APPENDIX 4E

For the year ended 30 June 2016

iSelect Limited

ABN 48 124 302 932

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue and Net Profit

		30 June 2016 $'000	*% change from year ended 30 June 2015*	*30 June 2015 $'000*
Revenue from ordinary activities	up	171,865	+9%	157,214
Profit from ordinary activities after tax	up	12,905	+34%	9,638

Dividend Information

	Amount per security	*Franked amount per security*
Final dividend (cents)*	1.5	1.5
Interim dividend (cents)	1.0	1.0
Total dividends per share for the year	2.5	2.5

*Record date for determining the entitlements to the final dividend is 6 September 2016

Net Tangible Assets Per Security

	30 June 2015 $	*30 June 2014 $*
Net tangible assets per security	0.79	0.77

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

Other information requiring disclosure to comply with listing rule 4.3A is contained in, and should be read in conjunction with, the notes to the Financial Statements and the Directors' Report for the year ended 30 June 2016.

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

iSelect Limited

ABN 48 124 302 932

Financial Report

For the Year Ended 30 June 2016

always get it right

Financial Report
For the Year Ended
30 June 2016

Corporate Information

ABN 48 124 302 932

Directors
Chris Knoblanche
Brodie Arnhold
Shaun Bonètt
Bridget Fair
Damien Waller
Melanie Wilson

Chief Executive Officer
Scott Wilson

Company Secretary
David Christie

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

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

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

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

Solicitors
Clayton Utz
18/333 Collins Street
Melbourne Victoria 3000
Australia

Bankers
Commonwealth Bank of Australia
385 Bourke Street
Melbourne Victoria 3000
Australia

Auditors
Ernst & Young
8 Exhibition Street
Melbourne Victoria 3000
Australia

Directors' Report

The Directors present their report with the consolidated financial statements of the Group comprising iSelect Limited and its subsidiaries for the financial year ended 30 June 2016 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 – appointed 1 July 2015
Brodie Arnhold	Non-Executive Director
Shaun Bonètt	Non-Executive Director
Bridget Fair	Non-Executive Director
Alex Stevens	Managing Director – ceased effective 12 October 2015
Damien Waller	Non-Executive Director
Leslie Webb	Non-Executive Director – ceased effective 28 August 2015
Melanie Wilson	Non-Executive Director – appointed 1 April 2016

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

Company Secretary

David Christie

Principal Activities

The principal activities during the financial 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.

Operating and Financial Review[1]

Group Financial Performance and Reported Results

Summary Financial Reported Results

	FY16 $000	FY15 $000	Change %
Operating revenue	**171,865**	157,214	9%
Gross profit	**58,477**	66,286	(12%)
EBITDA	**21,495**	18,591	16%
EBIT	**15,034**	12,263	23%
NPAT	**12,905**	9,638	34%
EPS (cents)	**5.1**	3.7	38%
Normalised EBITDA	**23,372**	31,143	(25%)
Normalised EBIT	**16,911**	24,815	(32%)
Normalised NPAT	**14,219**	21,420	(34%)

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

Operating and Financial Review (continued)

Group Financial Performance and Reported Results (continued)

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

Normalised operating revenue in financial year 2016 was the same as reported operating revenue at $171,865,000 and was up 9% on the prior year. Normalised EBITDA was $23,372,000, down 25%. Normalised EBIT was $16,911,000, down 32%. Normalised NPAT was $14,219,000 down 34% and has been shown for the purposes of the guidance released to the Australian Stock Exchange in January 2016, which had a normalised EBIT range between $15,000,000 and $18,000,000. Refer to Note 6 "Other Items included in the Income Statement" for normalised expenses.

Reported results for the year have been normalised for the impact of the costs incurred for the Group restructure and exit of the Group's, former Chief Executive Officer. For comparative purposes, reported earnings for financial year 2015 have been normalised for the impact of the NIA loan receivable impairment and associated one-off costs, costs incurred in relation to the acquisition and integration of the Energy Watch business, as well as for costs incurred in relation to the resignation of the Executive Chairman, and search for a Non-executive Chairman.

The commentary that follows considers the results for financial year 2016 compared with financial year 2015 on a reported basis.

Reported operating revenue in financial year 2016 was $171,865,000, up 9% on the prior year. Reported EBITDA was $21,495,000, up 16%. Reported EBIT was $15,034,000, up 23%. Reported net profit after tax (NPAT) was $12,905,000, up 34%.

The Group recorded solid year-on-year revenue growth particularly in its newer businesses. As noted above, operating revenue was up 9% on the prior year. Leads grew solidly compared to the prior year as a result of the significant marketing investment and brand relaunch driven predominantly by the Energy and Telecommunications segment. Conversion continued to improve on the prior year as a result of the improved continuation rates, the improved operational disciplines, and the continued roll out of the iConnect platform across various segments. Overall sales volumes increased 10% on the prior year driven by significant growth in both the Life and General and Energy and Telecommunications segments. Revenue per sale at Group level increased, despite being impacted by mix of business towards those with lower commissions. This was predominantly driven by improvements in both the Health and Energy and Telecommunications segment RPS.

Gross profit for the financial year 2016 was $58,477,000, down 12% on the prior year gross profit of $66,286,000. Gross profit margin decreased to 34% of operating revenue from 42% in the prior year reflecting the mix of business towards those with lower margins. The decline in gross profit was a result of both increases in direct staffing costs and deterioration of sales conversion in the first half primarily in the Health segment. In addition, direct marketing expenditure increased, particularly in the Energy and Telecommunications segment to support expected future growth.

Despite the poor first half result, as a result of the investments made in restructuring the business, the second half gross profit experienced a 5% growth on the prior year. Gross profit for the second half was $41,946,000 compared to $39,929,000 in the prior year.

Operating expenses totalled $37,227,000 and represented 22% of operating revenue. Operating expenses were down from the prior year by 22% or $10,677,000, predominantly as a result of the NIA impairment, Energy Watch acquisition and Executive chairman and replacement costs of $12,552,000. On a normalised basis, operating expenses were in line with prior year despite the 9% growth in revenue, and the poor first half performance.

Depreciation and amortisation was $5,723,000, a decrease of 5% on the prior year (2015: $6,015,000).

Net finance income for financial year 2016 was $2,079,000 compared with $5,768,000 in financial year 2015. This decrease reflects interest being earned on the Group's loan to NIA Health Pty Ltd in prior year.

A loss from associates of $738,000 (2015: $313,000) was recorded in relation to the Group's investment in iMoney.

Operating and Financial Review (continued)

Key Operating Metrics

Leads

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

Leads for the Money business unit are sourced via the Infochoice website, which operates under a lead generation model providing a low cost source of leads. On this basis, a lead for the Money business unit is considered a visit to its website.

Conversion Ratio

Once a lead is generated, iSelect provides purchase advice and information to the consumer either via its websites or its Business Development Centre. If that purchase advice results in a referral to a product provider and a sale is completed, then the lead is considered to have been converted. The conversion ratio is used to measure the efficiency in turning leads into sales. An increase in the conversion ratio increases iSelect's earnings without the need for additional marketing spend. During financial year 2016, iSelect has leveraged efficiencies from its existing resources to achieve a greater number of sales from the same lead pool.

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

Revenue Per Sale

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

Consolidated Key Operating Metrics

	FY12	FY13	FY14	FY15	FY16
Gross Consolidated (excluding Money)					
Leads (000s)	2,945	3,317	3,801	3,750	**4,016**
Conversion ratio (%)[1]	5.9%	6.7%	6.6%	9.7%	**9.9%**
Average RPS ($)[2]	590	515	549	457	**466**
Leads growth	54%	13%	15%	(1%)	**7%**
Sales unit growth	75%	28%	13%	45%	**10%**
Money					
Leads (000s)	874	1,693	1,962	2,254	**1,900**
Average revenue per click-through ($)[3]	3	3	6	7	**7**
Leads growth/(decline)	n.m.	94%	16%	15%	**(16%)**

[1] Conversion ratio is calculated as the number of gross sales units divided by leads (i.e. the average percentage of leads that are converted into sales).
[2] Average RPS is calculated as gross revenue divided by the number of gross sales units.
[3] Average revenue per click-through for the Money business has been re-stated historically to better reflect the key drivers of the part of the business that relies on leads and click throughs for the generation of revenue.
n.m. = not meaningful

Operating and Financial Review (continued)

Key Operating Metrics (continued)

Discussion of Consolidated Key Operating Metrics for the 2016 Financial Year

The consolidated key operating metrics for the financial year 2016 are discussed in more detail below. Key operating metrics by segment are also discussed in this Operating and Financial Review, in the section on Segment Performance.

Leads Growth for the Financial Year 2016

Leads (excluding Money) increased by 7% to 4,016,000. The Energy and Telecommunications segment in particular showed strong growth. All other businesses (again excluding Money) recorded a decline in leads which was largely a managed result, but also reflected a softer market in Health over the financial year.

As already noted, a lead for Money is considered a visit to the InfoChoice website and is reported separately to leads for the other businesses where a lead is a second-page visit to the website, with consumers having entered a level of personal information. Money leads were down 16% on prior year as a result of an ageing website and increase in competition in the financial comparison space.

Conversion Ratio for the Financial Year 2016

Despite the solid growth in leads, conversion was able to be held stable with a small increase by 0.2 percentage points (pp) to 9.9% for the year, excluding Money. This continued ability to improve conversion in a lead growth environment, is a pleasing result for the Group. Improvements occurred in the Life and General segment with the other segments performing lower than prior year. The decline in the Health segment is a direct result of the staffing issues faced by the business in the first half and has improved over the second half. The continued roll out and improvement of the iConnect capabilities across the business with more intelligent data capture, customer needs assessment, skills based routing and training of the business development centre and focus on people are key drivers of this in the second half.

Revenue Per Sale for the Financial Year 2016

RPS increased by 2% to $466, excluding Money, driven by changing mix in contribution from each business. In particular, strong growth in Health, which has a higher RPS than the Group average, contributed to this result. The RPS in the Energy and Telecommunications segment continued to grow on the prior year but is still at a lower RPS than the Group average. This is further discussed in the Segment Performance section below.

Segment Performance

The Group reports segment information on the same basis as the Group's internal management reporting structure at reporting date. Post a business restructure in October 2015, the segments were also restructured to align to the internal reporting framework. Commentary on the performance of the three reportable segments follows.

Health Insurance

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

Financial Performance	FY16 $000	FY15 $000	Change %
Operating revenue	**89,961**	93,450	(4%)
Segment EBITDA[1]	**14,951**	22,525	(34%)
Margin %	**16.6%**	24.1%	(7.5pp)

Key Operating Metrics	FY16	FY15	Change %
Leads (000s)	**1,272**	1,399	(9%)
Conversion ratio (%)	**9.2%**	9.8%	(0.6pp)
Average RPS ($)	**894**	759	18%

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

Operating revenue decreased by 4% to $89,961,000. Leads were lower than the prior comparative period, reflective of the softer than expected Health insurance market over the financial year. Although conversion was down on the prior period, this was predominantly impacted by the poor first half result. The implementation of the staffing and iConnect investments over the second half has stabilised the segment. RPS for the 2016 financial year grew significantly by 18% to $894. The second half of the financial year, and the last quarter in particular, saw an increase on the prior period.

Operating and Financial Review (continued)

Segment Performance (continued)

Health Insurance (continued)

Health insurance policy sales moved away from low value cover towards mid and top level products, which was driven by a market shift towards older customers in addition to a stronger focus on customer needs. The increased focus on customer needs also helped deliver higher conversion and customer satisfaction results (i.e. High Net Promoter Scores).

As a further result of changing sales mix in Health, there was also a significant shift towards upfront fee revenue and away from trail commission revenue. This change in Health was one of the major contributors to the corresponding change in the Group's sales mix, which saw upfront revenue grow and trail commission revenue for current period trail commission sales decline.

The segment posted an EBITDA result of $14,951,000 compared with the prior year of $22,525,000. The poor first half performance is the driver behind the decline on prior year, however the second half performance significantly improved ending 5% higher than the prior year. The strategic refresh and initiatives implemented were the driving force behind the second half performance improvement.

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	FY16 $000	FY15 $000	Change %
Operating revenue	**32,685**	24,667	33%
Segment EBITDA[1]	**11,858**	7,758	53%
Margin %	**36.3%**	31.4%	4.9pp

Key Operating Metrics	FY16	FY15	Change %
Leads (000s)	**778**	828	(6%)
Conversion ratio (%)	**6.2%**	4.2%	2.0pp
Average RPS ($)	**578**	645	(10%)

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

Operating revenue grew by 33% to $32,685,000 and was driven by Car and Life insurance businesses both showing strong growth during the year.

Although leads declined by 6% over the period, this was a managed result with continued focus on improving conversion and aligning leads to the operational capacity to convert them.

The Car business showed substantial growth in both revenue and profitability following considerable investment in people and provider growth over the 2016 year. The growth in the provider panel helped significantly improve sales unit numbers, which increased by 50% on the prior comparative period. This was completed in conjunction with improved operational conversion, which was 2.7 percentage points better than the prior comparative period.

The Life business continued to provide the segment with a strong contribution to profit with revenue growing by 26% on the prior period. In addition, the reduction in the attrition experienced in the overall Life insurance industry over the financial year also had a positive impact on overall profitability. The segment RPS has declined over the period as a direct result of the growth in Car business, which has a lower gross RPS than the Life business.

Segment EBITDA improved significantly over the period ending at $11,858,000 compared with prior year of $7,758,000 and was as a direct result of the strong revenue result and the renewed business focus on cost efficiencies after the business refresh in the second half.

Operating and Financial Review (continued)

Segment Performance (continued)

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	FY16 $000	FY15 $000	Change %
Operating revenue	**40,159**	29,973	34%
Segment EBITDA[1]	**1,692**	1,652	2%
Margin %	**4.2%**	5.5%	(1.3pp)

Key Operating Metrics	FY16	FY15	Change %
Leads (000s)	**1,762**	1,315	34%
Conversion ratio (%)	**13.1%**	14.4%	(1.3pp)
Average RPS ($)	**204**	184	11%

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

Operating revenue grew by 34% to $40,159,000 and was driven by Energy and Broadband businesses both showing strong growth during the period.

Leads increased significantly over the 2016 year up 34% compared to the year before as a result of substantial investments being made within marketing to stimulate top line growth. Conversion declined over the year as a result of planned increase in staffing levels to facilitate the growth. The segment saw an improvement in conversion over the second half as new starters moved along the competency curve.

RPS improved by 11% during the year, driven by improvement primarily in the Energy Watch and Broadband space as a result of the Energy Watch business being fully integrated into the Group's operations, and also with the end to end capabilities of Broadband significantly increasing over the period.

The segment posted an EBITDA profit of $1,692,000 compared with the prior comparative year of $1,652,000. Although this is a decline in EBITDA margin, it is reflective of investments in both staffing and marketing costs to support the growth in both the Energy and Broadband businesses.

Financial Position

Capital Expenditure and Cash Flow

Summary Statement of Cash Flows	FY16 $000	FY15 $000	Change %
Net cash provided by operating activities	**10,775**	**30,600**	(65%)
Net cash received/ (used) in investing activities	**31,286**	**(36,571)**	186%
Net cash used/ (received) by financing activities	**(24,992)**	**615**	n.m.
Net increase/ (decrease) in cash	**17,069**	**(5,356)**	419%

[2] Operating cashflow has been reclassified to include interest income received.
n.m = not meaningful

Operating cash inflow was $10,775,000 (being 65% lower than last year), which can be attributed to the poor first half result and the costs incurred with the additional investments made in the second half. In addition, the payment of $7,267,000 in income tax also contributed reduced the FY16 operating cashflow result when compared to $26,000 in the prior period. However, the business continued its shift in revenue mix towards upfront fees and away from trail commission revenue when compared to prior comparative period, seen through the increase in cash receipts year on year.

Investing cash inflows for the year ended 30 June 2016 totalled $31,286,000 and included $40,716,000 relating to the repayment of the NIA Loan facility. This was partially offset by an additional investment in iMoney and capital expenditure. Capital expenditure for financial year 2016 was $7,664,000 compared with $4,355,000 for the financial year 2015. Net financing cash outflows for the 30 June 2016 year totalled $24,992,000. This included $22,308,000 which was paid in relation to the on-market share buyback and $2,533,000 payment in relation to the Group's maiden dividend.

Operating and Financial Review (continued)

Financial Position (continued)

Statement of Financial Position

Summary Statement of Financial Position	FY16 $000	FY15 $000	Change %
Current assets	**155,606**	**176,235**	(12%)
Non-current assets	**142,913**	**131,012**	9%
Total assets	**298,519**	**307,247**	(3%)
Current liabilities	**35,985**	**33,960**	6%
Non-current liabilities	**27,927**	**26,365**	6%
Total liabilities	**63,912**	**60,325**	6%
Net assets	**234,607**	**246,922**	(5%)
Equity	**234,607**	**246,922**	(5%)

Net assets has decreased to $234,607,000 at 30 June 2016 from $246,922,000 at 30 June 2015.

Current assets has decreased from 30 June 2015 by 12% to $155,606,000. This is mostly as a result of the repayment of the NIA Loan facility on 31 July 2015 resulting in the decrease in other receivables. The share buybacks and tax payments effectively offset the corresponding net cash increase. In addition, the reduction in the trail commission asset is a reflection of the shift away to a higher proportion of upfront related providers within the Health segment and is also in line with the Group's increase in trade receivables.

The current component of the trail commission receivable is $21,052,000 which is 25% lower than the balance at 30 June 2015.

Non-current assets has increased from 30 June 2015 by 9% to $142,913,000 largely a result of increases in the investments made in iMoney and capital expenditure as well as an increase in non-current trail receivable. The growth in the Life business over the period has resulted in an increase in the non-current component of trail commission receivable to $82,639,000, an increase of 13% from 30 June 2015.

Current liabilities increased from 30 June 2015 to 30 June 2016 by $2,025,000, or 6%, to $35,985,000 due to higher creditor balances at 30 June 2016, in particular marketing expenditure as a result of the brand relaunch. This has been partially offset by a reduction in provision for income tax based on the timing of tax payments made.

Non-current liabilities increased to 30 June 2016 by 6% to $27,927,000. This is mostly the result of an increase in net deferred tax liability from the growth in the trail commission asset.

Debt Position

As at 30 June 2016 the Group has nil debt (30 June 2015: nil).

Future Developments and Expected Results

Looking ahead, the Group remains positive about financial year 2017 (FY17). The ongoing recovery in the Health segment together with the continued growth in the Energy and Telecommunications segment is expected to deliver stronger revenue growth than experienced in financial year 2016 (FY16), and a significantly stronger gross profit outcome. Enabling this improved outlook are investments in a single sales CRM, new telephony platform and our data and digital marketing teams, providing the business with stronger capability in our contact centre, scalability and improved customer experience. FY17 reported earnings before interest and tax (EBIT) are expected to be between $21 million and $24 million. The first half performance is expected to improve on FY16, however it should be noted that, as in previous years, the Group's first half revenue and earnings are expected to be significantly lower than second half revenue and earnings driven by the continued investment in technology and marketing, as noted above and the seasonality in Health segment. The growth in the non-Health segment contributions is expected to continue to improve over the FY17, as the Group further diversifies its product offerings.

Commentary on the major operational parts of each segment follows:

Health

- The industry outlook is for low to flat growth in the Health Insurance market, with a continued trending down in the new to private health insurance market. However ongoing improvements in conversion, continued focus on revenue per sale and ongoing focus on contact centre efficiencies are expected to deliver growth against FY16.
- Importantly, the improvement initiatives implemented in November 2015, centred on recruitment, training and consultant capability are expected to deliver a stronger first half position for FY17.
- The Group continues to monitor the government's private health insurance reform agenda, where policy and legislative change has the potential to impact on performance.

Energy and Telecommunications

- The Energy businesses outlook is for strong growth, continuing to build on the momentum from FY16.
- The build out of the Mover channel along with the integration benefits of the Energy Watch business will help deliver this growth.
- The Telecommunications business will continue to benefit from the roll out of the NBN and the increasing number of internet providers entering the market place. Increased marketing investment and focus on consultant competency, supported by the further roll out of iConnect are all planned to deliver this growth.

Life and General Insurance

- The strong revenue growth experienced in the General Insurance business through FY16 is expected to continue through FY17 with increased investment in marketing and improved contact centre competency.
- The Group continues to monitor the potential impact of the Life Industry reforms.

Other

- The launch of a number of new verticals is expected through FY17. While only expected to contribute modestly to the Group's gross profit, new verticals will provide access to new customer leads and opportunities to cross sell to our existing businesses.

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

The Group does remain cognisant of potential risks to its business and will continue to closely monitor and work to mitigate these throughout FY17. 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. A further review of matters affecting the Group's state of affairs is contained in the Operating and Financial Review.

Significant Events After Balance Date

On the 30 August 2016 the Group declared an estimated fully franked full year dividend of $3,577,000, representing 1.5 cents per share based on the shares on issue at the 30 June 2016.

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.

Directors' Meetings

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

Directors	**Board of Directors**		**Audit and Risk Management Committee**		**Remuneration Committee**		**Nomination Committee**	
	Held^	Attended	Held^	Attended	Held^	Attended	Held^	Attended
C Knoblanche (1)	13	13	2	1	-	-	-	-
B. Arnhold	13	12	4	4	-	-	-	-
S. Bonètt	13	12	1	1	5	5	4	4
B. Fair	13	13	4	4	5	5	4	4
A. Stevens (2)	4	2	-	-	-	-	-	-
D. Waller	13	12	-	-	5	5	4	4
L. Webb (3)	2	2	-	-	-	-	-	-
M. Wilson (4)	3	3	1	1	-	-	-	-

^ The number of meetings held indicates the total number held whilst the director was in office during the course of the year.
(1) Appointed as Chairman on 1 July 2015.
(2) Ceased as a Director on 12 October 2015.
(3) Ceased as a Director on 28 August 2015.
(4) Appointed as a Director on 1 April 2016.

Dividends

On the 30 August 2016 the Group declared an estimated fully franked full year dividend of $3,577,000, representing 1.5 cents per share based on the shares on issue at the 30 June 2016. The Group has also committed to a dividend policy of 40%-60% of reported net profit after tax, subject to the availability of franking credits and cash reserves.

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 the Group's website at iselect.com.au.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 in relation to the audit for the year ended 30 June 2016 is on page 31 of this report.

Non-Audit Services

The following non-audit services were provided by the Group's auditor, Ernst & Young. 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 each type of non-audit service provided means that auditor independence was not compromised. Ernst & Young received or are due to receive fees for a non-audit service of $36,000 for regulatory compliance.

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 2016 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. Executive Remuneration for the Year Ended 30 June 2016
4. Executive Contracts
5. Link Between Group Performance, Shareholder Wealth and Remuneration
6. Non-Executive Director Remuneration
7. Key Management Personnel Shareholdings
8. Key Management Personnel Option Holdings

1. Introduction

The Remuneration Report details the remuneration arrangements for Key Management Personnel (**KMP**) who are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, either directly or indirectly, including any director (whether executive or otherwise) of the Parent entity. The KMP during and since the year ended 30 June 2016 were as follows:

Current Non-Executive Directors	
Chris Knoblanche	Independent Chairman (appointed 1 July 2015)
Brodie Arnhold	Non-Executive Director
Shaun Bonètt	Non-Executive Director
Bridget Fair	Non-Executive Director
Damien Waller	Non-Executive Director
Melanie Wilson	Non-Executive Director (appointed 1 April 2016)
Former Non-Executive Director	
Leslie Webb	Non-Executive Director (ceased 28 August 2015)
Former Executive Director	
Alex Stevens	Chief Executive Officer (ceased 12 October 2015)
Current Senior Executives	
Scott Wilson	Chief Executive Officer (from 12 October 2015)
David Christie	Chief Administrative Officer, General Counsel & Company Secretary
Darryl Inns	Chief Financial Officer (appointed 4 July 2016)
Geraldine Davys	Chief Marketing Officer (appointed 16 August 2016)
Former Senior Executives	
Vicki Pafumi	Interim Chief Financial Officer (from 27 January 2016 to 30 June 2016)
Shane Abeyratne	Operations Director (ceased 28 January 2016)
Natalie Ellisdon	Interim Marketing Director (ceased 15 October 2015)
Paul McCarthy	Chief Financial Officer (ceased 27 January 2016)
Elise Morris	People Director (ceased 30 September 2015)

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 Executives, as determined in accordance with the iSelect Board Charter (**"the Board Charter"**). For the year ended 30 June 2016:

- Shaun Bonètt acted as Chair of the Committee following Les Webb's resignation on 28 August 2015; and
- Damien Waller and Bridget Fair served as members 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 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 Executive remuneration by the Directors.

During the 2016 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, including benchmarking of the remuneration of the CEO and CFO and information regarding market practice. 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. Executive Remuneration for the Year Ended 30 June 2016

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 remuneration with iSelect's strategic direction, align remuneration with the creation of 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 Executive remuneration strategy is designed to:

- **Align the interests of 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, with 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 helps ensure that the remuneration paid by the Group 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, and longer-term remuneration encourages retention.

3.2 Remuneration Framework

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

For the financial year ended 30 June 2016, Executive remuneration was structured as a mix of 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)[1] for FY2016		
	Fixed	Variable	
	Fixed Annual Remuneration (FAR)	Short Term Incentive (STI)	Long Term Incentive (LTI)
Current Organisation Structure (as announced to ASX at 2015 AGM)			
CEO	50%	25% (50% of FAR)	25% (50% of FAR)
Other Executives	56%	22% (40% of FAR)	22% (40% of FAR)
Former Organisation Structure			
CEO	56%	22% (40% of FAR)	22% (40% of FAR)
Other Executives	58%	21% (35% of FAR)	21% (35% of FAR)

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

3.3 Details of Executive Remuneration Components

A. Fixed Annual Remuneration (FAR)

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

FAR is not "at risk" and is set using appropriate market benchmark data, considering 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. Fixed remuneration is set with reference to this group.

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

A review of FAR was undertaken during the 2016 financial year. FAR levels for a number of Executives were increased based on individual performance and to align to targeted remuneration levels.

[1] These figures assume on target performance on an annualised basis. The actual performance against targets for the variable components will determine the amount received by each Executive.

B. Short Term Incentive Plan (STI Plan)

How does the STI Plan operate?

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

For the year ended 30 June 2016, the target STI opportunity was between 22% and 25% of the total remuneration package for Executives (as detailed in section 3.2). The STI Plan 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 FAR. The maximum payout for Group performance for each measure is 150% for outstanding performance.

What changes were made to the STI Plan during the year?

The Group made the following changes to the STI Plan for financial year 2016:

- The Group Performance measures were updated to measure EBIT as a target rather than EBITDA; and
- The maximum payout for each of the measure was aligned at 150% for outstanding performance.

What were the STI performance measures for the financial year ended 30 June 2016?

The performance measures for the 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	FY2016 Target Details	
Group performance	**1. EBIT Target** The EBIT target was set against the Group's financial year 2016 Annual Operating Plan.	
	EBIT result	Percentage of STI that vests[2]
	Less than or equal to 95% of target	0%
	At target	100%
	Above target (measured between 100% and 125% of target)	150%
	2. Operating Revenue Target The Operating Revenue target was set against the Group's financial year 2016 Annual Operating Plan.	
	Operating Revenue result	Percentage of STI 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 Key Performance Indicators (**KPIs**)	**Individual KPIs** are set for Senior Executives which take into account their area of accountability, and for the financial year ended 30 June 2016, related to key business objectives in the areas of stakeholder relationships, sales conversion, brand growth, development of the organisational model, delivering high performance ways of working, technology solutions and resources, operational performance in the Business Development Centre and developing commercialisation opportunities. Individual KPIs are set with clearly measureable outcomes that the individual is directly able to control. Payout levels vary between 0% and 150% for individual KPIs.	

[2] Straight line vesting occurs between 0% and 150%.

How are the various measures weighted to determine the STI Plan payment for Executives?

There are three performance measures considered under the STI Plan - EBIT, Operating Revenue, and individual KPIs. 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 2016, the relative weightings are as follows:

Performance measure	EBIT	Revenue	Individual KPIs
CEO and Other Senior Executives	40%	30%	30%

Who sets the STI Plan performance measures?

The Group's financial performance targets are set by the Board, based on the recommendation of the Remuneration Committee. The CEO's individual KPIs are set and measured by the Board, with the assistance of the Remuneration Committee. The individual KPIs 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 STI Plan are made to the Remuneration Committee.

What is EBIT and why is it used as an STI performance measure?

EBIT is an operational measure that is widely used by listed companies to measure financial performance. EBIT has been introduced as a performance measure in the financial year ended 30 June 2016. The Board uses EBIT as a primary measure to assess the Group's operating performance, 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 an STI performance measure and how is it defined?

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

What are the individual KPIs and why are they used as an STI performance measure?

The use of individual KPIs for each Executive creates a personal, non-financial group of measures specific to each individual. These measures also consider the behaviours that Executives are expected to display in the running of their operations. For the financial year ended 30 June 2016, KPIs related to key business objectives in the areas of:

- Key stakeholder relationships;
- Brand and consumers/customers relationships;
- Sales conversion through the provision of amazing customer experiences;
- New brand growth;
- Future growth through the establishment of organisational model enhancement;
- Simplified ways of working;
- Optimised technology solutions and resources;
- Performance in the Business Development Centre; and
- Commercialisation opportunities.

The use of individual KPIs 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 KPIs 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 CEOs performance against individual KPIs.

How are the varying levels of performance achievement rewarded?

STI Plan targets are designed to encourage and reward high performance, as well as differentiating between individual performance. Performance against the financial targets must be greater than 95% in order for any STI to be paid, and at target for 100% of STI 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 STI 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.

When are the performance conditions tested and payments made?

All elements of the STI Plan are measured and paid annually, following the preparation of the financial statements, with payments generally made in the September following financial year end.

What were the STI performance outcomes for the year ended 30 June 2016?

	STI Outcome (%)				Actual STI Awarded	% STI Forfeited
	EBITDA	Revenue	Individual KPIs	Total		
Current Senior Executives						
Scott Wilson	-	-	50%	15%	$37,500	85%
David Christie	-	-	50%	15%	$26,400	85%
Darryl Inns	-	-	-	-	-	n.a
Geraldine Davys	-	-	-	-	-	n.a
Former Executive Directors						
Alex Stevens	-	-	-	-	-	100%
Former Executives						
Vicki Pafumi	-	-	-	-	-	100%
Shane Abeyratne	-	-	-	-	-	100%
Natalie Ellisdon	-	-	100%	-	$6,325	70%
Paul McCarthy	-	-	-	-	-	100%
Elise Morris	-	-	-	-	-	100%

Current Senior Executives	
Scott Wilson	Chief Executive Officer (from 12 October 2015)
David Christie	Chief Administrative Officer, General Counsel & Company Secretary
Darryl Inns	Chief Financial Officer (appointed 4 July 2016)
Geraldine Davys	Chief Marketing Officer (appointed 16 August 2016)
Former Executive Director	
Alex Stevens	Chief Executive Officer (ceased 12 October 2015)
Former Senior Executives	
Vicki Pafumi	Interim Chief Financial Officer (appointed on 27 January 2016 and ceased on 30 June 2016)
Shane Abeyratne	Operations Director (ceased 28 January 2016)
Natalie Ellisdon	Interim Marketing Director (ceased 15 October 2015)
Paul McCarthy	Chief Financial Officer (ceased 27 January 2016)
Elise Morris	People Director (ceased 30 September 2015)

C. Long Term Incentive Plan ("LTI Plan")

Grants were made under the FY2016 LTI Plan in July and December 2015, and the details provided in this section relate to these grants during the financial year ended 30 June 2016.

Further grants were made in July 2016 relating to financial year 2017, consistent with the proposed CEO grant incorporated in the Notice of Meeting for the 2016 Annual General Meeting.

What is the purpose of the FY2016 LTI Plan?

The LTI Plan has been established to provide a long term incentive component of remuneration to assist with the attraction, reward and retention of key employees, including Executives. The LTI Plan links long-term reward with the ongoing creation of shareholder value, using LTI Plan shares which are subject to satisfaction of long-term performance conditions, including share price growth. The combination of these factors will help to ensure that Executives are focussed on long term value creation, linking their interests with those of shareholders. LTI Plan shares are not transferable and do not carry voting rights. 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.

The Remuneration Committee determines the size and allocation of the LTI Plan grant in accordance with the LTI Plan rules, for recommendation to the Board, who is responsible for final approval.

What changes were made to the LTI Plan as part of the remuneration review for FY2016?

A review of the LTI Plan was undertaken during financial year 2015 in preparation for the FY2016 LTI Plan Grant in July. The LTI Plan in particular was reviewed and as a result, the FY2016 LTI Plan grant was altered to introduce relative Total Shareholder Return **(TSR)** as the performance measure.

How does the LTI Plan operate for grants made in FY2016?

Executives were invited to participate in the LTI Plan, via a loan based share plan. There was 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 (below) for there to be any value to the participant between vesting and expiry.

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 FY2016 LTI Plan Grant will be measured against one performance measure – relative Total Shareholder Return (**TSR**). LTI Plan shares that do not vest after testing of the relevant performance measure lapse, without retesting. 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, 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 LTI Plan Shares granted to each participant on 3 July 2015 was calculated using the AASB2, the fair value of awards at the allocation date being 3 July 2015.

The number of LTI Plan Shares granted to Scott Wilson as CEO was calculated using the AASB2 value of awards assuming all vesting criteria were met at the allocation date, being 11 December 2015. Scott Wilson also received a grant of 350,000 LTI Plan Shares, with a corresponding loan, on 3 July 2015 when he was the Commercial Director.

What are the LTI performance measures for grants made under the LTI plan in the financial year ended 30 June 2016?

Awards granted under the FY2016 LTI plan are subject to a three year performance period and the following performance measures over that period:

Measure	Weighting	Description of Measure
Relative Total Shareholder Return (**TSR**)	100%	The Shares will only vest if a certain Total Shareholder Return (TSR) relative to the designated comparator group, being 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 a 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 Long Term Incentive (LTI) performance measure selected?

The relative TSR target is a market based performance measure that provides a direct link between Executive reward and security holder value. It provides an external market measure to encourage and motivate Executive performance which is relative to a 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 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 LTI performance targets be measured?

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

Why has a loan based share plan model been adopted?

In considering the best LTI 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, but without adverse tax implications. Participants pay tax once they sell the shares, and they 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 Executives that is strongly linked to shareholder value. This approach allows 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 Executive ceases employment?

Where an Executive ceases employment, any unvested LTI Plan 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 LTI Plan shares vest upon a change in control.

What was the grant and movement in the number and value of performance awards during the financial year ended 30 June 2016?

Eligible Senior Executives (excluding the CEO) received LTI Plan shares with a grant date of 3 July 2015.

Following the receipt of shareholder approval at the 2015 AGM, Scott Wilson, in his capacity as CEO, received additional LTI plan shares with a grant date of 11 December 2015. All LTI Plan shares granted in FY2016 vest subject to a performance period from 3 July 2015 to 30 June 2018.

The relevant values of the grants are as follows:

Recipient	Grant date	Fair value of awards at grant date		One week VWAP up to and including grant date
		Relative TSR	EPS	
Eligible Senior Executives	3 July 2015	$0.37	$0.41	$1.44
CEO and CAO	11 December 2015	$0.23	$0.31	$1.15

Name	Number of performance awards granted	Value at grant date($)[3]	Maximum total value of grant yet to vest ($)
Alex Stevens	-	-	-
Scott Wilson	558,870	177,540	177,540
David Christie	495,470	166,236	166,236
Elise Morris	331,175	122,535	-
Shane Abeyratne	312,162	115,500	-
Natalie Ellisdon	236,486	87,500	-
Paul McCarthy	350,000	129,500	-

What clawback arrangements are in place for grants made under the FY2016 LTI Plan?

Under the rules of the FY2016 LTI Plan, the Board has the power (in certain circumstances) to determine that a participant's interest in any or all of the LTI Plan shares is 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.

D. Previous Incentive Plans

It is the intent of the Group to offer LTI Plans to Senior Executives annually. The following sets out the relevant details of LTI Plan Grant that was offered in previous financial year which are yet to vest:

FY2015 Long Term Incentive Plan

<table>
<tr><th>Detail</th><th colspan="3">FY2015 Grant of LTI Plan</th></tr>
<tr><td>Grant date</td><td colspan="3">Grant date for all Senior Executives (excluding CEO): 29 August 2014
Grant date for CEO: 18 November 2014</td></tr>
<tr><td>Performance period (testing date is the last day of each period)</td><td colspan="3">1 July 2014 – 30 June 2017</td></tr>
<tr><td>Performance condition</td><td colspan="3">The FY2015 Grant was subject to two separate performance measures: Compound annual growth rate (CAGR) in Total Shareholder Return (TSR) and CAGR in EPS.</td></tr>
<tr><td rowspan="5">Vesting schedule</td><td>CAGR in TSR and EPS Performance level</td><td colspan="2">Percentage of awards that vest</td></tr>
<tr><td>Less than 12%</td><td colspan="2">0%</td></tr>
<tr><td>12%</td><td colspan="2">50%</td></tr>
<tr><td>Between 12% & 15%</td><td colspan="2">Straight line between 50% & 100%</td></tr>
<tr><td>15% or more</td><td colspan="2">100%</td></tr>
<tr><td>Expiry date</td><td colspan="3">1 July 2019</td></tr>
<tr><td rowspan="4">Fair value of instrument at grant</td><td rowspan="2">Grant date</td><td colspan="2">Fair Value of Awards at Grant Date</td></tr>
<tr><td>TSR</td><td>EPS</td></tr>
<tr><td>29 August 2014</td><td>$0.26</td><td>$0.37</td></tr>
<tr><td>18 November 2014</td><td>$0.33</td><td>$0.41</td></tr>
<tr><td>LTIP Shares currently on issue</td><td colspan="3">2,727,126</td></tr>
<tr><td>Share price required at testing date to vest</td><td colspan="3">$1.59 (for 50% vesting) and $1.72 (for 100% vesting)</td></tr>
</table>

[3] Determined at the time of grant per AASB2. For details on the valuation of the LTIP shares please refer to Note 31 of the financial statements.

FY2013 Long Term Incentive Plan

All LTI Plan shares in the FY2013 LTI Plan did not meet the performance measures and were forfeited during the year ended 30 June 2015.

Number of performance awards on issue as at 30 June 2016

	Balance at start of year	Granted during year	Vested during year	Forfeited during year	Balance at end of year
Current Senior Executives					
David Christie	1,020,612	495,470	-	-	1,516,082
Scott Wilson	532,608	558,870	-	-	1,091,478
Former Executives					
Vicki Pafumi	-	-	-	-	-
Natalie Ellisdon	-	236,486	-	236,486	-
Paul McCarthy	532,190	350,000	-	882,190	-
Elise Morris	502,172	331,175	-	833,347	-
Shane Abeyratne	-	312,162	-	312,162	-
Former Executive Directors					
Alex Stevens	1,630,434	-	-	1,630,434	-

3.4 Key Events Impacting Remuneration during the Year Ended 30 June 2016

Chief Executive Officer Appointment

Mr Wilson was appointed to the role of CEO on 12 October 2015. Prior to Mr Wilson's appointment as CEO, he held the role of Commercial Director. His remuneration is disclosed in this report for the period he operated in both his capacity as CEO and Commercial Director.

Managing Director Departure

In October 2015, Mr Stevens resigned from his position as Managing Director. Mr Stevens received the following during the financial year ended 30 June 2016 in satisfaction of his contractual entitlements:

- A pro-rata amount of his usual FAR for the period worked up to 12 October 2015 ($200,417 plus superannuation of $9,811)
- Six months FAR ($357,833 plus superannuation of $19,356) for transitional services for his contractual 6 month notice period up to 12 April 2016;
- A termination payment comprising payout of his annual leave entitlement and a further 6 months' notice period ($447,404);
- Mr Stevens forfeited 1,630,434 shares under the LTI Plan in full satisfaction of the associated share loan; and
- He did not receive any LTI or STI payments for financial year 2016.

Chief Financial Officer Departure

In October 2015, Mr McCarthy resigned from his position as Chief Financial Officer. Mr McCarthy received the following during the financial year ended 30 June 2016 in satisfaction of his contractual entitlements:

- A pro-rata amount of his usual FAR for the period up to 27 January 2016 ($165,876 plus superannuation of $17,500)
- A termination payment comprising payout of his annual leave entitlement ($14,101);
- Mr McCarthy forfeited 882,190 shares under the LTI Plan in full satisfaction of the associated share loan; and
- He did not receive any STI payments for financial year 2016.

Interim Chief Financial Officer

Ms Pafumi was appointed to the role of Interim CFO on 27 January 2016, for an initial six month period while the Group continued to search for a Chief Financial Officer. Ms Pafumi ceased in her capacity as Interim CFO on 30 June 2016, as a result of the commencement of Mr Darryl Inns as CFO. Her remuneration is disclosed in this report for the period she operated in the Interim CFO role only. Subsequent to her interim CFO position, Ms Pafumi has now taken a full time role with the business supporting Corporate Operations.

Operations Director Departure

Mr Abeyratne resigned as Operations Director, effective 28 January 2016. Mr Abeyratne received the following during the financial year ended 30 June 2016 in satisfaction of his contractual entitlements:

- A pro-rata amount of his usual FAR for the period worked up to 28 January 2016 ($177,344 plus superannuation of $16,848)
- A termination payment comprising payout of his annual leave entitlement ($14,147);
- Mr Abeyratne forfeited 312,162 shares under the LTI Plan in full satisfaction of the associated share loan; and
- He did not receive any STI payments for financial year 2016.

People Director Departure

Ms Morris resigned as People Director, effective 30 September 2015. Ms Morris received the following during the financial year ended 30 June 2016 in satisfaction of her contractual entitlements:

- A pro-rata amount of her usual FAR for the period worked up to 30 September 2015 ($80,025 plus superannuation of $7,500)
- Three months FAR ($87,525 plus superannuation of $4,827) for services during her contractual 3 month notice period up to 31 December 2015;
- A termination payment comprising payout of her annual leave entitlement and ex-gratia ($207,039);
- Ms Morris forfeited 833,347 shares under the LTI Plan in full satisfaction of the associated share loan; and
- She did not receive any STI payments for financial year 2016.

Interim Marketing Director Departure

Ms Ellisdon resigned as Interim Marketing Director, effective 15 October 2015. Ms Ellisdon received the following during the financial year ended 30 June 2016 in satisfaction of her contractual entitlements:

- A pro-rata amount of her usual FAR for the period worked up to 15 December 2015 ($66,444 plus superannuation of $7,230)
- Two months FAR ($38,052 plus superannuation of $3,298) for services during her contractual 2 month notice period up to 14 December 2015;
- A payout comprising of a pro-rata of her STI payment entitlement ($6,325)
- A termination payment comprising payout of her annual leave entitlement and a further 1 months' notice period ($24,867);
- Ms Ellisdon forfeited 236,486 shares under the LTI Plan in full satisfaction of the associated share loan.

3.5 Remuneration Paid to Executives

The table below has been prepared in accordance with the requirements of the Corporations Act and relevant Accounting Standards. The figures provided under the equity settled share based payments columns are based on accounting values and do not reflect actual payments received by Executives.

Name and title	Year	Short Term Benefits			Post Employment Benefits	Long Term Benefits	Equity settled share based payments expense		Termination	Total	Performance
		Salary $	STI $	Other $	Super $	Long Service Leave $	Options $	Shares[5] $	Payments $	$	Related $
Current Senior Executives											
Scott Wilson (from 12 October 2015, Commercial Director for remainder of period from 1 July 2014)											
Chief Executive Officer	**2016**	**424,475**	**37,500**	**-**	**30,000**	**-**	**-**	**106,888**	**-**	**598,863**	**144,388**
	2015	355,070	116,550	-	29,581	-	-	117,077	-	618,278	233,627
David Christie											
Chief Administration Officer	**2016**	**410,003**	**26,400**	**10,000**	**30,000**	**-**	**-**	**146,842**	**-**	**623,245**	**183,242**
	2015	364,750	124,346	-	30,000	-	-	91,430	-	610,526	215,776
Former Executive Director											
Alex Stevens (ceased 12 October 2015)											
Managing Director	**2016**	**558,250**	**-**	**-**	**29,167**	**-**	**-**	**(346,467)**	**447,404**	**688,354**	**(346,467)**
	2015	715,000	270,000	-	35,000	-	-	173,234	-	1,193,234	443,234
Former Senior Executives											
Vicki Pafumi (from 27 January 2016 to 30 June 2016)											
Interim Chief Financial Officer	**2016**	**99,530**	**-**	**10,000**	**3,169**	**-**	**-**	**-**	**-**	**112,699**	**10,000**
	2015	-	-	-	-	-	-	-	-	-	-
Paul McCarthy (ceased 27 January 2016)											
Chief Financial Officer	**2016**	**165,876**	**-**	**-**	**17,500**	**-**	**-**	**(138,517)**	**14,101**	**58,960**	**(138,517)**
	2015	323,436	116,550	-	28,538	-	-	47,675	-	516,199	164,225
Elise Morris (ceased 30 September 2015)											
People Director	**2016**	**167,550**	**-**	**-**	**12,327**	**-**	**-**	**(130,817)**	**207,039**	**256,099**	**(130,817)**
	2015	320,100	110,282	-	30,000	-	-	114,351	-	574,733	224,633
Shane Abeyratne (ceased 28 January 2016)											
Operations Director	**2016**	**177,344**	**-**	**-**	**16,848**	**-**	**-**	**(38,500)**	**14,147**	**169,839**	**(38,500)**
	2015	112,048	38,732	-	10,645	-	-	-	-	161,425	38,732

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

3.5 Remuneration Paid to Executives (continued)

Name and title	Year	Short Term Benefits			Post Employment Benefits	Long Term Benefits	Equity settled share based payments expense		Termination	Total	Performance
		Salary $	STI $	Other $	Super $	Long Service Leave $	Options $	Shares[6] $	Payments $	$	Related $
Natalie Ellisdon (ceased 15 October 2015)											
Interim Marketing Director	**2016**	**104,496**	**6,325**	**-**	**10,528**	**-**	**-**	**-**	**24,867**	**146,216**	**6,325**
	2015	41,426	9,817	-	3,935	-	-	-	-	55,178	9,817
Total Current & Former KMP	**2016**	**2,107,524**	**70,225**	**20,000**	**149,539**	**-**	**-**	**(400,571)**	**707,558**	**2,654,275**	**(310,346)**
	2015	2,231,830	786,277	-	167,699	-	-	543,767	-	3,729,573	1,330,044

The total remuneration of KMP as per the financial year 2015 audited financial statements was $5,042,948. The financial year 2015 total displayed in the main table above $3,729,573 does not include former KMP from financial year 2015 who had nil remuneration in financial year 2016.

Comparison of total financial year 2016 to financial year 2015 remuneration report											
Total	**2016**	**2,107,524**	**70,225**	**20,000**	**149,539**	**-**	**-**	**(400,571)**	**707,558**	**2,654,275**	**(310,346)**
	2015	2,705,561	971,874	-	199,728	146,410	-	157,469	861,906	5,042,948	1,129,343

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

4. Executive Contracts

Remuneration arrangements for Executives with service during the year ended 30 June 2016 are formalised in employment contracts. All contracts are for an unlimited duration.

Current Senior Executives	
Scott Wilson	▪ 6 months' notice by either party (or payment in lieu). ▪ Where employment terminates prior to a bonus being paid, or a bonus is due to be paid during gardening leave, may receive a bonus payment at the discretion of the Group.
David Christie	▪ 6 months' notice by either party (or payment in lieu). ▪ Where employment terminates prior to a bonus being paid, or a bonus is due to be paid during gardening leave, may receive a bonus payment at the discretion of the Group.
Darryl Inns	▪ 3 months' notice by either party (or payment in lieu). ▪ Where employment terminates prior to a bonus being paid, or a bonus is due to be paid during gardening leave, may receive a bonus payment at the discretion of the Group.
Geraldine Davys	▪ 3 months' notice by either party (or payment in lieu). ▪ Where employment terminates prior to a bonus being paid, or a bonus is due to be paid during gardening leave, may receive a bonus payment at the discretion of the Group.

Former Senior Executives	
Alex Stevens (ceased effective 12 October 2015)	▪ 6 months' notice by either party (or payment in lieu). ▪ Entitled to pro-rata bonus, subject to achievement of KPIs, for time worked (including any payment in lieu or gardening leave period).
Shane Abeyratne (ceased effective 28 January 2016)	▪ 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.
Natalie Ellisdon (ceased effective 15 October 2015)	▪ Fixed term contract until 5 February 2016 in Head of Brand and Campaign Management role. ▪ Appointed Interim Marketing Director (temporary secondment from fixed term contract role from 27 April 2015 to 15 October 2015). ▪ 4 weeks' notice by either party until 4 August 2015, thereafter 2 months by either party (or payment in lieu). ▪ Where employment terminates prior to a bonus being paid, payment in respect of any bonus accrued but not yet paid will not be payable.
Paul McCarthy (ceased effective 27 January 2016)	▪ 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 absolute discretion of the Group.
Elise Morris (ceased effective 30 September 2015)	▪ 3 months' notice by either party (or payment in lieu). ▪ Where employment terminates prior to a bonus being paid, may receive a bonus payment at the absolute discretion of the Group (no entitlement where bonus is due to be paid during gardening leave).

5. Link Between Group Performance, Shareholder Wealth and Remuneration

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

5.1 Group Performance and STI

For the year ended 30 June 2016, a significant proportion of the STI award was determined with reference to EBIT and Operating Revenue.

EBIT
The EBIT result for the year ended 30 June 2016 was $15,034,000. Details regarding EBIT performance of the business are provided in the Operating and Financial Review in the Directors' Report.

Operating Revenue
The Operating Revenue result for the year ended 30 June 2016 was $171,865,000.

5.2 Group Performance and LTI Plan Grants

LTI Plan grants were made in the financial year ended 30 June 2016. Grants made in financial year 2016 are linked to relative TSR.

5.3 Group Performance

Measure	FY2016	FY2015	FY2014	FY2013
Share price at year end	$1.25	$1.44	$1.15	$1.70
5 day VWAP to 30 June	$1.26	$1.45	$1.11	$1.62
Dividend paid per security	1 cent	-	-	-
EBIT	$15,034,000	$12,263,000	$5,610,000	$19,854,000
Operating Revenue	$171,865,000	$157,214,000	$120,366,000	$118,037,000
Reported earnings per share	5.1 cents	3.7 cents	2.4 cents	6.6 cents

6. Non-Executive Director Remuneration

6.1 Remuneration Policy

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

- **Attract and retain Directors of the highest calibre** – ensure remuneration is competitive with companies of a similar size and complexity. Independence and impartiality of directors is aided by no element of Director remuneration being 'at risk' (i.e. Remuneration is not based upon Group performance); and

- **Incur a cost that is acceptable to shareholders** – the aggregate pool is set by shareholders with any change requiring shareholder approval at a general meeting.

6.2 Remuneration Arrangements

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 2016.

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 2016

The table below provides details of Board and Committee fees (inclusive of superannuation) for the year ended 30 June 2016. Director member fees have not increased during financial year 2016, 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.

	Chair fee $	Member fee $
Board	165,000	85,000
Audit Committee	10,000	
Remuneration Committee	10,000	
Nomination Committee	10,000	

6.3 Key Events Impacting Remuneration and makeup of Non-Executive Directors during the year ended 30 June 2016

Independent Chairman

Mr Knoblanche commenced as Independent Chairman on 1 July 2015. As disclosed to the ASX at the time of his appointment, he receives director fees of $250,000 per annum. He received no remuneration for the financial year ended 30 June 2015, as he commenced in the 2016 financial year.

6.4 Remuneration Paid to Non-Executive Directors for the Year Ended 30 June 2016

	Fees & Allowances $	Short-Term Benefits $	Superannuation $	Other $	Total $
Current Non-Executive Directors					
Chris Knoblanche (appointed 1 July 2015)					
2016	**228,310**	**-**	**21,690**	**-**	**250,000**
2015	-	-	-	-	-
Brodie Arnhold					
2016	**86,758**	**-**	**8,242**	**-**	**95,000**
2015	66,420	-	6,310	-	72,730
Shaun Bonètt					
2016	**95,890**	**-**	**9,110**	**-**	**105,000**
2015	86,758	-	8,242	-	95,000
Bridget Fair					
2016	**77,626**	**-**	**7,374**	**-**	**85,000**
2015	77,626	-	7,374	-	85,000
Damien Waller (acted as Non-Executive Chairman from 1 January 2015 to 30 June 2015)					
2016	**77,626**	**-**	**7,374**	**-**	**85,000**
2015	100,000	-	-	-	100,000
Melanie Wilson (from 1 April 2016)					
2016	**19,705**	**-**	**1,872**	**-**	**21,577**
2015	-	-	-	-	-
Former Non-Executive Directors					
Leslie Webb (ceased 28 August 2015)					
2016	**14,460**	**-**	**1,374**	**-**	**15,834**
2015	86,758	-	8,242	-	95,000
Greg Camm (ceased 31 October 2014)					
2016	**-**	**-**	**-**	**-**	**-**
2015	28,919	-	2,747	-	31,666
Total					
2016	**600,375**	**-**	**57,036**	**-**	**657,411**
2015	446,481	-	32,915	-	479,396

7. Key Management Personnel Shareholdings

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

	Balance at start of year	Granted as remuneration	Lapsed/ forfeited	Other changes	Balance at end of year
Current Senior Executives					
Scott Wilson	541,013	558,870	-	475,663	1,575,546
David Christie	1,020,612	495,470	-	268,000	1,784,082
Former Executives					
Vicki Pafumi	-	-	-	-	-
Shane Abeyratne	-	312,162	312,162	-	-
Natalie Ellisdon	-	236,486	236,486	-	-
Elise Morris	502,172	331,175	833,347	-	-
Paul McCarthy	532,190	350,000	882,190	-	-
Former Executive Director					
Alex Stevens	1,715,818	-	1,630,434	(85,384)	-
Current Non-Executive Directors[7]					
Brodie Arnhold	-	-	-	126,100	126,100
Shaun Bonètt	2,500,000	-	-	-	2,500,000
Bridget Fair	65,828	-	-	14,900	80,728
Chris Knoblanche	37,836	-	-	155,255	193,091
Damien Waller	31,553,660	-	-	-	31,553,660
Melanie Wilson	-	-	-	43,242	43,242
Former Non-Executive Director[8]					
Leslie Webb	2,100,000	-	-	(2,100,000)	-

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.

[7] All increases in share holdings for Non-Executive Directors during financial year 2016 were by way of on-market purchases.
[8] Balance removed on resignation as a Non-Executive Director during the year.

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

On behalf of the Directors

Chris Knoblanche AM	**Brodie Arnhold**
Director	Director
Melbourne,	Melbourne,
30 August 2016	30 August 2016

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

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

Building a better working world

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 2016, 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

Denis Thorn

Denis Thorn
Partner
30 August 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2016

	Note	Consolidated 30 June 2016 $'000	Consolidated 30 June 2015 $'000
Upfront revenue	6	140,694	125,167
Trail commission revenue	6	31,171	32,047
Total Operating Revenue		**171,865**	**157,214**
Cost of sales		(113,388)	(90,928)
Gross Profit		**58,477**	**66,286**
Other income		245	209
Administrative expenses		(37,164)	(37,630)
Share-based payments expense	6	(63)	(287)
Impairment of NIA loan receivable	6	-	(9,987)
Share of loss from associate, net of tax	14	(738)	(313)
Depreciation and amortisation	6	(5,723)	(6,015)
Profit Before Interest and Tax		**15,034**	**12,263**
Finance income		2,568	6,357
Finance costs		(489)	(589)
Net Finance Income		**2,079**	**5,768**
Profit Before Income Tax Expense		**17,113**	**18,031**
Income tax expense	7	(4,208)	(8,393)
Profit After Tax for the Period		**12,905**	**9,638**
Other Comprehensive Income/(Loss)			
Items that are or may be reclassified to profit or loss			
Foreign operations – foreign currency translation movements		49	(49)
Other Comprehensive Income/(Loss) Net of Tax		**49**	**(49)**
Total Comprehensive Income for the Period		**12,954**	**9,589**
Profit attributable to owners of the Group		12,905	9,638
Total comprehensive income attributable to owners of the Group		12,954	9,589
Earnings per share (cents per share)			
Basic profit for the year attributable to ordinary equity holders of the parent	22	5.1	**3.7**
Diluted profit for the year attributable to ordinary equity holders of the parent	22	5.0	**3.7**

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 30 June 2016

	Note	Consolidated 30 June 2016 $'000	Consolidated 30 June 2015 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	8	87,620	70,542
Trade and other receivables	9	43,922	73,761
Trail commission receivable	10	21,052	28,174
Other assets	11	3,012	3,758
Total Current Assets		**155,606**	**176,235**
Non-Current Assets			
Trail commission receivable	10	82,639	73,451
Property, plant and equipment	12	8,768	7,096
Intangible assets	13	46,213	46,200
Investment in associate	14	5,293	4,265
Total Non-Current Assets		**142,913**	**131,012**
Total Assets		**298,519**	**307,247**
LIABILITIES			
Current Liabilities			
Trade and other payables	15	27,760	21,050
Provisions	16	7,464	6,394
Income tax payable		236	5,434
Other		525	1,082
Total Current Liabilities		**35,985**	**33,960**
Non-Current Liabilities			
Provisions	16	1,699	2,276
Net deferred tax liabilities	7	26,228	24,089
Total Non-Current Liabilities		**27,927**	**26,365**
Total Liabilities		**63,912**	**60,325**
Net Assets		**234,607**	**246,922**
EQUITY			
Contributed equity	18	150,914	173,713
Reserves	19	7,317	7,205
Retained earnings	20	76,376	66,004
Total Equity		**234,607**	**246,922**

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2016

	Note	Contributed Equity $'000	Shared-based Payment Reserves $'000	Business Combination Reserve $'000	Foreign Currency Translation Reserve $'000	Retained Earnings $'000	Total $'000
Balance at 1 July 2014		**172,963**	**1,396**	**5,571**	**-**	**56,366**	**236,296**
Profit for the period		-	-	-	-	9,638	9,638
Other comprehensive income		-	-	-	(49)	-	(49)
Total Comprehensive Income for the Year		**-**	**-**	**-**	**(49)**	**9,638**	**9,589**
Transactions with Owners in their Capacity as Owners							
Recognition of share-based payments	6	-	287	-	-	-	287
Issue/(buy-back) of share capital	18	750	-	-	-	-	750
Dividends paid	21	-	-	-	-	-	-
Balance at 30 June 2015		**173,713**	**1,683**	**5,571**	**(49)**	**66,004**	**246,922**
Profit for the period		-	-	-	-	12,905	12,905
Other comprehensive income		-	-	-	49	-	49
Total Comprehensive Income for the Year		**-**	**-**	**-**	**49**	**12,905**	**12,954**
Transactions with Owners in their Capacity as Owners							
Recognition of share-based payments	6	-	63	-	-	-	63
Issue/(buy-back) of share capital	18	(22,799)	-	-	-	-	(22,799)
Dividends paid	21	-	-	-	-	(2,533)	(2,533)
Balance at 30 June 2016		**150,914**	**1,746**	**5,571**	**-**	**76,376**	**234,607**

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2016

	Note	Consolidated 30 June 2016 $'000	Consolidated 30 June 2015 $'000
Cash Flows from Operating Activities			
Receipts from customers		176,491	166,062
Payments to suppliers and employees		(162,181)	(141,084)
Interest received		3,732	5,648
Income taxes paid		(7,267)	(26)
Net cash provided from operating activities	**8**	**10,775**	**30,600**
Cash Flows from Investing Activities			
Payments for property, plant and equipment and intangible assets		(7,664)	(4,355)
Net payment for acquisition of subsidiaries	5	-	(9,701)
Payment for investment in associate	14	(1,766)	(4,578)
Repayment from / (advance to) NIA facility		40,716	(17,937)
Net cash from/(used in) investing activities		**31,286**	**(36,571)**
Cash Flows from Financing Activities			
Interest paid		(151)	(135)
Proceeds from issue of shares		-	750
Payments for share buy-backs		(22,308)	-
Dividends paid to shareholders of the parent	21	(2,533)	-
Net cash provided from/(used in) financing activities		**(24,992)**	**615**
Net increase/(decrease) in cash and cash equivalents		17,069	(5,356)
Net foreign exchange difference		9	(8)
Cash and cash equivalents at the beginning of the year		70,542	75,906
Cash and cash equivalents at the end of the year	**8**	**87,620**	**70,542**

The accompanying notes form part of these consolidated financial statements.

1. Corporate Information

The financial report of iSelect Limited for the year ended 30 June 2016 was authorised for issue in accordance with a resolution of Directors on 30 August 2016.

iSelect Limited is a for-profit entity limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (Code: ISU). The consolidated financial statements of the company as at and for the year ended 30 June 2016 comprise the financial statements of the company and its subsidiaries (as outlined in Note 27), together referred to in these financial statements as the "Group" and individually as "Group entities".

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

2. Basis of Preparation

(a) Basis of Accounting

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

All amounts are 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.

(b) Statement of Compliance

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

(c) Clarification of Terminology Used in the Consolidated Statement of Profit or Loss and Other Comprehensive Income and the Consolidated Statement of Cash Flows

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

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

Group management uses earnings (profit) before interest, income tax expense, depreciation and amortisation and loss on associates (EBITDA) and EBIT, in combination with other financial measures, primarily to evaluate the Group's operating performance before financing, income tax and non-cash capital related expenses. In addition, the Directors believe 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.

2. Basis of Preparation (continued)

(d) New Accounting Standards and Interpretations

New standards effective from 1 July 2015

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

Reference	Title	Application date of standard	Application date for Group
AASB 2013-9	*Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments* The Standard contains three main parts and makes amendments to a number of Standards and Interpretations. Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1. Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards. Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 *Hedge Accounting* into AASB 9 *Financial Instruments*.	1 January 2015	1 July 2015
AASB 2015-3	Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 *Materiality.* The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.	1 July 2015	1 July 2015

New standards and interpretations issued not yet adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ending 30 June 2016 are outlined below. Management is currently working through the implications of these changes.

Reference	Title	Summary and Impact on Group financial report	Application date of standard	Application date for Group
AASB 9	*Financial Instruments*	AASB 9 (December 2014) is a new Principal standard which replaces AASB 139. This new Principal version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application. The own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below a. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.	1 January 2018	1 July 2018

2. Basis of Preparation (continued)

(d) New Accounting Standards and Interpretations (continued)

New standards and interpretations issued not yet adopted (continued)

Reference	Title	Summary and Impact on Group financial report	Application date of standard	Application date for Group
AASB 9 (continued)	*Financial Instruments* (continued)	b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. Changes introduced by AASB 9 in respect of financial liabilities are limited to the measurement of liabilities designated at fair value through profit or loss (FVPL) using the fair value option. Where the fair value option is used for financial liabilities, the change in fair value is to be accounted for as follows: a. The change attributable to changes in credit risk are presented in other comprehensive income (OCI) b. The remaining change is presented in profit or loss AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains or losses attributable to changes in the entity's own credit risk would be recognised in OCI. These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount. The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. Amendments to AASB 9 (December 2009 & 2010 editions and AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E.		

2. Basis of Preparation (continued)

(d) New Accounting Standards and Interpretations (continued)

New standards and interpretations issued not yet adopted (continued)

Reference	Title	Summary and Impact on Group financial report	Application date of standard	Application date for Group
AASB 9 (continued)	*Financial Instruments* (continued)	AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in Dec 2014. AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 (December 2009) and AASB 9 (December 2010)) from 1 February 2015 and applies to annual reporting periods beginning on after 1 January 2015.		
AASB 15	*Revenue from Contracts with Customers*	AASB 15 *Revenue from Contracts with Customers* replaces the existing revenue recognition standards AASB 111 *Construction Contracts*, AASB 118 *Revenue* and related Interpretations (Interpretation *13 Customer Loyalty Programmes*, Interpretation 15 *Agreements for the Construction of Real Estate,* Interpretation 18 *Transfers of Assets from Customers*, Interpretation 131 *Revenue—Barter Transactions Involving Advertising Services* and Interpretation 1042 *Subscriber Acquisition Costs in the Telecommunications Industry*). AASB 15 incorporates the requirements of IFRS 15 *Revenue from Contracts with Customers* issued by the International Accounting Standards Board (IASB) and developed jointly with the US Financial Accounting Standards Board (FASB). AASB 15 specifies the accounting treatment for revenue arising from contracts with customers (except for contracts within the scope of other accounting standards such as leases or financial instruments).The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps: a. Step 1: Identify the contract(s) with a customer b. Step 2: Identify the performance obligations in the contract c. Step 3: Determine the transaction price d. Step 4: Allocate the transaction price to the performance obligations in the contract e. Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation AASB 2015-8 amended the AASB 15 effective date so it is now effective for annual reporting periods commencing on or after 1 January 2018. Early application is permitted. AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15.	1 January 2018	1 July 2018

2. Basis of Preparation (continued)

(d) New Accounting Standards and Interpretations (continued)

New standards and interpretations issued not yet adopted (continued)

Reference	Title	Summary and Impact on Group financial report	Application date of standard	Application date for Group
AASB 15 (continued)	*Revenue from Contracts with Customers* (continued)	AASB 2016-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 15* amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence and provides further practical expedients on transition to AASB 15.		
AASB 1057	*Application of Australian Accounting Standards*	This Standard lists the application paragraphs for each other Standard (and Interpretation), grouped where they are the same. Accordingly, paragraphs 5 and 22 respectively specify the application paragraphs for Standards and Interpretations in general. Differing application paragraphs are set out for individual Standards and Interpretations or grouped where possible. The application paragraphs do not affect requirements in other Standards that specify that certain paragraphs apply only to certain types of entities.	1 January 2016	1 July 2016
AASB 2015-1	*Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle*	The subjects of the principal amendments to the Standards are set out below: AASB 119 *Employee Benefits*: • Discount rate: regional market issue - clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. Further it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level. AASB 134 *Interim Financial Reporting:* • Disclosure of information 'elsewhere in the interim financial report' - amends AASB 134 to clarify the meaning of disclosure of information 'elsewhere in the interim financial report' and to require the inclusion of a cross-reference from the interim financial statements to the location of this information.	1 January 2016	1 July 2016
AASB 2015-2	*Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101*	The Standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.	1 January 2016	1 July 2016

2. Basis of Preparation (continued)

(d) New Accounting Standards and Interpretations (continued)

<u>New standards and interpretations issued not yet adopted (continued)</u>

Reference	Title	Summary and Impact on Group financial report	Application date of standard	Application date for Group
AASB 16	*Leases*	The key features of AASB 16 are as follows: **Lessee accounting** • Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. • A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. • Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. • AASB 16 contains disclosure requirements for lessees. **Lessor accounting** • AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. • AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk. AASB 16 supersedes: a. AASB 117 Leases b. Interpretation 4 Determining whether an Arrangement contains a Lease c. SIC-15 Operating Leases—Incentives d. SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, AASB 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as AASB 16.	1 January 2019	1 July 2019
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.	1 January 2017	1 July 2017

2. Basis of Preparation (continued)

(d) New Accounting Standards and Interpretations (continued)

New standards and interpretations issued not yet adopted (continued)

Reference	Title	Summary and Impact on Group financial report	Application date of standard	Application date for Group
IFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions [Amendments to IFRS 2]	This standard amends to IFRS 2 *Share-based Payment*, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for: • The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments • Share-based payment transactions with a net settlement feature for withholding tax obligations A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled	1 January 2018	1 July 2018

(e) Significant Accounting Judgements, Estimates and Assumptions

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

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Revenue Recognition

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

Trail Commission Receivable

The Group has elected to account for trail commission revenue at the time of selling a product to which trail commission attaches, rather than on the basis of actual payments received from the relevant fund or providers involved. This method of revenue recognition requires the Directors and management to make certain estimates and assumptions based on industry data and the historical experience of the Group. In undertaking this responsibility, the Group engages Deloitte Actuaries 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 policy.

The Directors consider this method of trail commission recognition to be a more accurate representation of the Group's financial results. This method is further detailed in Note 3(f).

2. Basis of Preparation (continued)

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

Estimates and Assumptions (continued)

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 insurance industry and insurers and are usually triggered where a referred member terminates their policy. Each relevant Product Provider has an individual agreement and the clawback period ranges between 0 and 12 months, depending on the agreement. The Group provides for this liability based upon historic average rates of attrition and recognises revenue net of these clawback amounts.

Provisions for Employee Benefits
Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date using the discounted cash flow methodology. The risks specific to the provision are factored into the cash flows and as such a 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.

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

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

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

Share-Based Payments
Accounting estimates and assumptions in relation to share-based payments are discussed in Note 31.

Initial Recognition of Identifiable Assets and Liabilities Upon Acquisition.
On 1 July 2014, the Group obtained control of General Brokerage Services Pty Ltd and its controlled entities (Energy Watch), an online comparison company dealing in energy products. Accounting estimates and assumptions in relation to the initial recognition of the identifiable assets and liabilities at fair value are discussed in detail in Note 5.

Determination of Value-In-Use of Goodwill, Brand Names and Trademarks
As part of the Group's annual impairment testing for indefinite life intangible assets, accounting estimates and assumptions have been applied in determining the value-in-use of cash-generating units where such intangible assets have been allocated. Further information of these estimates and assumptions are discussed in detail in Note 13.

3. Significant Accounting Policies

(a) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2016. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has the power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee), the exposure, or rights, to variable returns from its involvement with the investee, and has the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including the contractual arrangement with the other vote holders of the investee, rights arising from other contractual arrangements and the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. 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.

Profit or loss and each component of other comprehensive income **(OCI)** are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. 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.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it de-recognises the assets (including goodwill) and liabilities of the subsidiary, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

(b) Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest 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.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of AASB 139 *Financial Instruments: Recognition and Measurement*, is measured at fair value and changes in fair value recognised either in profit or loss or as a change to OCI. If the contingent consideration is not within the scope of AASB 139, it is measured in accordance with the appropriate Australian Accounting Standard. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

3. Significant Accounting Policies (continued)

(b) Business Combinations and Goodwill (continued)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

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

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

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".

(c) Investment in Associates and Joint Ventures

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 policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

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

The Group's investments in its associate is accounted for using the equity method. The Group does not hold an investment in joint ventures.

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 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.

3. Significant Accounting Policies (continued)

(c) Investment in Associates and Joint Ventures (continued)

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 or joint venture 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.

(d) Current versus Non-Current Classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is expected to be realised or intended to be sold or consumed in the Group's normal operating cycle, held primarily for the purpose of trading, expected to be realised within twelve months after the reporting date or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. The Group classifies all other assets as non-current.

A liability is current when it is expected to be settled in the Group's normal operating cycle, it is held primarily for the purpose of trading, it is due to be settled within twelve months after the reporting period or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(e) Foreign Currency Translation

The Group's consolidated financial statements are presented in Australian dollars, which is also the Parent's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and Balances

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 with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

3. Significant Accounting Policies (continued)

(e) Foreign Currency Translation (continued)

Transactions and Balances (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

Group Companies

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 purposes are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

(f) Revenue Recognition

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

<u>Fee Revenue</u>
The Group primarily earns two distinct types of fee based revenue: upfront fees and trail commission.

(i) Upfront fees
Upfront fees (net of applicable rebates, if any) 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.

(ii) Trail commission revenue
Trail commissions are ongoing fees for customers referred to individual 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. These calculations require the use of assumptions. Due to the differences in underlying product characteristics and product provider circumstances, the discount rates applied in the most recent valuation of the trail commission receivable range between 4.0% and 7.0% (2015: 3.2% and 7.8%) 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 2016 ranged from 6.5% to 23.2% (2015: 6.5% to 21.0%). The simple average duration band attrition increase was up to 2.1% during the period, with higher increases experienced for policies that have been in force for shorter periods of time.

3. Significant Accounting Policies (continued)

(f) Revenue Recognition (continued)

(ii) Trail commission revenue (continued)

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

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

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

<u>Advertising and Subscription Fee</u>
Revenue for contracted services, including advertising and subscription fee, is recognised systematically over the term of the contract. Revenue for services provided other than pursuant to a defined period contract is recognised during the month services are provided.

(g) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a Lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease. An operating lease is a lease other than a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Leases payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the consolidated statement of profit or loss and other comprehensive income.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Group as a Lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3. Significant Accounting Policies (continued)

(h) Cash and Short Term Deposits

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.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

(i) Trade and Other Receivables

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

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

(j) Taxes

Current Income Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated statement of profit or loss and other comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. 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 carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

3. Significant Accounting Policies (continued)

(j) Taxes (continued)

Deferred Tax (continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

Tax Consolidation Legislation

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

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

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

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

Goods and Services Tax (GST)

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

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

The net amount of GST recovered from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the consolidated statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is from, or payable to, the taxation authority is classified as part of operating cash flows.

3. Significant Accounting Policies (continued)

(k) Property, Plant and Equipment

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

	Useful Life	Method
Computer software/equipment	2 to 5 years	Straight-line method
Furniture, fixtures and fittings	8 years	Straight-line method
Leasehold improvements	8 to 10 years	Straight-line method
Motor vehicles	3 years	Straight-line method

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.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(l) Intangible Assets

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

The useful lives of intangible assets are assessed to be either finite or infinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates and adjusted on a prospective basis. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss as the expense category that is consistent with the function of the intangible assets.

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

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

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

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.

3. Significant Accounting Policies (continued)

(l) Intangible Assets (continued)

Research and Development costs
Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete, its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset, the ability to measure reliably the expenditure during development and the ability to use the intangible asset generated. Following the initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually. Website development costs capitalised as an intangible asset are amortised on a straight line basis with a useful life as previously detailed.

Trademarks and Domain Names
The Group made upfront payments to purchase trademarks and domain names and can be renewed at little or no cost to the Group. As a result, those trademarks and domain names are assessed as having an indefinite useful life.

Goodwill
Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see Note 3(b). Subsequently goodwill is measured at cost, and is tested for impairment annually. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

(m) Investments

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

(n) Loans and borrowings

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

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

(o) Financial Instruments – Initial Recognition and Subsequent Measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i. Financial Assets

Initial Recognition and Measurement
Financial assets are classified, at initial recognition, as loans and receivables (including trail commission receivable) or held-to-maturity investments. All financial assets are recognised initially at fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

3. Significant Accounting Policies (continued)

(o) Financial Instruments – Initial Recognition and Subsequent Measurement (continued)

i. Financial Assets (continued)

Subsequent Measurement
For the purposes of subsequent measurement, financial assets are classified into two categories: Loans and receivables (including trail commission receivable) and held-to-maturity investments.

Loans and Receivables (Including Trail Commission Receivable)
This category is the most relevant to the Group. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the consolidated statement of profit or loss and other comprehensive income. The losses arising from impairment are recognised in the consolidated statement of profit or loss and other comprehensive income in finance costs for loans and in cost of sales or other operating expenses for receivables. This category generally applies to trade and other receivables. For more information on receivables, refer to notes 9 and 10.

Held-To-Maturity Investments
Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the EIR, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the consolidated statement of profit or loss and other comprehensive income. The losses arising from impairment are recognised in the consolidated statement of profit or loss and other comprehensive income as finance costs.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of Financial Assets
The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

3. Significant Accounting Policies (continued)

(o) Financial Instruments – Initial Recognition and Subsequent Measurement (continued)

i. Financial Assets (continued)

Impairment of Financial Assets (continued)
The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR.

Financial Assets Carried at Amortised Cost
For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income (recorded in finance income in the consolidated statement of profit or loss and other comprehensive income) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the consolidated statement of profit or loss and other comprehensive income.

ii. Financial Liabilities

Initial Recognition and Measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and may include loans and borrowings (including bank overdrafts).

Subsequent Measurement
The measurement of financial liabilities depends on their classification as described below:

Financial Liabilities at Fair Value Through Profit or Loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in AASB 139 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and Borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the consolidated statement of profit or loss and other comprehensive income. As at 30 June 2016, the Group does not have any loans and borrowings. For more information refer to Note 17.

3. Significant Accounting Policies (continued)

(o) Financial Instruments – Initial Recognition and Subsequent Measurement (continued)

ii. Financial liabilities (continued)

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

iii. Offsetting of Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(p) Impairment of Non-Financial Assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to projected future cash flows after the fifth year.

Impairment losses on continuing operations are recognised in the consolidated statement of profit or loss and other comprehensive income in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit or loss and other comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

3. Significant Accounting Policies (continued)

(p) Impairment of Non-Financial Assets (continued)

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

(q) Trade and Other Payables

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

(r) Onerous Contracts

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

(s) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of profit or loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

Wages, Salaries and Sick Leave
Liabilities for wages and salaries, including non-monetary benefits are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long Service Leave and Annual Leave
The Group does not expect its long service leave or annual leave benefits to be settled wholly within 12 months of each reporting date. 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.

3. Significant Accounting Policies (continued)

(s) Provisions (continued)

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 insurance industry and insurers and are usually triggered where a referred member terminates their policy. Each relevant Product Provider has an individual agreement and the clawback period ranges between 0 and 12 months, depending on the agreement. The Group provides for this liability based upon historic average rates of attrition and recognises revenue net of these clawback amounts.

(t) Share-based payments

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

During the year there were two plans in place to provide these benefits:
- The FY2016 Long Term Incentive Plan (FY2016 LTI Plan), which provides benefits to employees and key management personnel; and
- The FY2015 Long Term Incentive Plan (FY2015 LTI Plan), which provides benefits to employees and key management personnel.

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

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

At each subsequent reporting date until vesting, the cumulative charge to the consolidated statement of profit or loss and other comprehensive income is the product of (i) the grant date fair value of the award; (ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and (iii) the expired portion of the vesting period. The charge to the consolidated statement of profit or loss and other comprehensive income 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.

3. Significant Accounting Policies (continued)

(u) Finance Income and Finance Costs

The Group's finance income and finance costs include:

- Interest income;
- Interest expense;
- The net gain or loss on financial assets at fair value through profit or loss;
- The foreign currency gain or loss on financial assets and financial liabilities; and
- Impairment losses recognised on financial assets (other than trade receivables).

Interest income or expense is recognised using the effective interest rate method.

(v) Contributed Equity

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

(w) Earnings per Share

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

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

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

4. Segment Information

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

- Health, which offers comparison, purchase and referral services across private health insurance;
- Life and General Insurance, which offers comparison, purchase and referral services across car, life and general insurance; and
- Energy and Telecommunications, which offers comparison, purchase and referral services across energy and broadband.

Other, comprises of comparison, purchase and referral services but predominantly offer financial service products including home loans. The Group considers these to be insignificant to warrant separate disclosure. The 30 June 2015 comparative segment information has been reclassified to align with the reported 30 June 2016 balances.

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

	Reported 30 June 2016 $'000	Reported 30 June 2015 $'000
Operating revenue		
Health Insurance	89,961	93,450
Life and General Insurance	32,685	24,667
Energy and Telecommunications	40,159	29,973
Other	9,060	9,124
Consolidated Group operating revenue	**171,865**	**157,214**
Profit before interest, tax, depreciation, amortisation and loss from associate		
Health Insurance	14,951	22,525
Life and General Insurance	11,858	7,758
Energy and Telecommunications	1,692	1,652
Other	1,022	2,015
Unallocated (Corporate)^	(8,028)	(15,359)
Consolidated Group profit before interest, tax, depreciation, amortisation and loss from associate (EBITDA)	**21,495**	**18,591**
Depreciation and amortisation	(5,723)	(6,015)
Net finance income	2,079	5,768
Loss from associate	(738)	(313)
Consolidated Group profit before income tax	**17,113**	**18,031**
Income tax expense	(4,208)	(8,393)
Consolidated Group net profit for the year	**12,905**	**9,638**

^ Unallocated corporate costs in the current period include costs associated with the business restructure and CEO exit and replacement costs. In the prior year, unallocated corporate costs include the integration of Energy Watch, NIA loan impairment and associated costs and Chairman exit and replacement costs. These are further explained in Note 6.

5. Business Combinations

Energy Watch acquisition

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

Purchase consideration

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

Details of net assets and liabilities acquired

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

	Fair value $'000
Cash	423
Trade debtors	56
Accrued income	1,358
Property, plant and equipment	-
Brand name	1,754
Other assets	110
Deferred taxes	298
Trade and other payables	(1,269)
Prepaid income	(202)
Provisions	(808)
Net identifiable assets	**1,720**
Add goodwill acquired	7,981
Purchase consideration transferred	**9,701**

Fair value of assets

The following fair values have been determined by management:
- The brand names acquired as part of the Energy Watch Group acquisition were initially recognised at fair value and this intangible asset has been determined to have an indefinite useful life; and
- The fair value of property, plant and equipment as well as any development and software assets have been determined to be nil at acquisition.

Acquisition, integration and closure related costs

The Group incurred acquisition related costs of $983,000 relating to external legal fees, due diligence costs, consultancy costs, redundancy and staff associated costs which were expensed in the consolidated statement of profit or loss and other comprehensive income in the previous financial periods. There were no acquisition costs in the current financial period.

6. Revenue and Expenses

	Consolidated 30 June 2016 $'000	Consolidated 30 June 2015 $'000
Upfront Revenue		
Upfront fees	135,112	118,425
Click-through fees	2,328	3,331
Advertising and subscription fees	3,254	3,411
	140,694	**125,167**
Trail Commission Revenue		
Trail commission revenue – current period trail commission sales	25,690	26,189
Trail commission revenue – discount unwind	5,481	5,858
	31,171	**32,047**
Employee Benefits Expense		
Cost of sales and administration expenses include the following employee benefits expenses:		
Remuneration, bonuses, on-costs and amounts provided for benefits (i)	59,810	52,442
Superannuation expenses	5,480	4,385
Share-based payments	63	287
	65,353	**57,114**
Depreciation and Amortisation		
Depreciation	2,750	2,537
Amortisation of previously capitalised development costs	2,973	3,478
	5,723	**6,015**
Occupancy Related Expenses		
Operating lease rental expense	**2,120**	**1,833**
Doubtful Debt Related Expenses		
Doubtful debt expense / (recovery)	**(21)**	-
Other Expenses Included in the Income Statement		
Acquisition and integration costs (ii)	-	699
Executive chairman exit and replacement costs (iii)	-	1,029
CEO exit and replacement costs (iv)	450	-
Restructure costs (iv)	1,427	-
NIA associated costs (v)	-	837
Impairment of NIA loan receivable (v)	-	9,987
	1,877	**12,552**

(i) Employee benefits expense is net of amounts capitalised as development costs of $1,748,000 (2015: $1,719,000) and superannuation expenses which are separately disclosed.
(ii) Acquisition and integration costs relate to the purchase of the Energy Watch business in the previous financial period.
(iii) Executive Chairman exit and replacement costs in relation to the resignation of Damien Waller and the search for a Non-Executive Chairman (Chris Knoblanche, appointed effective 1 July 2015).
(iv) Costs relate to the expenditure and associated on-costs incurred as a result of the exit of Alex Stevens, former CEO (ceased 12 October 2015), and costs associated with the restructure of the business.
(v) NIA loan receivable impairment and associated legal and advisory related costs.

7. Income Tax

	Consolidated 30 June 2016 $'000	Consolidated 30 June 2015 $'000
Current income tax		
Current income tax expense	(4,492)	(7,854)
Adjustment in respect of current income tax of previous years	2,187	421
Deferred income tax		
Relating to origination and reversal of temporary differences	(566)	(2,632)
Adjustments in respect of deferred income tax of previous years	(1,573)	(384)
Utilisation of carried forward tax losses	236	2,056
Income tax reported in income statement	**(4,208)**	**(8,393)**
A reconciliation of income tax benefit/(expense) and accounting profit before income tax at the statutory income tax rate is as follows:		
Accounting profit before income tax	**17,113**	**18,031**
Prima facie income tax (expense)/benefit using the statutory income tax rate of 30% (2015: 30%)	(5,134)	(5,409)
Share of loss /(profit) of associate reported, net of tax	(221)	(77)
Adjustments in respect of current income tax of previous years	2,187	421
Adjustments in respect of deferred income tax of previous years	(1,573)	(384)
Share-based payments	(19)	(86)
Entertainment	(46)	(102)
Initial recognition of available research and development concessional credits	350	223
Initial recognition of tax losses relating to the Energy Watch Group acquisition	236	-
Impairment of NIA loan receivable	-	(2,996)
Other	12	17
Total income tax expense	**(4,208)**	**(8,393)**
Deferred tax assets relate to the following:		
Deferred tax assets from temporary differences on:		
Trade and other payables	634	1,935
Provisions	2,642	2,301
Property, Plant and Equipment	1,296	1,175
Expenditure for initial public offering costs	803	1,606
Other	-	8
Total deferred tax assets	**5,375**	**7,025**
Deferred tax liabilities from temporary differences on:		
Trail commission receivable	(31,237)	(30,613)
Development costs	(284)	(501)
Other	(82)	-
Total deferred tax liabilities	**(31,603)**	**(31,114)**
Net deferred tax liabilities	**(26,228)**	**(24,089)**

Tax Consolidation

The iSelect Group formed an income tax consolidated group as at 30 April 2007. iSelect Limited continues to act as the head entity of this Group. Upon the 100% acquisitions of Infochoice Limited and the Energy Watch Group, these companies became part of the tax consolidated group. Members of the Group entered into a tax sharing agreement at that time that provided for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts are expected to be recognised in the consolidated financial statements in respect of this agreement on the basis that the probability of default is remote. The head entity and the controlled entities in the likely tax consolidated group continue to account for their own current and deferred tax balances.

Unrecognised deferred tax assets

The Group has not recognised a deferred tax benefit on the loss on the NIA, which would be $2,996,000.

8. Cash and Cash Equivalents

	Consolidated 30 June 2016 $'000	Consolidated 30 June 2015 $'000
Cash at bank and on hand	27,620	25,542
Term deposits	60,000	45,000
	87,620	**70,542**

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

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

	Consolidated 30 June 2016 $'000	Consolidated 30 June 2015 $'000
Net profit after tax	**12,905**	**9,638**
Adjustments for non-cash income and expense items:		
Foreign exchange movements	40	(41)
Depreciation and amortisation	5,723	6,015
Impairment of NIA loan receivable	-	9,987
Share-based payments expense	63	287
Share of loss in associate	738	313
Other	256	-
Adjustments for items in net profit but not in operating cash flows:		
Interest expense classified as financing cash flow	489	589
Changes in net assets and liabilities:		
(Increase)/decrease in trade receivables	(10,877)	(5,085)
(Increase)/decrease in trail commission receivable	(2,066)	(2,629)
(Increase)/decrease in other assets	385	(580)
Increase/(decrease) in trade and other payables	6,242	3,325
Increase/(decrease) in deferred taxes	2,139	2,632
Increase/(decrease) in provisions	493	5,434
Increase/(decrease) in income tax payable	(5,198)	(28)
Increase/(decrease) in other liabilities	(557)	743
Net cash flow provided from operating activities[1]	**10,775**	**30,600**

[1] Interest income received has been reclassified to be included as part of Operating Activities

9. Trade and Other Receivables

	Consolidated 30 June 2016 $'000	Consolidated 30 June 2015 $'000
Current		
Trade receivables	43,922	33,066
Allowance for credit losses	-	(21)
Other receivables (secured NIA facility)	-	40,716
	43,922	**73,761**

Refer to Note 23 for information on the credit risk management policy of the Group.

Allowance for credit loss

As at 30 June 2016, current trade receivables with a nominal value of nil (2015: $21,000) were provided for as doubtful.

Movements in the allowance account for credit losses were as follows:		
Carrying value and the beginning of the year	21	80
Allowance for credit losses recognised during the year	-	-
Receivables written off during the year as uncollectable	-	(59)
Unused amount reversed	(21)	-
Carrying value at the end of the year	**-**	**21**

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

As at 30 June 2016, trade receivables of $2,042,000 (2015: $1,129,000) were past due but not impaired. These relate to customers for whom there is no recent history of default or other indicators of impairment.

The ageing analysis of trade and other receivables that were not provided for as doubtful is as follows:		
Neither past due nor impaired	41,880	72,632
Past due 1 – 30 days	1,133	281
Past due 31 – 90 days	727	403
Past due 90+ days	182	445
	43,922	**73,761**

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. 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.

9. Trade and Other Receivables (continued)

Secured NIA facility

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

The Group had provided a secured facility to NIA Health Pty Ltd (**NIA Health**) for the sole purpose of allowing NIA Health to defer the time at which it is required to make commission payments under distribution arrangements with the Group. The facility did not allow NIA Health to draw down cash amounts, rather, it created a deferred payment obligation for which NIA Health provides security and paid interest.

On 31 July 2015, the Group received a cash settlement of $42,133,667 in full satisfaction of interest owing with the balance being applied to remaining amounts owed under the NIA Health loan facility, subject to the terms and certain conditions of an agreement entered into on 25 July 2015, under which GMHBA will acquire health.com.au Pty Ltd.

In the financial year 2015 accounts, the Group adjusted for an impairment to the NIA Health loan facility of $9,987,000 plus additional one-off costs of approximately $837,000.

	Consolidated 30 June 2016 $'000	Consolidated 30 June 2015 $'000
10. Trail Commission Receivable		
Current		
Trail commission receivable	21,052	28,174
	21,052	**28,174**
Non-Current		
Trail commission receivable	82,639	73,451
	82,639	**73,451**
Total trail commission receivable	**103,691**	**101,625**
Reconciliation of movement in trail commission receivable:		
Opening balance	**101,625**	**98,996**
Trail commission revenue – current period trail commission sales	25,690	26,189
Trail commission revenue – discount unwind	5,481	5,858
Cash receipts	(29,105)	(29,418)
Closing balance	**103,691**	**101,625**

	Consolidated 30 June 2016 $'000	Consolidated 30 June 2015 $'000
11. Other Assets		
Current		
Prepayments – facility fees	-	361
Prepayments – other	2,594	1,242
Interest receivable – NIA (i)	-	1,079
Other assets	418	1,076
	3,012	**3,758**

(i) The NIA loan settlement amount received included all interest owed to the date of settlement.

12. 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 2016					
Cost	8,565	7,179	7,102	1,020	23,866
Accumulated depreciation	(5,396)	(5,027)	(4,464)	(211)	(15,098)
Net carrying amount	**3,169**	**2,152**	**2,638**	**809**	**8,768**
Net carrying amount at 1 July 2015	3,632	1,938	1,234	292	7,096
Additions	569	1,076	2,193	584	4,422
Disposals	-	-	-	-	-
Depreciation expense	(1,032)	(862)	(789)	(67)	(2,750)
Net carrying amount at 30 June 2016	**3,169**	**2,152**	**2,638**	**809**	**8,768**
As at 30 June 2015					
Cost	7,996	6,103	4,909	436	19,444
Accumulated depreciation	(4,364)	(4,165)	(3,675)	(144)	(12,348)
Net carrying amount	**3,632**	**1,938**	**1,234**	**292**	**7,096**
Net carrying amount at 1 July 2014	4,564	1,958	1,035	152	7,709
Additions	82	848	818	176	1,924
Disposals	-	-	-	-	-
Depreciation expense	(1,014)	(868)	(619)	(36)	(2,537)
Net carrying amount at 30 June 2015	**3,632**	**1,938**	**1,234**	**292**	**7,096**

13. Intangible Assets

	Development Costs $'000	Trademarks and Domain Names $'000	Goodwill $'000	Brand Names $'000	Customer Contracts $'000	Total $'000
As at 30 June 2016						
Cost	22,198	368	31,216	8,204	806	62,792
Accumulated amortisation	(15,773)	-	-	-	(806)	(16,579)
Net carrying amount	**6,425**	**368**	**31,216**	**8,204**	**-**	**46,213**
Net carrying amount at 1 July 2015	6,412	368	31,216	8,204	-	46,200
Additions	3,242	-	-	-	-	3,242
Disposals	(256)	-	-	-	-	(256)
Amortisation	(2,973)	-	-	-	-	(2,973)
Net carrying amount at 30 June 2016	**6,425**	**368**	**31,216**	**8,204**	**-**	**46,213**
As at 30 June 2015						
Cost	19,212	368	31,216	8,204	806	59,806
Accumulated amortisation	(12,800)	-	-	-	(806)	(13,606)
Net carrying amount	**6,412**	**368**	**31,216**	**8,204**	**-**	**46,200**
Net carrying amount at 1 July 2014	7,511	350	23,235	6,450	-	37,546
Acquisitions through business combination	-	-	7,981	1,754	-	9,735
Additions	2,379	18	-	-	-	2,397
Amortisation	(3,478)	-	-	-	-	(3,478)
Net carrying amount at 30 June 2015	**6,412**	**368**	**31,216**	**8,204**	**-**	**46,200**

Description of intangible assets

(i) *Development costs*

Development costs relate to the development of the Group's various websites and customer conversion systems and are carried at cost less accumulated amortisation and accumulated impairment losses. This intangible asset has been assessed as having a finite life and is amortised using the straight line method over a period of between 2 and 5 years. The amortisation has been recognised in the consolidated statement of profit or loss and other comprehensive income in amortisation. If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

(ii) *Trademarks and domain names*

Trademark and domain names are carried at cost and are not amortised. These intangible assets have been determined to have indefinite useful lives. These assets were tested for impairment as at 30 June 2016, on a 'value-in-use' basis. Also refer Note 3(l), 3(p) and below.

(iii) *Goodwill*

Goodwill relates to the acquisitions of Infochoice Limited and the Energy Watch group. Goodwill has been tested for impairment on a value-in-use basis as at 30 June 2016, refer to Note 3(l), 3(p), and below.

(iv) *Brand Names*

The brand names acquired as part of the Infochoice Limited and the Energy Watch Group acquisitions were initially recognised at fair value. These intangible asset have been determined to have an indefinite useful life. These assets were tested for impairment on a value-in-use basis as at 30 June 2016, refer to Note 3(l), 3(p) and below.

(v) *Customer Contracts*

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

13. Intangible Assets (continued)

Impairment testing of goodwill and intangible assets with indefinite lives

Goodwill acquired through the Infochoice Limited and Energy Watch group acquisitions have been allocated to the cash generating units (**CGUs**) for impairment testing as outlined in the table below:

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

The brand name acquired through the Infochoice Limited acquisition has an indefinite useful life and is allocated at a Group level. Trademarks and domain names also have an indefinite useful life and are allocated at a Group level. The brand name acquired through the Energy Watch acquisition has an indefinite useful life and is allocated to the Household CGU, which is comprised of iSelect Energy, iSelect Broadband and Energy Watch.

The Group has performed its annual impairment test as at 30 June 2016. The recoverable amount of CGUs has been determined based on a value-in-use calculation using the financial year 2017 long-term plan approved by the Board with a growth rate increment for subsequent years, and cash flow projections based on management forecasts. As a result of this analysis, no impairment was identified for the CGUs to which goodwill or brand names are allocated.

Key assumptions used in value-in-use calculation

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

CGU	FY16	FY15
Health	11.4%	12.2%
Car	10.8%	11.8%
Home loans	19.7%	19.9%
Money	13.8%	14.7%
Life	11.7%	12.7%
Household	10.9%	12.2%

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% for all CGU's other than Home Loans.

Whilst the Home Loans CGU remains an immature business and its operation to-date has incurred losses, 2016 financial results came in better than expected, exceeding prior year forecasts. Management continues to believe improved focus and attention will drive substantial growth in the business over the forecast time period. The cash flows for Home Loans are based on management projections with an anticipated loss in financial year 2017 (though an improvement on financial year 2016) and continued significant forecasted growth into the 2018 to 2021 financial years. Subsequently, a long term terminal growth rate of 3%, which is in line with the assessment for other CGUs, has been applied.

13. Intangible Assets (continued)

Key assumptions used in value-in-use calculation (continued)

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

For the Home Loans CGU, the estimated recoverable amount is $4.1 million greater than its carrying value. Despite this headroom, certain adverse changes in a key assumption may result in an impairment loss. The implications of these adverse changes in the key assumptions for the recoverable amount are discussed below:

- Growth and discount rate assumptions – management recognises that the Home Loans CGU is still in its infancy and the speed of its growth may have a significant impact on growth rate assumptions applied. However, as an indication of the potential impact on impairment, if cash flows were discounted by 20% and the discount rate was increased by 2%, this would lead to impairment.

14. Investment in Associate

On 10 October 2014, the Group acquired a 20% interest on a fully dilutive basis for $4.6 million (US $4.0 million) in the Intelligent Money Group (**iMoney**), an online comparison company dealing in financial products across South East Asia.

On the 19 February 2016, the Group acquired an additional 85,690 shares on a fully dilutive basis for $1.8 million (US $1.3 million. As part of the additional investment, the Group has also obtained a call option to purchase additional interest for a period of 12 months from the 19 February 2016.

The Group has 23% (2015: 20%) of the voting rights on the Board of Directors. It has also determined that the investment in associate is immaterial in nature for the Group's overall operations.

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

	Consolidated 30 June 2016 $'000	Consolidated 30 June 2015 $'000
Carrying amount of interest in associates	**5,293**	**4,265**
As represented by:		
Balance at beginning of year	4,265	-
Acquisition of shares	1,766	4,578
Share of:		
Loss from continuing operations	(738)	(313)
Other comprehensive income	-	-
Balance at the end of year	**5,293**	**4,265**

	Consolidated 30 June 2016 $'000	Consolidated 30 June 2015 $'000
15. Trade and Other Payables		
Trade payables	15,921	5,310
Other payables	11,839	15,740
	27,760	**21,050**

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

16. Provisions

Current		
Employee benefits – annual leave	2,584	2,403
Employee benefits – long service leave	482	357
Lease incentive (i)	319	319
Clawback (ii)	2,630	1,961
Other (iii)	1,449	1,354
	7,464	**6,394**
Non-Current		
Employee benefits – long service leave	422	680
Lease Incentive (i)	1,277	1,596
	1,699	**2,276**

Nature and timing of provisions

(i) *Provision for lease incentive*
Relates to the receipt of lease incentive payments in relation to the Group's premises. This income has been deferred and is being recognised in the consolidated statement of profit or loss and other comprehensive income over the life of the lease.

(ii) *Clawback provision*
The Group has recognised a provision for expected clawback of marketing fees receivable from health, life and general funds due to early termination of policies by new members. This is based on historical and average industry rates of attrition. Clawback of fees is incurred within 0 to 12 months of the sale of the relevant policies.

(iii) *Other*
Predominantly relates to the make good provision in relation to the Group's premises and rebates.

17. Loans and Borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see Note 23.

Funding activities

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

Revolving facility

On 18 April 2013 the Group entered into a $40 million facility with the Commonwealth Bank of Australia (**CBA**). The arrangements included a term debt revolving facility of up to $35 million and a secured letter of credit facility of up to $5 million. The term of the facility was 3 years, from 18 April 2013 to 17 April 2016.

During financial year 2014 the Group renegotiated its terms and facility limit with CBA and an updated arrangement for a $15 million facility. The arrangement reduced the term debt revolving facility down to $10 million, whilst the credit limit facility terms remained unchanged.

The purpose of the facility is to provide funding for general corporate purposes, including ongoing working capital requirements and to meet the ongoing liquidity requirements of the Group. Interest is payable at a rate calculated as BBSY plus a pre-determined margin.

The term debt revolving facility contains financial covenants that are required to be met. As at 30 June 2016, the Group has complied with these covenants.

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

On the expiry of the initial facility agreement in April 2016, the Group is currently in renegotiations on a new facility term. Whilst this is ongoing the Group has reduced the facility limit to nil and currently is only utilising the secured letter of credit facility of $5 million.

	Consolidated 30 June 2016 $'000	Consolidated 30 June 2015 $'000
18. Contributed Equity		
Issued capital	**150,914**	**173,713**

Issued capital – ordinary shares

Movement in shares on issue	Number of Shares	Share Capital $'000
Total quoted shares outstanding at 1 July 2014	**260,889,894**	**172,963**
Issue of shares – ESOP[(1)]	600,000	750
Total quoted shares outstanding at 30 June 2015	**261,489,894**	**173,713**
Issue of shares – ESOP	-	-
Buyback of share capital[(2)]	(23,005,379)	(22,799)
Total quoted shares outstanding at 30 June 2016	**238,484,515**	**150,914**
Total LTI Plan shares outstanding at 1 July 2014	**5,086,119**	**-**
Issue of shares – LTI Plan[(3)]	7,546,080	-
Forfeiture of Shares – LTI Plan	(6,109,847)	-
Total LTI Plan shares outstanding at 30 June 2015	**6,522,352**	**-**
Issue of shares – LTI Plan[(3)]	2,284,163	-
Forfeiture of Shares – LTI Plan	(5,025,049)	-
Total LTI Plan shares outstanding at 30 June 2016	**3,781,466**	**-**

[(1)] Net of transaction costs of $64,000 and associated tax of $(19,000).
[(2)] 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 Groups' ordinary shares on issue resulting in 23.0 million ordinary shares being bought back during the period. The Groups 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.
[(3)] Shares issued as part of Long Term Incentive Plan are unquoted ordinary shares. Refer to Note 31 for further details of the Long Term Incentive Plan.

Ordinary Shares
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.

19. Reserves	30 June 2016 $'000	30 June 2015 $'000
Share-based payment reserve (i)	1,746	1,683
Business combination reserve (ii)	5,571	5,571
Foreign currency translation reserve (iii)	-	(49)
	7,317	**7,205**

(i) 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 31 for further details of these plans.

(ii) Business combination reserve

This reserve records the difference between the consideration paid and the 'equity' acquired from the internal Group restructure performed in the 2007 financial year. Refer to Note 3(b) for further details.

(iii) Foreign currency translation reserve

This reserve records translation differences arising as a result of translating the financial statement items of a foreign operation into the Group's functional currency and on translation of receivables/payables from/to a foreign operation, where settlement is neither planned nor likely to occur in the foreseeable future and therefore recorded as part of the net investment in the foreign operation.

20. Retained Earnings

	30 June 2016 $'000	30 June 2015 $'000
Balance at beginning of period	66,004	56,366
Profit for the period	12,905	9,638
Dividend paid	(2,533)	-
Balance at end of period	**76,376**	**66,004**

21. Dividends

	30 June 2016 $'000	30 June 2015 $'000
Cash dividends on ordinary shares declared and paid:		
Interim dividend for 2016: 1 cent per share (2015: nil cents per share)	2,533	-
	2,533	**-**
Proposed dividends on ordinary shares:		
Estimated final cash dividend payable for 2016: 1.5 cents per share (2015: nil cent per share)	3,577	-

Proposed dividends on ordinary shares at the date of this report are subject to approval at the annual general meeting and are not recognised as at 30 June.

Franking credit balance

The amount of franking credits available for the subsequent financial year are:

	30 June 2016 $'000	30 June 2015 $'000
Franking account balance as at the end of the financial year at 30% (2015: 30%)	6,181	-
Franking credits that will arise from the payment of income tax payable as at the end of the financial year	236	5,434
Franking debits that will arise from the payment of dividends as at the end of the financial year	-	-
Franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date	-	-
	6,417	**5,434**

22. Earnings Per Share

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

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

Basic and dilutive earnings per share are calculated as follows:

	30 June 2016 $'000	30 June 2015 $'000
Profit after attributable to the owners of the Group	12,905	9,638
	Shares ('000)	Shares ('000)
Weighted average number of ordinary shares for basic earnings per share	255,247	261,299
Effect of dilution	921	774
Weighted average number of ordinary shares adjusted for effect of dilution	256,168	262,073
	Cents	Cents
Earnings per share:		
Basic for profit for the year attributable to ordinary members of the parent	5.1	3.7
Diluted for profit for the year attributable to ordinary members of the parent	5.0	3.7

23. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise trade and other receivables, trade and other payables, loans and borrowings and cash and short-term deposits. The Group does not use derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge risk exposures. It is not exposed to either securities price risk or commodity price risk. Foreign exchange risk is limited to international operations (Energy Watch Services Ltd whose functional currency is New Zealand Dollars) and transactional currency exposure for some purchases made by the Australian entities in currencies other than the functional currency. However, the New Zealand operations and foreign currency denominated purchases made by the Australian entities are not significant parts of the overall iSelect business and therefore the exposure is minor. At 31 May 2016 the Group ceased operations in New Zealand.

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

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

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

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

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

(a) Market Risk

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

(i) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from cash and cash equivalents, trail commission receivables and borrowings. The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date:

	30 June 2016 $'000	30 June 2015 $'000
Financial Assets		
Current		
Cash and cash equivalents	87,620	70,542
Trade and other receivables	43,922	73,761
Trail commission receivable	21,052	28,174
Non-Current		
Trail commission receivable	82,639	73,451
	235,233	**245,928**
Financial Liabilities		
Current		
Trade and other payables	27,760	21,050
	27,760	**21,050**
Net Exposure	**207,473**	**224,878**

23. Financial Risk Management Objectives and Policies (continued)

(a) Market Risk (continued)

(i) Cash flow and fair value interest rate risk (continued)

At 30 June 2016, if interest rates had moved as illustrated in the table below, with all other variables being held constant, post-tax profit would have been higher/(lower) as follows:

	30 June 2016 $'000	30 June 2015 $'000
TOTAL		
Consolidated		
+1% (100 basis points)	613	494
-1% (100 basis points)	(613)	(494)
CASH AT BANK		
Consolidated		
+1% (100 basis points)	613	494
-1% (100 basis points)	(613)	(494)

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

(ii) Foreign currency risk

The Group has minimal transactional currency exposure. Such exposure arises from operating in New Zealand (Energy Watch Services Limited) and purchases by an Australian operating entity in currencies other than the functional currency. No hedging instruments have been or are in place. At 31 May 2016 the Group ceased operations in New Zealand.

(b) Credit Risk

Credit risk is managed on a Group basis. Credit risk arises 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.

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

	30 June 2016 $'000	30 June 2015 $'000
Cash and cash equivalents	87,620	70,542
Trade and other receivables	43,922	33,045
Secured NIA facility	-	40,716
Trail commission receivable	103,691	101,625
	235,233	**245,928**

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 (as discussed in Note 3(f) and outstanding receivables). Estimates of the likely credit risk associated with the health, life and general funds and mortgage providers are incorporated in the discount rates (one of the assumptions used in the fair value and amortised cost calculation). Any risk in relation to other revenue has been reflected in allowance for credit losses.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. 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 9 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.

23. Financial Risk Management Objectives and Policies (continued)

(b) Credit Risk (continued)

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

(c) Liquidity Risk

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

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

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

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

	Carrying Amount $'000	Contract-ual Cash Flows $'000	<3 months $'000	3–12 months $'000	1–2 years $'000	2–5 years $'000	>5 years $'000
As at 30 June 2016							
Non-derivative financial liabilities							
Trade payables	27,760	27,760	27,760	-	-	-	-
Total	**27,760**	**27,760**	**27,760**	-	-	-	-
As at 30 June 2015							
Non-derivative financial liabilities							
Trade payables	21,050	21,050	21,050	-	-	-	-
Total	**21,050**	**21,050**	**21,050**	-	-	-	-

As disclosed in Note 17, the Group has a debt facility, which contains debt covenants. A breach of these covenants may require the Group to repay the loan, however as at 30 June 2016 iSelect has not drawn down on this facility.

23. Financial Risk Management Objectives and Policies (continued)

(d) Fair Values

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

	Note	Carrying Amount ($'000) 2016	Carrying Amount ($'000) 2015	Fair Value ($'000) 2016	Fair Value ($'000) 2015
Financial Assets					
Cash and cash equivalents (i)	8	87,620	70,542	87,620	70,542
Trade and other receivables – current (i)	9	43,922	73,761	43,922	73,761
Trail commission receivable (ii)	10	103,691	101,625	104,953	103,164
		235,233	**245,928**	**236,495**	**247,467**
Financial Liabilities					
Trade and other payables (i)	15	27,760	21,050	27,760	21,050
		27,760	**21,050**	**27,760**	**21,050**

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 $12,011,000 (2015: $9,269,000). A combined premium price increase of 1% and termination rate decrease of 1% would have the effect of increasing the carrying value by $10,854,000 (2015: $11,303,000). Individually, the effects of these inputs would not give rise to any additional amount greater than those stated.

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

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

	Note	Quoted market price (Level 1) $'000	Valuation technique - market observable inputs (Level 2) $'000	Valuation technique - non-market observable inputs (Level 3) $'000	Total
30 June 2016					
Financial Assets					
Trail commission receivable		-	-	104,953	104,953
		-	**-**	**104,953**	**104,953**
Financial Liabilities		**-**	**-**	**-**	**-**
30 June 2015					
Financial Assets					
Other receivables	9	-	-	40,716	40,716
Trail commission receivable		-	-	103,164	103,164
		-	**-**	**143,880**	**143,880**
Financial Liabilities		**-**	**-**	**-**	**-**

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

(e) Capital Management

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

24. Commitments and Contingencies

	Consolidated 30 June 2016 $'000	Consolidated 30 June 2015 $'000
Commitments		
Non-cancellable operating lease commitments		
Not later than 1 year	2,981	2,419
Later than 1 year and not later than 5 years	11,335	10,272
Later than 5 years	-	2,691
	14,316	**15,382**

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

Contingencies

Guarantees

Trading guarantees	**2,089**	**2,089**

The Group has issued a number of bank guarantees and letters of credit for various operational purposes. It is not expected that these guarantees will be called upon. All trading guarantees are issued in the name of iSelect Limited.

Other

On 24 October 2011, iSelect Life Pty Ltd reported to the Australian Securities and Investment Commission a breach in relation to its Australian Financial Services License relating to life insurance policies sold between April 2009 and March 2011. As a result of this breach, an internal review of all life insurance policies sold during that period was undertaken. The review and remediation work commenced in October 2011. As at 30 June 2016, 100% (2015: 100%) of the initial 5,095 policies had been reviewed by iSelect with only 664 (2015: 665) 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 2016 (2015: nil).

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

25. Events After Balance Sheet Date

On the 30 August 2016 the Group declared an estimated fully franked full year dividend of $3,577,000, representing 1.5 cents per share based on the shares on issue at the 30 June 2016.

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.

26. Parent Entity Information

The accounting policies of the parent entity, iSelect Limited, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements. Refer to Note 3 for a summary of accounting policies relating to the Group.

Financial Position	30 June 2016 $'000	30 June 2015 $'000
Assets		
Current Assets	60,738	87,536
Non-Current Assets	153,254	167,915
Total Assets	213,992	255,451
Liabilities		
Current Liabilities	65,853	83,424
Non-Current Liabilities	-	-
Total Liabilities	65,853	83,424
Net Assets	**148,139**	**172,027**
Equity		
Contributed Equity	150,914	173,713
Reserves	1,746	1,683
Accumulated Losses	(4,521)	(3,369)
Total Equity	**148,139**	**172,027**
Financial Performance		
Profit/(loss) of the parent entity	1,381	(6,417)
Total comprehensive income/(loss) of the parent entity	**1,381**	**(6,417)**

There are no contractual or contingent liabilities of the parent as at reporting date (2015: $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 24.

27. Subsidiaries

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

Name of Subsidiary	Country of incorporation	Functional currency	Equity Interest 30 June 2016	Equity Interest 30 June 2015
iSelect Health Pty Ltd^	Australia	AUD	100%	100%
iSelect Life Pty Ltd	Australia	AUD	100%	100%
iSelect General Pty Ltd	Australia	AUD	100%	100%
iSelect Media Pty Ltd^	Australia	AUD	100%	100%
iSelect Mortgages Pty Ltd^	Australia	AUD	100%	100%
Mobileselect Pty Ltd^	Australia	AUD	100%	100%
Infochoice Pty Ltd	Australia	AUD	100%	100%
iSelect Services Pty Ltd^	Australia	AUD	100%	100%
Tyrian Pty Ltd^	Australia	AUD	100%	100%
General Brokerage Services Pty Ltd^	Australia	AUD	100%	100%
Energy Watch Trading Pty Ltd^	Australia	AUD	100%	100%
Procure Power Pty Ltd^	Australia	AUD	100%	100%
Telco Advice Pty Ltd^	Australia	AUD	100%	100%
Energy Watch Services Pty Ltd^	Australia	AUD	100%	100%
Energy Watch Services Limited	New Zealand	NZD	100%	100%
Insurawatch Pty Ltd^	Australia	AUD	100%	100%
iSelect International Pty Ltd^	Australia	AUD	100%	100%

^ A Deed of Cross Guarantee has been entered into by iSelect Limited and these entities. Refer to Note 28 for further details.

28. Deed of Cross Guarantee

Pursuant to the iSelect Deed of Cross Guarantee ("the Deed") and in accordance with ASIC Class Order 98/1418, the subsidiaries identified with a '^' in Note 27 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 '^' in Note 27 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, Telco Advice Pty Ltd and Insurawatch 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, Telco Advice Pty Ltd, Energy Watch Services Pty Ltd and Insurawatch 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:

	30 June 2016 Closed Group $'000	30 June 2015 Closed Group $'000
Consolidated income statement		
(Loss)/profit from continuing operations before income tax	(12,483)	2,401
Income tax expense/(benefit)	4,482	(3,559)
Net loss for the year	**(8,001)**	**(1,158)**
Retained earnings at the beginning of the period	60,677	61,835
Net loss for the year	(8,001)	(1,158)
Dividends paid	(2,533)	-
Retained earnings at the end of the year	**50,143**	**60,677**

28. Deed of Cross Guarantee (continued)

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

	30 June 2016 Closed Group $'000	30 June 2015 Closed Group $'000
Consolidated balance sheet		
Assets		
Current assets		
Cash and cash equivalents	78,544	58,628
Trade and other receivables	39,558	71,039
Trail commission receivable	16,898	23,900
Other assets	2,993	3,730
Total current assets	137,993	157,297
Non-current assets		
Investments	53,711	52,683
Trail commission receivable	51,330	53,006
Property, plant and equipment	8,748	6,993
Intangible assets	15,820	14,877
Total non-current assets	129,609	127,559
Total assets	**267,602**	**284,856**
Liabilities		
Current liabilities		
Trade and other payables	40,257	18,932
Provisions	6,888	5,493
Income Tax Payable	236	5,434
Total current liabilities	47,381	29,859
Non-current liabilities		
Provisions	1,699	2,276
Net deferred tax liabilities	15,719	16,648
Total non-current liabilities	17,418	18,924
Total liabilities	**64,799**	**48,783**
Net Assets	**202,803**	**236,073**
Equity		
Contributed equity	150,914	173,713
Reserves	1,746	1,683
Retained earnings	50,143	60,677
Total Equity	**202,803**	**236,073**

29. Related Parties

a. Transactions with key management personnel

In accordance with AASB 124: "Related Party Disclosures", key management personnel (KMP) 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 12 to 29.

During financial years 2016 and 2015, the aggregate compensation provided to KMP was as follows:

	30 June 2016 $	30 June 2015 $
Short-term employee benefits	2,798,124	4,123,916
Post-employment benefits	206,575	232,643
Long term employee benefits	-	146,410
Share-based payments	(400,571)	157,469
Termination benefits	707,558	861,906
	3,311,686	**5,522,344**

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

b. Other related party transactions

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

	Sales to Related Parties $	**Purchases from Related Parties $**	**Other Transactions with Related Parties $**	**Balances at Reporting Date $**
30 June 2016				
Associates - iMoney Group service fee	-	-	-	-
30 June 2015				
Associates - iMoney Group service fee	-	-	57,003	24,216

30. Remuneration of Auditors

	30 June 2016 $	30 June 2015 $
(a) Ernst & Young		
Audit and review of financial statements	298,000	288,000
Other assurance services		
- Regulatory compliance	36,000	36,000
Total remuneration of Ernst & Young	**334,000**	**324,000**

31. Shared-Based Payments

The recognised expense arising from equity settled share-based payment plans during the period is shown in Note 6. During the year ended 30 June 2016, the Group had the following share-based payment plans in place (described below):

- FY2016 Long Term Incentive Plan (**FY2016 LTI Plan**);
- FY2015 Long Term Incentive Plan (**FY2015 LTI Plan**);

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

(a) Description of Share-Based Payment Plans

FY2015 & FY2016 LTI Plans

The FY2015 and FY2016 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 FY2015 and FY2016 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 to the number of units granted. This means the share price must increase over the life of the Plan, and pass the performance tests for there to be any value to the participant between vesting and expiry;
- The LTI Plan Shares are issued to each participant upfront, with the number of LTI Plan Shares determined by dividing the remuneration value by the fair value of the LTI Plan Shares at the time of allocation;
- The LTI Plan Shares will only vest upon satisfaction of conditions set by the Board at the time of the offer;
- If the conditions are met and LTI Plan Shares vest, the loan becomes repayable and participants have up to three years from the date of allocation of the LTI Plan Shares to repay the outstanding balance. The LTI Plan Shares cannot be dealt with (other than to repay the loan) until the loan in respect of the vested LTI Plan Shares is repaid in full;
- Until the LTI Plan Shares vest, the participant is not entitled to exercise any voting rights attached to the LTI Plan Shares. Any dividends paid on the LTI Plan Shares while the loan remains outstanding are applied (on a notional after-tax basis) towards repayment of the loan; and
- In general, if the conditions are not satisfied by the relevant testing date for those conditions, or if the participant ceases employment before the LTI Plan Shares vest, the participant forfeits all interest in the LTI Plan Shares in full satisfaction of the loan.

FY2015 offer under LTI Plan
The FY2015 LTI Plan shares were granted in two tranches, with each tranche being subject to one of two performance conditions over the period 1 July 2014 to 30 June 2017.

The first condition is a compound annual growth rate (**CAGR**) in total shareholder return (**TSR**). TSR measures the total change in the value of the Shares over the period, plus the value of any dividends and other distributions being treated as if they were reinvested in Shares. In relation to the FY2015 offer, vesting starts where CAGR over the period is 12%. The second condition is a CAGR in earnings per share (**EPS**) over the period, and again, vesting starts where the CAGR over the period is 12%.

At 12% TSR CAGR and 12% EPS CAGR, 50% of each respective tranche of LTI Plan Shares will vest. All LTI Plan Shares will vest if CAGR over the period is 15% or more for both tranches. Between these points, the percentage of vesting increases on a straight line basis.

In the event that the performance conditions are not met at 30 June 2017, the iSelect Board believes that the loss of any remuneration value from the LTI Plan is sufficient penalty to the participants.

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

31. Shared-Based Payments (continued)

(a) Description of Shared-Based Payment Plans (continued)

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

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

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

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

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

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

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

<u>FY2013 LTI Plan</u>

All LTI Plan shares in the FY2013 LTI Plan did not meet the performance measures and were forfeited during the year ended 30 June 2015.

31. Shared-Based Payments (continued)

(a) Description of Shared-Based Payment Plans (continued)

2016 Performance Rights Plan

The key terms of the FY2016 Performance Rights Plans are as follows:

- The Performance Rights Plan allows the Group to issue rights to employee. The number of Performance Rights issued is determined by dividing the remuneration value by the fair value of the Performance Rights at the time of allocation;
- The Performance Rights Plan will only vest upon satisfaction of certain conditions which are set by the Board at the time of the offer;
- If the conditions are met and the Performance Rights vest, each participant is entitled to an ordinary shares 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 dividends payments;
- 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.

FY2016 offer under Performance Rights Plan
The FY2016 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 FY2016 Performance Rights will be measured against one performance measure – Relative Total Shareholder Return (TSR). The FY2016 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.

(b) Summary of Shares Issued under the LTI Plans

The fair value shares granted under the LTI Plan takes into account the terms and conditions upon which the LTI Plan 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.

The expected life of the performance shares is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is reflective of future trends, which may also not necessarily be reflective of the actual outcome. No other features of shares granted were incorporated into the measurement of fair value.

31. Share-Based Payments (continued)

(b) Summary of Shares Issued under the LTI Plans (continued)

(i) 2016 LTI Plan

The following table illustrates the number of, and movements in, shares issued under the 2016 LTI Plan during the year:

	30 June 2016 Number	30 June 2015 Number
Outstanding at the beginning of the period	-	-
Granted during the period	2,284,163	-
Forfeited during the period	(1,229,823)	-
Exercised during the period	-	-
Outstanding at the end of the period	**1,054,340**	**-**

The following table lists the inputs to the model for grants made under the FY2016 LTI Plan:	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 2016 LTI Plan shares at grant date :	Grant on 3 July 2015	Grant on 11 December 2015
Relative TSR Class	$0.37	$0.23

(ii) 2016 Performance Rights Plan

The following table illustrates the number of, and movements in, shares issued under the 2016 Performance Rights Plan during the year:

	30 June 2016 Number	30 June 2015 Number
Outstanding at the beginning of the period	-	-
Granted during the period	1,074,099	-
Forfeited during the period	(523,024)	-
Exercised during the period	-	-
Outstanding at the end of the period	**551,075**	**-**

The following table lists the inputs to the model for grants made under the 2016 Performance Rights Plan:	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 FY2016 Performance Rights Plan shares at grant date :	Grant on 3 July 2015
Relative TSR Class	$0.87
Retention Rights Class	$1.37

31. Share-Based Payments (continued)

(b) Summary of Shares Issued under the LTI Plans (continued)

(iii) 2015 LTI Plan

The following table illustrates the number of, and movements in, shares issued under the 2015 LTI Plan during the year:

	30 June 2016 Number	30 June 2015 Number
Outstanding at the beginning of the period	6,522,352	-
Granted during the period	-	7,546,080
Forfeited during the period	(3,795,226)	(1,023,728)
Exercised during the period	-	-
Outstanding at the end of the period	**2,727,126**	**6,522,352**

The following table lists the inputs to the model for grants made under the FY2015 LTI Plan:	Grant on 29 August 2014	Grant on 18 November 2014
Five day volume weighted average price (VWAP) as at grant date	$1.20	$1.38
Exercise price (same as underlying share price at grant date)	$1.20	$1.38
Expected life of LTI Plan shares	3 years	3 years
Risk free rate	2.88%	2.80%
Dividend yield	0%	0%
Expected volatility	30%	30%

Fair value of 2015 LTI Plan shares at grant date :	Grant on 29 August 2014	Grant on 18 November 2014
TSR component	$0.26	$0.33
EPS component	$0.37	$0.41

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 32 to 88 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 2016 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.

2. There are reasonable grounds to believe that the Company and the Group entities identified in Note 27 will be able to meet any obligations or liabilities;

3. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and the Chief Financial Officer for the financial year ended 30 June 2016;

4. The Directors draw attention to Note 2 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards; and

5. As at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 27 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,
30 August 2016

Brodie Arnhold
Director

Melbourne,
30 August 2016

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

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

Independent auditor's report to the members of iSelect Limited

Report on the financial report

We have audited the accompanying financial report of iSelect Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of 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 controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

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

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

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

Independence

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

Opinion

In our opinion:

a. the financial report of iSelect Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Report on the remuneration report

We have audited the Remuneration Report included in pages 12 to 29 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of iSelect Limited for the year 30 June 2016, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Denis Thorn

Denis Thorn
Partner
Melbourne
30 August 2016

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 23 August 2016.

(a) Distribution of Shareholdings

Size of Holding	Fully paid ordinary shares Number of shares^
1 – 1,000	74,242
1,001 – 5,000	641,294
5,001 – 10,000	1,146,491
10,001 – 100,000	7,703,617
100,001 and over	228,250,317

^The total number of shares on issue as at 30 June 2016 was 238,484,515 and 23 August 2016 was 237,815,961.

(b) Marketable Parcel

The number of holders holding parcels of less than $500 was 67 as at 23 August 2016.

(c) Share Subject to Voluntary Escrow

As at 23 August 2016, there are no shares subject to voluntary escrow.

(d) Twenty Largest Shareholders

The twenty largest shareholders of fully paid ordinary shares as at 23 August 2016 were:

Name	Number of ordinary shares held	% of issued capital
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	55,469,645	23.32
CITICORP NOMINEES PTY LIMITED	20,511,630	8.63
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <PI POOLED A/C>	17,836,960	7.50
J P MORGAN NOMINEES AUSTRALIA LIMITED	17,045,349	7.17
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	14,359,904	6.04
SPECTRUM VI IS LLC	13,263,454	5.58
NATIONAL NOMINEES LIMITED	9,860,810	4.15
UBS NOMINEES PTY LTD	8,469,868	3.56
RBC INVESTOR SERVICES AUSTRALIA PTY LIMITED <VFA A/C>	7,539,213	3.17
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 3	4,819,726	2.03
ARGO INVESTMENTS LIMITED	4,472,554	1.88
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING COLLATERAL>	4,453,000	1.87
CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	4,178,258	1.76
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LTD <PICREDIT>	4,113,728	1.73
BNP PARIBAS NOMS PTY LTD <DRP>	3,616,795	1.52
STARFISH TECHNOLOGY FUND II NOMINEES A PTY LTD <TRUST A A/C>	3,041,470	1.28
STARFISH TECHNOLOGY FUND II NOMINEES B PTY LTD <TRUST B A/C>	3,041,470	1.28
SANDHURST TRUSTEES LTD <ENDEAVOR ASSET MGMT MDA A/C>	2,242,566	0.94
LAMBROOK PTY LTD <RAYMONDE SUPERFUND A/C>	2,080,000	0.87
GEORGE TAUBER MANAGEMENT PTY LTD	2,000,000	0.84

The percentage holding of the 20 largest shareholders of iSelect Ltd fully-paid ordinary shares was 85.12%.

ASX Additional Information (continued)

(e) Substantial Shareholders as at 23 August 2016

Name	Number of ordinary shares held	% of voting rights
Damien Michael Trevor Waller	31,553,660	13.27
Perpetual Limited and subsidiaries	24,627,129	10.36
Quest Asset Partners Pty Ltd	23,774,294	10.00
Regal Funds Management Pty Limited	22,023,628	9.26
BNP Paribas Pty Limited	13,593,243	5.72
Spectrum VI IS LLC	13,263,454	5.58
UBS Group AG and its related bodies corporate	12,578,819	5.29