

# APPENDIX 4D

For the half year ended 31 December 2014



## iSelect Limited

ABN 48 124 302 932

### RESULTS FOR ANNOUNCEMENT TO THE MARKET

#### Revenue and Net Profit

|                                                  |    | 31<br>December<br>2014<br>\$'000 | % change<br>from year<br>ended 31<br>December<br>2013 | 31<br>December<br>2013<br>\$'000 |
|--------------------------------------------------|----|----------------------------------|-------------------------------------------------------|----------------------------------|
| Revenue from ordinary activities                 | up | 65,570                           | 18 %                                                  | 55,779                           |
| Profit from ordinary activities after tax        | up | 5,402                            | 47 %                                                  | 3,686                            |
| Net profit attributable to members of the parent | up | 5,402                            | 47 %                                                  | 3,686                            |

#### Dividend Information

|                                        | Amount<br>per security | Franked<br>amount<br>per security |
|----------------------------------------|------------------------|-----------------------------------|
| Final dividend                         | -                      | -                                 |
| Interim dividend                       | -                      | -                                 |
| Total dividends per share for the year | -                      | -                                 |

#### Net Tangible Assets Per Security

|                                  | 31<br>December<br>2014<br>\$ | 31<br>December<br>2013<br>\$ |
|----------------------------------|------------------------------|------------------------------|
| Net tangible assets per security | 0.75                         | 0.75                         |

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 2014.

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

# iSelect Limited

ABN 48 124 302 932

## Financial Report

For the Half Year Ended 31 December 2014

**Financial Report**  
**For the Half Year Ended**  
**31 December 2014**

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## **Corporate Information**

ABN 48 124 302 932

### **Directors**

Brodie Arnhold  
Shaun Bonètt  
Bridget Fair  
Alex Stevens  
Damien Waller  
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**

Clayton Utz  
18/333 Collins Street  
Melbourne Victoria 3000  
Australia

### **Bankers**

Commonwealth Bank of Australia  
385 Bourke Street  
Melbourne Victoria 3000  
Australia

### **Auditors**

Ernst & Young  
8 Exhibition Street  
Melbourne Victoria 3000  
Australia

## 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 2014. Financial comparisons used in this report are for the results for the half year ended 31 December 2014 compared with the half year ended 31 December 2013 for statement of Comprehensive Income analysis, and 31 December 2014 compared with 30 June 2014 for statement of Financial Position analysis.

### Directors

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

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

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

### Company Secretary

David Christie

### Principal Activities

The principal activities during the financial period within the Group were health, life and 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 period.

### Operating and Financial Review<sup>1</sup>

#### Summary Financial Results - Reported

|                   | Dec-14<br>\$000 | Dec-13<br>\$000 | Change<br>% |
|-------------------|-----------------|-----------------|-------------|
| Operating revenue | 65,570          | 55,779          | 18%         |
| Gross profit      | 26,357          | 24,467          | 8%          |
| EBITDA            | 8,379           | 6,836           | 23%         |
| EBIT              | 5,150           | 3,868           | 33%         |
| NPAT              | 5,402           | 3,686           | 47%         |
| EPS (cents)       | 2.1             | 1.4             | 48%         |

#### Summary Financial Results - Normalised<sup>2</sup>

|                   | Dec-14<br>\$000 | Dec-13<br>\$000 | Change<br>% |
|-------------------|-----------------|-----------------|-------------|
| Operating revenue | 65,570          | 55,779          | 18%         |
| Gross profit      | 26,357          | 24,467          | 8%          |
| EBITDA            | 8,379           | 7,650           | 10%         |
| EBIT              | 5,150           | 4,682           | 10%         |
| NPAT              | 5,402           | 4,259           | 27%         |
| EPS (cents)       | 2.1             | 1.6             | 26%         |

<sup>1</sup> Throughout this report, certain non-IFRS information, such as EBITDA, EBIT, Conversion Ratio, Leads and Revenue Per Sale (RPS) are used. Earnings (profit) before interest, income tax expense and loss from associates (EBIT) reflects profit for the half year prior to including the effect of net finance costs, income taxes and loss from associates. Earnings (profit) before interest, income tax expense, depreciation and amortisation and loss on associates (EBITDA) reflects profit for the half year prior to including the effect of net finance costs, income taxes, depreciation and amortization and loss on associates. 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.

<sup>2</sup> The prior half-year period to 31 December 2013 has been normalised for CEO exit and replacement costs of \$814,000, which impacts EBITDA, EBIT, NPAT and EPS.

## Operating and Financial Review (continued)

### 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 three brands, iSelect ([www.iselect.com.au](http://www.iselect.com.au)), InfoChoice ([www.infochoice.com.au](http://www.infochoice.com.au)) and the newly acquired Energy Watch ([www.energywatch.com.au](http://www.energywatch.com.au)). The Group's business model is comprised of four key pillars that are linked: brand, lead generation, conversion and product providers. The Group derives the majority of its revenue from fees or commissions paid by product providers for successful sale of their products.

Operating revenue for the half year ended 31 December 2014 was \$65,570,000, representing an increase of 18% on the prior comparative six month period. Excluding revenue from Energy Watch, the increase in revenue was 12%.

Gross profit for the period increased by 8% to \$26,357,000. The growth in gross profit was lower than revenue growth due to a deliberate increase in staffing levels to support growth largely in the Energy, Home Loans and Health businesses, and also in anticipation of higher activity levels expected in the second half of financial year 2015. In addition, direct marketing expenditure increased, particularly in the Energy and Health businesses to support expected growth.

Operating overhead expenses for the period were up on the prior half year by 2%. Normalising for CEO exit and replacement costs in half year ended 2014, normalised overhead expenses increased by 7%.

Reported EBITDA for the half was \$8,379,000, an increase on reported EBITDA for the prior comparative half of 23%, and an increase on normalised EBITDA for the prior comparative half of 10%.

Reported EBIT was \$5,150,000, an increase of 33% on reported EBIT for the prior comparative half, and an increase on normalised EBIT for the prior comparative half of 10%.

Net finance income for the half year was \$2,716,000, which compares with a net finance cost for the previous half year of \$1,566,000. This increase is reflective of the facility the Group has with NIA Health Pty Ltd.

A loss from associates of \$88,000 was recorded in relation to the Group's investment in iMoney.

Reported net profit after tax was \$5,402,000, an increase from the prior half year reported NPAT of 47%, and from normalised NPAT of 27%.

### Consolidated Key Operating Metrics

The Group's key operating metrics are considered to be "leads", "conversion ratio" and "(RPS)". Throughout this report consolidated key operating metrics are provided excluding Energy Watch to allow meaningful comparison<sup>1</sup>.

|                                   | December<br>2014 | December<br>2013 |                                        | December<br>2014 | December<br>2013 |
|-----------------------------------|------------------|------------------|----------------------------------------|------------------|------------------|
| <b>Consolidated<sup>2</sup></b>   |                  |                  | <b>Money</b>                           |                  |                  |
| Leads (000s)                      | 1,593            | 1,556            | Leads (000s)                           | 1,086            | 922              |
| Conversion ratio (%) <sup>3</sup> | 8.2%             | 6.8%             | Conversion ratio (%)                   | n.m.             | n.m.             |
| Average RPS (\$) <sup>4</sup>     | \$482            | \$512            | Average revenue per click-through (\$) | \$7              | \$5              |

<sup>2</sup> Consolidated operating metrics are excluding Money and Energy Watch

<sup>3</sup> Conversion ratio is calculated as the number of gross sales divided by sales leads (i.e. the average percentage of sales leads that are converted into sales).

<sup>4</sup> Average RPS is calculated as gross referred revenue divided by the number of gross sales.

n.m. = not meaningful

### Discussion of Consolidated Key Operating Metrics for the 2015 Half Year

The consolidated key operating metrics for the half year ended 31 December 2014 are discussed in more detail below. Key operating metrics by segment are also discussed in this Operating and Financial Review, in the section on Segment Performance.

<sup>1</sup> Consolidated key operating metrics including Energy Watch are: Leads: 1,669,000; Conversion: 9.5% and RPS \$427.

## Operating and Financial Review (continued)

### Consolidated Key Operating Metrics (continued)

#### Leads Growth for the 2015 Half Year

Leads (excluding the Money and Energy Watch businesses) increased by 2% to 1,593,000 with the Energy business in particular showing strong growth. The Health business also had growth in leads compared with the same half last year.

All other businesses (again excluding Money and Energy Watch) recorded a decline in leads, though this was a managed result and the consequence of reduced or flat marketing expenditure. In this regard, the primary focus for the period was on improving operational conversion of leads and aligning leads to the operational capacity to convert them.

Leads for the Money business unit are sourced via the InfoChoice website, which unlike the other businesses operates a lead generation model that provides a low cost source of leads to third parties. On this basis, a lead for Money is considered a visit to the InfoChoice website and is reported separately to leads for the other businesses where a lead is a second-page visit to the website, with consumers having entered a level of personal information. Money leads were up 18% on the prior comparative period.

#### Conversion Ratio for the 2015 Half Year

Conversion increased by 1.4 percentage points (pp) to 8.2% for the half, excluding Money and the impact of the acquisition of Energy Watch. Improvements occurred in all businesses except for Life where performance was consistent with the prior year.

#### Revenue Per Sale for the 2015 Half Year

RPS decreased by 6% to \$482, excluding Money and Energy Watch, driven by changing mix in contribution from each business. In particular, strong growth in Energy, which has a lower RPS than the Group average, contributed to this result.

### 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-14<br>\$000 | Dec-13<br>\$000 | Change | Key Operating Metrics | Dec-14       | Dec-13 | Change |
|-----------------------------|-----------------|-----------------|--------|-----------------------|--------------|--------|--------|
| Operating revenue           | <b>40,848</b>   | 39,940          | 2%     | Leads (000s)          | <b>852</b>   | 861    | -1%    |
| Segment EBITDA <sup>1</sup> | <b>7,881</b>    | 7,556           | 4%     | Conversion ratio (%)  | <b>7.5%</b>  | 7.0%   | 0.5pp  |
| Margin %                    | 19.3%           | 18.9%           |        | Average RPS (\$)      | <b>\$682</b> | \$710  | -4%    |

<sup>1</sup> Segment EBITDA excludes certain corporate overhead costs that are not allocated at segment level. Comparative information has been adjusted to reflect the change in method of allocating costs as detailed in the 30 June 2014 financial statements.

Operating revenue increased by 2% to \$40,848,000. The majority of revenue came from the Health business, with health sales units 7% above the prior comparative period.

RPS for the 2015 half was impacted by the Car business and the renegotiation of a major contract at reduced commissions in February 2014. Despite this impact to Car revenue, operational improvements in the business have delivered improved profitability.

Within the Health business, operating revenue was impacted in the half by reduced discount unwind, subsequent to the trail valuation at 30 June 2014. This impact was approximately 3% of segment revenue.

## Operating and Financial Review (continued)

### Segment Performance (continued)

#### Household Utilities and Financial

The Household Utilities and Financial segment offers comparison and lead referral services across a range of household utilities and personal financial products including electricity and gas products, broadband, life insurance, home loans, savings accounts, term deposits, credit cards and personal loans. The Energy Watch brand is included in the segment results since the date of acquisition.

| Financial Performance       | Dec-14<br>\$000 | Dec-13<br>\$000 | Change | Key Operating Metrics <sup>2</sup> | Dec-14 | Dec-13 | Change |
|-----------------------------|-----------------|-----------------|--------|------------------------------------|--------|--------|--------|
| Operating revenue           | 24,722          | 15,839          | 56%    | Leads (000s)                       | 817    | 695    | 18%    |
| Segment EBITDA <sup>1</sup> | 2,700           | 1,885           | 43%    | Conversion ratio (%)               | 11.5%  | 6.6%   | 4.9pp  |
| Margin %                    | 10.9%           | 11.9%           |        | Average RPS (\$)                   | \$255  | \$252  | 1%     |

<sup>1</sup> Segment EBITDA excludes certain corporate overhead costs that are not allocated at segment level. Comparative information has been adjusted to reflect the change in method of allocating costs as detailed in the 30 June 2014 financial statements.

<sup>2</sup> 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, alongside the consolidated group's key operating metrics.

Operating revenue grew by 56% to \$24,722,000 and was driven by Energy, with Home Loans, Money and Broadband all showing strong growth during the period.

The segment posted an EBITDA profit of \$2,700,000 compared with the prior half year of \$1,885,000, though at a reduced EBITDA margin, reflective of investments in both staffing and marketing costs to support the growth of Energy in particular.

#### Financial Position & Cash Flow

| Summary Statement of Cash Flows                     | Dec-14<br>\$000 | Dec-13<br>\$000 | Change<br>% | Summary Statement of Financial Position | Dec-14<br>\$000 | Jun-14<br>\$000 | Dec-13<br>\$000 |
|-----------------------------------------------------|-----------------|-----------------|-------------|-----------------------------------------|-----------------|-----------------|-----------------|
| Net cash provided by operating activities           | 8,461           | 6,880           | 23%         | Current assets                          | 156,714         | 134,580         | 132,366         |
| Net cash used in investing activities               | (26,348)        | (6,293)         | 319%        | Non-current assets                      | 129,390         | 149,912         | 143,028         |
| Net cash (used in)/provided by financing activities | 690             | (2,444)         | n.m         | <b>Total assets</b>                     | <b>286,104</b>  | 284,492         | 275,394         |
| <b>Net increase in cash and cash equivalents</b>    | <b>(17,197)</b> | <b>(1,857)</b>  | <b>826%</b> | Current liabilities                     | 17,438          | 24,290          | 17,906          |
|                                                     |                 |                 |             | Non-current liabilities                 | 25,895          | 23,906          | 23,893          |
|                                                     |                 |                 |             | <b>Total liabilities</b>                | <b>43,333</b>   | 48,196          | 41,799          |
|                                                     |                 |                 |             | <b>Net assets</b>                       | <b>242,771</b>  | 236,296         | 233,595         |
|                                                     |                 |                 |             | <b>Equity</b>                           | <b>242,771</b>  | 236,296         | 233,595         |

#### Capital Expenditure & Cash Flow

Operating cash flow was \$1,581,000 (or 23%) higher than last half year which can be attributed to the improved profitability of the business compared with prior comparative period, as well as a shift in revenue mix towards upfront fees when compared to the prior half year.

Investing cash flows for the six months to 31 December 2014 included \$14,279,000 relating to the acquisition of the Energy Watch business (\$9,701,000) and the investment in iMoney (\$4,578,000). In addition, under the secured facility agreement with NIA Health Pty Ltd, the Group advanced \$13,110,000 of funds in the six month period ended 31 December 2014.



## **Operating and Financial Review (continued)**

### **Financial Position & Cash Flow (continued)**

Net financing cash inflows for the 2014 half year totalled \$690,000. This included \$750,000 which was received for the issue of shares upon exercise of options.

Capital expenditure for the 2014 half year was \$1,745,000 compared with \$2,087,000 for the 2013 half year.

### **Statement of Financial Position**

Net assets have increased to \$242,771,000 at 31 December 2014 from \$236,296,000 at 30 June 2014 and \$233,595,000 at 31 December 2013.

Current assets have increased from 30 June 2014 by 16% to \$156,714,000. This is mostly as a result of the reclassification of the NIA facility receivable from non-current to current having regard to the facility maturity date of 31 July 2015. The current component of the trail commission receivable is \$27,556,000 and is largely in line with balance at 30 June 2014.

Non-current assets have decreased from 30 June 2014 by 14% to \$129,390,000, largely a result of the reclassification of the NIA facility receivable, offset in part by an increase in goodwill and brand name intangibles arising from the Energy Watch acquisition (\$9,230,000) and the investment in iMoney (\$4,490,000). Similar to the current balance of trail commission receivable, the non-current component of the asset at \$71,295,000 is largely in line with balance at 30 June 2014.

Current liabilities decreased from 30 June 2014 to 31 December 2014 by 28% to \$17,438,000 mainly due to payments of a seasonally high creditor balance post 30 June 2014.

Non-current liabilities increased to 31 December 2014 by 8% to \$25,895,000. This is mostly the result of an increase in net deferred tax liability, which in turn is the result of the utilisation of carry forward tax losses and timing in relation to a reduction of the accruals and payables balances.

### **Debt Position**

As at 31 December 2014 the Group has nil debt (30 June 2014: nil; 31 December 2013: nil).

### **Outlook**

For the financial year ending 30 June 2015, the Group expects to deliver NPAT growth on the prior financial year of 10-12% on a normalised basis.

The following factors are believed to be relevant for the 2015 financial year:

- The fundamentals of the health insurance industry remain robust and at the time of writing, the Federal Government is expected to shortly announce the 2015 private health insurance premium price increase outcome.
- It is noted that the timing of the 2015 price rise announcement is substantially later than it was for the 2014 announcement. There has been an observed increase in attrition rates in the Health business but these are currently within the bounds of the assumptions underpinning the valuation of the trail commission receivable.
- Energy is expected to continue its strong growth with further investments in staffing and marketing planned in both Energy brands.
- The Group is reinvesting, evolving its business models and/or expanding the provider panel in a number of the smaller businesses, including Life, Car, Home Loans and Broadband.

As at the date of this report the independent chairman search and selection process is proceeding well.

The Group remains cognisant that the current capital structure is inefficient. The Group is reviewing its capital strategy, including its dividend policy and will provide an update in due course, once the NIA loan is repaid.

The Group also remains cognisant of potential risks to its business and will continue to closely monitor and work to mitigate these throughout financial year 2015. 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 2014 (30 June 2014: \$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 2014 is on page 8 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**  
Director  
Melbourne,  
26 February 2015



**Alex Stevens**  
Director  
Melbourne,  
26 February 2015

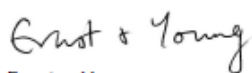


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## Auditor's Independence Declaration to the Directors of iSelect Limited

In relation to our review of the financial report of iSelect Limited for the half-year ended 31 December 2014, 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  
26 February 2015

## Consolidated Statement of Comprehensive Income

For the half year ended 31 December 2014

|                                                                                         | Note | Consolidated<br>December-14<br>\$'000 | Consolidated<br>December-13<br>\$'000 |
|-----------------------------------------------------------------------------------------|------|---------------------------------------|---------------------------------------|
| Upfront fee revenue                                                                     |      | 48,439                                | 38,099                                |
| Click-through fees                                                                      |      | 1,682                                 | 1,225                                 |
| Advertising and subscription fees                                                       |      | 1,010                                 | 906                                   |
| <b>Upfront Revenue</b>                                                                  | 5    | <b>51,131</b>                         | 40,230                                |
| Current period trail commission sales                                                   |      | 11,477                                | 13,222                                |
| Change in value of future trail cash flow expectations                                  |      | -                                     | (1,724)                               |
| Discount unwind                                                                         |      | 2,962                                 | 4,051                                 |
| <b>Trail Commission Revenue</b>                                                         | 5    | <b>14,439</b>                         | 15,549                                |
| <b>Total Operating revenue</b>                                                          |      | <b>65,570</b>                         | <b>55,779</b>                         |
| Cost of sales                                                                           |      | (39,213)                              | (31,312)                              |
| <b>Gross profit</b>                                                                     |      | <b>26,357</b>                         | <b>24,467</b>                         |
| Other income                                                                            |      | 75                                    | 145                                   |
| Administrative expenses                                                                 |      | (17,702)                              | (17,148)                              |
| Share based payments expense                                                            |      | (351)                                 | (628)                                 |
| Depreciation and amortisation                                                           | 5    | (3,229)                               | (2,968)                               |
| <b>Profit Before Interest, Tax and Loss from Associates</b>                             |      | <b>5,150</b>                          | <b>3,868</b>                          |
| Net Finance income                                                                      |      | 2,716                                 | 1,566                                 |
| Loss from associates                                                                    | 13   | (88)                                  | -                                     |
| <b>Profit Before Income Tax Expense</b>                                                 |      | <b>7,778</b>                          | <b>5,434</b>                          |
| Income tax expense                                                                      | 6    | (2,376)                               | (1,748)                               |
| <b>Profit for the Period</b>                                                            |      | <b>5,402</b>                          | <b>3,686</b>                          |
| <b>Other comprehensive income</b>                                                       |      |                                       |                                       |
| Other comprehensive income for the period, net of tax                                   |      | -                                     | -                                     |
| <b>Total Comprehensive Income for the Period</b>                                        |      | <b>5,402</b>                          | <b>3,686</b>                          |
| Profit attributable to owners of the Group                                              |      | <b>5,402</b>                          | <b>3,686</b>                          |
| Total comprehensive income attributable to owners of the Group                          |      | <b>5,402</b>                          | <b>3,686</b>                          |
| <b>Earnings per share (cents per share)</b>                                             |      |                                       |                                       |
| Basic for profit for the period attributable to ordinary equity holders of the parent   | 12   | 2.1                                   | 1.4                                   |
| Diluted for profit for the period attributable to ordinary equity holders of the parent | 12   | 2.1                                   | 1.4                                   |

The accompanying notes form part of these financial statements.

## Consolidated Statement of Financial Position

As at 31 December 2014

|                                      | Note | Consolidated<br>December-14<br>\$'000 | Consolidated<br>June-14<br>\$'000 |
|--------------------------------------|------|---------------------------------------|-----------------------------------|
| <b>ASSETS</b>                        |      |                                       |                                   |
| <b>Current Assets</b>                |      |                                       |                                   |
| Cash and cash equivalents            | 7    | 58,709                                | 75,906                            |
| Trade and other receivables          | 8    | 67,437                                | 27,960                            |
| Trail commission receivable          | 9    | 27,556                                | 27,452                            |
| Other assets                         |      | 3,012                                 | 3,262                             |
| <b>Total Current Assets</b>          |      | <b>156,714</b>                        | <b>134,580</b>                    |
| <b>Non-Current Assets</b>            |      |                                       |                                   |
| Trade and other receivables          | 8    | -                                     | 32,766                            |
| Trail commission receivable          | 9    | 71,295                                | 71,544                            |
| Other assets                         |      | 133                                   | 347                               |
| Property, plant and equipment        |      | 7,470                                 | 7,709                             |
| Intangible assets                    |      | 46,002                                | 37,546                            |
| Investment in associates             | 13   | 4,490                                 | -                                 |
| <b>Total Non-Current Assets</b>      |      | <b>129,390</b>                        | <b>149,912</b>                    |
| <b>Total Assets</b>                  |      | <b>286,104</b>                        | <b>284,492</b>                    |
| <b>LIABILITIES</b>                   |      |                                       |                                   |
| <b>Current Liabilities</b>           |      |                                       |                                   |
| Trade and other payables             |      | 11,376                                | 17,702                            |
| Provisions                           |      | 5,561                                 | 6,249                             |
| Other                                |      | 501                                   | 339                               |
| <b>Total Current Liabilities</b>     |      | <b>17,438</b>                         | <b>24,290</b>                     |
| <b>Non-Current Liabilities</b>       |      |                                       |                                   |
| Provisions                           |      | 2,363                                 | 2,449                             |
| Net deferred tax liabilities         |      | 23,532                                | 21,457                            |
| <b>Total Non-Current Liabilities</b> |      | <b>25,895</b>                         | <b>23,906</b>                     |
| <b>Total Liabilities</b>             |      | <b>43,333</b>                         | <b>48,196</b>                     |
| <b>Net Assets</b>                    |      | <b>242,771</b>                        | <b>236,296</b>                    |
| <b>EQUITY</b>                        |      |                                       |                                   |
| Contributed equity                   |      | 173,713                               | 172,963                           |
| Share based payment reserve          |      | 1,747                                 | 1,396                             |
| Business combination reserve         |      | 5,571                                 | 5,571                             |
| Foreign currency translation reserve |      | (28)                                  | -                                 |
| Retained earnings                    |      | 61,768                                | 56,366                            |
| <b>Total Equity</b>                  |      | <b>242,771</b>                        | <b>236,296</b>                    |

The accompanying notes form part of these financial statements.

## Consolidated Statement of Changes in Equity

For the half year ended 31 December 2014

|                                                             | Issued<br>Capital<br>\$'000 | Shared<br>Based<br>Payment<br>Reserves<br>\$'000 | Business<br>Combination<br>Reserve<br>\$'000 | Foreign<br>Currency<br>Translation<br>Reserve<br>\$'000 | Retained<br>Earnings<br>\$'000 | Total<br>\$'000 |
|-------------------------------------------------------------|-----------------------------|--------------------------------------------------|----------------------------------------------|---------------------------------------------------------|--------------------------------|-----------------|
| <b>Balance at 1 July 2013</b>                               | <b>171,313</b>              | <b>858</b>                                       | <b>5,571</b>                                 | <b>-</b>                                                | <b>49,984</b>                  | <b>227,726</b>  |
| Profit for the period                                       | -                           | -                                                | -                                            | -                                                       | 3,686                          | 3,686           |
| Other comprehensive income                                  | -                           | -                                                | -                                            | -                                                       | -                              | -               |
| <b>Total comprehensive income for the period</b>            | <b>-</b>                    | <b>-</b>                                         | <b>-</b>                                     | <b>-</b>                                                | <b>3,686</b>                   | <b>3,686</b>    |
| <b>Transactions with owners in their capacity as owners</b> |                             |                                                  |                                              |                                                         |                                |                 |
| Recognition of share based payments                         | -                           | 628                                              | -                                            | -                                                       | -                              | 628             |
| Issue of share capital                                      | 1,600                       | -                                                | -                                            | -                                                       | -                              | 1,600           |
| Capitalised listing costs                                   | (45)                        | -                                                | -                                            | -                                                       | -                              | (45)            |
| <b>Balance at 31 December 2013</b>                          | <b>172,868</b>              | <b>1,486</b>                                     | <b>5,571</b>                                 | <b>-</b>                                                | <b>53,670</b>                  | <b>233,595</b>  |
| <b>Balance at 1 July 2014</b>                               | <b>172,963</b>              | <b>1,396</b>                                     | <b>5,571</b>                                 | <b>-</b>                                                | <b>56,366</b>                  | <b>236,296</b>  |
| Profit for the period                                       | -                           | -                                                | -                                            | -                                                       | 5,402                          | 5,402           |
| Other comprehensive income                                  | -                           | -                                                | -                                            | -                                                       | -                              | -               |
| <b>Total comprehensive income for the period</b>            | <b>-</b>                    | <b>-</b>                                         | <b>-</b>                                     | <b>-</b>                                                | <b>5,402</b>                   | <b>5,402</b>    |
| <b>Transactions with owners in their capacity as owners</b> |                             |                                                  |                                              |                                                         |                                |                 |
| Recognition of share based payments                         | -                           | 351                                              | -                                            | -                                                       | -                              | 351             |
| Foreign exchange movements                                  | -                           | -                                                | -                                            | (28)                                                    | -                              | (28)            |
| Issue of share capital                                      | 750                         | -                                                | -                                            | -                                                       | -                              | 750             |
| Capitalised listing costs                                   | -                           | -                                                | -                                            | -                                                       | -                              | -               |
| <b>Balance at 31 December 2014</b>                          | <b>173,713</b>              | <b>1,747</b>                                     | <b>5,571</b>                                 | <b>(28)</b>                                             | <b>61,768</b>                  | <b>242,771</b>  |

The accompanying notes form part of these financial statements.

## Consolidated Statement of Cash Flows

For the half year ended 31 December 2014

|                                                                  | Note | Consolidated<br>December-14<br>\$'000 | Consolidated<br>December-13<br>\$'000 |
|------------------------------------------------------------------|------|---------------------------------------|---------------------------------------|
| <b>Cash Flows from Operating Activities</b>                      |      |                                       |                                       |
| Receipts from customers                                          |      | 79,586                                | 64,156                                |
| Payments to suppliers and employees                              |      | (71,125)                              | (57,276)                              |
| Income taxes paid                                                |      | -                                     | -                                     |
| <b>Net cash provided by operating activities</b>                 |      | <b>8,461</b>                          | <b>6,880</b>                          |
| <b>Cash Flows from Investing Activities</b>                      |      |                                       |                                       |
| Payments for property, plant and equipment and intangible assets |      | (1,745)                               | (2,087)                               |
| Net payments of acquisition of businesses/associates             |      | (14,279)                              | -                                     |
| NIA facility advances                                            |      | (13,110)                              | (6,133)                               |
| Interest received                                                |      | 2,786                                 | 1,927                                 |
| <b>Net cash used in investing activities</b>                     |      | <b>(26,348)</b>                       | <b>(6,293)</b>                        |
| <b>Cash Flows from Financing Activities</b>                      |      |                                       |                                       |
| Interest received/(paid)                                         |      | (60)                                  | (461)                                 |
| Repayment of borrowings                                          |      | -                                     | -                                     |
| Net proceeds from issue of shares                                |      | 750                                   | 1,600                                 |
| Payments of IPO costs                                            |      | -                                     | (3,583)                               |
| <b>Net cash (used in)/provided by financing activities</b>       |      | <b>690</b>                            | <b>(2,444)</b>                        |
| Net decrease in cash and cash equivalents                        |      | (17,197)                              | (1,857)                               |
| Cash and cash equivalents at the beginning of the period         |      | 75,906                                | 85,315                                |
| <b>Cash and cash equivalents at the end of the period</b>        | 7    | <b>58,709</b>                         | <b>83,458</b>                         |

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 2014 was authorised for issue in accordance with a resolution of Directors on 26 February 2015.

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 2014 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 2014 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 2014 and considered together with any public announcements made by iSelect Limited during the half year 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 months of March and June each year are mainly attributed to the increased demand for health products as a result of customers looking to optimise their health rebates before the health insurance rate rise and prior to 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 2014.

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 2014 that have a material 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.



## **2. Basis of Preparation and Accounting Policies (continued)**

### **(d) New and Amended Standards and Interpretations**

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those adopted in the Group's annual financial report for the year ended 30 June 2014, except for the adoption of new standards and interpretations as of 1 July 2014 as disclosed in the 30 June 2014 financial accounts and noted below:

- AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities
- AASB 2013-3 Recoverable Amount Disclosures for Non-Financial Assets – Amendments to AASB 136
- AASB 2013-4 Novation of Derivatives and Continuation of Hedge Accounting – Amendments to AASB 139
- AASB 2013-5 Investment Entities – Amendments to AASB 10, AASB 12 and AASB 127
- AASB 1031 Materiality

The adoption of the above accounting standards had no material impact on the Group. The Group has not early adopted any other standard, interpretations or amendments that has been issued but is not yet effective.

### **(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.

#### 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.

**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 2014.

### 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 & Financial segment, which offers comparison services across a range of household utilities and personal finance products including life insurance, broadband, 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 2014 and 31 December 2013, noting that during financial year 2014, the Group re-assessed its method of allocating costs to each segment to better reflect the underlying consumption of resource and overall segment profitability. Prior year amounts have been re-stated to enable effective comparison.

#### Geographical locations

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

|                                                                                                 | December-14<br>\$'000 | December-13<br>\$'000 |
|-------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
| <b>Operating revenue</b>                                                                        |                       |                       |
| Health & Car Insurance                                                                          | 40,848                | 39,940                |
| Household Utilities & Financial                                                                 | 24,722                | 15,839                |
| <b>Consolidated Group operating revenue</b>                                                     | <b>65,570</b>         | <b>55,779</b>         |
| <b>Profit before interest, tax, depreciation &amp; amortisation</b>                             |                       |                       |
| Health & Car Insurance                                                                          | 7,881                 | 7,556                 |
| Household Utilities & Financial                                                                 | 2,700                 | 1,885                 |
| Unallocated (Corporate)^                                                                        | (2,202)               | (2,605)               |
| <b>Consolidated Group profit before interest, tax, depreciation &amp; amortisation (EBITDA)</b> | <b>8,379</b>          | <b>6,836</b>          |
| Depreciation and amortisation                                                                   | (3,229)               | (2,968)               |
| Net finance income/(costs)                                                                      | 2,716                 | 1,566                 |
| Loss from associates                                                                            | (88)                  | -                     |
| <b>Consolidated Group profit before income tax</b>                                              | <b>7,778</b>          | <b>5,434</b>          |
| Income tax expense                                                                              | (2,376)               | (1,748)               |
| <b>Consolidated Group net profit for the period</b>                                             | <b>5,402</b>          | <b>3,686</b>          |

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 months of March and June each year are mainly attributed to the increased demand for health products as a result of customers looking to optimise their health rebates before the health insurance rate rise and prior to June 30 each year.

^ Unallocated corporate costs in the current period include costs associated with integration of Energy Watch. In the prior year, unallocated corporate costs include CEO exit and replacement costs. These are further explained in note 5.

#### 4. Business Combinations

##### Energy Watch acquisition

On 1 July 2014, the Group obtained control of General Brokerage Services Pty Ltd and its controlled entities (**Energy Watch**), an online comparison company dealing in energy products.

##### Purchase consideration

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

##### Details of net assets and liabilities acquired

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

|                                    | Preliminary<br>fair value<br>\$'000 |
|------------------------------------|-------------------------------------|
| Cash                               | 423                                 |
| Trade debtors                      | 56                                  |
| Accrued Income                     | 1,358                               |
| Property, plant & equipment        | -                                   |
| Brand name                         | 1,754                               |
| Website/CRM                        | 505                                 |
| Other assets                       | 110                                 |
| Deferred taxes                     | 298                                 |
| Trade and other payables           | (1,269)                             |
| Prepaid Income                     | (202)                               |
| Provisions                         | (808)                               |
| <b>Net identifiable assets</b>     | <b>2,225</b>                        |
| Add goodwill acquired              | 7,476                               |
| Purchase consideration transferred | <b>9,701</b>                        |

##### Initial accounting

The net asset value and allocation of the purchase price to acquired assets are still preliminary. The acquisition accounting will be finalised within 12 months of the acquisition date.

##### Fair value of assets

The following fair values have been determined by management:

- The brand names acquired as part of the Energy Watch acquisition were initially recognised at fair value and this intangible asset has been determined to have an indefinite useful life.
- Development costs relate to the development of Energy Watch's various websites and CRM 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 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.
- The fair value of property, plant and equipment has been determined to be nil at acquisition.

##### Acquisition related costs

The Group incurred acquisition related costs of \$288,000 relating to external legal fees and due diligence costs, which were expensed in the statement of comprehensive income in FY14 (\$284,000) and FY15 (\$4,000) as incurred.

**5. Revenue and Expenses**

**Upfront Fee Revenue**

|                                      | Consolidated<br>December-14<br>\$'000 | Consolidated<br>December-13<br>\$'000 |
|--------------------------------------|---------------------------------------|---------------------------------------|
| Upfront fee revenue                  | 48,439                                | 38,099                                |
| Click-through revenue                | 1,682                                 | 1,225                                 |
| Advertising and subscription revenue | 1,010                                 | 906                                   |
|                                      | <b>51,131</b>                         | <b>40,230</b>                         |

**Trail Commission Revenue**

|                                                                                    |               |               |
|------------------------------------------------------------------------------------|---------------|---------------|
| Trail commission revenue – current period trail commission sales                   | 11,477        | 13,222        |
| Trail commission revenue – change in value of future trail commission expectations | -             | (1,724)       |
| Trail commission revenue – discount unwind                                         | 2,962         | 4,051         |
|                                                                                    | <b>14,439</b> | <b>15,549</b> |

**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) | 25,903        | 20,581        |
| Share based payments                                                  | 351           | 514           |
|                                                                       | <b>26,254</b> | <b>21,095</b> |

**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        |
|                                                                                                   | <b>-</b> | <b>814</b> |

**Acquisition and integration costs (iii)**

|                   |            |          |
|-------------------|------------|----------|
| Acquisition costs | 45         | -        |
| Integration costs | 365        | -        |
|                   | <b>410</b> | <b>-</b> |

**Depreciation & amortisation**

|                                                          |              |              |
|----------------------------------------------------------|--------------|--------------|
| Depreciation                                             | 1,349        | 1,512        |
| Amortisation of previously capitalised development costs | 1,880        | 1,456        |
|                                                          | <b>3,229</b> | <b>2,968</b> |

**Occupancy related expenses**

|                                |            |            |
|--------------------------------|------------|------------|
| Operating lease rental expense | 934        | 845        |
|                                | <b>934</b> | <b>845</b> |

- (i) Employee benefits expense is net of amounts capitalised as website development costs of \$966,000 (2013: \$1,456,000).
- (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 in the prior period.
- (iii) Acquisition and integration costs relate to the purchase of the Energy Watch business and investment in the iMoney business

**iSelect Limited**  
Notes to the Financial Statements

**6. Income Tax**

*Current income tax*

Current income tax benefit/(expense)

Adjustment in respect of current income tax of previous years

*Deferred income tax*

Relating to origination and reversal of temporary differences

Adjustments in respect of deferred income tax of previous years

**Income tax reported in income statement**

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**

Statutory income tax rate of 30%

Adjustments in respect of current income tax of previous years

Adjustments in respect of deferred income tax of previous years

Share based payments

Entertainment

Research and development concessional deduction

Other

**Total income tax expense**

| Consolidated<br>December-14<br>\$'000 | Consolidated<br>December-13<br>\$'000 |
|---------------------------------------|---------------------------------------|
|                                       |                                       |
| (1,046)                               | (217)                                 |
| -                                     | -                                     |
| (1,330)                               | (1,531)                               |
| -                                     | -                                     |
| <b>(2,376)</b>                        | <b>(1,748)</b>                        |
|                                       |                                       |
| <b>7,778</b>                          | <b>5,434</b>                          |
| (2,333)                               | (1,631)                               |
| -                                     | -                                     |
| -                                     | -                                     |
| (105)                                 | (189)                                 |
| (136)                                 | (172)                                 |
| 198                                   | 244                                   |
| -                                     | -                                     |
| <b>(2,376)</b>                        | <b>(1,748)</b>                        |

Unrecognised deferred tax assets

Deferred tax assets of \$2.9 million (gross tax loss of \$9.6 million) and \$0.2 million (gross tax loss of \$0.7 million) in respect of losses acquired as part of the Infochoice Limited and Energy Watch acquisitions have not been recognised as at 31 December 2014.

**7. Cash and Cash Equivalents**

Cash at bank and on hand

Term deposits

| Consolidated<br>December-14<br>\$'000 | Consolidated<br>June-14<br>\$'000 |
|---------------------------------------|-----------------------------------|
|                                       |                                   |
| 13,709                                | 30,906                            |
| 45,000                                | 45,000                            |
| <b>58,709</b>                         | <b>75,906</b>                     |

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.

## 8. Trade and Other Receivables

### *Current*

|                                   | Consolidated<br>December-14<br>\$'000 | Consolidated<br>June-14<br>\$'000 |
|-----------------------------------|---------------------------------------|-----------------------------------|
| Trade receivables                 | 21,631                                | 28,040                            |
| Allowance for credit losses       | (70)                                  | (80)                              |
| Trade receivable (NIA receivable) | 45,876                                | -                                 |
|                                   | <b>67,437</b>                         | <b>27,960</b>                     |

### *Non-Current*

|                                   |               |               |
|-----------------------------------|---------------|---------------|
| Trade receivable (NIA receivable) | -             | 32,766        |
| Allowance for credit losses       | -             | -             |
|                                   | -             | <b>32,766</b> |
|                                   | <b>67,437</b> | <b>60,726</b> |

### **Impaired trade receivables**

As at 31 December 2014, current trade receivables with a nominal value of \$70,000 (June 2014: \$80,000) were impaired.

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

|                                                            |           |           |
|------------------------------------------------------------|-----------|-----------|
| Carrying value at the beginning of the period              | 80        | 151       |
| Allowance for credit losses recognised during the period   | -         | 38        |
| Receivables written off during the period as uncollectable | (10)      | -         |
| Unused amount reversed                                     | -         | (109)     |
| Carrying value at the end of the period                    | <b>70</b> | <b>80</b> |

### **Trade receivables past due but not impaired**

As at 31 December 2014, trade receivables of \$1,253,000 (June 2014: \$490,000) were past due but not impaired. These relate to customers for whom there is no recent history of default or other indicators of impairment.

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

|                               |               |               |
|-------------------------------|---------------|---------------|
| Neither past due nor impaired | 66,184        | 27,470        |
| Past due 1 – 30 days          | 610           | 110           |
| Past due 31 – 90 days         | 460           | 173           |
| Past due 90+ days             | 183           | 207           |
|                               | <b>67,437</b> | <b>27,960</b> |

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.

## 8. Trade and Other Receivables (continued)

### Secured NIA facility (NIA receivable)

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

The Group has provided a secured facility to NIA Health Pty Ltd (**NIA Health**) for the sole purpose of allowing NIA Health to defer the time at which it is required to make 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 Health must pay interest every three months to the Group on the amount outstanding under the facility. Interest is payable at variable rates.
- (ii) Unless repaid earlier by NIA Health, all amounts drawn under the facility shall be finally repaid by NIA Health on 31 July 2014, unless:
  - a. An extension is requested by NIA Health to 31 July 2015 by NIA Health giving notice that it is unable to refinance the facility;
  - 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 31 December 2014, a further \$29 million may be drawn down up to the extended maturity date of 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 Limited, has provided a share of mortgage over all the present and after-acquired shares in NIA Health and a guarantee from NIA Limited to the Group in respect of the facility.

On 26 May 2014, NIA Health advised the Group of its intention to extend the maturity date of the facility to 31 July 2015.

As at 31 December 2014 the receivable is classified as current based on the extended maturity date.

## 9. Trail Commission Receivable

### Current

Trail commission receivable

| Consolidated<br>December-14<br>\$'000 | Consolidated<br>June-14<br>\$'000 |
|---------------------------------------|-----------------------------------|
|---------------------------------------|-----------------------------------|

|               |               |
|---------------|---------------|
| 27,556        | 27,452        |
| <b>27,556</b> | <b>27,452</b> |

### Non-Current

Trail commission receivable

|               |               |
|---------------|---------------|
| 71,295        | 71,544        |
| <b>71,295</b> | <b>71,544</b> |

**Total trail commission receivable**

|               |               |
|---------------|---------------|
| <b>98,851</b> | <b>98,996</b> |
|---------------|---------------|

### Reconciliation of movement in trail commission receivable:<sup>1</sup>

#### Opening balance

|               |                |
|---------------|----------------|
| <b>98,996</b> | <b>101,246</b> |
|---------------|----------------|

Trail commission revenue – current period

|        |        |
|--------|--------|
| 11,477 | 31,179 |
|--------|--------|

Trail commission revenue – expected cash flow adjustment to historical trail receivables

|   |          |
|---|----------|
| - | (18,390) |
|---|----------|

Trail commission revenue – interest income relating to the unwind of discount on historical trail receivables

|       |       |
|-------|-------|
| 2,962 | 8,524 |
|-------|-------|

Cash receipts

|          |          |
|----------|----------|
| (14,584) | (23,563) |
|----------|----------|

#### Closing balance

|               |               |
|---------------|---------------|
| <b>98,851</b> | <b>98,996</b> |
|---------------|---------------|

<sup>1</sup> Reconciliation relates to 6 months ended 31 December 2014, comparative relates to the 12 months ended 30 June 2014.

### 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 \$9,461,000 (June 2014: \$8,854,000). A combined premium price increase of 1% and termination rate decrease of 1% would have the effect of increasing the carrying value by \$10,440,000 (June 2014: \$9,728,000). Individually, the effects of these inputs would not give rise to any additional amount greater than those stated.



## 10. 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 2014.

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 2014, 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 2014.

## 11. Dividends

Dividends provided for or paid during the half year

Franking credit balance

| Consolidated |             |
|--------------|-------------|
| December-14  | December-13 |
| \$'000       | \$'000      |
|              |             |
| -            | -           |
| -            | -           |
| -            | -           |

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

## 12. 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 half 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:  
Profit attributable to members of the parent

Weighted average number of ordinary shares for basic earnings per share  
Effect of dilution  
Weighted average number of ordinary shares adjusted for effect of dilution

Earnings per share:

Basic for profit for the period attributable to ordinary members of the parent  
Diluted for profit for the period attributable to ordinary members of the parent

| Consolidated |              |
|--------------|--------------|
| December-14  | December-13  |
| \$'000       | \$'000       |
| 5,402        | 3,686        |
| Shares (000) | Shares (000) |
| 261,002      | 259,991      |
| 261          | 381          |
| 261,263      | 260,372      |
| Cents        | Cents        |
| 2.1          | 1.4          |
| 2.1          | 1.4          |

### 13. Investment in Associates

On 10 October 2014, the Group acquired a 20% interest on a fully dilutive basis for \$4.58 million in the Intelligent Money Group (**iMoney**), an online comparison company dealing in financial products, across South East Asia. The Group also has 20% of the voting rights on the Board of Directors, and as such has determined it has significant influence. However, it has also determined that the investment in associate is immaterial in nature for the Group's overall operations.

The following table analyses, in aggregate, the carrying amount of the share of profit and other comprehensive income of this investment.

|                                                  | Consolidated<br>December-14<br>\$'000 | Consolidated<br>June-14<br>\$'000 |
|--------------------------------------------------|---------------------------------------|-----------------------------------|
| <b>Carrying amount of interest in associates</b> | <b>4,490</b>                          | -                                 |
| Share of:                                        |                                       |                                   |
| - Loss from continuing operations                | (88)                                  | -                                 |
| - Other comprehensive income                     | -                                     | -                                 |
| <b>Total</b>                                     | <b>(88)</b>                           | -                                 |

#### 14. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise receivables, payables, 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 analysis and monitoring of specific credit allowances are undertaken to manage credit risk, and liquidity risk is monitored through the development of future rolling cash flow forecasts and comprehensive capital management planning.

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

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

##### (a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include 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 and trail commission. The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date:

|                              | Consolidated          |                   |
|------------------------------|-----------------------|-------------------|
|                              | December-14<br>\$'000 | June-14<br>\$'000 |
| <b>Financial Assets</b>      |                       |                   |
| <b>Current</b>               |                       |                   |
| Cash and cash equivalents    | 58,709                | 75,906            |
| Trade and other receivables  | 67,437                | 27,960            |
| Trail commission receivable  | 27,556                | 27,452            |
| <b>Non-Current</b>           |                       |                   |
| Trade and other receivables  | -                     | 32,766            |
| Trail commission receivable  | 71,295                | 71,544            |
|                              | <b>224,997</b>        | <b>235,628</b>    |
| <b>Financial Liabilities</b> |                       |                   |
| <b>Current</b>               |                       |                   |
| Trade and other payables     | 11,376                | 17,702            |
|                              | <b>11,376</b>         | <b>17,702</b>     |
| <b>Net Exposure</b>          | <b>213,621</b>        | <b>217,926</b>    |

#### 14. Financial Risk Management Objectives and Policies (continued)

##### (a) Market Risk (continued)

At 31 December 2014, 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-14<br>\$'000 | June-14<br>\$'000 |
|------------------------|-----------------------|-------------------|
| <b>TOTAL</b>           |                       |                   |
| <b>Consolidated</b>    |                       |                   |
| +1% (100 basis points) | 411                   | 531               |
| -1% (100 basis points) | (411)                 | (531)             |
| <b>CASH AT BANK</b>    |                       |                   |
| <b>Consolidated</b>    |                       |                   |
| +1% (100 basis points) | 411                   | 531               |
| -1% (100 basis points) | (411)                 | (531)             |

##### Judgements of reasonably possible movements

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

##### (ii) Foreign currency risk

The Group has minimal transactional currency exposure. Such exposure arises from 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-14<br>\$'000 | June-14<br>\$'000 |
|-----------------------------|-----------------------|-------------------|
| Cash and cash equivalents   | 58,709                | 75,906            |
| Trade and other receivables | 21,561                | 27,960            |
| NIA Receivable              | 45,876                | 32,766            |
| Trail commission receivable | 98,851                | 98,996            |
|                             | <b>224,997</b>        | <b>235,628</b>    |

##### *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 into the discount rates (one of the assumptions used in the fair value and amortised cost calculation). Any risk in relation to other revenue has been reflected in allowance for credit losses.

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

It is the Group's policy that all key partners who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis. Note 8 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.

## 14. 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<br>Amount<br>\$'000 | Contract-<br>ual Cash<br>Flows<br>\$'000 | <3<br>months<br>\$'000 | 3–12<br>months<br>\$'000 | 1–2<br>years<br>\$'000 | 2–5<br>years<br>\$'000 | >5<br>years<br>\$'000 |
|--------------------------------------|------------------------------|------------------------------------------|------------------------|--------------------------|------------------------|------------------------|-----------------------|
| <b>As at 31 December 2014</b>        |                              |                                          |                        |                          |                        |                        |                       |
| Non-derivative financial liabilities |                              |                                          |                        |                          |                        |                        |                       |
| Trade payables                       | 11,376                       | 11,376                                   | 11,376                 | -                        | -                      | -                      | -                     |
| <b>Total</b>                         | <b>11,376</b>                | <b>11,376</b>                            | <b>11,376</b>          | -                        | -                      | -                      | -                     |
| <b>As at 30 June 2014</b>            |                              |                                          |                        |                          |                        |                        |                       |
| Non-derivative financial liabilities |                              |                                          |                        |                          |                        |                        |                       |
| Trade payables                       | 17,702                       | 17,702                                   | 17,702                 | -                        | -                      | -                      | -                     |
| <b>Total</b>                         | <b>17,702</b>                | <b>17,702</b>                            | <b>17,702</b>          | -                        | -                      | -                      | -                     |

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 2014, iSelect has not drawn down on this facility and has met its debt covenants.

#### 14. 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          |                |                |                |
|------------------------------------------------|------|-----------------|----------------|----------------|----------------|
|                                                | Note | Carrying Amount |                | Fair Value     |                |
|                                                |      | December 2014   | June 2014      | December 2014  | June 2014      |
| <b>Financial Assets</b>                        |      |                 |                |                |                |
| Cash and cash equivalents (i)                  | 7    | 58,709          | 75,906         | 58,709         | 75,906         |
| Trade and other receivables – current (i)      | 8    | 67,437          | 27,960         | 67,437         | 27,960         |
| Trade and other receivables – non-current (ii) | 8    | -               | 32,766         | -              | 30,339         |
| Trail commission receivable (ii)               | 9    | 98,851          | 98,996         | 102,002        | 97,564         |
|                                                |      | <b>224,997</b>  | <b>235,628</b> | <b>228,148</b> | <b>231,769</b> |
| <b>Financial Liabilities</b>                   |      |                 |                |                |                |
| Trade and other payables                       |      | 11,376          | 17,702         | 11,376         | 17,702         |
|                                                |      | <b>11,376</b>   | <b>17,702</b>  | <b>11,376</b>  | <b>17,702</b>  |

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

- (i) For financial assets and financial liabilities with a short term to maturity the carrying amount is considered to approximate fair value.
- (ii) The fair value has been calculated by discounting the expected future cash flows at prevailing interest rates.

|                              |   | Quoted market price (Level 1) |   | Valuation technique - market observable inputs (Level 2) | Valuation technique - non-market observable inputs (Level 3) | Total |
|------------------------------|---|-------------------------------|---|----------------------------------------------------------|--------------------------------------------------------------|-------|
|                              |   | \$'000                        |   | \$'000                                                   | \$'000                                                       |       |
| <b>31 December 2014</b>      |   |                               |   |                                                          |                                                              |       |
| <b>Financial Assets</b>      |   |                               |   |                                                          |                                                              |       |
| NIA Receivable               | 8 | -                             | - | 45,876                                                   | 45,876                                                       |       |
| Trail commission receivable  | 9 | -                             | - | 102,002                                                  | 102,002                                                      |       |
|                              |   | -                             | - | <b>147,878</b>                                           | <b>147,878</b>                                               |       |
| <b>Financial Liabilities</b> |   | -                             | - | -                                                        | -                                                            |       |
| <b>30 June 2014</b>          |   |                               |   |                                                          |                                                              |       |
| <b>Financial Assets</b>      |   |                               |   |                                                          |                                                              |       |
| NIA Receivable               | 8 | -                             | - | 30,339                                                   | 30,339                                                       |       |
| Trail commission receivable  | 9 | -                             | - | 97,564                                                   | 97,564                                                       |       |
|                              |   | -                             | - | <b>127,903</b>                                           | <b>127,903</b>                                               |       |
| <b>Financial Liabilities</b> |   | -                             | - | -                                                        | -                                                            |       |

For financial instruments not quoted in the active markets, the Group used valuation techniques such as present value techniques (which include lapse and mortality rates, commission terms, premium increases and credit risk), comparison to similar instruments for which market observable prices exists and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs.

##### (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.

## 15. Commitments & Contingencies

### Commitments

Non-cancellable operating lease commitments

|                                              | Consolidated<br>December-14<br>\$'000 | Consolidated<br>June-14<br>\$'000 |
|----------------------------------------------|---------------------------------------|-----------------------------------|
| Not later than 1 year                        | 2,384                                 | 2,258                             |
| Later than 1 year and not later than 5 years | 9,896                                 | 9,524                             |
| Later than 5 years                           | 3,985                                 | 5,279                             |
|                                              | <b>16,265</b>                         | <b>17,061</b>                     |

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, as part of the Energy Watch acquisition, the Group also obtained commercial leases in relation to the business' operations.

### Contingencies

#### Guarantees

Trading guarantees

|              |              |
|--------------|--------------|
| 2,209        | 2,134        |
| <b>2,209</b> | <b>2,134</b> |

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 was undertaken. The review and remediation work commenced in October 2011. As at 31 December 2014, 100% of the initial 5,095 policies had been reviewed by iSelect with only 669 policies in relation to one provider still subject to final remediation.

The amount, if any, of liability associated with those policies yet to be remediated cannot be reliably determined at this time, and accordingly no amounts have been recorded in the financial statements for the year ended 31 December 2014. Potential liabilities for the Group, should any obligation be identified, are expected to be covered by insurance maintained by the Group.

## 16. Events After Balance Sheet Date

No matters or circumstances have arisen since the end of the period 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.

## 17. Related Party Transactions

No related party transactions were entered into with related parties for the relevant half year or comparative period.

## **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 2014 as set out on pages 9 to 28 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 2014 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,  
26 February 2015



**Alex Stevens**  
Director

Melbourne,  
26 February 2015





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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 condensed statement of financial position as at 31 December 2014, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed 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 2014 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 2014 and of its performance for the half-year ended on that date; and



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  
26 February 2015