Annual Report 2018

I called iSelect regarding my electricity account and Aaron was helpful, very thorough and saved me money. Your staff are doing a fantastic job so it must be a great place to work.

Susan Jones

Health	Energy	Broadband	Car	Life	Home Loans
Credit Cards	Travel Insurance	Mobile Phones	Pet	Connected Home	Home & Contents

About Us

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

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

Our highly-trained experts at iSelect HQ help customers to choose and buy from thousands of available policies, products and plans. And we provide our advice at no cost to the customer.

We compare and sell some of Australia's biggest brands and are proud to be ASX-listed and, unlike other comparison sites, we are not owned by an insurance company. From health and life insurance through to energy and broadband, as well as car insurance and home loans, iSelect helps Australians take care of the boring but important stuff.

www.iselect.com.au

Contents

IMPORTANT NOTICE AND DISCLAIMER

All references to FY15, FY16, FY17 and FY18 appearing in this Annual Report are to the financial years ended 30 June 2015, 30 June 2016, 30 June 2017 and 30 June 2018, respectively, unless otherwise indicated.

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

The Group cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Annual Report will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. To the full extent permitted by law, iSelect disclaims any obligation or undertaking to release any updates or revisions to the information contained in this Annual Report to reflect any change in expectations or assumptions.

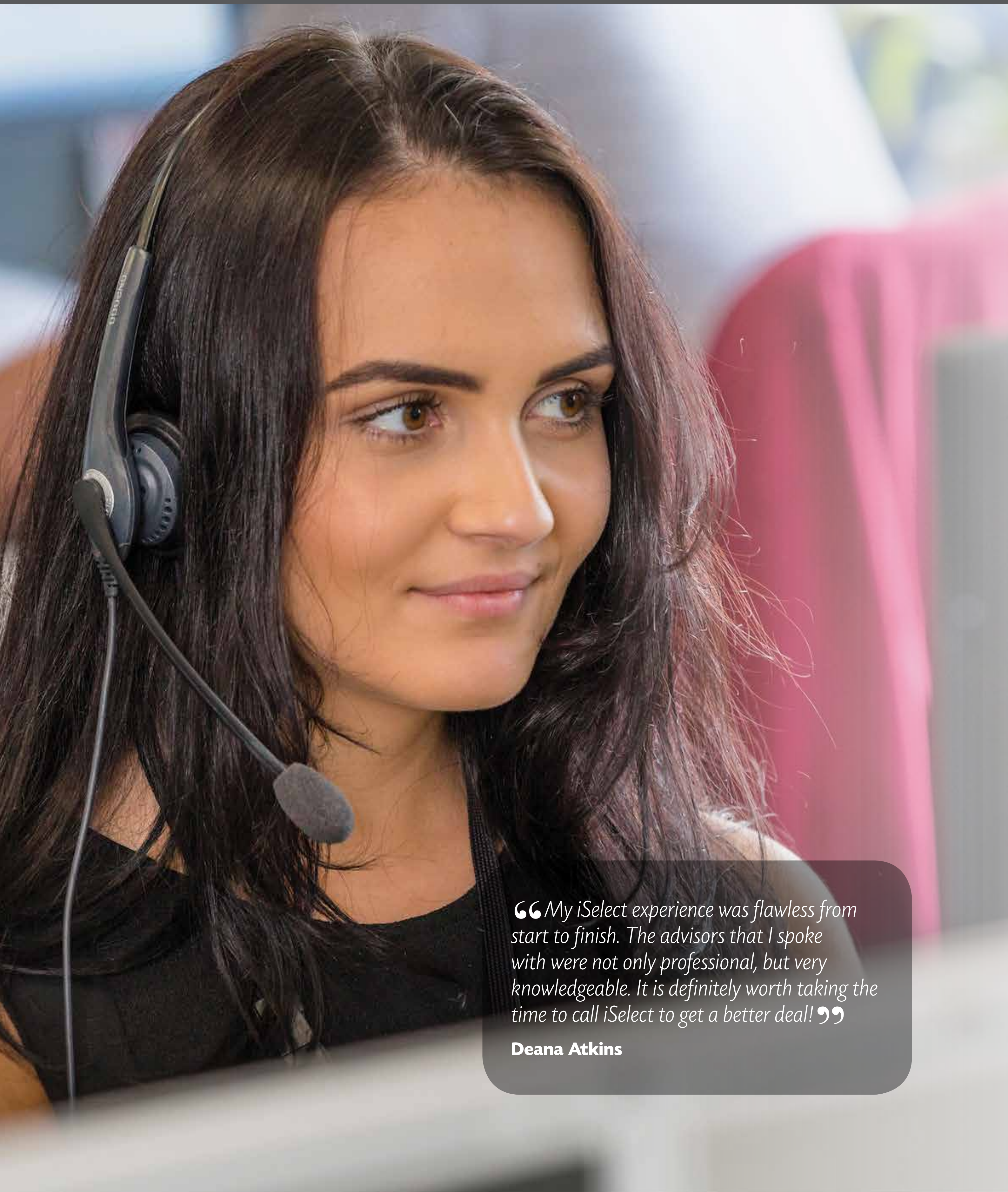
NON-IFRS INFORMATION

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

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

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

ABN: 48 124 302 932



"My iSelect experience was flawless from start to finish. The advisors that I spoke with were not only professional, but very knowledgeable. It is definitely worth taking the time to call iSelect to get a better deal!"

Deana Atkins

More than just a comparison website

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

The iSelect Group maintain four brands, iSelect (www.iselect.com.au), InfoChoice (www.infochoice.com.au), iMoney (www.imoney.my) and Energy Watch (www.energywatch.com.au). The Group's business model is comprised of four linked key pillars; brand, lead generation, conversion and product providers.

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

Chris Knoblanche AM Chairman

Letter from the Chairman

"The 2018 financial year was a particularly challenging period for the Company. Our new senior executive team has taken decisive action focused on operational excellence to support the long-term success of our business in Australia and South East Asia."

Dear Shareholders,

On behalf of the Board of Directors of iSelect Limited, I present to you iSelect's 2018 Annual Report.

The year ended 30 June 2018 (FY18) was a very challenging one for the Company. While our Life & General Insurance segment performed to plan, our Health and Energy & Telco segments were negatively impacted by market volatility and lower than expected leads due to changes in marketing mix. In addition, Health experienced a softening in overall demand following low industry rate rises and ongoing industry affordability issues, and Energy & Telco was impacted by higher digital customer acquisition costs.

Through this challenging period, your Board was focused on continuing to ensure the stability and success of our state-of-the-art operations. At the same time, we maintained clear channels of communication with our staff and investors in line with our aims of transparency and accountability.

While iSelect experienced a period of unprecedented challenges, our business showed its robustness and continued to generate positive operating cash flow. This is testament to the strength of our business model and particularly, our talented and devoted team across Australia and South Africa.

We continued to progress key technology initiatives and rollout implementations over FY18 – Orange ID and iConnect were deployed – to form a deeper 'relationship engagement' with all our customers, as this will underpin cross-sell and future growth. Also, our majority ownership in iMoney is providing the business with exposure to the unique, high growth South East Asian marketplace.

FINANCIAL PERFORMANCE

iSelect experienced a tough environment in FY18, particularly in the second half, for the reasons outlined earlier. Decisive action has been taken to rectify the issues, and early indications are positive that the business has turned the corner.

Reflecting the challenging operating environment, revenue for the 12 months ended 30 June 2018 was down 2% to $181.4 million.

Underlying earnings before interest & tax (EBIT) was down 62% to $8.5 million due to higher marketing spend and increased technology costs as we continue to invest in technology to support our customers' needs. This underlying EBIT result was in line with the previous guidance range provided to the market.

Reflecting the lower underlying earnings, net profit after tax (NPAT) was down 59% to $6.7 million prior to the non-cash goodwill impairment relating to Infochoice. After this non-cash impairment charge, the Company had a reported loss after tax of $13.5 million.

Health was impacted by the combination of softening overall demand and marketing mix challenges, referred to earlier. Health revenue decreased 5% and customer leads and sales units were down 9% and 8% respectively.

Encouragingly in Health, our revenue per sale (RPS) was up 4% as we targeted switchers that typically switch up to a higher gross annual premium.

Life and General Insurance showed strong improvement in customer leads and sales units, up 14% and 47% respectively. Conversion was up 2.2pp, but RPS was down 34% reflecting a greater mix of general insurance sales, which of their nature are lower value relative to life insurance sales.

Energy & Telco continued to show promise, with revenue up 9% in FY18, RPS up 8%, and conversion improving slightly.

STRONG BALANCE SHEET

Our strong balance sheet has allowed the Company to remain focused on optimising its capital structure while providing strategic flexibility for investment. During FY18, iSelect made $20.1 million of investment in growth initiatives (new technologies and iMoney) and returned $32.9 million to shareholders via dividends ($12.4 million) and an on-market buy-back ($20.5 million). At 30 June 2018, iSelect had no debt and $33.0 million cash.

The Board remains focused on conserving cash for business reinvestment and has determined not to pay a final FY18 dividend. Reinstatement of iSelect's dividend policy will be considered periodically and reinstated as soon as it is deemed prudent by the Board.

REVITALISED AND COMPLETE SENIOR EXECUTIVE TEAM IN PLACE

There has been significant change in our senior executive ranks over the past 12 months. Since August last year iSelect has appointed Henriette Rothschild (Chief Operating Officer), Slade Sherman (Chief Experience Officer), Warren Hebard (Chief Marketing Officer), and Vicki Pafumi (Chief Financial Officer). iSelect now has a revitalised, highly experienced and complete senior executive team in place that has been guiding the Company through the challenging period we have been in and has repositioned it for a new growth phase.

Brodie Arnhold (previously a Non-Executive Director) was appointed Interim CEO in April, following Scott Wilson's resignation from the position of Managing Director & CEO. Over the past four months, the new senior executive team, led by Brodie, has put in place a focused operational plan that addressed previous business issues and is now delivering positive results. To ensure continuity in the execution of this plan and maintain the positive momentum, the Board asked Brodie to extend his contract for up to 24 months, which I'm delighted to report he agreed to. This will allow the Board to be more considered in its approach to appoint a longer-term CEO.

UPDATE ON POTENTIAL CORPORATE ACTIVITY

In late FY18 the Board received several unsolicited approaches. BHL Management Services Limited (related to Compare the Market) continues to hold a 19.63% interest and has not had any substantial engagement with the Company. In addition, unsolicited non-binding proposals have been received that the Board considers do not reflect an acceptable value in light of the Board's confidence in the turnaround of iSelect given the Company's achievement of FY18 guidance and the strong performance over July. The Company will keep shareholders and the market informed of any material developments in accordance with its continuous disclosure obligations.

LOOKING FORWARD

Having achieved our FY18 guidance in difficult circumstances under the stewardship of a revitalised senior executive team, iSelect is now positioned back on a growth pathway. We are determined to continue focusing on what makes our business great, delivering on our technological initiatives to provide an engaging experience and real value to all our customers.

I would like to close by thanking you, our shareholders, for your continued support through a very difficult FY18, and as we progress into FY19 and return to growth.

Yours sincerely,

Chris Knoblanche

Brodie Arnhold Chief Executive Officer

Letter from the CEO

"iSelect's new senior executive team has the right skill sets to drive the business forward. We are very focused on ensuring more efficient and effective marketing across traditional and digital media."

Dear Shareholders,

I'm delighted to present my first Annual Report review to you in my new role as CEO of iSelect. A lot has happened in a very short space of time.

A GREAT TEAM

We now have a revitalised, complete and highly experienced executive team – the first time in three years – that has been built over the past 12 months.

The focus on operational excellence from our new senior executive team has seen a strong start to FY19, with outperformance against budget putting the Company firmly back on a growth trajectory to its historic profitability over the short to medium term.

I am also very proud of the way all our staff have taken on the challenges we faced to put the Company back on a growth trajectory. The substantial turnaround iSelect has achieved over the past four months is a direct testament to the dedication and commitment of the great team we have and their focus on delivering a truly transformative customer experience.

ACHIEVED FY18 GUIDANCE

After commencing on 23 April in the Interim CEO role, I have been impressed with the resilience of iSelect's brand and our team.

With substantial action taken in a short space of time, the business closed out the fourth quarter of FY18 strongly to achieve an underlying EBIT of $8.5 million, within guidance previously provided. Importantly, the momentum built over the last quarter of FY18 has continued into FY19 with the business outperforming internal expectations.

CHANGE IN MARKETING APPROACH

Having quickly identified the issues with iSelect's marketing campaign, we have changed our approach to marketing. The appointment of Warren Hebard into the Chief Marketing Officer role has enabled iSelect to strategically and tactically approach its marketing.

We are very focused on Return on Investment (ROI) for marketing going forward, ensure we drive a higher level of profit rather than focus on top line revenue.

In line with a specific focus on increasing the ROI on our marketing spend, the results for July and August to date vindicate this new approach. We have been able to put in place a more effective marketing campaign for less cost than before, leads have been optimised and with strong conversion, the profits generated over the early part of FY19 has been well ahead of budget and also the same corresponding period last year.

INVESTING IN TECHNOLOGY

We must continue to invest in technology to ensure we can support our customers' needs. We have a clear technology road map that has been developed to deliver improvements in customer lifetime value, multi-product capability and platform remediation – once again with a focus on ROI and excellence in execution.

Over FY18 iSelect invested $9.9 million in new technologies including Salesforce CRM, iConnect and WeSelect. Our strong balance sheet supports further technology investment that will ensure we can provide an engaging experience and real value to all our customers with the aim of making their lives less complex.

EFFICIENCIES TO SUPPORT MARGIN IMPROVEMENT

Having successfully commenced our turnaround, we believe that there are opportunities in our operational and IT function for significant margin improvement and growth if we focus on operational excellence. Reduced customer leakage, improved customer conversion, better customer experience and strengthened investment decision making are all possible.

REFOCUSED APPROACH DELIVERING BENEFITS THAT UNDERPIN A RETURN TO GROWTH

iSelect's new senior executive team has the right skill sets to drive the business forward. We are very focused on ensuring more efficient and effective marketing across traditional and digital media.

At the same time, we have refocused our efforts on operational excellence, that is not only delivering cost efficiencies, but also improving lead conversion across the business.

I thank you, our shareholders, for your support through what was a challenging year for all of us.

Our performance over July, with more effective marketing, leads optimised, conversion strong, and profits up, all ahead of budget, points to a promising year ahead and a trajectory that should see iSelect return to its historic profitability over the short to medium term.

Yours sincerely,

Brodie Arnhold

“Service and knowledge great, being an older generation and not being computer tech I found it a bit over-whelming with all the questions and options. The call back 24 hours later was great for me to get my head around what I was getting and what I needed to do.”

Terrence Huckfield

Our Partners

During 2017–18 financial year we expanded our partner network, with six major new partners joining the iSelect market place.

90+
PARTNERS/ COMPANIES WITH
160
BRANDS

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

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

INSURANCE

UTILITIES

MONEY

Our People

At iSelect, we know our company is nothing without our talented team members. In FY18, we supported over 700 talented people across five offices in three countries. They're as diverse as the product and services they offer.

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

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

We recognise that our ability to become Australia's Life Admin Partner depends upon our dynamic and motivated people who are committed to solving our customers' problems with ease.

Our team members are the cornerstone of our company and we want them to feel they can be themselves at work. We work hard to maintain our performance driven culture but we never lose sight of our goal to always enjoy what we do. We are proud of our unique culture and healthy work/life balance.

DEVELOPMENT

We welcome new staff through our iSelect Academy to ensure they have the tools and skills to best serve our customers. We complement this upfront training with ongoing professional career development for the entire iSelect team, ensuring our iSelectors are motivated, recognised and equipped to help our customers. All our team members are provided with various types of development to set them up for success. Development programmes are run to improve technical skills, knowledge and behaviour that can assist professional and personal growth.

DIVERSITY

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

The majority of iSelect customers are female and we are extremely proud that approximately 40 per cent of our team members are women, right from our frontline staff through to senior levels.

EMPLOYEE EXPERIENCE

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

Organisation wide initiatives foster the values and behaviours we hold ourselves accountable to. This is what shapes the culture at iSelect and motivates our highly engaged workforce.

Board Members

Chris Knoblanche AM

Chairman and Independent Non-Executive Director

Chris joined the iSelect Board as Chairman and Independent Non-Executive Director on 1 July 2015 and brings significant experience in strategy and financial services to the Board, along with a proven track record of creating a best practice corporate governance environment.

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

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

Chris holds a Bachelor of Commerce (Accounting and Financial Management) and is a Member of the Institutes of Chartered Accountants in Australia and New Zealand (CA ANZ), and Fellow of the Australian Society of CPAs (FCPA).

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

Brodie Arnhold

Interim Chief Executive Officer and Executive Director

Brodie commenced his role as Interim CEO of iSelect in April 2018. He first joined iSelect as a Board member in September 2014 and has over 15 years domestic and international experience in private equity, investment banking and corporate finance. Prior to his current role with iSelect, Brodie was the CEO of Melbourne Racing Club. He has also worked for Investec Bank from 2010- 2013 where he was responsible for building a high-net-worth private client business.

Brodie worked for Westpac Banking Corporation where he grew the institutional bank's presence in Victoria, South Australia and Western Australia, and from 2006-2010 held the role of Investment Director at Westpac's private equity fund.

During his career Brodie has also worked at leading accounting and investment firms including Deloitte (Australia), Nomura (UK) and Goldman Sachs (Hong Kong). Brodie is the Chairman and Non-Executive Director of Shaver Shop Group Ltd (ASX: SSG).

Brodie holds a Bachelor of Commerce and MBA from the University of Melbourne and is a member of the Institutes of Chartered Accountants in Australia and New Zealand (CA ANZ).

Bridget Fair

Independent Non-Executive Director

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

Bridget is currently CEO of FreeTV Australia Ltd. She previously held a number of senior roles with Seven West Media, most recently Group Chief of Corporate and Regulatory Affairs and Head of Regulatory and Business Affairs at the Seven Network. Between 1995 and 2000, Bridget held the position of General Counsel for SBS. Prior to this, she was legal counsel for the ABC and practiced as a solicitor at law firm Phillips Fox, now DLA Piper. She is also a former board member and Chairman of Screenrights and of OzTAM Pty Ltd.

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

Shaun Bonett

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

Shaun was appointed to the iSelect Board in May 2003. Shaun founded and is the Chief Executive Officer of Precision Group, an investor, developer and financier of retail and commercial property across Australia. Precision Group owns over A$1 billion of commercial assets in Australia and has diversified its business into financial services and private equity investments, primarily in the IT and health sectors.

Shaun is a qualified lawyer and Barrister and Solicitor of the High Court of Australia and previously held various corporate advisory roles with publicly listed and private companies.

He is also a member of the AICD and Young Presidents' Organisation. Shaun is also a Director and Chairman of Litigation Lending Services Ltd. Shaun is founder and trustee of the Heartfelt Foundation, an Australian charitable trust.

Melanie Wilson

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

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

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

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

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

> *"The Adviser, Travis was informative and showed knowledge and understanding of my needs. What more could you ask for, Fabulous service. Thank you I intend contacting iselect for many more products essential to me and my family."*
>
> **Jillian Rolleston**

Brodie Arnhold | Vicki Pafumi | David Christie | Henriette Rothschild | Warren Hebard

Leadership Team

Brodie Arnhold

Interim Chief Executive Officer and Executive Director

Brodie commenced his role as Interim CEO of iSelect in April 2018. He first joined iSelect as a Board member in September 2014 and has over 15 years domestic and international experience in private equity, investment banking and corporate finance. Prior to his current role with iSelect, Brodie was the CEO of Melbourne Racing Club. He has also worked for Investec Bank from 2010-2013 where he was responsible for building a high-net-worth private client business.

Brodie worked for Westpac Banking Corporation where he grew the institutional bank's presence in Victoria, South Australia and Western Australia, and from 2006-2010 held the role of Investment Director at Westpac's private equity fund.

During his career Brodie has also worked at leading accounting and investment firms including Deloitte (Australia), Nomura (UK) and Goldman Sachs (Hong Kong). Brodie is the Chairman and Non-Executive Director of Shaver Shop Group Ltd (ASX: SSG).

Brodie holds a Bachelor of Commerce and MBA from the University of Melbourne and is a member of the Institutes of Chartered Accountants in Australia and New Zealand (CA ANZ).

Vicki Pafumi

Chief Financial Officer

Vicki joined iSelect in November 2015 and held senior roles within the Company's finance and operations functions before being appointed Chief Financial Officer (CFO) in July 2018. Prior to Vicki's appointment as CFO, she held the role of Interim CFO from 27 January 2016 to 3 July 2017 and from 17 November 2017 to 1 July 2018. Prior to that, Vicki was responsible for Workforce Planning, Dialler Operations and Project Management as well as the management of our Cape Town business.

Vicki has over 25 years experience spanning all areas of finance, six sigma, supply chain, operations and aftermarket. A results driven professional with extensive people management experience, Vicki is passionate about leading and developing individuals to succeed and be their best.

Vicki holds a Bachelor of Business (Accountancy, Law and Economics major) from Monash University and is a qualified CPA.

David Christie

Chief Strategy Officer, General Counsel and Company Secretary

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

David has over 20 years experience as a senior legal executive and prior to joining iSelect served as Global Head of Legal for Renaissance Capital Limited, where he maintained global responsibility for legal affairs, including M&A, litigation and intellectual property matters.

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

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

Henriette Rothschild

Chief Operating Officer

Henriette joined iSelect in August 2017 and is responsible for the performance of the Company's individual business units, customer contact centre operations and commercial partnerships.

Previously, Henriette had over 25 years experience in sales, marketing, human resources and consulting. She was the Managing Director of Hay Group (now Korn Ferry Hay Group) across Australia, NZ, Japan and Korea, a global management consulting firm focusing on organisational performance and people advisory services.

Henriette has worked with boards, CEOs and executive teams in areas of organisational performance, transformation and building high performance cultures. She has a BA from Melbourne University, Grad Dip (Swinburne) and qualified as a psychologist before undertaking further graduate studies in business and marketing (Monash).

Henriette is a board member of both the Richmond Football Club and Brown Brothers Wines and a Graduate member of AICD.

Warren Hebard

Chief Marketing Officer

Warren joined iSelect in April 2018 as Chief Marketing Officer (CMO), he is responsible for the brand's overall marketing strategy and execution.

Warren brings extensive digital, ATL media, retention, creative, brand and ROI data led decision-making experience to iSelect. Previous to his role at iSelect, Warren was Chief Marketing Officer at William Hill Australia. Prior to working at William Hill he held senior executive roles both in agency environments and in-house including with online bookmaker TomWaterhouse.com, as Brand Director, launching the brand into the Australian marketplace.

Slade Sherman | Alan Caputo | Alya Stephen | Michael White

Slade Sherman

Chief Experience Officer

Slade joined iSelect in February 2018 as Chief Experience Officer (CXO).

Slade is responsible for customer and digital strategy including Technology, Data Science, PMO and Product functions.

He has extensive experience in digital transformation, having led large-scale technology based projects for leading global businesses.

Prior to joining iSelect, Slade was COO for Creator Global, following senior roles at Buzz Products, Crowdsauce and The Rewards Factory.

Slade holds a Bachelor of Science (Psychology) from the University of New South Wales.

Alan Caputo

Group Executive - Wealth

Alan joined iSelect in May 2006 and was appointed to the role of Group Executive for Wealth in November 2015, which includes both our lending and life insurance businesses.

Alan was initially recruited by iSelect as a Sales & Operations Manager to establish a Life Insurance vertical. The strong growth of the Life Insurance business under Alan's leadership led to the expansion of his portfolio and in 2009 he was appointed General Manager for iSelect's Home Loans, Life and General Insurance businesses.

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

Alan holds an Advanced Diploma of Financial Planning from Kaplan.

Alya Stephen

Group Executive – Energy & Telco

Alya joined iSelect as Group Executive for Energy & Telco in May 2018. She brings to iSelect over 20 years experience in utilities across a number of markets.

A pragmatic and results-driven leader, Alya has a successful track record of building and delivering products and services in both customer facing businesses and outsourcing services. She is also experienced working with start-ups, SME's as well as global corporate organisations.

Prior to iSelect, Alya held several senior roles both locally and internationally for well-known brands including CitiPower, Computershare, Connectnow and Switchwise; and providing solutions for Alinta Energy, Unitywater, Horizon Power and Q Energy.

Alya holds a Bachelor of Art from Swimburne University of Technology.

Michael White

Group Executive – Health & General Insurance

Michael joined iSelect in February 2016 as Head of Commercial – Health before taking on his current role of Group Executive – Health & General Insurance in April 2017.

A commercial and results-orientated executive, Michael's experience spans all major retail sectors including grocery, discount and department stores. Michael's successful track record in growing businesses is underpinned by a strategic and customer-led approach, while also focusing on building people and business capability.

Prior to joining iSelect, Michael held senior sales and marketing roles at Manassen Foods, Hallmark, FIJI Water, Valcorp Fine Foods and Heinz.

Michael holds both a Bachelor of Business and Masters of Entrepreneurship & Innovation from Swinburne University of Technology.

Corporate Governance Statement

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

As at the date of this report, the Board of Directors is comprised of an independent Non-Executive Chairman, three other Non-Executive independent Directors and one Executive Director. Currently, the Board consists of:

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

1 Appointed Interim Chief Executive Officer on 23 April 2018

The following are Directors who also held office during the year ended 30 June 2018:

FORMER DIRECTOR	POSITION	CEASED	INDEPENDENT
Scott Wilson	Managing Director and Chief Executive Officer	23 April 2018	No

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

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

The ASX Corporate Governance Council has developed and released its ASX Corporate Governance Principles and Recommendations (ASX Recommendations) for Australian listed entities in order to promote investor confidence and to assist companies in meeting stakeholder expectations. The recommendations are not prescriptions, but guidelines. However, under the ASX Listing Rules, iSelect is required to provide a statement in its annual report disclosing the extent to which it has followed the ASX recommendations in the reporting period. Where iSelect does not follow a recommendation, it must identify the recommendation that has not been followed and give reasons for not following it.

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

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

PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

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

RECOMMENDATION 1.1

Roles and responsibilities of the Board and Management

The Board has adopted a formal Charter that details the functions and responsibilities of the Board.

The Board Charter also establishes the functions reserved to the Board and those powers delegated to management.

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

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

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

Roles and responsibilities of the Board

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

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

- approving iSelect's strategies, budgets, plans and policies;
- assessing performance against strategies implemented by management;
- reviewing operating information to understand the state of health of the Company;
- approval of proposed acquisitions, divestments and significant capital expenditure;
- approval of capital management including approving the issue or allotment of equity, borrowings, dividend policy and other financing proposals;
- ensuring that iSelect operates an appropriate corporate governance structure and compliance systems;
- approving iSelect's risk management strategy and frameworks, and monitoring their effectiveness;
- approval and monitoring of the annual and half year financial reports; and
- appointment and removal of the CEO.

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

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

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

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

RECOMMENDATION 1.2

Background checks prior to Director appointments

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

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

RECOMMENDATION 1.3

Director and senior executive agreements

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

RECOMMENDATION 1.4

Company Secretary

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

RECOMMENDATION 1.5

Diversity policy

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

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

Measurable objectives for achieving gender diversity set

The Diversity Policy includes requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them. The objectives for the year ended 30 June 2018 and the progress towards achieving them are outlined below:

OBJECTIVES	KEY PERFORMANCE INDICATOR	ACTIONS	STATUS
Recruitment & Talent Development	Maintain support of gender diversity in leadership roles by continuing to focus on recruitment and talent development	iSelect's recruitment policy was updated to reflect an improved diversity and inclusion component	Complete
Gender Representation	Increase the number of women in management roles across the business, with focus on increased year-on-year (YoY) representation	General diversity consideration is incorporated into the selection process when filling vacancies with candidates.	Complete
Increase Diversity and Inclusion Awareness	Increase Mental Health & Disability Support by improving employee and manager awareness	Training and awareness programs continued throughout the year to educate and/or refresh all employees about acceptable and expected behaviours and values in the workplace	Complete

Gender Equality Indicators

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

EMPLOYEE CATEGORY	TOTAL	FEMALE COMPONENT	FEMALE %
All employees	561	225	40%
Board	5	2	40%
Executive Team	8	3	38%
Senior Leadership	21	6	29%

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

RECOMMENDATION 1.6

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

The Company's Board Charter details a process for the review of Board, committee and individual Directors' performance. During the year ended 30 June 2018, an evaluation was completed to review the Board to ensure that it is working effectively and efficiently in fulfilling its functions.

The Chairman of the Board also held discussions with individual Directors as to their performance.

RECOMMENDATION 1.7

Process for evaluating the performance of senior executives

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

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

PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

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

RECOMMENDATION 2.1

Nominations Committee

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

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

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

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

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

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

RECOMMENDATION 2.2

Board skills matrix

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

The criteria to assess nominations of new Directors are reviewed annually and the Nominations Committee regularly compares the skill base of existing Directors with that required for the future strategy of iSelect to enable identification of attributes required in new Directors. In searching for and selecting new Directors for the Board, the Committee assesses certain criteria to make recommendations to the Board. The criteria which will be assessed include the candidate's background, experience, professional skills, personal qualities, gender, capability to devote the necessary time and commitment to the role, potential conflicts of interest, independence and whether their skills and experience will complement the existing Board.

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

SKILLS AND EXPERIENCE	EXPLANATION	NUMBER OF DIRECTORS
Accounting and Financial Reporting	Accounting qualifications and/or experience assists the Board with the provision of financial expertise in overseeing the integrity of financial reporting	3
Legal and Compliance	Legal qualifications and/or experience assists the Board in meeting its legal and compliance obligations	2
Strategy	Experience in strategy assists the Board in developing and sustaining appropriate strategies to ensure continued growth for the Company	5
Corporate Governance	Experience in the development of policies and frameworks supports proper corporate governance including the monitoring of material risks	3
Remuneration and Human Resource Management	Expertise in remuneration and human resources management assists with the Board's role in overseeing talent management and development, including succession planning	3
Government Relations	Experience in working with government, government organisations and regulators assists the Company to operate effectively and compliantly in regulated industries	2
CEO and Board Experience	Performing in a CEO or senior executive role assists with the development of appropriate business strategies and operating plans	5
Industry Experience	Experience in a senior position within industry assists the Board with understanding and improving the Company's processes and strategies	5
Audit and Risk Management	Experience in audit and risk management assists the Board by providing an understanding of financial management and developing appropriate processes and strategies to deal with risk	4

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

RECOMMENDATION 2.3, 2.4 & 2.5

Independence

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

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

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

- The Board will determine the appropriate base to apply (e.g. revenue, equity or expenses), in the context of each situation;
- In general, the Board will consider an affiliation with a business that accounts for less than 5% of the relevant base to be immaterial for the purpose of determining independence. However, where this threshold is exceeded, the materiality of the particular circumstance with respect to the independence of the particular Director should be reviewed by the Board; and
- Overriding the quantitative assessment is the qualitative assessment. Specifically, the Board will consider whether there are any factors or considerations which may mean that the Director's interest, business or relationship could, or could be, reasonably perceived to, materially interfere with the Director's ability to act in the best interests of iSelect.

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

- Chris Knoblanche
- Bridget Fair
- Shaun Bonett; and
- Melanie Wilson.

RECOMMENDATION 2.4

The Board consists of a majority of independent Directors.

RECOMMENDATION 2.5

Independent Chair

The Board recognises the ASX Corporate Governance Council's recommendation that the Chairman should be an independent Director. Chris Knoblanche, in his role as independent Chairman for the year ended 30 June 2018 is in line with the recommendation.

Roles of the Chair and Chief Executive Officer

The role of Chairman and CEO were not exercised by the same individual at any time during the year ended 30 June 2018.

RECOMMENDATION 2.6

Director induction and professional development

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

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

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

PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY

A listed entity should act ethically and responsibly.

RECOMMENDATION 3.1

Code of conduct

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

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

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

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

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING

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

RECOMMENDATION 4.1

Audit and Risk Management Committee

The Board has established an Audit and Risk Management Committee to assist in the discharge of its responsibilities. The role of the Audit and Risk Management Committee is to assist the Board in fulfilling its responsibilities for corporate governance and overseeing iSelect's internal control structure and risk management systems. The Audit and Risk Management Committee also confirms the quality and reliability of the financial information prepared by iSelect, works with the external auditor on behalf of the Board and reviews non-audit services provided by the external auditor, to confirm they are consistent with maintaining external audit independence.

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

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

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

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

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

The committee currently comprises Melanie Wilson (chair), Chris Knoblanche and Bridget Fair.

The Board acknowledges the ASX Recommendations that the Audit and Risk Management Committee should be chaired by an independent Director (who is not Chair of the Board) and in recognition of this, Melanie Wilson currently chairs the Audit and Risk Management Committee.

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

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

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

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

RECOMMENDATION 4.2

Declaration regarding Financial Statements

Before approval of the financial statement for the periods ended 31 December 2017 and 30 June 2018, the Board received assurance from the CEO and the CFO that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks. This assurance was given on 16 February 2018 by Scott Wilson (the CEO) and by Vicki Pafumi (the CFO) and 14 August 2018 by Brodie Arnhold (the Interim CEO) and by Vicki Pafumi (the CFO).

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

RECOMMENDATION 4.3

Attendance of external auditor at AGM

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

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

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

RECOMMENDATION 5.1

Written policy regarding continuous disclosure obligations

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

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

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

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

Share Trading Policy

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

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

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

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

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

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

PRINCIPLE 6 – RESPECT THE RIGHTS OF SHAREHOLDERS

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

RECOMMENDATION 6.1

Information for investors on website

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

RECOMMENDATION 6.2, 6.3 & 6.4

Communicating with investors

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

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

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

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

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

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

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

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

RECOMMENDATION 7.1

Audit and Risk Management Committee

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

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

RECOMMENDATION 7.2

Review of risk management framework

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

- approving policies on and overseeing the management of business, financial and non-financial risks (including foreign exchange and interest rate risks, enterprise risk and risk in relation to occupational health and safety);
- reviewing and monitoring processes and controls to maintain the integrity of accounting and financial records and reporting; and approving financial results and reports for release and dividends to be paid to shareholders. The Company's 'Audit and Risk Management Charter' also provides that the Committee's specific function with respect to risk management is to review and report to the Board that:
    - iSelect's ongoing risk management program effectively identifies all areas of potential risk;
    - adequate policies and procedures have been designed and implemented to manage identified risks;
    - a regular program of audit is undertaken to test the adequacy of and compliance with prescribed policies regarding high risks; and
    - proper remedial action is undertaken to redress areas of weakness.

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

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

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

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

RECOMMENDATION 7.3

Internal audit function

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

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

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

RECOMMENDATION 7.4

Exposure to risk

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

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

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

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

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

RECOMMENDATION 8.1

Remuneration Committee

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

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

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

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

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

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

RECOMMENDATION 8.2

Remuneration of Directors

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

Non-Executive Director remuneration is fixed and Non-Executive Directors do not participate in any 'at risk' incentive plans. Remuneration paid to senior executives in the 2018 financial year includes fixed and variable components.

Board and Non-Executive Directors

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

The Board acknowledges the guidelines which recommend that Non-Executive Directors should not be provided with retirement benefits other than superannuation. The Company also notes that Chris Knoblanche has a notice period of 3 months which may constitute a retirement benefit. The Company believes that a notice period for the Chair is appropriate to ensure continuity.

Senior Executives

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

RECOMMENDATION 8.3

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

Directors' Report

The Directors present their report with the consolidated financial statements of the Group comprising iSelect Limited and its subsidiaries for the financial year ended 30 June 2018 and the auditor's report thereon.

DIRECTORS

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

Chris Knoblanche AM

Non-Executive Chairman

Shaun Bonett

Non-Executive Director

Bridget Fair

Non-Executive Director

Melanie Wilson

Non-Executive Director

Brodie Arnhold

Non-Executive Director to 22 April 2018, Executive Director & Interim Chief Executive Officer from 23 April 2018

Scott Wilson

Managing Director & Chief Executive Officer, resigned on 23 April 2018

The above named Directors held office for the whole of the period unless otherwise specified. The qualifications, experience, special responsibilities and other details of the directors in office at the date of this report appear on pages 12 and 13 of this annual report.

COMPANY SECRETARY

David Christie

DIRECTORS' MEETINGS

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

DIRECTORS	BOARD OF DIRECTORS		AUDIT AND RISK MANAGEMENT COMMITTEE		REMUNERATION COMMITTEE		NOMINATIONS COMMITTEE	
	Held^	Attended	Held^	Attended	Held^	Attended	Held^	Attended
C. Knoblanche	8	8	1	1	-	-	-	-
B. Arnhold	8	8	3	3	-	-	-	-
S. Bonett	8	8	-	-	5	5	5	5
B. Fair	8	8	4	4	5	5	5	5
M. Wilson	8	8	4	4	5	5	5	5
S. Wilson	6	6	-	-	-	-	-	-

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

PRINCIPAL ACTIVITIES

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

REVIEW OF RESULTS AND OPERATIONS

SUMMARY OF FINANCIAL RESULTS

	2018 $'000	2017 $'000	CHANGE
Operating revenue	181,439	185,101	(2%)
Gross profit	49,244	65,592	(25%)
EBITDA	(5,462)	28,647	(119%)
EBIT	(12,941)	22,534	(157%)
NPAT	(13,513)	16,390	(182%)
EPS (cents)	(6.0)	7.1	(185%)
Underlying EBITDA[2]	15,739	28,647	(45%)
Underlying EBIT[2]	8,537	22,534	(62%)
Underlying NPAT[2]	6,732	16,390	(59%)
Underlying EPS[2]	3.1	7.1	(56%)

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

2 Refer to the Reported versus Underlying Results reconciliation on page 109. The reconciliation forms part of the Review of Results and Operations.

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 four brands, iSelect (www.iselect.com.au), InfoChoice (www.infochoice.com.au), Energy Watch (www.energywatch.com.au) and more recently, iMoney (imoney.my). The Group's business model is comprised of the following drivers: brand, lead generation, conversion and product panels. The Group derives the majority of its revenue from fees or commissions paid by its panel of providers for a successful sale of their products, policies or services.

Operating revenue for the year ended 30 June 2018 was $181,439,000, representing a decrease of 2% on the prior comparative period.

Gross profit for the period decreased by 25%; down on prior period by $16,348,000. The decline in gross profit is due to the following key areas:

- Market volatility leading to lower than expected lead volumes.
- Increase in marketing investment with brand campaigns not delivering to expectations and higher digital customer acquisition costs particularly in the Energy & Telecommunications segment.
- Net gross margin investment of $1,712,000 to support the launch of our e-commerce store in July 2017. These costs have been adjusted in the underlying EBIT results.
- Continued expansion of our Customer Contact Centre in South Africa across all operating segments.
- Investment in supporting our back-end and customer facing technology platforms including Salesforce CRM and Telephony customer engagement systems.

The Group undertook a preliminary review of its strategic direction resulting in a $16,902,000 impairment of the Money cash generating unit ("CGU").

On an underlying basis, year-on-year overhead expenditure decreased by 4% ending on $34,902,000 (2017: $36,425,000). Costs relating to the recent corporate restructure, impairment of the Money CGU, the iMoney (or "iMoney Group") operating results, acquisition and integration costs, CEO exit and Connected Home were excluded from the reported result.

Reported EBITDA for the year was a loss of $5,462,000, 119% below 2017 result. On an underlying basis, EBITDA ended 45% below prior year.

Reported EBIT was a loss of $12,941,000, a decrease of $35,475,000 on reported EBIT for the prior comparative year. Underlying EBIT of $8,537,000 has been adjusted for iMoney performance, acquisition and integration related costs, corporate restructure, CEO exit, impairment of the Money CGU and Connected Home costs of $21,478,000.

A loss from associate of $215,000 (30 June 2017: $441,000) was recorded in relation to the Group's investment in iMoney which included a $403,000 share in its operating loss up to date of control and a $188,000 gain on disposal of the previously held investment. From 1 December 2017, the Group took controlling interest in the iMoney Group therefore becoming a subsidiary with its operating results included in the consolidated results. In the seven months to 30 June 2018, iMoney contributed revenue of $2,155,000 and loss of $1,317,000 to the Group's NPAT results.

Net finance income for the year was $371,000, which compares with a net finance income for the previous comparative year of $1,368,000. This decrease is reflective of the reduction in term deposit holdings due to additional investment in iMoney, share buy-backs, payment of dividends and further capital investment in system capabilities including iConnect platform and Orange ID technology.

Reported NPAT was a loss of $13,513,000, representing a decrease from the prior year reported NPAT of $16,390,000. Underlying NPAT decreased from the prior year by $9,658,000.

REVIEW OF RESULTS AND OPERATIONS (CONT'D)

KEY OPERATING METRICS

Leads

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

Leads for the Money business unit are sourced via the InfoChoice or iSelect website, which operates under a lead generation model providing a low cost source of leads. On this basis, a lead for the Money business unit is considered a visit to the InfoChoice or iSelect website and is reported separately to leads for the other businesses where a lead is a second-page visit to the website, with customers having entered a level of personal information.

In the case of the iMoney group, the iMoney website has various capture points on the online customer journey. Through this process, a lead is captured only when a customer has entered a certain level of personal information.

Conversion Ratio

Once a lead is generated, iSelect provides purchase advice and information to the customer either via its websites or its Customer Contact Centre. If that purchase advice results in a referral to a product provider then the lead is considered to have been converted. The conversion ratio is used to measure the efficiency in turning leads into sales. An increase in the conversion ratio increases iSelect's earnings without the need for additional marketing spend.

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

Revenue Per Sale

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

CONSOLIDATED KEY OPERATING METRICS

The Group's key operating metrics are considered to be "leads", "conversion ratio" and "RPS". Throughout this report consolidated key operating metrics are provided.

CONSOLIDATED[1]	2018	2017	CHANGE
Leads (000s)	4,206	4,294	(2%)
Conversion ratio[2]	11.0%	10.5%	0.5pp
Average RPS[3] ($)	425	447	(5%)

MONEY	2018	2017	CHANGE
Leads (000s)	956	1,472	(35%)
Conversion ratio[2]	n.m.	n.m.	n/a
Average revenue per click through ($)	4	5	(20%)

IMONEY[4]	2018
Leads (000s)	798
Conversion ratio[2]	20%
Average revenue per click through ($)	10

1 Consolidated operating metrics exclude Money, Connected Home and iMoney

2 Conversion ratio is calculated as the number of gross sales divided by sales leads (ie. average percentage of sales leads that are converted into sales)

3 Average RPS is calculated as gross referred revenue divided by the number of gross sales

4 iMoney shown from date of control on 1 December 2017.

n.m = not meaningful

DISCUSSION OF CONSOLIDATED KEY OPERATING METRICS

The consolidated key operating metrics for the financial year 2018 are discussed in more detail below. Key operating metrics by segment are also discussed in this Review of Results and Operations, in the section on Segment Performance.

Leads

Leads (excluding Money, Connected Home and iMoney) decreased by 2% to 4,206,000 with the Energy & Telecommunications and Health segments experiencing tough market conditions particularly in the second half of 2018. The Life & General Insurance segment overall had an increase in leads compared with prior year due to the launch of our end-to-end Home & Contents business showing a promising outlook, and complementing our existing business units for cross-sell optimisation.

As expected, Money leads were down 35% on the prior comparative year as the Group's focus in 2018 was to invest in stabilising the technology platform.

The total leads for the iMoney business from 1 December 2017, being the date of control, was 798,000. The Group has made good progress since date of its acquisition in integrating the iMoney business to maximise lead capture opportunities in the APAC region.

REVIEW OF RESULTS AND OPERATIONS (CONT'D)

DISCUSSION OF CONSOLIDATED KEY OPERATING METRICS (CONT'D)

Conversion Ratio

Conversion is stable at 11% for the year (excluding Money, Connected Home and iMoney), up 0.5pp from prior comparative period. The Energy & Telecommunications segment performed particularly well with improved operating rhythms implemented in Cape Town, combined with price increases in the Energy market. While challenged, the on-going NBN roll-out continues to drive market demand in the telecommunications business.

Conversion for the iMoney business ended the year at 20%, up by 2.4pp from the first half of the financial year.

Revenue Per Sale

RPS has decreased by 5%, ending the year at $425 (excluding Money, Connected Home and iMoney), driven by a changing mix in contribution from each business, in particular the Life & General Insurance segment. While Life Insurance continued to improve RPS, the increase volume of General Insurance sales relative to Life Insurance has reduced overall RPS in this area.

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 three reportable segments are based on underlying results as follows.

Health

The Health segment offers comparison, purchase and referral services across the private health insurance category.

FINANCIAL PERFORMANCE	2018 $'000	2017 $'000	CHANGE %
Operating revenue	89,123	93,971	(5%)
Segment EBITDA[1]	12,385	22,463	(45%)
Margin %	13.9%	23.9%	(10.0pp)

KEY OPERATING METRICS	2018	2017	CHANGE %
Leads (000s)	1,036	1,136	(9%)
Conversion ratio	9.6%	9.5%	0.1pp
Average RPS ($)	1,037	997	4%

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

The Health segment had a challenging second half of 2018 with annual operating revenue decreasing by $4,848,000 (or 5%) to $89,123,000. This was mainly due to a 9% decrease in leads with the new to private health insurance market demand continuing its decline. In FY2018, new health fund provider myOwn (AIA Vitality) joined the iSelect panel as we continue to expand our product offering and continue our focus to provide customers with products that offer better value aligned to their needs. This, along with annual rate increases in industry premiums, has resulted in an average RPS increase by 4% to $1,037 (2017: $997) for the year.

EBITDA decreased by 45% to $12,385,000 due to the 5% decrease in operating revenue, in addition to increased cost-per-lead and marketing initiatives which did not deliver to expectations.

Life and General Insurance

The Life and General Insurance segment offers comparison, purchase and referral services across a range of life insurance, car insurance and other general insurance products.

FINANCIAL PERFORMANCE	2018 $'000	2017 $'000	CHANGE %
Operating revenue	29,272	32,622	(10%)
Segment EBITDA[1]	6,856	9,871	(31%)
Margin %	23.4%	30.3%	(6.9pp)

KEY OPERATING METRICS	2018	2017	CHANGE %
Leads (000s)	806	710	14%
Conversion ratio	9.8%	7.6%	2.2pp
Average RPS ($)	331	503	(34%)

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

Operating revenue for the Life and General Insurance segment decreased by $3,350,000 (or 10%) from the last comparative year due in part to a drop in Life Insurance lead volumes in first half of FY2018 through market demand and marketing mix. The life insurance industry is undergoing industry consolidation and structural reforms which have been a focus for the Life Insurance team in ensuring iSelect is well prepared and position for these changes.

We have continued positive momentum in our General Insurance business with Arcadia, CHU and QBE joining the newly launched end-to-end Home and Contents business. This has resulted in increasing lead volumes in the Life and General Insurance segment with year-on-year increase of 14% to 806,000 leads for 2018.

The Life and General Insurance segments' RPS for the year decreased by 34% due to sales mix with the General Insurance business outperforming the Life business.

The segment posted an EBITDA profit of $6,856,000 compared with the prior comparative period of $9,871,000.

REVIEW OF RESULTS AND OPERATIONS (CONT'D)

SEGMENT PERFORMANCE (CONT'D)

Energy and Telecommunications

The Energy and Telecommunications segment offers comparison, purchase and referral services across a range of household utilities including electricity, gas and broadband products.

FINANCIAL PERFORMANCE	2018 $'000	2017 $'000	CHANGE %
Operating revenue	54,787	50,353	9%
Segment EBITDA[1]	1,046	2,868	(64%)
Margin %	1.9%	5.7%	(3.8pp)

KEY OPERATING METRICS	2018	2017	CHANGE %
Leads (000s)	2,235	2,272	(2%)
Conversion ratio	12.8%	12.6%	0.2pp
Average RPS ($)	226	210	8%

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

The Energy and Telecommunications segment continues to deliver top-line growth, posting an operating revenue result of $54,787,000 which when compared to this time last year, increased by $4,434,000 (or 9%). This was a result of industry price increases in the Energy business, as well as a 0.2pp increase in segment conversion with increased consultant speed-to-competency in the South African Customer Contact Centre.

Similar to the Health segment, the cost-per-lead increase, together with marketing initiatives not delivering to expectations, resulted in the segment posting an EBITDA profit of $1,046,000, 64% lower when compared with the prior comparative year of $2,868,000.

The Energy and Telecommunications segment continues to show promise with the segment now representing 30% of the Group's operating revenue (2017: 27%).

FINANCIAL POSITION AND CASH FLOW

CASH FLOW SUMMARY	2018 $'000	2017 $'000	CHANGE %
Net cash provided from operating activities	5,395	30,636	(82%)
Net cash used in investing activities	(20,092)	(10,116)	99%
Net cash used in financing activities	(32,619)	(27,745)	18%
Net change in cash and cash equivalent	(47,316)	(7,225)	n.m.

FINANCIAL POSITION SUMMARY	2018 $'000	2017 $'000	CHANGE %
Current assets	92,117	137,659	(33%)
Non-current assets	164,227	158,378	4%
Total assets	256,344	296,037	(13%)
Current liabilities	40,519	38,738	5%
Non-current liabilities	34,036	32,094	6%
Total liabilities	74,555	70,832	5%
Net assets	181,789	225,205	(19%)
Equity	181,789	225,205	(19%)

Capital expenditure and cash flow

Net operating cash inflow was $5,395,000, which was $25,241,000 lower than last year. This can be attributed to a challenging FY18, with higher than expected marketing spend with customer acquisition costs increasing year on year, as well as higher trail to upfront revenue mix. The Group had a net tax payment of $172,000 during the year, compared to the prior year which saw a net cash outflow of $5,126,000. This was a result of a tax refund relating to FY17 as the business continues its focus in research and development activity as we invest in innovation; finding new ways to connect to our customers using our unique iConnect platform and Orange ID technology.

Net investing cash outflows for the year was $20,092,000. The $9,976,000 year-on-year increase in investing activities reflects the iSelect Group's controlling interest acquisition in the iMoney Group.

Net financing cash outflows for the 2018 financial year totalled $32,619,000. This included $20,528,000 of capital returned to shareholders through the share buy-back initiative and $12,390,000 of dividends paid to shareholders.

REVIEW OF RESULTS AND OPERATIONS (CONT'D)

FINANCIAL POSITION AND CASH FLOW (CONT'D)

Statement of financial position

Net assets have decreased to $181,789,000 at 30 June 2018 from $225,205,000 at 30 June 2017.

Current assets have decreased from 30 June 2017 by 33% to $92,117,000. This is mainly a result of reduced cash assets from share buy-back activities, dividends paid to shareholders and an increased shareholding in iMoney. The current component of the trail commission receivable is $22,763,000, which increased by 22% since 30 June 2017.

Non-current assets have increased from 30 June 2017 by 4% to $164,227,000 which is mainly due to the iMoney acquisition, with take-on non-current assets of $17,028,000 comprised mainly of Goodwill, Brand Names, Software and Deferred Taxes. The non-current component of the trail commission receivable is $102,742,000, which increased by 9% since 30 June 2017. This can be attributable to provider sales mix.

The total trail commission asset has increased by 11% since 30 June 2017.

Current liabilities increased from 30 June 2017 to 30 June 2018 by 5% to $40,519,000 mainly due to timing of activities relating to suppliers and employees.

Non-current liabilities have increased by 6% ending on $34,036,000. This is due to an increase in deferred tax liabilities as a result of the increase in total trail commission asset with tax only payable upon receipt of cash.

Share buy-back

During the financial year, the Group paused its share buy-back activities in the second half of FY18, spending a total of $20,528,000 (2017: $20,102,000).

FUTURE DEVELOPMENTS AND EXPECTED RESULTS

Whilst FY18 has been a challenging year, the Group remains positive about 2019. With a highly experienced and complete senior management team, FY19 promises to be a year of re-growth, focusing on our core fundamentals of providing excellent service to customers and delivering operational excellence across the business.

The introduction of our Chief Experience Officer, Slade Sherman, in 2018 has seen a consolidation of our technology, products and data science streams creating a revitalised roadmap for 2019, providing new and innovative ways to connect and interact with our customers. With the continued investment in Product and Technology, we are focused on offering a seamless customer experience journey.

Our focus on reducing customer acquisition cost is a priority in 2019, with our Chief Marketing Officer, Warren Hebard, leading the way through investment in SEO and Orange ID technology.

We will continue to invest resources and iSelect IP into our iMoney business, with the APAC region providing significant growth opportunities to diversify our business operations.

Commentary on the major operational parts of each segment follows:

Health

- The industry outlook is for low to flat growth in the private health insurance market, with continued trending down in the new to private health insurance market. However, the segment looks to build on its current market share by optimising its marketing investment through customer experience optimisation, in addition to productivity gains and margin improvement through contact centre efficiencies.
- The Group continues to monitor the government's private health insurance reform agenda, where policy and legislative change has the potential to impact on performance.

Life and General Insurance

- The Group intends to grow its transactional vertical offering within the General Insurance business by focusing on cross-sell and expansion of its partner panel.
- The Group continues to monitor the potential impact of the Life Industry reforms.

Energy and Telecommunications

- The Energy business outlook for FY19 is a challenging one, with significant government and regulatory scrutiny on retailer pricing. The Group looks to continue investment in its technology capabilities, enhance its online customer experience and increase productivity in its contact centre to maximise margins.
- The Telecommunications business will continue to benefit from the roll out of the NBN and the increasing number of internet providers entering the market place. Additionally, expanding our partner and product offering and further expansion into the Mobile space is planned for FY19.

The Group does remain cognisant of potential risks to its business and will continue to closely monitor and work to mitigate these throughout FY19. These risks include potential changes in government policy and legislation, lower than expected cash receipts from future trail commissions, and any adverse decisions taken by product providers currently listed on the Group's websites. All of these risks have the potential to adversely impact the Group's revenue and profitability.

CHANGES IN THE STATE OF AFFAIRS

In the Directors' opinion there have been no significant changes in the state of affairs of the Group during the year.

DIVIDENDS

Dividends paid since the start of the year are $12,390,000 (2017: $7,060,000).

SIGNIFICANT EVENTS AFTER BALANCE DATE

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

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

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

PROCEEDINGS ON BEHALF OF THE GROUP

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

ENVIRONMENTAL REGULATION

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

GOVERNANCE

In recognising the need for high standards of corporate behaviour and accountability, the Directors have followed the corporate governance statement found on page 16 to 25 of this report.

NON-AUDIT SERVICES

The Directors, with advice provided by the Group's Audit and Risk Management Committee, are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of the non-audit service provided means that auditor independence was not compromised. Ernst & Young received or are due to receive fees for a non-audit service of $37,000 for regulatory compliance.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 in relation to the audit for the year ended 30 June 2018 is on page 55 of this report.

ROUNDING

The Group is of the kind referred to in ASIC Class Order 2016/191, dated 24 March 2016, and in accordance with that Class Order amounts in the Directors' report and the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Remuneration Report (Audited)

This Remuneration Report for the year ended 30 June 2018 outlines the remuneration arrangements of the Group in accordance with the Corporations Act 2001 (the "Act") and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report is presented under the following sections:

1. Introduction
2. Remuneration governance
3. Senior executive remuneration for the year ended 30 June 2018
4. Senior executive contracts
5. Link between group performance, shareholder wealth and remuneration
6. Non-executive director remuneration
7. Key management personnel shareholdings
8. Key management personnel option holdings
9. Other transactions and balances with KMP and their related parties

1. INTRODUCTION

The Remuneration Report details the remuneration arrangements for Key Management Personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, either directly or indirectly, including any director (whether executive or otherwise) of the Parent entity. The KMP during and since the year ended 30 June 2018 were as follows:

CURRENT NON-EXECUTIVE DIRECTORS	
Chris Knoblanche	Independent Chairman
Shaun Bonett	Non-Executive Director
Bridget Fair	Non-Executive Director
Melanie Wilson	Non-Executive Director
CURRENT SENIOR EXECUTIVES	
Brodie Arnhold	Executive Director & Interim Chief Executive Officer (appointed 23 April 2018)
David Christie	Chief Strategy Officer (previously Chief Administration Officer to 1 September 2017), General Counsel & Company Secretary
Henriette Rothschild	Chief Operating Officer (appointed 17 August 2017)
Slade Sherman	Chief Experience Officer (appointed 12 February 2018)
Warren Hebard	Chief Marketing Officer (appointed 3 April 2018)
Vicki Pafumi	Chief Financial Officer (appointed 2 July 2018. Interim Chief Financial Officer from 17 November 2017 to 1 July 2018)
FORMER NON-EXECUTIVE DIRECTORS AND SENIOR EXECUTIVES	
Brodie Arnhold	Non-Executive Director (ceased 22 April 2018)
*Scott Wilson	Managing Director & Chief Executive Officer (ceased 23 April 2018)
Darryl Inns	Chief Financial Officer (ceased 17 November 2017)
Geraldine Davys	Chief Marketing Officer (ceased 1 February 2018)

* Appointed to the Board on 3 January 2017

2. REMUNERATION GOVERNANCE

2.1 REMUNERATION COMMITTEE

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

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

The Remuneration Committee membership is made up of members of the Board, none of whom are Senior Executives, as determined in accordance with the iSelect Board Charter ("the Board Charter"). For the year ended 30 June 2018:

- Shaun Bonett acted as Chair of the Committee
- Bridget Fair served as a member of the Committee
- Melanie Wilson served as a member of the Committee

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

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

2.2 INFORMATION USED TO SET SENIOR EXECUTIVE REMUNERATION

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

During the 2018 financial year, the Chairman of the Remuneration Committee engaged KPMG to provide advice in relation to the appropriateness of iSelect's general remuneration framework and structure. All advice was provided directly to the Chairman of the Remuneration Committee and KPMG provided a declaration that any advice was provided free from undue influence by management. iSelect does not consider that the advice provided by KPMG constitutes a 'remuneration recommendation' for the purposes of the Corporations Act 2001.

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

3. SENIOR EXECUTIVE REMUNERATION FOR THE YEAR ENDED 30 JUNE 2018

3.1 REMUNERATION PRINCIPLES AND STRATEGY

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

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

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

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

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

3. SENIOR EXECUTIVE REMUNERATION FOR THE YEAR ENDED 30 JUNE 2018 (CONT'D)

3.2 REMUNERATION FRAMEWORK

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

For the financial year ended 30 June 2018, Senior Executive remuneration was structured as a mix of Total Fixed and Variable Remuneration utilising short and long term incentive elements. As a result, the relative weightings of the three components are as follows:

	TOTAL REMUNERATION % (ANNUALISED AT TARGET) FOR FY2018		
	FIXED	VARIABLE	
	TOTAL FIXED REMUNERATION (TFR)	SHORT TERM INCENTIVE PLAN (STIP)	LONG TERM INCENTIVE PLAN (LTIP)
Current Organisation Structure[1]			
Executive Director & Interim CEO	100%	n/a	n/a
Other Senior Executives	51%	23% (45% of TFR)	26% (40% of TFR)

1 As disclosed in section 1 under "Current Senior Executives"

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

3.3 DETAILS OF SENIOR EXECUTIVE REMUNERATION COMPONENTS

Total Fixed Remuneration ("TFR")

What is TFR?

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

TFR is not "at risk" and is set using appropriate market benchmark data which considers the individual's role, responsibility, skills, experience and performance.

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

How is TFR determined?

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

A review of TFR was undertaken during the 2018 financial year. TFR levels for Senior Executives were increased based on individual performance and to align to targeted remuneration levels.

Variable Remuneration

Short Term Incentive Plan (STIP)

How does the STIP operate?

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

For the year ended 30 June 2018, the target STIP opportunity was 23% of the total remuneration package for Senior Executives (as detailed in section 3.2). The STIP is cash-based, with payments made once per year following the announcement of the audited financial results at financial year end.

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

3. SENIOR EXECUTIVE REMUNERATION FOR THE YEAR ENDED 30 JUNE 2018 (CONT'D)

3.3 DETAILS OF SENIOR EXECUTIVE REMUNERATION COMPONENTS (CONT'D)

Variable Remuneration (Cont'd)

Short Term Incentive Plan (STIP) (Cont'd)

What were the STIP performance measures for the financial year ended 30 June 2018?

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

MEASURE	FY2018 TARGET DETAILS	
Group Performance	**EBIT Target**	
	The EBIT target was set against the Group's financial year 2018 Budget.	
	EBIT result	Percentage of STIP that vests[1]
	Less than or equal to 95% of target	0%
	At target	100%
	Above target (measured between 100% and 125% of target)	150%
	Operating Revenue Target	
	The Operating Revenue target was set against the Group's financial year 2018 Budget.	
	Operating Revenue result	Percentage of STIP that vests
	Less than or equal to 95% of target	0%
	At target	100%
	Above target (measured between 100% and 125% of target)	150%
Individual Goals	**Individual Goals** are set for Senior Executives which take into account their area of accountability for the financial year ended 30 June 2018, related to key business objectives in the areas of • Growth and Diversification; • Market Place Efficiency; • Customer Experience; • Employee Experience; • Platforms and Technology; • Regulatory and Compliance Requirements; and • Performance in the Business Development Centre. Individual Goals are set with clearly measureable outcomes for which the individual has direct control and accountability. Payout levels vary between 0% and 150% for achievement of Individual Goals.	

1 Straight line vesting occurs between 0% and 150%.

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

There are three performance measures considered within the STIP - EBIT, Operating Revenue, and Individual Goals. The weighting between the three measures varies for participants, dependent upon their individual functional responsibilities and their ability to influence measurement outcomes. For the financial year ended 30 June 2018, the relative weightings were as follows:

PERFORMANCE MEASURE	EBIT	REVENUE	INDIVIDUAL GOALS
Interim CEO	n/a	n/a	n/a
Other Senior Executives	40%	30%	30%

3. SENIOR EXECUTIVE REMUNERATION FOR THE YEAR ENDED 30 JUNE 2018 (CONT'D)

3.3 DETAILS OF SENIOR EXECUTIVE REMUNERATION COMPONENTS (CONT'D)

Variable Remuneration (Cont'd)

Short Term Incentive Plan (STIP) (Cont'd)

Who sets the STIP performance measures?

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

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

EBIT is an operational measure that is widely used by listed companies to measure financial performance. The Board uses EBIT as a primary measure to assess the Group's operating performance while maintaining focus on the Group's operating results and associated cash generation.

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

Why is Operating Revenue used as a STIP performance measure and how is it defined?

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

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

The use of Individual Goals for each Senior Executive creates personal, non-financial measures specific to each individual's area of accountability. These measures also consider expected behaviours that Senior Executives are expected to display while running their operations. For the financial year ended 30 June 2018 goals related to key business objectives in the areas of:

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

The use of Individual Goals helps ensure leadership behaviours are aligned with the Group's corporate philosophy and objectives and establishes a business platform for sustainable future growth.

How is performance assessed?

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

How are the varying levels of performance achievement rewarded?

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

Greater rewards are available to recognise and encourage significant over-performance ranging from greater than 100% to a maximum of 150% of the STIP payment related to each of the three measures when performance exceeds target.

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

3. SENIOR EXECUTIVE REMUNERATION FOR THE YEAR ENDED 30 JUNE 2018 (CONT'D)

3.3 DETAILS OF SENIOR EXECUTIVE REMUNERATION COMPONENTS (CONT'D)

Variable Remuneration (Cont'd)

Short Term Incentive Plan (STIP) (Cont'd)

What are the STIP payment conditions?

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

When are the performance conditions tested and payments made?

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

What were the STIP performance outcomes for the year ended 30 June 2018.

	STIP OUTCOME (%)					
	EBIT	REVENUE	INDIVIDUAL GOALS	TOTAL	ACTUAL STIP AWARDED	% STIP FORFEITED
Current Senior Executives						
Brodie Arnhold	n/a	n/a	n/a	n/a	n/a	n/a
David Christie	0%	0%	0%	0%	-	100%
Henriette Rothschild	0%	0%	0%	0%	-	100%
Slade Sherman	0%	0%	0%	0%	-	100%
Warren Hebard	0%	0%	0%	0%	-	100%
Vicki Pafumi	0%	0%	0%	0%	-	100%

Long Term Incentive Plan (LTIP)

Grants were made under the FY2018 LTIP in July and October 2017. The details provided in this section relate to these grants during the financial year ended 30 June 2018.

What is the purpose of the FY2018 LTIP?

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

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

What changes were made to LTIP as part of the remuneration review for FY2018?

No changes were made from FY2017.

3. SENIOR EXECUTIVE REMUNERATION FOR THE YEAR ENDED 30 JUNE 2018 (CONT'D)

3.3 DETAILS OF SENIOR EXECUTIVE REMUNERATION COMPONENTS (CONT'D)

Variable Remuneration (Cont'd)

Long Term Incentive Plan (LTIP) (Cont'd)

How does LTIP operate for grants made in FY2018?

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

Each LTIP share is subject to the achievement of the performance measure which is tested once at the end of the three year performance period. The FY2018 LTIP grant will be measured against one performance measure – relative Total Shareholder Return (TSR). LTIP shares that do not vest after testing of the relevant performance measure will lapse without retesting. There is no financial risk to the Group as lapsed shares are cancelled in full repayment of the portion of the loan to which they relate. Shares that pass the performance tests are able to be traded during the period between vesting and expiry and upon repayment of the loan value. This means there is only value to the participant where both the performance condition is met and the share price exceeds the market value of the share at the grant date.

The number of LTIP shares granted to each participant on 3 July 2017 and 31 October 2017 were calculated using AASB2, which is the fair value of awards at the allocation dates of 3 July 2017 and 31 October 2017.

What is the performance measure for LTIP grants made in the financial year ended 30 June 2018?

Awards granted under the FY2018 LTIP are subject to a three year performance period and the following performance measure over that period:

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

Why was this LTIP performance measure selected?

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

How will the LTIP performance targets be measured?

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

3. SENIOR EXECUTIVE REMUNERATION FOR THE YEAR ENDED 30 JUNE 2018 (CONT'D)

3.3 DETAILS OF SENIOR EXECUTIVE REMUNERATION COMPONENTS (CONT'D)

Variable Remuneration (Cont'd)

Long Term Incentive Plan (LTIP) (Cont'd)

Why has a loan based share plan model been adopted?

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

What will happen if the Senior Executive ceases employment?

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

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

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

What was the grant number and value of performance awards during the financial year ended 30 June 2018?

The CEO and Eligible Senior Executives received LTIP shares with a grant date of 31 October 2017 and 3 July 2017, respectively.

The relevant values of the grants are as follows:

RECIPIENT	GRANT DATE	FAIR VALUE OF AWARDS AT GRANT DATE RELATIVE TSR	ONE WEEK VWAP UP TO AND INCLUDING GRANT DATE
CEO	31 October 2017	$0.40	$1.53
Other eligible Senior Executives	3 July 2017	$0.60	$2.00

NAME	NUMBER OF PERFORMANCE AWARDS GRANTED	VALUE AT GRANT DATE($)[1]	MAXIMUM TOTAL VALUE OF GRANT YET TO VEST ($)
Scott Wilson	812,500	325,000	-
David Christie	305,067	183,040	183,040
Darryl Inns	283,333	170,000	-
Geraldine Davys	250,000	150,000	-
Henriette Rothschild	283,333	170,000	170,000

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

What clawback arrangements are in place for grants made under the FY2018 LTIP?

Under the rules of the FY2018 LTIP, the Board has the power (in certain circumstances) to determine that a participant's interest in any or all of the LTIP shares are forfeited and surrendered and/or that the value that the participant has derived from any vested shares is set off against any current or future fixed remuneration or annual bonuses owed to the participant. This applies in cases of fraud, dishonesty and breach of obligations, including, without limitation, a material misstatement of financial information whether the action or omission is intentional or inadvertent.

3. SENIOR EXECUTIVE REMUNERATION FOR THE YEAR ENDED 30 JUNE 2018 (CONT'D)

3.3 DETAILS OF SENIOR EXECUTIVE REMUNERATION COMPONENTS (CONT'D)

Variable Remuneration (Cont'd)

Senior Executive Retention Share Program

During the 2018 financial year, an additional one-off grant was made under the FY2018 Performance Rights Plan for eligible Senior Executives on 1 March 2018 and the details provided in this section relate to this grant.

What is the purpose of the FY2018 Performance Rights Plan?

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

How does the Performance Rights Plan operate for grants made in FY2018?

Eligible Senior Executives were invited to participate in the Performance Rights Plan for the FY2018 Grant.

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

The FY2018 Performance Rights Plan grant consisted of issuing 68,825 rights to Senior Executives.

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

The number of Performance Rights granted to each participant on 1 March 2018 was calculated using AASB2, which is the fair value of awards at the allocation date of 1 March 2018.

The relevant details of the grants were as follows:

RECIPIENT	GRANT DATE	TYPE	PERFORMANCE PERIOD	FAIR VALUE OF AWARDS AT GRANT DATE PERFORMANCE RIGHTS
Senior Executives	1 March 2018	Tranche 1	6 months	$1.11
		Tranche 2	12 months	$1.08

NAME	NUMBER OF PERFORMANCE AWARDS GRANTED	VALUE AT GRANT DATE($)[1]	MAXIMUM TOTAL VALUE OF GRANT YET TO VEST ($)
Vicki Pafumi	68,825	75,143	75,143

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

What will happen if the Senior Executive ceases employment?

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

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

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

3. SENIOR EXECUTIVE REMUNERATION FOR THE YEAR ENDED 30 JUNE 2018 (CONT'D)

3.3 DETAILS OF SENIOR EXECUTIVE REMUNERATION COMPONENTS (CONT'D)

Variable Remuneration (Cont'd)

Previous Incentive Plans

It is the intent of the Group to offer LTIP to Senior Executives annually. The following sets out the relevant details of the share-based plans grants that were offered in previous financial years.

FY2017 Long Term Incentive Plan (yet to vest)

DETAIL		FY2017 GRANT OF LTI PLAN	
Grant date		1 July 2016	
Performance period (testing date is the last day of each period)		1 July 2016 to 30 June 2019	
Measure	Weighting	Description of Measure	
Relative Total Shareholder Return (TSR)	100%	The shares will only vest if a certain Total Shareholder Return (TSR) relative to the designated comparator group, the ASX Small Ordinaries Index excluding mining and energy companies, is achieved during the performance period. TSR measures the total change in the value of the shares over the performance period, plus the value of any dividends and other distributions being treated as if they were reinvested in shares. The Group's TSR is compared against the TSR of the designated comparator group during the performance period. The shares will vest in line with the following relative TSR vesting schedule:	
		Relative TSR	% of LTI Plan shares that vest
		Less than 50th Percentile	0%
		50th Percentile	50%
		50th Percentile to 75th Percentile	Straight line vesting between 50% and 100%
		75th Percentile or more	100%
Expiry date		30 June 2021	
Fair value of instrument at grant		Grant date	Fair value of awards at grant date
		1 July 2016	$0.37
LTIP shares currently on issue		518,131	

3. SENIOR EXECUTIVE REMUNERATION FOR THE YEAR ENDED 30 JUNE 2018 (CONT'D)

3.3 DETAILS OF SENIOR EXECUTIVE REMUNERATION COMPONENTS (CONT'D)

Variable Remuneration (Cont'd)

Previous Incentive Plans (Cont'd)

FY2017 Retention Share Program (vested)

DETAIL		FY2017 GRANT OF LTI PLAN	
Grant date		16 September 2016	
Performance period (testing date is the last day of each period)		1 July 2016 to 30 June 2018	
Measure	Weighting	Description of Measure	
Retention	100%	The shares will only vest if the holder of the performance right remains employed with the Group at the time of vesting. There are no performance conditions attached to the Retention Plan.	
Expiry date		30 June 2018	
Fair value of instrument at grant		Grant date	Fair value of awards at grant date
		16 September 2016	$1.18
LTIP shares currently on issue		54,291	

What are the FY2017 Retention Share Program conditions?

The holder of the grant must remain employed in the Group at the time of vesting, which is 30 June 2018.

What are the FY2017 Retention Share Program outcomes?

Following the completion of the performance period from 1 July 2016 to 30 June 2018, 100% of the FY2017 Retention Share Program vested for holders of the grant who remained employed in the Group as at 30 June 2018, or as otherwise approved by the Board.

3. SENIOR EXECUTIVE REMUNERATION FOR THE YEAR ENDED 30 JUNE 2018 (CONT'D)

3.3 DETAILS OF SENIOR EXECUTIVE REMUNERATION COMPONENTS (CONT'D)

Variable Remuneration (Cont'd)

Previous Incentive Plans (Cont'd)

FY2016 Long Term Incentive Plan (lapsed)

DETAIL		FY2016 GRANT OF LTI PLAN	
Grant date		CEO: 11 December 2015 Senior Executives (excluding CEO): 3 July 2015	
Performance period (testing date is the last day of each period)		CEO: 1 July 2015 to 30 June 2018 Senior executives (excluding CEO): 3 July 2015 to 30 June 2018	
Measure	Weighting	Description of Measure	
Relative Total Shareholder Return (TSR)	100%	The shares will only vest if a certain Total Shareholder Return (TSR) relative to the designated comparator group, the ASX Small Ordinaries Index excluding mining and energy companies, is achieved during the performance period. TSR measures the total change in the value of the shares over the performance period, plus the value of any dividends and other distributions being treated as if they were reinvested in shares. The Group's TSR is compared against the TSR of the designated comparator group during the performance period. The shares will vest in line with the following relative TSR vesting schedule:	
		Relative TSR	% of LTI Plan shares that vest
		Less than 50th Percentile	0%
		50th Percentile	50%
		50th Percentile to 75th Percentile	Straight line vesting between 50% and 100%
		75th Percentile or more	100%
Expiry date		30 June 2020	
Fair value of instrument at grant		Grant date	Fair value of awards at grant date
			TSR
		3 July 2015	$0.37
		11 December 2015	$0.23
LTIP shares forfeited		495,470	
Share price required at testing date to vest		$1.44	

What are the FY2016 LTIP payment conditions?

The Group must achieve a minimum TSR of 7%, which represents the median performance of the designated comparator group (ASX Small Ordinaries Index excluding mining and energy companies) during the performance period before any portion of the LTIP vests.

Unless the Board determines otherwise, participants must not cease employment during the performance period (1 July 2015 to 30 June 2018), in order for any vesting to occur.

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

3. SENIOR EXECUTIVE REMUNERATION FOR THE YEAR ENDED 30 JUNE 2018 (CONT'D)

3.3 DETAILS OF SENIOR EXECUTIVE REMUNERATION COMPONENTS (CONT'D)

Variable Remuneration (Cont'd)

Previous Incentive Plans (Cont'd)

What are the FY2016 LTIP vesting outcomes?

Following the completion of the performance period from 1 July 2015 to 30 June 2018, 0% of the FY2016 LTIP vested based on the Board's assessment of Group performance.

With reference to the 5day VWAP, the total change in the value of iSelect's share over the performance period was -16%. The 50th percentile of the designated comparator group achieved a TSR of 7% over the performance period and as such, the FY2016 LTIP hurdle was not met.

Number of performance awards on issue as at 30 June 2018

	BALANCE AT START OF YEAR	GRANTED DURING YEAR	VESTED DURING YEAR	FORFEITED DURING YEAR	BALANCE AT END OF YEAR
Current Senior Executives					
David Christie	1,067,892	305,067	(54,291)	(495,470)	823,198
Henriette Rothschild	-	283,333	-	-	283,333
Vicki Pafumi	80,000	120,549	-	-	200,549
Former Senior Executives					
Scott Wilson	1,451,793	812,500	(100,000)	(2,164,293)	-
Darryl Inns	459,459	283,333	-	(742,792)	-
Geraldine Davys	405,405	250,000	-	(655,405)	-

3. SENIOR EXECUTIVE REMUNERATION FOR THE YEAR ENDED 30 JUNE 2018 (CONT'D)

3.4 KEY EVENTS IMPACTING REMUNERATION DURING THE YEAR ENDED 30 JUNE 2018

Executive Director & Interim Chief Executive Officer Appointment

Mr Brodie Arnhold was appointed to the role of Executive Director & Interim CEO on 23 April 2018. Prior to Brodie's appointment as Executive Director & Interim CEO, Brodie held the role of Non-Executive Director and Chair of the Audit and Risk Management Committee. Brodie's remuneration is disclosed in this report in both his capacity as Executive Director & Interim CEO and Non-Executive Director and Chair of the Audit and Risk Management Committee.

Chief Financial Officer Appointment

Ms Vicki Pafumi was appointed to the role of CFO on 2 July 2018. Prior to Vicki's appointment as CFO, she held the role of Interim CFO from 17 November 2017 to 1 July 2018, and prior to that was the Group Executive - Business Operations. Her remuneration is disclosed in this report for the period she operated in her capacity as Interim CFO.

Chief Operating Officer Appointment

Ms Henriette Rothschild was appointed to the role of COO on 17 August 2017. Henriette's remuneration is disclosed in this report.

Chief Experience Officer Appointment

Mr Slade Sherman was appointed to the role of CXO on 12 February 2018. Slade's remuneration is disclosed in this report.

Chief Marketing Officer Appointment

Mr Warren Hebard was appointed to the role of CMO on 3 April 2018. Warren's remuneration is disclosed in this report.

Managing Director & Chief Executive Officer Departure

On 23 April 2018, Mr Scott Wilson resigned from his position as Managing Director and CEO. Scott received the following during the financial year ended 30 June 2018 in satisfaction of his contractual entitlements:

- A pro-rata amount of his TFR for the period up to 23 April 2018 of $541,069 and superannuation of $22,500;
- An amount equivalent to the value of six months TFR ($339,976 and superannuation of $15,000) representing payment in lieu of his contractual six month notice period;
- A termination payment of $112,696 comprising payout of his annual leave entitlement and an amount equivalent to 33 days TFR representing agreed additional annual leave days;
- Accelerated vesting of 100,000 shares as part of the FY2017 Retention Share Program, notwithstanding termination prior to vesting date. The fair value of these shares at date of grant are $118,000; and
- Extension of the loan repayment term, with respect to the FY2015 Long Term Incentive Plan shares, to August 2021.

Chief Marketing Officer Departure

On 30 October 2017, Ms Geraldine Davys resigned from her position as Chief Marketing Officer. Geraldine received the following during the financial year ended 30 June 2018 in satisfaction of her contractual entitlements:

- A pro-rata amount of her TFR for the period to 30 October 2017 of $114,558 and superannuation of $10,908;
- Three months TFR for the period from 1 November 2017 to 1 February 2018 (salary of $86,692 and superannuation of $8,181); and
- A termination payment of $103,914 comprising payout of annual leave entitlement and an ex-gratia payment equivalent to the value of 3 months salary.

Chief Financial Officer Departure

On 17 November 2017, Mr Darryl Inns resigned from his position as Chief Financial Officer. Darryl received the following during the financial year ended 30 June 2018 in satisfaction of his contractual entitlements:

- A pro-rata amount of his TFR for the period up to 17 November 2017 of $150,910 and superannuation of $12,500; and
- A termination payment of $57,481 comprising payout of annual leave entitlement and an ex-gratia payment equivalent to the value of 1 months salary.

3. SENIOR EXECUTIVE REMUNERATION FOR THE YEAR ENDED 30 JUNE 2018 (CONT'D)

3.5 REMUNERATION PAID TO SENIOR EXECUTIVES

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

		SHORT TERM BENEFITS			POST EMPLOY-MENT BENEFITS	LONG TERM BENEFITS	EQUITY SETTLED SHARE BASED PAYMENT EXPENSE				
NAME AND TITLE	YEAR	SALARY $	STI $	OTHER $	SUPER $	LONG SERVICE LEAVE $	OPTIONS $	SHARES[1] $	TERMI-NATION PAYMENT $	TOTAL $	PERFOR-MANCE RELATED $
Current Senior Executives											
Brodie Arnhold (from 23 April 2018)											
Interim Chief Executive Officer	**2018**	**130,596**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**130,596**	**-**
	2017	-	-	-	-	-	-	-	-	-	-
David Christie											
Chief Strategy Officer	**2018**	**442,850**	**-**	**-**	**30,000**	**-**	**-**	**222,831**	**-**	**695,681**	**222,831**
	2017	424,667	-	-	30,000	-	-	250,236	-	704,903	250,236
Henriette Rothschild (from 17 August 2017)											
Chief Operating Officer	**2018**	**350,256**	**-**	**-**	**22,917**	**-**	**-**	**42,500**	**-**	**415,673**	**42,500**
	2017	-	-	-	-	-	-	-	-	-	-
Slade Sherman (from 12 February 2018)											
Chief Experience Officer	**2018**	**148,782**	**-**	**-**	**9,928**	**-**	**-**	**-**	**-**	**158,710**	**-**
	2017	-	-	-	-	-	-	-	-	-	-
Vicki Pafumi (from 17 November 2017)											
Chief Financial Officer	**2018**	**205,189**	**-**	**-**	**13,215**	**-**	**-**	**55,229**	**-**	**273,633**	**55,229**
	2017	-	-	-	-	-	-	-	-	-	-
Warren Hebard (from 3 April 2018)											
Chief Marketing Officer	**2018**	**89,919**	**-**	**-**	**5,012**	**-**	**-**	**-**	**-**	**94,931**	**-**
	2017	-	-	-	-	-	-	-	-	-	-

3. SENIOR EXECUTIVE REMUNERATION FOR THE YEAR ENDED 30 JUNE 2018 (CONT'D)

3.5 REMUNERATION PAID TO SENIOR EXECUTIVES (CONT'D)

		SHORT TERM BENEFITS			POST EMPLOY-MENT BENEFITS	LONG TERM BENEFITS	EQUITY SETTLED SHARE BASED PAYMENT EXPENSE				
NAME AND TITLE	YEAR	SALARY $	STI $	OTHER $	SUPER $	LONG SERVICE LEAVE $	OPTIONS $	SHARES[1] $	TERMI-NATION PAYMENT $	TOTAL $	PERFOR-MANCE RELATED $
Former Senior Executives											
Scott Wilson (ceased 23 April 2018)											
Chief Executive Officer	**2018**	**541,069**	**-**	**-**	**22,500**	**-**	**-**	**-**	**585,672**	**1,149,241**	**-**
	2017	595,002	-	-	30,000	-	-	286,030	-	911,032	286,030
Darryl Inns (ceased 17 November 2017)											
Chief Financial Officer	**2018**	**150,910**	**-**	**-**	**12,500**	**-**	**-**	**-**	**57,481**	**220,891**	**-**
	2017	392,461	-	-	30,000	-	-	56,667	-	479,128	56,667
Geraldine Davys (ceased 1 February 2018)											
Chief Marketing Officer	**2018**	**114,558**	**-**	**-**	**10,908**	**-**	**-**	**-**	**198,787**	**324,253**	**-**
	2017	303,423	-	-	30,000	-	-	50,000	-	383,423	50,000
Total Current & Former KMP	**2018**	**2,174,129**	**-**	**-**	**126,980**	**-**	**-**	**320,560**	**841,940**	**3,463,609**	**320,560**
	2017	1,715,553	-	-	120,000	-	-	642,933	-	2,478,486	642,933

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

4. SENIOR EXECUTIVE CONTRACTS

Remuneration arrangements for Senior Executives with service during the year ended 30 June 2018 are formalised in employment contracts. All contracts are for an unlimited duration, except for the Executive Director and Interim CEO, which has a contract review date on 23 October 2018.

CURRENT SENIOR EXECUTIVES	
Brodie Arnhold	• 30 days notice by either party. • No entitlement to short-term or long-term incentive bonus.
David Christie	• 6 months notice by either party (or payment in lieu). • Where employment terminates prior to a bonus being paid, or a bonus is due to be paid during gardening leave, may receive a bonus payment at the discretion of the Group.
Henriette Rothschild	• 3 months notice by either party (or payment in lieu). • Where employment terminates prior to a bonus being paid, or a bonus is due to be paid during gardening leave, may receive a bonus payment at the discretion of the Group.
Slade Sherman	• 3 months notice by either party (or payment in lieu). • Where employment terminates prior to a bonus being paid, or a bonus is due to be paid during gardening leave, may receive a bonus payment at the discretion of the Group.
Warren Hebard	• 3 months notice by either party (or payment in lieu). • Where employment terminates prior to a bonus being paid, or a bonus is due to be paid during gardening leave, may receive a bonus payment at the discretion of the Group.
Vicki Pafumi	• 3 months notice by either party (or payment in lieu). • Where employment terminates prior to a bonus being paid, or a bonus is due to be paid during gardening leave, may receive a bonus payment at the discretion of the Group.
FORMER SENIOR EXECUTIVES	
Scott Wilson	• 6 months notice by either party (or payment in lieu). • Where employment terminates prior to a bonus being paid, or a bonus is due to be paid during gardening leave, may receive a bonus payment at the discretion of the Group.
Darryl Inns	• 3 months notice by either party (or payment in lieu). • Where employment terminates prior to a bonus being paid, or a bonus is due to be paid during gardening leave, may receive a bonus payment at the discretion of the Group.
Geraldine Davys	• 3 months notice by either party (or payment in lieu). • Where employment terminates prior to a bonus being paid, or a bonus is due to be paid during gardening leave, may receive a bonus payment at the discretion of the Group.

5. LINK BETWEEN GROUP PERFORMANCE, SHAREHOLDER WEALTH AND REMUNERATION

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

5.1 GROUP PERFORMANCE AND STIP

For the year ended 30 June 2018 a significant proportion of the STIP award was determined with reference to EBIT and Operating Revenue.

EBIT

The EBIT result for the year ended 30 June 2018 was $12,941,000 loss. Details regarding EBIT performance of the business are provided in the Review of Results and Operations section of the Directors' Report.

Operating Revenue

The Operating Revenue result for the year ended 30 June 2018 was $181,439,000.

5.2 GROUP PERFORMANCE AND LTI PLAN GRANTS

LTIP grants were made in the financial year ended 30 June 2018. Grants made in financial year 2018 are linked to Relative TSR.

5.3 GROUP PERFORMANCE

MEASURE	FY2018	FY2017	FY2016	FY2015
Share price at year end	$0.82	$2.01	$1.25	$1.44
5 day VWAP to 30 June	$0.80	$1.99	$1.26	$1.45
Dividend per security	1.5 cents	5.5 cents	2.5 cents	-
EBIT	($12,941,000)	$22,534,000	$15,034,000	$12,263,000
Operating Revenue	$181,439,000	$185,101,000	$171,865,000	$157,214,000
Reported earnings per share	(6.0 cents)	7.1 cents	5.1 cents	3.7 cents

6. NON-EXECUTIVE DIRECTOR REMUNERATION

6.1 REMUNERATION POLICY

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

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

6. NON-EXECUTIVE DIRECTOR REMUNERATION (CONT'D)

6.2 REMUNERATION ARRANGEMENT

Maximum aggregate remuneration

The aggregate remuneration paid to Non-Executive Directors is capped at a level approved by shareholders. The current Non-Executive Director fee pool was set at $950,000 on 31 May 2013. The amount of aggregate remuneration is reviewed annually with no increase in the Non-Executive Director fee pool during the financial year ended 30 June 2018.

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

Non-Executive Director fees for the financial year ended 30 June 2018

The table below provides details of Board and Committee fees (inclusive of superannuation) for the year ended 30 June 2018. Director member fees increased during financial year 2018 and the remuneration of Non-Executive Directors does not include any commission, incentive or percentage of profits.

All committee members are also members of the Board. No additional fees are paid to Board members for their participation on committees, apart from where they act as a Chair of the committee.

Fees are annualised and include super.

	FEE ($)
Chair	270,000
Board Member	95,000
Audit and Risk Management Committee	10,000
Remuneration Committee	10,000
Nominations Committee	10,000

6.3 KEY EVENTS IMPACTING REMUNERATION AND MAKEUP OF NON-EXECUTIVE DIRECTORS DURING THE YEAR ENDED 30 JUNE 2018

During the financial year, Brodie Arnhold was appointed as Executive Director and Interim CEO. As such, he stepped down from his position as a Non-Executive Director on the Board as well as his role on the Audit and Risk Management Committee.

6. NON-EXECUTIVE DIRECTOR REMUNERATION (CONT'D)

6.4 REMUNERATION PAID TO NON-EXECUTIVE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2018

	FEES & ALLOWANCES $	SHORT TERM BENEFITS $	SUPER $	OTHER $	TOTAL $
NON-EXECUTIVE DIRECTORS					
Chris Knoblanche					
2018	**246,576**	**-**	**23,424**	**-**	**270,000**
2017	228,310	-	21,690	-	250,000
Shaun Bonett					
2018	**105,023**	**-**	**9,977**	**-**	**115,000**
2017	95,890	-	9,110	-	105,000
Bridget Fair					
2018	**86,758**	**-**	**8,242**	**-**	**95,000**
2017	77,626	-	7,374	-	85,000
Melanie Wilson					
2018	**88,425**	**-**	**8,400**	**-**	**96,825**
2017	77,626	-	7,374	-	85,000
FORMER NON-EXECUTIVE DIRECTORS					
Brodie Arnhold (ceased 22 April 2018)					
2018	**79,909**	**-**	**7,591**	**-**	**87,500**
2017	86,758	-	8,242	-	95,000
TOTAL					
2018	**606,691**	**-**	**57,634**	**-**	**664,325**
2017	566,210	-	53,790	-	620,000

The total remuneration of Non-Executive Directors as per the financial year 2017 audited financial statements was $683,750. The financial year 2017 total displayed in the main table above ($620,000) does not include former Non-Executive Directors from financial year 2017 who had nil remuneration in financial year 2018.

7. KEY MANAGEMENT PERSONNEL SHAREHOLDINGS

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

	BALANCE AT START OF YEAR	GRANTED AS REMUNERATION	LAPSED/ FORFEITED	OTHER CHANGES	BALANCE AT END OF YEAR
Current Senior Executives					
Brodie Arnhold[1, 2]	211,084	-	-	80,000	291,084
David Christie	1,239,537	54,291	-	(253,000)	1,040,828
Henriette Rothschild[2]	-	-	-	48,076	48,076
Slade Sherman[2]	-	-	-	14,000	14,000
Warren Hebard	-	-	-	-	-
Vicki Pafumi[2]	-	-	-	99,009	99,009
Current Non-Executive Directors[2]					
Chris Knoblanche	243,091	-	-	100,000	343,091
Shaun Bonett	2,500,000	-	-	-	2,500,000
Bridget Fair	80,728	-	-	-	80,728
Melanie Wilson	43,242	-	-	-	43,242
Former Senior Executives[3]					
Scott Wilson	1,118,415	100,000	-	(1,218,415)	-
Darryl Inns	150,000	-	-	(150,000)	-
Geraldine Davys	-	-	-	-	-

1 Appointed Executive Director and Interim Chief Executive Officer on 23 April 2018.
2 All increases in shareholdings during financial year 2018 were by way of on-market purchases.
3 Balance removed on resignation during the year.

8. KEY MANAGEMENT PERSONNEL OPTION HOLDINGS

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

9. OTHER TRANSACTIONS AND BALANCES WITH KMP AND THEIR RELATED PARTIES

Precision Group of Companies Pty Ltd

During the year, operating lease and outgoing payments totaling $247,549 have been made to Precision Group of Companies Pty Ltd and its related entities ("Precision Group"), of which Mr Shaun Bonett is a Director and controlling shareholder.

The Group also received $350,000 from Precision Group for the period ended 30 June 2018 in relation to fit out contributions under the lease agreement.

Mr Bonett was not present during any discussions relating to potential venues and the terms and conditions of the lease agreements.

Prezzee Pty Ltd

During the year, The Group paid Prezzee Pty Ltd $802,996 in relation to digital gift cards for customer and staff incentives. Prezzee Pty Ltd is considered to be a related party of the Group due to Precision Group's investment in Prezzee Pty Ltd.

Mr Bonett is not an officer or Director of Prezzee Pty Ltd.

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

On behalf of the Directors

Chris Knoblanche AM
Director

Melbourne,
14 August 2018

Melanie Wilson
Director

Melbourne,
14 August 2018

Auditor's Independence Declaration

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
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Auditor's Independence Declaration to the Directors of iSelect Limited

As lead auditor for the audit of iSelect Limited for the financial year ended 30 June 2018, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit*;* and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

Ernst & Young

Ernst & Young

T J Coyne
Partner
14 August 2018

Financial Statements

ABOUT THIS REPORT

This is the financial report for iSelect Limited and its controlled entities. iSelect Limited (the "Company") is a for-profit entity limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange (Code: ISU). The consolidated financial statements of the Company as at and for the year ended 30 June 2018 comprise the financial statements of the Company and its subsidiaries (as outlined in note 6.2), together referred to in these financial statements as the "Group" and individually as "Group entities".

The financial report of iSelect Limited for the year ended 30 June 2018 was authorised for issue in accordance with a resolution of Directors on 14 August 2018.

READING THE FINANCIALS

SECTION INTRODUCTION

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

INFORMATION PANEL

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

CONTENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2018

		CONSOLIDATED	
	NOTE	2018 $'000	2017 $'000
Upfront revenue	2.2	145,085	151,860
Trail commission revenue	2.2	36,354	33,241
Total Operating Revenue		**181,439**	**185,101**
Cost of sales		(132,195)	(119,509)
Gross Profit		**49,244**	**65,592**
Other income		645	850
Administrative expenses		(38,116)	(36,425)
Impairment loss	3.2	(16,902)	-
Share-based payments expense	2.3	(333)	(1,370)
Share of loss from associate, net of tax	6.3	(403)	(441)
Depreciation and amortisation	2.3	(7,076)	(5,672)
Profit/(Loss) Before Interest and Tax		**(12,941)**	**22,534**
Finance income		422	1,437
Finance costs		(51)	(69)
Net Finance Income		**371**	**1,368**
Profit/(Loss) Before Income Tax Expense		**(12,570)**	**23,902**
Income tax expense	2.6	(943)	(7,512)
Profit/(Loss) After Tax for the Period		**(13,513)**	**16,390**
Other Comprehensive Income			
Items that are or may be reclassified to profit or loss			
Foreign operations – foreign currency translation movements		(24)	-
Other Comprehensive Income Net of Tax		**(24)**	**-**
Total Comprehensive Income for the Period		**(13,537)**	**16,390**
Profit/(Loss) attributable to			
Owners of the Company		(13,296)	16,390
Non-controlling interests		(217)	-
		(13,513)	**16,390**
Total comprehensive income attributable to			
Owners of the Company		(13,320)	16,390
Non-controlling interests		(217)	-
		(13,537)	**16,390**
Earnings/(loss) per share (cents per share)			
Basic profit/(loss) for the year attributable to ordinary equity holders of the parent	2.4	(6.0)	7.1
Diluted profit/(loss) for the year attributable to ordinary equity holders of the parent	2.4	(6.0)	7.0

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

		CONSOLIDATED	
	NOTE	2018 $'000	2017 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	2.5	33,045	80,395
Trade and other receivables	3.3	28,710	32,761
Trail commission receivable	3.4	22,763	18,654
Income tax receivable	2.6	3,006	1,840
Other assets		4,593	4,009
Total Current Assets		**92,117**	**137,659**
Non-Current Assets			
Trail commission receivable	3.4	102,742	94,149
Property, plant and equipment	3.1	3,266	5,995
Goodwill and other intangible assets	3.2	56,257	53,357
Investment in associated entities	6.3	-	4,852
Net deferred tax assets	2.6	1,937	-
Other assets		25	25
Total Non-Current Assets		**164,227**	**158,378**
Total Assets		**256,344**	**296,037**
LIABILITIES			
Current Liabilities			
Trade and other payables		33,978	30,789
Provisions	3.5	6,100	7,417
Other		441	532
Total Current Liabilities		**40,519**	**38,738**
Non-Current Liabilities			
Provisions	3.5	1,249	1,404
Net deferred tax liabilities	2.6	32,787	30,690
Total Non-Current Liabilities		**34,036**	**32,094**
Total Liabilities		**74,555**	**70,832**
Net Assets		**181,789**	**225,205**
EQUITY			
Contributed equity	4.2	111,066	130,812
Reserves	4.2	8,745	8,687
Retained earnings		60,020	85,706
Equity attributable to owners of the Company		179,831	225,205
Non-controlling interest		1,958	-
Total Equity		**181,789**	**225,205**

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2018

	ATTRIBUTABLE TO OWNERS OF THE COMPANY							
	CONTRI-BUTED EQUITY	SHARE BASED PAYMENT RESERVE	BUSINESS COMBIN-ATION RESERVE	FOREIGN CURRENCY TRANS-LATION RESERVE	RETAINED EARNINGS	TOTAL	NON-CONTROL-LING INTERESTS	TOTAL EQUITY
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2016	**150,914**	**1,746**	**5,571**	**-**	**76,376**	**234,607**	**-**	**234,607**
Profit for the period	-	-	-	-	16,390	16,390	-	16,390
Other comprehensive income	-	-	-	-	-	-	-	-
Total Comprehensive Income	**-**	**-**	**-**	**-**	**16,390**	**16,390**	**-**	**16,390**
Transactions with Owners in their Capacity as Owners								
Recognition of share-based payments	-	1,370	-	-	-	1,370	-	1,370
Buy-back of share capital	(20,102)	-	-	-	-	(20,102)	-	(20,102)
Dividends paid	-	-	-	-	(7,060)	(7,060)	-	(7,060)
Balance at 30 June 2017	**130,812**	**3,116**	**5,571**	**-**	**85,706**	**225,205**	**-**	**225,205**
Loss for the period	-	-	-	-	(13,296)	(13,296)	(217)	(13,513)
Other comprehensive income	-	-	-	(24)	-	(24)	-	(24)
Total Comprehensive Income	**-**	**-**	**-**	**(24)**	**(13,296)**	**(13,320)**	**(217)**	**(13,537)**
Transactions with Owners in their Capacity as Owners								
Acquisition of subsidiary with NCI	-	-	-	-	-	-	2,175	2,175
Issue of shares / recognition of share-based payments	782	82	-	-	-	864	-	864
Buy-back of share capital	(20,528)	-	-	-	-	(20,528)	-	(20,528)
Dividends paid	-	-	-	-	(12,390)	(12,390)	-	(12,390)
Balance at 30 June 2018	**111,066**	**3,198**	**5,571**	**(24)**	**60,020**	**179,831**	**1,958**	**181,789**

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2018

		CONSOLIDATED	
	NOTE	2018 $'000	2017 $'000
Cash Flows from Operating Activities			
Receipts from customers		192,041	206,219
Payments to suppliers and employees		(186,933)	(172,078)
Interest received		459	1,621
Income taxes paid	2.6	(172)	(5,126)
Net cash provided from operating activities	2.5	**5,395**	**30,636**
Cash Flows from Investing Activities			
Payments for property, plant and equipment and intangible assets		(9,871)	(10,116)
Acquisition of subsidiary, net of cash acquired and subsidiary loan	6.4	(10,221)	-
Net cash used in investing activities		**(20,092)**	**(10,116)**
Cash Flows from Financing Activities			
Interest paid		(60)	(92)
Proceeds from issue of ordinary shares		517	-
Repayment of shareholder loans	2.5, 7.2	(158)	-
Payments for share buy-backs		(20,528)	(20,593)
Dividends paid to shareholders of the parent	4.1	(12,390)	(7,060)
Net cash used in financing activities		**(32,619)**	**(27,745)**
Net decrease in cash and cash equivalents		(47,316)	(7,225)
Net foreign exchange difference		(34)	-
Cash and cash equivalents at the beginning of the year		80,395	87,620
Cash and cash equivalents at the end of the year	2.5	**33,045**	**80,395**

The accompanying notes form part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

SECTION 1: BASIS OF PREPARATION

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

1.1 Basis of preparation of the financial report

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards, International Financial Reporting Standards (IFRS) and other authoritative pronouncements of the Australian Accounting Standards Board. It has been prepared on a historical cost basis, except for certain assets, which as noted have been measured at amortised cost. The financial report is presented in Australian dollars unless otherwise noted. The Company is a company of the kind referred to in ASIC Class Order 2016/191, dated 24 March 2016, and in accordance with that Class Order, amounts in the Directors' Report and the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

1.2 Terminology used

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

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

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

1.3 Key judgements and estimates

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

NOTE	SECTION	PAGE
2.2	Revenue	63
2.6	Taxes	67
3.1	Property, plant and equipment	71
3.2	Goodwill and other intangible assets	73
3.3	Trade and other receivables	77
3.4	Trail commission receivable	78
3.5	Provisions	79

1.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2018. A list of controlled entities (subsidiaries) at year end is contained in note 6.2. The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- the power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- the exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

1.5 Foreign currency

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

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

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

1.6 Other accounting policies

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

SECTION 2: PERFORMANCE FOR THE YEAR

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

2.1 Segment information

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

We have four reportable segments as follows:

- Health, which offers comparison, purchase and referral services across private health insurance.
- Life and General Insurance, which offers comparison, purchase and referral services across car, life and general insurance.
- Energy and Telecommunications, which offers comparison, purchase and referral services across energy and broadband.
- Other, comprises of comparison, purchase and referral services but predominately offers financial service products including home loans in Australia and Asia.

In the current year, unallocated corporate costs include costs associated with the business restructure, the iMoney acquisition and integration and CEO exit costs.

	AUSTRALIA	ASIA	TOTAL
	$'000	$'000	$'000
30 June 2018			
Revenue	179,284	2,155	181,439
Non-current assets[1]	44,412	15,136	59,548
30 June 2017			
Revenue	185,101	-	185,101
Non-current assets[1]	59,377	-	59,377

1 Non-current assets other than financial instruments and deferred tax assets.

	CONSOLIDATED	
	2018 $'000	2017 $'000
Operating revenue		
Health Insurance	89,123	93,971
Life and General Insurance	29,272	32,622
Energy and Telecommunications	54,787	50,353
Other	8,257	8,155
Consolidated Group operating revenue	**181,439**	**185,101**
EBITDA		
Health Insurance	12,385	22,463
Life and General Insurance	6,824	9,871
Energy and Telecommunications	1,046	2,868
Other	(21,099)	(282)
Unallocated corporate costs	(4,618)	(6,273)
Consolidated Group EBITDA	**(5,462)**	**28,647**
Depreciation and amortisation	(7,076)	(5,672)
Net finance income	371	1,368
Loss from associate	(403)	(441)
Consolidated Group profit/(loss) before income tax	**(12,570)**	**23,902**
Income tax expense	(943)	(7,512)
Consolidated Group net profit/(loss) for the year	**(13,513)**	**16,390**

2.2 Revenue

	CONSOLIDATED	
	2018 $'000	2017 $'000
Upfront Revenue		
Upfront fees	142,320	148,028
Click-through fees	510	814
Advertising and subscription fees	2,255	3,018
	145,085	151,860
Trail Commission Revenue		
Current period trail commission sales	30,563	27,935
Discount unwind	5,791	5,306
	36,354	33,241
Total Revenue	**181,439**	**185,101**

Key estimate: upfront fee revenue

Upfront fee revenue is recognised at the point in time when 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 when a customer is referred to a product provider. Upfront fee revenue is recognised on a net basis of the historical percentage of 'referred' sales expected to become 'financial' and are adjusted to actual percentages experienced at each reporting date. As such, the Group determines a reliable measurement of its revenue on the basis of the probability of a 'referred' sale becoming a 'financial' or paid sale on the basis of extensive historical statistical and trend data. Where this information cannot be reliably measured, the Group recognises revenue at the time the customer makes its first payment to the product provider.

Key estimate: trail commission revenue

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

Recognition and measurement

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

Upfront fees

Upfront fees are earned upon new members joining a health fund, initiating a life insurance policy, obtaining general insurance products, mortgages, broadband or energy products via iSelect. Upfront fees may trigger a 'clawback' of revenue in the event of early termination by customers as specified in individual product provider agreements. These clawbacks are provided for by the Group on a monthly basis by utilising industry data and historical experience (refer to note 3.5 for further information).

Click-through fees

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

Advertising and subscription fees

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

Trail commission revenue

Trail commissions are ongoing fees for customers referred to individual product providers or who have applied for mortgages via iSelect. Trail commission revenue represents commission earned calculated as a percentage of the value of the underlying policy relationship to the expected life and, in the case of mortgages, a proportion of the underlying value of the loan. The Group is entitled to receive trail commission without having to perform further services. On initial recognition, trail revenue and receivables are recognised at fair value, being the expected future trail cash receipts discounted to their present value using discounted cash flow valuation techniques. The unwinding of the discount is recognised as revenue ("discount unwind") in profit or loss in each successive period until the earlier of contract lapse or termination of the policy.

2.3 Expenses

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

	CONSOLIDATED	
	2018 $'000	2017 $'000
Employee Benefits Expense		
Remuneration, bonuses, on-costs and amounts provided for benefits	57,212	58,664
Superannuation expenses	5,078	5,406
Share-based payments	333	1,370
	62,623	**65,440**
Depreciation and Amortisation		
Depreciation	2,989	3,225
Amortisation of previously capitalised development costs	4,087	2,447
	7,076	**5,672**
Occupancy Related Expense		
Operating lease rental expense	2,656	2,373
Impairment of Receivables		
Doubtful debt expense	292	-
Other expenses included in the profit or loss		
CEO exit costs	154	-
Restructure costs	508	-
Acquisition and integration costs	614	-
	1,276	**-**

Recognition and measurement

Employee benefits expense

The Group's accounting policy for expenses associated with employee benefits is set out in note 3.5. Employee benefits expense is net of amounts capitalised as development costs of $1,723,000 (2017: $2,786,000).

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

Depreciation and amortisation

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

Occupancy related expenses

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

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

Impairment of receivables

Impairment expenses are recognised to the extent that the carrying amounts of assets exceed their recoverable amounts. Refer to note 3.3 for details.

Other expenses

Costs relate to the expenditure and associated on-costs of the resignation of Scott Wilson, former Managing Director and CEO (ceased 23 April 2018), costs associated with the restructure of the business, and costs associated with the acquisition and integration of iMoney.

2.4 Earnings per share

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

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

	CONSOLIDATED	
	2018 $'000	2017 $'000
Profit/(loss) attributable to the owners of the Group	(13,296)	16,390
	SHARES ('000)	SHARES ('000)
WANOS[1] for basic earnings per share	219,795	231,533
Effect of dilution	100	3,230
WANOS adjusted for effect of dilution	219,895	234,763
	CENTS	CENTS
Earnings/(loss) per share:		
Basic EPS	(6.0)	7.1
Diluted EPS	(6.0)	7.0

1 Weighted average number of ordinary shares

Recognition and measurement

Basic Earnings Per Share

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

Diluted Earnings Per Share

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

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

2.5 Cash and cash equivalents

	CONSOLIDATED	
	2018 $'000	2017 $'000
Cash at bank and on hand	33,045	50,395
Term deposits	-	30,000
	33,045	**80,395**

The Group has pledged $3,040,000 (2017: nil) to fulfil bank guarantee and credit facility requirements. Refer to note 7.5 for details on bank guarantees.

Recognition and measurement

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

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

Changes in liabilities arising from financing activities

	CONSOLIDATED	
	2018 $'000	2017 $'000
Shareholders loans		
Outstanding at the beginning of the period	-	-
Acquisition of a subsidiary	155	-
Foreign exchange movement	3	-
Cash flows	(158)	-
Outstanding at the end of the period	-	-

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

	CONSOLIDATED	
	2018 $'000	2017 $'000
Net profit/(loss) after tax	**(13,513)**	**16,390**
Non-cash items:		
Foreign exchange movements	10	-
Depreciation and amortisation	7,076	5,672
Share-based payments expense	333	1,370
Share of loss in associate	403	441
Impairment loss	16,902	-
Other	(489)	-
Items in net profit but not in operating cash flows:		
Interest expense classified as financing cash flow	51	69
(Increase)/decrease in assets		
Trade receivables	4,926	11,161
Trail commission receivable	(12,702)	(9,112)
Income tax receivable	(1,166)	(2,076)
Other assets	(469)	(1,022)
Increase/(decrease) in liabilities		
Trade and other payables	2,499	3,616
Deferred taxes	1,938	4,462
Provisions	(300)	(342)
Other liabilities	(104)	7
Net cash flow provided from operating activities	**5,395**	**30,636**

2.6 Taxes

On May 2016 the Board of Taxation announced and released the Tax Transparency Code (the "Code"). Whilst the Code is voluntary, the Directors have elected to adopt it in order to provide greater tax disclosure transparency to the users of the financial report.

Part A: Disclosures of tax information

Part A of this report provides reconciliations of the Group's current and deferred taxes and a summary of its tax related accounting policies.

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

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

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

	CONSOLIDATED	
	2018 $'000	2017 $'000
Current taxes		
Amounts recognised in profit or loss		
Current income tax		
Current income tax expense	2,551	(2,974)
Previous years' adjustment[1]	993	(76)
Deferred income tax		
Origination and reversal of temporary differences	(3,881)	(4,538)
Previous years' adjustment[1]	(606)	76
Income tax reported in income statement	**(943)**	**(7,512)**
Tax reconciliation		
Accounting profit/(loss) before income tax	**(12,570)**	**23,902**
Notional income tax at the statutory income tax rate of 30%	3,771	(7,171)
Non temporary differences		
Share of loss of associate reported, net of tax	(121)	(132)
Share-based payments	(100)	(411)
Entertainment	(30)	(43)
Goodwill and brand name impairment	(4,862)	-
Initial recognition of research and development concessional credits	508	294
Previous years' adjustment in respect of current income tax[1]	993	(76)
Previous years' adjustment in respect of deferred income tax[1]	(606)	76
Unrecognised tax losses	(339)	-
Other	(96)	(49)
Effect of lower tax rates in Thailand	(2)	-
Effect of lower tax rates in Singapore	(39)	-
Effect of lower tax rates in Indonesia	(20)	-
Total income tax expense	**(943)**	**(7,512)**

1 Adjustment arises from difference between provisional research and development concessional credits at previous reporting period and the amount claimed in lodged income tax return which occurs in the current financial year.

2.6 Taxes (Cont'd)

	CONSOLIDATED	
	2018 $'000	2017 $'000
Deferred taxes		
Deferred tax assets relate to the following:		
Trade and other payables	1,558	384
Provisions	2,230	2,286
Property, Plant and Equipment	994	1,653
ITAA97 Section 40-880 business related costs	105	48
Unrealised foreign exchange differences	56	-
Unused tax losses	4,665	-
Total deferred tax assets	**9,608**	**4,371**
Deferred tax liabilities relate to the following:		
Trail commission receivable	(38,028)	(34,171)
Development costs	(2,359)	(813)
Other	(71)	(77)
Total deferred tax liabilities	**(40,458)**	**(35,061)**
Net deferred tax liabilities[1]	**(30,850)**	**(30,690)**

1 Net deferred tax liabilities include net deferred tax assets of $1,937,000 from the iMoney Group.

	CONSOLIDATED	
	2018 $'000	2017 $'000
Income tax receivable		
Total income tax expense	(943)	(7,512)
Temporary differences		
Recognition of unused tax losses	(2,550)	-
Origination and reversal of temporary differences	4,487	4,462
Income tax receivable/(payable) in the current financial year	994	(3,050)
Income tax receivable/(payable) at the beginning of the year	1,840	(236)
Net tax paid during the year	172	5,126
Income tax receivable as at 30 June	**3,006**	**1,840**
Represented in the Statement of Financial Position by:		
Income tax receivable	3,006	1,840
Effective tax rate (ETR)		
Global operations[1]	(7.50%)	31.43%
Australian operations[2]	(9.95%)	31.43%

1 Global operations ETR: The Group calculated total consolidated company income tax expense divided by total consolidated accounting profit on continuing and discontinued operations.

2 Australian operations ETR: The Group calculated total company income tax expense for all Australian companies operations of and Australian operations of overseas companies included in these consolidated financial statements, divided by accounting profit derived by all Australian companies and Australian operations of overseas companies included in these consolidated financial statements.

Recognition and measurement

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

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

2.6 Taxes (cont'd)

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

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

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

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carried forward unused tax losses and tax credits, can be utilised.

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

Tax Consolidation Legislation

The iSelect Group formed an income tax consolidated group as at 30 April 2007. Members of the Group entered into a tax sharing agreement at that time that provided for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts are expected to be recognised in the consolidated financial statements in respect of this agreement on the basis that the probability of default is remote.

In accordance with Group accounting policy, the Group has applied UIG 1052, in which the head entity, iSelect Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. This is governed through a tax funding agreement between iSelect Ltd and its wholly-owned Australian entities.

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

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

Key estimates: current and deferred taxes

The Group's accounting policy for taxation requires management's judgement in assessing whether deferred tax assets and deferred tax liabilities are recognised on the consolidated statement of financial position. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future sales volumes, operating costs, capital expenditure, dividends and other capital management transactions.

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

2.6 Taxes (cont'd)

Part B – Taxes paid report

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

Tax policy, strategy and governance

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

We achieve this by:

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

The Group adheres to the following tax principles:

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

The decisions, activities and operations undertaken by the Group gives rise to various areas of uncertainty. We manage tax risk in 4 key areas:

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

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

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

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

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

Australian taxes paid summary

Tax payments made by iSelect for the 2018 and 2017 financial years are summarised below.

	CONSOLIDATED	
	2018 $'000	2017 $'000
Income tax (net of refund)	172	5,126
Payroll tax	3,035	3,249
Fringe benefits tax	247	472
Total taxes paid	**3,454**	**8,847**

International related party dealings

The Group acquired controlling interest in Intelligent Money Sdn. Bhd ("iMoney") on 1 December 2017. iMoney operates in Malaysia, Singapore, Indonesia and Philippines and accounts for its own income tax risks which are immaterial to the Group. The Board of Directors are currently in the process of reviewing iMoney's tax policy, strategy and governance and developing a local tax policy that is consistent to the Group's overall strategy and approach.

SECTION 3: OUR CORE ASSETS AND WORKING CAPITAL

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

3.1 Property, plant and equipment

	LEASEHOLD IMPROVE-MENTS $'000	OFFICE AND COMPUTER EQUIPMENT $'000	COMPUTER SOFTWARE $'000	FURNITURE, FIXTURES AND FITTINGS $'000	TOTAL $'000
As at 30 June 2018					
Cost	7,260	7,936	7,224	1,603	24,023
Accumulated depreciation	(6,801)	(6,854)	(6,626)	(476)	(20,757)
Net carrying amount	**459**	**1,082**	**598**	**1,127**	**3,266**
Net carrying amount at 1 July 2017	2,078	1,676	1,506	735	5,995
Additions	3	233	62	774	1,072
Acquisition of a subsidiary	8	47	2	33	90
Disposals	(680)	(1)	-	(223)	(904)
Depreciation expense	(949)	(875)	(972)	(193)	(2,989)
Exchange differences	(1)	2	-	1	2
Net carrying amount at 30 June 2018	**459**	**1,082**	**598**	**1,127**	**3,266**
As at 30 June 2017					
Cost	8,542	7,550	7,159	1,067	24,318
Accumulated depreciation	(6,464)	(5,874)	(5,653)	(332)	(18,323)
Net carrying amount	**2,078**	**1,676**	**1,506**	**735**	**5,995**
Net carrying amount at 1 July 2016	3,169	2,152	2,638	809	8,768
Additions	19	371	57	78	525
Disposals	(42)	-	-	(31)	(73)
Depreciation expense	(1,068)	(847)	(1,189)	(121)	(3,225)
Net carrying amount at 30 June 2017	**2,078**	**1,676**	**1,506**	**735**	**5,995**

3.1 Property, plant and equipment (cont'd)

Recognition and measurement

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

Depreciation

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

	USEFUL LIFE
Office and computer equipment	2 to 5 years
Furniture, fixtures and fittings	8 years
Leasehold improvements	8 to 10 years

Derecognition

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

Impairment

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

Key estimate – useful lives

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

3.2 Goodwill and other intangible assets

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

	DEVELOP-MENT COSTS $'000	TRADE-MARKS AND DOMAIN NAMES $'000	GOODWILL $'000	BRAND NAMES $'000	CUSTOMER CONTRACTS $'000	TOTAL $'000
As at 30 June 2018						
Cost	40,274	986	30,567	6,718	806	79,351
Accumulated amortisation	(22,288)	-	-	-	(806)	(23,094)
Net carrying amount	**17,986**	**986**	**30,567**	**6,718**	**-**	**56,257**
Net carrying amount at 1 July 2017	12,964	973	31,216	8,204	-	53,357
Additions	8,799	-	-	-	-	8,799
Acquisition of a subsidiary	1,078	13	9,105	4,965	-	15,161
Disposal	(70)	-	-	-	-	(70)
Amortisation	(4,087)	-	-	-	-	(4,087)
Impairment	(697)	-	(9,754)	(6,451)	-	(16,902)
Exchange differences	(1)	-	-	-	-	(1)
Net carrying amount at 30 June 2018	**17,986**	**986**	**30,567**	**6,718**	**-**	**56,257**
As at 30 June 2017						
Cost	31,184	973	31,216	8,204	806	72,383
Accumulated amortisation	(18,220)	-	-	-	(806)	(19,026)
Net carrying amount	**12,964**	**973**	**31,216**	**8,204**	**-**	**53,357**
Net carrying amount at 1 July 2016	6,425	368	31,216	8,204	-	46,213
Additions	9,514	77	-	-	-	9,591
Disposals	(528)	528	-	-	-	-
Amortisation	(2,447)	-	-	-	-	(2,447)
Net carrying amount at 30 June 2017	**12,964**	**973**	**31,216**	**8,204**	**-**	**53,357**

3.2 Goodwill and other intangible assets (cont'd)

Recognition and measurement

Goodwill

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

On 1 December 2017, the Group acquired a controlling interest in the iMoney Group (refer to note 6.4 for further information). The goodwill acquired through this acquisition of $9,105,000 has been allocated to its own CGU (International), as this is the smallest group of assets management monitors that independently generates cash flow and whose cash flow is largely independent of the cash flows generated by other assets of the Group.

Other intangible assets

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

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

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

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

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

Key estimates - development costs

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

Useful lives and amortisation

The useful lives of intangible assets are assessed to be either finite or infinite. Intangible assets with finite lives are amortised over the useful life. Amortisation is calculated over the estimated useful life of the asset as follows:

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

Derecognition

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

Key estimates - useful lives

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

3.2 Goodwill and other intangible assets (cont'd)

Impairment testing of goodwill and intangible assets with indefinite lives

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

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

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

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

Goodwill acquired through the Infochoice Limited, Energy Watch Group and iMoney Group acquisitions have been allocated to the following CGUs. The carrying amount of goodwill subject to impairment testing is outlined in the table below.

SEGMENT	CGU	$'000
Health	Health	6,645
Life and General Insurance	Car	2,379
	Life	77
Other	Home loans	4,380
	Money[1]	9,754
	Goodwill from Infochoice acquisition	**23,235**
Energy and Tele-communications	Household	7,981
	Goodwill from Energy Watch acquisition	**7,981**
Other	International	9,105
	Goodwill from iMoney acquisition	**9,105**
Total Group	**Total Goodwill**	**40,321**

1 An impairment charge of $9,754,000 was recognised against the Money CGU in 30 June 2018.

The brand name acquired through the Infochoice Limited acquisition has an indefinite useful life. Trademarks and domain names also have an indefinite useful life and are allocated at a Group level. The brand name acquired through the Energy Watch acquisition has an indefinite useful life and is allocated to the Household CGU, which is comprised of iSelect Energy, iSelect Broadband and Energy Watch. Other intangible assets acquired as part of the iMoney acquisition (brand name, trademark and domain names) have an indefinite useful life and are allocated to the International CGU.

The Group has performed its annual impairment test as at 30 June 2018. The recoverable amount of CGUs (excluding International) has been determined based on a value-in-use calculation using the financial year 2019 long-term plan approved by Senior Management with a growth rate increment for subsequent years, and cash flow projections based on management forecasts. Given the recent acquisition and capital raising for the iMoney business, management has adopted the fair value less cost to sell method in its impairment assessment. A detailed impairment review using a value-in-use calculation will be performed for the International CGU at the earlier of 30 June 2019 and where indicators of impairment have been identified.

Money CGU

The recoverable amount of the Money CGU as at 30 June 2018 has been determined at $21,000 based on a value-in-use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The projected cash flows have been updated to reflect a change in senior management and their initial views as part of a strategic review undertaken. The pre-tax discount rate applied to cash flow projections is 11% (2017: 14%) and cash flows beyond the five-year period are extrapolated using a 3.0% growth rate (2017: 3%). As a result of this analysis, management have recognised an impairment charge of $16,902,000 against Goodwill, Brand Name and Software Development Costs.

No other impairment was identified for the CGUs to which goodwill or brand names are allocated.

3.2 Goodwill and other intangible assets (cont'd)

Key estimates – value-in-use calculation

Cash flow projections

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

Discount rate

Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowings the Group is obliged to service. CGU-specific risk is incorporated into the WACC rate where it is considered appropriate. The pre-tax discount rates are as follows:

CGU	FY18	FY17
Health	11.6%	11.7%
Car	11.6%	11.3%
Home loans	25.4%	10.4%
Money	11.0%	14.0%
Life	12.7%	9.5%
Household	12.2%	15.2%

Growth rate estimates

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

Market share assumptions

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

Sensitivity to changes in assumptions

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

Management continue to focus on driving growth in Home Loans CGU with its estimated recoverable amount at $1.8 million greater than its carrying value. Despite this headroom, certain adverse changes in a key assumption may result in an impairment loss. The implications of these adverse changes in the key assumptions for the recoverable amount are discussed below:

- *Growth and discount rate assumptions – management recognises the challenges in the Home Loans industry may have a significant impact on growth rate assumptions applied. As an indication of the potential impact on impairment, if cash flows were reduced by 10% and the discount rate was increased by 1.5%, this would lead to impairment.*

3.3 Trade and other receivables

	CONSOLIDATED	
	2018 $'000	2017 $'000
Current		
Trade receivables	28,725	32,761
Allowance for credit losses	(15)	-
	28,710	**32,761**
Movements in the allowance account for credit losses were as follows:		
Carrying value at the beginning of the year	-	-
Amount recognised	15	-
Carrying value at the end of the year	**15**	**-**
The ageing analysis of trade and other receivables that were not provided for as doubtful is as follows:		
Neither past due nor impaired	28,181	31,966
Past due 1 – 30 days	291	755
Past due 31 – 90 days	108	15
Past due 90+ days	130	25
	28,710	**32,761**

Recognition and measurement

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

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

With respect to trade receivables that are neither past due nor provided for as doubtful, there are no indications as at the reporting date that the debtors will not meet their payment obligations.

Impairment of trade receivables

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

As at 30 June 2018, current trade receivables with a nominal value of $15,000 (2017: nil) were provided for as doubtful.

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

As at 30 June 2018, trade receivables of $529,000 (2017: $795,000) were past due but not impaired. These relate to customers for whom there is no recent history of default or other indicators of impairment.

Key estimates – allowance for credit losses

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

3.4 Trail commission receivable

	CONSOLIDATED	
	2018 $'000	2017 $'000
Current	22,763	18,654
Non-current	102,742	94,149
Total trail commission receivable	**125,505**	**112,803**
Reconciliation of movement in trail commission receivable:		
Opening balance	**112,803**	**103,691**
Trail commission revenue – current period trail commission sales	30,563	27,935
Trail commission revenue – discount unwind	5,791	5,306
Cash receipts	(23,652)	(24,129)
Closing balance	**125,505**	**112,803**

Recognition, measurement and classification

The Group has elected to account for trail commission revenue at the time of selling a product to which trail commission attaches, rather than on the basis of actual payments received from the relevant fund or providers involved. On initial recognition, trail commission revenue and receivables are recognised at fair value, being the expected future trail cash receipts discounted to their present value using discounted cash flow valuation techniques. Subsequent to initial recognition and measurement, the trail revenue asset is measured at amortised cost. The carrying amount of the trail commission receivable is adjusted to reflect actual and revised estimated cash flows by recalculating the carrying amount through computing the present value of estimated future cash flows at the original effective interest rate. The resulting adjustment is recognised as income or expense in profit or loss.

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

Key estimates – trail commission revenue and receivable

This method of revenue recognition and valuation of trail commission receivable requires the Directors and management to make certain estimates and assumptions based on industry data and the historical experience of the Group. Due to the differences in underlying product characteristics and product provider circumstances, the discount rates applied in the most recent valuation of the trail commission receivable ranged between 3.0% and 7.0% (2017: 3.7% and 7.0%) across financial institutions and health, life, car insurers and mortgage providers. The Group specifically provides for known or expected risks to future cash flows outside of the discount rate, particularly for the impact of attrition.

Attrition rates in Health are particularly relevant to the overall trail commission receivable considering the relative size of the Health trail commission receivable. Attrition rates vary substantially by provider and also by the duration of time the policy has been in force, with rates generally higher in policies under two years old. The attrition rates used in the valuation of the Health portfolio at 30 June 2018 ranged from 7.5% and 24.4% (2017: 6.5% and 24.7%). The simple average duration band attrition increase was up to 0.6% during the period, with higher increases experienced for policies that have been in force for shorter periods of time.

In undertaking this responsibility, the Group engages Deloitte Actuaries and Consultants Limited, a firm of consulting actuaries, to assist in reviewing the accuracy of assumptions for health, mortgages and life trail revenue. These estimates and assumptions include, but are not limited to: termination or lapse rates, mortality rates, inflation, risk free and other discount rates, counter party credit risk, forecast fund premium increases and the estimated impact of known Australian Federal and State Government policies.

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

3.5 Provisions

	CONSOLIDATED	
	2018 $'000	2017 $'000
Current		
Annual leave	2,233	2,780
Long service leave	781	633
Lease incentive	399	319
Clawback	2,463	2,247
Other [1]	224	1,438
	6,100	**7,417**
Non-Current		
Long service leave	343	446
Lease Incentive	906	958
	1,249	**1,404**

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

Recognition, measurement and classification

Employee benefits – annual and long service leave

The Group recognises a liability for long service leave and annual leave measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bond rates with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

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

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

Lease incentive

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

Clawback provisions

Upfront fees received from certain insurance funds, broadband providers and mortgage brokers can be clawed back in the event of early termination of membership. They vary across the industries and are usually triggered where a referred member terminates their policy. Each relevant Product Provider has an individual agreement and the clawback period ranges between 0 and 24 months, depending on the agreement.

Make good provision

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

Key estimates - Employee benefits

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

Key estimates - Clawback provisions

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

SECTION 4: OUR CAPITAL AND RISK MANAGEMENT

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

4.1 Dividends

Dividends paid during the financial year 2018 included the previous year final dividend and the current year interim dividend.

This note also provides information about the current year final dividend to be paid. No provision for the current year final dividend has been raised as it was not determined or publicly recommended by the Board as at 30 June 2018.

Dividends paid during the financial year are as follows:

	CONSOLIDATED	
	2018 $'000	2017 $'000
Previous year final dividend paid	9,109	3,597
Interim dividend paid	3,281	3,463
	12,390	**7,060**

Franking credit balance

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

	CONSOLIDATED	
	2018 $'000	2017 $'000
Franking account balance	3,165	8,294
Franking debits from the refund of income tax as at 30 June (at a tax rate of 30% on a tax paid basis)	(3,006)	(1,840)
	159	**6,454**

4.2 Equity

	CONSOLIDATED	
	2018 $'000	2017 $'000
Contributed equity		
Issued capital	111,066	130,812

MOVEMENT IN SHARES ON ISSUE	NUMBER OF SHARES	SHARE CAPITAL $'000
Ordinary shares		
Total quoted shares outstanding at 1 July 2016	**238,484,515**	**150,914**
Buyback of share capital	(11,117,466)	(20,102)
Total quoted shares outstanding at 30 June 2017	**227,367,049**	**130,812**
Issue of shares	2,397,894	782
Buyback of share capital	(12,168,642)	(20,528)
Total quoted shares outstanding at 30 June 2018	**217,596,301**	**111,066**
Total unquoted shares outstanding at 1 July 2016	**3,781,466**	**-**
Issue of shares	3,384,696	-
Forfeiture of Shares	(429,233)	-
Exercise of Shares	(2,297,893)	-
Total unquoted shares outstanding at 30 June 2017	**4,439,036**	-
Issue of shares	2,892,301	-
Forfeiture of Shares	(5,667,531)	-
Total unquoted shares outstanding at 30 June 2018	**1,663,806**	**-**

4.2 Equity (Cont'd)

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Ordinary shares have no par value and entitle the holder to the right to receive dividends as declared and, in the event of winding up the Group, to participate in the proceeds from the sale of all surplus assets in proportion to the number and amount paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Group.

Unquoted shares

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

Share buy-back

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

	CONSOLIDATED	
	2018 $'000	2017 $'000
Reserves		
Share-based payment reserve	3,198	3,116
Business combination reserve	5,571	5,571
Foreign currency translation reserve	(24)	-
	8,745	**8,687**

Share-based payment reserve

This reserve records the value of shares under the Long Term Incentive Plan, and historical Employee and CEO Share Option plans offered to the CEO, Executives and employees as part of their remuneration. Refer to note 5.2 for further details of these plans.

Business combination reserve

The internal group restructure performed in the 2007 financial year, which interposed the holding company, iSelect Limited, into the consolidated group was exempted by AASB 3 Business Combinations as it precludes entities or businesses under common control. The carry-over basis method of accounting was used for the restructuring of the iSelect Group. As such, the assets and liabilities were reflected at their carrying amounts. No adjustments were made to reflect fair values, or recognise any new assets or liabilities. No goodwill was recognised as a result of the combination and any difference between the consideration paid and the 'equity' acquired was reflected within equity as an equity reserve titled "Business Combination Reserve".

Foreign currency translation reserve

Refer to note 1.5 for further details.

4.3 Capital management

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

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

	CONSOLIDATED	
	2018 $'000	2017 $'000
Shareholders' equity	111,066	130,812
Debt	-	-
Total funding	**111,066**	**130,812**

Shareholders' equity

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

Merger and acquisition opportunities

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

During the financial year, the Group explored various merger and acquisition opportunities. On 1 December 2017, the Group acquired a controlling interest in Intelligent Money Sdn. Bdn (refer to note 6.4).

There were no other new acquisitions made.

4.3 Capital management (cont'd)

Buy-back of share capital

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

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

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

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

On 16 February 2018 the Group announced a pause on further share buy-backs. To date the Group has purchased a total of 46.3 million shares.

Debt

As at 30 June 2018 the Group has no external borrowings.

The Group terminated the term debt revolving facility in June 2017.

4.4 Financial instruments and risk management

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

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

This note summarises how we manage these financial risks.

Managing our interest rate risk

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

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

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

Sensitivity

At 30 June 2018, if interest rates had moved as illustrated in the table below, with all other variables being held constant, post-tax profit would have been higher/(lower) as follows:

	CONSOLIDATED	
	2018 $'000	2017 $'000
TOTAL		
+1% (100 basis points)	231	563
-1% (100 basis points)	(231)	(563)
CASH AT BANK		
+1% (100 basis points)	231	563
-1% (100 basis points)	(231)	(563)

4.4 Financial instruments and risk management (cont'd)

Managing our foreign exchange risk

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

The Group's exposure to the risk of changes in foreign exchange relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

The Group's current exposure to foreign exchange risk is minimal and management will continue to monitor its foreign operations and transactions pro-actively.

Sensitivity

At 30 June 2018, had the Australian dollar moved, as illustrated in the table below, with all other variables being held constant, pre-tax profit and equity would have been affected as follows:

		EFFECT ON PROFIT BEFORE TAX	EFFECT ON PRE-TAX EQUITY
		$'000	$'000
Change in MYR rate			
2018	+5%	(8)	209
	-5%	8	(219)
Change in SGD rate			
2018	+5%	14	(16)
	-5%	(14)	16
Change in IDR rate			
2018	+5%	18	(24)
	-5%	(19)	25
Change in PHP rate			
2018	+5%	34	(19)
	-5%	(36)	20

Managing our credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in a financial loss. We are exposed to credit risk from our operating activities (primarily from cash and cash equivalents, trade and other receivables and trail commission receivable in future periods).

The Group's maximum exposure to credit risk at reporting date in relation to each class of financial asset is the carrying amount of those assets as indicated in the statement of financial position.

Credit risk related to cash and cash equivalents

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

Credit risk related to trade receivables and future trail commission

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

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. It is the Group's policy that all key partners who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis. Note 3.3 provides an ageing of receivables past due.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures. The Group otherwise does not require collateral in respect of trade and other receivables.

4.4 Financial instruments and risk management (cont'd)

Exposure to credit risk

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

	CONSOLIDATED	
	2017 $'000	2016 $'000
Cash and cash equivalents	33,045	80,395
Trade and other receivables	28,710	32,761
Trail commission receivable	125,505	112,803
	187,260	**225,959**

Managing our liquidity risks

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

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

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

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

The Group's non-derivatives financial liabilities consist of trade payables expected to be settled within three months. At 30 June 2018, the carrying amount and contractual cash flows is $33,978,000 (2017: $30,789,000).

Valuation and disclosure within fair value hierarchy

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

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

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

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

The fair value of the trail commission receivable has been calculated by discounting the expected future cash flows at prevailing interest rates. At 30 June 2018 the fair value of trail commission receivable is $132,254,000 (2017: $116,529,000) with a carrying value of $125,505,000 (2017: $112,803,000). The level of the fair value hierarchy within which the fair value measurement of trail commission receivable is categorised as Level 3 (non-market observable inputs).

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

Sensitivity of trail commission receivable

A combined premium price decrease of 1% and termination rate increase of 1% would have the effect of reducing the carrying value by $15,372,000 (2017: $14,613,000). A combined premium price increase of 1% and termination rate decrease of 1% would have the effect of increasing the carrying value by $13,934,000 (2017: $12,853,000). Individually, the effects of these inputs would not give rise to any additional amount greater than those stated.

SECTION 5: OUR PEOPLE

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

5.1 Key management personnel compensation

Key management personnel (KMP) refer to those who have authority and responsibility for planning, directing and controlling the activities of the Group. For a list of key management personnel and additional disclosures, refer to the remuneration report on pages 33 to 54.

KMP aggregate compensation

During financial years 2018 and 2017, the aggregate compensation provided to KMP was as follows:

	CONSOLIDATED	
	2018 $	2017 $
Short-term employee benefits	2,780,820	2,339,982
Post-employment benefits	184,614	179,321
Share-based payments	320,560	642,933
Termination benefits	841,940	-
	4,127,934	**3,162,236**

Other transactions with our KMP and their related parties

During the financial years 2018 and 2017, apart from transactions disclosed in note 7.2 of the financial report. There were no other transactions with our KMP and their related parties.

5.2 Employee share plans

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

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

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

Recognition and measurement

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

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

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

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

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

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

5.2 Employee share plans (cont'd)

Key estimates – employee share plans

The fair value shares granted under the long term incentive plans take into account the terms and conditions upon which the long term incentive plans shares were granted. The fair value is estimated as at the date of the grant using a binomial option pricing model for shares subject to an EPS hurdle. For shares subject to a TSR hurdle, a Monte Carlo simulation option pricing model has been used to estimate the fair value. Refer to each long term incentive plans for lists of inputs used in the valuation model.

The recognised expense arising from equity settled share-based payment plans during the period is shown in note 2.3. During the year ended 30 June 2018, the Group had the following share-based payment plans in place:

Long Term Incentive Plan

- FY2018, FY2017 and FY2016 LTI Plan

Performance Rights Plan

- 2018, 2017 and 2016 PRP

Retention Plan (issued under performance rights plan)

- 2018 and 2017 RP

The FY2016 LTI Plan lapsed on 30 June 2018. There have been no cancellations or modifications to any of the plans during the period.

FY2018, FY2017 & FY2016 LTI Plans

Description of Share-Based Payment Plans

The FY2016, FY2017 & FY2018 LTI Plans were established as the long-term incentive component of remuneration in order to assist in the attraction, reward and retention of certain employees. The LTI Plans are designed to link long-term reward with the ongoing creation of shareholder value, through the allocation of LTI Plan Shares which are subject to satisfaction of long-term performance conditions.

The key terms of the LTI Plans are as follows:

- Participants are invited to join, via a loan based share plan. There is no initial cost to the recipient to participate in the LTI Plan, but the loan must be repaid before or at the time of sale of the shares. The value of the loan is set by applying the market value at grant date to the number of units granted. This means the share price must increase over the life of the Plan, and pass the performance tests for there to be any value to the participant between vesting and expiry;
- The LTI Plan Shares are issued to each participant upfront, with the number of LTI Plan Shares determined by dividing the remuneration value by the fair value of the LTI Plan Shares at the time of allocation;
- The LTI Plan Shares will only vest upon satisfaction of conditions set by the Board at the time of the offer;
- If the conditions are met and LTI Plan Shares vest, the loan becomes repayable and participants have up to five years from the date of allocation of the LTI Plan Shares to repay the outstanding balance. The LTI Plan Shares cannot be dealt with (other than to repay the loan) until the loan in respect of the vested LTI Plan Shares is repaid in full;
- Until the LTI Plan Shares vest, the participant is not entitled to exercise any voting rights attached to the LTI Plan Shares. Any dividends paid on the LTI Plan Shares while the loan remains outstanding are applied (on a notional after-tax basis) towards repayment of the loan; and
- In general, if the conditions are not satisfied by the relevant testing date for those conditions, or if the participant ceases employment before the LTI Plan Shares vest, the participant forfeits all interest in the LTI Plan Shares in full satisfaction of the loan.

Cessation of employment

Except where the Board determines otherwise in a specific instance, where a participant ceases employment with iSelect prior to any conditions attaching to LTI Plan Shares issued under the LTI Plan being satisfied, their LTI Plan Shares will be forfeited and surrendered (in full satisfaction of the loan) and the participant will have no further interest in the LTI Plan Shares. However the Board has discretion to approve the reason for a participant ceasing employment before LTI Plan Shares have vested in appropriate circumstances. Such circumstances may include ill health, death, redundancy or other circumstances approved by the Board.

Where the Board has approved the reason for ceasing employment, it has discretion to determine any treatment in respect of the unvested LTI Plan Shares it considers appropriate in the circumstances – for example, that a pro-rata number of LTI Plan Shares are eligible to vest, having regard to time worked during the performance period and the extent the performance condition has been satisfied at the time of cessation.

In relation to vested LTI Plan Shares that remain subject to the loan, the participant will have 12 months (or as otherwise agreed by the Board) from the date of the cessation of their employment to repay the loan. Once the loan is repaid, the participant may deal in the LTI Plan Shares.

For the purposes of Sections 200B and 200E of the Corporations Act, iSelect shareholders have approved the giving of any potential benefits under the LTI Plan provided in connection with any future retirement of a participant who holds a 'managerial or Executive office' such that for the purposes of the provisions, those benefits will not be included in the statutory limit.

Change in control

Unless the Board determines otherwise, all LTI Plan Shares will vest upon a 'change of control', and participants' loans will become repayable (including in respect of any outstanding loan where LTI Plan Shares had already vested prior to the 'change of control'). If the share price has fallen, LTI Plan Shares will be forfeited and surrendered in full satisfaction of the loan.

5.2 Employee share plans (cont'd)

FY2018, FY2017 & FY2016 offer under LTI Plan

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

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

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

Summary of Shares Issued under the FY2018 LTI Plan

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

	2018 NUMBER	2017 NUMBER
Outstanding at the beginning of the period	**-**	**-**
Granted during the period	2,892,301	-
Forfeited during the period	(1,997,301)	-
Exercised during the period	-	-
Outstanding at the end of the period	**895,000**	**-**

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

	GRANT ON 3 JULY 2017	GRANT ON 31 OCTOBER 2017
Five day volume weighted average price (VWAP) as at grant date	$2.00	$1.53
Exercise price (same as underlying share price at grant date)	$2.00	$1.53
Expected life of LTI Plan shares	3 years	3 years
Risk free rate	2.2%	2.2%
Dividend yield	3.0%	3.0%
Expected volatility	35%	35%

Fair value of shares at grant date:

	GRANT ON 3 JULY 2017	GRANT ON 31 OCTOBER 2017
Relative TSR Class	$0.60	$0.40

Summary of Shares Issued under the FY2017 LTI Plan

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

	2018 NUMBER	2017 NUMBER
Outstanding at the beginning of the period	**3,384,696**	**-**
Granted during the period	-	3,384,696
Forfeited during the period	(2,615,890)	-
Exercised during the period	-	-
Outstanding at the end of the period	**768,806**	**3,384,696**

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

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

Fair value of shares at grant date:

	GRANT ON 1 JULY 2016
Relative TSR Class	$0.37

5.2 Employee share plans (cont'd)

Summary of Shares Issued under the FY2016 LTI Plan

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

	2018 NUMBER	2017 NUMBER
Outstanding at the beginning of the period	**1,054,340**	**1,054,340**
Granted during the period	-	-
Forfeited during the period	(1,054,340)	-
Exercised during the period	-	-
Outstanding at the end of the period	-	**1,054,340**

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

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

Fair value of shares at grant date:

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

FY2018, FY2017 & FY2016 Performance Rights Plan

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

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

Offer under Performance Rights Plan

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

Cessation of employment

Except where the Board determines otherwise in a specific instance, where a participant ceases employment with iSelect prior to any conditions attaching to Performance Rights Plan Shares issued under the Performance Rights Plan being satisfied, their Performance Rights will be forfeited and the participant will have no further interest in the Performance Rights. However the Board has discretion to approve the reason for a participant ceasing employment before Performance Rights have vested in appropriate circumstances. Such circumstances may include ill health, death, redundancy or other circumstances approved by the Board.

Where the Board has approved the reason for ceasing employment, it has discretion to determine any treatment in respect of the unvested Performance Rights it considers appropriate in the circumstances – for example, that a pro-rata number of Performance Rights are eligible to vest, having regard to time worked during the performance period and the extent the performance condition has been satisfied at the time of cessation.

For the purposes of Sections 200B and 200E of the Corporations Act, iSelect shareholders have approved the giving of any potential benefits under the Performance Rights Plan provided in connection with any future retirement of a participant who holds a 'managerial or Executive office' such that for the purposes of the provisions, those benefits will not be included in the statutory limit.

Change in control

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

5.2 Employee share plans (cont'd)

Shares issued under the FY2018, FY2017 and FY2016 Performance Rights plans

FY2018 Performance Rights Plan

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

	2018 NUMBER	2017 NUMBER
Outstanding at the beginning of the period	**-**	**-**
Granted during the period	772,303	-
Forfeited during the period	(224,354)	-
Exercised during the period	-	-
Outstanding at the end of the period	**547,949**	**-**

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

	GRANT ON 3 JULY 2017
Five day volume weighted average price (VWAP) as at grant date	$2.00
Expected life of Performance Rights Plan	3 years
Risk free rate	2.2%
Dividend yield	3.0%
Expected volatility	35%

Fair value of shares at grant date:

	GRANT ON 3 JULY 2017
Relative TSR Class	$1.16
Retention Rights Class	$1.79

FY2017 Performance Rights Plan

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

	2018 NUMBER	2017 NUMBER
Outstanding at the beginning of the period	**1,535,043**	**-**
Granted during the period	-	2,167,926
Forfeited during the period	(572,615)	(632,883)
Exercised during the period	-	-
Outstanding at the end of the period	**962,428**	**1,535,043**

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

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

Fair value of shares at grant date:

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

5.2 Employee share plans (cont'd)

FY2016 Performance Rights Plan

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

	2018 NUMBER	2017 NUMBER
Outstanding at the beginning of the period	**392,222**	**551,075**
Granted during the period	-	-
Forfeited during the period	(392,222)	(158,853)
Exercised during the period	-	-
Outstanding at the end of the period	**-**	**392,222**

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

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

Fair value of shares at grant date:

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

2018 Retention Plan (issued under Performance Rights Plan)

The FY2018 Retention Plan was offered to certain senior management during the 2018 financial year. Two tranches were issued with shares vesting on either 30 September 2018 (Tranche 1) or 31 March 2019 (Tranche 2) subject to the individual still being employed with the Group at the time of vesting. There are no performance conditions attached to the Retention Plan.

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

	2018 NUMBER	2017 NUMBER
Outstanding at the beginning of the period	**-**	**-**
Granted during the period	204,325	-
Forfeited during the period	-	-
Exercised during the period	-	-
Outstanding at the end of the period	**204,325**	**-**

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

	GRANT ON 1 MARCH 2018 TRANCHE 1	GRANT ON 1 MARCH 2018 TRANCHE 2
Five day volume weighted average price (VWAP) as at grant date	$1.11	$1.08
Expected life of Performance Rights Plan	6 months	1 year

Fair value of shares at grant date:

	GRANT ON 1 MARCH 2018 TRANCHE 1	GRANT ON 1 MARCH 2018 TRANCHE 2
Retention Rights Class	$1.11	$1.08

5.2 Employee share plans (cont'd)

2017 Retention Plan (issued under Performance Rights Plan)

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

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

	2018 NUMBER	2017 NUMBER
Outstanding at the beginning of the period	**270,413**	**-**
Granted during the period	-	270,413
Forfeited during the period	(101,817)	-
Exercised during the period	(168,596)	-
Outstanding at the end of the period	**-**	**270,413**

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

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

Fair value of shares at grant date:

	GRANT ON 16 SEPTEMBER 2016
Retention Rights Class	$1.18

SECTION 6: OUR INVESTMENTS

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

6.1 Parent entity disclosures

The accounting policies of the parent entity, iSelect Limited, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements except for accounting for investments in subsidiaries which are measured at costs.

	CONSOLIDATED	
	2018 $'000	2017 $'000
Financial Position		
Assets		
Current Assets	7,869	43,637
Non-Current Assets	174,810	166,685
Total Assets	182,679	210,322
Liabilities		
Current Liabilities	93,067	88,493
Total Liabilities	93,067	88,493
Net Assets	**89,612**	**121,829**
Equity		
Contributed Equity	111,066	130,812
Reserves	3,198	3,116
Accumulated Losses	(24,652)	(12,099)
Total Equity	**89,612**	**121,829**
Financial Performance		
Loss of the parent entity	(163)	(518)
Total comprehensive loss of the parent entity	**(163)**	**(518)**

There are no contractual or contingent liabilities of the parent as at reporting date (2017: $nil). iSelect Limited has issued bank guarantees and letters of credit to third parties for various operational purposes. It is not expected these guarantees will be called on. The amount of trading guarantees in place at reporting date is disclosed in note 7.5.

6.2 Subsidiaries

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

		2018	2017
iSelect Health Pty Ltd[2]	Australia	100%	100%
iSelect Life Pty Ltd	Australia	100%	100%
iSelect General Pty Ltd	Australia	100%	100%
iSelect Media Pty Ltd[2]	Australia	100%	100%
iSelect Mortgages Pty Ltd[2]	Australia	100%	100%
Infochoice Pty Ltd	Australia	100%	100%
iSelect Services Pty Ltd[2]	Australia	100%	100%
Tyrian Pty Ltd[2]	Australia	100%	100%
General Brokerage Services Pty Ltd[2]	Australia	100%	100%
Energy Watch Trading Pty Ltd[2]	Australia	100%	100%
Procure Power Pty Ltd[2]	Australia	100%	100%
Energy Watch Services Pty Ltd[2]	Australia	100%	100%
iSelect International Pty Ltd[2]	Australia	100%	100%
Energy Watch Services Limited[1]	New Zealand	-	-
Intelligent Money Sdn Bhd	Malaysia	78.1%	23.8%
iMoney Comparison Sdn Bhd	Malaysia	78.1%	23.8%
iMoney Comparison Singapore Pte Ltd	Singapore	78.1%	23.8%
PT Atur Duit Indonesia	Indonesia	78.1%	23.8%
iMoney Co., Ltd	Thailand	78.1%	23.8%
iMoney Comparison Philippines	Philippines	78.1%	23.8%
iMoney Hong Kong Pte Ltd	Hong Kong	78.1%	23.8%

1 Deregistered on 24 March 2017.

2 A Deed of Cross Guarantee has been entered into by iSelect Limited and these entities. Refer to note 6.5.

6.3 Investment in associated entities

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

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

The iSelect Group has an investment in iMoney, a company incorporated in Malaysia. iMoney is a financial comparison business that caters primarily to the Malaysian market. It lets customers find and compare various financial and consumer products using a complementary model to the iSelect Group. The various acquisitions stages are illustrated below.

10 October 2014

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

19 February 2016

Acquired an additional 85,690 shares for $1.8 million (US $1.3 million) increasing our interest to 23.8%.

1 December 2017

On 1 December 2017, the Group's equity interest in iMoney increased from 23.8% to 74.8% and iMoney became a subsidiary from that date (refer to note 6.4).

The following table analyses, in aggregate, the carrying amount of the share of loss of this investment. The information for 2017 presented in the table includes the results of iMoney for the period from 1 July 2016 to 30 June 2017. The information for 2018 includes the results of iMoney only from 1 July 2017 to 1 December 2017.

	CONSOLIDATED	
	2018 $'000	2017 $'000
Carrying amount of interest in associates	**-**	**4,852**
As represented by:		
Balance at beginning of year	4,852	5,293
Share of:		
Loss from continuing operations	(403)	(441)
Fair value gain on revaluation of equity interest	188	-
Disposal of previously held equity interest	(4,637)	-
Balance at the end of year	**-**	**4,852**

Recognition and measurement

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

The consolidated statement of profit or loss and other comprehensive income (OCI) reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate. The financial statements of the associate is prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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

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

6.4 Business combination

Acquisition of iMoney Group

On 1 December 2017, the Group acquired a further 51.0% of the shares and voting interest in Intelligent Money Sdn. Bhd ('iMoney'). As a result, the Group's equity interest in iMoney increased from 23.8% to 74.8%, obtaining control of iMoney. iMoney operates in South-East Asia's high-growth markets underpinned by attractive structural trends. It is the largest regional consumer product comparison site in South-East Asia and is aligned with the Group's core product and service competencies. With a majority holding in iMoney, the Group will have greater influence over iMoney's growth strategy. The iMoney business is classified as part of 'Other' within the segment reporting and represents the geographical location of Asia.

In the seven months to 30 June 2018, iMoney contributed revenue of $2,155,000 and loss of $1,317,000 to the Group's results. If the acquisition had occurred on 1 July 2017, management estimates that consolidated revenue would have been $3,601,000, and consolidated loss for the period would have been $2,956,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 July 2017.

In June 2018, the valuation was completed and the acquisition date fair value of the shareholder loans decreased by $990,000 to $155,000 and brand names decreased by $2,482,000 to $4,965,000 over the provisional value at half year ended 31 December 2017. As a result, there was an increase in the non-controlling interest of $376,000 and a corresponding increase in goodwill of $2,106,000, resulting in $9,105,000 of total goodwill arising on the acquisition.

Acquisition-related costs

The Group incurred acquisition-related costs of $581,000 relating to external legal fees and due diligence costs. These costs have been included in "administration expenses" in the consolidated statement of profit or loss and other comprehensive income.

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	$'000
Total cash consideration transferred	9,928
NCI, based on their proportionate interest in the recognised amounts of the asset and liabilities of iMoney	2,175
Settlement of existing loan	990
Fair value of existing interest in iMoney	4,642
Fair value of identifiable net assets	(8,630)
Goodwill	**9,105**

The re-measurement to fair value the Group's existing 23.8% interest in iMoney resulted in a gain of $188,000. This amount has been included in "other income" in the consolidated statement of profit or loss and other comprehensive income.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	$'000
Cash	700
Accounts receivable	726
Deposits and prepayments	149
Property, plant and equipment	90
Software	1,078
Brand Names	4,965
Trademarks & Domain Name	13
Net deferred Taxes	1,777
Trade and other payables	(700)
Accrued income	(13)
Shareholder loans	(155)
Total identifiable net assets acquired	**8,630**

Fair value of assets

The following fair values categorised as Level 3 of the fair value measurements hierarchy have been determined by management:

- Brand names – $4,965,000

  The income approach ("relief from royalty methodology") was adopted to fair value brand names, based on historical and current expected income levels reflective of the sustainable/recurring level of income, a post-tax discount rate of 10%, royalty rate of 4%, growth rates of 3% and FX translation rate at 3.09 MYR/AUD.

- Software – $1,078,000

  To arrive at a fair value, a cost-to-replicate methodology was adopted involving management's best estimate based on past experience and similar software developed. The useful life of the software is 4 years.

Acquisition of additional interest

On 26 March 2018, the Group acquired an additional 3.3% interest in the voting shares of iMoney, increasing its ownership interest to 78.1% for cash consideration of $2,174,000 (US $1,700,000) and debt to equity conversion of $1,755,000 (US $1,300,000).

6.4 Business combination (cont'd)

Recognition and measurement

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

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

6.5 Deed of cross guarantee

Pursuant to the iSelect Deed of Cross Guarantee ("the Deed") and in accordance with ASIC Class Order 98/1418, the subsidiaries identified with a '2' in note 6.2 are relieved from the requirements of the Corporations Act 2001 relating to the preparation, audit and lodgment of their financial reports.

iSelect Limited and the subsidiaries identified with a '2' in note 6.2 together are referred to as the "Closed Group". The Closed Group, with the exception of General Brokerage Services Pty Ltd, Energy Watch Trading Pty Ltd, Procure Power Pty Ltd, Energy Watch Services Pty Ltd and iSelect International Pty Ltd entered into the Deed on 26 June 2013.

General Brokerage Services Pty Ltd, Energy Watch Trading Pty Ltd, Procure Power Pty Ltd and Energy Watch Services Pty Ltd entered into the Deed on 1 July 2014, the date they were acquired as part of the Energy Watch Group acquisition. iSelect International entered the Deed on 8 September 2014. The effect of the Deed is that iSelect Limited guarantees to each creditor payment in full of any debt in the event of winding up any of the entities in the Closed Group.

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

	CONSOLIDATED	
	2018 $'000	2017 $'000
Consolidated income statement		
Loss from continuing operations before income tax	(20,364)	(4,220)
Income tax benefit	6,536	895
Net loss for the year	**(13,828)**	**(3,325)**
Retained earnings at the beginning of the period	39,758	50,143
Net loss for the year	(13,828)	(3,325)
Dividends paid	(12,390)	(7,060)
Retained earnings at the end of the year	**13,540**	**39,758**

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

	CONSOLIDATED	
	2018 $'000	2017 $'000
Assets		
Current assets		
Cash and cash equivalents	17,715	69,811
Trade and other receivables	25,499	30,658
Trail commission receivable	17,031	13,512
Income tax receivable	3,006	1,840
Other assets	7,353	3,978
Total current assets	70,604	119,799
Non-current assets		
Investments	66,918	53,270
Trail commission receivable	56,535	54,140
Property, plant and equipment	3,146	5,986
Goodwill and other intangbile assets	27,497	23,593
Total non-current assets	154,096	136,989
Total assets	**224,700**	**256,788**
Liabilities		
Current liabilities		
Trade and other payables	73,025	57,588
Provisions	5,464	6,995
Total current liabilities	78,489	64,583
Non-current liabilities		
Provisions	1,249	1,404
Net deferred tax liabilities	17,158	17,115
Total non-current liabilities	18,407	18,519
Total liabilities	**96,896**	**83,102**
Net Assets	**127,804**	**173,686**
Equity		
Contributed equity	111,066	130,812
Reserves	3,198	3,116
Retained earnings	13,540	39,758
Total Equity	**127,804**	**173,686**

SECTION 7: OTHER INFORMATION

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

7.1 Other accounting policies

Changes in accounting policies

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

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

Application Date of Standard: 1 January 2017

Application Date for the Group: 1 July 2017

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

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

Application Date of Standard: 1 January 2017

Application Date for the Group: 1 July 2017

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

New accounting standards to be applied in future reporting periods

AASB 9 - Financial Instruments

In December 2014, the AASB issued the final version of AASB 9 Financial Instruments that replaces AASB 139 Financial Instruments: Recognition and Measurement and all previous versions of AASB 9. AASB 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. AASB 9 is effective for annual periods beginning on or after 1 January 2018 (application date for the Group: 1 July 2018), with early application permitted.

The Group plans to adopt the new standard on the required effective date and will not restate comparative information. During 2018, the Group has performed a detailed impact assessment of all aspects of AASB 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in financial year 2019 when the Group will adopt AASB 9. Overall, the Group expects no significant impact on its statement of financial position and equity due to the nature of financial instruments held by the Group.

Classification and measurement

The Group does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of AASB 9. Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under AASB 9. Therefore, reclassification for these instruments is not required.

Impairment

AASB 9 requires the Group to record expected credit losses on all of its loans and trade receivables, either on a 12-month or lifetime basis. The Group will apply the simplified approach and record lifetime expected losses on all trade receivables.

AASB 15 - Revenue from Contracts with Customers

AASB 15, issued in December 2014 and amended in May 2016, establishes a five-step model to account for revenue arising from contracts with customers. Under AASB 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under Australian Accounting Standards.

The Group will be adopting the new standard on 1 July 2018 using the full retrospective transition method. Accordingly, the FY18 comparative period included in the FY19 financial statements will be restated, and retained earnings will be adjusted as of 1 July 2017. The Group will not apply any of the practical expedients for completed contracts and contract modifications.

The Group has substantially completed its analysis and impact assessment of the new revenue standard against the existing accounting policies and practices as disclosed in note 2.2 of the financial statements. Key revenue streams impacted are detailed below:

Trail commission revenue

The method of revenue recognition (and valuation) of trail commission receivable requires the Directors and management to make certain estimates and assumptions based on industry data and the historical experience of the Group.

In undertaking this responsibility, the Group engages Deloitte Actuaries and Consultants Limited, a firm of consulting actuaries, to assist in reviewing the accuracy of assumptions for health, mortgages and life trail revenue. These estimates and assumptions include, but are not limited to: termination or lapse rates, mortality rates, inflation, risk free and other discount rates, counter party credit risk, forecast fund

7.1 Other accounting policies (cont'd)

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

AASB 15 - Revenue from Contracts with Customers (cont'd)

premium increases and the estimated impact of known Australian Federal and State Government policies. These factors are all considered to be variable considerations under the new standard.

AASB 15 requires the Group to constrain these variable considerations to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. In determining the extent of constraint necessary to ensure to a high probability that a significant reversal of revenue will not occur, the group has performed a detailed assessment of the accuracy of previously forecast assumptions against historical results. This assessment has resulted in an additional level of conservatism being applied to lapse rates and pricing increase assumptions. This results in a decrease in the value of the asset.

The application of the additional level of conservatism will also impact the future recognition of trail commission revenue and subsequent measurement of the trail commission asset.

Contracts containing trail commissions have been deemed to be "contract assets" under AASB15. Therefore the Group will continue to measure the trail revenue asset at amortised cost, with no change being applied to the current discount rates.

Advertising and subscription fees

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

Under AASB 15, the Group is required to allocate the transaction price to each key performance obligation. Several of the Group's contracts contain annual subscription periods that are not in line with its financial reporting period, whilst performance obligations may be satisfied at different points in time over the course of a year. As a result, the Group will now be required to defer parts on the non-refundable revenue across multiple periods until the performance obligation has been satisfied.

The Group has determined the remaining revenue streams to either be immaterially impacted by AASB 15 or the nature of the revenue stream does not give rise to AASB 15 sensitivity.

Expected Financial Impact

On adoption of the new standard, we expect the following adjustments to be made:

- $11.1m decrease in opening retained earnings with corresponding adjustments against relevant line items in the statement of financial position, i.e. Trail Commission Receivable and Deferred Tax Liability
- $3.0m decrease in total income for the year ended 30 June 2018.

The actual impacts may differ from the estimates above when adopting the standard as of 1 July 2018. The practical implementation on the Group's accounting policies relating to AASB 15 are subject to change until the Group presents its first financial statements that are include the date of initial application.

AASB 15 will not impact the overall profitability or cash flows arising over the lifetime of its contracts; however it will impact the phasing of earnings over the lifetime of certain contracts.

Principal versus agent considerations

The Group's referral businesses, which makes up the majority of total revenue, is based on iSelect being fully responsible for referring out consumers to the customers and wears credit risks associated with consumers cancelling their product. The Group is paid a commission for the service but given the performance obligation sits fully with the Group, no other parties are involved with the referrals. Consequently the Group is deemed a principal in the contract.

Presentation and disclosure requirements

The presentation and disclosure requirements in AASB 15 are more detailed than under current Australian Accounting Standards. The presentation requirements represent a significant change from current practice and significantly increases the volume of disclosures required in the Group's financial statements. Many of the disclosure requirements in AASB 15 are new and the Group has assessed that the impact of some of these disclosures requirements will be significant. In particular, the Group expects that the notes to the financial statements will be expanded because of the disclosure of significant judgements made: when determining the transaction price of those contracts that include variable consideration, how the transaction price has been allocated to the performance obligations, and the assumptions made to estimate the stand-alone selling prices of each performance obligation. In addition, as required by AASB 15, the Group will disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. It will also disclose information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment. In 2018 the Group continued testing of appropriate systems, internal controls, policies and procedures necessary to collect and disclose the required information.

Other adjustments

In addition to the major adjustments described above, on adoption of AASB 15, other items of the primary financial statements such as deferred taxes, as well as share of profit of an associate and a joint venture, will be affected and adjusted as necessary. Furthermore, exchange differences on translation of foreign operations would also be adjusted.

The recognition and measurement requirements in AASB 15 are also applicable for recognition and measurement of any gains or losses on disposal of non-financial assets (such as items of property and equipment and intangible assets), when that disposal is not in the ordinary course of business. However, on transition, the effect of these changes is not expected to be material for the Group.

7.1 Other accounting policies (cont'd)

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

AASB 16 - Leases

AASB 16 was issued in February 2016 and it replaces AASB 117 Leases, Interpretation 4 Determining whether an Arrangement contains a Lease, Interpretation 115 Operating Leases-Incentives and Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

AASB 16 is effective for annual periods beginning on or after 1 January 2019 (application date for the Group: 1 July 2019). Early application is permitted, but not before an entity applies AASB 15.

The Group plans to early adopt the new standard on 1 July 2018 using the full retrospective approach. Under the full retrospective approach, the Group applies the standard retrospectively in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Error.

During 2018, the Group performed a detailed assessment of AASB 16.

Right-of-use assets

The Group currently has a number of operating lease agreements in place for office premises and equipment which will be recognised as right-of-use assets. Measurement of right-of-use assets and corresponding lease liabilities will be based on historical information about lease payments and discount rates and revaluation is required on a reassessment or modification of the lease.

On transition to AASB 16, the Group expects to recognise on 30 June 2018 right-of-use asset in the amount of $5,235,000 (1 July 2017: $7,509,000) and lease liabilities in the amount of $7,344,000 (1 July 2017: $9,804,000).

Presentation and disclosure requirements

The presentation and disclosure requirements in AASB 16 are more detailed than under current Australian Accounting Standards. The presentation requirements represent a significant change from current practice and significantly increases the volume of disclosures required in the Group's financial statements. Under the full retrospective approach, the Group is required to comply with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors and restate the 30 June 2018 results and balances. The Group is also required to disclose in the notes to the financial statements adjustments to each line item affected and present two comparative columns in the statement of financial positions showing restated balance at 1 July 2017 and 1 July 2018.

Other adjustments

In addition to the major adjustments described above, on adoption of AASB 16, other items of the primary financial statements such as deferred taxes, as well as share of profit of an associate and a joint venture, will be affected and adjusted as necessary. Furthermore, exchange differences on translation of foreign operations would also be adjusted.

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

The AASB issued amendments to AASB 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2018 (application date for the Group: 1 July 2018), with early application permitted. The Group is assessing the potential effect of the amendments on its consolidated financial statements.

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of AASB 112 and does not apply to taxes or levies outside the scope of AASB 112, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately;
- The assumptions an entity makes about the examination of tax treatments by taxation authorities;
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- How an entity considers changes in facts and circumstances.

7.1 Other accounting policies (cont'd)

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

AASB Interpretation 23 Uncertainty over Income Tax Treatment

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019 (application date for the Group: 1 July 2019), but certain transition reliefs are available. The Group will apply interpretation from its effective date. Since the Group operates in a complex multinational tax environment, applying the Interpretation may affect its consolidated financial statements and the required disclosures. In addition, the Group may need to establish processes and procedures to obtain information that is necessary to apply the Interpretation on a timely basis.

7.2 Related party transactions

Transactions and their terms and conditions with other related parties

Precision Group of Companies Pty Ltd and its related entities ("Precision Group") are considered to be related parties of the Group. This is due to Precision Group being under significant influence of Mr Shaun Bonett, a Non-Executive director of the Group. The Group has a five year leasing agreement with Precision Group to lease commercial space at four shopping centres. The Group paid Precision Group $247,549 (30 June 2017: nil) for lease of office space and outgoings at Adelaide Central Plaza, Chevron Renaissance, MacArthur Central and Pran Central. $350,000 was received from Precision Group for the period ended 30 June 2018 (30 June 2017: nil) in relation to fit out contributions under the lease agreement. Lease commitment as at 30 June 2018 is $1,340,436 (30 June 2017: nil). Mr Bonett was not present during any discussions relating to potential venues and the terms and conditions of the lease agreements.

Prezzee Pty Ltd is considered to be a related party of the Group. This is due to Precision Group's significant influence over Prezzee Pty Ltd through its investment in the company. The Group paid Prezzee Pty Ltd $802,996 (30 June 2017: nil) in relation to digital gift cards for customer and staff incentives. The amount payable as at 30 June 2018 was $59,200 (30 June 2017: nil). Mr Bonett is not an Officer or Director of Prezzee Pty Ltd.

Unsecured interest-free loans advanced to iMoney by its shareholders of $158,000 was repaid in full during the financial year. No interest is payable by iMoney.

7.3 Auditor's remuneration

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

	CONSOLIDATED	
	2018 $	2017 $
Ernst & Young		
Audit and review of financial statements	375,000	298,000
Other assurance services		
Regulatory compliance	37,000	36,000
Total remuneration of Ernst & Young	**412,000**	**334,000**

7.4 Events after the reporting 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 Group, the results of those operations, or the state of affairs of the Group in future financial years.

7.5 Commitments and contingencies

	CONSOLIDATED	
	2018 $'000	2017 $'000
Commitments		
Non-cancellable operating lease commitments		
Not later than 1 year	3,116	3,063
Later than 1 year and not later than 5 years	6,556	8,287
Later than 5 years	-	-
Total	**9,672**	**11,350**

The Group has entered into operating leases on office premises with lease terms between 4 to 10 years. The Group has the option to lease the premises for additional terms of 1 to 10 years.

7.5 Commitments and contingencies (cont'd)

Bank guarantees

	CONSOLIDATED	
	2018 $'000	2017 $'000
Trading guarantees	1,929	2,089

The Group has issued a number of bank guarantees and letters of credit for various operational purposes. It is not expected that these guarantees will be called upon. $1,838,000 of the trading guarantees are issued in the name of iSelect Limited and the remaining $91,000 are issued in the name of iSelect Services Pty Ltd.

Other

Life insurance policies

On 24 October 2011, iSelect Life Pty Ltd reported to the Australian Securities and Investment Commission a breach in relation to its Australian financial services license relating to life insurance policies sold between April 2009 and March 2011. As a result of this breach, an internal review of all life insurance policies sold during that period was undertaken. The review and remediation work commenced in October 2011. As at 30 June 2018, 100% (30 June 2017: 100%) of the initial 5,095 policies had been reviewed by iSelect with only 557 (30 June 2017: 599) policies in relation to one provider still subject to final remediation.

The amount, if any, of liability associated with those policies yet to be remediated cannot be reliably determined at this time, and accordingly no amounts have been recorded in the consolidated financial statements for the year ended 30 June 2018 (30 June 2017: nil).

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

Directors' Declaration

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

1. In the opinion of the Directors:
    a. the consolidated financial statements and notes that are set out on pages 56 to 100 and the Directors' report, are in accordance with the Corporations Act 2001, including:
        i. giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance, for the financial year ended on that date; and
        ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and
        iii. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

4. There are reasonable grounds to believe that the Company and the Group entities identified in note 6.2 will be able to meet any obligations or liabilities;
5. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and the Chief Financial Officer for the financial year ended 30 June 2018;
6. The Directors draw attention to note 1.1 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards; and
7. As at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 6.5 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

On behalf of the Directors

Chris Knoblanche AM
Director

Melbourne,
14 August 2018

Melanie Wilson
Director

Melbourne,
14 August 2018

Independent Auditor's Report

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Independent Auditor's Report to the Members of iSelect Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of iSelect Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

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

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2018 and of its financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

Key Audit Matters

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

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

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Measurement of trail commission receivable and associated trail commission revenue

Why significant	How our audit addressed the key audit matter
The group recognises trail commission revenue at the point of sale. This is based on its assessment of the likelihood of referred sales resulting in future cash receipts, considering no further activity is required by the Group to earn the commission revenue, other than the passage of time. The valuation of trail commission receivable, and related revenue, is complex and involves a number of assumptions. Due to this complexity, the Group has engaged an external firm of consulting actuaries to assist in the valuation process, as outlined in Note 3.4. This is a key audit matter due to the divergence of timing between revenue recognition and cash receipts, and the complexity of the trail commission receivable calculation. The accounting policy for the trail commission receivable and key assumptions used in the trail commission valuation are disclosed in Note 3.4. The sensitivity of the valuation to changes in key assumptions are disclosed in Note 4.4.	We assessed the Group's revenue recognition policies and procedures against the contractual terms and conditions of its product providers and applicable Australian Accounting Standards. In conjunction with our actuarial specialists, we tested the trail commission receivable valuation model and the reasonableness of key assumptions. In doing so, we: ► Established whether the external firm of consulting actuaries were appropriately qualified and independent; ► Tested the accuracy of the data used by the external firm; ► Assessed the assumptions and data used, and the results of the actuarial work; and ► Tested the reconciliation of the actuarial valuation to the final balances recorded in the financial report. We also assessed the adequacy of disclosures relating to the valuation of the trail commission receivable.

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Impairment assessment of goodwill

Why significant	How our audit addressed the key audit matter
Goodwill has been recognised as a result of the Group previous acquisitions. It represents the excess of the purchase price over the fair value of assets acquired, and has been allocated across seven Cash Generating Units (CGUs), as outlined in Note 3.2 The Group performs an annual impairment assessment, or more frequently if there is an indication that goodwill may be impaired. It involves a comparison of the carrying value of each CGUs with its recoverable amount. As a consequence of the Group's impairment assessment and outlined in Note 3.2, an impairment charge of $9.8 million has been recognised in respect of goodwill in the Money CGU. The annual goodwill impairment assessment of the Group's CGUs was a key audit matter due to the degree of judgment and estimation uncertainty associated with: ▶ Designation of CGUs and allocation of goodwill between CGUs; and ▶ The calculation of the recoverable amount of each CGU. Further details on the methodology and assumptions used in the impairment assessment of goodwill are included in Note 3.2.	Our consideration of the impairment assessment of each CGU required valuation expertise to assist in the assessment of the underlying impairment models and assumptions. Accordingly, we involved our valuation specialists to test the mathematical accuracy of the impairment models and the reasonableness of key assumptions. The nature, timing and extent of our procedures was based on the relative risk of each CGU. More extensive procedures were performed on the Home Loans CGU and the Money CGU, which were identified as being more susceptible to an impairment loss, should adverse changes in key assumptions occur. Our audit procedures included the following: ▶ Obtained an understanding of the process and controls that exist over the Group's impairment assessment. ▶ Tested that the forecast cash flows were consistent with the most recent approved cash flow forecasts. ▶ Assessed the appropriateness of key assumptions, such as the discount rates and long-term growth rates, including testing management's sensitivity analyses around these key assumptions. ▶ Assessed the accuracy of the Group's previous forecasts by performing a comparison of historical forecasts to actual results. We also assessed the adequacy of the disclosures associated with the goodwill impairment assessment.

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Capitalised development costs

Why significant	How our audit addressed the key audit matter
The Group has incurred costs in relation to the development of IT architecture, software and other IT activities. A portion of these costs have been identified by the Group as relating to the development of an intangible asset that will provide future economic benefit. The Group has implemented a process to identify and measure these costs, which are capitalised on the statement of financial position. This also includes an assessment of the future economic benefit that is anticipated from these assets. This was a key audit matter due to: ▶ the significant judgment required to determine the eligibility of costs to be capitalised; and ▶ the degree of estimation uncertainty associated with the Group's assessment of future economic benefit. Further details of capitalised development costs are included in Note 3.2 to the financial report.	Our audit procedures included the following: ▶ Considered the Group's capitalisation policy and its compliance with Australian Accounting Standards. ▶ Obtained an understanding of iSelect's IT projects and the nature of the development costs involved. ▶ Assessed the eligibility of costs to be capitalised in accordance with Australian Accounting Standards, and whether previously capitalised costs remain eligible, based on the status of underlying projects. ▶ Tested the quantum of a sample of capitalised development costs to supporting documentation. ▶ Evaluated the assumptions and methodologies used to test the impairment of capitalised development costs, including estimates of future economic benefit. We assessed the adequacy of the disclosures associated with capitalised development costs.

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

The directors are responsible for the other information. The other information comprises the information included in the Company's 2018 Annual Report, but does not include the financial report and our auditor's report thereon.

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

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

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

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Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company or the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 33 to 54 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of iSelect Limited for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001.*

Responsibilities

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

Ernst & Young

T J Coyne
Partner
Melbourne
14 August 2018

ASX Additional Information

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as of 31 July 2018.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF HOLDING	FULLY PAID ORDINARY SHARES NUMBER OF SHARES^
1 – 1,000	133,108
1,001 – 5,000	1,260,019
5,001 – 10,000	1,731,820
10,001 – 100,000	10,377,929
100,001 and over	204,974,521

^ The total number of shares on issue as at 30 June 2018 was 217,596,301 and 31 July 2018 was 218,477,397.

MARKETABLE PARCEL

The number of holders holding parcels of less than $500 was 165 as at 31 July 2018.

SHARE SUBJECT TO VOLUNTARY ESCROW

As at 31 July 2018, there are no shares subject to voluntary escrow.

SUBSTANTIAL SHAREHOLDERS AS AT 31 JULY 2018

NAME	NUMBER OF ORDINARY SHARES HELD	% OF VOTING RIGHTS
BHL Management Services Limited	42,890,788	19.63
Forager Funds Management	19,021,403	8.71
Quest Asset Partners	14,615,978	6.69
Adam Smith Asset Management	13,368,461	6.12
Renaissance Asset Management	12,906,925	5.91
Microequities Asset Management	11,185,503	5.12

TWENTY LARGEST SHAREHOLDERS

The twenty largest shareholders of fully paid ordinary shares as at 31 July 2018 were:

NAME	NUMBER OF ORDINARY SHARES HELD	% OF ISSUED CAPITAL
J P Morgan Nominees Australia Limited	59,084,626	27.04
Innovation Holdings Australia Pty Ltd	31,581,061	14.46
HSBC Custody Nominees (Australia) Limited	27,743,651	12.70
Bnp Paribas Nominees Pty Ltd <Agency Lending Drp A/C>	15,246,164	6.98
Buttonwood Nominees Pty Ltd	10,569,319	4.84
Citicorp Nominees Pty Limited	7,488,604	3.43
Innovation Holdings Australia Pty Ltd	5,846,579	2.68
National Nominees Limited	5,827,594	2.67
Innovation Holdings Australia Pty Ltd	5,048,310	2.31
BNP Paribas Noms Pty Ltd <Drp>	2,825,627	1.29
Bond Street Custodians Limited <Forager Wholesale Value Fd>	2,524,203	1.16
Precision Management Corporation Pty Ltd	2,500,000	1.14
George Tauber Management Pty Ltd	2,000,000	0.92
Brispot Nominees Pty Ltd <House Head Nominee A/C>	1,967,612	0.90
Dissa Investments Pty Ltd	1,853,336	0.85
UBS Nominees Pty Ltd	1,385,696	0.63
Narlack Pty Ltd <Piperoglou Pension A/C>	1,004,240	0.46
J K M Securities Pty Limited <LJK Noms P/L Pen Fund A/C>	1,000,000	0.46
Lambrook Pty Ltd <Raymonde S/F A/C>	1,000,000	0.46
Mr Gary Hendler	986,008	0.45

The percentage holding of the 20 largest shareholders of iSelect Ltd fully-paid ordinary shares was 85.83 %.

Reported vs Underlying Results

	REPORTED	ADJUSTMENTS						UNDERLYING
	FY18 $'000	CONNECTED HOME	IMONEY PERFORMANCE	IMONEY ACQUISITION & INTEGRATION	IMPAIRMENT OF MONEY CGU	CORPORATE RESTRUCTURE	CEO EXIT COSTS	FY18 $'000
EBITDA	(5,462)	1,731	1,292	614	16,902	508	154	15,739
Depreciation and amortisation	(7,076)	87	190	-	-	-	-	(6,799)
Loss from associates	(403)	-	-	-	-	-	-	(403)
EBIT	(12,941)	1,818	1,482	614	16,902	508	154	8,537
Net finance income	371	-	(4)	-	-	-	-	367
Profit/(loss) before income tax expense	(12,570)	1,818	1,478	614	16,902	508	154	8,904
Income tax expense	(943)	(547)	(161)	(128)	(195)	(152)	(46)	(2,172)
Profit for the period	(13,513)	1,271	1,317	486	16,707	356	108	6,732
EPS	(6.0)	0.6	0.6	0.2	7.6	0.1	-	3.1

Corporate Directory

ABN 48 124 302 932

DIRECTORS

Chris Knoblanche

Brodie Arnhold

Shaun Bonett

Bridget Fair

Melanie Wilson

INTERIM CHIEF EXECUTIVE OFFICER

Brodie Arnhold

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

iSelect

www.iselect.com.au