APPENDIX 4D
For the half year ended 31 December 2013

iSelect Limited
ABN 48 124 302 932

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue and Net Profit

		31 December 2013 $'000	% change from year ended 30 June 2012	31 December 2012 $'000
Revenue from ordinary activities	up	55,779	18.3 %	47,154
Profit from ordinary activities after tax	up	3,686	1,698.0 %	205
Net profit attributable to members of the parent	up	3,686	1,698.0 %	205

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

	31 December 2013 $	31 December 2012^ $
Net tangible assets per security	0.75	0.41

Net tangible assets are defined as the Net Assets of the iSelect Limited group less any intangible assets.

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 Half Year Financial Statements and the Directors' Report for the six month period ended 31 December 2013.

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

^For comparative purposes, the number of securities used as the basis for the 31 December 2012 calculation of net tangible assets per security has been restated to reflect a 1-for-10 share split that took place on 31 May 2013.

iSelect Limited

ABN 48 124 302 932

Financial Report

For the Half Year Ended 31 December 2013

Financial Report
For the Half Year Ended
31 December 2013

Corporate Information

ABN 48 124 302 932

Directors
Damien Waller, Executive Chairman
Greg Camm, Deputy Chairman
Shaun Bonètt
Bridget Fair
Pat O'Sullivan
Leslie Webb

Company Secretary
David Christie

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

Principal Place of Business
294 Bay Road
Cheltenham Victoria 3192
Australia
Phone: +61 3 9276 8000

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

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

Solicitors
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 half year ended 31 December 2013. Financial comparisons used in this report are for the results for the half-year ended 31 December 2013 compared with the half-year ended 31 December 2012 for income statement analysis, and 31 December 2013 compared with 30 June 2013 for statement of financial position analysis.

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 – ceased 11 October 2013
Greg Camm	Non-Executive Director and Deputy Chairman
Shaun Bonètt	Non-Executive Director
Bridget Fair	Non-Executive Director – appointed 30 September 2013
Pat O'Sullivan	Non-Executive Director
Leslie Webb	Non-Executive Director

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

Company Secretary

David Chalmers	Appointed 5 April 2013, ceased 15 October 2013
David Christie	Appointed 15 October 2013

Operating and Financial Review[1]

Summary Financial Reported Results

	Dec-13 $000	Dec-12 $000	Change %
Operating revenue	**55,779**	47,154	18.3
Gross Profit	**24,467**	20,255	20.8
EBITDA	**6,836**	3,928	74.0
Depreciation and amortisation	**(2,968)**	(2,416)	22.8
EBIT	**3,868**	1,512	155.8

	Dec-13 $000	Dec-12 $000	Change %
Net finance costs	**1,566**	(1,509)	n.m.
Tax	**(1,748)**	202	n.m.
NPAT	**3,686**	205	1,698.0
EPS (cents)	**1.4**	0.1	1,300.0

n.m. = not meaningful

Group Financial Performance and Reported Results

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.

[1] 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) reflects profit for the half year prior to including the effect of net finance costs, income taxes, 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)

Operating revenue for the half year ended 31 December 2013 was $55,779,000, representing an increase of 18.3% on the prior comparative 6 month period.

The Group recorded strong half-on-half growth in both segments of the business. Sales volumes increased on the prior half year, driven by focused marketing activities and continued improvements in operating performance. The Group's partnership with the Qantas Frequent Flyer program has also helped drive sales volumes.

Gross profit for the period increased by $4,212,000, or 20.8%. Direct marketing expenditure increased by 15.0% over the prior comparative period, with a focus on lead generation through specific marketing campaigns.

Operating expenses (excluding costs associated with CEO exit and replacement, which are further explained in note 4 to the financial statements) were up on the prior half year by $490,000 or 3.0%.

Reported EBITDA increased by 74.0% to $6,836,000.

Net finance income for the half year was $1,566,000, which compares with a net finance cost for the previous half year of $1,509,000. This is reflective of the Group's current financing position whereby there is no debt, and a significant cash balance.

Reported net profit after tax was $3,686,000, an increase from the prior half-year NPAT of $205,000.

Consolidated Key Operating Metrics

The Group's key operating metrics are considered to be "leads", "conversion ratio" and "revenue per sale (RPS)".

	December 2013	December 2012
Consolidated (ex. Money)		
Leads (000s)	**1,560**	1,436
Conversion ratio (%)[1]	**6.1%**	5.7%
Average RPS ($)[2]	**$564**	$544

	December 2013	December 2012
Money		
Leads (000s)	**922**	830
Conversion ratio (%)	**n.m**	n.m
Average revenue per click-through ($)	**$9**	$5

[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 2014 Half Year

The consolidated key operating metrics for the half year ended 31 December 2013 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 2014 Half Year

Leads increased by 8.6% to 1,560,000, driven by strong growth across both segments. With the launch of the Qantas partnership and significant investment in Marketing the Energy business showed the highest lead growth with volumes up approximately 17%. All businesses aside from Home Loans showed lead growth for the half.

Conversion Ratio for the 2014 Half Year

Conversion increased by 7.0% to 6.1% for the half. Improvements were seen across the majority of businesses as iConnect and learnings from Health were rolled out.

Revenue Per Sale for the 2014 Half Year

RPS increased by 3.7% to $564 driven by increases in all businesses aside from Health. Growth in RPS has been achieved through increased volumes and working with preferred partners to improve product offerings.

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	Dec-13 $000	Dec-12 $000	Change %
Operating revenue	**39,940**	35,398	12.8
Segment EBITDA[1]	**9,767**	8,283	17.9

Key Operating Metrics	Dec-13	Dec-12	Change %
Leads (000s)	**861**	784	9.8
Conversion ratio (%)	**6.9%**	6.2%	11.3
Average RPS ($)	**$673**	$732	-8.1

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

Operating revenue increased by 12.8% to $39,940,000 driven by strong volume increases of approximately 23% in both the Health and Car businesses. The decline in Health RPS observed at June 2013 has been improving, though was still below the prior comparative period. Health revenue and EBITDA include an adverse trail valuation impact of $2.4m. Despite this, and driven by the strong volumes, overall profitability increased for the half year versus the prior comparative period.

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	Dec-13 $000	Dec-12 $000	Change %
Operating revenue	**15,839**	11,756	34.7
Segment EBITDA[1]	**2,843**	(255)	n.m.

Key Operating Metrics[2]	Dec-13	Dec-12	Change %
Leads (000s)	**699**	652	7.2
Conversion ratio (%)	**5.1%**	5.2%	-1.9
Average RPS ($)	**$382**	$274	39.4

[1] Segment EBITDA excludes certain corporate overhead costs that are not allocated at segment level.
[2] Key operating metrics reported here for the Household Utilities and Financial segment exclude the metrics for the Money business unit. The key operating metrics for the Money business unit are reported above with the consolidated group's key operating metrics.

Operating revenue grew by 34.7% to $15,839,000 and the segment posted an EBITDA profit of $2,843,000 compared with an EBITDA loss for the prior half year of $255,000. The revenue growth was driven by Life and Energy, with the Life result including a favourable trail valuation impact of $0.5m. All business units within the segment recorded improved profitability with the exception of Energy, which has started to invest in growth.

Operating and Financial Review (continued)

Financial Position

Summary Statement of Cash Flows	Dec-13 $000	Dec-12 $000	Change %
Net cash provided by operating activities	**6,880**	(2,234)	n.m.
Net cash used in investing activities	**(6,293)**	(10,511)	40.1
Net cash used in financing activities	**(2,444)**	11,040	n.m.
Net increase in cash and cash equivalents	**(1,857)**	(1,705)	(8.9)

Summary Statement of Financial Position	Dec-13 $000	Jun-13 $000	Dec-12 $000
Current assets	**132,366**	138,632	54,765
Non-current assets	**143,028**	135,629	123,752
Total assets	**275,394**	274,261	178,517
Current liabilities	**17,906**	24,161	36,372
Non-current liabilities	**23,893**	22,374	19,925
Total liabilities	**41,799**	46,535	56,297
Net assets	**233,595**	227,726	122,220
Equity	**233,595**	227,726	122,220

Capital Expenditure & Cash Flow

Operating cash flow was $9,114,000 higher than last year which can be attributed to the improved profitability of the business compared with prior comparative period, 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 for the 2014 half year was $2,087,000, compared with $1,842,000 for the 2013 half year. Investment continues to focus on software development and technology platforms.

Under the secured facility agreement with NIA Health Pty Ltd, the Group advanced $6,133,000 of funds in the six month period ended 31 December 2013. In comparison, for the six months ended 31 December 2012, $9,230,000 of funds were advanced under the facility. The higher amount in the prior period was due to an initial drawdown of funds in July 2012, used to settle commissions outstanding with the Group as at June 30 2012.

Net financing cash outflows for the 2014 half year totalled $2,444,000 and included payments of $3,583,000 relating to initial public offering costs that had been accounted for at 30 June 2013 but had not been paid. Through the half, $1,600,000 was received for the issue of shares upon exercise of options.

Statement of Financial Position

Net assets have increased to $233,595,000 at 31 December 2013 from $227,726,000 at 30 June 2013 and $122,220,000 at 31 December 2012.

Current assets have decreased from 30 June 2013 by 4.5% to $132,366,000. This is mostly as a result of a reduction in trade debtors which is seasonally high in June as a result of the peak in Health sales. The current component of the trail commission receivable has increased by $1,679,000 or 5.1% since 30 June 2013. Current assets are up from $54,765,000 at 31 December 2012, representing an increase of 141.7% and reflective of increases in cash, trade receivables and trail commission receivable.

Non-current assets have increased from 30 June 2013 by 5.5% to $143,028,000. The non-current component of the trail commission asset has increased by $2,349,000 or 3.2% from 30 June 2013. Trade and other receivables has increased from $15,378,000 at 30 June 2013, to $21,511,000 reflecting the advances made under the facility established between iSelect Ltd and NIA Health Pty Ltd. Non-current asset as at 31 December 2012 totalled $123,752,000.

Current liabilities decreased from 30 June 2013 by 25.9% to $17,906,000 mainly due to payments of a seasonally high creditor balance, and payment of initial public offering costs which were outstanding as a 30 June 2013. There has also been a reduction in current provisions mainly due to a reduction in the clawback and annual leave provisions. There has also been a restatement of the current and non-current annual leave provision for the June 2013 period per the application

Operating and Financial Review (continued)

of AASB 119 Employee Benefits. Current liabilities as at 31 December 2012 totalled $36,372,000 and included $20,000,000 of borrowings, which were subsequently repaid.

Non-current liabilities increased from 30 June 2013 by 6.8% to $23,893,000. 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. Non-current provisions decreased mainly due a reduction in the lease incentive provision. Non-current liabilities as at 31 December 2012 totalled $19,925,000.

Debt Position

As at 31 December 2013 the Group has nil debt (30 June 2013: nil; 31 December 2012: $20 million).

Outlook

For the financial year ending 30 June 2014, the Group expects to deliver EBITDA (excluding CEO exit & replacement costs and excluding any movement in the trail asset valuation as at 30 June 2014) in excess of the EBITDA delivered for the financial year ended 30 June 2013 (excluding IPO costs).

Ongoing investment in driving revenue growth is expected to see revenue growth exceed EBITDA growth, due to:

- Overheads increased to approximately $36 million for the 2014 financial year with investment in data mining and partnership teams
- The impact of the new A&G agreement estimated to be -$1m to -$2m in the second half of the FY2014 year
- Increased investment in marketing, especially in relation to Energy.

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.

Dividends

There were no dividends paid or declared for the half-year ended 31 December 2013 (prior year: $nil).

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 half year ended 31 December 2013 is on page 7 of this report.

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.

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

On behalf of the Directors

Damien Waller	**Greg Camm**
Director	Director
Melbourne,	Melbourne,
27 February 2014	27 February 2014

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

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

Auditor's Independence Declaration to the Directors of iSelect Limited

In relation to our review of the financial report of iSelect Limited for the half-year ended 31 December 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

Denis Thorn
Partner
27 February 2014

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

Consolidated Statement of Comprehensive Income

For the half year ended 31 December 2013

	Note	Consolidated December-13 $'000	Consolidated December-12 $'000
Upfront fee revenue	4	36,570	29,400
Trail commission revenue	4	19,209	17,754
Operating revenue		**55,779**	**47,154**
Cost of sales		(31,312)	(26,899)
Gross profit		**24,467**	**20,255**
Other income		145	57
Administrative expenses		(17,148)	(16,126)
Share based payments expense		(628)	(258)
Profit Before Interest, Tax, Depreciation and Amortisation		**6,836**	**3,928**
Depreciation and amortisation	4	(2,968)	(2,416)
Profit Before Interest and Tax		**3,868**	**1,512**
Finance income		2,155	562
Finance costs		(589)	(2,071)
Profit Before Income Tax Expense		**5,434**	**3**
Income tax expense	5	(1,748)	202
Profit for the Period		**3,686**	**205**
Other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
Total Comprehensive Income for the Period		3,686	205
Profit attributable to owners of the Group		3,686	205
Total comprehensive income attributable to owners of the Group		3,686	205
Earnings per share (cents per share)			
Basic for profit for the year attributable to ordinary equity holders of the parent	11	1.4	0.1
Diluted for profit for the year attributable to ordinary equity holders of the parent	11	1.4	0.1

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2013

	Note	Consolidated December-13 $'000	Consolidated June-13 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	6	83,458	85,315
Trade and other receivables	7	12,135	18,692
Trail commission receivable	8	34,845	33,166
Other assets		1,928	1,459
Total Current Assets		**132,366**	**138,632**
Non-Current Assets			
Trade and other receivables	7	21,511	15,378
Trail commission receivable	8	76,156	73,807
Other assets		563	765
Property, plant and equipment		6,320	6,953
Intangible assets	9	38,478	38,726
Total Non-Current Assets		**143,028**	**135,629**
Total Assets		**275,394**	**274,261**
LIABILITIES			
Current Liabilities			
Trade and other payables		14,570	20,201
Provisions		3,067	3,563
Other		269	397
Total Current Liabilities		**17,906**	**24,161**
Non-Current Liabilities			
Provisions		3,439	3,648
Net deferred tax liabilities	5	20,454	18,726
Total Non-Current Liabilities		**23,893**	**22,374**
Total Liabilities		**41,799**	**46,535**
Net Assets		**233,595**	**227,726**
EQUITY			
Contributed equity		172,868	171,313
Share based payment reserve		1,486	858
Business combination reserve		5,571	5,571
Retained earnings		53,670	49,984
Total Equity		**233,595**	**227,726**

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the half year ended 31 December 2013

	Note	Issued Capital $'000	Shared Based Payment Reserves $'000	Business Combination Reserve $'000	Retained Earnings $'000	Total $'000
Balance at 1 July 2012		**49,759**	**2,384**	**5,571**	**35,292**	**93,006**
Profit for the period		-	-	-	205	205
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the year		**-**	**-**	**-**	**205**	**205**
Transactions with owners in their capacity as owners						
Recognition of share based payments		-	258	-	-	258
Issue of share capital		28,751	-	-	-	28,751
Balance at 31 December 2012		**78,510**	**2,642**	**5,571**	**35,497**	**122,220**
Balance at 1 July 2013		**171,313**	**858**	**5,571**	**49,984**	**227,726**
Profit for the period		-	-	-	3,686	3,686
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the year		**-**	**-**	**-**	**3,686**	**3,686**
Transactions with owners in their capacity as owners						
Recognition of share based payments		-	628	-	-	628
Issue of share capital		1,600	-	-	-	1,600
Capitalised listing costs		(45)	-	-	-	(45)
Balance at 31 December 2013		**172,868**	**1,486**	**5,571**	**53,670**	**233,595**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the half year ended 31 December 2013

	Note	Consolidated December-13 $'000	Consolidated December-12 $'000
Cash Flows from Operating Activities			
Receipts from customers		64,156	52,073
Payments to suppliers and employees		(57,276)	(54,307)
Income taxes paid		-	-
Net cash provided by/(used in) operating activities		**6,880**	**(2,234)**
Cash Flows from Investing Activities			
Payments for property, plant and equipment and intangible assets		(2,087)	(1,842)
NIA facility advances		(6,133)	(9,230)
Interest received		1,927	561
Net cash used in investing activities		**(6,293)**	**(10,511)**
Cash Flows from Financing Activities			
Interest paid		(461)	(2,366)
Repayment of borrowings		-	(15,000)
Net proceeds from issue of shares		1,600	28,406
Payments of IPO costs		(3,583)	-
Net cash (used in)/provided by financing activities		**(2,444)**	**11,040**
Net increase in cash and cash equivalents		(1,857)	(1,705)
Cash and cash equivalents at the beginning of the year		85,315	20,012
Cash and cash equivalents at the end of the year	6	**83,458**	**18,307**

The accompanying notes form part of these financial statements.

1. Corporate Information

The interim condensed half-year financial report of iSelect Limited for the half-year ended 31 December 2013 was authorised for issue in accordance with a resolution of Directors on 27 February 2014.

iSelect Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The interim condensed consolidated financial statements of the company as at and for the half year ended 31 December 2013 comprise the financial statements of the company and its subsidiaries, 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. Basis of Preparation and Accounting Policies

(a) Basis of Preparation

This interim condensed half-year financial report for the 6 months ended 31 December 2013 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2013 and considered together with any public announcements made by iSelect Limited during the 6 months ended 31 December 2013 in accordance with the continuous disclosure obligations of the ASX listing rules.

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) Seasonality of Operations

The Group offers comparison services across a number of insurance, utility and financial products, including Health insurance. Due to the seasonal nature of the Health business in particular, significantly lower revenues and operating profits are usually expected in the first half of the Group's financial year than in the second six months.

Significantly higher customer sales during the month of June each year are mainly attributed to the increased demand for health products as a result of customers looking to optimise their health rebates prior to the end 30 June each year.

(c) Accounting Policies

The Group has had regard to 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, as outlined in iSelect's annual report for the year ended 30 June 2013.

The Group has determined that they do not impact the accounting policies applied in the preparation of the Group's financial statements. There are no new accounting standards effective from 1 July 2013 that have an impact on the financial results of the Group.

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

The Group has not elected to early adopt any new Standards or amendments that are issued but not yet effective.

2. Basis of Preparation and Accounting Policies (continued)

(d) New and Amended Standards and Interpretations

The following are new and amended Australian Accounting Standards and AASB Interpretations as of 1 January 2013:

- AASB 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities – Amendments to AASB 7*
- AASB 10 *Consolidated Financial Statements,* AASB 127 *Separate Financial Statements*
- AASB 11 *Joint Arrangements, AASB 128 Investments in Associates and Joint Ventures*
- AASB 12 *Disclosure of Interests in Other Entities*
- AASB 13 *Fair Value Measurement*
- AASB 119 *Employee Benefits (Revised 2011)*
- *Improvements to AASBs 2009-2011 Cycle*

The Group has reviewed and applied the new and amended Australian Accounting Standards and AASB Interpretations listed above and has found that they have not had any material impact on the interim condensed consolidated financial statements of the Group.

(e) Significant Accounting Judgements, Estimates and Assumptions

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

<u>Significant accounting estimates and assumptions</u>

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.

2. Basis of Preparation and Accounting Policies (continued)

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

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.*

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. These are discussed in note 28 to the most recently issued annual financial statements for the financial year ended 30 June 2013.

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.

The following table presents revenue and results by operating segments for the half years ended 31 December 2013 and 31 December 2012.

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

	December-13 $'000	December-12 $'000
Operating revenue		
Health & Car Insurance	39,940	35,398
Household Utilities & Financial	15,839	11,756
Consolidated Group operating revenue	**55,779**	**47,154**
Profit before interest, tax, depreciation & amortisation		
Health & Car Insurance	9,767	8,283
Household Utilities & Financial	2,843	(255)
Unallocated (Corporate)^	(5,774)	(4,100)
Consolidated Group profit before interest, tax, depreciation & amortisation (EBITDA)	**6,836**	**3,928**
Depreciation and amortisation	(2,968)	(2,416)
Net finance income/(costs)	1,566	(1,509)
Consolidated Group profit before income tax	**5,434**	**3**
Income tax expense	(1,748)	202
Consolidated Group net profit for the year	**3,686**	**205**

As outlined in note 2(b), due to the seasonal nature of the Health business in particular, significantly lower revenues and operating profits are usually expected in the first half of the Group's financial year than in the second half.

Significantly higher customer sales during the month of June each year are mainly attributed to the increased demand for health products as a result of customers looking to optimise their health rebates prior to June 30 each year.

^ Unallocated corporate costs include CEO exit and replacement costs, which are further explained in note 4.

4. Revenue and Expenses

	Consolidated December-13 $'000	Consolidated December-12 $'000
Upfront Fee Revenue		
Upfront fee revenue	30,573	24,340
Click-through revenue	1,225	1,625
Other business revenue	4,772	3,435
	36,570	**29,400**
Trail Commission Revenue		
Trail commission revenue – current sales period	16,882	14,283
Trail commission revenue – expected cash flow adjustments to historical trail receivable	(1,724)	(452)
Trail commission revenue – interest income relating to the unwind of discount on historical trail receivable	4,051	3,923
	19,209	**17,754**
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)	20,581	18,667
Share based payments (excluding accelerated expense associated with CEO exit) (ii)	514	258
	21,095	**18,925**
CEO exit and replacement costs (ii)		
Cash remuneration expense and on-costs	532	-
Share based payments (acceleration of expense associated with LTIP shares retained by former CEO)	114	-
Professional advisory fees and search costs	168	-
	814	**-**
Depreciation & amortisation		
Depreciation	1,512	1,008
Amortisation of previously capitalised development costs	1,456	1,408
	2,968	**2,416**
Occupancy related expenses		
Operating lease rental expense	845	910
	845	**910**

(i) Employee benefits expense is net of amounts capitalised as website development costs of $1,456,000 (2012: $1,408,000).

(ii) These costs relate to the expenditure incurred as a result of the exit of Matt McCann, former CEO, and costs associated with the search for a new CEO.

5. Income Tax

	Consolidated December-13 $'000	Consolidated December-12 $'000
Current income tax		
Current income tax benefit/(expense)	(217)	1,562
Adjustment in respect of current income tax of previous years		
Deferred income tax		
Relating to origination and reversal of temporary differences	(1,531)	(1,360)
Adjustments in respect of deferred income tax of previous years	-	-
Income tax reported in income statement	**(1,748)**	**202**

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

	Consolidated December-13 $'000	Consolidated December-12 $'000
Accounting profit before income tax	**5,434**	**3**
Statutory income tax rate of 30%	(1,631)	1
Adjustments in respect of current income tax of previous years	-	-
Adjustments in respect of deferred income tax of previous years	-	-
Share based payments	(189)	(77)
Entertainment	(172)	(122)
Research and development concessional deduction	244	342
Other	-	58
Total income tax expense	**(1,748)**	**202**

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 31 December 2013.

6. Cash and Cash Equivalents

	Consolidated December-13 $'000	Consolidated June-13 $'000
Cash at bank and on hand	23,458	63,173
Term deposits	60,000	22,142
	83,458	**85,315**

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.

	Consolidated December-13 $'000	Consolidated June-13 $'000
7. Trade and Other Receivables		
Current		
Trade receivables	12,199	18,843
Allowance for credit losses	(64)	(151)
	12,135	**18,692**
Non-Current		
Trade receivable (NIA receivable)	21,511	15,378
Allowance for credit losses	-	-
	21,511	**15,378**
	33,646	**34,070**

Impaired trade receivables

As at 31 December 2013, current trade receivables with a nominal value of $64,000 (June 2013: $151,000) were impaired.

Movements in the allowance account for credit losses were as follows:	December-13	June-13
Carrying value and the beginning of the year	151	131
Allowance for credit losses recognised during the year	64	89
Receivables written off during the year as uncollectable	-	-
Unused amount reversed	(151)	(69)
Carrying value at the end of the year	**64**	**151**

Trade receivables past due but not impaired

As at 31 December 2013, trade receivables of $2,282,000 (June 2013: $1,011,000) 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:	December-13	June-13
Neither past due nor impaired	9,853	17,681
Past due 1 – 30 days	2,081	50
Past due 31 – 90 days	126	385
Past due 90+ days	75	576
	12,135	**18,692**

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.

Secured NIA facility (NIA receivable)

The Group has provided a secured facility to NIA Health Pty Ltd (**NIA Health**) for the sole purpose of allowing NIA Health to make payments under distribution arrangements with the Group. The facility allows NIA Health to draw down cash amounts for obligations under the distribution arrangements and for which NIA Health provides security and pays interest. The key terms are as reported in the Group's annual financial statements for the year ended 30 June 2013.

The Group has classified the balance of the receivable as non-current as at 31 December 2013. Under the terms of the facility agreement, unless repaid earlier by NIA, all amounts drawn under the facility shall be finally repaid by NIA Health on 31 July 2014, unless an extension is requested in writing (at least 30 days prior to 31 July 2014) by NIA Health to 31 July 2015 by NIA Health giving notice that it is unable to refinance the facility. Whilst a formal written request has not yet been made, representations made by NIA Health management indicate it is currently their intention to request such an extension.

	Consolidated December-13 $'000	Consolidated June-13 $'000
8. Trail Commission Receivable		
Current		
Trail commission receivable	34,845	33,166
	34,845	**33,166**
Non-Current		
Trail commission receivable	76,156	73,807
	76,156	**73,807**
Total trail commission receivable	**111,001**	**106,973**
Reconciliation of movement in trail commission receivable:		
Opening balance	**106,973**	**91,459**
Trail commission revenue – current period	16,882	36,212
Trail commission revenue – expected cash flow adjustment to historical trail receivables	(1,724)	(687)
Trail commission revenue – interest income relating to the unwind of discount on historical trail receivables	4,051	7,706
Cash receipts	(15,181)	(27,717)
Closing balance	**111,001**	**106,973**

Sensitivity of trail commission receivable

A combined premium price decrease of 1% and termination rate increase of 1% would have the effect of reducing the carrying value by $9,017,000 (June 2013: $8,272,000). A combined premium price increase of 1% and termination rate decrease of 1% would have the effect of increasing the carrying value by $9,862,000 (June 2013: $9,024.000). Individually, the effects of these inputs would not give rise to any additional amount greater than those stated.

9. Impairment of goodwill and intangible assets with indefinite lives

The Group performs impairment testing annually (as at 30 June) and when circumstances are indicative of impairment.

The Group's impairment test for goodwill and intangible assets with indefinite lives is based on value-in-use calculations. The key assumptions used to determine the recoverable amount for the different cash generating units were disclosed in the annual consolidated financial statements for the year ended 30 June 2013.

When reviewing for indicators of impairment, the Group considers estimated cash flow projections and growth rates for each cash generating unit (CGU) to which goodwill is allocated.

Sensitivity to changes in assumptions

As at 30 June 2013, and with regard to the assessment of 'value-in-use' of the CGUs other than the Home Loans CGU, management concluded 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. There are no significant changes to the sensitivity information disclosed in the annual financial statements for the year ended 30 June 2013 for CGU's other than Home Loans.

For the Home Loans unit, the cash flows and growth rates have been reviewed in line with trading for the 6 months ended 31 December 2013. The estimated recoverable amount is $1.0m greater than its carrying value and, consequently, any adverse change in a key assumption may result in an impairment loss.

	Consolidated	
	December-13 $'000	December-12 $'000
10. Dividends		
Dividends provided for or paid during the half-year	-	-
	-	-
Franking credit balance	-	-

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

11. 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.

	Consolidated	
	December-13 $'000	December-12 $'000
Basic and dilutive earnings per share are calculated as follows:		
Profit attributable to members of the parent	3,686	205
	Shares (000)	Shares (000)[1]
Weighted average number of ordinary shares for basic earnings per share	259,991	196,805
Effect of dilution	381	3,556
Weighted average number of ordinary shares adjusted for effect of dilution	260,372	200,361
	Cents	Cents
Earnings per share:		
Basic for profit for the year attributable to ordinary members of the parent	1.4	0.1
Diluted for profit for the year attributable to ordinary members of the parent	1.4	0.1

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

12. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise receivables, payables, borrowings, bank and other loans, 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:

	Consolidated	
	December-13	June-13
	$'000	$'000
Financial Assets		
Current		
Cash and cash equivalents	83,458	85,315
Trade and other receivables	12,135	18,692
Trail commission receivable	34,845	33,166
Non-Current		
Trade and other receivables	21,511	15,378
Trail commission receivable	76,156	73,807
	228,105	**226,358**
Financial Liabilities		
Current		
Trade and other payables	14,570	20,201
	14,570	**20,201**
Net Exposure	**213,535**	**206,157**

12. Financial Risk Management Objectives and Policies (continued)

(a) Market Risk (continued)

At 31 December 2013, if interest rates had moved as illustrated in the table below, with all other variables being held constant, post-tax profit for the half year period would have been higher/(lower) as follows:

	December-13	June-13
	$'000	$'000
TOTAL		
Consolidated		
+1% (100 basis points)	408	92
-1% (100 basis points)	(408)	(92)
CASH AT BANK		
Consolidated		
+1% (100 basis points)	408	92
-1% (100 basis points)	(408)	(92)

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:

	December-13	June-13
	$'000	$'000
Cash and cash equivalents	83,458	85,315
Trade and other receivables	33,646	34,070
Trail commission receivable	111,001	106,973
	228,105	**226,358**

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. 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.

12. 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 31 December 2013							
Non-derivative financial liabilities							
Trade payables	14,570	14,570	14,570	-	-	-	-
Total	14,570	14,570	14,570	-	-	-	-
As at 30 June 2013							
Non-derivative financial liabilities							
Trade payables	20,201	20,201	20,201	-	-	-	-
Total	20,201	20,201	20,201	-	-	-	-

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

The Group also 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 31 December 2013, iSelect has not drawn down on this facility and has met its debt covenants.

12. Financial Risk Management Objectives and Policies (continued)

(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	December 2013	June 2013	December 2013	June 2013
Financial Assets					
Cash and cash equivalents	6	83,458	85,315	83,458	85,315
Trade and other receivables	7	33,646	34,070	32,172	34,070
Trail commission receivable	8	111,001	106,973	108,303	105,382
		228,105	**226,358**	**223,933**	**224,767**
Financial Liabilities					
Trade and other payables	12	14,570	20,201	14,532	20,201
		14,570	**20,201**	**14,532**	**20,201**

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

<u>Cash</u>
The carrying amount is fair value due to the liquid nature of these assets.

<u>Receivables/payables</u>
The fair values of receivables and payables have been calculated by discounting the expected future cash flows at prevailing interest rates, taking into account observable market factors.

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

<u>Interest-bearing liabilities</u>
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 Group'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.

	Consolidated December-13 $'000	Consolidated June-13 $'000
13. Commitments & Contingencies		
Commitments		
Non-cancellable operating lease commitments		
Not later than 1 year	2,244	2,334
Later than 1 year and not later than 5 years	9,412	9,310
Later than 5 years	6,524	7,768
	18,180	**19,412**

The Group is party to a commercial lease for its head office premises which had an initial term of 10 years with the option to renew at the end of the contract period. During the period to December 2013 the Group paid out remaining hire purchase motor vehicles leases, which had over two years remaining to expiry.

Contingencies

Guarantees

Trading guarantees	2,141	2,193
	2,141	**2,193**

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 License relating to life insurance policies sold between April 2009 and March 2011. As a result of this breach, an internal review of all life insurance policies sold during that period is being undertaken. The review and remediation work commenced in October 2011 and will continue until completion. As at 31 December 2013, 85% of an initial 5,095 policies subject to review and remediation had been completed. There are only 749 policies remaining from one provider still subject to final remediation.

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 half year ended 31 December 2013. Potential liabilities for the Group, should any obligation be identified, are expected to be covered by insurance maintained by the Group.

14. Events After Balance Sheet Date

No 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

15. Related Party Transactions

The following table provides the total amount of transactions that were entered into with related parties for the relevant half year. The related party transactions undertaken during last financial year related to advertising services provided by ninemsn. As at 30 June 2013, ninemsn was no longer a related party.

	Sales to Related Parties $	Purchases from Related Parties $	Other Transactions with Related Parties $	Balances at Reporting Date $
31 December 2013				
Shareholder related entities – Advertising services	-	-	-	-
31 December 2012				
Shareholder related entities – Advertising services	-	190,609	-	190,609

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 for the half year ended 31 December 2013 as set out on pages 8 to 25 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 31 December 2013 and of its performance, for the half year ended on that date; and
        ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.

2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Directors

Damien Waller
Director

Melbourne,
27 February 2014

Greg Camm
Director

Melbourne,
27 February 2014

Building a better working world

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

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

To the members of iSelect Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of iSelect Limited, which comprises the statement of financial position as at 31 December 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* . As the auditor of iSelect Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, 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. We confirm that the Auditor's Independence Declaration would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of iSelect Limited is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

Building a better working world

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

Ernst & Young

Denis Thorn

Denis Thorn
Partner
Melbourne
27 February 2014

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation