

APPENDIX 4E

For the year ended 30 June 2013



iSelect Limited

ABN 48 124 302 932

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue and Net Profit

		30 June 2013 \$'000	% change from year ended 30 June 2012	30 June 2012 \$'000
Revenue from ordinary activities	up	118,037	5.5%	111,928
Profit from ordinary activities after tax	up	13,369	3.4%	12,929
Net profit attributable to members of the parent	up	13,369	3.4%	12,929

Dividend Information

	Amount per security	Franked amount per security
Final dividend	-	-
Interim dividend	-	-
Total dividends per share for the year	-	-

Net Tangible Assets Per Security

	30 June 2013 \$	30 June 2012 \$
Net tangible assets per security	0.73	2.98

Net tangible assets are defined as the Net Assets of the iSelect Limited group less any intangible assets. During the year ended 30 June 2013 there was a share split which increased the number of securities on a 1-for-10 basis. Accordingly the relative number of securities used as the basis for the 2013 calculation of net tangible assets per security is greater than for the 2012 calculation.

Other information requiring disclosure to comply with listing rule 4.3A is contained in, and should be read in conjunction with, the notes to the Financial Statements and the Directors' Report for the year ended 30 June 2013.

This report is based on the consolidated Financial Statements and Notes of iSelect Limited which have been audited by Ernst & Young.

iSelect Limited

ABN 48 124 302 932

Financial Report

For the Year Ended 30 June 2013



Financial Report
For the Year Ended
30 June 2013

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Corporate Information

ABN 48 124 302 932

Directors

Damien Waller, Executive Chairman
Matt McCann, Chief Executive Officer
Greg Camm, Deputy Chairman
Shaun Bonètt
Pat O'Sullivan
Leslie Webb

Company Secretary

David Chalmers

Registered Office

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

Principal Place of Business

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

Share Register

Computershare Investor Services Pty Ltd
Yarra Falls
452 Johnston Street
Abbotsford Victoria 3067
Australia

iSelect Limited shares are listed on the Australian Securities Exchange (ASX: ISU).

Solicitors

Gilbert + Tobin
Level 22, 101 Collins Street
Melbourne Victoria 3000
Australia

Bankers

Commonwealth Bank of Australia
385 Bourke Street
Melbourne Victoria 3000
Australia

Auditors

Ernst & Young
8 Exhibition Street
Melbourne Victoria 3000
Australia

Directors' Report

The Directors of iSelect Limited and its controlled entities (**the Group**) submit herewith the financial report of the Group for the financial year ended 30 June 2013.

Directors

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

Damien Waller	Executive Chairman
Matt McCann	Chief Executive Officer
Greg Camm	Non-Executive Director and Deputy Chairman – appointed 20 August 2012
Shaun Bonètt	Non-Executive Director
Pat O'Sullivan	Non-Executive Director
Leslie Webb	Non-Executive Director
Michael McLeod	Non-Executive Director – ceased 30 November 2012

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

Company Secretary

Trevor Jeffords	Appointed 7 February 2012, ceased 5 April 2013
David Chalmers	Appointed 5 April 2013

Principal Activities

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

Operating and Financial Review

Summary Financial Reported Results				Results on a Guidance Basis versus Reported Results ¹			
	FY13 \$000	FY12 \$000	Change %		FY13 Reported Results \$000	FY13 Adjust- ments \$000	FY13 Guidance Basis \$000
Operating revenue	118,037	111,928	5.5	Operating revenue	118,037	-	118,037
Gross Profit	56,882	54,958	3.5	EBITDA	25,004	1,479	26,483
EBITDA	25,004	24,082	3.8	NPAT	13,369	1,035	14,404
Depreciation and amortisation	5,150	4,054	27.0				
EBIT	19,854	20,028	(0.9)				
Net finance costs	1,698	895	89.7				
Tax	4,787	6,204	(22.8)				
NPAT	13,369	12,929	3.4				
EPS (cents)	6.6	7.8	(15.4)				

¹ Refer to the guidance versus reported results reconciliation on page 73. This reconciliation forms part of the Operating and Financial Review.

Throughout this report, certain non-IFRS information, such as EBITDA, EBIT, Conversion Ratio, Leads and Revenue Per Sale (RPS) is used. Earnings (profit) before interest, income tax expense, depreciation and amortisation (EBITDA) is defined in note 2(c) to the financial statements. EBIT is a similar measure to EBITDA, but it takes into account depreciation and amortisation. The individual components of EBITDA and EBIT are included as line items in the Consolidated Statement of Comprehensive Income. Non-IFRS information is not audited.

Operating and Financial Review (continued)

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

Group Financial Performance and Reported Results

Operating revenue in the 2013 financial year increased by 5.5% to \$118,037 thousand. The Group recorded strong year-on-year growth in its newer businesses as they gained traction in the market, with an increased number of leads and higher conversion. Our overall sales volumes increased on the prior year, though a decline in revenue per sale in Health, which reflected a shift by consumers to less expensive products, offset this growth.

Gross profit for the period increased by \$1,924 thousand, or 3.5%. Direct marketing expenditure increased by 5.2% over the previous period, in part due to a refresh of the creative platform in the second half of the 2013 financial year.

Operating expenses (excluding IPO transaction costs associated with the ASX listing) were down on FY12 by \$471 thousand or 1.5%, reflecting a conscious focus on the management of costs.

Reported EBITDA increased by 3.8% to \$25,004 thousand. Excluding IPO transaction costs, EBITDA (on a guidance basis) for the 2013 financial year was \$26,483 thousand, representing an increase of 10.0% on the prior year.

Net finance costs increased by 89.7% to \$1,698 thousand. This is as a result of the finance costs associated with having three consecutive facilities in place during FY13.

Reported net profit after tax was \$13,369 thousand, an increase on prior year of 3.4%. NPAT on a guidance basis was \$14,404 thousand, an increase of 11.4%.

Key Operating Metrics

Leads

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

Leads for the Money business unit are sourced via the Infochoice website, which operates under a lead generation model providing a low cost source of sales 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. If that purchase advice results in a referral to a Product Provider, then the lead is considered to have been converted. Product sales are subject to claw back provisions and lapses before the enforcement of the policies. The conversion ratio expresses the net number of product sales (adjusted for claw back and lapses before the enforcement of policies) achieved as a percentage of sales leads and is used to measure the efficiency in turning sales leads into sales. An increase in the conversion ratio increases iSelect's earnings, as without the need for additional marketing spend, iSelect has leveraged efficiencies from its existing resources to achieve a greater number of sales from the same lead pool. This uplift in efficiency creates the margin to enable further spend on advertising and brand investment (where market conditions are appropriate) in order to grow market share.

Under the lead generation model operated by the Money business unit, consumers are able to click through to Product Providers via third party affiliate arrangements, which do not register as a visit to the Infochoice website. As a result, the click-through is recorded without registering a corresponding lead as defined above. As such, the conversion ratio metric just described is not meaningful for the Money business unit.

Revenue Per Sale

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

Operating and Financial Review (continued)

Consolidated Key Operating Metrics

	FY10	FY11	FY12	FY13
Consolidated (excluding Money)				
Leads (000s)	1,519	1,911	2,945	3,317
Conversion ratio (%) ¹	3.6%	4.8%	5.7%	6.1%
Average RPS (\$)²	791	787	642	564
Leads growth	n.m.	25.8%	54.1%	12.6%
Money				
Leads (000s)	n.a.	n.a.	874	1,693
Conversion ratio (%)	n.a.	n.a.	n.m.	n.m.
Average revenue per click-through (\$)	n.a.	n.a.	5	5
Leads growth	n.a.	n.a.	n.m.	93.7%

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

² Average RPS is calculated as revenue divided by the number of sales (net of terminations and sales direct to fund).

n.m. = not meaningful

n.a. = not applicable

Discussion of Consolidated Key Operating Metrics for the 2013 Financial Year

The consolidated key operating metrics for the 2013 financial year are discussed in more detail below. Key operating metrics by segment are also discussed in this Operating & Financial Review, in the section on Segment Results.

Leads Growth for the 2013 Financial Year

Overall leads for the business (excluding Money) were up 12.6% in the 2013 financial year whilst marketing spend was up 5.2% for the same period, indicating greater marketing efficiency. The Company's strong brand and organic search position continues to deliver benefits, with over 60% of web visits to the iSelect and InfoChoice websites in the 2013 financial year coming from organic search or direct to site. In addition, the Group refreshed its creative platform during the current year.

Conversion Ratio for the 2013 Financial Year

The conversion ratio for the overall business (excluding Money) has improved from 5.7% to 6.1%, with the improvement year-on-year being driven by new businesses in the Household Utilities and Financial segment.

iConnect has been progressively rolled out in the Car, Life and Energy business units through the year, with the implementation of intelligent lead queueing and allocation providing pleasing results in those businesses. We expect continued improvement in conversion across the group as the iConnect system is further optimised.

Revenue Per Sale for the 2013 Financial Year

There are three key drivers of RPS: commission rates (either fixed fee or percentage of product value), product mix within business units, and business mix/segment contribution for the total business.

The decline in average RPS for the total business from \$642 in prior year to \$564 in the 2013 financial year largely reflects a change in business mix/segment contribution. We have experienced growth in the current year in high volume/low RPS value businesses (e.g. Energy), whilst the higher RPS business in Health has seen a small decline in RPS due to a consumer move towards less expensive products.

Operating and Financial Review (continued)

Segment Performance

The Group reports segment information on the same basis as the Group's internal management reporting structure at reporting date. Commentary on the performance of the two segments follows.

Health and Car Insurance

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

Financial Performance	FY13 \$000	FY12 \$000	Change %	Key Operating Metrics	FY13	FY12	Change %
Operating revenue	93,090	97,983	(5.0)	Leads (000s)	1,942	1,972	(1.5)
Segment EBITDA ¹	36,532	40,447	(9.7)	Conversion ratio (%)	6.5%	6.7%	(3.0)
				Average RPS (\$)	734	742	(1.1)

¹ Segment EBITDA excludes certain corporate overhead costs that are not allocated at segment level. Earnings (profit) before interest, income tax expense, depreciation and amortisation (EBITDA) is defined in note 2(c) to the financial statements.

Operating revenue declined by 5.0% to \$93,090 thousand, with this revenue shortfall also impacting segment EBITDA. Performance in Health in particular was impacted by consumers selecting lower priced products, especially evident in the key June period. There was improvement in the underlying performance of the Car business unit profitability on the prior year.

Household Utilities and Financial

The Household Utilities and Financial segment offers comparison and lead referral services across a range of household utilities and personal financial products including life insurance, broadband, retail electricity and gas products, home loans, savings accounts, term deposits, credit cards and personal loans.

Financial Performance	FY13 \$m	FY12 \$m	Change %	Key Operating Metrics ²	FY13	FY12	Change %
Operating revenue	24,947	13,945	78.9	Leads (000s)	1,376	973	41.4
Segment EBITDA ¹	3,063	(5,552)	n.m.	Conversion ratio (%)	5.4%	3.8%	42.1
				Average RPS (\$)	274	284	(3.5)

¹ Segment EBITDA excludes certain corporate overhead costs that are not allocated at segment level. Earnings (profit) before interest, income tax expense, depreciation and amortisation (EBITDA) is defined in note 2(c) to the financial statements.

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

Operating revenue grew by 78.9% to \$24,947 thousand and the segment posted its first EBITDA profit of \$3,063 thousand. It was the first full year contribution from Energy and Money, and all business units within the segment recorded improvements on the prior year. In particular, gross profit improvements in Life and Money exceeded expectations.

Operating and Financial Review (continued)

Financial Position

Summary Statement of Cash Flows	FY13 \$000	FY12 \$000	Change %
Net cash provided by operating activities	4,209	(362)	n.m.
Net cash used in investing activities	(4,401)	(44,752)	90.2
Net cash used in financing activities	65,495	47,627	37.5
Net increase in cash and cash equivalents	65,303	2,513	2,498.6

Summary Statement of Financial Position	FY13	FY12	Change %
Current assets	138,632	63,044	119.9
Non-current assets	135,629	111,353	21.8
Total assets	274,261	174,397	57.3
Current liabilities	25,123	60,791	(58.7)
Non-current liabilities	21,412	20,600	3.9
Total liabilities	46,535	81,391	(42.8)
Net assets	227,726	93,006	144.9
Equity	227,726	93,006	144.9

Capital Expenditure & Cash Flow

Operating cash flow was \$4,571 thousand higher than last year which can be attributed to the increasing contribution of the newer business units, as well as a shift in revenue mix towards upfront fees when compared to the prior year.

Capital expenditure returned to business-as-usual levels after capital investment on the new campus and the acquisition of Infochoice in 2012 (\$31,348 thousand). Investment in the current year focused on software development and technology platforms.

Financing cash flows for the 2013 financial year total \$65,495 thousand representing an increase of \$17,868 thousand, or 37.5%. The increase is primarily driven by additional capital raising activities, though is offset by the repayment of borrowings that were outstanding at the end of the prior year. In addition to this, the Group entered into an agreement which provides a secured facility to NIA Health Pty Ltd. The facility creates a deferred payment obligation for which NIA Health provides security and pays interest.

\$100 million was raised through the initial public offering. Total costs associated with the initial public offering were \$13 million, including both capitalised amounts (before tax effect) and expensed amounts. Part of the funds raised were used to repay outstanding bank facilities in full.

Statement of Financial Position

Current assets have increased by 119.9% to \$138,632 thousand. Cash and cash equivalents increased primarily as a result of the capital raised through the listing in June. The amount of upfront revenue earned in the business has increased, which has resulted in an increase in trade and other receivables. The trail commission asset has also increased, reflecting a higher amount of trail revenue in the current financial year as an addition to the trail asset, compared to trailing commissions received.

Non-current assets have increased by 21.8% to \$135,629 thousand. The non-current component of the trail commission asset has increased for the same reasons noted above. Trade and other receivables has increased from nil at 30 June 2012, to \$15,378 thousand, reflecting a facility established between iSelect Ltd and NIA Health Pty Ltd. Property plant and equipment declined as the first full year of depreciation on the leasehold improvements for the iSelect campus was incurred, and exceeded the level of additions during the year. This was partly offset by an increase in intangible assets as the Group continues to invest in its website platforms.

Current liabilities decreased by 58.7% to \$25,123 thousand, mainly due to the repayment of \$35 million of borrowings (further discussion in the section below on Debt Position).

Non-current liabilities increased by 3.9% to \$21,412 thousand. Net deferred tax liability increased as a result of the increase in the trail asset, which reflects an increase in future tax liabilities on the trail commission as it is received. This is

partly offset by a deferred tax asset that has arisen in relation to capitalised IPO transaction costs which are deductible over a period of five years.

Debt Position

As at 30 June 2013 the Group has no debt, having used part of the proceeds from its ASX listing to repay borrowings in full. This compares with borrowings of \$35 million as at 30 June 2012.

In September and October 2012, \$28.8 million of capital was raised and was used to repay \$20.7 million of the \$35 million owing to Goldman Sachs at the end of the prior year. On 30 October 2012, a new facility was entered into with Credit Suisse AG for \$25 million, and \$14.3 million of these funds was used to repay the balance of \$35 million. The Credit Suisse AG borrowings were repaid in full in April 2013, using newly established facilities for \$40 million with the CBA, and part of the funds raised through listing have repaid all outstanding borrowings under the CBA facility.

Future Developments and Expected Results

Via the Group's two websites, www.iselect.com.au and www.infochoice.com.au, the Group continues to meet the needs of a growing population of consumers who are migrating online to extend their buying power and to more efficiently find appropriate products at lower prices.

Recent research¹ by Nielsen Australia indicates that 46% of Online Australians surveyed are more likely to use an online comparison service now than in the last 12 months. Research also shows that the use of online comparison services in Australia is likely to continue growing strongly over the next reporting period. As the Australian market leader in online-driven comparison, the Group remains uniquely positioned to benefit from the increasing adoption and use of the internet in this regard.

To maintain and build the Group's market-leading position, we have continued to invest in new business lines. Our Household Utilities and Financials segment, which contains our youngest business units, experienced 79% revenue growth for the year ended 30 June 2013. This growth demonstrates the utility of the iSelect model outside of private health insurance and we expect further growth from this segment in FY14. This growth will be underpinned by the strong potential present within each of that segment's underlying markets, in particular Energy.

As a first mover and thought leader in the Australian online comparison market, innovation across the Group will be a key focus area in FY14. While the Group's health insurance website is already optimised for mobile and tablet devices, an observed increase in traffic to our websites from these devices during FY13 presents a clear opportunity for a second iSelect sales experience across all business units in FY14, driving consequential conversion and revenue uplifts to be delivered in subsequent reporting periods.

With a view to continuing growth in sales lead conversion, the Group will continue to invest in our people and technology. In order to provide consumers with a better user experience and maximise sales conversion, iSelect has developed processes to optimise information capture and routing to ensure that each consumer is matched with the optimal sales advisor based on an advisor's demonstrated expertise in providing the solution likely to best suit the consumer's requirements. This blend of technology with people is known as the iConnect platform. It is expected that the application of the iConnect platform to business units outside of Health Insurance will drive significant efficiency and conversion improvements within those units over the next period.

The capital raising in the first half of financial year 2013 and subsequent initial public offering gives the Group financial flexibility to fund growth into the future.

The Group expects the performance of the newer business units to continue over the next period as the iConnect platform continues to improve conversion of leads to sales.

With some early signs in financial year 2014 of a return to normal private health insurance market conditions, the Group remains cautious and will closely monitor the market with a view to maintaining resilience over the coming period. RPS weakened late in the second half of financial year 2013, however, the Group considers it too early to determine whether factors driving this weakening will extend into the first half of financial year 2014. Notwithstanding this, the Group has demonstrated the ability to manage the business efficiently in response to external factors and accordingly is re-affirming its calendar year EBITDA forecast of \$30 million (excluding costs associated with the initial public offering).

¹ Research conducted by Nielsen Australia between 18 February and 25 February 2013 of 2,012 online Australians

The Group sees strong growth opportunities in its newer businesses, however the net impact of these on overall revenue growth remains largely dependent upon how consumers respond to the means-tested private health insurance landscape during the first half of financial year 2014.

The Group does remain cognisant of potential risks to its business and will continue to closely monitor and work to mitigate these throughout financial year 2014. These risks include potential changes in government policy and legislation with regard to private health insurance, lower than expected cash receipts from future trail commissions, and any adverse decisions taken by product providers currently listed on the Group's websites. All of these risks have the potential to adversely impact the Group's revenue and consequent profitability.

Changes in the State of Affairs

On 31 May 2013, the shareholders of iSelect resolved to approve a division of issued share capital in accordance with s254H of the Corporations Act on the basis that every existing share becomes ten new shares.

On 24 June 2013, iSelect listed on the ASX offering 54,054,054 new shares and 62,351,590 existing shares at a price of \$1.85 per share. The purpose of this offering was to:

- Provide funding flexibility to support future growth, including by acquisition;
- Raise capital to strengthen the Company's balance sheet and to pay down debt; and
- Create liquidity in iSelect shares by listing on the ASX, allowing for existing and new shareholders to sell their shares or buy further shares on market.

With \$87 million (net of transaction costs) received from the issue of new share capital (after payment of IPO related costs), borrowings have been repaid in full, with the remaining monies to be used to fund working capital and support future growth in the company, including by acquisition.

Significant Events After Balance Date

On 24 June 2013, iSelect listed on the Australian Securities Exchange. iSelect has adopted a cash management strategy specifically for funds raised to ensure the best return are obtained whilst strategies for the use of the funds are formulated and implemented. Post year end, \$60 million in rolling term deposits were set up. No other matters or circumstances have arisen since the end of the financial year that have significantly affected the Group.

Indemnification and Insurance of Directors and Officer

During the year the Group paid a premium in respect of a contract insuring the Directors and Officer of the Group against a liability incurred as 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 company or of any related body corporate against a liability incurred as such a Director, Officer or Auditor.

Directors' Meetings

The number of meetings of Directors, including meetings of committees of Directors, held during the year and the number of meetings attended by each Director was as follows:

Directors	Board of Directors		Audit & Risk Management Committee		Remuneration Committee		Nomination Committee	
	Held [^]	Attended	Held [^]	Attended	Held [^]	Attended	Held [^]	Attended
D. Waller ⁽¹⁾	16	15	-	-	-	-	-	-
M. McCann	16	16	-	-	-	-	-	-
G. Camm ⁽²⁾	14	14	1	1	-	-	-	-
P. O'Sullivan ⁽³⁾	16	16	3	3	3	3	-	-
L. Webb ⁽⁴⁾	16	16	-	-	6	6	-	-
S. Bonètt	16	16	3	2	6	6	-	-
M. McLeod ⁽⁵⁾	6	6	2	2	-	-	-	-

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

⁽¹⁾ Ceased as chair of Nominations Committee 15 April 2013 but continues as a member.

⁽²⁾ Appointed as director on 20 August 2012 and to the Audit & Risk Management Committee 15 April 2013.

⁽³⁾ Appointed to the Remuneration Committee 15 April 2013.

⁽⁴⁾ Appointed to Nominations Committee 15 April 2013.

⁽⁵⁾ Ceased as director on 30 November 2012.

Dividends

Dividends paid or declared since the start of the year are \$nil (2012: \$nil).

Proceedings on Behalf of the Company

In March 2012, Bupa Australia Pty Ltd issued legal proceedings against iSelect in the Federal Court. In October 2012, Bupa Australia joined Directors Damien Waller and Matt McCann to the proceedings. iSelect brought its own claim against Bupa Australia Pty Ltd and its Managing Director for misleading and deceptive conduct. This matter was settled in March 2013 by way of consent orders as follows:

- all proceedings commenced by the parties were dismissed;
- iSelect provided certain undertakings to the Federal Court and to Bupa Australia regarding representations around waiting periods that can't be made;
- parties bear their own costs of the proceedings; and
- iSelect paid the sum of \$125,000 to a registered charity nominated by Bupa Australia within 30 days of Bupa Australia providing notification of the charity.

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

Environmental Regulation

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

Corporate Governance

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

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 in relation to the audit for the year ended 30 June 2013 is on page 18 of this report.

Non-Audit Services

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

Ernst & Young received or are due to receive the following amounts for the provision on non-audit services:

	\$
Regulatory compliance	36,000
Tax compliance	10,000
Assurance related services	46,015
Equity raising	1,016,815
Finance raising	105,000
	<u>1,213,830</u>

Rounding

The Group is of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Remuneration Report

This remuneration report for the year ended 30 June 2013 outlines the remuneration arrangements of the Group in accordance with the Corporations Act 2001 and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report is presented under the following sections:

1. Introduction
2. Remuneration Governance
3. Executive Remuneration Arrangements
4. Executive Remuneration Outcomes for 2013
5. Executive Contracts
6. Non-Executive Director Remuneration

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 major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Parent entity.

For the purposes of this report, the term “executive” includes the Chief Executive Officer (**CEO**), executive directors and other senior executives of the Group.

Executive Directors		Non-Executive Directors	
Damien Waller	Executive Chairman	Greg Camm	Director (Non-Executive) – appointed 20 August 2012
Matt McCann	Chief Executive Officer	Shaun Bonètt	Director (Non-Executive)
Senior Executives		Pat O'Sullivan	Director (Non-Executive)
David Chalmers	Chief Financial Officer & Company Secretary – appointed CFO 23 August 2012 and Company Secretary on 5 April 2013	Leslie Webb	Director (Non-Executive)
Chris Billing	Chief Innovation Officer		
Roger McBride	Marketing Director – appointed 20 August 2012		
Elise Morris	People Director		
Joanna Thomas	Operations Director		
Scott Wilson	Commercial Director – appointed 4 February 2013		
Former Executives		Former Non-Executive Directors	
Trevor Jeffords	General Counsel & Company Secretary – ceased 5 April 2013	Michael McLeod	Director (Non-Executive) – ceased 30 November 2012
Chris Brant	Chief Financial Officer – ceased 23 August 2012	Martin Dalgliesh	Director (Non-Executive) – ceased 16 March 2012
David May	Chief Marketing Officer – ceased 31 July 2012		
Gerald Brown	Chief Executive Officer Insurance – ceased 14 May 2012		
Alla Keogh	Human Resources Director – ceased 19 September 2011		
Mark Blackburn	Chief Financial Officer – ceased 4 October 2011		

There were no changes to KMP after the reporting date and before the date the financial report was authorised for issue.

2. Remuneration Governance

Remuneration Committee

The Remuneration Committee comprises three Non-Executive Directors.

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 meets as often as is required by the Remuneration Committee Charter or other policy approved by the Board to govern the operation of the Remuneration Committee. Following each meeting, the Remuneration Committee will report 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 CEO attends certain Remuneration Committee meetings by invitation where management input is required. The CEO is not present during any discussions related to his own remuneration arrangements.

3. Executive Remuneration Arrangements

Remuneration Principles & Strategy

The Group's executive remuneration strategy is designed to align the interests of executives and shareholders, and attract, motivate and retain high performing individuals.

The following remuneration strategy aligns with the strategic direction and links remuneration outcomes to performance. The guiding principles are outlined below, and affirm the Board's commitment to communicating KMP remuneration arrangements in a transparent manner.

- **Align the interests of executives with shareholders** – the remuneration framework incorporates “at-risk” components, including short term incentives and long term incentives. Performance is assessed against both financial and non-financial targets and key performance indicators that are relevant to the success of the Group and that will provide acceptable returns for shareholders.
- **Attract, motivate and retain high performing individuals** – remuneration is competitive with companies of a similar size and complexity, and longer-term remuneration encourages retention.

Overview of Components of Remuneration

The executive remuneration framework for the year ended 30 June 2013 consisted of the components outlined in the table below. Further details of each of the individual components are set out in section 4 of this remuneration report.

Fixed Annual Remuneration (FAR) 60-75% of Total Remuneration	Short Term Incentive (STI) 25-40% of Total Remuneration	Long Term Incentive (LTI)
In setting FAR, consideration is given to appropriate benchmark information and individual performance as well as the ability to retain key talent.	Rewards executives for their contribution to achievement of group financial outcomes as well as individual key performance indicators.	Rewards executives for their contribution to the creation of shareholder value over the longer term.
FAR includes superannuation and other benefits.	STI is a cash-based incentive, paid quarterly and annually to 30 June 2013. From 1 July 2013, STI will be paid biannually and annually.	LTIP shares awarded are subject to long-term performance conditions.

Within this framework, the Group aims to reward executives with a level of mix of remuneration appropriate to their position, responsibilities and performance within the Group and aligned with market practice.

Details of Executive Remuneration Components

Fixed Annual Remuneration

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

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

A review was undertaken during the 2013 financial year. Fixed remuneration levels for the CEO and a number of senior executives were increased based on individual performance and to align to market remuneration levels.

Short Term Incentives

Summary of STI Plan		
What is the short term incentive and who participates?	The short term incentive (STI) program is a cash-based plan that involves linking specific financial and non-financial targets with the opportunity to earn incentives based on a percentage of fixed salary for the CEO and senior executives.	
	All senior executives are eligible to receive an annual incentive.	
What is the amount the executive can earn?	The target STI opportunity is 45% of fixed remuneration for the Executive Chairman, 34% for the CEO, and between 28% and 35% for other senior executives.	
	Actual STI payments granted to each executive depends on the extent to which specific targets, both financial and non-financial, are met. STI on non-financial measures is awarded based on individual performance. STI on financial measures is based on the level of performance compared to target, per below.	
	Financial measures – level of performance	Percentage of STI received
	Below threshold (i.e. $\leq$ 95% of target)	0%
	Between threshold and target	Pro-rata, up to 100%
	Target (100%)	100%
	Above target	Up to 200%
What were the performance conditions for the 2013 financial year?	The performance conditions for the short term incentive are a mix between financial and non-financial measures.	
	Performance measure	Senior Executive allocation
	EBITDA	40%
	Gross Profit	30%-50%
	Agreed Objectives	10%-30%
	From 1 July 2013, the Gross Profit based component will be replaced by a Revenue based component in order to align performance with the Group's growth objectives. The allocation will remain unchanged.	
Why were the performance conditions chosen?	The Board considers the performance measures to be appropriate as they are aligned with the Group's objective of delivering growth and shareholder returns, as well as leadership behaviours aligned with the Group's corporate philosophy.	
When are the performance conditions tested?	Incentive payments based on Gross Profit and Agreed Objectives are determined and paid quarterly for the year ended 30 June 2013, and biannually and annually from 1 July 2013. Incentive payments based on EBITDA are determined after the preparation of the financial statements each year (in respect of the financial measures) and after a review of performance against non-financial measures by the CEO (and in the case of the CEO, by the Board). Payments of annual incentives are generally made in September after the reviews are complete.	

Short Term Incentives (continued)

In addition to the STI program outlined above, selected executives were eligible for discretionary bonuses in relation to:

- The successful capital raise of \$28.8 million of equity in September and October 2012; and
- The successful listing of iSelect Limited on the Australian Securities Exchange.

Bonuses paid or accrued in relation to the above are included in the table on Executive Remuneration Outcomes for 2013 on page 15.

Long Term Incentives

Summary of LTI Plan		
What is the long term incentive and who participates?	The Long Term Incentive Plan (LTIP) has been established as the long-term incentive component of remuneration in order to assist with the attraction, reward and retention of certain employees. The LTIP is designed to link long-term reward with the ongoing creation of shareholder value, through the allocation of LTIP Shares which are subject to satisfaction of long-term performance conditions. All senior executives, including the Executive Chairman and CEO, participate in the plan.	
How is the LTIP grant determined?	The Remuneration sub-committee determines the size and allocation of the LTIP grant in accordance with the LTI plan rules, for recommendation to the Board, who is responsible for final approval.	
What is the performance period?	The performance period for the 2013 LTIP is the period 1 April 2013 to 30 June 2015. Any LTIP Shares which do not vest following testing of the performance hurdles at the end of the performance period will lapse. LTIP Shares under the 2013 offer may vest in three tranches if the relevant performance condition is met in respect of that period. The first testing date was 30 June 2013 in respect of 20% of LTIP Shares. The performance condition for this test was not met, and the first tranche did not vest. The remaining LTIP Shares may vest in 2 equal tranches of 40%, tested at 30 June 2014 and 30 June 2015 respectively, where performance conditions are met. It is the Board's intention that the performance condition will be tested over the full performance period in respect of any future offers under the LTIP. Where a performance condition is not satisfied, any LTIP Shares which remain unvested following testing of tranche 1 and/or tranche 2, will be aggregated and tested on a cumulative basis at subsequent testing dates.	
What are the performance conditions?	The performance 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 a period, plus the value of any dividends and other distributions being treated as if they were re-invested in shares.	
What vesting schedules apply?	CAGR in TSR performance level	Percentage of awards vesting
	Less than 12%	0%
	12%	50%
	Greater than 12%, less than 15%	Percentage of vesting increases on a straight line basis
	15% or more	100%
Why were these performance conditions chosen?	The Board considers a CAGR in TSR to be an appropriate performance hurdle on the basis that it: ▪ ensures alignment between shareholder return and reward for the executive; and ▪ provides an external market performance measure to encourage and motivate executive performance.	
What happens in the event of a change in control?	Unless the Board determines otherwise, all LTIP Shares vest upon a change in control.	
What happens if the executive ceases employment?	Where an executive ceases employment, any unvested LTIP Shares will lapse, unless determined and approved otherwise by the Board.	

The table below sets out details of LTIP Shares held by and granted to executives during the year under the LTIP.

	Balance at start of year	Granted during year	Vested during year	Forfeited during year	Balance at end of year	Value at grant date
Damien Waller	-	1,351,350	-	-	1,351,350	1.85
Matt McCann	-	1,891,890	-	-	1,891,890	1.85
David Chalmers	-	702,700	-	-	702,700	1.85
Chris Billing	-	621,620	-	-	621,620	1.85
Roger McBride	-	540,540	-	-	540,540	1.85
Elise Morris	-	540,540	-	-	540,540	1.85
Jo Thomas	-	621,620	-	-	621,620	1.85
Scott Wilson	-	540,540	-	-	540,540	1.85
Trevor Jeffords ¹	-	81,080	-	-	81,080	1.85

¹ The Board approved Trevor Jeffords' retention of LTIP Shares post cessation of his employment on 5 April 2013.

Employee Share Option Plans

2010 and 2011 Option Plans

These plans are predecessors to the LTIP. No additional offers will be made under these plans, though awards previously granted under these plans will continue to be governed by the respective terms of these plans. Refer to note 28 for further detail on the 2010 and 2011 option plans.

Offer to Director under the 2011 Option Plan

A number of options have been granted to Mr Leslie Webb under the 2011 Option Plan in lieu of director's fees generally in line with the terms of that plan and as follows:

Grant date: 1 July 2012
Number: 450,000
Consideration: Nil
Exercise price: \$2.365
Expiry date: 30 June 2015
Service condition: Must be a director of iSelect or a related body corporate of iSelect
Vesting conditions: Options vest monthly in equal instalments during the period 1 July 2012 to 30 June 2013

4. Executive Remuneration Outcomes for 2013

The remuneration table below sets out the remuneration information for the executive directors and senior executives who are considered to be the key management personnel of the Group.

	Short Term Benefits			Post-Employment Benefits		Shared Based Payments		Termination Payments	Total	Performance Related
	Salary	STI	Other	Super	Other	Options	Shares			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Executive Directors										
Damien Waller (Executive Chairman)										
2013	526,995	172,687	-	25,000	-	58,320	56,132	-	839,134	287,139
2012	495,123	214,725	-	23,987	-	116,640	-	-	850,475	331,365
Matt McCann (Chief Executive Officer)										
2013	459,763	276,456	-	25,000	-	19,440	78,585	-	859,244	374,481
2012	397,832	114,750	-	25,324	-	38,880	-	-	576,786	153,630
Senior Executives										
David Chalmers (Chief Financial Officer) ¹										
2013	250,029	191,335	-	21,767	-	-	29,189	-	492,320	220,524
2012	-	-	-	-	-	-	-	-	-	-
Chris Billing (Chief Innovation Officer)										
2013	238,532	46,248	-	24,706	-	15,860	25,821	-	351,167	87,929
2012	183,486	94,502	-	25,019	-	31,720	-	-	334,727	126,222
Roger McBride (Marketing Director) ²										
2013	208,830	15,721	-	20,012	-	-	22,453	-	267,017	38,174
2012	-	-	-	-	-	-	-	-	-	-
Elise Morris (Human Resources Director) ³										
2013	287,615	36,125	-	28,754	-	-	22,453	-	374,947	58,578
2012	112,914	3,346	-	10,463	-	-	-	-	126,723	3,346
Joanna Thomas (Operations Director) ⁴										
2013	248,820	9,153	-	23,240	-	9,380	25,821	-	316,414	44,354
2012	32,139	20,112	-	4,703	-	3,127	-	-	60,081	23,239
Scott Wilson (Commercial Director) ⁵										
2013	120,833	23,434	-	12,172	-	-	22,453	-	178,892	45,887
2012	-	-	-	-	-	-	-	-	-	-
Former Senior Executives										
Trevor Jeffords (General Counsel) ⁶										
2013	215,362	13,822	-	26,926	-	6,480	3,368	145,888	411,846	23,670
2012	83,325	14,999	-	8,849	-	5,400	-	-	112,573	20,399
Chris Brant (Chief Financial Officer) ⁷										
2013	133,790	27,848	-	10,308	-	-	-	23,230	195,176	27,848
2012	209,127	-	-	18,821	-	-	-	-	227,948	-
David May (Chief Marketing Officer) ⁸										
2013	22,936	24,722	-	4,289	-	9,720	-	71,743	133,410	34,442
2012	280,287	58,747	-	25,000	-	12,960	-	-	376,994	71,707
Total Current & Former KMP										
2013	2,713,505	837,551	-	222,174	-	119,200	286,275	240,861	4,419,566	1,216,273
2012	1,794,233	521,181	-	142,166	-	208,727	-	-	2,666,307	729,908

¹ Appointed 23 August 2012.

² Appointed 20 August 2012.

³ Appointed 2 February 2012.

⁴ Appointed 3 May 2012.

⁵ Appointed 4 February 2013.

⁶ Appointed 7 February 2012, ceased 5 April 2013.

⁷ Appointed 24 October 2011, ceased 23 August 2012.

⁸ Ceased 31 July 2012.

The total of the KMP in FY2012 as per the audited financial statements was \$3,854,062 (\$3,603,927 for Executive KMP and \$250,135 for Non-Executive Directors). The FY2012 total displayed in the main table above (\$2,666,307) does not include previous KMP (as noted on page 10) who had nil remuneration in FY2013.

Comparison of Total FY2013 to FY2012 Remuneration Report										
2013	2,713,505	837,551	-	222,174	-	119,200	286,275	240,861	4,419,566	1,216,273
2012	2,210,972	790,205	-	197,372	-	238,967	-	166,411	3,603,927	1,029,172

5. Executive Contracts

Remuneration arrangements for KMP are formalised in employment contracts. All contracts are for unlimited duration.

Name	Notice Period & Termination Payment
Damien Waller	12 months by either party (or payment in lieu) 1 month notice within 6 months of ceasing to hold the position of Executive Chairman or Executive Director or where the scope of responsibilities or authority is materially diminished - Immediate for misconduct, breach of contract or bankruptcy
Matt McCann	12 months by either party (or payment in lieu) - Immediate for misconduct, breach of contract or bankruptcy
David Chalmers	6 months by either party (or payment in lieu) - Immediate for misconduct, breach of contract or bankruptcy
Chris Billing	6 months by either party (or payment in lieu) - Immediate for misconduct, breach of contract or bankruptcy
Roger McBride	3 months by either party (or payment in lieu) - Immediate for misconduct, breach of contract or bankruptcy
Elise Morris	3 months by either party (or payment in lieu) - Immediate for misconduct, breach of contract or bankruptcy
Joanna Thomas	6 months by either party (or payment in lieu) - Immediate for misconduct, breach of contract or bankruptcy
Scott Wilson	3 months by either party (or payment in lieu) - Immediate for misconduct, breach of contract or bankruptcy

6. Non-Executive Director Remuneration

Non-Executive Director Remuneration Policy

The Board seeks to set aggregate remuneration at a level that provides the Group with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders. The amount of aggregate remuneration is reviewed annually. The Non-Executive Director (NED) fee pool is determined from time to time by a general meeting. The latest determination was on 31 May 2013 where a fee pool of \$950,000 per annum was approved. The Board will not seek any increase in the NED pool at the 2013 AGM.

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. The payment of additional fees for serving on a committee recognises the additional time commitment required by the NEDs who serve on those committees.

Non-Executive Director Fees

The table below provides details of Board and committee fees (inclusive of superannuation) for the 2013 and 2012 financial years and current committee membership. The remuneration of Non-Executive Directors does not include any commission or percentage of profits.

Main Board	2013 \$	2012 \$
Members – non-executive directors ¹	85,000	65,000
Deputy Chairman	10,000	10,000
Audit Committee		
Chairman ¹	10,000	-
Remuneration Committee		
Chairman	10,000	10,000
Nomination Committee		
Chairman	10,000	10,000

¹ Prior to 24 June 2013, three of the four Directors received fees. Pat O'Sullivan received no fees for his Board membership nor as Chairman of the Audit & Risk Management Committee. From 24 June 2013, each Non-Executive Director receives fees of \$85,000 per annum. The Executive Chairman is not paid any fees in addition to his salary.

Non-Executive Director Remuneration for 2013

Non-Executive Director		Fees & Allowances \$	Short-Term Benefits^ \$	Super-annuation \$	Other^^ \$	Total \$
Greg Camm ¹	2013	54,787	18,307	6,624	-	79,718
	2012	-	-	-	-	-
Shaun Bonètt	2013	59,633	18,307	7,060	-	85,000
	2012	59,633	-	5,367	-	65,000
Pat O'Sullivan	2013	-	-	-	-	-
	2012	-	-	-	-	-
Leslie Webb	2013	9,174	18,307	2,519	50,400	80,400
	2012	9,174	-	826	-	10,000
Former Non-Executive Director						
Michael McLeod ²	2013	71,196	-	6,408	-	77,604
	2012	69,633	-	6,267	-	75,900
Martin Dalgliesh ³	2012	62,442	-	5,592	31,201	99,235
Total	2013	194,790	54,921	22,611	50,400	322,722
	2012	200,882	-	18,052	31,201	250,135

¹ Appointed 20 August 2012.

² Ceased 30 November 2012.

³ Ceased 16 March 2012.

^ Short-term benefits represent one-off cash bonuses upon the successful listing of the Group.

^^ For the 2013 financial year, "Other" represents share based payment expense in relation to options issued under the 2011 Option Plan to Leslie Webb, as described in note 29 to the Financial Statements. For the prior year, "Other" represents share based payments expense for Martin Dalgliesh.

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

On behalf of the Directors



Damien Waller
Director

Melbourne,
29 August 2013



Matt McCann
Director

Melbourne,
29 August 2013



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Auditor's Independence Declaration to the Directors of iSelect Limited

In relation to our audit of the financial report of iSelect Limited for the financial year ended 30 June 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ashley Butler
Partner

Melbourne
29 August 2013

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2013

	Note	Consolidated 30 June 2013 \$'000	Consolidated 30 June 2012 \$'000
Upfront fee revenue	4	74,806	57,303
Trail commission revenue	4	43,231	54,625
Operating revenue		118,037	111,928
Cost of sales		(61,155)	(56,970)
Gross profit		56,882	54,958
Other income		89	83
Administrative expenses		(29,820)	(29,955)
Share based payments expense	4	(668)	(557)
Initial public offering costs		(1,479)	-
Relocation costs		-	813
Acquisition costs		-	(1,260)
Profit Before Interest, Tax, Depreciation and Amortisation		25,004	24,082
Depreciation and amortisation	4	(5,150)	(4,054)
Profit Before Interest and Tax		19,854	20,028
Finance income		1,300	875
Finance costs	4	(2,998)	(1,770)
Profit Before Income Tax Expense		18,156	19,133
Income tax expense	5	(4,787)	(6,204)
Profit for the Period		13,369	12,929
Other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
Total Comprehensive Income for the Period		13,369	12,929
Profit attributable to owners of the Group		13,369	12,929
Total comprehensive income attributable to owners of the Group		13,369	12,929
Earnings per share (cents per share)			
Basic for profit for the year attributable to ordinary equity holders of the parent	19	6.6	7.8
Diluted for profit for the year attributable to ordinary equity holders of the parent	19	6.6	7.0

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 30 June 2013

	Note	Consolidated 30 June 2013 \$'000	Consolidated 30 June 2012 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	6	85,315	20,012
Trade and other receivables	7	18,692	15,338
Trail commission receivable	8	33,166	26,534
Other assets	9	1,459	1,160
Total Current Assets		138,632	63,044
Non-Current Assets			
Trade and other receivables	7	15,378	-
Trail commission receivable	8	73,807	64,925
Other assets	9	765	-
Property, plant and equipment	10	6,953	9,380
Intangible assets	11	38,726	37,048
Total Non-Current Assets		135,629	111,353
Total Assets		274,261	174,397
LIABILITIES			
Current Liabilities			
Trade and other payables	12	20,201	21,246
Provisions	13	4,525	4,232
Borrowings	14	-	35,000
Other		397	313
Total Current Liabilities		25,123	60,791
Non-Current Liabilities			
Provisions	13	2,686	2,858
Net deferred tax liabilities	5	18,726	17,742
Total Non-Current Liabilities		21,412	20,600
Total Liabilities		46,535	81,391
Net Assets		227,726	93,006
EQUITY			
Contributed equity	15	171,313	49,759
Share based payment reserve	16	858	2,384
Business combination reserve	16	5,571	5,571
Retained earnings	17	49,984	35,292
Total Equity		227,726	93,006

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2013

	Note	Issued Capital \$'000	Shared Based Payment Reserves \$'000	Business Combination Reserve \$'000	Retained Earnings \$'000	Total \$'000
Balance at 1 July 2011		36,582	1,827	5,571	22,363	66,343
Profit for the period		-	-	-	12,929	12,929
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the year		-	-	-	12,929	12,929
Transactions with owners in their capacity as owners						
Recognition of share based payments		-	557	-	-	557
Issue of share capital		13,177	-	-	-	13,177
Balance at 30 June 2012		49,759	2,384	5,571	35,292	93,006
Profit for the period		-	-	-	13,369	13,369
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the year		-	-	-	13,369	13,369
Transactions with owners in their capacity as owners						
Transfers of lapsed and exercised options	15, 17	871	(2,194)	-	1,323	-
Recognition of share based payments		-	668	-	-	668
Issue of share capital		129,864	-	-	-	129,864
Capitalised equity raising costs (net of tax)		(9,181)	-	-	-	(9,181)
Balance at 30 June 2013		171,313	858	5,571	49,984	227,726

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2013

	Note	Consolidated 30 June 2013 \$'000	Consolidated 30 June 2012 \$'000
Cash Flows from Operating Activities			
Receipts from customers		109,276	80,925
Payments to suppliers and employees		(105,067)	(81,287)
Income taxes paid		-	-
Net cash provided by/(used in) operating activities	6	4,209	(362)
Cash Flows from Investing Activities			
Payments for property, plant and equipment and intangible assets		(4,401)	(13,404)
Payments for acquisition of business		-	(31,348)
Net cash used in investing activities		(4,401)	(44,752)
Cash Flows from Financing Activities			
Interest paid		(4,531)	(1,425)
Interest received		1,154	875
Proceeds from borrowings		50,000	35,000
Repayment of borrowings		(85,000)	-
Net proceeds from issue of shares		119,250	13,177
NIA facility		(15,378)	-
Net cash provided by/(used in) financing activities		65,495	47,627
Net increase in cash and cash equivalents		65,303	2,513
Cash and cash equivalents at the beginning of the year		20,012	17,499
Cash and cash equivalents at the end of the year		85,315	20,012

The accompanying notes form part of these financial statements.

1. Corporate Information

The financial report of iSelect Limited for the year ended 30 June 2013 was authorised for issue in accordance with a resolution of Directors on 29 August 2013.

iSelect Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The company was admitted to the official list of the ASX on 24 June 2013. The consolidated financial statements of the company as at and for the year ended 30 June 2013 comprise the financial statements of the company and its subsidiaries (as outlined in note 24), together referred to in these financial statements as the "Group" and individually as "Group entities".

The nature of the operations and principal activities of the Group are described in the Directors' Report.

2. Significant Accounting Policies

(a) Basis of Preparation

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

All amounts are presented in Australian dollars unless otherwise noted. The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the Directors' report and the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

(b) Statement of Compliance

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

(c) Clarification of Terminology Used in the Statement of Comprehensive Income and the Statement of Cash Flows

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

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

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

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

Free cash flow is defined as the sum of net cash provided by operating activities and net cash used in investing activities. Management and the Directors believe this is useful in understanding cash flows available to the Group before any financing cash flows.

2. Significant Accounting Policies (continued)

(d) New Accounting Standards and Interpretations

New standards effective from 1 July 2012

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

Reference	Title	Application date of standard	Application date for Group
AASB 2011-9	Amendments to Australian Accounting Standards – Presentation of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049] This standard requires entities to group items presented in other comprehensive income on the basis of whether they might be reclassified subsequently to profit or loss and those that will not.	1 July 2012	1 July 2012

New standards and interpretations issued not yet adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ending 30 June 2013 are outlined below.

Reference	Title	Summary and Impact on Group financial report	Application date of standard	Application date for Group
AASB 10	Consolidated Financial Statements	AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 <i>Consolidated and Separate Financial Statements</i> dealing with the accounting for consolidated financial statements and UIG-112 <i>Consolidation – Special Purpose Entities</i> . The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. Consequential amendments were also made to other standards via AASB 2011-7 and 2012-10. The Group does not expect any material impact as a result of this standard.	1 January 2013	1 July 2013
AASB 12	Disclosure of Interests in Other Entities	AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests. This amendment is not expected to have a material impact on measurement and disclosure.	1 January 2013	1 July 2013

2. Significant Accounting Policies (continued)

(d) New Accounting Standards and Interpretations (continued)

New standards and interpretations issued not yet adopted (continued)

Reference	Title	Summary and Impact on Group financial report	Application date of standard	Application date for Group
AASB 13	Fair Value Measurement	AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. Consequential amendments were also made to other standards via AASB 2011-8. The Group is currently considering the impact of this standard.	1 January 2013	1 July 2013
AASB 119	Employee Benefits	The main change introduced by the standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans are recognised in full with actuarial gains and losses being recognised in other comprehensive income. It also revised the method of calculating the return on plan assets. The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date. Consequential amendments were also made to other standards via AASB 2011-10. This amendment is not expected to have a material impact on measurement and disclosure.	1 January 2013	1 July 2013

2. Significant Accounting Policies (continued)

(d) New Accounting Standards and Interpretations (continued)

New standards and interpretations issued not yet adopted (continued)

Reference	Title	Summary and Impact on Group financial report	Application date of standard	Application date for Group
AASB 9	Financial Instruments	AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. (a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. (b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. (d) 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 - The remaining change is presented in profit or loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Further amendments were made by AASB 2012-6 which amends the mandatory effective date to annual reporting periods beginning on or after 1 January 2015. AASB 2012-6 also modifies the relief from restating prior periods by amending AASB 7 to require additional disclosures on transition to AAB 9 in some circumstances. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10. These amendments are only expected to affect the presentation of the Group's financial report and will not have a direct impact on the measurement and recognition of amounts disclosed in the financial report.	1 January 2015	1 July 2015

2. Significant Accounting Policies (continued)

(e) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group. A list of controlled subsidiaries at year end is contained in note 24. Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

The financial statements of subsidiaries are prepared for the same reporting period of the parent company using consistent accounting policies. Adjustments are made to bring into line any dissimilar policies that may exist. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and unrealised gains and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Investments in subsidiaries held by iSelect Limited are accounted for at cost in the separate financial statements of the parent less any impairment charges.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. This method involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values. The difference between these items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether assets or liabilities of the acquiree are assigned to those units.

(f) 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".

(g) Significant Accounting Judgements, Estimates and Assumptions

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

2. Significant Accounting Policies (continued)

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

Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The key estimate and assumptions that have a significant risk of causing a material adjustment to the carrying amount of certain assets and liabilities are described below.

Revenue recognition

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

Trail commission receivable

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

The Directors consider this method of trail commission recognition to be a more accurate representation of the Group's financial results. This method is further detailed in note 2(h).

Clawback provisions

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

Provisions for employee benefits

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

Research and development costs

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

2. Significant Accounting Policies (continued)

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

Taxation

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

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future sales volumes, operating costs, capital expenditure, dividends and other capital management transactions.

Judgements are also required about the application of income tax legislation in respect of the availability of carry forward tax losses. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the 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 statement of comprehensive income in future periods.

Share based payments

Accounting judgements, estimates and assumptions in relation to share based payments are discussed in note 28.

(h) Revenue Recognition

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

Fee Revenue

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

(i) Upfront fees

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

(ii) Trail commission

Trail commissions are ongoing fees related to customers referred to individual funds or applied for mortgages via iSelect. Trail commission revenue represents commission earned calculated as a percentage of the value of the underlying policy relationship of the expected life and in the case of mortgages a proportion of the underlying value of the loan. The Group is entitled to receive trail commission without having to perform further services. On initial recognition, trail revenue and receivables are recognised at fair value, being the present value of expected future trail revenue receivables discounted to their net present value using discounted cash flow valuation techniques. These calculations require the use of assumptions. Due to the differences in underlying product characteristics and Product Provider circumstances, the discount rates applied in the most recent valuation of the trail commission receivable range between 8.0% and 12.5%.

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

2. Significant Accounting Policies (continued)

(h) Revenue Recognition (continued)

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

Interest

Revenue is recognised as interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Click-through revenue

Revenue is recognised based on the contractual arrangement with the relevant Product Provider. This can occur at one of three points, either when an internet click user clicks on a paying advertiser's link, submits an application, or a submitted application is approved.

Other Business Revenue

Revenue for contracted services, including advertising and subscription revenue, 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.

(i) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are recognised as an expense in profit and loss. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as the lease income.

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term. Lease incentives are recognised when they are received and amortised over the life of the lease.

(j) Cash and Cash Equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

2. Significant Accounting Policies (continued)

(k) Trade and Other Receivables

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

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

(l) Income Tax

Tax expense comprises current and deferred tax. Current and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss
- temporary differences related to investments in subsidiaries and associates and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future
- taxable temporary differences arising on the initial recognition of goodwill
- tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition, would be subsequently recognised if new information about facts and circumstance changed. The adjustment would be either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement of or in the profit or loss.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. The Group's tax advisors, PricewaterhouseCoopers, have provided an opinion on the probability of availability as at 30 June 2013. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income tax expenses that arise from the distribution of cash dividends are recognised at the same time that the liability to pay the related dividend is recognised. The Group does not distribute non-cash assets as dividends to its shareholders.

2. Significant Accounting Policies (continued)

(l) Income Tax (continued)

Tax consolidation legislation

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

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

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

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

(m) Other Taxes

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

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(n) Property, Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

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

	Useful Life	Method
Computer software/equipment	2 to 5 years	Straight-line method
Furniture, fixtures & fittings	8 years	Straight-line method
Leasehold improvements	5 to 6.5 years	Straight-line method
Motor vehicles	3 years	Straight-line method

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. 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 item) is included in the statement of comprehensive income in the period the item is derecognised.

2. Significant Accounting Policies (continued)

(n) Property, Plant and Equipment (continued)

Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value. Impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

(o) Intangible Assets

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

The useful lives of intangible assets are assessed to be either finite or infinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are either reviewed at the end of each reporting period or amortised over the life of the asset. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate.

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

	Useful Life
Development costs (including website development)	2 to 5 years
Trademarks and domain names	Indefinite
Computer software	2 to 4 years
Goodwill	Indefinite
Consumer contracts	3 months

The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible assets.

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

Research and development costs

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition of the development expenditure, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses.

2. Significant Accounting Policies (continued)

(o) Intangible Assets (continued)

Amortisation of the asset begins when development is complete and the asset is available for use. Any expenditure so capitalised is amortised over the period of expected benefit from the related project. Web site development costs, customer lists and brand names capitalised as an intangible asset are amortised on a straight line basis with a useful life as detailed above.

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see note 2(e). Subsequent measurement of goodwill is measured at cost, tested for impairment annually. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

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

(p) Investments

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

(q) Impairment of Assets

The Group monitors throughout the year to see whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset.

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

After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(r) Trade and Other Payables

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

2. Significant Accounting Policies (continued)

(s) Loans and borrowings

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

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

(t) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(u) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

Employee benefits expenses and revenues arising in respect of wages and salaries, non-monetary benefits, annual leave, long service leave and other leave benefits; and other types of employee benefits are recognised against profits on a net basis in their respective categories.

(v) Share based payments

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

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

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

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

2. Significant Accounting Policies (continued)

(v) Share Based Payments (continued)

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

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

(w) Comparative Balances

Accounting policies adopted are consistent with those of the previous year. Where expenses have been reallocated between departments or within expense lines, the comparatives for the previous year have been reallocated also to assist comparability between the years.

(x) Onerous Contracts

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

(y) Interest Expense

Interest expense comprises interest expense on borrowings and is recognised in profit or loss using the effective interest method.

(z) Contributed equity

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

2. Significant Accounting Policies (continued)

(aa) Earnings Per Share

Basic earnings per share

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

Diluted earnings per share

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

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

3. Segment Information

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

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

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

The following tables present revenue and results by operating segments for the years ended 30 June 2013 and 30 June 2012.

	30 June 2013 \$'000	30 June 2012 \$'000
Operating revenue		
Health & Car Insurance	93,090	97,983
Household Utilities & Financial	24,947	13,945
Consolidated Group operating revenue	118,037	111,928
Profit before interest, tax, depreciation & amortisation		
Health & Car Insurance	36,532	40,447
Household Utilities & Financial	3,063	(5,552)
Unallocated (Corporate)	(14,591)	(10,813)
Consolidated Group profit before interest, tax, depreciation & amortisation (EBITDA)	25,004	24,082
Depreciation and amortisation	(5,150)	(4,054)
Net finance costs	(1,698)	(895)
Consolidated Group profit before income tax	18,156	19,133
Income tax expense	(4,787)	(6,204)
Consolidated Group net profit for the year	13,369	12,929

Geographical locations

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

4. Revenue and Expenses

Upfront Fee Revenue

	Consolidated 30 June 2013 \$'000	Consolidated 30 June 2012 \$'000
Upfront fee revenue	63,960	52,602
Click-through revenue	2,843	2,034
Other business revenue	8,003	2,667
	74,806	57,303

Trail Commission Revenue

Trail commission revenue – current sales period	36,212	44,106
Trail commission revenue – expected cash flow adjustments to historical trail receivable	(687)	3,081
Trail commission revenue – interest income relating to the unwind of discount on historical trail receivable	7,706	7,438
	43,231	54,625

Employee benefits expense

Cost of sales and administration expenses include the following employee benefits expenses:

Remuneration, bonuses, on-costs and amounts provided for benefits (i)	40,725	36,498
Share based payments	668	557
	41,393	37,055

Depreciation & amortisation

Depreciation	2,818	1,985
Amortisation of previously capitalised development costs	2,332	2,069
	5,150	4,054

Occupancy related expenses

Operating lease rental expense	1,743	1,560
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Other expenses included in the income statement

Initial public offering costs (ii)	1,479	-
Doubtful debt expense	20	63
Relocation costs (iii)	-	(813)
Acquisition costs (iv)	-	1,260
	1,499	510

Finance costs

Interest expense	2,998	1,770
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- (i) Employee benefits expense is net of amounts capitalised as website development costs of \$2,543 thousand (2012: \$2,809 thousand).
- (ii) Initial public offering costs include amounts incurred and/or paid to consultants, advisors and other parties in relation to the public listing of iSelect Limited on the Australian Securities Exchange, effective 24 June 2013 that did not meet capitalisation criteria.
- (iii) Relocation costs relate to the expenditure incurred as a result of moving to premises at Bay Road, Cheltenham. Makegood and onerous contract provisions were reversed in the prior year to the extent no longer required.
- (iv) Acquisition costs relate to the legal and due diligence costs associated with the acquisition of Infochoice during the prior year.

5. Income Tax

Current income tax

Current income tax benefit	230	2,054
Adjustment in respect of current income tax of previous years	(734)	(298)

Deferred income tax

Relating to origination and reversal of temporary differences	(5,360)	(7,890)
Adjustments in respect of deferred income tax of previous years	1,077	(70)
Income tax reported in income statement	(4,787)	(6,204)

A reconciliation of income tax benefit/(expense) applicable to account profit before income tax at the statutory income tax rate is as follows:

Accounting profit before income tax	18,156	19,133
Statutory income tax rate of 30%	(5,447)	(5,740)
Adjustments in respect of current income tax of previous years	(734)	(298)
Adjustments in respect of deferred income tax of previous years	1,077	(70)
Share based payments	(200)	(167)
Entertainment	(43)	(71)
Research and development concessional deduction	500	272
Other	60	(130)
Total income tax expense	(4,787)	(6,204)

Deferred tax assets relate to the following:

Deferred tax assets from temporary differences on:

Trade and other payables	367	768
Provisions	2,209	2,166
Fixed assets	708	-
Carried forward losses	7,960	8,450
Expenditure for initial public offering costs	3,217	-
Other	104	140
Total deferred tax assets	14,565	11,524

Deferred tax liabilities from temporary differences on:

Trail commission receivable	(32,092)	(27,438)
Accrued interest	-	(7)
Development costs	(1,100)	(1,723)
Other	(99)	(98)
Total deferred tax liabilities	(33,291)	(29,266)

Net deferred tax liabilities

(18,726) (17,742)

Tax Consolidation

The iSelect Group formed an income tax consolidated group as at 30 April 2007. iSelect Limited continues to act as the head entity of this Group. Upon the 100% acquisition of Infochoice Limited, it became part of the tax consolidated group.

Members of the Group entered into a tax sharing agreement at that time that provided for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts are expected to be recognised in the financial statements in respect of this agreement on the basis that the probability of default is remote. The head entity and the controlled entities in the likely tax consolidated group continue to account for their own current and deferred tax balances.

Unrecognised deferred tax assets

Deferred tax assets of \$2.9 million (gross tax loss of \$9.6 million) in respect of losses acquired as part of the Infochoice Limited acquisition have not been recognised as at 30 June 2013.

6. Cash and Cash Equivalents

Cash at bank and on hand
Term deposits

Consolidated 30 June 2013 \$'000	Consolidated 30 June 2012 \$'000
63,173	10,870
22,142	9,142
85,315	20,012

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

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

Net profit after tax	13,369	12,929
Adjustments for non-cash income and expense items:		
Depreciation and amortisation	5,150	4,054
Share based payments expense	668	557
Interest income classified as financing cash flow	(1,300)	(875)
Interest expense classified as financing cash flow	2,998	1,425
Changes in net assets and liabilities:		
(Increase)/decrease in trade receivables	(3,354)	(9,173)
(Increase)/decrease in trail commission receivable	(15,514)	(29,979)
(Increase)/decrease in other assets	285	(40)
Increase/(decrease) in trade and other payables	(3,085)	11,158
Increase/(decrease) in deferred taxes	4,787	6,204
Increase/(decrease) in provisions	121	3,396
Increase/(decrease) in other liabilities	84	(18)
Net cash flow provided by/(used in) operating activities	4,209	(362)

7. Trade and Other Receivables

Current

	Consolidated 30 June 2013 \$'000	Consolidated 30 June 2012 \$'000
Trade receivables	18,843	10,973
Allowance for credit losses	(151)	(131)
Other receivables	-	4,496
	18,692	15,338

Non-Current

Trade receivables (secured NIA facility)	15,378	-
Allowance for credit losses	-	-
	15,378	-
	34,070	15,338

Refer to note 20 for information on the credit risk management policy of the Group.

Impaired trade receivables

As at 30 June 2013, current trade receivables with a nominal value of \$151,000 (2012: \$131,000) were impaired.

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

Carrying value and the beginning of the year	131	-
Allowance for credit losses recognised during the year	89	63
Receivables written off during the year as uncollectable	-	68
Unused amount reversed	(69)	-
Carrying value at the end of the year	151	131

Trade receivables past due but not impaired

As at 30 June 2013, trade receivables of \$1,011,000 (2012: \$1,003,000) were past due but not impaired. These relate to customers for whom there is no recent history of default or other indicators of impairment.

The ageing analysis of trade and other receivables that were not impaired is as follows:

Neither past due nor impaired	17,681	14,335
Past due 1 – 30 days	50	514
Past due 31 – 90 days	385	338
Past due 90+ days	576	151
	18,692	15,338

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

Other receivables - current

Other receivables in the prior year represent an amount owing by NIA to iSelect. This receivable amount has now been settled through a draw-down on the NIA facility. This facility is discussed in further detail below.

7. Trade and Other Receivables (continued)

Secured NIA facility

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

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

- (i) NIA must pay interest every three months to the group on the amount outstanding under the facility. Interest is payable at variable rates.
- (ii) Unless repaid earlier by NIA, all amounts drawn under the facility shall be finally repaid by NIA Health on 31 July 2014, unless:
 - a. An extension is requested by NIA Health to 31 July 2015 by NIA Health giving notice that it is unable to refinance the facility;
 - b. An event of default or review event occurs under the facility which will entitle the group to accelerate repayment of the facility.
- (iii) The maximum size of the facility is \$75 million. As at 30 June 2013, a further \$59.6m may be drawn down (if the facility is extended to 31 July 2015).
- (iv) NIA Health has provided a fixed and floating charge over all its present and after-acquired property. In addition, NIA Health's parent company, NIA, has provided a share of mortgage over all the present and after-acquired shares in NIA Health and a guarantee from NIA to the Group in respect of the facility.

8. Trail Commission Receivable

Current

	Consolidated 30 June 2013 \$'000	Consolidated 30 June 2012 \$'000
Trail commission receivable	33,166	26,534
	33,166	26,534

Non-Current

	Consolidated 30 June 2013 \$'000	Consolidated 30 June 2012 \$'000
Trail commission receivable	73,807	64,925
	73,807	64,925

Total trail commission receivable	106,973	91,459
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Reconciliation of movement in trail commission receivable:

Opening balance	91,459	61,480
Trail commission revenue – current period	36,212	44,106
Trail commission revenue – expected cash flow adjustment to historical trail receivables	(687)	3,081
Trail commission revenue – interest income relating to the unwind of discount on historical trail receivables	7,706	7,438
Cash receipts	(27,717)	(24,646)
Closing balance	106,973	91,459

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 \$8,272 thousand (2012: \$7,774 thousand). A combined premium price increase of 1% and termination rate decrease of 1% would have the effect of increasing the carrying value by \$9,024 thousand (2012: \$8,471 thousand). Individually, the effects of these inputs would not give rise to any additional amount greater than those stated.

9. Other Assets

Current

Prepayments – Facility Fees
Prepayments – Other
Other Assets

Consolidated 30 June 2013 \$'000	Consolidated 30 June 2012 \$'000
425	-
766	1,124
268	36
1,459	1,160
765	-
765	-

Non-Current

Prepayments – Facility Fees

10. Property, Plant and Equipment

	Leasehold Improve- ments \$'000	Office & Computer Equipment \$'000	Motor Vehicles \$'000	Computer Software \$'000	Furniture, Fixtures & Fittings \$'000	Total \$'000
As at 30 June 2013						
Cost	8,462	3,896	66	3,304	1,038	16,766
Accumulated depreciation	(3,953)	(2,558)	(36)	(2,355)	(911)	(9,813)
Net carrying amount	4,509	1,338	30	949	127	6,953
Net carrying amount at 1 July 2012	5,777	1,837	83	1,556	127	9,380
Additions	68	156	-	158	28	410
Disposals	-	-	(19)	-	-	(19)
Depreciation expense	(1,336)	(655)	(34)	(765)	(28)	(2,818)
Net carrying amount at 30 June 2013	4,509	1,338	30	949	127	6,953
As at 30 June 2012						
Cost	8,394	3,740	85	3,146	1,010	16,375
Accumulated depreciation	(2,617)	(1,903)	(2)	(1,590)	(883)	(6,995)
Net carrying amount	5,777	1,837	83	1,556	127	9,380
Net carrying amount at 1 July 2011	-	909	-	1,016	44	1,969
Acquired through acquisitions	-	-	-	940	-	940
Additions	6,625	1,438	85	214	94	8,456
Disposals	-	-	-	-	-	-
Depreciation expense	(848)	(510)	(2)	(614)	(11)	(1,985)
Net carrying amount at 30 June 2012	5,777	1,837	83	1,556	127	9,380

11. Intangible Assets

	Develop- ment Costs \$'000	Trade- marks & Domain Name \$'000	Goodwill \$'000	Brand Names \$'000	Customer Contracts \$'000	Total \$'000
As at 30 June 2013						
Cost	14,872	229	23,235	6,450	806	45,592
Accumulated amortisation & impairment	(6,060)	-	-	-	(806)	(6,866)
Net carrying amount	8,812	229	23,235	6,450	-	38,726
Net carrying amount at 1 July 2012	7,162	201	23,235	6,450	-	37,048
Additions	3,982	28	-	-	-	4,010
Amortisation	(2,332)	-	-	-	-	(2,332)
Net carrying amount at 30 June 2013	8,812	229	23,235	6,450	-	38,726
As at 30 June 2012						
Cost	10,890	201	23,235	6,450	806	41,582
Accumulated amortisation & impairment	(3,728)	-	-	-	(806)	(4,534)
Net carrying amount	7,162	201	23,235	6,450	-	37,048
Net carrying amount at 1 July 2011	3,477	201	-	-	-	3,678
Acquired through acquisitions	-	-	23,235	6,450	806	30,491
Additions	4,948	-	-	-	-	4,948
Amortisation	(1,263)	-	-	-	(806)	(2,069)
Net carrying amount at 30 June 2012	7,162	201	23,235	6,450	-	37,048

Description of intangible assets

(i) *Development costs*

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

(ii) *Trademarks and domain names*

Trademark and domain names are carried at cost and are not amortised. These intangible assets have been determined to have infinite useful lives. These assets were tested for impairment as at 30 June 2013, on a 'value-in-use' basis. Also refer note 2(q) and below.

(iii) *Goodwill*

Goodwill relates to the acquisition of Infochoice Limited. Goodwill has been tested for impairment on a value-in-use basis as at 30 June 2013, refer to note 2(q) and below.

(iv) *Brand Names*

The brand name acquired as part of the Infochoice Limited acquisition was initially recognised at fair value. This intangible asset has been determined to have indefinite useful life. These assets were tested for impairment as at 30 June 2013, refer to note 2(q) and below.

(v) *Customer Contracts*

The customer contract asset acquired as part of the Infochoice Limited acquisition is carried at cost less accumulated amortisation and accumulated impairment losses. This intangible asset has been assessed as having a finite life and is amortised using the straight line method over the remaining period of the contract terms. The amortisation has been recognised in the statement of comprehensive income in amortisation. This asset is fully written down.

11. Intangible Assets (continued)

Impairment testing of goodwill and intangible assets with indefinite lives

Goodwill acquired through the Infochoice Limited acquisition has been allocated to the cash generating units (CGUs) for impairment testing as follows:

Segment	CGU	\$'000
Health and Car Insurance	Health	4,634
	Car	1,659
Household Utilities and Financial	Home loans	10,088
	Money	6,801
	Life	53
		23,235

Brand names acquired through the Infochoice Limited acquisition have an indefinite useful life and are allocated to a Group level. Trademarks and domain names also have an indefinite useful life and are allocated to a Group level. The Group performed its annual impairment test as at 30 June 2013. The recoverable amount of CGUs has been determined based on a value-in-use calculation using a combination of cash flow projections from financial year 2013 actual results with a growth rate increment applied for subsequent years, and financial year 2014 forecasts approved by senior management with a growth rate increment for subsequent years. A pre-tax discount rate is applied to the cash flow projections. As a result of this analysis, no impairment was identified for the CGUs for which goodwill or brand names are allocated.

Key assumptions used in value in use calculation

Discount rates

Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors.

The cost of debt is based on the interest bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. As a result, the pre-tax discount rate applied is 13.6%.

Growth rate estimates

For each CGU, five years of cash flows have been included in the discounted cash flow models. These are based on projections from 2013 financial results and growth rates ranging from 2% to 5% for all CGU's other than Home Loans. The Home Loans CGU is an immature business and its operations to-date has incurred losses. However, the performance of the business for the 2013 financial was better than expected and management believes significant growth will be experienced over the next 3 years. The cash flows for Home Loans are based on management projections, with a positive net cash flow forecast for the 2014 financial year. Substantial growth is projected to continue into the 2015 and 2016 financial years, and thereafter more modest growth is expected. A long term growth rate of 2% into perpetuity has been determined for 2018 onward, and is in line with other assessment for other CGUs.

Market share assumptions

These assumptions are important because management assesses how the unit's position, relative to its competitors, might change over the budget period. Management expects the Group's share of its respective markets to grow over the budget period.

Sensitivity to changes in assumptions

With regard to the assessment of 'value-in-use' of the CGUs other than the Home Loans CGU, management believes that no reasonable change in any of the above key assumptions would cause the carrying value of the units to materially exceed its recoverable amount.

For the Home Loans unit, the estimated recoverable amount is \$4,030 thousand greater than its carrying value and, consequently, any adverse change in a key assumption may result in an impairment loss. The implications of the key assumptions for the recoverable amount are discussed below:

11. Intangible Assets (continued)

- Growth rate assumptions – management recognises that the Home Loans CGU is a new entrant to the market and the possibility of the speed of its growth may have a significant impact on growth rate assumptions applied. As an indication of the potential impact on impairment, if conversion and growth rates achieved are in excess of 11% less than projected for financial years 2014 and 2015, this would result in impairment.
- Discount rate assumptions – to have an adverse impact on the forecasts included in the budget, an increase of the pre-tax discount rate to 16.6% would result in an impairment of the Home Loans CGU.

12. Trade and Other Payables

	Consolidated 30 June 2013 \$'000	Consolidated 30 June 2012 \$'000
Trade Payables	10,088	4,684
Other Payables	10,113	16,562
	20,201	21,246

Trade payables and other payables are non-interest bearing and are normally settled on 30 day terms.

13. Provisions

Current

Employee Benefits – Annual Leave	2,047	1,581
Employee Benefits – Long Service Leave	334	224
Lease Incentive	319	319
Clawback	1,825	1,856
Other	-	252
	4,525	4,232

Non-Current

Employee Benefits – Long Service Leave	451	304
Lease Incentive	2,235	2,554
	2,686	2,858

Nature and timing of provisions

(i) Clawback provision

The Group has recognised a provision for expected clawback of marketing fees receivable from health, life and general funds due to early termination of policies by new members. This is based on historical and average industry rates of attrition. Clawback of fees is incurred within two to twelve months of the sale of the relevant policies.

(ii) Provision for lease incentive

Relates to the receipt of lease incentive payments in relation to the Group's campus. This revenue has been deferred and is being recognised in the statement of comprehensive income over the life of the lease.

Movement in provisions

Movements in each class of provision during the financial year, other than provisions relating to employee benefits, are set out below:

	Clawback		Lease Incentive		Other	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Carrying amount at beginning of year	1,856	1,162	2,873	48	252	1,049
Arising during the year	5,320	5,179	-	3,192	-	252
Utilised	(5,351)	(4,485)	(319)	(367)	(42)	(235)
Unused amounts reversed	-	-	-	-	(210)	(814)
Carrying amount at end of year	1,825	1,856	2,554	2,873	-	252

14. Borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see note 20.

	Consolidated 30 June 2013 \$'000	Consolidated 30 June 2012 \$'000
<i>Current</i>		
Term loan (a)	-	35,000
Revolving facility (b)	-	-
	-	35,000

Funding activities

During the year, a number of borrowing arrangements were in place, however, overall borrowings reduced to nil as at 30 June 2013. The recent listing on the Australian Securities Exchange and the associated raising of equity has facilitated the extinguishment of all borrowings for the Group. The Group currently maintains a revolving facility with CBA, on the terms outlined in in note 14 (b) below.

(a) Term loan

The prior year borrowings represent a term loan with Goldman Sachs Lending Partners LLC (Facility Agent) & Goldman Sachs & Partners Australia Capital Markets Limited (Arranger) ("Goldman Sachs").

On 28 September 2012 and 5 October 2012, a total of \$28.829 million was raised through the issue of 1,558,351 shares at \$18.50 a share to institutional and sophisticated investors. These funds were used to repay \$20.729 million of the borrowings with Goldman Sachs.

On 30 October 2012, a new \$25 million facility was entered into with Credit Suisse AG under normal commercial terms, with an initial repayment date of 20 December 2013. \$14.271 million of these funds were used to repay the balance of the amount owing to Goldman Sachs.

The facility and drawdown established with Credit Suisse AG was repaid in full on 19 April 2013, using a newly established revolving facility with CBA, the terms of which are noted below in note 14(b).

(b) Revolving facility

The Group entered into a \$40 million facility with the Commonwealth Bank of Australia (**CBA**). The arrangements include a term debt revolving facility of up to \$35 million and a secured letter of credit facility of up to \$5 million. The term of the facility is 3 years, from 18 April 2013 to 17 April 2016. The purpose of the facility is to provide funding for general corporate purposes, including ongoing working capital requirements and to meet the ongoing liquidity requirements of the Group. Interest is payable at a rate calculated as BBSY plus a pre-determined margin.

The revolving facility contains financial covenants that are required to be met. As at 30 June 2013, the Group has complied with these covenants.

A drawdown under the facility agreement was made on 19 April 2013 to repay the \$25 million Credit Suisse AG facility.

Part of the equity raised through the initial public offering of the Group, effective 24 June 2013, was used to repay the outstanding CBA facility on 26 June 2013.

The Group has provided a General Security Deed over all the present and after-acquired property of all entities in the consolidated Group.

15. Contributed Equity

Issued capital

Consolidated 30 June 2013 \$'000	Consolidated 30 June 2012 \$'000
171,313	49,759

Issued capital – ordinary shares

Movement in shares on issue

Opening balance – ordinary fully paid shares – 1 July 2011

Issue of shares
Balance at 30 June 2012
Issue of shares – September and October 2012 capital raise⁽¹⁾
Issue of shares – ESOP
Transfers of exercised options
Share split
Issue of shares – Initial Public Offering ⁽³⁾

Total quoted shares outstanding at 30 June 2013

Issue of shares – Long term incentive plan ⁽²⁾
Share split of LTIP shares

Total balance at 30 June 2013

Number of Shares	Share Capital \$'000
14,692,314	36,582
4,116,635	13,177
18,808,949	49,759
1,558,351	27,716
133,784	1,035
-	871
184,509,756	-
54,054,054	91,932
259,064,894	171,313
888,367	-
7,995,303	-
267,948,564	171,313

⁽¹⁾ Net of transaction costs of \$1,459 thousand and associated tax of \$(346) thousand.

⁽²⁾ Shares issued as part of Long Term Incentive Plan which are unquoted ordinary shares. Refer to note 28 for further details.

⁽³⁾ Net of transaction costs of \$11,525 thousand associated tax of \$(3,457) thousand.

Ordinary Shares

Ordinary shares entitle the holder to the right to receive dividends as declared and, in the event of winding up the Group, to participate in the proceeds from the sale of all surplus assets in proportion to the number and amount paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Group.

Share split

On 31 May 2013, the Company undertook a share split whereby each share converted on the basis that every 1 share became 10 shares.

16. Reserves

Share based payment reserve
Business combination reserve

30 June 2013 \$'000	30 June 2012 \$'000
858	2,384
5,571	5,571
6,429	7,955

(a) Share based payment reserve

This reserve records the value of shares under the iSelect 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 28 for further details of these plans. During the year, the exercised options balance was transferred into issued capital whilst the lapsed options balance was transferred into retained earnings.

(b) Business combination reserve

This reserve records the difference between the consideration paid and the 'equity' acquired from the internal group restructure performed in the 2007 financial year. Refer to note 2(f) for further details.

17. Retained Earnings

	30 June 2013 \$'000	30 June 2012 \$'000
Balance at beginning of period	35,292	22,363
Profit for the period	13,369	12,929
Transfers of lapsed options	1,323	-
Balance at end of period	49,984	35,292

18. Dividends

Dividends provided for or paid during the year	-	-
	-	-
Franking credit balance	-	-

The Group is not in a tax payable position therefore there are no payments of tax to generate franking credits.

19. Earnings Per Share

Basic earnings per share is calculated as net profit attributable to members of the parent by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share are calculated as above with an adjustment for the weighted number of ordinary shares that would be issued on conversion of all dilutive ordinary shares.

Basic and dilutive earnings per share are calculated as follows:

	Consolidated	
	30 June 2013 \$'000	30 June 2012 \$'000
Profit attributable to members of the parent	13,369	12,929
	Shares (m)	Shares (m) ⁽¹⁾
Weighted average number of ordinary shares for basic earnings per share	201,763	165,105
Effect of dilution	1,709	19,697
Weighted average number of ordinary shares adjusted for effect of dilution	203,472	184,802
	Cents	Cents
Earnings per share:		
Basic for profit for the year attributable to ordinary members of the parent	6.6	7.8
Diluted for profit for the year attributable to ordinary members of the parent	6.6	7.0

⁽¹⁾ Shares numbers at 30 June 2012 have been restated on a 1-for-10 basis so they are comparative with 30 June 2013 share numbers, which are post the 1-for-10 share split that took place on 31 May 2013.

20. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise receivables, payables, borrowings, bank and other loans, and cash and short-term deposits. The Group does not use derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures. It does not operate internationally and is not exposed to either securities price risk or commodity price risk. Foreign exchange risk is limited to minimal transactional currency exposure for some purchases in currencies other than the functional currency.

The main risks arising from the Group's financial instruments are:

- Market risk (including interest rate risk and foreign currency risk);
- Credit risk; and
- Liquidity risk.

The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate risk and assessments of market forecasts for interest rates and exchange rates. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk, and liquidity risk is monitored through the development of future rolling cash flow forecasts and comprehensive capital management planning.

The Board of Directors continues to review the Group's risk and capital management framework and has an Audit and Risk Management Committee to aid and oversee this process.

The Group's policies in relation to financial risks to which it has exposure are detailed below.

(a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, trail commission receivables, deposits, available-for-sale investments and derivative financial instruments.

(i) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from cash and cash equivalents, trail commission receivables and borrowings. Interest on borrowings is denominated in the currency of the borrowing and that are matched by the cash flows generated by the underlying operations of the Group. This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied in these circumstances. The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date:

	30 June 2013 \$'000	30 June 2012 \$'000
Financial Assets		
Current		
Cash and cash equivalents	85,315	20,012
Trade and other receivables	18,692	15,338
Trail commission receivable	33,166	26,534
Non-Current		
Trade and other receivables	15,378	-
Trail commission receivable	73,807	64,925
	226,358	126,809
Financial Liabilities		
Current		
Trade and other payables	20,201	21,246
Borrowings	-	35,000
	20,201	56,246
Net Exposure	206,157	70,563

20. Financial Risk Management Objectives and Policies (continued)

(a) Market Risk (continued)

At 30 June 2013, if interest rates had moved as illustrated in the table below, with all other variables being held constant, post-tax profit would have been higher/(lower) as follows:

	30 June 2013 \$'000	30 June 2012 \$'000
TOTAL		
Consolidated		
+1% (100 basis points)	597	140
-1% (100 basis points)	(597)	(140)
CASH AT BANK		
Consolidated		
+1% (100 basis points)	597	140
-1% (100 basis points)	(597)	(140)

Judgments of reasonably possible movements

The movements in profit are due to higher/lower interest income from cash balance.

(ii) Foreign currency risk

The Group has minimal transactional currency exposure. Such exposure arises from purchases by an operating entity in currencies other than the functional currency. No hedging instruments have been or are in place.

(b) Credit Risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash management equivalents, trade and other receivables and trail commission receivable in future periods. The Group's maximum exposure to credit risk at reporting date in relation to each class of financial asset is the carrying amount of those assets as indicated in the balance sheet.

Exposure to credit risk

The carrying amount of the financial assets represents the maximum credit exposure. The maximum credit risk at the reporting date was as follows:

	30 June 2013 \$'000	30 June 2012 \$'000
Cash and cash equivalents	85,315	20,012
Trade and other receivables	34,070	15,338
NIA receivable	15,378	-
Trail commission receivable	106,973	91,459
	241,736	126,809

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 the trail commissions (as discussed in note 2(e) and outstanding receivables). Estimates of the likely credit risk associated with the health, life and general funds and mortgage providers are incorporated in the discount rates (one of the assumptions used in the fair value and amortised cost calculation). Any risk in relation to other revenue has been reflected in allowance for credit losses.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk, particularly in the current deteriorating economic circumstances.

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 7 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.

20. Financial Risk Management Objectives and Policies (continued)

(b) Credit Risk (continued)

Credit risk related to cash and cash equivalents

Investments of surplus funds are made only with approved counterparties and for approved amounts, to minimise the concentration of risks and mitigate financial loss through potential counterparty failure.

(c) Liquidity Risk

The Group aims to maintain the level of its cash and cash equivalents at an amount to meet its financial obligations. The Group also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables through rolling forecasts. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's internal policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying Amount \$'000	Contract- ual Cash Flows \$'000	<3 months \$'000	3–12 months \$'000	1–2 years \$'000	2–5 years \$'000	>5 years \$'000
As at 30 June 2013							
Non-derivative financial liabilities							
Borrowings	-	-	-	-	-	-	-
Trade payables	20,201	20,201	20,201	-	-	-	-
Total	20,201	20,201	20,201	-	-	-	-
As at 30 June 2012							
Non-derivative financial liabilities							
Borrowings	35,000	35,704	35,704	-	-	-	-
Trade payables	21,246	21,246	21,246	-	-	-	-
Total	56,246	56,950	56,950	-	-	-	-

The gross inflows/(outflows) disclosed in the previous table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are usually not closed out prior to contractual maturity.

As disclosed in note 14, the Group has a debt facility, which contains a debt covenant. A breach of this covenant may require the Group to repay the loan, however as at 30 June 2013, iSelect has not drawn down on this facility.

20. Financial Risk Management Objectives and Policies (continued)

(c) Liquidity Risk (continued)

As at 30 June 2012 and during the year ended 30 June 2013, the Group held a borrowing facility with Goldman Sachs. On 28 September 2012 and 5 October 2012, a total of \$28.829 million was raised through the issue of 1,558,351 shares at \$18.50 a share to institutional and sophisticated investors.

These funds were used to repay \$27.535 million of the current borrowings. The remaining \$7.465 million of current borrowings were rolled into a new \$25 million facility under normal commercial terms and a repayment date of 31 December 2014 with Credit Suisse AG and the old facility with Goldman Sachs extinguished.

In April 2013, facilities totalling \$40 million were entered into with the CBA. An initial drawdown of \$25 million was used to repay in full the Credit Suisse AG borrowings.

\$100 million was raised through the initial public offering. Costs associated with the initial public offering were \$13 million (including both capitalised amounts (before tax effect) and expensed amounts). Part of the funds raised were used to repay the CBA in full.

(d) Fair Values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows.

		\$'000			
		Carrying Amount		Fair Value	
Note		2013	2012	2013	2012
Financial Assets					
Cash and cash equivalents	6	85,315	20,012	85,315	20,012
Trade and other receivables	7	34,070	15,338	34,070	15,338
Trail commission receivable	8	106,973	91,459	105,382	91,459
		226,358	126,809	224,767	126,809
Financial Liabilities					
Trade and other payables	12	20,201	21,246	20,201	21,246
Borrowings	14	-	35,000	-	35,000
		20,201	56,246	20,201	56,246

The methods and assumptions used to estimate the fair value of financial instruments are as follows:

Cash

The carrying amount is fair value due to the liquid nature of these assets.

Receivables/payables

Due to the short-term nature of these financial rights and obligations, their carrying amounts are estimated to represent their fair values.

Other financial assets/liabilities

The fair value of other financial assets and liabilities have been calculated by discounting the expected future cash flows at prevailing interest rates using market observable inputs.

Interest-bearing liabilities

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held or based on discounting expected future cash flows at market rates.

(e) Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain operations and future development of the business. Capital consists of ordinary shares and retained earnings. The Board of Directors monitors the return on capital and seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

21. Commitments & Contingencies

Commitments

Non-cancellable operating lease commitments

Not later than 1 year

Later than 1 year and not later than 5 years

Later than 5 years

Consolidated 30 June 2013 \$'000	Consolidated 30 June 2012 \$'000
2,334	2,181
9,310	9,252
7,768	10,161
19,412	21,594

During the 2012 financial year the Group entered into a commercial lease for the current premises which had an initial term of 10 years with the option to renew at the end of the contract period. During the 2011 financial year the Group also entered into several hire purchase motor vehicles leases with a term of 3 years. There are no restrictions placed on the lessee by entering into these leases.

Contingencies

Guarantees

Trading guarantees

2,193	2,130

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 & Investment Commission a breach in relation to its Australian Financial Services Licence relating to life insurance policies sold between April 2009 and March 2011. As a result of this breach, an internal review of all life insurance policies sold during that period is being undertaken. The review and remediation work commenced in October 2011 and will continue until completion, which is expected to be by December 2013. As at 30 June 2013, over 72% of policies subject to review and remediation had been completed. The amount, if any, of any liability associated with those policies yet to be reviewed cannot be reliably determined at this time, and accordingly no amounts have been recorded in the financial statements for the year ended 30 June 2013. Potential liabilities for the Group, should any obligation be identified, are expected to be covered by insurance maintained by the Group.

In March 2012, Bupa Australia Pty Ltd issued legal proceedings against iSelect in the Federal Court. In October 2012, Bupa Australia joined Directors Damien Waller and Matt McCann to the proceedings. iSelect brought its own claim against Bupa Australia Pty Ltd and its Managing Director for misleading and deceptive conduct. This matter was settled in March 2013 by way of consent orders as follows:

- all proceedings commenced by the parties were dismissed;
- iSelect provided certain undertakings to the Federal Court and to Bupa regarding representations around waiting periods that can't be made;
- parties bear their own costs of the proceedings;
- iSelect paid the sum of \$125,000 to a registered charity nominated by Bupa Australia within 30 days of Bupa Australia providing notification of the charity.

22. Events After Balance Sheet Date

On 24 June 2013, iSelect listed on the Australian Securities Exchange. The Group has adopted a cash management strategy specifically for funds raised to ensure the best return are obtained whilst strategies for the use of the funds are formulated and implemented. Post year end, \$60 million in rolling term deposits were set up.

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

23. Parent Entity Information

The accounting policies of the parent entity, iSelect Limited, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements. Refer to note 2 for a summary of accounting policies relating to the Group.

	Period to 30 June 2013 \$'000	30 June 2012 \$'000
Financial Position		
Assets		
Current Assets	74,428	14,706
Non-Current Assets	133,218	82,218
Total Assets	207,646	96,924
Liabilities		
Current Liabilities	349	36,380
Non-Current Liabilities	34,302	7,533
Total Liabilities	34,651	43,913
Net Assets	172,995	53,011
Equity		
Issued Capital	171,313	49,759
Reserves	858	2,384
Retained Earnings	824	868
Total Equity	172,995	53,011
Financial Performance		
Profit of the parent entity	(1,367)	(1,312)
Total comprehensive income of the parent entity	(1,367)	(1,312)

There are no contractual or contingent liabilities of the parent as at reporting date (2012: \$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 21.

24. Subsidiaries

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

Name of Subsidiary	Country of incorporation	Functional currency	Equity Interest	
			30 June 2013	30 June 2012
iSelect Health Pty Ltd [^]	Australia	AUD	100%	100%
iSelect Life Pty Ltd	Australia	AUD	100%	100%
iSelect General Pty Ltd	Australia	AUD	100%	100%
iSelect Media Pty Ltd [^]	Australia	AUD	100%	100%
iSelect Mortgages Pty Ltd [^]	Australia	AUD	100%	100%
Mobileselect Pty Ltd [^]	Australia	AUD	100%	100%
Infochoice Pty Ltd	Australia	AUD	100%	100%
iSelect Services Pty Ltd [^]	Australia	AUD	100%	100%
Tyrian Pty Ltd [^]	Australia	AUD	100%	100%

[^] A Deed of Cross Guarantee has been entered into by iSelect Limited and these entities. Refer to note 25 for further details

25. Deed of Cross Guarantee

Pursuant to the iSelect Deed of Cross Guarantee (“the Deed”) and in accordance with ASIC Class Order 98/1418, the subsidiaries identified with a ‘^’ in note 24 are relieved from the requirements of the Corporations Act 2001 relating to the preparation, audit and lodgement of their financial reports.

iSelect Limited and the subsidiaries identified with a ‘^’ in note 24, together referred to as the “Closed Group”, entered into the Deed on 26 June 2013. 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:

	Period to 30 June 2013 Deed \$'000	30 June 2012 Deed ⁺ \$'000
Consolidated income statement		
Profit from continuing operations before income tax	787	-
Income tax expense	(236)	-
Net profit for the year	551	-
Retained earnings at the beginning of the period	59,493	-
Net profit for the year	551	-
Retained earnings at the end of the year	60,044	-

+ The iSelect Deed of Cross Guarantee became effective during the year ended 30 June 2013, and accordingly no comparatives are provided.

25. Deed of Cross Guarantee (continued)

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

Consolidated balance sheet

Assets

Current assets

Cash and cash equivalents	80,305	-
Trade and other receivables	15,303	-
Net present value of future trail commission	30,482	-
Other assets	1,443	-
Total current assets	127,533	-

Non-current assets

Trade and other receivables	32,814	-
Other assets	765	-
Investments	48,418	-
Net present value of future trail commission	63,570	-
Property, plant and equipment	6,816	-
Intangible assets	5,809	-
Total non-current assets	158,192	-
Total assets	285,725	-

Liabilities

Current liabilities

Trade and other payables	18,034	-
Provisions	3,305	-
Borrowings	-	-
Total liabilities	21,339	-

Non-current liabilities

Trade and other payables	14,742	-
Provisions	2,554	-
Net deferred tax liabilities	14,875	-
Total non-current liabilities	32,171	-
Total liabilities	53,510	-

Net Assets

Equity

Issued Capital	171,313	-
Reserves	858	-
Retained Earnings	60,044	-
Total Equity	232,215	-

+ The iSelect Deed of Cross Guarantee became effective during the year ended 30 June 2013, and accordingly no comparatives are provided.

26. Related Party Transactions

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year.

	Sales to Related Parties \$	Purchases from Related Parties \$	Other Transactions with Related Parties \$	Balances at Reporting Date \$
30 June 2013				
Shareholder related entities – Advertising services	-	304,412	-	304,412
30 June 2012				
Shareholder related entities – Advertising services	-	57,362	-	57,362
Director related entities – Consultancy fees	-	28,779	-	28,779

The related party transactions undertaken during financial year related to advertising services provided by ninemsn. As at 30 June 2013, ninemsn is no longer a related party.

In the prior year, Director related entities fees paid relate to advisory services rendered by Martin Dalglish in his capacity as a director. The fees paid were completed on an arm's length basis at normal market prices and on normal commercial terms. Martin Dalglish ceased as a Director on 16 March 2012.

27. Remuneration of Auditors

	30 June 2013 \$	30 June 2012 \$
(a) Ernst & Young		
Audit and review of financial statements	194,000	194,000
Other assurance services		
- Regulatory compliance	36,000	36,000
- Tax compliance	10,000	44,700
- Assurance related services	46,015	13,500
- Due diligence	-	65,000
- Equity raising	1,016,815	-
- Finance raising	105,000	79,000
Total remuneration of Ernst & Young	1,407,830	432,200

28. Shared Based Payments

The recognised expense arising from equity settled share-based payment plans during the period is shown in note 4. During the year ended 30 June 2013, the Company had the following share based payment plans in place (described below):

- 2013 Long Term Incentive Plan (**LTIP**); and
- Employee Share Option Plan (**ESOP**) consisting of the 2011 Option Plan and the 2010 Option Plan.

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

(a) Description of Share Based Payment Plans

2013 Long Term Incentive Plan (LTIP)

The 2013 LTIP has been established as the long-term incentive component of remuneration in order to assist in the attraction, reward and retention of certain employees. The LTI Plan is designed to link long-term reward with the ongoing creation of shareholder value, through the allocation of LTIP Shares which are subject to satisfaction of long-term performance conditions.

The key terms of the LTI Plan are as follows:

- Participants are provided with a limited recourse loan from iSelect for the sole purpose of subscribing for LTIP Shares in the Company. Participants are not charged interest on the loan;
- The LTIP Shares are issued to each participant upfront, with the number of LTIP Shares determined by dividing the 'loan amount' by the market value of the LTIP Shares at the time of allocation;
- The LTIP Shares will only vest upon satisfaction of conditions set by the Board at the time of the offer;
- If the conditions are met and LTIP Shares vest, the loan becomes repayable and participants have up to five years from the date of allocation of the LTIP Shares to repay the outstanding balance. The LTIP Shares cannot be dealt with (other than to repay the loan) until the loan in respect of the vested LTIP Shares is repaid in full;
- Until the LTIP Shares vest, the participant is not entitled to exercise any voting rights attached to the LTIP Shares. 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; 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 LTIP Shares vest, the participant forfeits all interest in the LTIP Shares in full satisfaction of the loan.

2013 offer under LTI Plan

The performance condition for the 2013 offer is a compound annual growth rate (**CAGR**) in total shareholder return (**TSR**). TSR measures the total change in the value of the Shares over a period, plus the value of any dividends and other distributions being treated as if they were reinvested in Shares. In relation to the 2013 offer, vesting starts where CAGR over the period is 12%.

At this level, 50% of the LTIP Shares will vest. All LTIP Shares will vest if CAGR over the period is 15% or more. Between these points, the percentage of vesting increases on a straight line basis. In respect of the first offer made under the LTI Plan, in order to provide for direct LTIP Share ownership by participants and alignment with shareholder interests as soon as possible following establishment of the Plan, LTIP Shares may vest in three tranches if the relevant condition is met in respect of that period. The first testing date (in respect of 20% of LTIP Shares under the 2013 offer) was 30 June 2013. The performance condition for this test was not met, and the first tranche did not vest.

The remaining LTIP Shares may vest in two equal tranches (tested as at 30 June 2014 and 30 June 2015) if the performance condition is met. It is the Board's current intention that the performance condition will be tested over the full performance period in respect of any future offers under the LTI Plan. If the performance condition is not satisfied, any LTIP Shares which remain unvested following testing of Tranche 1 and/or Tranche 2 (as applicable) will be aggregated and tested on a cumulative basis at subsequent testing dates (i.e. subject to the TSR CAGR being met over the period through to financial years ending FY14 or FY15 (as applicable)).

Any LTIP Shares which remain unvested following testing of Tranche 3 will be forfeited and surrendered in full satisfaction of the loan, in which case participants will have no further interest in the LTIP Shares. In this event, the iSelect Board believes that the loss of any remuneration value from the LTI Plan is sufficient penalty to the participants.

28. Share Based Payments (continued)

(a) Description of Share Based Payment Plans (continued)

2013 Long Term Incentive Plan (LTIP) (continued)

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 LTIP Shares issued under the LTI Plan being satisfied, their LTIP Shares will be forfeited and surrendered (in full satisfaction of the loan) and the participant will have no further interest in the LTIP Shares. However the Board has discretion to approve the reason for a participant ceasing employment before LTIP 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 LTIP Shares it considers appropriate in the circumstances – for example, that a pro-rata number of LTIP 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 LTIP 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 LTIP 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 LTIP Shares will vest upon a 'change of control' (this excludes the IPO undertaken on 24 June 2013), and participants' loans will become repayable (including in respect of any outstanding loan where LTIP Shares had already vested prior to the 'change of control'). If the Share price has fallen, LTIP Shares will be forfeited and surrendered in full satisfaction of the loan.

Employee Share Option Plan (ESOP)

2011 Option Plan

Under the iSelect ESOP, share options may be granted to Company Directors, Company Secretary, Senior Executives and employees. The ESOP is designed to align participant's interests with those of shareholders, by increasing the value of the Group's shares. Under the ESOP, the exercise price of the options is set at or above the market price of the shares on the date of grant. The typical vesting period for options granted under the 2011 Option Plan is the equivalent of two and a half years. The term of the options is typically three years. For all participants, in the event of a change in control or departure from iSelect, after the required service period, the issued options will be pro-rated to determine the applicable qualifying options based on the service term. In addition, all shares have an attached Group performance condition hurdle that needs to be achieved in order for options to be exercisable. Specific conditions exist in relation to a takeover where more than 90% of the share capital is acquired by another entity.

When a participant ceases employment prior to the service period of their share options, the non-vested share options are pro-rated based on the proportion of the service period completed. The vested options will also be forfeited in circumstances where the participant has breached their contract of employment. All ESOP options are forfeited on the insolvency of iSelect Limited. There are no cash settlement alternatives.

2010 Option Plan

Under the iSelect ESOP, share options are granted to Company Directors, Company Secretary, senior executives and employees. The ESOP is designed to align participant interest with those of shareholders by increasing the value of the Group's shares. Under the ESOP, the exercise price of the options is set at or above the market price of the shares on the date of grant. For all participants, excluding Company Directors, and Secretary, 50 % of deemed options granted will vest over the prescribed vesting period subject to CEO performance assessment. The typical vesting period for options granted under the 2010 Option Plan varies from three to four years. The term of the options is typically five years. For all participants, excluding Company Directors and secretary, vested options can be exercised on an Initial Public Offering (IPO) event or trade sale event or within six months prior to their expiry or at the discretion of the board. For all participants, 75% of any unvested options immediately vest on an IPO or trade sale event.

28. Share Based Payments (continued)

(a) Description of Share Based Payment Plans (continued)

Employee Share Option Plan (ESOP) (continued)

2010 Option Plan (continued)

When a participant ceases employment prior to the vesting of their share options, the non-vested share options are forfeited. The vested options will also be forfeited in circumstances where the participant has breached their contract of employment. All ESOP options are forfeited on the insolvency of iSelect Limited or iSelect Health Pty Ltd. There are no cash settlement alternatives.

CEO Performance Plan (Ceased in 2012 financial year)

The CEO Performance Plan (CEO Plan) was a contract between the Group and the then Chief Executive Officer (CEO), Damien Waller, for the grant of share options in iSelect Limited. The share options under the CEO Plan were granted on 20 December 2005 by iSelect Health Pty Ltd and novated to iSelect Limited on 27 April 2007. The CEO Plan was designed to align the CEO's interests with those of shareholders by increasing the value of the Group. If all vesting conditions were met and the Group's valuation was equal to or exceeded \$265 million then all options could be exercised. The share options had an exercise price of \$2.22 and fully vested to 30 June 2008. During the 2012 financial year all CEO performance plan options were exercised and the plan ceased.

Ninemsn Pty Ltd Agreement (Ceased in 2012 financial year)

The Ninemsn Pty Ltd Agreement was an agreement with ninemsn Pty Ltd relating to the purchase of shares in the Group on 31 March 2006 granted ninemsn Pty Ltd share options in the Group. The exercise price of the options was \$4.25. The number of exercisable options was calculated, so that ninemsn Pty Ltd had the same equity interest in the Group. During the 2012 financial year all ninemsn Pty Ltd options were exercised and the plan ceased.

(b) Summary of Shares Issued under the 2013 LTIP

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

	2013 Number	2012 Number
Outstanding at the beginning of the period	-	-
Granted during the period	8,883,670	-
Forfeited during the period	-	-
Exercised during the period	-	-
Outstanding at the end of the period	8,883,670	-

(c) Summary of Options Issued under ESOP

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

	2013 Number	2013 WAEP	2012 [^] Number	2012 [^] WAEP
Outstanding at the beginning of the period	24,341,350	1.98	67,937,310	0.98
Granted during the period	500,000	2.39	349,750	2.37
Forfeited during the period	(17,822,150)	2.25	(2,284,980)	2.24
Exercised during the period ⁺	(1,800,000)	1.05	(41,660,730)	0.34
Outstanding at the end of the period	5,219,200	1.43	24,341,350	1.98
Exercisable at the end of the year	5,026,629	1.39	7,033,260	1.50

[^] For comparative purposes 2012 has been re-stated for the 1-for-10 share split that took place on 31 May 2013.

⁺ During the 2013 financial year, after obtaining approval from the Board of Directors and its Remuneration sub-committee, 90,000 options (pre share split) were exercised on a cashless basis, receiving a number of shares (at fair value at the exercise date) equal in value to the premium of the fair value of the shares at exercise date over the exercise price of the option. There was no additional net benefit to the option holder as a result of this transaction. Further detail is provided in section (d) of this note.

28. Share Based Payments (continued)

The outstanding balance as at 30 June 2013 is represented by:

- 1,069,450 options over ordinary shares with an exercise price of \$1.00 exercisable upon meeting the ESOP conditions;
- 1,500,000 options over ordinary shares with an exercise price of \$1.25 exercisable upon meeting the ESOP conditions;
- 1,800,000 options over ordinary shares with an exercise price of \$0.75 to \$2.00 (WAEP of \$1.38), exercisable upon meeting the ESOP conditions;
- 799,750 options over ordinary shares with an exercise price of \$2.37 exercisable upon meeting the ESOP conditions; and
- 50,000 options over ordinary shares with an exercise price of \$2.65 exercisable upon meeting the ESOP conditions.

(d) Cashless conversion of options granted under ESOP

The following table presents the number of options exercised on a cashless basis during the year:

Exercise Date	20 December 2012
Number of options exercised on a cashless basis	900,000
Exercise price (\$)	0.95
Fair value of shares at exercise date (\$)	1.85
Premium of fair value of shares over option exercise price (\$ per option)	0.90
Premium of fair value of shares over option exercise price (\$)	810,000
Number of shares	437,840

(e) Weighted average remaining contractual life

The weighted average remaining contractual life for the share options outstanding as at 30 June 2013 is 0.97 years.

(f) Range of exercise price

The range of exercise prices for options outstanding at the end of the period was \$0.75 to \$2.65.

(g) Weighted average fair value

The weighted average fair value of options granted during the year was \$0.11 (2012: \$0.09).

28. Share Based Payments (continued)

(h) ESOP Option pricing model

The fair value of the equity settled share options granted under the ESOP is estimated as at the date of grant using a Binomial Model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the models used for the period ended 30 June 2013 (restated for the 1-for-10 share split that took place on 31 May 2013):

	ESOP Post Oct 2012	ESOP Post Feb 2012 – 30 Sept 2012	ESOP Post 1 July 2010 – Feb 2012	ESOP Pre 1 July 2010	CEO Plan*
Dividend Yield (%)					
Years 0 to 3	-	-	-	-	-
Years 4 to 5	-	-	-	1.00	1.00
Years 6 to 7	-	-	-	1.50	1.50
Years 8 plus	-	-	-	2.00	2.00
Expected Volatility (%)	21.50	23.50	42.00	40.00	40.00
Expected Life of Options (Years)	2.50	2.80	3.00	4.98	5.97
Option Exercise Price (WAEP) (\$)	2.65	2.37	2.25	0.63	0.27
Weighted average share price at measurement date (\$)	1.85	1.65	1.55	0.38	0.24

* Inclusive of the ninemsn Pty Ltd agreement

The expected volatility was determined by considering volatility for similar sized and industry listed companies. The expected volatility therefore reflects the assumption that the comparison volatility is indicative of future trends, which may also not necessarily be the actual outcome.

29. Key Management Personnel Disclosures

For a list of key management personnel and additional disclosures, refer to the remuneration report.

	30 June 2013	30 June 2012
	\$	\$
(i) Compensation of Key Management Personnel		
Short-term employee benefits	3,800,767	3,202,058
Post-employment benefits	244,785	215,424
Long term employee benefits	455,875	270,168
Termination benefits	240,861	166,412
	4,742,288	3,854,062

Detailed remuneration disclosures are provided in the remuneration report on pages 10 to 17.

(ii) Shareholdings of Key Management Personnel

The number of shares in the company held during the financial year (directly and indirectly) by each non-executive director of iSelect Limited and other key management personnel of the Group, including their personally related parties, are set out below.

	Balance at the start of the year ¹	Granted as remun- eration	On exercise of option	Other changes ³	Balance at the end of the year
30 June 2013					
Non-executive directors					
Ordinary shares					
Shaun Bonètt	300,000	-	-	-	300,000 ⁴
Greg Camm	-	-	-	60,000	60,000 ⁴
Pat O'Sullivan	-	-	-	-	-
Leslie Webb	2,400,000	-	-	(350,000)	2,050,000 ^{5,6}
Michael McLeod*	149,350	-	-	(149,350)	-
Other key management personnel					
Ordinary shares					
Damien Waller	34,471,550	1,351,350	-	(3,093,890)	32,729,010 ⁷
Matt McCann	70,350	1,891,890	437,840 ²	(272,960)	2,127,120 ⁸
David Chalmers [^]	-	702,700	-	-	702,700
Chris Billing	20,000	621,620	-	-	641,620
Roger McBride [#]	-	540,540	-	-	540,540
Elise Morris [@]	-	540,540	-	-	540,540
Jo Thomas [~]	-	621,620	-	-	621,620
Scott Wilson ^{&}	-	540,540	-	5,406	545,946
Trevor Jeffords ^{^^}	-	81,080	-	-	81,080
Chris Brant ^{^^}	-	-	-	-	-
David May ^{##}	-	-	-	-	-
	37,411,250	6,891,880	437,840	(3,800,794)	40,940,176

¹ Shareholdings, including the opening balance, have been re-stated where appropriate to reflect the 1-for-10 share split on 31 May 2013.

² Converted on a cashless basis (refer note 28 for further detail).

³ Other changes consist of share purchases, transfers and sales by non-executive directors and key management personnel.

⁴ Escrowed until the date on which the half year accounts for the period ending 31 December 2013 are released to the ASX.

⁵ 850,000 shares owned by ITV Consulting (controlled by Leslie Webb) escrowed until the date on which the full year accounts for the year ended 30 June 2013 to the ASX. 1,200,000 shares escrowed until the date on which the half year accounts for the period ending 31 December 2013 are released to the ASX.

⁶ The number of shares for Les Webb excludes 3,750,000 which are held by a superannuation fund of which Les Webb is a member, and in which he has an indirect interest. These shares are not subject to any escrow arrangements.

⁷ 31,377,660 shares escrowed until the date on which the half year accounts for the period ending 31 December 2013 are released to the ASX.

⁸ 1,351,350 LTIP shares subject to restrictions disclosed in note 28.

⁸ 235,230 shares escrowed until the date on which the half year accounts for the period ending 31 December 2013 are released to the ASX.

1,891,890 LTIP shares subject to restrictions disclosed in note 28.

* Ceased 30 November 2012

& Appointed 4 February 2013

[^] Appointed 23 August 2012

^{^^} Ceased 5 April 2013

[#] Appointed 20 August 2012

^{^^} Ceased 23 August 2012

[@] Appointed 2 February 2012

^{##} Ceased 31 July 2012

[~] Appointed 3 May 2012

29. Key Management Personnel Disclosures (continued)

(ii) Shareholdings of Key Management Personnel (continued)

Shareholdings in the table below have not been restated for the 1-for-10 share split that took place during the 2013 financial year.

	Balance at the start of the year	Granted as remun- eration	On exercise of option	Other changes	Balance at the end of the year
30 June 2012					
Non-executive directors					
Ordinary shares					
Shaun Bonètt	-	-	30,000	-	30,000
Pat O'Sullivan	-	-	-	-	-
Leslie Webb	210,000	-	30,000	-	240,000 ¹
Michael McLeod*	14,935	-	-	-	14,935
Martin Dalglish**	-	-	-	-	-
Other key management personnel					
Ordinary shares					
Damien Waller	1,160,795	-	2,572,074	(285,714)	3,447,155
Matt McCann	7,035	-	-	-	7,035
Chris Billing	-	-	-	2,000	2,000
Elise Morris@	-	-	-	-	-
Jo Thomas~	-	-	-	-	-
Roger McBride#	-	-	-	-	-
Trevor Jeffords~~	-	-	-	-	-
Chris Brant^^	-	-	-	-	-
David May###	-	-	-	-	-
Mark Blackburn%	32,258	-	-	-	32,258
Gerald Brown%%	7,035	-	93,750	-	100,785
Alla Keogh%%%	-	-	-	-	-
	1,807,058	-	2,725,824	(283,714)	4,249,168

¹ The number of shares for Les Webb excludes 375,000 (before share split) held by a superannuation fund of which Les Webb is a member, and in which he has an indirect interest.

* Ceased 30 November 2012

** Ceased 16 March 2012

Appointed 20 August 2012

@ Appointed 2 February 2012

~ Appointed 3 May 2012

~~ Ceased 5 April 2013

^^ Ceased 23 August 2012

Ceased 31 July 2012

% Ceased 4 October 2011

%% Ceased 14 May 2012

%%% Ceased 19 September 2011

29. Key Management Personnel Disclosures (continued)

(iii) Option Holdings of Key Management Personnel

The number of share options in the company held during the financial year (directly and indirectly) by each non-executive director of iSelect Limited and other key management personnel of the Group, including their personally related parties, are set out below.

	Balance at start of year	Granted as remun- eration ¹	Options exercised	Options lapsed	Balance at end of year	Total Vested	Exercis- able	Not exercise- able
30 June 2013								
Non-executive directors								
Ordinary shares								
Shaun Bonètt	-	-	-	-	-	-	-	-
Greg Camm	-	-	-	-	-	-	-	-
Pat O'Sullivan	-	-	-	-	-	-	-	-
Leslie Webb	-	450,000	-	-	450,000	450,000	450,000	-
Michael McLeod*	-	-	-	-	-	-	-	-
Other KMP								
Ordinary shares								
Damien Waller	4,500,000	-	-	(4,500,000)	-	-	-	-
Matt McCann	2,400,000	-	(900,000)	(1,500,000)	-	-	-	-
David Chalmers^	-	-	-	-	-	-	-	-
Chris Billing	1,200,000	-	-	(1,000,000)	200,000	200,000	200,000	-
Roger McBride#	600,000	-	-	-	600,000	600,000	600,000	-
Elise Morris@	-	-	-	-	-	-	-	-
Jo Thomas~	700,000	-	-	(500,000)	200,000	200,000	200,000	-
Scott Wilson&	-	-	-	-	-	-	-	-
Trevor Jeffords~~	500,000	-	-	(500,000)	-	-	-	-
Chris Brant^^	-	-	-	-	-	-	-	-
David May##	600,000	-	-	(600,000)	-	-	-	-
	10,500,000	450,000	(900,000)	(9,600,000)	1,450,000	1,450,000	1,450,000	-

¹ Option holdings, including opening balance, have been re-stated where appropriate to reflect the 1-for-10 share split on 31 May 2013.

* Ceased 30 November 2012

^ Appointed 23 August 2012

Appointed 20 August 2012

@ Appointed 2 February 2012

~ Appointed 3 May 2012

& Appointed 4 February 2013

^^ Ceased 23 August 2012

Ceased 31 July 2012

~~ Ceased 5 April 2013

29. Key Management Personnel Disclosures (continued)

(iv) Option Holdings of Key Management Personnel (continued)

Option holdings in the table below have not been restated for the 1-for-10 share split that took place during the 2013 financial year.

	Balance at start of year	Granted as remun- eration	Options exercised	Options lapsed	Balance at end of year	Total Vested	Exercis- able	Not exercise- able
30 June 2012								
Non-executive directors								
Ordinary shares								
Shaun Bonètt	30,000	-	(30,000)	-	-	-	-	-
Pat O'Sullivan	-	-	-	-	-	-	-	-
Leslie Webb	30,000	-	(30,000)	-	-	-	-	-
Michael McLeod*	-	-	-	-	-	-	-	-
Martin Dalgliesh**	180,000	34,975	-	-	214,975	183,284	180,000	3,284
Other KMP								
Ordinary shares								
Damien Waller	3,022,074	-	(2,572,074)	-	450,000	359,083	-	359,803
Matt McCann	240,000	-	-	-	240,000	209,934	90,000	119,934
Chris Billing	120,000	-	-	-	120,000	97,016	-	97,016
Elise Morris@	-	-	-	-	-	-	-	-
Jo Thomas~	70,000	-	-	-	70,000	57,037	-	57,037
Roger McBride#	60,000	-	-	-	60,000	60,000	-	60,000
Trevor Jeffords~~	50,000	-	-	-	50,000	39,978	-	39,978
Chris Brant^^	-	-	-	-	-	-	-	-
David May###	100,000	-	-	(40,000)	60,000	60,000	-	60,000
Mark Blackburn%	100,000	-	-	(60,000)	40,000	40,000	-	40,000
Gerald Brown%%	243,750	-	(93,750)	(25,000)	125,000	125,000	-	125,000
Alla Keogh%%%	100,000	-	-	(53,333)	46,667	46,667	-	46,667
	4,345,824	34,975	(2,725,874)	(178,333)	1,476,642	1,278,719	270,000	1,008,719

* Ceased 30 November 2012

** Ceased 16 March 2012

Appointed 20 August 2012

@ Appointed 2 February 2012

~ Appointed 3 May 2012

~~ Ceased 5 April 2013

^^ Ceased 23 August 2012

Ceased 31 July 2012

% Ceased 4 October 2011

%% Ceased 14 May 2012

%%% Ceased 19 September 2011

Directors' Declaration

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

1. In the opinion of the directors:
 - a. the consolidated financial statements and notes that are set out on pages 19 to 68 and the Directors' report, are in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the Group's financial position as at 30 June 2013 and of its performance, for the financial year ended on that date; and
 - ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and
 - iii. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. There are reasonable grounds to believe that the Company and the Group entities identified in Note 24 will be able to meet any obligations or liabilities;
3. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2013;
4. The directors draw attention to note 2 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.
5. As at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 24 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



Damien Waller
Director

Melbourne,
29 August 2013



Matt McCann
Director

Melbourne,
29 August 2013



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Independent auditor's report to the members of iSelect Limited

Report on the financial report

We have audited the accompanying financial report of iSelect Limited, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company iSelect Limited and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

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

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.



Opinion

In our opinion:

- a. the financial report of iSelect Limited is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2(b).

Report on the remuneration report

We have audited the Remuneration Report included in pages 10 to 17 of the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of iSelect Limited for the year 30 June 2013, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ashley Butler
Partner

Melbourne, Australia
29 August 2013

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 22 August 2013.

(a) Distribution of Shareholdings

Size of Holding	Fully paid ordinary shares Number of shares [^]
1 – 1,000	27,364
1,001 – 5,000	538,128
5,001 – 10,000	1,170,548
10,001 – 100,000	8,552,333
100,001 and over	249,676,521

[^] The total number of shares on issue as at 30 June was 259,064,894. On 21 August 2013, 900,000 options were exercised and as a result the total number of shares on issue as at 22 August 2013 per the above table is 259,964,894.

(b) Marketable Parcel

The number of holders holding parcels of less than \$500 was 17 as at 22 August 2013.

(c) Share Subject to Voluntary Escrow

As at 22 August 2013, there are shares subject to voluntary escrow, which are detailed in note 29 (ii) to the financial statements.

(d) Twenty Largest Shareholders

The twenty largest shareholders of fully paid ordinary shares as at 22 August 2013 were:

Name	Number of ordinary shares held	% of issued capital
HSBC Custody Nominees (Australia) Limited	40,561,714	15.60
National Nominees Limited	36,191,305	13.92
J P Morgan Nominees Australia Limited	25,695,250	9.88
Damien Michael Trevor Waller	23,355,780	8.98
Spectrum VI IS LLC	13,263,454	5.10
Aurielle Pty Ltd (iSelect Class A/C)	8,021,880	3.09
Citicorp Nominees Pty Limited	6,084,093	2.34
BNP Paribas Noms Pty Ltd (DRP)	6,060,869	2.33
CS Fourth Nominees Pty Ltd	5,005,725	1.93
George Tauber Management Pty Ltd	4,715,100	1.81
RBC Investor Services Australia Nominees Pty Limited	4,578,251	1.76
AMP Life Limited	4,118,419	1.58
Lambrook Pty Ltd (Raymonde Superfund A/C)	3,450,000	1.33
RBC Investor Services Australia Nominees Pty Limited (GSAM A/C)	3,275,372	1.26
Significant Other Pty Ltd (The iSelect Class No 2 A/C)	3,160,330	1.22
Starfish Technology Fund II Nominees A Pty Ltd (Trust A A/C)	3,041,470	1.17
Starfish Technology Fund II Nominees B Pty Ltd (Trust B A/C)	3,041,470	1.17
Argo Investments Limited	3,000,000	1.15
HSBC Custody Nominees (Australia) Limited – A/C 3	2,625,632	1.01
Finico Pty Ltd	2,580,650	0.99

The percentage holding of the 20 largest shareholders of iSelect Ltd fully-paid ordinary shares was 77.64%.

ASX Additional Information

(e) Substantial Shareholders as at 22 August 2013

Name	Number of ordinary shares held	% of issued capital
Damien Michael Trevor Waller	32,729,010^	12.59
FMR LLC and FIL	24,574,933	9.45
The Goldman Sachs Group, Inc. and its subsidiaries, and Goldman Sachs Holdings ANZ Pty Limited and its subsidiaries	14,285,898	5.50

^ Includes LTIP shares which are subject to restrictions, as per note 29 (ii) to the financial statements.

Guidance versus Reported Results

This summarised schedule details adjustments made to the reported results for the current year to reflect the guidance we provided in our Prospectus document issued on 6 June 2013. Our earnings guidance excluded costs directly associated with the Initial Public Offering.

	Reported		Adjustments	Guidance Basis		Prospectus
	FY13 \$'000	FY12 \$'000		FY13 \$000	FY12 \$'000	
Operating revenue	118,037	111,928	-	118,037	111,928	121,559
Cost of sales	(61,155)	(56,970)	-	(61,155)	(56,970)	(61,766)
Gross profit	56,882	54,958	-	56,882	54,958	59,793
Total expenses (excluding IPO costs)	(30,399)	(30,876)	-	(30,399)	(30,876)	(33,765)
Initial public offering costs	(1,479)	-	1,479	-	-	-
EBITDA	25,004	24,082	1,479	26,483	24,082	26,028
Depreciation and amortisation	(5,150)	(4,054)	-	(5,150)	(4,054)	(4,894)
EBIT	19,854	20,028	1,479	21,333	20,028	21,134
Net finance costs	(1,698)	(895)	-	(1,698)	(895)	(1,317)
Profit Before Income Tax Expense	18,156	19,133	1,479	19,635	19,133	19,817
Income tax expense	(4,787)	(6,204)	(444)	(5,231)	(6,204)	(5,294)
Profit for the Period	13,369	12,929	1,035	14,404	12,929	14,523