WEBSITE

9.8M

up 800 thousand

CUSTOMER
LEADS UP

7%

to 4.3 million

SALES UNITS
UP

13%

to 449 thousand

REVENUE
PER SALE AT

\$447

reflects diversification

CONVERSION
RATE

10.5%

up 0.6pp

OPERATING CASH
FLOW UP

184%

Operating & Financial Review



KEY BUSINESS DRIVERS

Leads

iSelect categorises a 'lead' across the business (except in the Money business unit within the Other 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



Summary Financial Reported Results

EBITDA UP
33% ↑
to \$28.6 million

NPAT UP
27% ↑
to \$16.4 million

(\$'000)	FY17	FY16	CHANGE %
Operating revenue	185,101	171,865	8%
Gross profit	65,592	58,477	12%
EBITDA	28,647	21,495	33%
EBIT	22,534	15,034	50%
NPAT	16,390	12,905	27%
EPS (cents)	7.1	5.1	39%

The Group recorded solid year-on-year revenue growth, particularly in its newer businesses. Operating revenue was up 8% with the majority of the growth occurring in the Energy & Telco segment.

Gross profit for the financial year 2017 was \$65,592,000, up 12% on the prior year result of \$58,477,000. Gross profit margin increased slightly to 35% of operating revenue from 34% in the prior year. This was a pleasing result given the diversification of

the Group towards the higher-volume, earlier stage businesses and the increased marketing investment made to increase top line growth, particularly in the Energy and Telco segment.

Operating expenses totalled \$37,795,000 up from the prior year by 2%. Operating expenses represented 20% of operating revenue.

A loss from associates of \$441,000 (2016: \$738,000) was recorded in relation to the Group's investment in iMoney.

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.

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.

It should be noted that product sales are subject to claw back 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 claw back 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 the Group varies considerably.



Consolidated Key Operating Metrics (excl. Money)

	FY17	FY16	CHANGE
Leads (m)	4,294	4,016	7%
Conversion (%)	10.5%	9.9%	0.6 pp
Sales Units	448,996	397,039	13%
Average Revenue Per Sale (RPS)	\$447	\$466	(4%)

LEADS

Leads (excluding Money) increased by 7% to 4,294,000. Leads grew solidly compared to the prior year as a result of the significant marketing and brand strategy investment during the year. The Energy and Telecommunications segment in particular showed strong growth. The other businesses recorded a decline in leads reflecting, mainly, a softer market in Private Health Insurance and increased competition in the Life Insurance industry over the financial year.

Money leads were down 22% on prior year as a result of an increase in competition in the financial comparison space. There will be renewed focus and investment to relaunch this business in the 2018 financial year.

CONVERSION

In addition to the solid growth in leads, conversion was able to increase by 0.6 percentage points (pp) to 10.5% for the year (excluding Money). This continued ability to improve conversion in a lead growth environment is a pleasing result for the Group. Conversion improvements occurred in the Life and General Insurance and Health Insurance segments. The continued roll out and improvement of our iConnect capabilities across the business enabled more intelligent data capture, customer needs assessment, skills-based routing and further focus on training of consultants in the business development centre. Whilst there was a decrease in the recorded conversion rate in the Energy

and Telco segment, this was predominantly driven by the significant growth in Telco and the resulting change in product mix. This is expected to improve over the financial year 2018 as the staff speed-to-competency improvements in our Cape Town contact centre match the volume growth.

During financial year 2017, iSelect has leveraged efficiencies from its existing resources to achieve a greater number of sales from the same lead pool.

SALES UNITS

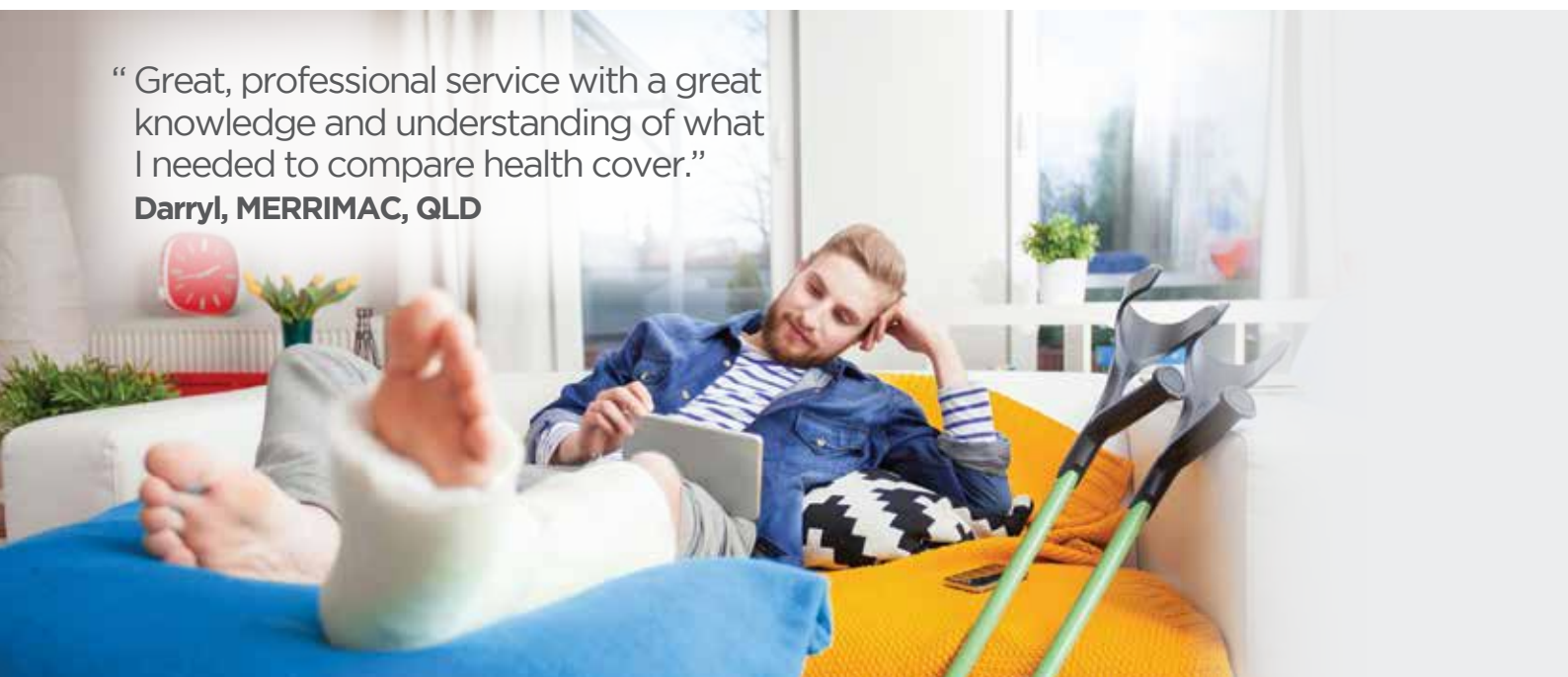
Overall sales volumes (excluding Money) increased 13% on the prior year driven particularly by growth in the Energy, Telco and General Insurance businesses.

REVENUE PER SALE (RPS)

RPS decreased by 4% to \$447 (excluding Money) driven by changing mix in contribution from each business, toward the more transactional businesses. Strong growth was seen in the Energy and Telco segment RPS, however is still at a lower RPS than the Group average.

“Great, professional service with a great knowledge and understanding of what I needed to compare health cover.”

Darryl, MERRIMAC, QLD



Health Insurance

EBITDA UP

50% 

REVENUE PER SALE
(RPS) UP

11% 

Health operating revenue increased by 4% in an external market that has displayed softness over the period. A combination of this softness and a more focussed approach to marketing led to leads declining by 11%. The impact of the leads outcome has been offset by the continued roll out of the iConnect systems and operating enhancements being able to improve conversion by 0.3 percentage points. In addition, RPS grew by 12% as a result of continued focus on customer value and their needs.

The segment posted an EBITDA result up 50% on the prior period, resulting from the realisation of operational and cost efficiencies from the FY16 strategic refresh flowing through.

iSelect's key segments in Health are changing, with the 31-40 year-old age group comprising 23% of our sales volumes (down 9.8%) and the 61+ age group now comprising 16.6% of sales (up 17.7%). Our switch market continues to grow, increasing 3% by volume and 15% by value.

New partners in the Health segment in FY17 include Allianz Global Assist and IMAN Australian Health Fund, both in the overseas visitor market.

myOwn (AIA Vitality) launched in early FY18 as a new health fund in the Australian market and became our newest partner in the Health segment.

FINANCIAL PERFORMANCE	FY17	FY16	CHANGE %
Operating revenue (\$'000's)	93,971	89,961	4%
Segment EBITDA (\$'000's)	22,463	14,951	50%
Margin (%)	23.9%	16.6%	7.3pp

KEY OPERATING METRICS	FY17	FY16	CHANGE %
Leads (000s)	1,136	1,272	(11%)
Conversion ratio (%)	9.5%	9.2%	0.3pp
Average RPS (\$)	997	894	12%



“Sue was so lovely and helpful. She interacted with us in a way that made the whole experience easy (and even fun)!”

Carla, MIRANDA, NSW



Energy & Telecommunications

TELCO REVENUE UP

71% ↑

NBN SALES

40%

of broadband sales in Q4 FY17

TELCO RPS UP

18% ↑

in H2 in FY17

EBITDA UP

70% ↑

FINANCIAL PERFORMANCE	FY17	FY16	CHANGE %
Operating revenue (\$'000's)	50,353	40,159	25%
Segment EBITDA (\$'000's)	2,868	1,692	70%
Margin (%)	5.7%	4.2%	1.5pp

KEY OPERATING METRICS	FY17	FY16	CHANGE %
Leads (000s)	2,272	1,762	29%
Conversion ratio (%)	12.6%	13.1%	(0.5pp)
Average RPS (\$)	210	204	3%

Exceptional growth in top-line revenue of 25% demonstrates iSelect's strength across the segment.

Leads increased significantly as a result of substantial investments in marketing to stimulate top line growth. Conversion outcome reflects proportionate increase in Telco, which has a lower conversion rate than Energy.

RPS improved by 3% in FY17 (4% in H2), driven primarily by higher market shares in the two businesses offering greater value to product partners.

The 70% increase in EBITDA is reflective of investments in both staffing and marketing costs now being supported by top-line growth.

The development of the Cape Town sales team has resulted in cost efficiencies in Telco, which are expected to continue to drive margin improvement in FY18.

Our Movers team is achieving an average yield of 2.3 products per customer, providing a valued service to them and also demonstrating the strength of its cross-serve capability.

New partners include:

- Broadband: MyRepublic, Mate Communicate, Bendigo Bank Telco and Harbour ISP
- Energy: Mojo Power. Red Energy and Powershop opened up to QLD customers



“ We got what we needed at a great price! It not only saved me money but also time which is very valuable.”

Claire, Templestowe VIC



Life and General Insurance

CAR CONVERSION UP

1.7pp 

LIFE AVERAGE PREMIUMS UP

10.7% 

Operating revenue grew strongly in General Insurance producing a flat overall result after offsetting a decline in Life insurance.

Continued focus on conversion resulted in an improvement of 1.4pp by better aligning leads to the operational capacity. The segment saw a decline in leads of 9% over the period, primarily as a result of increased competition.

The Car business showed growth across volume, revenue and conversion metrics. This was achieved through a period of

FINANCIAL PERFORMANCE	FY17	FY16	CHANGE %
Operating revenue (\$'000's)	32,622	32,685	0%
Segment EBITDA (\$'000's)	9,871	11,858	(17%)
Margin (%)	30.3%	36.3%	(6.0pp)

KEY OPERATING METRICS	FY17	FY16	CHANGE %
Leads (000s)	710	778	(9%)
Conversion ratio (%)	7.6%	6.2%	1.4pp
Average RPS (\$)	503	578	(13%)

change with both the second sales site (Cape Town) opening in February and the deployment of the Salesforce CRM.

Life continued to see above-industry premium growth with an increase of 10.7%. Efficiency gains were also seen in Life, with the revenue to staff cost ratio improving over the prior period. Pleasingly, cross-serve contributed to over 20% of the Life segment revenue in Q4 as cross-selling initiatives gained momentum.

The reduction in EBITDA was a direct result of the increased investments and cost required to compete in the market. The recent focus in relation to industry reforms are having a direct impact on the current cost climate and are expected to stabilise over the 2018 financial year.

New partners on-boarded in FY17 include Zurich in Car insurance, and Fastcover and InsureandGo in Travel insurance.



“My adviser Osama was incredibly helpful and did an excellent job. I cannot thank and recommend him enough for his help and advice. He was brilliant.”

Meredith, GLENDEEN, QLD



Emerging and Other Businesses

HOMELOANS SALES UP

14% 



HOMELOANS

iSelect's Homeloans business displayed 14% unit sales growth, driving the total Homeloans book to \$1.0 billion.

We were delighted when the business was recognised in the influential “Adviser” magazine’s Australian Broking Awards 2017, debuting at number 13 in the “Top 25 Brokerages” ranking.

Digitisation of the Homeloan process continues to evolve. Working with our preferred lender partners, we are leveraging digital suppliers such as Proviso, Zip ID and DocuSign to support a more fluid and seamless application process for our customers. We achieved a formal approval with one of our banking partners in under four hours as a result of their adoption of our innovative new processes and technology.

NEW VERTICALS

Four new verticals were launched in FY17: Travel Insurance, Credit Cards, Mobile Phones and Pet Insurance.

Expansion of our offering increases the sectors available for our customers to buy their Life Admin® products from iSelect, driving customer satisfaction and cross-serve potential.

MONEY

A major overhaul of the InfoChoice website is scheduled for the coming year and is expected to deliver substantial benefits to the business.



“Great customer service. Takes all the hard work out of organising what I need.”
Joanne, CLAREMONT MEADOWS, WA



Capital Expenditure and Cash Flow

OPERATING
CASHFLOW UP

184% 

\$27.7M

RETURNED TO
SHAREHOLDERS

SUMMARY STATEMENT OF CASH FLOWS (\$'000's)

	FY17	FY16	CHANGE %
Net cash provided by operating activities	30,636	10,775	184%
Net cash received/ (used) in investing activities	(10,116)	31,286	n.m
Net cash (used) in financing activities	(27,745)	(24,992)	11%
Net increase/ (decrease) in cash	(7,225)	17,069	n.m

Operating cashflow was \$30.6 million (up 184%), which can be attributed to the strong EBITDA result and focus on working capital and cash collections during the year. The focus on working capital management, seen through the increase in cash receipts year-on-year, as well as the business continuing to diversify its business towards upfront related commission structures especially in the Energy and Telecommunications segment.

Investing cash outflow for the year ended 30 June 2017 totalled \$10.1 million and was driven predominantly by capital expenditure. The increase in capital expenditure was mainly from investments made in the Group's technology: the Salesforce CRM, and Aspect VIA customer experience platform. Net financing cash outflows for the 30 June 2017 year totalled \$27.7 million, which included \$20.6 million for the on-market share buyback and \$7.1 million for the Group's final 2016 and interim 2017 dividend.



“Thanks for being so helpful in working out my car insurance needs at a great price.”

Ken, GREENSLOPES, QLD



Statement of Financial Position

CASH STRONG AT
\$80.4M

DIVIDEND UP
120% 
to 5.5 cps fully franked

SUMMARY STATEMENT OF FINANCIAL POSITION (\$'000's)	FY17	FY16	CHANGE %
Current assets	137,659	155,606	(12%)
Non-current assets	158,378	142,913	11%
Total assets	296,037	298,519	(1%)
Current liabilities	38,738	35,985	8%
Non-current liabilities	32,094	27,927	15%
Total liabilities	70,832	63,912	11%
Net assets	225,205	234,607	(4%)
Equity	225,205	234,607	(4%)

Current assets decreased from 30 June 2016 by 12% to \$137.7 million, mostly due to renewed focus on cash conversion and working capital resulting in a reduction in receivables by 25%. This was particularly effective in the Energy and Telco segment. The share buybacks, dividend and tax payments effectively offset the corresponding net cash increase. In addition, the reduction in the current trail receivable is a reflection of the overall shift of business towards upfront related commission structures.

Non-current assets increased from 30 June 2016 by 11% to \$158.4 million, largely a result of increases in capital expenditure as well as an increase in the non-current trail receivable. The sales in the Life business over the period have resulted in an increase of 14% in the non-current component of trail commission receivable to \$94.1 million.

Current liabilities increased by 8% to \$38.7 million due to higher creditor balances at 30 June 2017,

in particular marketing expenditure with investments made across the business to drive top line growth.

Non-current liabilities increased in 30 June 2017 by 15% to \$32.1 million, mostly as a result of an increase in net deferred tax liability from the growth in the trail commission asset.

Brand & Marketing



FY17 was a ground-breaking year for the iSelect brand as we stabilised and entrenched our “Always Get it Right” brand platform.

Proudly supporting



This was a key strategy, as we move iSelect towards becoming Australia's Life Admin Store®, with a purposeful shift of our brand positioning beyond private health insurance to focus on all our key verticals through moments as we continue to grow and aggressively capture market share.

Our digital transformation journey escalated at pace to enable a richer understanding of our customers and where, when and how to communicate with them in a more effective way. This supported our fully integrated campaigns for a number of verticals, such as 'Health Pre-Pay', 'Energy Rate Rise' and the industry-first 'Lifetime Health Cover (LHC) loading' campaign in June, that focused on switchers and new-to-industry market.

Our brand forged into new frontiers and further expanded our profile by sponsoring both the highly successful new Melbourne Football Club's Women's (AFLW) team and also the Men's AFL team. MFC's long history as an AFL pioneer makes the club a perfect fit with iSelect's target market, brand and our entrepreneurial spirit that is a key part of our DNA. The year ended strongly with a further announcement of iSelect's sponsorship of Life Education (and Healthy Harold), with both organisations committed to helping Australians make better life choices.

Achievements:

NET PROMOTER SCORE

+46

for all core iSelect verticals

EFFORTLESS SCORE

82%*

*iSelect customers who said we made it “easy or very easy to handle my request”, even if they didn’t buy a product

1:1 MARKETING:

+37M↑

emails sent

TOTAL LEADS

4.3M↑

SOCIAL MEDIA REACH OF

7.5M

Australians

94%

PROMPTED BRAND AWARENESS BY AUSTRALIANS

30% say iSelect would be their first choice when purchasing



Partners



“Excellent, friendly, knowledgeable service. Saved me a lot of time and money. Very helpful.”

Mick, WONTHAGGI, VIC

During FY17 we expanded our partner network, with eleven major new partners joining the iSelect market place.

We continue to value our partner relationships and maintain our commitment to innovation and collaboration in product development.

iSelect is an ASX-listed company. Unlike other comparison services, we are not owned by an insurance company.



100+
PARTNERS/
COMPANIES WITH

160
BRANDS

GENERAL INSURANCE



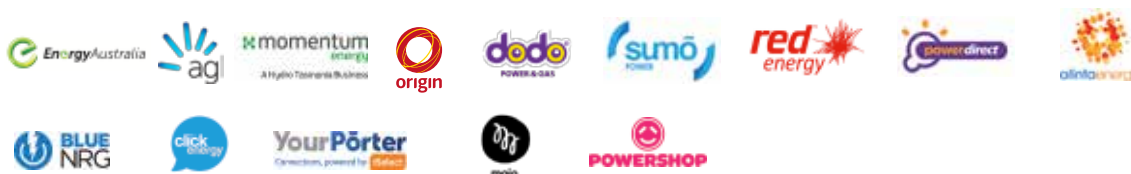
LIFE INSURANCE



TELCO & ENTERTAINMENT



ENERGY



HEALTH INSURANCE



HOME LOANS



MONEY (INFOCHOICE)



Our People



A diverse employer, iSelect is proud to support more than 800 talented and highly-skilled team members working across five sites in three countries.

Our Melbourne sites make us the biggest employer in the Bayside area, and our operation in Cape Town, South Africa makes iSelect an employer offering global career opportunities. We also have a compliance team located in Fiji.

As we roll out new technology and systems to enhance our customer experience, we know that our greatest asset of all remains our team members. That's why we are investing in programs and training to continually attract, develop and retain quality team members to help Australians with their boring but important Life Admin®.

We recognise that our ability to become Australia's Life Admin Store® relies upon our dynamic and motivated people who are committed to always putting our customers' needs first.

OUR PEOPLE & OUR COMMUNITY

Expanding our involvement in the community was a key priority in FY17. The majority of iSelect customers are female and we are extremely proud that more than 40 per cent of our team members are women, right from our frontline staff through to the senior levels. These were the key reasons behind our decision to become the inaugural sponsor of Melbourne Football Club's women's team. Following the success of the first AFLW season, we then strengthened our ties with the Club by becoming the Co-Principal Partner of the Men's team. The iSelect logo is now proudly displayed on both the male and female players' guernseys, and we also remain the major sponsor of local women's soccer team Bayside United Football Club.

At iSelect, we are all about helping Australians make the right choice and this is why we decided to become the major sponsor of Life Education Australia, an iconic non-government education provider. Life Education empowers young people to safer and healthier life choices and this perfectly aligns with our vision to help all Australians make the right Life Admin® decisions. We are looking forward to working closely with Life Education to develop a financial literacy program for young Australians.

Our company and team members also supported a number of other causes throughout the year including homelessness via Ask Izzy, youth education through CHIME IN, Prostate Cancer Australia and the Smith Family.



THE ISELECT EXPERIENCE

THE ISELECT ACADEMY

We welcome new staff through our iSelect Academy to ensure they have the tools and skills to best serve customers. We complement this upfront training with ongoing professional career development for the entire iSelect team, ensuring our iSelectors are motivated, recognised and equipped to Always Get It Right.



DIVERSITY & INCLUSION

At iSelect, we are committed to the goal of fostering an inclusive and equitable work environment for all our people. It is integral for iSelect to be a place where everyone feels respected and valued for who they are and the contribution they make to the Company.

EMPLOYER OF CHOICE

iSelect's desire to be considered a great employer means we are constantly creating forums for our people to provide feedback relating to how we're doing. We know a positive customer experience starts with a positive employee experience – so we continually strive to make our workplace a great experience through various Employee Benefits and Rewards.

2017 PEOPLE AND CULTURE HIGHLIGHTS



Participation in Aon Hewitt's Employee Engagement Survey with results ahead of our peer company benchmarks



A dedicated Learning & Development facility that has become The iSelect Academy



Launched MyAcademy, an online learning portal where staff at all levels can access professional development facilities 24x7

Board Members



Chris Knoblanche AM

Chairman & 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, along with a proven track record of creating a best practice corporate governance environment.

He currently serves on the Boards of Greencross Limited (ASX:GXL), Latitude Financial (Hallmark Companies), Environment Protection Authority NSW, I-MED Radiology, 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 (Accounting and Financial Management) and is a Member of the Institute of Chartered Accountants in Australia (ACA), and Fellow of the Australian Society of CPAs (FCPA).

In 2014 Chris was awarded an Order of Australia (AM) for significant service to arts administration, the community and the business and finance sector. In 2000 Chris was awarded the Centenary Medal by the Australian Government for services to the arts and business.



Scott Wilson

Managing Director & CEO

Scott joined iSelect in February 2013. He was appointed to the role of Chief Executive Officer in October 2015 and joined the iSelect Board as Managing Director effective January 2017. Prior to his current role, Scott was Commercial Director of iSelect and maintained 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 & New Zealand) for 20th Century Fox Home Entertainment, following senior national sales roles at SPC Ardmona and PZ Cussons.

Scott is also Non-Executive Chairman of iMoney, Malaysia.

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



Bridget Fair

Independent 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).



Shaun Bonett

Independent Non-Executive Director, Chair of Remuneration and Nominations Committees

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 A\$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.

Brodie Arnhold

Independent Non-Executive Director, Chair of Audit and Risk Committee

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 2010-2013 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 2006-2010 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 is the Chairman and non-executive Director of Shaver Shop Group Ltd (ASX: SSG).

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).

Melanie Wilson

Independent Non-Executive Director

Melanie joined the iSelect Board in April 2016 and brings extensive experience in online business and digital marketing. In her former role as Head of Online for BIG W she managed Australia's largest general merchandise e-commerce website.

Melanie has more than 12 years' experience in senior management roles across Australian and global retail brands including Limited Brands (Victoria's Secret, Bath & Bodyworks), Starwood Hotels and Woolworths. She also held corporate finance and strategy roles with leading investment banks and management consulting firms including Goldman Sachs and Bain & Company.

Melanie is currently a non-executive Director of Baby Bunting Group Ltd (ASX: BBN) and Shaver Shop Group Limited (ASX: SSG).

Melanie holds a Master in Business Administration (MBA) degree from the Harvard Business School and Bachelor of Commerce (Honors) degree from University of Queensland.

Leadership Team



Scott Wilson

David Christie

Darryl Inns

Geraldine Davys

Scott Wilson

Managing Director & CEO

Scott joined iSelect in February 2013 and was appointed to the role of Chief Executive Officer in October 2015. Prior to his current role, Scott was Commercial Director of iSelect and maintained 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 & New Zealand) for 20th Century Fox Home Entertainment, Sales Director at PZ Cussons, 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.

David Christie

Chief Administrative Officer, General Counsel and Company Secretary

David joined iSelect in September 2013 and leads the Group's legal, compliance, operations, human resources, IT and company secretary functions.

David has over 20 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.

Darryl Inns

Chief Financial Officer

Darryl joined iSelect in July 2016 and oversees the Group's financial activities and operations.

Prior to joining iSelect, Darryl was CFO of the M2 Group, which has since merged with Vocus Communications. During his 15 years with the company, Darryl helped grow M2's value and was closely involved in key acquisitions which together resulted in M2 becoming an ASX 200 company.

An experienced CFO, Darryl has also held senior finance roles within technology and manufacturing companies in both Australia and the United Kingdom. Specialising in fast-growing, listed companies, Darryl has a proven track record in change management, integration, and mergers and acquisitions.

Darryl holds a Bachelor of Business in Accounting from University of South Australia and he is a fellow of both Certified Practising Accountant (CPA) and Governance Institute of Australia (formerly Chartered Secretaries Australia).

Geraldine Davys

Chief Marketing Officer

Geraldine re-joined iSelect in August 2016 as CMO, having earlier spent almost two years as iSelect's Director of Marketing and Customer Experience.

Her career has spanned executive marketing, product and customer experience roles within blue chip organisations both in Australia and overseas, and she has received a number of awards for her innovative approach to marketing.

During her time away from iSelect, Geraldine spent 16 months as Executive Director, Marketing and Customer Experience at General Motors Holden. Geraldine led all aspects of Holden's marketing communications, product marketing, digital and content marketing, sponsorship and customer experience.

Prior to first joining iSelect, Geraldine held senior marketing and business strategy roles within a diverse range of organisations and industries, including Lend Lease, Arthur Andersen Business Consulting, Westpac and Sensis (Telstra Media).

Geraldine holds both a Bachelor of Business (Marketing) with Honours and a Bachelor of Arts (Politics and Industrial Relations) from Monash University. She also has an MBA from the Australian Graduate School of Management (AGSM) at the University of New South Wales.



Michael Siwes

Angela Tangas

Michael Keyte

Alan Caputo

Edward Alder

Michael Siwes

Group Executive – Health

Michael joined iSelect in April 2012 and was appointed to the role of Group Executive for Health in November 2015 following three years in senior leadership roles within the health business.

Michael has nearly 20 years' experience in finance, business intelligence, partnership and leadership roles and a proven track record of helping business partners deliver their strategic goals through a 'customer first' approach. Michael's experience spans the digital marketing, superannuation and financial advisory industries and he has worked for a range of companies including REA Group, Superpartners and PricewaterhouseCoopers.

Michael holds a Bachelor of Computing from Monash University and is a board member of the Private Health Insurance Intermediaries Association (PHIA).

Angela Tangas

Group Executive – Energy & Telco

Angela joined iSelect in October 2014 and was appointed to the role of Group Executive for Energy & Telco in November 2015. Prior to her current role, Angela was the Head of Category for iSelect's Energy, Car and Telco verticals.

With over 10 years of digital experience, Angela has successfully led and managed implementation of multiple new and incremental digital revenue streams, with a focus on enabling realisation of optimal customer experiences via new E2E business models, product innovation and strategic partnerships.

Prior to joining iSelect, Angela spent six years at Sensis in various senior commercial and product roles, a highlight of which included the introduction of consumer rating and review site Yelp, into the Australian market.

Angela holds a Bachelor of Business (Marketing/Finance Major) from La Trobe University.

Michael Keyte

Group Executive – Life & General Insurance

Michael joined iSelect in March 2015 and was appointed to the role of Group Executive for Life & General Insurance in November 2015.

Prior to his current role, Michael was Head of Commercial for iSelect's Energy & Telco Business where he was responsible for establishing and developing product partner relationships.

Michael has over 20 years of senior sales and operational experience across a range of consumer goods companies including Treasury Wine Estates, L'Oréal, George Weston Foods, Levi Strauss & Co. and Campbell Arnotts.

Michael holds a Bachelor of Business from Monash University.

Alan Caputo

Group Executive – Financial Services

Alan joined iSelect in May 2006 and was appointed to the role of Group Executive for Financial Services in November 2015. Alan was initially recruited by iSelect as a Sales & Operations Manager to establish a Life Insurance vertical.

The strong growth of the Life Insurance business under Alan's leadership led to the expansion of his portfolio and in 2009 he was appointed General Manager for iSelect's Home Loans, Life and General Insurance businesses.

Alan has over 14 years' experience working in the financial services sector specialising in sales and distribution, including roles at both ANZ and Commonwealth Bank.

Alan holds an Advanced Diploma of Financial Planning from Kaplan.

Edward Alder

Group Executive – Growth

Ed joined iSelect in March 2014 and was appointed to the role of Group Executive for Growth in November 2015. Prior to his current role, Ed was iSelect's Head of Corporate Development.

Ed has spent over 15 years in roles encompassing strategy, mergers and acquisitions, corporate development, capital raisings, distressed banking and working capital management. He also has extensive experience in strategic business reviews of key stakeholders.

Prior to joining iSelect, Ed worked at M&A Partners as a senior member of their corporate advisory team, ANZ Bank and in various roles at Ernst & Young across the United Kingdom, Europe and Australia.

Ed holds a Bachelor of Business (Marketing) from RMIT, a Masters of Marketing from Monash University and is a member of the Institute of Chartered Accountants of Scotland.

Corporate Governance Statement

This statement explains how the Board of iSelect Ltd (**the Board**) oversees the management of iSelect Ltd's (**iSelect** or **the Company**) 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, four other non-executive independent Directors and one Executive Director. Currently, the Board consists of:

DIRECTOR	POSITION	APPOINTED	INDEPENDENT
Chris Knoblanche	Non-Executive Chairman	1 Jul 2015	Yes
Scott Wilson	Managing Director and Chief Executive Officer	3 Jan 2017	No
Shaun Bonett	Non-Executive Director	1 May 2003	Yes
Brodie Arnhold	Non-Executive Director	25 Sep 2014	Yes
Bridget Fair	Non-Executive Director	30 Sep 2013	Yes
Melanie Wilson	Non-Executive Director	1 Apr 2016	Yes

The following are Directors who also held office during the year ended 30 June 2017:

FORMER DIRECTOR	POSITION	CEASED	INDEPENDENT
Damien Waller	Non-Executive Director	31 March 2017	No

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 iSelect's 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 are 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 Investor Room/Governance section of the Company's website at www.home.iselect.

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 available in the Investor Room/Governance section of the Company's website at www.home.iselect.

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 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 iSelect Diversity Council is charged with ensuring that iSelect and all of its Directors, employees and contractors comply with the Diversity Policy.

The Diversity Policy is publicly available in the Investor Room/Governance section of the Company's website at www.home.iselect.

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 2017 and the progress towards achieving them are outlined below:

OBJECTIVES	KEY PERFORMANCE INDICATOR	ACTIONS	STATUS
Recruitment	Ensure iSelect's recruitment policy and practice is supportive of diversity and inclusion in the workplace.	iSelect's recruitment policy was updated to reflect an improved diversity and inclusion component.	Complete
Gender Representation	Increase the number of women in management roles across the business, with focus on increased year-on-year (YoY) representation.	A number of initiatives have been introduced to address diversity and inclusion in the workplace such as: • Parental Leave; and • Domestic Violence Leave.	Complete
Increase Diversity and Inclusion Awareness	All employees to be empowered and accountable to address issues regarding diversity and inclusion as required.	Training and awareness programs continued throughout the year to educate and/or refresh all employees about acceptable and expected behaviours and values in the workplace.	Complete

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 are outlined below:

EMPLOYEE CATEGORY	TOTAL	FEMALE COMPONENT	FEMALE %
All employees	841	342	41%
Board	6	2	33%
Executive Team	10	2	20%
Senior Leadership	21	6	29%

iSelect remains committed to gender diversity on its Board and at all tiers of the Company.

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. During the year ended 30 June 2017, an evaluation was completed to review the Board to ensure that it is working effectively and efficiently in fulfilling its functions.

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 senior 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 an established 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 Bonett (chair), Bridget Fair and Melanie Wilson.

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 within the Company's 'Nominations Committee Charter' and 'Board Charter'.

A copy of the Company's 'Nominations Committee Charter' is publicly available in the Investor Room/Governance section of the Company's website at www.home.iselect.

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 includes the candidate's background, experience, professional skills, personal qualities, gender, capability 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 and depth of experience is described in the Board skills matrix following:

SKILLS AND EXPERIENCE	EXPLANATION	NUMBER OF DIRECTORS
Accounting and Financial Reporting	Accounting qualifications and/or experience assists the Board with the provision of financial expertise in overseeing the integrity of financial reporting	3
Legal and Compliance	Legal qualifications and/or experience assists the Board in meeting its legal and compliance obligations	2
Strategy	Experience in strategy assists the Board in developing and sustaining appropriate strategies to ensure continued growth for the Company	6
Corporate Governance	Experience in the development of policies and frameworks supports proper corporate governance including the monitoring of material risks	3
Remuneration and human resources management	Expertise in remuneration and human resources management assists with the Board's role in overseeing talent management and development, including succession planning	3
Government relations	Experience in working with government, government organisations and regulators assists the Company to operate effectively and compliantly in regulated industries	2
CEO and Board experience	Performing in a CEO or senior executive role assists with the development of appropriate business strategies and operating plans	6
Industry experience	Experience in a senior position within industry assists the Board with understanding and improving the Company's processes and strategies	6
Audit and Risk Management	Experience in audit and risk management assists the Board by providing an understanding of financial management and developing appropriate processes and strategies to deal with risk	3

One of the six Directors of the Company (Shaun Bonett) has served for a term of more than ten years. The Company considers that Mr Bonett's sustained knowledge of the Company enables him to continue to make a strong contribution as an independent Director of iSelect.

Recommendation 2.3, 2.4 & 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 Bonett;
- Brodie Arnhold; and
- Melanie Wilson.

Scott Wilson is the Managing Director and Chief Executive Officer of iSelect. Scott Wilson is not currently 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. Chris Knoblanche, in his role as independent Chairman for the year ended 30 June 2017 is in line with the recommendation.

Roles of the Chair 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 2017.

Recommendation 2.6

Director induction and professional development

The Board recognises the importance of having a program for inducing 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

Recommendation 3.1

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 Investor Room/Governance section of the Company's website at www.home.iselect.

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 have 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 within 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 which 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), Melanie Wilson and Bridget Fair.

The Board acknowledges the ASX Recommendations 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.

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 Investor Room/Governance section of the Company's website at www.home.iselect.

Recommendation 4.2

Declaration regarding Financial Statements

Before approval of the financial statement for the periods ended 31 December 2016 and 30 June 2017, the Board received assurance from the CEO and the CFO 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 20 February 2017 and 16 August 2017 by Scott Wilson (the CEO) and by Darryl Inns (the CFO).

The Board has also received from the CEO and the CFO written affirmations concerning the Company's financial statements as set out in the Director's Declaration.

Recommendation 4.3

Attendance of external auditor at AGM

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

Written policy regarding continuous disclosure obligations

As a company listed on the 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 ASX 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 and the General Counsel/Company Secretary (Chair).

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 with continuous disclosure announcements also made available on iSelect's website, www.home.iselect.

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 is 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 Trading Policy' are publicly available in the Investor Room/Governance section of the Company's website at www.home.iselect.

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

Information for investors on website

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.

Recommendation 6.2, 6.3 & 6.4

Communicating with investors

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 communication 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 Investor Room/Governance section of the Company's website at www.home.iselect.

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

Audit and Risk Management Committee

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 Framework' which is publicly available in the Investor Room/Governance section of the Company's website at www.home.iselect.

Recommendation 7.2

Review of risk management framework

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 risk and risk 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 & 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

Internal audit function

iSelect's internal audit function provides independent and objective assurance on the adequacy and effectiveness of the 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 CFO and has a direct reporting line to the Chair of the Audit and Risk Management Committee.

Recommendation 7.4

Exposure to risk

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 residual risks taking into account the risk mitigation strategies and controls in place, and Very High rated risk would be considered material.

At the time of reporting, iSelect has no material exposure to 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 sufficient 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

Remuneration Committee

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 which 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.

A copy of the Company's 'Remuneration Committee Charter' is publicly available in the Investor Room/ Governance section of the Company's website at www.home.iselect.

The committee currently comprises Shaun Bonett (Chair), Bridget Fair and Melanie Wilson.

Recommendation 8.2

Remuneration of Directors

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 senior executives in the 2017 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 3 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.

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 2017 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 AM

Non-Executive Chairman

Scott Wilson (appointed on 3 January 2017)

Managing Director & Chief Executive Officer

Brodie Arnhold

Non-Executive Director

Shaun Bonett

Non-Executive Director

Bridget Fair

Non-Executive Director

Damien Waller (resigned on 31 March 2017)

Non-Executive Director

Melanie Wilson

Non-Executive Director

The above named Directors held office for the whole of the period unless otherwise specified. The qualifications, experience, special responsibilities and other details of the directors in office at the date of this report appear on pages 24 and 25 of this annual report.

COMPANY SECRETARY

David Christie

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
C. Knoblanche	8	8	-	-	-	-	-	-
S. Wilson	5	5	-	-	-	-	-	-
B. Arnhold	8	8	4	4	-	-	-	-
S. Bonett	8	8	-	-	5	5	5	5
B. Fair	8	8	4	4	5	5	5	5
D. Waller	5	5	-	-	3	3	3	3
M. Wilson	8	8	4	4	2	2	2	2

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

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.

REVIEW OF RESULTS AND OPERATIONS

The operations, financial position and business strategies and prospects for future financial years of the consolidated entity are detailed in "Highlights 2017" and "Operating & Financial Review" on pages 8 to 17 of this report.

FUTURE DEVELOPMENTS AND EXPECTED RESULTS

Looking ahead, the Group remains positive about financial year 2018 (FY18). The continued growth in the Energy and Telecommunications segment is expected to deliver stronger revenue growth than experienced in financial year 2017 (FY17), and a stronger gross profit outcome. The first half performance is expected to improve in FY18, however it should be noted that, as in previous years, the Group's first half revenue and earnings are expected to be significantly lower than second half revenue and earnings driven by the continued investment in technology and marketing and the seasonality in the Health segment. The growth in the non-Health segment contributions is expected to continue to improve over FY18, as the Group further diversifies its product offerings and expansion in gross margins.

Commentary on the major operational parts of each segment follows:

Health

- The industry outlook is for low to flat growth in the Health Insurance market, with a continued trending down in the new to private health insurance market. However ongoing improvements in conversion, continued focus on revenue per sale and ongoing focus on contact centre efficiencies are expected to deliver growth in FY18.
- The Group continues to monitor the government's private health insurance reform agenda, where policy and legislative change has the potential to impact on performance.

Energy and Telecommunications

- The Energy businesses outlook is for continued strong growth, continuing to build on the momentum of FY17.
- A continued expansion of the 'Mover' proposition and focus on consultant competency supported by the further roll out of iConnect, are all planned to deliver this growth.
- The Telecommunications business will continue to benefit from the roll out of the NBN and the increasing number of internet providers entering the market place. Additionally, further expansion into the Mobile space is planned for FY18.

Life and General Insurance

- Having joined the Insurance Brokers Network Australia in FY17, the focus in FY18 is to continue to build new partnerships and broaden the product offering to enable strong volume growth across FY18.
- The Group continues to monitor the potential impact of the Life Industry reforms.

Other

- The launch of a number of new verticals is expected through FY18. While only expected to contribute modestly to the Group's gross profit, new verticals will provide access to new customer leads and opportunities to cross sell to our existing businesses. The Group will also launch into the Connected Home space which is expected to grow over the FY18 year.

The Board is continuing a number of capital management initiatives, including on-market share buyback and paying of fully franked dividends.

The Group does remain cognisant of potential risks to its business and will continue to closely monitor and work to mitigate these throughout FY18. These risks include potential changes in government policy and legislation, 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.

SIGNIFICANT EVENTS AFTER BALANCE DATE

DIVIDEND

On 16 August 2017 the Group declared an estimated fully franked final dividend of \$9,095,000, representing 4.0 cents per share based on the shares on issue at 30 June 2017. The Group has also committed to a revised dividend policy of 50%-80% of reported net profit after tax, subject to the availability of franking credits and cash reserves, based on the strength of the Group's cash and earnings position.

OTHER

No other matters or circumstances have arisen since the end of the period that have significantly affected or may significantly affect 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.

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.

GOVERNANCE

In recognising the need for high standards of corporate behaviour and accountability, the Directors have followed the corporate governance statement found on page 28 to 37 of this report.

NON-AUDIT SERVICES

The Directors, with advice provided by the Group's Audit and Risk Management Committee, 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 the non-audit service provided means that auditor independence was not compromised. Ernst & Young received or are due to receive fees for a non-audit service of \$36,000 for regulatory compliance.

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 2017 is on page 57 of this report.

ROUNDING

The Group is of the kind referred to in ASIC Class Order 2016/191, dated 24 March 2016, 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

This Remuneration Report for the year ended 30 June 2017 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. Senior executive remuneration for the year ended 30 June 2017
4. Senior executive contracts
5. Link between group performance, shareholder wealth and remuneration
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 senior executive or otherwise) of the Parent entity. The KMP during and since the year ended 30 June 2017 were as follows:

CURRENT NON-EXECUTIVE DIRECTORS

Chris Knoblanche	Independent Chairman
Brodie Arnhold	Non-Executive Director
Shaun Bonett	Non-Executive Director
Bridget Fair	Non-Executive Director
Melanie Wilson	Non-Executive Director

FORMER NON-EXECUTIVE DIRECTOR

Damien Waller	Non-Executive Director (ceased 31 March 2017)
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CURRENT SENIOR EXECUTIVES

Scott Wilson*	Managing Director & CEO
David Christie	Chief Administrative Officer, General Counsel & Company Secretary
Darryl Inns	Chief Financial Officer (appointed effective 4 July 2016)
Geraldine Davys	Chief Marketing Officer (appointed effective 16 August 2016)

* Appointed to the Board 3 January 2017

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.

The Remuneration Committee membership is made up of members of the Board, none of whom are Senior Executives, as determined in accordance with the iSelect Board Charter (“the Board Charter”). For the year ended 30 June 2017:

- Shaun Bonett acted as Chair of the Committee
- Bridget Fair served as a member of the Committee
- Melanie Wilson served as a member of the Committee from 1 April 2017; and
- Damien Waller served as a member of the Committee until his resignation on 31 March 2017.

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 Managing Director and CEO attends certain Remuneration Committee meetings by invitation, where management input is required. The Managing Director and CEO is not present during any discussions related to his own remuneration arrangements.

2.2 INFORMATION USED TO SET SENIOR 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 Senior Executive remuneration by the Directors.

During the 2017 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. 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 advice was made free from undue influence by the members of the KMP to whom the remuneration advice relates.

3. SENIOR EXECUTIVE REMUNERATION FOR THE YEAR ENDED 30 JUNE 2017

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 iSelect's remuneration with its strategic direction, create 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 when targets are met or exceeded.

The Group's Senior Executive remuneration strategy is designed to:

- **Align the interests of Senior Executives with shareholders** – the remuneration framework incorporates variable components including short term incentives and long term incentives. Performance is assessed against both financial and non-financial targets, goals and 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 ensures that the remuneration paid 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 as well as support retention through longer-term remuneration.

3.2 REMUNERATION FRAMEWORK

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

For the financial year ended 30 June 2017, Senior Executive remuneration was structured as a mix of Total Fixed and Variable 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) FOR FY2017			
	FIXED	VARIABLE	
	TOTAL FIXED REMUNERATION (TFR)	SHORT TERM INCENTIVE PLAN (STIP)	LONG TERM INCENTIVE PLAN (LTIP)
Current Organisation Structure (as announced to ASX at 2016 AGM)			
Managing Director and CEO	50%	25% (50% of TFR)	25% (50% of TFR)
Other Senior Executives	56%	22% (40% of TFR)	22% (40% of TFR)

Further details regarding each element of the remuneration mix is provided in section 3.3.

3.3 DETAILS OF SENIOR EXECUTIVE REMUNERATION COMPONENTS

Total Fixed Remuneration ("TFR")

What is TFR?

TFR consists of base salary and statutory superannuation contributions. Senior Executives may also elect to have a combination of benefits provided out of their TFR including additional superannuation. 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.

TFR is not "at risk" and is set using appropriate market benchmark data which considers 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. Total Fixed Remuneration is set with reference to this group.

How is TFR determined?

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

A review of TFR was undertaken during the 2017 financial year. TFR levels for Senior Executives were increased based on individual performance and to align to targeted remuneration levels.

Variable Remuneration

Short Term Incentive Plan (STIP)

How does the STIP operate?

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

For the year ended 30 June 2017, the target STIP opportunity was between 22% and 25% of the total remuneration package for Senior Executives (as detailed in section 3.2). The STIP is cash-based, with payments made once per year following the announcement of the audited financial results at financial year end.

The minimum payout for each measure is 0% of TFR. The maximum payout for Group performance for each measure is 150% for outstanding performance.

What were the STIP performance measures for the financial year ended 30 June 2017?

The performance measures for the Senior 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 which are assessed independently are described in detail below:

MEASURE	FY2017 TARGET DETAILS	
Group performance	EBIT Target	
	The EBIT target was set against the Group's financial year 2017 Budget.	
	EBIT result	Percentage of STIP that vests ¹
	Less than or equal to 95% of target	0%
	At target	100%
	Above target (measured between 100% and 125% of target)	150%
	Operating Revenue Target	
	The Operating Revenue target was set against the Group's financial year 2017 Budget.	
	Operating Revenue result	Percentage of STIP that vests ¹
	Less than or equal to 95% of target	0%
At target	100%	
Above target (measured between 100% and 125% of target)	150%	
Individual goals	Individual Goals are set for Senior Executives which take into account their area of accountability for the financial year ended 30 June 2017, related to key business objectives in the areas of:	
	• Growth and Diversification; • Market Place Efficiency; • Customer Experience; • Employee Experience; • Platforms and Technology; • Regulatory and Compliance Requirements; and • Performance in the Business Development Centre.	
	Individual Goals are set with clearly measureable outcomes for which the individual has direct control and accountability.	
	Payout levels vary between 0% and 150% for achievement of Individual Goals.	

¹ Straight line vesting occurs between 0% and 150%

How are the various measures weighted to determine the STIP payment for Senior Executives?

There are three performance measures considered within the STIP - EBIT, Operating Revenue, and Individual Goals. 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 2017, the relative weightings were as follows:

PERFORMANCE MEASURE	EBIT	REVENUE	INDIVIDUAL GOALS
Managing Director and CEO and other Senior Executives	40%	30%	30%

Who sets the STIP performance measures?

The Group's financial performance STIP targets are set by the Board, based on the recommendation of the Remuneration Committee. The Managing Director and CEO's Individual Goals are set and measured by the Board, with the assistance of the Remuneration Committee. The Individual Goals for each Senior Executive are set and measured by the Managing Director and CEO. Recommendations by the Managing Director and CEO in relation to payment on the basis of achievement of performance targets set under the STIP are made to the Remuneration Committee.

What is EBIT and why is it used as a STIP performance measure?

EBIT is an operational measure that is widely used by listed companies to measure financial performance. The Board uses EBIT as a primary measure to assess the Group's operating performance while 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 a STIP performance measure?

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

What are the Individual Goals and why are they used as a STIP performance measure?

The use of Individual Goals for each Senior Executive creates personal, non-financial measures specific to each individual's area of accountability. These measures also consider expected behaviours that Senior Executives are expected to display while running their operations. For the financial year ended 30 June 2017 goals related to key business objectives in the areas of:

- Growth and Diversification;
- Market Place Efficiency;
- Customer Experience;
- Employee Experience;
- Platforms and Technology;
- Regulatory and Compliance Requirements; and
- Performance in the Business Development Centre.

The use of Individual Goals 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 EBIT and Operating Revenue targets are assessed by the Board and independently verified following the preparation of the financial statements each financial year. Performance against Individual Goals for Senior Executives is assessed by the Managing Director and CEO and approved by the Remuneration Committee based upon this assessment. The Remuneration Committee assesses the Managing Director and CEO's performance against Individual Goals.

How are the varying levels of performance achievement rewarded?

STIP targets are designed to encourage and reward high performance as well as differentiate between individual contributions. Performance against the financial targets must be greater than 95% in order for any STIP to be paid and at target for 100% of STIP 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 150% of the STIP payment related to each of the three measures when performance exceeds target.

The maximum EBIT and Operating Revenue performance at which bonus payments are capped is determined by the Remuneration Committee each year. The individual element provides a measure of differentiation between individual levels of performance.

What are the STIP payment conditions?

The Group's financial targets must be achieved before any personal goals component of the STIP is paid to senior executives subject to Managing Director and CEO and Board discretion.

When are the performance conditions tested and payments made?

All elements of the STIP are measured and paid annually following the preparation and completion of the financial statements. Payments are generally made in the September following financial year end.

What were the STIP performance outcomes for the year ended 30 June 2017?

	STIP OUTCOME (%)				ACTUAL STIP AWARDED	% STIP FORFEITED
	EBIT	REVENUE	INDIVIDUAL GOALS	TOTAL		
Current senior executives						
Scott Wilson	0%	0%	0%	0%	-	100%
David Christie	0%	0%	0%	0%	-	100%
Darryl Inns	0%	0%	0%	0%	-	100%
Geraldine Davys	0%	0%	0%	0%	-	100%

CURRENT SENIOR EXECUTIVES

Scott Wilson	Managing Director & CEO
David Christie	Chief Administrative Officer, General Counsel & Company Secretary
Darryl Inns	Chief Financial Officer (appointed effective 4 July 2016)
Geraldine Davys	Chief Marketing Officer (appointed effective 16 August 2016)

Long Term Incentive Plan (LTIP)

Grants were made under the FY2017 LTIP in July 2016. The details provided in this section relate to these grants during the financial year ended 30 June 2017.

What is the purpose of the FY2017 LTIP?

The LTIP has been established to provide a long term incentive component of remuneration to support the attraction, reward and retention of key employees including Senior Executives. The LTIP links long-term reward with the ongoing creation of shareholder value. The payment of LTIP shares is subject to satisfactory long-term performance conditions including share price growth. The combination of these factors helps ensure Senior Executives focus on long term value creation which links with shareholders' interest. LTIP shares are not transferable and do not carry voting rights. Any dividends paid on the LTIP shares while the loan remains outstanding are applied (on a notional after-tax basis) towards repayment of the loan.

The Remuneration Committee determines the size and allocation of LTIP grants in accordance with LTIP rules and provides its recommendation to the Board who is responsible for final approval.

What changes were made to LTIP as part of the remuneration review for FY2017?

No changes were made from FY2016.

How does LTIP operate for grants made in FY2017?

Senior Executives were invited to participate in LTIP via a loan based share plan. There was no initial cost to the recipient to participate, 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 (next section) for there to be any value to the participant between vesting and expiry.

Each LTIP share is subject to the achievement of the performance measure which is tested once at the end of the three year performance period. The FY2017 LTIP grant will be measured against one performance measure – relative Total Shareholder Return (TSR). LTIP shares that do not vest after testing of the relevant performance measure will 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 and 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 at the grant date.

The number of LTIP shares granted to each participant on 1 July 2016 was calculated using AASB2, which is the fair value of awards at the allocation date of 1 July 2016.

What are the performance measures for LTIP grants made in the financial year ended 30 June 2017?

Awards granted under the FY2017 LTIP are subject to a three year performance period and the following performance measures over that period:

MEASURE	WEIGHTING	DESCRIPTION OF MEASURE										
Relative Total Shareholder Return (TSR)	100%	The Shares will only vest if a certain Total Shareholder Return (TSR) relative to the designated comparator group, the ASX Small Ordinaries Index excluding mining and energy companies, is achieved during the performance period. TSR measures the total change in the value of the Shares over the performance period, plus the value of any dividends and other distributions being treated as if they were reinvested in shares. The Group's TSR is compared against the TSR of the designated comparator group during the performance period. The Shares will vest in line with the following relevant TSR vesting schedule: <table><tr><td>Relative TSR</td><td>% of LTI Plan shares that vest</td></tr><tr><td>Less than 50th Percentile</td><td>0%</td></tr><tr><td>50th Percentile</td><td>50%</td></tr><tr><td>50th Percentile to 75th Percentile</td><td>Straight line vesting between 50% and 100%</td></tr><tr><td>75th Percentile or more</td><td>100%</td></tr></table>	Relative TSR	% of LTI Plan shares that vest	Less than 50th Percentile	0%	50th Percentile	50%	50th Percentile to 75th Percentile	Straight line vesting between 50% and 100%	75th Percentile or more	100%
Relative TSR	% of LTI Plan shares that vest											
Less than 50th Percentile	0%											
50th Percentile	50%											
50th Percentile to 75th Percentile	Straight line vesting between 50% and 100%											
75th Percentile or more	100%											

Why was this LTIP performance measure selected?

The relative TSR target is a market based performance measure that provides a direct link between Senior Executive reward and shareholder value. It provides an external market measure to encourage and motivate Senior Executive performance which is relative to the designated comparator group, the ASX Small Ordinaries Index excluding mining and energy companies, during the performance period. The ASX Small Ordinaries Index was selected as it was deemed to be the best comparator to the Group's current size. The ASX Small Ordinaries Index is made up of the small cap members of the ASX 300 Index (ASX members 101-300).

How will the LTIP performance targets be measured?

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

Why has a loan based share plan model been adopted?

In considering the best long term incentive 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 without adverse tax implications. Participants pay tax once they sell the shares but are only able to sell the shares when both the performance hurdles have been met and the share price has increased above the loan value. This provides a tangible future benefit to Senior Executives that is strongly linked to shareholder value. This approach allows Senior 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.

What will happen if the Senior Executive ceases employment?

Where a Senior Executive ceases employment, any unvested LTIP 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 LTIP 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 2017?

Eligible Senior Executives received LTIP shares with a grant date of 1 July 2016.

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
		RELATIVE TSR	
Eligible senior Executives	1 July 2016	\$0.37	\$1.26
Managing Director and CEO and CAO (2016 Top Up Grant)	1 July 2015	\$0.23	\$1.15

NAME	NUMBER OF PERFORMANCE AWARDS GRANTED	VALUE AT GRANT DATE(\$) ¹	MAXIMUM TOTAL VALUE OF GRANT YET TO VEST (\$)
Scott Wilson	748,326	266,710	266,710
David Christie	518,131	185,765	185,765
Darryl Inns	459,459	170,000	170,000
Geraldine Davys	405,405	150,000	150,000

¹ Determined at the time of grant per AASB2. For details on the valuation of the LTIP shares please refer to Note 5.2 of the financial statements.

What clawback arrangements are in place for grants made under the FY2017 LTIP?

Under the rules of the FY2017 LTIP, the Board has the power (in certain circumstances) to determine that a participant's interest in any or all of the LTIP shares are 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.

Senior Executive Retention Share Program

During the 2017 financial year an additional one-off grant was made under the FY2017 Performance Rights Plan for eligible Senior Executives in September 2016 and the details provided in this section relate to these grants.

What is the purpose of the FY2017 Performance Rights Plan?

The objective of the Retention Share Program is to provide a mechanism to ensure Senior Executive stability and retention over and above that being provided by the Long Term Incentive Plan.

How does the Performance Rights Plan operate for grants made in FY2017?

Eligible Senior Executives were invited to participate in the Performance Rights Plan for the FY2017 Grant.

Each performance right entitles an ordinary share to be issued to the holder if the performance right vests in accordance with the relevant service of 2 years (unless the Board exercises its discretion that a participant's performance right vests under the rules of the Performance Rights Plan on a different date).

The FY2017 Performance Rights Plan Grant consisted of issuing 198,888 rights.

Performance Rights that do not vest after testing of the relevant service measure are cancelled.

The number of Performance Rights granted to each participant on 16 September 2016 was calculated using the AASB2 Fair value of awards at the allocation date of 16 September 2016.

The relevant values of the grants were as follows:

FAIR VALUE OF AWARDS AT GRANT DATE		
RECIPIENT	GRANT DATE	PERFORMANCE RIGHTS
Senior Executives	16 September 2016	\$1.18

NAME	NUMBER OF PERFORMANCE AWARDS GRANTED	VALUE AT GRANT DATE(\$) ¹	MAXIMUM TOTAL VALUE OF GRANT YET TO VEST (\$)
Scott Wilson	144,597	170,624	170,624
David Christie	54,291	64,063	64,063

¹ Determined at the time of grant per AASB2. For details on the valuation of the LTIP shares please refer to Note 5.2 of the financial statements.

What will happen if the Senior Executive ceases employment?

Where a Senior Executive ceases employment, any unvested Performance Rights will be forfeited unless the Board determines otherwise.

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

Upon a 'change of control', the Board may in its absolute discretion, subject to applicable laws, determine that all or a specified number of a participant's performance rights shall immediately vest having regard to all relevant circumstances including whether performance is in line with any applicable performance conditions.

Previous Incentive Plans

It is the intent of the Group to offer LTIP to Senior Executives annually. The following sets out the relevant details of the LTIP grant that was offered in previous financial years:

FY2016 Long Term Incentive Plan (yet to vest)

MEASURE	WEIGHTING	DESCRIPTION OF MEASURE										
Relative Total Shareholder Return (TSR)	100%	The Shares will only vest if a certain Total Shareholder Return (TSR) relative to the designated comparator group, the ASX Small Ordinaries Index excluding mining and energy companies, is achieved during the performance period. TSR measures the total change in the value of the Shares over the performance period, plus the value of any dividends and other distributions being treated as if they were reinvested in shares. The Group's TSR is compared against the TSR of the designated comparator group during the performance period. The Shares will vest in line with the following Relevant TSR vesting schedule: <table><tr><th>Relative TSR</th><th>% of LTI Plan shares that vest</th></tr><tr><td>Less than 50th Percentile</td><td>0%</td></tr><tr><td>50th Percentile</td><td>50%</td></tr><tr><td>50th Percentile to 75th Percentile</td><td>Straight line vesting between 50% and 100%</td></tr><tr><td>75th Percentile or more</td><td>100%</td></tr></table>	Relative TSR	% of LTI Plan shares that vest	Less than 50th Percentile	0%	50th Percentile	50%	50th Percentile to 75th Percentile	Straight line vesting between 50% and 100%	75th Percentile or more	100%
Relative TSR	% of LTI Plan shares that vest											
Less than 50th Percentile	0%											
50th Percentile	50%											
50th Percentile to 75th Percentile	Straight line vesting between 50% and 100%											
75th Percentile or more	100%											

FY2015 Long Term Incentive Plan (vested)

DETAIL	FY2015 GRANT OF LTI PLAN		
Grant date	Grant date for all Senior Executives (excluding Managing Director and CEO): 29 August 2014		
	Grant date for Managing Director and CEO: 18 November 2014		
Performance period (testing date is the last day of each period)	1 July 2014 – 30 June 2017		
Performance condition	The FY2015 Grant was subject to two separate performance measures: Compound Annual Growth Rate (CAGR) in Total Shareholder Return (TSR) and CAGR in EPS.		
Vesting schedule	CAGR in TSR and EPS Performance level	Percentage of awards that vest	
	Less than 12%	0%	
	12%	50%	
	Between 12% & 15%	Straight line between 50% & 100%	
	15% or more	100%	
Expiry date	1 July 2019		
Fair value of instrument at grant	Grant date	Fair Value of Awards at Grant Date	
		TSR	EPS
	29 August 2014	\$0.26	\$0.37
	18 November 2014	\$0.33	\$0.41
LTIP Shares currently on issue	2,727,126		
Share price required at testing date to vest	\$1.59 (for 50% vesting) and \$1.72 (for 100% vesting)		

What are the FY2015 LTIP payment conditions?

The Group must achieve a minimum TSR CAGR of 12% before any portion of the TSR tranche of the LTIP vests; and a minimum EPS CAGR of 12% before any portion of the EPS tranche of the LTIP vests, subject to Board discretion.

Performance against the measures will be tested following the preparation and completion of the financial statements.

Unless the Board determines otherwise, participants must not cease employment during the performance period (1 July 2014 to 30 June 2017), in order for any vesting to occur.

Once vested, participants must repay the loan before trading in any shares.

What are the FY2015 LTIP vesting outcomes?

Following the completion of the performance period from 1 July 2014 to 30 June 2017, 90% of the FY2015 LTIP vested based on the Board's assessment of Group performance.

The Group achieved reported EPS CAGR of 44% over the vesting period which exceeded the maximum threshold for full vesting of the EPS component to occur. However, considering the growth in normalised earnings over the FY2015 LTIP period (1 July 2014 – 30 June 2017), the Remuneration Committee concluded that it would apply discretion to reduce the vesting percentage by 20%. As such, only 80% of the EPS tranche will vest. The business has undergone a number of significant changes over the FY2015 LTIP period, including a new management team, the diversification of revenue streams and the significant investment required to support the growth of the new business lines. This impacted normalised EPS but has resulted in a more stable and diversified business and corresponding significant share price growth over the period. The Board considers 80% vesting of the EPS tranche is appropriate considering the strong compound annual growth in EPS and the overall performance of the company and LTIP participants over the FY2015 LTIP period.

The absolute TSR component of the FY2015 LTIP vested in full as the TSR CAGR exceeded 15% during the performance period (with the share price growing from \$1.15 at the start of the performance period to \$2.01 at the end of the performance period).

Number of performance awards on issue as at 30 June 2017

	BALANCE AT START OF YEAR	GRANTED DURING YEAR	VESTED DURING YEAR	FORFEITED DURING YEAR	BALANCE AT END OF YEAR
Current Senior Executives					
Scott Wilson	1,091,478	892,923	(479,347)	(53,261)	1,451,793
David Christie	1,516,082	572,422	(918,551)	(102,061)	1,067,892
Darryl Inns	-	459,459	-	-	459,459
Geraldine Davys	-	405,405	-	-	405,405

3.4 KEY EVENTS IMPACTING REMUNERATION DURING THE YEAR ENDED 30 JUNE 2017

Chief Financial Officer Appointment

Mr Darryl Inns was appointed to the role of CFO on 4 July 2016. Darryl's remuneration is disclosed in this report.

Chief Marketing Officer Appointment

Ms Geraldine Davys was appointed to the role of CMO on 16 August 2016, Geraldine's remuneration is disclosed in this report.

3.5 REMUNERATION PAID TO SENIOR EXECUTIVES

The table below has been prepared in accordance with the requirements of the Corporations Act and relevant Accounting Standards.

NAME AND TITLE	YEAR	SHORT TERM BENEFITS			POST EMPLOY- MENT BENEFITS	LONG TERM BENEFITS	EQUITY SETTLED SHARE BASED PAYMENT EXPENSE			TERMI- NATION PAYMENT \$	TOTAL \$	PERFOR- MANCE RELATED \$	
		SALARY \$	STIP \$	OTHER \$			SUPER \$	LONG SERVICE LEAVE \$	OPTIONS \$				SHARES' \$
Current Senior Executives													
Scott Wilson													
Chief Executive Officer	2017	595,002	-	-	-	30,000	-	-	-	286,030	-	911,032	286,030
	2016	424,475	37,500	-	-	30,000	-	-	-	106,888	-	598,863	144,388
David Christie													
Chief Administration Officer	2017	424,667	-	-	-	30,000	-	-	-	250,236	-	704,903	250,236
	2016	410,003	26,400	10,000	-	30,000	-	-	-	146,842	-	623,245	183,242
Darryl Inns (from 4 July 2016)													
Chief Financial Officer	2017	392,461	-	-	-	30,000	-	-	-	56,667	-	479,128	56,667
	2016	-	-	-	-	-	-	-	-	-	-	-	-
Geraldine Davys (from 16 August 2016)													
Chief Marketing Officer	2017	303,423	-	-	-	30,000	-	-	-	50,000	-	383,423	50,000
	2016	-	-	-	-	-	-	-	-	-	-	-	-
Total Current KMP													
	2017	1,715,553	-	-	-	120,000	-	-	-	642,933	-	2,478,486	642,933
	2016	834,478	63,900	10,000	-	60,000	-	-	-	253,730	-	1,222,108	327,630

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

The total remuneration of KMP as per the financial year 2016 audited financial statements was \$2,654,275. The financial year 2016 total displayed in the main table above (\$1,222,108) does not include former KMP from financial year 2016 who had nil remuneration in financial year 2017.

COMPARISON OF TOTAL FINANCIAL YEAR 2017 TO FINANCIAL YEAR 2016 REMUNERATION REPORT														
Total														
	2017	1,715,553	-	-	-	120,000	-	-	-	642,933	-	-	2,478,486	642,933
	2016	2,107,524	70,225	20,000	-	149,539	-	-	-	(400,571)	707,558	-	2,654,275	(310,346)

4. SENIOR EXECUTIVE CONTRACTS

Remuneration arrangements for Senior Executives with service during the year ended 30 June 2017 are formalised in employment contracts. All contracts are for an unlimited duration.

CURRENT SENIOR EXECUTIVES

Scott Wilson	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 discretion of the Group.
David Christie	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 discretion of the Group.
Darryl Inns	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 discretion of the Group.
Geraldine Davys	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 discretion of the Group.

5. LINK BETWEEN GROUP PERFORMANCE, SHAREHOLDER WEALTH AND REMUNERATION

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

5.1 GROUP PERFORMANCE AND STIP

For the year ended 30 June 2017 a significant proportion of the STIP award was determined with reference to EBIT and Operating Revenue.

EBIT

The EBIT result for the year ended 30 June 2017 was \$22,534,000. Details regarding EBIT 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 2017 was \$185,101,000.

5.2 GROUP PERFORMANCE AND LTI PLAN GRANTS

LTIP grants were made in the financial year ended 30 June 2017. Grants made in financial year 2017 are linked to relative TSR.

5.3 GROUP PERFORMANCE

MEASURE	FY2017	FY2016	FY2015	FY2014
Share price at year end	\$2.01	\$1.25	\$1.44	\$1.15
5 day VWAP to 30 June	\$1.99	\$1.26	\$1.45	\$1.11
Dividend per security	5.5 cents	2.5 cents	-	-
EBIT	\$22,534,000	\$15,034,000	\$12,263,000	\$5,610,000
Operating Revenue	\$185,101,000	\$171,865,000	\$157,214,000	\$120,366,000
Reported earnings per share	7.1 cents	5.1 cents	3.7 cents	2.4 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 ARRANGEMENT

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 2017.

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 2017

The table below provides details of Board and Committee fees (inclusive of superannuation) for the year ended 30 June 2017. Director member fees have not increased during financial year 2017 and the remuneration of Non-Executive Directors does not include any commission, incentive or percentage of profits.

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 a Chair of the Committee.

Fees are annualised and include super.

	FEE (\$)
Chair	250,000
Board Member	85,000
Audit Committee	10,000
Remuneration Committee	10,000
Nomination Committee	10,000

6.3 KEY EVENTS IMPACTING REMUNERATION AND MAKEUP OF NON-EXECUTIVE DIRECTORS DURING THE YEAR ENDED 30 JUNE 2017

There were no events impacting the remuneration and makeup of the Non-Executive Directors during the year ended 30 June 2017.

6.4 REMUNERATION PAID TO NON-EXECUTIVE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2017

	FEES & ALLOWANCES \$	SHORT TERM BENEFITS \$	SUPER \$	OTHER \$	TOTAL \$
NON-EXECUTIVE DIRECTORS					
Chris Knoblanche					
2017	228,310	-	21,690	-	250,000
2016	228,310	-	21,690	-	250,000
Brodie Arnhold					
2017	86,758	-	8,242	-	95,000
2016	86,758	-	8,242	-	95,000
Shaun Bonett					
2017	95,890	-	9,110	-	105,000
2016	95,890	-	9,110	-	105,000
Bridget Fair					
2017	77,626	-	7,374	-	85,000
2016	77,626	-	7,374	-	85,000
Melanie Wilson					
2017	77,626	-	7,374	-	85,000
2016	19,705	-	1,872	-	21,577
FORMER NON-EXECUTIVE DIRECTORS					
Damien Waller (ceased 31 March 2017)					
2017	58,219	-	5,531	-	63,750
2016	77,626	-	7,374	-	85,000
Leslie Webb (ceased 28 August 2015)					
2017	-	-	-	-	-
2016	14,460	-	1,374	-	15,834
TOTAL					
2017	624,429	-	59,321	-	683,750
2016	600,375	-	57,036	-	657,411

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 Senior Executives					
Scott Wilson ¹	484,068	479,347	-	155,000	1,118,415
David Christie ¹	268,000	918,551	-	52,986	1,239,537
Darryl Inns	-	-	-	150,000	150,000
Geraldine Davys	-	-	-	-	-
Current Non-Executive Directors²					
Brodie Arnhold	126,100	-	-	84,984	211,084
Shaun Bonett	2,500,000	-	-	-	2,500,000
Bridget Fair	80,728	-	-	-	80,728
Chris Knoblanche	193,091	-	-	50,000	243,091
Melanie Wilson	43,242	-	-	-	43,242
Former Non-Executive Directors³					
Damien Waller	31,553,660	-	-	(31,553,660)	-

¹ The opening balances have been adjusted to remove LTIP shares yet to vest.

² All increases in share holdings for Non-Executive Directors during financial year 2017 were by way of on-market purchases.

³ Balance removed on resignation as a Non-Executive Director during the year.

8. KEY MANAGEMENT PERSONNEL OPTION HOLDINGS

There were no options in iSelect Limited held during the financial year (directly or indirectly) by KMP of the Group and their related parties.

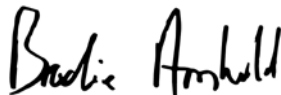
This Directors' Report and Remuneration Report is signed in accordance with a resolution of the Directors.

On behalf of the Directors



Chris Knoblanche AM
Director

Melbourne,
16 August 2017



Brodie Arnhold
Director

Melbourne,
16 August 2017

Auditor's Independence Declaration



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Auditor's Independence Declaration to the Directors of iSelect Limited

As lead auditor for the audit of iSelect Limited for the financial year ended 30 June 2017, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of iSelect Limited and the entities it controlled during the financial year.

Ernst & Young

T J Coyne
Partner
16 August 2017

Financial Statements

ABOUT THIS REPORT

This is the financial report for iSelect Limited and its controlled entities. iSelect Limited (the “Company”) is a for-profit entity limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (Code: ISU). The consolidated financial statements of the Company as at and for the year ended 30 June 2017 comprise the financial statements of the Company and its subsidiaries (as outlined in note 6.2), together referred to in these financial statements as the “Group” and individually as “Group entities”.

Over the past year we have reviewed the content and structure of our financial report in order to make it less complex and more relevant to users. This includes:

- A review of content to eliminate immaterial disclosures that may undermine the usefulness of the financial report by obscuring important information;
- Reorganisation of the notes to the financial statements into separate sections to help users understand our financial performance; and
- Moving our accounting policies and key estimates and judgements used in preparation of the financial statements to the relevant notes in order to provide the appropriate context.

The purpose of these changes is to provide users with financial information that is more understandable and better structured to explain our financial performance and financial position.

The financial report of iSelect Limited for the year ended 30 June 2017 was authorised for issue in accordance with a resolution of Directors on 16 August 2017.

READING THE FINANCIALS

SECTION INTRODUCTION

Introduction at the start of each section outlines the focus of the section and explains the purpose and content of that section.

INFORMATION PANEL

The information panel describes our key accounting estimates and judgements applied in the preparation of the financial report which are relevant to that section or note.

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2017

		CONSOLIDATED	
	NOTE	2017 \$'000	2016 \$'000
Upfront revenue	2.2	151,860	140,694
Trail commission revenue	2.2	33,241	31,171
Total Operating Revenue		185,101	171,865
Cost of sales		(119,509)	(113,388)
Gross Profit		65,592	58,477
Other income		850	245
Administrative expenses		(36,425)	(37,164)
Share-based payments expense	2.3	(1,370)	(63)
Share of loss from associate, net of tax	6.3	(441)	(738)
Depreciation and amortisation	2.3	(5,672)	(5,723)
Profit Before Interest and Tax		22,534	15,034
Finance income		1,437	2,568
Finance costs		(69)	(489)
Net Finance Income		1,368	2,079
Profit Before Income Tax Expense		23,902	17,113
Income tax expense	2.6	(7,512)	(4,208)
Profit After Tax for the Period		16,390	12,905
Other Comprehensive Income			
Items that are or may be reclassified to profit or loss			
Foreign operations – foreign currency translation movements		-	49
Other Comprehensive Income Net of Tax		-	49
Total Comprehensive Income for the Period		16,390	12,954
Profit attributable to owners of the Group		16,390	12,905
Total comprehensive income attributable to owners of the Group		16,390	12,954
Earnings per share (cents per share)			
Basic profit for the year attributable to ordinary equity holders of the parent	2.4	7.1	5.1
Diluted profit for the year attributable to ordinary equity holders of the parent	2.4	7.0	5.0

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

		CONSOLIDATED	
	NOTE	2017 \$'000	2016 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	2.5	80,395	87,620
Trade and other receivables	3.3	32,761	43,922
Trail commission receivable	3.4	18,654	21,052
Income tax receivable	2.6	1,840	-
Other assets		4,009	3,012
Total Current Assets		137,659	155,606
Non-Current Assets			
Trail commission receivable	3.4	94,149	82,639
Property, plant and equipment	3.1	5,995	8,768
Goodwill and other intangible assets	3.2	53,357	46,213
Investment in associated entities	6.3	4,852	5,293
Other assets		25	-
Total Non-Current Assets		158,378	142,913
Total Assets		296,037	298,519
LIABILITIES			
Current Liabilities			
Trade and other payables		30,789	27,760
Provisions	3.5	7,417	7,464
Income tax payable	2.6	-	236
Other		532	525
Total Current Liabilities		38,738	35,985
Non-Current Liabilities			
Provisions	3.5	1,404	1,699
Net deferred tax liabilities	2.6	30,690	26,228
Total Non-Current Liabilities		32,094	27,927
Total Liabilities		70,832	63,912
Net Assets		225,205	234,607
EQUITY			
Contributed equity	4.2	130,812	150,914
Reserves	4.2	8,687	7,317
Retained earnings		85,706	76,376
Total Equity		225,205	234,607

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2017

		CONTRI- BUTED EQUITY	SHARE BASED PAYMENT RESERVES	BUSINESS COMBIN- ATION RESERVE	FOREIGN CURRENCY TRANS- LATION RESERVE	RETAINED EARNINGS	TOTAL
	NOTE	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2015		173,713	1,683	5,571	(49)	66,004	246,922
Profit for the period		-	-	-	-	12,905	12,905
Other comprehensive income		-	-	-	49	-	49
Total Comprehensive Income for the Year		-	-	-	49	12,905	12,954
Transactions with Owners in their Capacity as Owners							
Recognition of share-based payments	2.3	-	63	-	-	-	63
Buy-back of share capital	4.2	(22,799)	-	-	-	-	(22,799)
Dividends paid	4.1	-	-	-	-	(2,533)	(2,533)
Balance at 30 June 2016		150,914	1,746	5,571	-	76,376	234,607
Profit for the period		-	-	-	-	16,390	16,390
Other comprehensive income		-	-	-	-	-	-
Total Comprehensive Income for the Year		-	-	-	-	16,390	16,390
Transactions with Owners in their Capacity as Owners							
Recognition of share-based payments	2.3	-	1,370	-	-	-	1,370
Buy-back of share capital	4.2	(20,102)	-	-	-	-	(20,102)
Dividends paid	4.1	-	-	-	-	(7,060)	(7,060)
Balance at 30 June 2017		130,812	3,116	5,571	-	85,706	225,205

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2017

CONSOLIDATED			
	NOTE	2017 \$'000	2016 \$'000
Cash Flows from Operating Activities			
Receipts from customers		206,219	176,491
Payments to suppliers and employees		(172,078)	(162,181)
Interest received		1,621	3,732
Income taxes paid	2.6	(5,126)	(7,267)
Net cash provided from operating activities	2.5	30,636	10,775
Cash Flows from Investing Activities			
Payments for property, plant and equipment and intangible assets		(10,116)	(7,664)
Payment for investment in associate	6.3	-	(1,766)
Repayment from NIA facility		-	40,716
Net cash from/(used in) investing activities		(10,116)	31,286
Cash Flows from Financing Activities			
Interest paid		(92)	(151)
Payments for share buy-backs		(20,593)	(22,308)
Dividends paid to shareholders of the parent	4.1	(7,060)	(2,533)
Net cash used in financing activities		(27,745)	(24,992)
Net increase/(decrease) in cash and cash equivalents		(7,225)	17,069
Net foreign exchange difference		-	9
Cash and cash equivalents at the beginning of the year		87,620	70,542
Cash and cash equivalents at the end of the year	2.5	80,395	87,620

The accompanying notes form part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2017

SECTION 1: BASIS OF PREPARATION

This section explains basis of preparation of our financial report and provides a summary of our key accounting estimates and judgements.

1.1. Basis of preparation of the financial report

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, International Financial Reporting Standards (IFRS) and other authoritative pronouncements of the Australian Accounting Standards Board. It has been prepared on a historical cost basis, except for certain assets, which as noted have been measured at amortised cost. The financial report is presented in Australian dollars unless otherwise noted. The Company is a company of the kind referred to in ASIC Class Order 2016/191, dated 24 March 2016, 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. Certain comparative information has been reclassified where required for consistency with the current year's presentation.

1.2. Terminology used

Earnings (profit) before interest and income tax expense (EBIT) reflects profit for the year prior to including the effect of net finance costs and income taxes.

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

EBITDA is a similar measure to EBIT, but it does not take into account depreciation, amortisation and loss from associate.

1.3. Key judgements and estimates

In the process of applying the Group's accounting policies, management has made a number of judgements and applied estimates of future events. Judgements and estimates which are material to the financial report are found in the following notes:

NOTE	SECTION	PAGE
2.2	Revenue	65
2.6	Taxes	69
3.1	Property, plant and equipment	72
3.2	Goodwill and other intangible assets	74
3.4	Trail commission receivable	79
3.5	Provisions	80

1.4. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2017. A list of controlled entities (subsidiaries) at year end is contained in note 6.2. The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. 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. 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.

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.

1.5. Foreign currency

The Group's consolidated financial statements are presented in Australian dollars, which is also the Parent's functional currency.

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. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

1.6. Other accounting policies

Significant and other accounting policies that summarise the measurement basis used and are relevant to the understanding of the financial statements are provided throughout the notes to the financial statements.

SECTION 2: PERFORMANCE FOR THE YEAR

This section explains our results and performance and includes our segment results, which are reported on the same basis as our internal management structure, and our earnings per share for the period. It also provides details of selected income and expense items, information about taxation and a reconciliation of our profit to net cash generated from operating activities.

2.1. Segment information

Segment information is based on the information that management uses to make decisions about operating matters and allows users to review operations through the eyes of management. We present our reportable segments and measure our segment results on continuing operations basis, i.e. the same basis as our internal management reporting structure.

We have three reportable segments as follows:

- Health, which offers comparison, purchase and referral services across private health insurance.
- Life and General Insurance, which offers comparison, purchase and referral services across car, life and general insurance.
- Energy and Telecommunications, which offers comparison, purchase and referral services across energy and broadband.
- Other, comprises of comparison, purchase and referral services but predominately offer financial service products including home loans. The Group considers these to be insignificant to warrant separate disclosure.

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

In the prior year, unallocated corporate costs include costs associated with the business restructure and CEO exit and replacement costs. These are further explained in note 2.3.

	CONSOLIDATED	
	2017 \$'000	2016 \$'000
Operating revenue		
Health Insurance	93,971	89,961
Life and General Insurance	32,622	32,685
Energy and Telecommunications	50,353	40,159
Other	8,155	9,060
Consolidated group operating revenue	185,101	171,865
EBITDA		
Health Insurance	22,463	14,951
Life and General Insurance	9,871	11,858
Energy and Telecommunications	2,868	1,692
Other	(282)	1,022
Unallocated corporate costs	(6,273)	(8,028)
Consolidated group EBITDA	28,647	21,495
Depreciation and amortisation	(5,672)	(5,723)
Net finance income	1,368	2,079
Loss from associate	(441)	(738)
Consolidated Group profit before income tax	23,902	17,113
Income tax expense	(7,512)	(4,208)
Consolidated Group net profit for the year	16,390	12,905

2.2. Revenue

	CONSOLIDATED	
	2017 \$'000	2016 \$'000
Upfront Revenue		
Upfront fees	148,028	135,112
Click-through fees	814	2,328
Advertising and subscription fees	3,018	3,254
	151,860	140,694
Trail Commission Revenue		
Current period trail commission sales	27,935	25,690
Discount unwind	5,306	5,481
	33,241	31,171
Total Revenue	185,101	171,865

Key estimate: upfront fee revenue

Upfront fees revenue are 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. Upfront fees revenue are recognised on a net basis of the historical percentage of 'referred' sales expected to become 'financial' and are adjusted to actual percentages experienced at each reporting date. 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. Where this information cannot be reliably measured, the Group recognises revenue at the time the consumer makes its first payment to the product provider.

Key estimate: trail commission revenue

The method of revenue recognition for trail commission revenue requires Directors and management to make certain estimates and assumptions based on industry data and historical experience of the Group. Refer to note 3.4 for details on trail commission revenue.

Recognition and measurement

Revenue represents the fair value of the consideration received or receivable. Revenue is recorded net of sales returns, trade allowances, discounts, rebates, sales incentives, duties and taxes. We generate revenue primarily from the following business activities.

Upfront fees

Upfront fees are earned upon new members joining a health fund, initiating a life insurance policy, 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 (refer to note 3.5 for further information).

Click-through fees

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, submits an application, or a submitted application is approved.

Advertising and subscription fees

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 services are provided.

Trail commission revenue

Trail commissions are ongoing fees for customers referred to individual product providers 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 to 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 commission without having to perform further services. On initial recognition, trail revenue and receivables are recognised at fair value, being the expected future trail cash receipts discounted to their present value using discounted cash flow valuation techniques. The unwinding of the discount is recognised as revenue ("discount unwind") in the profit or loss in each successive period until the earlier of contract lapse or termination of the policy.

2.3. Expenses

In our profit or loss and other comprehensive income, we classify our expenses (apart from share-based payments, depreciation and amortisation and net finance income) by function as this classification more accurately reflects the type of operations we undertake. The below provides more detail on the type (by nature) of expenses we have.

	CONSOLIDATED	
	2017 \$'000	2016 \$'000
Employee Benefits Expense		
Remuneration, bonuses, on-costs and amounts provided for benefits	58,664	59,810
Superannuation expenses	5,406	5,480
Share-based payments	1,370	63
	65,440	65,353
Depreciation and Amortisation		
Depreciation	3,225	2,750
Amortisation of previously capitalised development costs	2,447	2,973
	5,672	5,723
Occupancy Related Expense		
Operating lease rental expense	2,373	2,120
Impairment		
Doubtful debt expense / (recovery)	-	(21)
Other expenses included in the income statement		
CEO exit and replacement costs	-	450
Restructure costs	-	1,427
	-	1,877

Recognition and measurement

Employee benefits expense

The Group's accounting policy for expenses associated with employee benefits is set out in note 3.5. Employee benefits expense is net of amounts capitalised as development costs of \$2,786,000 (2016: \$1,748,000).

The policy relating to share-based payments is set out in note 5.2.

Depreciation and amortisation

Depreciation and amortisation reflects the use of property, plant and equipment and intangible assets over their useful life. Refer to note 3.1 and note 3.2 for further details.

Occupancy related expenses

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and released to profit or loss on a straight-line basis over the lease term.

Incidental costs from maintaining our leases (i.e. cleaning, utilities, etc.) are expensed as incurred.

Impairment

Impairment expenses are recognised to the extent that the carrying amounts of assets exceed their recoverable amounts.

Other expenses

Costs relate to the expenditure and associated on-costs incurred as a result of the exit of Alex Stevens, former CEO (ceased 12 October 2015), and costs associated with the restructure of the business.

2.4. Earnings per share

This note outlines the calculation of Earnings Per Share (EPS) which is the amount of post-tax profit attributable to each share.

We calculate basic and diluted EPS. Diluted EPS reflects the effects of the equity instruments allocated to our employee share schemes under the iSelect Limited's share-based payment plans.

CONSOLIDATED		
	2017 \$'000	2016 \$'000
Profit attributable to the owners of the Group	16,390	12,905
	SHARES ('000)	SHARES ('000)
WANOS ¹ for basic earnings per share	231,533	255,247
Effect of dilution	3,230	921
WANOS adjusted for effect of dilution	234,763	256,168
	CENTS	CENTS
Earnings per share:		
Basic EPS	7.1	5.1
Diluted EPS	7.0	5.0

¹ Weighted average number of ordinary shares

Recognition and measurement

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.

2.5. Cash and cash equivalents

	CONSOLIDATED	
	2017 \$'000	2016 \$'000
Cash at bank and on hand	50,395	27,620
Term deposits	30,000	60,000
	80,395	87,620

Recognition and measurement

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.

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, earn interest at the respective short-term deposit rates.

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

	CONSOLIDATED	
	2017 \$'000	2016 \$'000
Net profit after tax	16,390	12,905
Non-cash items:		
Foreign exchange movements	-	40
Depreciation and amortisation	5,672	5,723
Share-based payments expense	1,370	63
Share of loss in associate	441	738
Other	-	256
Items in net profit but not in operating cash flows:		
Interest expense classified as financing cash flow	69	489
(Increase)/decrease in assets		
Trade receivables	11,161	(10,877)
Trail commission receivable	(9,112)	(2,066)
Other assets	(1,022)	385
Increase/(decrease) in liabilities		
Trade and other payables	3,616	6,242
Deferred taxes	4,462	2,139
Provisions	(342)	493
Income tax payable	(2,076)	(5,198)
Other liabilities	7	(557)
Net cash flow provided from operating activities	30,636	10,775

2.6. Taxes

On May 2016 the Board of Taxation announced and released the Tax Transparency Code (the "Code"): a set of principles and minimum standards to guide businesses on public disclosure of information. Whilst the Code is voluntary, the Directors have elected to adopt it in order to provide greater tax disclosure transparency to the users of the financial report including shareholders, analysts, social justice groups and the media.

Part A: Disclosures of tax information

Part A of this report provides greater context to the taxation information previously disclosed in iSelect Ltd.'s 2016 financial report.

Current income tax is calculated by applying the statutory tax rate to taxable income. Taxable income is calculated as the accounting profit adjusted for differences in income and expenses where the tax and accounting treatments differ.

Deferred income tax, which is accounted for using the balance sheet method, arises because timing of recognition of accounting income is not always the same as taxable income. This creates temporary differences, which usually reverse over time. Until they reverse, a deferred tax asset or liability must be recognised on the balance sheet.

The table to the right provides a reconciliation of notional income tax expense to actual income tax expense. The table below details the amount of deferred tax assets and liabilities recognised in the statement of financial position.

	CONSOLIDATED	
	2017 \$'000	2016 \$'000
Deferred taxes		
Deferred tax assets relate to the following:		
Trade and other payables	384	634
Provisions	2,286	2,642
Property, Plant and Equipment	1,653	1,296
Expenditure for initial public offering costs	48	803
Total deferred tax assets	4,371	5,375
Deferred tax liabilities relate to the following:		
Trail commission receivable	(34,171)	(31,237)
Development costs	(813)	(284)
Other	(77)	(82)
Total deferred tax liabilities	(35,061)	(31,603)
Net deferred tax liabilities	(30,690)	(26,228)

	CONSOLIDATED	
	2017 \$'000	2016 \$'000
Current taxes		
Amounts recognised in profit or loss		
<u>Current income tax</u>		
Current income tax expense	(2,974)	(4,492)
Previous years' adjustment ¹	(76)	2,187
<u>Deferred income tax</u>		
Origination and reversal of temporary differences	(4,538)	(566)
Previous years' adjustment ¹	76	(1,573)
Utilisation of carried forward tax losses	-	236
Income tax reported in income statement	(7,512)	(4,208)
Tax reconciliation		
Accounting profit before income tax	23,902	17,113
Notional income tax at the statutory income tax rate of 30%	(7,171)	(5,134)
<u>Non temporary differences</u>		
Share of loss of associate reported, net of tax	(132)	(221)
Share-based payments	(411)	(19)
Entertainment	(43)	(46)
Initial recognition of research and development concessional credits	294	350
Initial recognition of tax losses relating to Energy Watch Group acquisition	-	236
Previous years' adjustment in respect of current income tax ¹	(76)	2,187
Previous years' adjustment in respect of deferred income tax ¹	76	(1,573)
Other	(49)	12
Total income tax expense	(7,512)	(4,208)

¹ Adjustment arises from difference between provision for income tax at previous reporting periods and final lodged income tax returns which occur in the current financial year.

2.6 Taxes (cont'd)

	CONSOLIDATED	
	2017 \$'000	2016 \$'000
Income tax receivable / (payable)		
Total income tax expense	(7,512)	(4,208)
Temporary differences		
Net movement in deferred tax balances	4,462	2,139
Income tax payable in the current financial year	(3,050)	(2,069)
Income tax payable at the beginning of the year	(236)	(5,434)
Less: tax paid during the year	5,126	7,267
Income tax receivable / (payable) as at 30 June	1,840	(236)
Represented in the Statement of Financial Position by:		
Income tax receivable / (payable)	1,840	(236)
Effective tax rate¹		
Consolidated	31.43%	24.59%

¹ Effective tax rate is the average rate at which the Group consolidated pre-tax profits are taxed (income tax expense as a percentage of net profit before tax for the year).

Recognition and measurement

Our income tax expense is the sum of current and deferred income tax expenses. Current income tax expense is calculated on accounting profit after adjusting for non-taxable and non-deductible items based on rules set by the tax authorities. Deferred income tax expense is calculated at the tax rates that are expected to apply to the period in which the deferred tax asset is realised or the deferred tax liability is settled. Both our current and deferred income tax expenses are calculated using tax rates that have been enacted or substantively enacted at reporting date.

Our current and deferred taxes are recognised as an expense in the income statement, except when they relate to items that are directly recognised in other comprehensive income or equity. In this case, our current and deferred tax expenses are also recognised directly in other comprehensive income or equity.

We generally recognise deferred tax liabilities for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill; and
- the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither our accounting profit nor our taxable income at the time of the transaction.

For our investments in controlled entities and associated entities, recognition of deferred tax liabilities is required unless we are able to control the timing of our temporary difference reversal and it is probable that the temporary difference will not reverse.

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 carried forward unused tax losses and tax credits, can be utilised.

Deferred tax assets and deferred tax liabilities are offset in the statement of financial position where they relate to income taxes levied by the same taxation authority and to the extent that we intend to settle our current tax assets and liabilities on a net basis.

Tax Consolidation Legislation

The iSelect Group formed an income tax consolidated group as at 30 April 2007. 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.

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. This is governed through a tax funding agreement between iSelect Ltd and its wholly-owned Australian entities.

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.

2.6 Taxes (cont'd)

Key estimates: current and deferred taxes

The Group's accounting policy for taxation requires management's judgement in assessing whether deferred tax assets and deferred tax liabilities are recognised on the consolidated statement of financial position. 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.

Part B – Taxes paid report

Part B of this report discloses the taxes paid by iSelect Ltd and provides qualitative information about our approach to tax risk.

Tax policy, strategy and governance

In the time of significant growth, our philosophy is to embrace change by understanding the decisions, activities and operations undertaken by the Group, therefore enabling us to manage tax uncertainties and ensure our people, systems and processes are tax compliant in all aspects.

We achieve this by:

- Ensuring our teams are appropriately trained and resourced;
- Developing and maintaining strong internal control at management and board level;
- Ensuring our systems and data are up-to-date and accurate;
- Collaborating across the organisation; and
- Maintaining robust documentation on processes and in supporting tax positions.

The Group adheres to the following tax principles:

- Complying with all relevant laws, rules, regulations, and reporting and disclosure requirements, wherever we operate;

- Ensuring openness, honesty and transparency will be paramount in all dealings with the tax authorities and other relevant bodies;
- Adopting a low risk appetite;
- Considering the commercial needs of the Group as paramount and ensuring that all tax planning will be undertaken in this context. All transactions must therefore have a business purpose or commercial rationale; and
- Due consideration will be given to the Group's reputation, brand, corporate and social responsibilities when considering tax initiatives, as well as the applicable legal and fiduciary duties of directors and employees of the Group and will form part of the overall decision-making and risk assessment process.

The decisions, activities and operations undertaken by the organisation gives rise to various areas of uncertainty. We manage tax risk in four key areas:

Transactional risk: This concerns the risks and exposures associated with specific transactions undertaken by the Group.

Operational risk: This concerns the underlying risks of applying the tax laws, regulations and decisions to the routine everyday business operations of the Group.

Compliance risk: This concerns the risks associated with meeting the Group's tax compliance obligations. This primarily relates to the preparation, completion and review of the Group's taxation returns and the risks within those processes.

Financial accounting risk: This concerns the risk of material misstatement (including material disclosures) in the Group's financial report, cash flow planning, forecasting, and in managing investor expectations of the future.

Tax governance strategy is about understanding where these risks arrive and implementing controls to effectively manage these risks. iSelect has a Tax Risk Management Strategy to identify, assess and manage these risks.

Australian taxes paid summary

Tax payments made by iSelect for the 2017 and 2016 financial year is summarised below.

	CONSOLIDATED	
	2017 \$'000	2016 \$'000
Income tax	5,126	7,267
Payroll tax	3,249	3,371
Fringe benefits tax	472	422
Total taxes paid	8,847	11,060

SECTION 3: OUR CORE ASSETS AND WORKING CAPITAL

This section describes our core long-term tangible and intangible assets underpinning the Group's performance and provides a summary of our asset impairment assessment. This section also describes our short-term assets and liabilities, i.e. our working capital supporting the operating liquidity of our business.

3.1 Property, plant and equipment

	LEASEHOLD IMPROVE- MENTS \$'000	OFFICE AND COMPUTER EQUIPMENT \$'000	COMPUTER SOFTWARE \$'000	FURNITURE, FIXTURES AND FITTINGS \$'000	TOTAL \$'000
As at 30 June 2017					
Cost	8,542	7,550	7,159	1,067	24,318
Accumulated depreciation	(6,464)	(5,874)	(5,653)	(332)	(18,323)
Net carrying amount	2,078	1,676	1,506	735	5,995
Net carrying amount at 1 July 2016	3,169	2,152	2,638	809	8,768
Additions	19	371	57	78	525
Disposals	(42)	-	-	(31)	(73)
Depreciation expense	(1,068)	(847)	(1,189)	(121)	(3,225)
Net carrying amount at 30 June 2017	2,078	1,676	1,506	735	5,995
As at 30 June 2016					
Cost	8,565	7,179	7,102	1,020	23,866
Accumulated depreciation	(5,396)	(5,027)	(4,464)	(211)	(15,098)
Net carrying amount	3,169	2,152	2,638	809	8,768
Net carrying amount at 1 July 2015	3,632	1,938	1,234	292	7,096
Additions	569	1,076	2,193	584	4,422
Disposals	-	-	-	-	-
Depreciation expense	(1,032)	(862)	(789)	(67)	(2,750)
Net carrying amount at 30 June 2016	3,169	2,152	2,638	809	8,768

3.1 Property, plant and equipment (cont'd)

Recognition and measurement

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

Items of property, plant and equipment are depreciated on a straight-line basis over their useful lives as follows:

	USEFUL LIFE
Computer software/equipment	2 to 5 years
Furniture, fixtures and fittings	8 years
Leasehold improvements	8 to 10 years
Motor vehicles	3 years

Derecognition

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.

Impairment

All non-current tangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. For our impairment assessment we identify cash generating units (CGUs), i.e. the smallest groups of assets that generate cash inflows independent of cash inflows from other assets or groups of assets.

Key estimate – useful lives

The estimation of useful lives, residual value and depreciation methods require management judgement and are reviewed annually. If they need to be modified, the change is accounted for prospectively from the date of reassessment until the end of the revised useful lives. Such revisions are generally required when there are changes in economic circumstances impacting specific assets or groups of assets and as such, any reasonably possible change in the estimate is unlikely to have a material impact on the estimation of useful lives, residual value or amortisation methods.

3.2 Goodwill and other intangible assets

This note provides details of our goodwill and other intangible assets and their impairment assessment. Our impairment assessment compares the carrying value of our cash generating units (CGUs) with their recoverable amounts determined using a 'value-in-use' calculation. The value in use calculations use key assumptions such as cash flow forecasts, discount rates and terminal growth rates.

	DEVELOPMENT COSTS \$'000	TRADE-MARKS AND DOMAIN NAMES \$'000	GOODWILL \$'000	BRAND NAMES \$'000	CUSTOMER CONTRACTS \$'000	TOTAL \$'000
As at 30 June 2017						
Cost	31,184	973	31,216	8,204	806	72,383
Accumulated amortisation	(18,220)	-	-	-	(806)	(19,026)
Net carrying amount	12,964	973	31,216	8,204	-	53,357
Net carrying amount at 1 July 2016	6,425	368	31,216	8,204	-	46,213
Additions	9,514	77	-	-	-	9,591
Reclassification ¹	(528)	528	-	-	-	-
Amortisation	(2,447)	-	-	-	-	(2,447)
Net carrying amount at 30 June 2017	12,964	973	31,216	8,204	-	53,357
As at 30 June 2016						
Cost	22,198	368	31,216	8,204	806	62,792
Accumulated amortisation	(15,773)	-	-	-	(806)	(16,579)
Net carrying amount	6,425	368	31,216	8,204	-	46,213
Net carrying amount at 1 July 2015	6,412	368	31,216	8,204	-	46,200
Additions	3,242	-	-	-	-	3,242
Disposals	(256)	-	-	-	-	(256)
Amortisation	(2,973)	-	-	-	-	(2,973)
Net carrying amount at 30 June 2016	6,425	368	31,216	8,204	-	46,213

¹Relates to Domain Names purchased in previous financial years

3.2 Goodwill and other intangible assets (cont'd)

Recognition and measurement

Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are measured at cost less any accumulated amortisation and impairment losses. Intangible assets acquired in a business combination is measured at fair value as at the date of acquisition.

Development costs - Development costs is recognised only when the Group can demonstrate the technical feasibility, the resources and the intention to complete the asset; its ability to use or sell the asset, generate future economic benefits and measure reliably the expenditure during development. Amortisation of the asset begins when development is complete and the asset is available for use in the condition as intended by management.

Trademarks and domain names - The Group made upfront payments to purchase trademarks and domain names and can be renewed at little or no cost to the group.

Brand names - The Group acquired brand names as part the Infochoice Limited and Energy Watch Group acquisitions. These were initially recorded at fair value.

Customer contracts - The customer contract asset acquired as part of Infochoice Limited acquisition is carried at cost less accumulated amortisation and impairment losses. This asset is fully written down.

Key estimates - 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.

Useful lives and amortisation

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

	USEFUL LIFE
Development costs	2 to 5 years
Computer software	2 to 4 years
Trademarks and domain names	Infinite
Brand names	Infinite
Customer contracts	Infinite

Derecognition

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.

Key estimates - useful lives

The amortisation period and method for intangible assets with a finite useful life are reviewed at least annually. The useful life of an intangible asset with an indefinite useful life is tested for impairment on a 'value-in-use' basis. Any changes in the useful life assessment is accounted for as a change in an accounting estimate and is made on a prospective basis.

3.2 Goodwill and other intangible assets (cont'd)

Impairment testing of goodwill and intangible assets with indefinite lives

Goodwill and intangible assets with an indefinite useful life are not subject to amortisation and are assessed for impairment at least on an annual basis, or whenever an indication of impairment exists. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The recoverable amount of an asset is the higher of its fair value less cost of disposal and its value in use. Fair value less cost of disposal is measured with reference to quoted market prices in an active market.

Impairment loss is recognised in the profit or loss in the reporting period when the carrying amount of the asset exceeds the recoverable amount. For our impairment assessment we identify CGUs, to which goodwill is allocated, and which cannot be larger than an operating segment.

Our impairment testing compares the carrying value of an individual CGU with its recoverable amount determined using a value in use calculation.

Goodwill acquired through the Infochoice Limited and Energy Watch Group acquisitions have been allocated to the CGU for impairment testing as outlined in the table below.

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 2017. The recoverable amount of CGUs has been determined based on a value-in-use calculation using the financial year 2018 budget approved by the Board 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.

SEGMENT	CGU	\$'000
Health Insurance	Health	6,645
Life and General Insurance	Car	2,379
	Life	77
Other	Home loans	4,380
	Money	9,754
	Goodwill from Infochoice acquisition	23,235
Energy and Telecommunications	Household	7,981
	Goodwill from Energy Watch acquisition	7,981
Total Group	Total Goodwill	31,216

3.2 Goodwill and other intangible assets (cont'd)

Key estimates – value-in-use calculation

Cash flow projections

Our cash flow projections are based on five-year management-approved forecasts unless a longer period is justified. The forecasts use management estimates to determine income, expenses, capital expenditure and cash flows for each asset and CGU.

Discount rate

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	FY17	FY16
Health	11.7%	11.4%
Car	11.3%	10.8%
Home loans	10.4%	19.7%
Money	14.0%	13.8%
Life	9.5%	11.7%
Household	15.2%	10.9%

Growth rate estimates

For each CGU (except for home loans), 5 years of cash flows have been included in the cash flow models. These are based on the long-term plan and growth rates of 3%.

Whilst the Home Loans CGU remains in its infancy and has made operational cash flow losses to-date, the 2017 financial results came in better than expected, exceeding prior year forecasts. Management continues to believe the increase scalability of operations will drive substantial growth in the business over the forecast time period.

Cash flows for Home Loans are based on management projections over a nine year forecast due to the infancy of the business. Subsequently, a long term terminal growth rate of 3%, which is in line with the assessment of other CGUs, has been applied.

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, 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 \$3.4 million 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 and discount 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. However, as an indication of the potential impact on impairment, if cash flows were reduced by 20% and the discount rate was increased by 1.4%, this would lead to impairment.

3.3 Trade and other receivables

	CONSOLIDATED	
	2017 \$'000	2016 \$'000
Current		
Trade receivables	32,761	43,922
Allowance for credit losses	-	-
	32,761	43,922
Movements in the allowance account for credit losses were as follows:		
Carrying value at the beginning of the year	-	21
Unused amount reversed	-	(21)
Carrying value at the end of the year	-	-
The ageing analysis of trade and other receivables that were not provided for as doubtful is as follows:		
Neither past due nor impaired	31,966	41,880
Past due 1 – 30 days	755	1,133
Past due 31 – 90 days	15	727
Past due 90+ days	25	182
	32,761	43,922

Recognition and measurement

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.

It is the Group's policy that all key partners who wish to trade on credit terms are subject to credit verification procedures.

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.

Impairment of trade receivables

Impairment is recognised in the profit or loss when there is objective evidence that the Group will not be able to collect the debts. The amount of impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of the discounting is immaterial. Debts that are known to be uncollectable are written off when identified. If an impairment allowance has been recognised for a debt that then becomes uncollectable, the debt is written off against the allowance account. If an amount is subsequently recovered, it is credited against profit or loss.

As at 30 June 2017, current trade receivables with a nominal value of nil (2016: nil) were provided for as doubtful.

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

As at 30 June 2017, trade receivables of \$795,000 (2016: \$2,042,000) were past due but not impaired. These relate to customers for whom there is no recent history of default or other indicators of impairment.

Key estimates – allowance for credit losses

We apply management judgement to estimate the allowance for credit losses for our trade receivables. Collectibility and impairment are assessed on an ongoing basis. Financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered objective evidence of impairment.

3.4 Trail commission receivable

	CONSOLIDATED	
	2017 \$'000	2016 \$'000
Current	18,654	21,052
Non-current	94,149	82,639
Total trail commission receivable	112,803	103,691
Reconciliation of movement in trail commission receivable:		
Opening balance	103,691	101,625
Trail commission revenue – current period trail commission sales	27,935	25,690
Trail commission revenue – discount unwind	5,306	5,481
Cash receipts	(24,129)	(29,105)
Closing balance	112,803	103,691

Recognition, measurement and classification

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. On initial recognition, trail commission revenue and receivables are recognised at fair value, being the expected future trail cash receipts discounted to their present value using discounted cash flow valuation techniques. Subsequent to initial recognition and measurement, the trail revenue asset is measured at amortised cost. The carrying amount of the trail commission receivable 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 profit or loss.

Cash receipts that are expected to be received within 12 months of the reporting date is classified as current. All other expected cash receipts are classified as non-current.

Key estimates – trail commission revenue and receivable

This method of revenue recognition and valuation of trail commission receivable requires the Directors and management to make certain estimates and assumptions based on industry data and the historical experience of the Group. 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 ranged between 3.7% and 7.0% (2016: 4.0% and 7.0%) across financial institutions and health, life, car insurers and mortgage providers. 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 2017 ranged from 6.5% and 24.7% (2016: 6.5% to 23.2%). The simple average duration band attrition increase was up to 1.2% during the period, with higher increases experienced for policies that have been in force for shorter periods of time.

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, 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, counter party credit risk, forecast fund premium increases and the estimated impact of known Australian Federal and State Government policies.

The Directors consider this method of trail commission recognition to be a more accurate representation of the Group's financial results.

3.5 Provisions

	CONSOLIDATED	
	2017 \$'000	2016 \$'000
Current		
Annual leave	2,780	2,584
Long service leave	633	482
Lease incentive	319	319
Clawback	2,247	2,630
Other ¹	1,438	1,449
	7,417	7,464
Non-Current		
Employee benefits - long service leave	446	422
Lease Incentive	958	1,277
	1,404	1,699

¹ Predominately relates to the make good provision in relation to the Group's office premises.

Recognition, measurement and classification

Employee benefits – annual and long service leave

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.

The Group does not expect its long service leave or annual leave benefits to be settled wholly within 12 months of the reporting date.

Annual and long service leave are classified as current where there is a current obligation to pay the employee should they leave iSelect Ltd.

Lease incentive

Operating lease incentives are recognised as a liability when received and released to profit or loss on a straight-line basis over the lease term. Where the benefit is expected to be received within 12 months of the reporting date, lease incentive is classified as current, with the balance classified as non-current.

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 industries 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.

Make good provision

Properties occupied by the group are subject to make-good costs when vacated at the termination of the lease. A make good provision is recognised at the commencement of a lease at the present value of the provision. Any difference between the provision and the amount paid in the final settlement is recognised as a make-good expense or gain.

Key estimates - 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 corporate 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.

Key estimates - Clawback provisions

The Group provides for this liability based upon historic average rates of attrition and recognises revenue net of these clawback amounts.

SECTION 4: OUR CAPITAL AND RISK MANAGEMENT

This section sets out the policies and procedures applied to manage our capital structure and the financial risks we are exposed to. We manage our capital structure in order to maximise shareholders' return, maintain optimal cost of capital and provide flexibility for strategic investments.

4.1 Dividends

Dividends paid during the financial year 2017 included the previous year final dividend and the current year interim dividend.

This note also provides information about the current year final dividend to be paid. No provision for the current year final dividend has been raised as it was not determined or publicly recommended by the Board as at 30 June 2017.

Dividends paid during the financial year are as follows:

	CONSOLIDATED	
	2017 \$'000	2016 \$'000
Previous year final dividend paid	3,597	-
Interim dividend paid	3,463	2,533
	7,060	2,533

On 16 August 2017 the Group declared an estimated fully franked final dividend of \$9,095,000 representing 4.0 cents per share based on the shares on issue at 30 June 2017. The final dividend will be fully franked at a tax rate of 30 per cent.

There are no income tax consequences for the iSelect Group resulting from the resolution and payment of the final dividend, except for \$3,898,000 of franking debits arising from the payment of this dividend that will be adjusted in our franking account balance.

Franking credit balance

Our franking credits available for use in subsequent reporting periods can be summarised as follows:

	CONSOLIDATED	
	2017 \$'000	2016 \$'000
Franking account balance	8,294	6,181
Franking (debits)/credits from the (refund)/payment of income tax as at 30 June (at a tax rate of 30% on a tax paid basis)	(1,840)	236
	6,454	6,417

We believe that our current balance in the franking account, combined with the franking credits that will arise on tax instalments expected to be paid, will be sufficient to fully frank our 2017 final dividend.

4.2 Equity

CONSOLIDATED		
	2017 \$'000	2016 \$'000
Contributed equity		
Issued capital	130,812	150,914
Ordinary shares		
MOVEMENT IN SHARES ON ISSUE	NUMBER OF SHARES	SHARE CAPITAL \$'000
Total quoted shares outstanding at 1 July 2015	261,489,894	173,713
Buyback of share capital	(23,005,379)	(22,799)
Total quoted shares outstanding at 30 June 2016	238,484,515	150,914
Buyback of share capital	(11,117,466)	(20,102)
Total quoted shares outstanding at 30 June 2017	227,367,049	130,812
Total unquoted shares outstanding at 1 July 2015	6,522,352	-
Issue of shares	2,284,163	-
Forfeiture of Shares	(5,025,049)	-
Total unquoted shares outstanding at 30 June 2016	3,781,466	-
Issue of shares	3,384,695	-
Forfeiture of Shares	(429,233)	-
Vesting of Shares	(2,297,893)	-
Total unquoted shares outstanding at 30 June 2017	4,439,035	-

Ordinary shares

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. Ordinary shares have no par value and 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.

Unquoted shares

Shares issued as part of Long Term Incentive Plan are unquoted shares. Refer to note 5.2 for further details of the Long Term Incentive Plans.

Share buy-back

A buy-back is the purchase by a company of its existing shares. Refer to note 4.3 for further details.

CONSOLIDATED		
	2017 \$'000	2016 \$'000
Reserves		
Share-based payment reserve	3,116	1,746
Business combination reserve	5,571	5,571
	8,687	7,317

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 5.2 for further details of these plans.

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".

4.3 Capital management

This note provides information about components of our net equity as well as our capital management policies. In order to maintain or adjust the capital structure, we may issue or repay debt, adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

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 equity 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. A summary of our equity and debt attribution is as follows:

	CONSOLIDATED	
	2017 \$'000	2016 \$'000
Shareholders' equity	130,812	150,914
Debt	-	-
Total funding	130,812	150,914

Shareholders' equity

In order to maximise the return on equity for shareholders, we have undergone two key initiatives.

Merger and acquisition opportunities

A business acquisition is the process of acquiring a company to build on strengths or weaknesses of the acquiring company. A merger is similar to an acquisition but refers more strictly to combining all of the interest of both companies into a stronger single company.

During the financial year, the Group explored various merger and acquisition opportunities. As at 30 June 2017, no new acquisitions were made.

Buy-back of share capital

A buy-back is the purchase by a company of its existing shares that reduces the number of its shares on the open market. The Group buys back shares to increase the value of shares still available by reducing supply.

The Group announced in December 2015 the implementation of an on-market buy-back over a 12 month period of up to 10% of the Group's ordinary shares on issue resulting in 23.0 million ordinary shares being bought back during the period.

The Group also announced on 7 July 2016 commencement of purchase of a further 25.5 million ordinary shares subject to circumstance being considered beneficial to the efficient capital management of the Group under the approval provided by shareholders on 16 March 2016.

On expiry of the abovementioned on-market buy-back, the Group commenced a separate on-market buy-back under the 10/12 limit in accordance with sections 257B(4) and section 257B(5) of the Corporations Act 2001.

Debt

As at 30 June 2017 the Group has no external borrowings.

Funding activities

The Group currently maintains a revolving facility with CBA, on the terms outlined below.

Revolving facility

The Group maintains a debt facility to provide funding for general corporate purposes, including ongoing working capital requirements and to meet the ongoing liquidity requirements of the Group.

As at 30 June 2016 the Group had a \$15 million facility with the Commonwealth Bank of Australia (CBA).

The Group terminated the term debt revolving facility in June 2017 but maintains its letter of credit facility with CBA.

4.4 Financial instruments and risk management

Our underlying business activities result in exposure to operational risks and a number of financial risks, including interest rate risk, foreign currency risk, credit risk and liquidity risk.

Our overall risk management program seeks to mitigate these risks in order to reduce volatility on our financial performance and to support the delivery of our financial targets. Financial risk management is carried out by the Finance department under policies approved by the Board.

This note summarises how we manage these financial risks.

Managing our interest rate risk

Interest rate risk arises from changes in market interest rates. Variable rates on our cash and cash equivalents give rise to cash flow interest risk.

We manage interest rate risk on our cash and cash equivalents by:

- Monitoring levels of exposure to interest rate risk based on market performance;
- Maximising our interest rate cash potential by managing our term deposit portfolio; and
- Reducing risks by managing our target maturity profiles on term deposits.

Sensitivity

At 30 June 2017, 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:

	CONSOLIDATED	
	2017 \$'000	2016 \$'000
TOTAL		
+1% (100 basis points)	563	613
-1% (100 basis points)	(563)	(613)
CASH AT BANK		
+1% (100 basis points)	563	613
-1% (100 basis points)	(563)	(613)

Managing our foreign exchange risk

Foreign currency risk is the risk that the value of a financial commitment, forecast transaction, recognised asset or liability will fluctuate due to changes in foreign exchange rates.

The Group has minimal transactional currency exposure. Such exposures are limited to transactional currency exposure for some purchases made by the Australian entities in currencies other than the functional currency. We manage this risk by ensuring commercial terms with our suppliers are denominated in our functional currency and where they are not, invoices be processed in a timely manner. No hedging instruments have been or are in place as at 30 June 2017 (2016: nil).

Managing our credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in a financial loss. We are exposed to credit risk from our operating activities (primarily from cash and cash 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 asset is the carrying amount of those assets as indicated in the statement of financial position.

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.

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. Estimates of the likely credit risk 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 3.3 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.

4.4 Financial instruments and risk management (cont'd)

Managing our credit risk (cont'd)

Exposure to credit risk

The carrying amount of financial assets subject to credit risk at reporting date are as follows:

	CONSOLIDATED	
	2017 \$'000	2016 \$'000
Cash and cash equivalents	80,395	87,620
Trade and other receivables	32,761	43,922
Trail commission receivable	112,803	103,691
	225,959	235,233

Managing our liquidity risks

Liquidity risk is the risk that we will be unable to meet our financial obligations.

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 Group's non-derivatives financial liabilities consist of trade payables expected to be settled within three months. At 30 June 2017, the carrying amount and contractual cash flows is \$30,789,000 (2016: \$27,760,000).

Valuation and disclosure within fair value hierarchy

The financial instruments included in the statement of financial position are measured either at fair value or their carrying value approximates fair value, with the exception of borrowings, which are held at amortised cost.

To determine fair value we use both observable and unobservable inputs. We classify inputs used in the valuation of our financial instruments according to three level hierarchy as shown below:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The fair values of all financial assets and liabilities approximates their carrying amounts shown in the Statement of Financial Position except for the trail commission receivable.

The fair value of the trail commission receivable has been calculated by discounting the expected future cash flows at prevailing interest rates. At 30 June 2017 the fair value of trail commission receivable is \$116,529,000 (2016: \$104,953,000) with a carrying value of \$112,803,000 (2016: \$103,691,000). The level of the fair value hierarchy within which the fair value measurement of trail commission receivable is categorised as Level 3 (non-market observable inputs).

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 and credit risk), comparison to similar instruments for which market observable prices exists and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs.

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 \$14,613,000 (2016: \$12,011,000). A combined premium price increase of 1% and termination rate decrease of 1% would have the effect of increasing the carrying value by \$12,853,000 (2016: \$10,854,000). Individually, the effects of these inputs would not give rise to any additional amount greater than those stated.

SECTION 5: OUR PEOPLE

We are working to attract and retain employees with the skills and passion to best serve our markets. This section provides information about our employee benefits obligations. It also includes details of our employee share plans and compensation paid to key management personnel.

5.1. Key management personnel compensation

Key management personnel (KMP) refer to those who 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 41 to 56.

KMP aggregate compensation

During financial years 2017 and 2016, the aggregate compensation provided to KMP was as follows:

	CONSOLIDATED	
	2017 \$	2016 \$
Short-term employee benefits	2,339,982	2,798,124
Post-employment benefits	179,321	206,575
Share-based payments	642,933	(400,571)
Termination benefits	-	707,558
	3,162,236	3,311,686

Other transactions with our KMP and their related parties

During the financial years 2017 and 2016, apart from transactions trivial and domestic in nature and on normal commercial terms and conditions, there were no other transactions with our KMP and their related parties.

5.2. Employee share plans

We have a number of employee share plans that are available for executives and employees as part of their short-term and long-term remuneration packages.

A transaction will be classified as share-based compensation where the Group receives services from employees and pays for these in shares or similar equity instruments.

This note summarises the primary employee share plans and the key movements in the share-based payment arrangements during the financial year.

Recognition and measurement

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 profit or loss 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 profit or loss 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.

Key estimates – employee share plans

The fair value shares granted under the long term incentive plans take into account the terms and conditions upon which the long term incentive plans 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. Refer to each long term incentive plans for lists of inputs used in the valuation model.

5.2 Employee share plans (cont'd)

The recognised expense arising from equity settled share-based payment plans during the period is shown in note 2.3. During the year ended 30 June 2017, the Group had the following share-based payment plans in place:

Long Term Incentive Plan

- FY2017 LTI Plan
- FY2016 LTI Plan
- FY2015 LTI Plan

Performance Rights Plan

- 2017
- 2016

Retention Plan (issued under performance rights plan)

- 2017

There have been no cancellations or modifications to any of the plans during the period.

FY2015, FY2016 & FY2017 LTI Plans

Description of Share-Based Payment Plans

The FY2015, FY2016 & FY2017 LTI Plans were established as the long-term incentive component of remuneration in order to assist in the attraction, reward and retention of certain employees. The LTI Plans are 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 LTI Plans 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 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 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.

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.

5.2 Employee share plans (cont'd)

FY2017 offer under LTI Plan

Each LTI Plan share is offered subject to the achievement of the performance measure, which is tested once at the end of the three year performance period. The FY2017 LTI Plan Grant will be measured against one performance measure – relative Total Shareholder Return (TSR). LTI Plan shares that do not vest after testing of the relevant performance measure, lapse without retesting.

The shares will only vest if a certain Total Shareholder Return (TSR) relative to the designated comparator group, being the ASX Small Ordinaries Index excluding mining and energy companies, is achieved during the performance period. In relation to the FY2017 offer, vesting starts where relative TSR reaches 50th Percentile.

At 50th Percentile, 50% of LTI Plan shares will vest. All LTI Plan shares will vest if relative TSR is above 75th Percentile. Between these points, the percentage of vesting increases on a straight line basis.

Summary of Shares Issued under the FY2017 LTI Plan

The following table illustrates the number of, and movements in, shares issued during the year:

	2017 NUMBER	2016 NUMBER
Outstanding at the beginning of the period	-	-
Granted during the period	3,384,696	-
Forfeited during the period	-	-
Exercised during the period	-	-
Outstanding at the end of the period	3,384,696	-

The following table lists the inputs to the model for grants made:

	GRANT ON 1 JULY 2016
Five day volume weighted average price (VWAP) as at grant date	\$1.26
Exercise price (same as underlying share price at grant date)	\$1.26
Expected life of LTI Plan shares	3 years
Risk free rate	1.9%
Dividend yield	2.3%
Expected volatility	35%

Fair value of shares at grant date:

	GRANT ON 1 JULY 2016
Relative TSR Class	\$0.37

5.2 Employee share plans (cont'd)

FY2016 offer under LTI Plan

The FY2016 LTI Plan shares granted are subject to the achievement of the performance measure, which is tested once at the end of the 3 year performance period. The FY2016 LTI Plan Grant will be measured against one performance measure – relative Total Shareholder Return (TSR). LTI Plan shares that do not vest after testing of the relevant performance measure, lapse without retesting.

The shares will only vest if a certain Total Shareholder Return (TSR) relative to the designated comparator group, being the ASX Small Ordinaries Index excluding mining and energy companies, is achieved during the performance period. In relation to the FY2016 offer, vesting starts where relative TSR reaches 50th Percentile.

At 50th Percentile, 50% of LTI Plan shares will vest. All LTI Plan shares will vest if relative TSR is above 75th Percentile. Between these points, the percentage of vesting increases on a straight line basis.

Summary of Shares Issued under the FY2016 LTI Plan

The following table illustrates the number of, and movements in, shares issued during the year:

	2017 NUMBER	2016 NUMBER
Outstanding at the beginning of the period	1,054,340	-
Granted during the period	-	2,284,163
Forfeited during the period	-	(1,229,823)
Exercised during the period	-	-
Outstanding at the end of the period	1,054,340	1,054,340

The following table lists the inputs to the model for grants made:

	GRANT ON 3 JULY 2015	GRANT ON 11 DECEMBER 2015
Five day volume weighted average price (VWAP) as at grant date	\$1.44	\$1.15
Exercise price (same as underlying share price at grant date)	\$1.44	\$1.15
Expected life of LTI Plan shares	3 years	3 years
Risk free rate	2.0%	2.2%
Dividend yield	1.3%	1.3%
Expected volatility	30%	30%

Fair value of shares at grant date:

	GRANT ON 3 JULY 2015	GRANT ON 11 DECEMBER 2015
Relative TSR Class	\$0.37	\$0.23

5.2 Employee share plans (cont'd)

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.

Summary of Shares Issued under the FY2015 LTI Plan

The following table illustrates the number of, and movements in, shares issued during the year:

	2017 NUMBER	2016 NUMBER
Outstanding at the beginning of the period	2,727,126	6,522,352
Granted during the period	-	-
Forfeited during the period	(429,233)	(3,795,226)
Vested during the period	(2,297,893)	-
Outstanding at the end of the period	-	2,727,126

The following table lists the inputs to the model for grants made:

	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 at grant date:

	GRANT ON 29 AUGUST 2014	GRANT ON 18 NOVEMBER 2014
Relative TSR Class	\$0.26	\$0.33
Retention Rights Class	\$0.37	\$0.41

5.2 Employee share plans (Cont'd)

FY2017 & FY2016 Performance Rights Plan

The key terms of the Performance Rights Plans are as follows:

- The Performance Rights Plan allows the Group to issue rights to employee. The number of Performance Rights issued is determined by dividing the remuneration value by the fair value of the Performance Rights at the time of allocation;
- The Performance Rights Plan will only vest upon satisfaction of certain conditions which are set by the Board at the time of the offer;
- If the conditions are met and the Performance Rights vest, each participant is entitled to an ordinary share for each Performance Right which vests;
- Until the Performance Rights vest and ordinary shares are issued, the participant is not entitled to exercise any voting rights attached to the Performance Rights and is not entitled to any dividend payments; 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 Performance Rights Plan Shares vest, the participant forfeits all interest in the Performance Rights.

Offer under Performance Rights Plan

The Performance Rights Plan rights granted are subject to the achievement of the performance measure, which is tested once at the end of the 3 year performance period. The Performance Rights will be measured against one performance measure – relative Total Shareholder Return (TSR). The Performance Rights that do not vest after testing of the relevant performance measure, lapse without retesting.

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 Performance Rights Plan Shares issued under the Performance Rights Plan being satisfied, their Performance Rights will be forfeited and the participant will have no further interest in the Performance Rights. However the Board has discretion to approve the reason for a participant ceasing employment before Performance Rights 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 Performance Rights it considers appropriate in the circumstances – for example, that a pro-rata number of Performance Rights 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.

For the purposes of Sections 200B and 200E of the Corporations Act, iSelect Shareholders have approved the giving of any potential benefits under the Performance Rights 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

Upon a 'Control Event', the Board has discretion to determine that some or all of the participants' Performance Rights vest immediately.

5.2 Employee share plans (Cont'd)

Shares issued under the FY2017 and FY2016 Performance Rights plans

FY2017 Performance Rights Plan

The following table illustrates the number of, and movements in, shares issued during the year:

	2017 NUMBER	2016 NUMBER
Outstanding at the beginning of the period	-	-
Granted during the period	2,167,926	-
Forfeited during the period	(632,883)	-
Exercised during the period	-	-
Outstanding at the end of the period	1,535,043	-

The following table lists the inputs to the model for grants made:

	GRANT ON 1 JULY 2016
Five day volume weighted average price (VWAP) as at grant date	\$1.26
Expected life of Performance Rights Plan	3 years
Risk free rate	1.9%
Dividend yield	2.3%
Expected volatility	35%

Fair value of shares at grant date:

	GRANT ON 1 JULY 2016
Relative TSR Class	\$0.75
Retention Rights Class	\$1.15

FY2016 Performance Rights Plan

The following table illustrates the number of, and movements in, shares issued during the year:

	2017 NUMBER	2016 NUMBER
Outstanding at the beginning of the period	551,075	-
Granted during the period	-	1,074,099
Forfeited during the period	(158,853)	(523,024)
Exercised during the period	-	-
Outstanding at the end of the period	392,222	551,075

The following table lists the inputs to the model for grants made:

	GRANT ON 3 JULY 2015
Five day volume weighted average price (VWAP) as at grant date	\$1.44
Expected life of Performance Rights Plan	3 years
Risk free rate	2.0%
Dividend yield	1.3%
Expected volatility	30%

Fair value of shares at grant date:

	GRANT ON 3 JULY 2015
Relative TSR Class	\$0.87
Retention Rights Class	\$1.37

5.2 Employee share plans (Cont'd)

2017 Retention Plan (issued under Performance Rights Plan)

The FY2017 Retention Plan was offered to certain executives during the 2017 financial year. The shares will vest on 30 June 2018 subject to the individual still being employed with the Group at the time of vesting. There are no performance conditions attached to the Retention Plan.

The following table illustrates the number of, and movements in, shares issued during the year:

	2017 NUMBER	2016 NUMBER
Outstanding at the beginning of the period	-	-
Granted during the period	270,413	-
Forfeited during the period	-	-
Exercised during the period	-	-
Outstanding at the end of the period	270,413	-

The following table lists the inputs to the model for grants made:

GRANT ON 16 SEPTEMBER 2016	
Five day volume weighted average price (VWAP) as at grant date	\$1.18
Expected life of Performance Rights Plan	2 years

Fair value of shares at grant date:

GRANT ON 16 SEPTEMBER 2016	
Retention Rights Class	\$1.18

SECTION 6: OUR INVESTMENTS

This section outlines our group structure and includes information about our controlled and associated entities. It provides details of changes to these investments and their effect on our financial position and performance during the financial year. It also includes the results of our associated entities.

6.1. Parent entity disclosures

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.

	CONSOLIDATED	
	2017 \$'000	2016 \$'000
Financial Position		
Assets		
Current Assets	43,637	60,738
Non-Current Assets	166,685	153,254
Total Assets	210,322	213,992
Liabilities		
Current Liabilities	88,493	65,853
Total Liabilities	88,493	65,853
Net Assets	121,829	148,139
Equity		
Contributed Equity	130,812	150,914
Reserves	3,116	1,746
Accumulated Losses	(12,099)	(4,521)
Total Equity	121,829	148,139
Financial Performance		
Profit/(loss) of the parent entity	(518)	1,381
Total comprehensive income/(loss) of the parent entity	(518)	1,381

There are no contractual or contingent liabilities of the parent as at reporting date (2016: \$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 7.5.

6.2. Subsidiaries

The consolidated financial statements include the financial statements of iSelect Limited as the ultimate parent, and the subsidiaries listed below¹:

- iSelect Health Pty Ltd²
- iSelect Life Pty Ltd
- iSelect General Pty Ltd
- iSelect Media Pty Ltd²
- iSelect Mortgages Pty Ltd²
- Infochoice Pty Ltd
- iSelect Services Pty Ltd²
- Tyrian Pty Ltd²
- General Brokerage Services Pty Ltd²
- Energy Watch Trading Pty Ltd²
- Procure Power Pty Ltd²
- Energy Watch Services Pty Ltd²
- Energy Watch Services Limited
- iSelect International Pty Ltd²

¹ All subsidiaries are 100% owned (2016: 100%) and incorporated in Australia except for Energy Watch Services Limited which was incorporated in New Zealand (deregistered on 24 March 2017).

² A Deed of Cross Guarantee has been entered into by iSelect Limited and these entities. Refer to note 6.4 for further details.

6.3. Investment in associated entities

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 decisions.

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

The iSelect Group has an investment in iMoney, a company incorporated in Malaysia. iMoney is a financial comparison business that caters primarily to the Malaysian market. It lets consumers find and compare various financial and consumer products using a complimentary model to the iSelect Group. As at 30 June 2017, the iSelect Group has 23% (2016: 23%) ownership of iMoney. This was obtained through various acquisition stages as illustrated below.

10 October 2014

Acquired a 20% interest on a fully dilutive basis for \$4.6 million (US \$4.0 million).

19 February 2016

Acquired an additional 85,690 shares for \$1.8 million (US \$1.3 million) increasing our interest to 23% on a fully dilutive basis.

It has been 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 loss and other comprehensive income of this investment.

	CONSOLIDATED	
	2017 \$'000	2016 \$'000
Carrying amount of interest in associates	4,852	5,293
As represented by:		
Balance at beginning of year	5,293	4,265
Acquisition of shares	-	1,766
Share of:		
Loss from continuing operations	(441)	(738)
Other comprehensive income	-	-
Balance at the end of year	4,852	5,293

Recognition and measurement

The Group's investments in its associate is accounted for using the equity method. 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 of the associate 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 is 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 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, net of tax' 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.

6.4. 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 '2' in note 6.2 are relieved from the requirements of the Corporations Act 2001 relating to the preparation, audit and lodgment of their financial reports.

iSelect Limited and the subsidiaries identified with a '2' in note 6.2 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, 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 and Energy Watch Services 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:

	CONSOLIDATED	
	2017 \$'000	2016 \$'000
Consolidated income statement		
Loss from continuing operations before income tax	(4,220)	(12,483)
Income tax benefit	895	4,482
Net loss for the year	(3,325)	(8,001)
Retained earnings at the beginning of the period	50,143	60,677
Net loss for the year	(3,325)	(8,001)
Dividends paid	(7,060)	(2,533)
Retained earnings at the end of the year	39,758	50,143

The consolidated balance sheet of the entities that are members of the Closed Group is as follows:

	CONSOLIDATED	
	2017 \$'000	2016 \$'000
Assets		
Current assets		
Cash and cash equivalents	69,811	78,544
Trade and other receivables	30,658	39,558
Trail commission receivable	13,512	16,898
Income tax receivable	1,840	-
Other assets	3,978	2,993
Total current assets	119,799	137,993
Non-current assets		
Investments	53,270	53,711
Trail commission receivable	54,140	51,330
Property, plant and equipment	5,986	8,748
Goodwill and other intangible assets	23,593	15,820
Total non-current assets	136,989	129,609
Total assets	256,788	267,602
Liabilities		
Current liabilities		
Trade and other payables	57,588	40,257
Provisions	6,995	6,888
Income tax payable	-	236
Total current liabilities	64,583	47,381
Non-current liabilities		
Provisions	1,404	1,699
Net deferred tax liabilities	17,115	15,719
Total non-current liabilities	18,519	17,418
Total liabilities	83,102	64,799
Net Assets	173,686	202,803
Equity		
Contributed equity	130,812	150,914
Reserves	3,116	1,746
Retained earnings	39,758	50,143
Total Equity	173,686	202,803

SECTION 7: OTHER INFORMATION

This section provides other information and disclosures not included in the other sections, for example our external auditor's remuneration, commitments and contingencies and significant events occurring after the reporting date.

7.1. Other accounting policies

Changes in accounting policies

AASB 2014-4 - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)

AASB 116 Property Plant and Equipment and AASB 138 Intangible Assets 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.

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.

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.

Application Date of Standard: 1 January 2016

Application Date for the Group: 1 July 2016

AASB 1057 - Application of Australian Accounting Standards

This Standard lists the application paragraphs for each other Standard (and Interpretation), grouped where they are the same. Accordingly, paragraphs 5 and 22 respectively specify the application paragraphs for Standards and Interpretations in general. Differing application paragraphs are set out for individual Standards and Interpretations or grouped where possible.

The application paragraphs do not affect requirements in other Standards that specify that certain paragraphs apply only to certain types of entities.

Application Date of Standard: 1 January 2016

Application Date for the Group: 1 July 2016

AASB 2015-1 - Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle

The subjects of the principal amendments to the Standards are set out below:

AASB 7 Financial Instruments: Disclosures:

- 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.
- Applicability of the amendments to AASB 7 to condensed interim financial statements - clarify that the additional disclosure required by the amendments to AASB 7 Disclosure - Offsetting Financial Assets and Financial Liabilities 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 Interim Financial Reporting when its inclusion would be required by the requirements of AASB 134.

AASB 119 Employee Benefits:

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.

AASB 134 Interim Financial Reporting:

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.

Application Date of Standard: 1 January 2016

Application Date for the Group: 1 July 2016

AASB 2015-2 - Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101

The Standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment 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.

7.1 Other accounting policies (cont'd)

Changes in accounting policies (cont'd)

AASB 2015-2 - Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 (cont'd)

The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.

Application Date of Standard: 1 January 2016

Application Date for the Group: 1 July 2016

AASB 2015-9 - Amendments to Australian Accounting Standards – Scope and Application Paragraphs

This Standard inserts scope paragraphs into AASB 8 and AASB 133 in place of application paragraph text in AASB 1057. This is to correct inadvertent removal of these paragraphs during editorial changes made in August 2015. There is no change to the requirements or the applicability of AASB 8 and AASB 133.

Application Date of Standard: 1 January 2016

Application Date for the Group: 1 July 2016

Unless otherwise stated, the abovementioned changes in accounting policies have no material impact on the consolidated financial statements. There have been no other changes to our accounting policies.

New accounting standards to be applied in future reporting periods

AASB 9 - Financial Instruments

AASB 9 (December 2014) is a new standard which replaces AASB 139. This new 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.

AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early adoption. The own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments.

Classification and measurement

AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. There are also some changes made in relation to financial liabilities.

The main changes are described below.

Financial assets

- 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; (2) the characteristics of the contractual cash flows.
- 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.
- 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.

Financial liabilities

Changes introduced by AASB 9 in respect of financial liabilities are limited to the measurement of liabilities designated at fair value through profit or loss (FVPL) using the fair value option.

Where the fair value option is used for financial liabilities, the change in fair value is to be accounted for as follows:

- 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.

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 or losses attributable to changes in the entity's own credit risk would be recognised in OCI. These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount.

Impairment

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.

Based on our initial assessment, we believe that the most significant impact (if any) relates to our accounting for the trail commission receivable.

Application Date of Standard: 1 January 2018

Application Date for the Group: 1 July 2018

7.1 Other accounting policies (cont'd)

New accounting standards to be applied in future reporting periods (cont'd)

AASB 15 - Revenue from Contracts with Customers

AASB 15 Revenue from Contracts with Customers replaces the existing revenue recognition standards AASB 111 Construction Contracts, AASB 118 Revenue and related Interpretations (Interpretation 13 Customer Loyalty Programs, Interpretation 15 Agreements for the Construction of Real Estate, Interpretation 18 Transfers of Assets from Customers, Interpretation 131 Revenue—Barter Transactions Involving Advertising Services and Interpretation 1042 Subscriber Acquisition Costs in the Telecommunications Industry). AASB 15 incorporates the requirements of IFRS 15 Revenue from Contracts with Customers issued by the International Accounting Standards Board (IASB) and developed jointly with the US Financial Accounting Standards Board (FASB).

AASB 15 specifies the accounting treatment for revenue arising from contracts with customers (except for contracts within the scope of other accounting standards such as leases or financial instruments). The core principle of AASB 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:

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

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

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

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

AASB 2015-8 amended the AASB 15 effective date so it is now effective for annual reporting periods commencing on or after 1 January 2018. Early application is permitted. AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15 amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a license and provides further practical expedients on transition to AASB 15.

Application Date of Standard: 1 January 2018

Application Date for the Group: 1 July 2018

The Group is currently assessing all potential impacts of the standard on its consolidated financial statements. Based on our initial assessment, we believe the most significant impact (if any) relates to our accounting for trail commission revenue. The Group anticipates it will be applying the “modified retrospective” approach in adopting the standard, and our ability to early adopt is dependent on system readiness and the completion of our analysis of information necessary to restate prior period financial statements.

AASB 16 - Leases

Lessee accounting

- Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.
- Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.
- AASB 16 contains disclosure requirements for lessees.

AASB 16 supersedes:

- AASB 117 Leases;
- Interpretation 4 Determining whether an Arrangement contains a Lease;
- SIC-15 Operating Leases—Incentives; and
- SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Group anticipates adoption is likely to result in the majority of arrangements currently accounted for as operating leases being recognised on the Consolidated Balance Sheet as right-of-use assets and lease liabilities. The Group expects to apply AASB 16 in conjunction with AASB 15.

Application Date of Standard: 1 January 2019

Application Date for the Group: 1 July 2019

AASB 2016-1 - Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]

This Standard amends AASB 112 Income Taxes (July 2004) and AASB 112 Income Taxes (August 2015) to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value.

Application Date of Standard: 1 January 2017

Application Date for the Group: 1 July 2017

7.1 Other accounting policies (cont'd)

New accounting standards to be applied in future reporting periods (cont'd)

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

This Standard amends AASB 107 Statement of Cash Flows (August 2015) to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

Application Date of Standard: 1 January 2017

Application Date for the Group: 1 July 2017

AASB 2016-5 - Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions [AASB 2]

This standard amends AASB 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for:

- The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- Share-based payment transactions with a net settlement feature for withholding tax obligations; and
- A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

Application Date of Standard: 1 January 2018

Application Date for the Group: 1 July 2018

7.2. Related party transactions

The group did not have any related party transactions with its associate, iMoney Group (2016: nil).

7.3. Auditor's remuneration

Our external auditors of the Group is Ernst & Young (EY). In addition to the audit and review of our financial reports, EY provides other services throughout the year. This note shows the total fees to external auditors split between audit, audit related and non-audit related services.

CONSOLIDATED		
	2017 \$	2016 \$
Ernst & Young		
Audit and review of financial statements	298,000	298,000
Other assurance services		
Regulatory compliance	36,000	36,000
Total remuneration of Ernst & Young	334,000	334,000

7.4. Events after the reporting date

On the 16 August 2017 the Group declared an estimated fully franked final dividend of \$9,095,000. representing 4.0 cents per share based on the shares on issue at the 30 June 2017.

No other matters or circumstances have arisen since the end of the period that have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

7.5. Commitments and contingencies

	CONSOLIDATED	
	2017 \$'000	2016 \$'000
Commitments		
Non-cancellable operating lease commitments	3,063	2,981
Not later than 1 year	8,287	11,335
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
Total	11,350	14,316

The Group has entered into operating leases on office premises with lease terms between 4 to 10 years. The Group has the option to lease the premises for additional terms of 2.5 to 10 years.

	CONSOLIDATED	
	2017 \$'000	2016 \$'000
Contingencies		
Guarantees		
Trading guarantees	2,089	2,089

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 license 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 2017, 100% (2016: 100%) of the initial 5,095 policies had been reviewed by iSelect with only 599 (2016: 664) 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 2017 (2016: nil).

Potential liabilities for the Group, should any obligation be identified, are expected to be covered by insurance maintained by the Group.

Directors' Declaration

In accordance with a resolution of the Directors of iSelect Limited we state that:

In the opinion of the Directors:

the consolidated financial statements and notes that are set out on pages 58 to 101 and the Directors' report, are in accordance with the Corporations Act 2001, including:

- a. giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance, for the financial year ended on that date; and
- b. complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- c. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

There are reasonable grounds to believe that the Company and the Group entities identified in note 6.2 will be able to meet any obligations or liabilities;

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 2017;

The Directors draw attention to note 1.1 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards; and

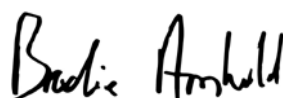
As at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 6.4 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

On behalf of the Directors



Chris Knoblanche AM
Director

Melbourne,
16 August 2017



Brodie Arnhold
Director

Melbourne,
16 August 2017

Independent Auditor's Report



Ernst & Young
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Independent Auditor's Report to the Members of iSelect Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of iSelect Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion, the accompanying financial report is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2017 and of its financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Measurement of trail commission receivable and associated trail commission revenue

Why significant

iSelect recognises trail commission revenue at the point of sale. This is based on the Group's assessment of the likelihood of referred sales resulting in future cash receipts, considering no further activity is required by iSelect to earn the commission revenue, other than the passage of time.

The valuation of trail commission receivable, and related revenue, is complex and involves a number of assumptions. Due to this complexity, iSelect has engaged an external firm of consulting actuaries to assist in the valuation process, as outlined in Note 3.4.

This is a key audit matter due to the divergence of timing between revenue recognition and cash receipts, and the complexity of the trail commission receivable calculation.

The accounting policy for the trail commission receivable and key assumptions used in the trail commission valuation are disclosed in Note 3.4. The sensitivity of the valuation to changes in key assumptions are disclosed in Note 4.4.

How our audit addressed the key audit matter

We assessed the Group's revenue recognition policies and procedures against the contractual terms and conditions of iSelect's product providers and applicable Australian Accounting Standards.

In conjunction with our actuarial specialists, we tested the trail commission receivable valuation model and the reasonableness of key assumptions. In doing so, we:

- ▶ Established whether the external firm of consulting actuaries were appropriately qualified and independent;
- ▶ Tested the accuracy of the data used by the external firm;
- ▶ Assessed the assumptions and data used, and the results of the actuarial work; and
- ▶ Tested the reconciliation of the actuarial valuation to the final balances recorded in the financial report.

We also assessed the adequacy of disclosures relating to the valuation of the trail commission receivable.



Impairment assessment of goodwill

Why significant

Goodwill has been recognised as a result of iSelect's previous acquisitions. It represents the excess of the purchase price over the fair value of assets acquired, and has been allocated across six Cash Generating Units (CGUs), as outlined in Note 3.2.

The Group performs an annual impairment assessment, or more frequently if there is an indication that goodwill may be impaired. It involves a comparison of the carrying value of each CGUs with its recoverable amount.

The annual goodwill impairment assessment of iSelect's CGUs is a key audit matter due to the degree of judgment and estimation uncertainty associated with:

- ▶ Designation of CGUs and allocation of goodwill between CGUs; and
- ▶ The calculation of the recoverable amount of each CGU.

Further details on the methodology and assumptions used in the impairment assessment of goodwill are included in Note 3.2.

How our audit addressed the key audit matter

Our audit of the impairment assessment of each CGU requires valuation expertise to assist in the testing of the underlying impairment models and assumptions. Accordingly, we involved our valuation specialists to test the impairment models and the reasonableness of key assumptions.

The nature, timing and extent of our procedures were based on the relative risk of each CGU. More extensive procedures were performed on the Home Loans CGU as it remains in its infancy and is more susceptible to an impairment loss, should adverse changes in key assumptions occur.

In performing our audit procedures, we:

- ▶ Obtained an understanding of the process and controls that exist over the Group's impairment assessment;
- ▶ Tested that the forecast cash flows were consistent with the most recent board-approved cash flow forecasts;
- ▶ Assessed the appropriateness of key assumptions, such as the discount rates and long-term growth rates, including testing management's sensitivity analyses around these key assumptions;
- ▶ Assessed the accuracy of the Group's previous forecasts by performing a comparison of historical forecasts to actual results; and
- ▶ In relation to the Home Loans CGU, we also performed an assessment of the implied earnings multiple, with reference to comparable Australian companies.

We also assessed the adequacy of the disclosures associated with the goodwill impairment assessment.

Capitalised development costs

Why significant

iSelect has incurred costs in relation to the development of IT architecture, software and other IT activities. A portion of these costs have been identified by the Group as relating to the development of an intangible asset that will provide future economic benefit.

The Group has implemented a process to identify and measure these costs, which are capitalised on the statement of financial position. This also includes an assessment of the future economic benefit that is anticipated from these assets.

This is a key audit matter due to:

- ▶ the significant judgment required to determine the eligibility of costs to be capitalised; and
- ▶ the degree of estimation uncertainty associated with the Group's assessment of future economic benefit.

Further details of capitalised development costs are included in Note 3.2 to the financial report.

How our audit addressed the key audit matter

In performing our audit procedures, we:

- ▶ Considered the Group's capitalisation policy and its compliance with Australian Accounting Standards;
- ▶ Obtained an understanding of iSelect's IT projects and the nature of the development costs involved;
- ▶ Assessed the eligibility of costs to be capitalised in accordance with Australian Accounting Standards - AASB 138 *Intangible Assets*, and whether previously capitalised costs remain eligible, based on the status of underlying projects;
- ▶ Tested the quantum of a sample of capitalised development costs to supporting documentation; and
- ▶ Evaluated the assumptions and methodologies used to test the impairment of capitalised development costs, including estimates of future economic benefit.

We assessed the adequacy of the disclosures associated with capitalised development costs.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2017 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's and Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's or the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company or the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 41 to 56 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of iSelect Limited for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

T J Coyne
Partner
Melbourne
16 August 2017

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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 31 July 2017.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF HOLDING	FULLY PAID ORDINARY SHARES NUMBER OF SHARES [^]
1 - 1,000	84,101
1,001 - 5,000	771,573
5,001 - 10,000	957,150
10,001 - 100,000	6,434,575
100,001 and over	220,396,257

[^] The total number of shares on issue as at 30 June 2017 was 227,367,049 and 31 July 2017 was 228,643,656.

MARKETABLE PARCEL

The number of holders holding parcels of less than \$500 was 61 as at 31 July 2017.

SHARE SUBJECT TO VOLUNTARY ESCROW

As at 31 July 2017, there are no shares subject to voluntary escrow.

TWENTY LARGEST SHAREHOLDERS

The twenty largest shareholders of fully paid ordinary shares as at 31 July 2017 were:

NAME	NUMBER OF ORDINARY SHARES HELD	% OF ISSUED CAPITAL
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	38,585,564	16.88
NATIONAL NOMINEES LIMITED	37,199,916	16.27
CITICORP NOMINEES PTY LIMITED	32,128,484	14.05
J P MORGAN NOMINEES AUSTRALIA LIMITED	31,464,684	13.76
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	16,009,842	7.00
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LTD <VFA A/C>	11,994,416	5.25
UBS NOMINEES PTY LTD	7,952,666	3.48
CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	5,707,086	2.50
BNP PARIBAS NOMS PTY LTD <DRP>	5,023,284	2.20
CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	4,548,393	1.99
ARGO INVESTMENTS LIMITED	4,472,554	1.96
SANDHURST TRUSTEES LTD <ENDEAVOR ASSET MGMT MDA A/C>	2,529,692	1.11
AMP LIFE LIMITED	2,375,072	1.04
WARBONT NOMINEES PTY LTD <UNPAID ENTREPOT A/C>	2,102,387	0.92
GEORGE TAUBER MANAGEMENT PTY LTD	2,000,000	0.87
ITV CONSULTING PTY LTD	1,500,000	0.66
NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	1,364,612	0.60
MR GARY HENDLER	1,296,008	0.57
LAMBROOK PTY LTD <RAYMONDE SUPERFUND A/C>	1,000,000	0.44
AUST EXECUTOR TRUSTEES LTD <HENROTH PTY LIMITED>	925,000	0.40

The percentage holding of the 20 largest shareholders of iSelect Ltd fully-paid ordinary shares was 91.92 %.

SUBSTANTIAL SHAREHOLDERS AS AT 31 JULY 2017

NAME	NUMBER OF ORDINARY SHARES HELD	% OF VOTING RIGHTS
Regal Funds Management Pty Limited	16,972,123	7.42%
BNP Paribas Pty Limited	14,324,489	6.25%
NovaPort Capital Pty Ltd	11,960,312	5.22%
Challenger Limited (and entities)	11,960,312	5.22%
UBS Group AG and its related bodies corporate	11,628,958	5.11%
Wilson Asset Management Group	11,614,864	5.11%

Corporate Directory

ABN 48 124 302 932

DIRECTORS

Chris Knoblanche
Scott Wilson
Brodie Arnhold
Shaun Bonett
Bridget Fair
Melanie Wilson

MANAGING DIRECTOR & CEO

Scott Wilson

COMPANY SECRETARY

David Christie

REGISTERED OFFICE

294 Bay Road
Cheltenham Victoria 3192
Australia
Phone: +61 3 9276 8000

PRINCIPAL PLACE OF BUSINESS

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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

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