

Corporate Directory

DIRECTORS

Damien Waller
Executive Chairman

Matthew McCann
Chief Executive Officer

Shaun Bonett
Non-Executive Director

Michael McLeod
Non-Executive Director

Pat O'Sullivan
Non-Executive Director

Leslie Webb
Non-Executive Director

Greg Camm
Non-Executive Director

COMPANY SECRETARY
Trevor Jeffords

BANKERS

ANZ Bank Limited
Level 3, 287 Collins Street
Melbourne, Victoria 3000

**Goldman Sachs
Australia Pty Limited**
Level 42

Governor Phillip Tower
1 Farrer Place, Sydney
New South Wales 2000

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DISCLAIMER

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The home of comparison

Annual Report 2012

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Driven by data Powered by people



Health



Car



Life



Broadband



Home Loans



Energy



Performance Highlights

FY12 was a year of strong growth for iSelect, with the business continuing to exceed expectations across a number of key metrics, including operating revenue, EBITDA and referred sales

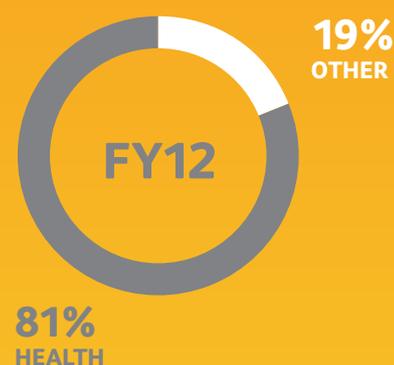
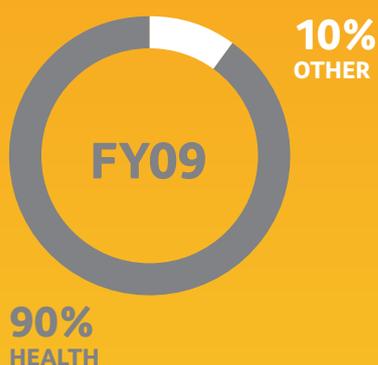
Strong revenue growth trajectory continued in FY12 (\$m)



Market share gains and lead conversion uplift saw strong FY12 EBITDA growth (\$m)



Revenue diversity underpinned by growth in new business launches



The performance of our Health business was a key standout in FY12, contributing heavily to our overall result. The resilience of this business was very pleasing, especially amidst the market volatility generated by means testing of the Private Health Insurance Rebate.

Similarly, consumer response to our FY11 launch businesses remained strong, with year one results for both Home Loans and Broadband reflecting a measurable contribution to FY12 group revenue.

The diversification of our business gained further momentum throughout the year with the launch of iSelect Energy, earning itself the label of 'most successful new iSelect business since inception'. We also commenced the integration of our first acquisition, InfoChoice, into the iSelect group over the period. This business is showing great promise following a website redesign which will better harness its strong organic website traffic.

Operational performance gains were achieved by maintaining a strong focus on the optimisation of online and offline sales channels and ensuring the efficiency of these channels through major data-driven initiatives aimed at lifting lead conversion to new heights.

Our team grew from 307 to 426 during FY12 as we continued to increase scale across our businesses in response to strong consumer demand. To accommodate this growth we completed the move to a purpose-built iSelect campus in the Melbourne suburb of Cheltenham.

Operational Performance

2012 was a year of significant operational achievement. Revenue and profitability continued their strong growth trajectory, underpinned by a great year in Health

2012 saw insurance referred sales increase by more than 30% versus previous year.

This outstanding result was driven by an increased focus on targeted marketing activities and projects aimed at improving efficiency.

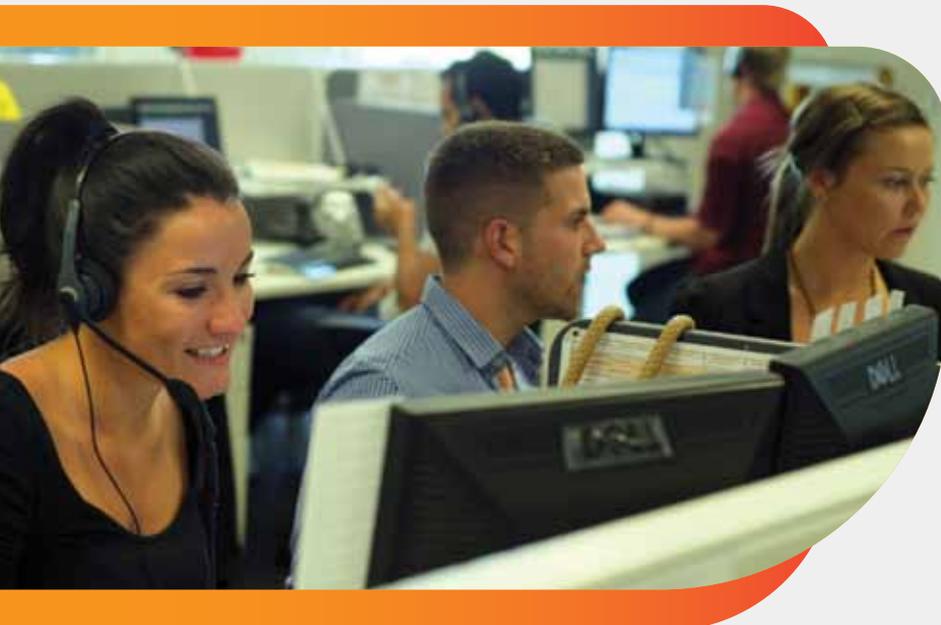
Health continued to perform very strongly, setting a second half sales record. Our focus on innovative channel and lead optimisation projects over the year saw a strong uplift in sales lead conversion. The benefits gained in this area during 2012 will be consolidated in 2013 with a key focus on deep data analysis, aimed at driving further optimisation of conversion over the coming year.

Strategic marketing initiatives focused on building the iSelect brand and providing cross-business benefits saw our prompted brand awareness remain strong in the Health Sector at 69%. Similar results are now being achieved in motor insurance, with iSelect achieving 80% prompted brand awareness.

The launch of Energy was the most successful new iSelect business launch since Health Insurance in 2000. This business achieved approximately 3,000 sales per month within three months of launch. Strong consumer appetite for our new service offering was driven by media coverage of rising energy prices and the Federal Government's introduction of a tax on carbon.

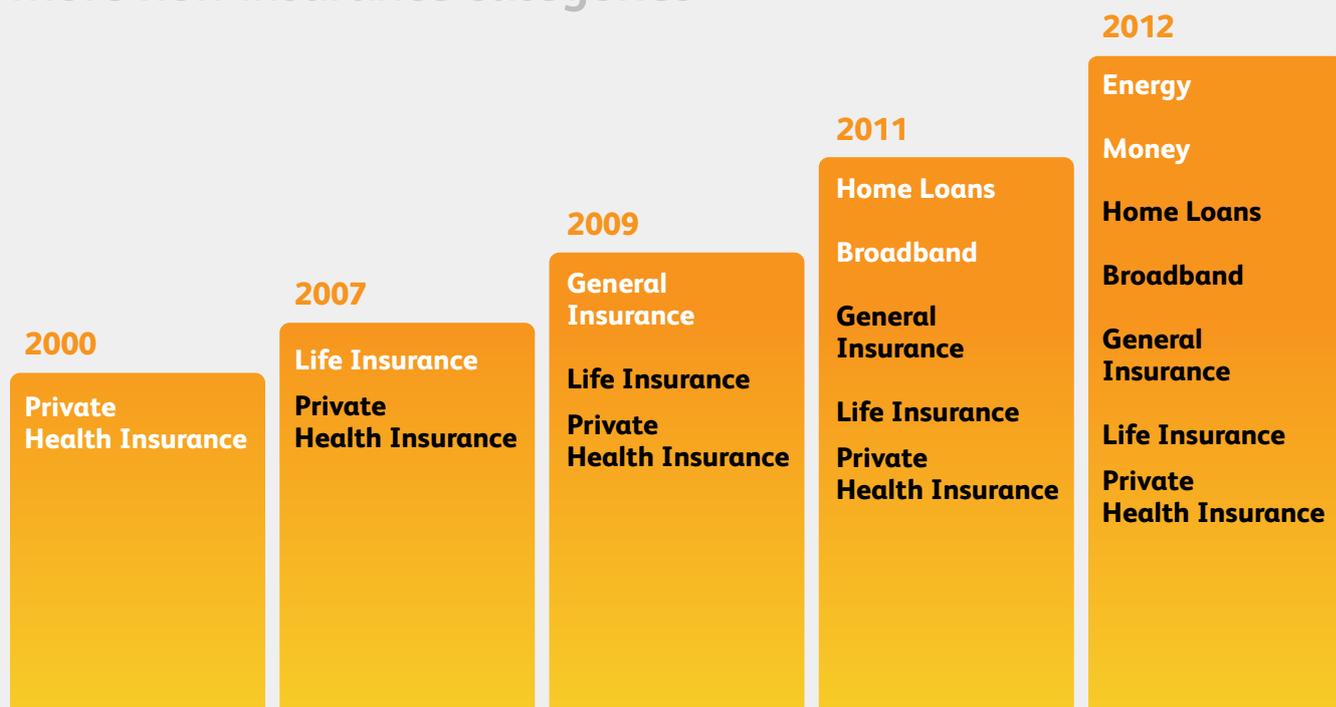
Our robust panel of suppliers, including two of the three major national energy providers, will drive sustained growth of this business over the medium term.

The acquisition of InfoChoice was completed in Q2, with significant progress made on integrating this business into the iSelect group. A rebrand of the InfoChoice visual identity was completed in Q4, including a website redesign aimed at broadening the appeal of InfoChoice outside of its installed customer base.



Strategy

iSelect continued to leverage its position in insurance to move into more non-insurance categories



FY12 saw iSelect deliver against its strategic objective of diversification through organic growth and acquisition, as we continued to build the 'home of comparison' for Australian consumers. The strong FY11 performance in our insurance categories provided us with scope to continue launching new businesses (iSelect Energy), and complete our first acquisition (InfoChoice).

Over the period we continued to leverage our brand, technology and people to deliver the right consumer to the right product in a more effective manner. Our strategic point of differentiation in the Australian comparison sector, 'full-advice comparison', saw us maintain and consolidate our market-leading position as we continued to receive praise from consumers and product suppliers alike.



Chairman's Message

FY12 was a landmark year for iSelect, characterised by sustained growth across the business and a continued focus on diversification and innovation

Our track record of results over the last four years has been compelling, with a revenue CAGR* of 61% (FY09 to FY12) and an EBITDA CAGR of 135% (FY09 to FY12). This strong performance has seen our share price increase from \$4.25 in 2006 to \$18.50 in 2012, representing a 6 year Total Shareholder Return (TSR) of 335%.

We were pleased with the first full-year performance of our 2011 launch categories which have highlighted the strength of the iSelect business model and our ability to compete in new markets.

This, combined with the continued integration of InfoChoice into the iSelect stable, saw us move several steps closer to achieving our long term strategic objective of business diversification.

The ongoing strength of our Health business enabled us to continue investing in new launch categories during FY12, which as highlighted last year, will allow iSelect to develop its breadth of expertise and better position us for sustained growth over the medium to long term.

The standout performance of iSelect Energy since launch in Q3 highlighted the receptive nature of the market to our unique comparison and sales methodology.

Our continued investment in the iSelect brand saw us reach these new target markets with even greater confidence, following the development and launch of additional executions of the 'Mr iSelect' creative platform.

Innovation across our entire business was a key focus over the period, aimed at unlocking previously untapped potential in our more established businesses while super-charging the initial growth phase of our new launch categories.

Our investment in "Big Data" continues and has been a significant focus as part of my new role, and is a source of new opportunity and profit growth within the business. Particular focus is being given to projects that deliver significant incremental revenue and profit straight to bottom line.

The integration of InfoChoice (the market leader in financial product comparison) into the iSelect group of companies has catapulted our business into a range of new financial services categories, with early results showing great promise. Our business is now the leader in both financial and insurance comparison – both markets are enormous and represent significant opportunity for the Group. Our ability to successfully execute a strategic acquisition and then consolidate this via a smooth integration process has us well positioned to consider other strategic acquisitions over the long term.

The sustained growth of our business over the period necessitated a move to purpose-built premises in Cheltenham. With the move now complete, our new home has proven extremely popular with both our people and visitors alike and includes room for expansion. The productivity benefits of creating a work environment that meets the needs of our people and dovetails with our unique culture are immeasurable.

My move to the role of Executive Chairman in early calendar 2012 and the appointment of Matt McCann to the role of Chief Executive Officer has proven extremely positive for the organisation. These leadership changes have enabled me to focus on key strategic projects vital to the continued growth and efficiency of the organisation. Similarly, Matt McCann's sound management of the organisation post-transition gives me every confidence the company is in safe hands moving forward.

Revenue growth (FY09 to FY12) (\$m)

↑ 60%
FY09–FY12 CAGR*

FY12	\$111.9
FY11	\$72.4
FY10	\$43.5
FY09	\$27.1

EBITDA growth (FY09 to FY12) (\$m)

↑ 135%
FY09–FY12 CAGR*

FY12	\$24.1
FY11	\$17.4
FY10	\$9.3
FY09	\$1.8

I'd like to thank my fellow board colleagues, Matt McCann and the entire executive team for their significant and tireless contribution to iSelect over the 2012 financial year.

It is their hard work and the combined efforts of our 426 talented people that have seen iSelect maintain and consolidate its position as Australia's leading provider of comparison and choice for Australian consumers.

I look forward with great anticipation to the year ahead, which I have no doubt will be one of our most successful and exciting thus far.

Best Regards,



Damien Waller
Executive Chairman



CEO's Report

I am pleased to provide my first report as Chief Executive Officer of iSelect, in what has been the most successful year in our 12 year history

Key Highlights

Consolidated Revenue (\$111.9m up 55% on FY11)

EBITDA (\$24.1m up 39% on FY11)

Consolidated Insurance Referred Sales (132k up 34% on FY11)

Successful launch of iSelect Energy (our seventh comparison category)

Acquisition and integration of InfoChoice

Completed move to new "purpose-built" facilities in Cheltenham

The 2012 financial year has seen the business continue to grow strongly. This continued growth has been underpinned by another strong year in our health insurance business and promising signs from our new business units.

PRIVATE HEALTH INSURANCE

iSelect's influence on the private health insurance market increased further in FY12, with our market share increasing to approximately 20–25% of all Australian private health insurance sales (prior to the impact of Federal Government changes to the Private Health Insurance Rebate).

Analysis conducted during the year demonstrated that iSelect was delivering a more tailored group of consumers to its partner funds. Our ability to ensure consumers purchased products that were better suited to their personal needs resulted in sustained consumer loyalty to that fund, when compared to consumers who went directly to a health fund. The analysis also demonstrated that iSelect was still the most cost-effective volume channel for private health insurance funds to grow their membership base.

HOME OF COMPARISON

While health insurance remains our strongest business unit, significant progress has been made during FY12 on expanding our total consumer offering. In particular, our move into the electricity and gas comparison market has proven to be our most successful new business launch to-date and represents a significant step toward fulfilling our strategic objective of becoming the "home of comparison" for Australian households.

As the internet moves closer to becoming the most pervasive channel for Australian consumers seeking to understand and compare products that impact their household budget, iSelect sees its role as one of information provider, adviser and purchase simplifier.

Over 130,000 Australian households benefited from our services during FY12. This demonstrates the strength of our consumer offering and with an estimated 9 million households in Australia in 2012-13, the growth potential of iSelect is clear.

BIG DATA

Over the past three years, iSelect has invested in and developed a core competency in the analysis of enormous quantities of data from across the business. "Big Data" as it is known, is a major opportunity for all commercial enterprises over the next decade.

As a result of our Chairman's decision to invest in this area three years ago, iSelect is now at the forefront of this new paradigm. Our recent business results and growth are reflective of the significant dividends that can be achieved by understanding our consumer in far greater detail, which at its core is the purpose of "Big Data".

This understanding has allowed iSelect to tailor purchase experiences to those favoured by our various customer segments. This has significantly increased our ability to better service our customers and thereby increase our lead conversion rates. As a result, we have bolstered our intellectual property portfolio this year with three applications related to our innovation in this area.



In FY12, these innovative developments have been focused solely on our health insurance business, however over the next 12 months these innovations will also be rolled out to our other comparison categories.

PUBLIC COMPANY

FY12 represented our first full year of trading as a public company. Over the year we continued to improve our systems and infrastructure to support this change in corporate structure. Separately, we continued to assess the possibility of listing on the Australian Securities Exchange.

INFOCHOICE

One of our major achievements this year has been the completion of the InfoChoice acquisition. By acquiring this business, iSelect is now the clear Australian market-leader in insurance and financial services comparison.

This strategic acquisition has provided iSelect with the ability to bring its advisory and sales infrastructure to bear on the InfoChoice brand and audience in the financial services category. The integration of Health Insurance and Home Loans into InfoChoice is now complete with Car and Life Insurance to follow.

The completion of this acquisition demonstrates the ability we have developed to successfully undertake and complete sizeable acquisitions and integrate them into the iSelect group. We will continue to assess opportunities in this area as they arise.

PEOPLE

During the year we also made some important additions to the iSelect Executive Team. From within our internal talent pool we appointed Joanna Thomas to the role of Sales and Operations Director and Trevor Jeffords to the role of General Counsel and Company Secretary.

From outside the organisation, Elise Morris was appointed as Human Resources Director and David Chalmers was appointed as Chief Financial Officer. We were also pleased to welcome back Roger McBride who returned to iSelect in the role of Marketing Director.

With the addition of Elise Morris to the Executive Team, we have increased the level of investment directed towards the growth and development of our people. This has included the introduction of the 'Live Well Programme', aimed at improving the health and wellbeing of our 426 talented people.

EVENTS SUBSEQUENT

The most notable event subsequent to FY12 was the September placement of \$28.9 million of new equity with a range of Australian institutions. We were very pleased with the response from the funds we presented to, which saw the offer oversubscribed, and the addition of several major Australian institutions to our register.

We will continue to assess the condition of Australian capital markets throughout FY13 and will communicate any developments to you in due course.

BUSINESS OUTLOOK

Our business outlook remains extremely positive as we work to consolidate this year's strong result and drive sustained levels of performance and efficiency from both our established and newly launched business units in FY13.

Lastly, I would like to personally thank the Board and in particular, Damien Waller for making my first nine months as Chief Executive so rewarding. Damien's support and guidance since the February leadership transition has been truly humbling and I look forward with great optimism to all we will achieve together in FY13 and beyond.

Best Regards,

Matt McCann
Chief Executive Officer

Board Members



1.

1. DAMIEN WALLER

Executive Chairman

Damien is the Executive Chairman and co-founder of iSelect.

Since 2000, Damien has worked to build iSelect into Australia's leading provider of better solutions for Australian consumers.

Prior to founding iSelect, Damien worked for pre-eminent stockbroking and investment banking house, Goldman Sachs JBWere. Prior to this, Damien worked for several large corporations including General Motors Holden.

Damien holds tertiary qualifications in both Engineering (Honours) and Law from Monash University, plus post graduate qualifications in Applied Finance and Investment from the Securities Institute of Australia. Damien is a fellow of the FINSIA (the Financial Services Institute of Australasia).

2. MATT MCCANN

Chief Executive Officer

Matt was appointed as Chief Executive Officer of iSelect in January 2012, overseeing the day to day operations of the iSelect group of companies and became a Board Director in February 2012.

Matt joined iSelect in 2008 as Corporate Development Director to drive iSelect's group strategy, including M&A and Corporate Finance. In this role, Matt was responsible for expanding the iSelect consumer offering via the launch of new business categories and for attracting additional investment to support the continued growth of the company.



2.

In 2011 Matt lead the successful acquisition of InfoChoice, and the continued development of the iSelect management team. Matt was appointed to the iSelect board in September 2010 as Company Secretary.

Matt has 15 years of strategy, M&A, corporate finance, legal and operational experience in early stage, high growth companies. Prior to joining iSelect, Matt spent a decade in the UK, developing and running start-up technology and media businesses. Before leaving the UK, Matt was the Commercial & Strategy Director of British Telecom Plc's mobile TV business unit – Movio.

Prior to this, he was the Business Affairs Director and Company Secretary for Shazam Entertainment Limited, where he was responsible for commercial and corporate strategy, and international development (including fundraising and investor relations).

Matt holds a Bachelor of Laws and trained at the international law firm Allens Arthur Robinson. He is admitted to practice in the Supreme Court of Victoria and the Federal and High Courts of Australia.



3.

3. SHAUN BONETT

Non-Executive Director

Shaun was appointed to the iSelect Board on 1 May 2003. Shaun founded (in 1994) and is the Chief Executive Officer of the Precision Group, an investor, developer and financier of retail and commercial property across Australia. Precision owns over A\$1 billion dollars of commercial assets in Australia and has diversified its business into financial services and private equity investments, primarily in the IT and health sectors.

Shaun is a qualified lawyer and Barrister and Solicitor of the High Court of Australia and previously held various corporate advisory roles. He is also a member of the Australian Institute of Company Directors and Young Presidents' Organisation.

4. MIKE MCLEOD

Non-Executive Director

Mike was appointed to the iSelect Board on 4 September, 2009. Mike has over 30 years experience in the insurance industry with both insurance companies and insurance brokers.

Previously CEO of Australian Health Management (ahm), Mike has headed other companies including Australasian Medical Insurance Limited (UMP), Australia's largest medical indemnity insurer and prior to that was CEO of Willis Coroon / Richard Oliver (WCRO), the Australian subsidiary of the world's 4th largest insurance broking and risk consulting group.

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He has served on several industry association boards including the National Insurance Brokers Association (NIBA) and as a director of the Australian Health Insurance Association.

Mike currently holds the following Non-Executive directorships:

Chairman of Integral Energy, Chairman of Eftpos Payments Australia Limited and Director of the advisory board of the Faculty of Commerce of the University of Wollongong.

5. PAT O'SULLIVAN Non-Executive Director

Pat was appointed to the iSelect Board on 22 September, 2010. Pat's professional experience includes CFO of the PBL Media Group from 2007 to 2012. Prior to that he was COO of PBL, a position he has held since February 2006. Before joining PBL, Pat was the CFO of Optus, a position he held for over three years with responsibility for the company's financial affairs including corporate finance, taxation, treasury, risk management, procurement and property.

Previously, Pat held a number of positions at Goodman Fielder, Burns Philp and Company Limited and PwC.

Pat is currently a member of The Institute of Chartered Accountants in Ireland and The Institute of Chartered Accountants in Australia, and is a graduate of the Harvard Business School's Advanced Management Programme.

6. LESLIE WEBB Non-Executive Director

Leslie was appointed to the iSelect Board on 14 February 2001. He is a Barrister of the Supreme Court of New South Wales, Barrister and Solicitor of the Supreme Court of Victoria and Barrister and Solicitor of the High Court of Australia.

Leslie has consulted extensively to both publicly listed and unlisted public companies in the information technology and biotechnology industries on corporate and financial planning, intellectual property, corporate governance and strategic planning issues. In his role as a consultant he has been actively involved in advising on the globalisation of Australian companies.

Leslie was previously a director of ASX listed biotechnology company Gradipore (now Life Therapeutics Ltd) and is currently Non-Executive Chairman of Stem Cell Sciences Ltd in Australia and a Non-Executive Director of Stem Cell Sciences plc (listed on the London Alternative Investment Market) and Generic Health Pty Ltd.

7. GREG CAMM Non-Executive Director

Greg was appointed to the iSelect Board on 20 August 2012 and has over 40 years experience in financial services, across both mutual and for-profit organisations.

Greg started his career in the credit union movement at PTTA (Vic) Credit Co-op – which later became Telecom Credit Union. From there Greg moved to the Victorian Credit Co-op Association. He later served as a Director and Chairman of Waverley Credit Union.

After leaving the credit union movement, Greg worked in mortgage insurance and securitisation, before joining the ANZ Banking Group in 1989.

Greg was with ANZ for 16 years. His roles included General Manager, CEO's Office, Managing Director of the Mortgage Division, Managing Director of ANZ New Zealand and Managing Director of Australian Retail Banking.

Greg returned to New Zealand as Managing Director of AMP Financial Services (New Zealand) in 2005.

From 2007 to 2012, Greg held the position of Chief Executive Officer at Superpartners Ltd, Australia's largest superannuation administrator.

Greg holds an MBA from the University of Melbourne and a Bachelor of Business from Monash University. He is a Trustee of the Australian Cancer Research Foundation.

Executive Team



1. MATT MCCANN

Chief Executive Officer

Matt was appointed as Chief Executive Officer of iSelect in January 2012, overseeing the day to day operations of the iSelect group of companies and became a Board Director in February 2012.

Matt joined iSelect in 2008 as Corporate Development Director to drive iSelect's group strategy, including M&A and Corporate Finance. In this role, Matt was responsible for expanding the iSelect consumer offering via the launch of new business categories and for attracting additional investment to support the continued growth of the company. In 2011 Matt led the successful acquisition of InfoChoice and the continued development of the iSelect management team. Matt was appointed to the iSelect board in September 2010 as Company Secretary.

Matt has 15 years of strategy, M&A, corporate finance, legal and operational experience in early stage, high growth companies. Prior to joining iSelect, Matt spent a decade in the UK, developing and running start-up technology and media businesses. Before leaving the UK, Matt was the Commercial and Strategy Director of British Telecom Plc's mobile TV business unit – Movio.

Prior to this, he was the Business Affairs Director and Company Secretary for Shazam Entertainment Limited, where he was responsible for commercial and corporate strategy, and international development (including fundraising and investor relations).

Matt holds a Bachelor of Laws and trained at the international law firm Allens Arthur Robison. He is admitted to practice in the Supreme Court of Victoria and the Federal and High Courts of Australia.

2. DAVID CHALMERS

Chief Financial Officer

David was appointed as Chief Financial Officer of iSelect in August 2012 and maintains overall responsibility for iSelect's finance and administration functions, having joined the organisation in February 2012 to lead iSelect's Corporate Development team.

Before joining iSelect, David was head of Corporate Strategy and M&A for DuluxGroup. Prior to this he held corporate finance and private equity management roles of increasing responsibility with Macquarie Group. During his time at Macquarie, David took a lead role in developing Macquarie Capital's private equity business in Asia.

David has over 15 years experience across all areas of corporate finance, investment banking and mergers and acquisitions. He holds a Bachelor of Commerce (Hons) from the University of Melbourne and a Masters of Business Administration from INSEAD.

3. TREVOR JEFFORDS

General Counsel and Company Secretary

Trevor joined iSelect in 2010 and holds the position of General Counsel and Company Secretary with responsibility for legal, compliance and risk.

Trevor has over 12 years legal experience and prior to joining iSelect, worked for Freehills in Melbourne and Eversheds in London, advising primarily on corporate and commercial matters.

Trevor holds a Bachelor of Laws (Hons) and Bachelor of Information Technology and is admitted to practice in the Supreme Court of Victoria.

4. ELISE MORRIS

Human Resources Director

Elise joined iSelect in February 2012 and leads iSelect's People function.

Prior to this, Elise held human resources roles of increasing responsibility for over a decade within some of Australia's most well-recognised companies including Seek Limited and Pacific Brands. During her career, Elise has also held senior management positions within various multi-national corporations including the UK-based confectionery manufacturer Cadbury and its parent company Kraft Foods.

Elise holds a Bachelor of Business (Marketing), a Master of Management from Monash University and post-graduate qualifications in psychology.



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5. ROGER MCBRIDE

Marketing Director

Roger first joined iSelect in 2004 as Marketing Manager and over the years has been a driving force behind the strategic development of the iSelect brand in Australia.

Today, Roger directs all Marketing operations at iSelect and brings extensive experience and a record of success in innovative marketing including B2B and B2C across online and integrated media and business landscapes.

Prior to iSelect Roger held various senior marketing and innovation roles across a number of large national and multinational corporations, leading the development and marketing of globally recognised and iconic brands such as Sensis, Pacific Access, Thomson Reuters and Ford Motor Company.

Roger holds a Bachelor of Business (Marketing) from Monash University.

6. CHRIS BILLING

Customer Strategy and Initiatives Director

Chris joined iSelect in 2009 and leads the Customer Strategy and Initiatives team who are responsible for the continuous improvement of our customers' online experience.

Before coming to iSelect, Chris held various senior management positions with REA Group, Uecomm, TeleDenmark and Sensis. He has 18 years strategy, product management and marketing experience with online and IT companies.

Chris holds a Bachelor of Business and a Masters of Marketing.

7. JO THOMAS

Sales and Operations Director

Jo joined iSelect in 2008 and maintains responsibility for the operational activities of each iSelect business vertical.

With over a decade of experience in leading large sales teams and operating divisions, Jo has worked with some of Australia's largest companies including Telstra, Citibank, Metlife, Vodafone, Westpac and TRUenergy.

Jo holds a Bachelor of Communication Studies from Auckland University and a Master of Business Administration from Monash University.

8. DANIEL BIGNOLD

Executive General Manager (Health & General Insurance)

Daniel joined iSelect in 2010 and holds the position of Executive General Manager – Health and General Insurance. Daniel has 16 years sales, marketing and management experience spanning Asia-Pacific, Europe and North America. During that time he has worked with numerous IT and online businesses including IBM, TrakHealth and realestate.com.au.

Prior to joining iSelect, Daniel was the Head of Residential at realestate.com.au.

Daniel holds a Bachelor of Economics and a Masters of Commerce.

Corporate Governance Report

iSelect Limited and its controlled entities (the 'Group') and its Board of Directors, are committed to maintaining the highest standards of corporate governance. The Board continues to review the Group's corporate governance framework, policies and practices to ensure they meet the interests of shareholders and other stakeholders and to ensure that its best practice approach to corporate governance is sustained.

This report sets out the Group's corporate governance practices for the financial year ended 30 June 2012.

1. COMPOSITION OF THE BOARD

Damien Waller
Managing Director/Executive Chair –
elected to Executive Chair on 16 March 2012

Matthew McCann
Chief Executive Officer – appointed
7 February 2012

Martin Dalglish
Chair, independent and Non-Executive
Director – resigned 16 March 2012

Shaun Bonett
Independent and Non-Executive Director

Michael McLeod
Independent and Non-Executive
Director – resigned with effect from
30 November 2012

Leslie Webb
Independent and Non-Executive Director

Patrick O'Sullivan
Non-Executive Director

Greg Camm
Independent and Non-Executive Director –
appointed 20 August 2012

Profiles of each Director are presented
on page 8 and 9.

Patrick O'Sullivan is regarded as a non-independent Director due to his relationship with Ninemsn Pty Ltd. The Group defines independent as either independent of the executive management and of the business, or independent of another material relationship that could impact the Director's ability to act impartially in the Group's best interests.

The Board seeks to ensure that:

- its membership represents an appropriate balance between Directors with experience and knowledge of the Group and Directors with an external or fresh perspective;
- the size of the Board is conducive to effective discussions and efficient decision-making; and
- the individual performance of both the executive and Non-Executive Directors is reviewed on an annual basis.

Directors have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Group's expense. Prior written approval of the Chair is required.

GROUP SECRETARY

With effect from 7 February 2012, Matthew McCann resigned as Company Secretary and Trevor Jeffords was appointed.

2. BOARD FUNCTIONS AND RESPONSIBILITIES

The Board has ultimate responsibility for setting policy regarding the business and affairs of the Group and its subsidiaries for the benefit of the shareholders and other stakeholders, and is accountable to shareholders for the performance of the Group.

The Directors are committed to the principles underpinning best practice corporate governance. This commitment is complemented by an organisational commitment to the highest standards of ethical behaviour.

The following summarises the Board's main functions and responsibilities:

- Setting budgets, plans and policies and the strategic direction of the Group.
- Reviewing and monitoring procedures to ensure compliance with applicable laws, regulations, accounting standards, ethical standards and business practices.
- Approving the Group's risk management framework.
- Reviewing and monitoring the implementation of the Group's risk management framework and internal compliance controls.
- Approving the remuneration of the CEO and the Group's remuneration and reward framework.
- Evaluating the performance of the CEO.
- Monitoring performance against corporate strategies, budgets, plans and policies.

In carrying out its duties, the Board meets formally at least six times a year, with additional meetings held as required to address specific issues. Directors may also participate in the meetings of the Board Committees, which assist the full Board in examining particular areas or issues. The Board delegates management of the Group's resources to the Managing Director/ Executive Chair and the CEO, who are assisted by the executive team, to deliver the strategic direction and achieve the goals determined by the Board.

3. BOARD COMMITTEES

The Board has established three standing Committees – the Audit & Risk Committee, the Remuneration Committee and the Nominations Committee.

AUDIT & RISK COMMITTEE

Patrick O’Sullivan (Chair)
Michael McLeod
(resigned on 1 July 2012)
Shaun Bonett
Martin Dagleish
(resigned on 16 March 2012)

Functions include:

- reviewing financial statements
- reviewing annual audit arrangements (internal and external)
- reviewing activities of external auditors
- reviewing the independence and remuneration of the external auditor
- reviewing processes for identifying, managing and reporting both financial and non-financial business risks

REMUNERATION COMMITTEE

Leslie Webb (Chair)
Shaun Bonett (appointed March 2012)
Martin Dagleish
(resigned on 16 March 2012)

Functions include:

- reviewing remuneration, allowances and incentives of the CEO
- reviewing and ratifying Senior Executive remuneration, allowances and incentives
- reviewing and approving the design of all equity-based plans including eligibility criteria, performance hurdles and proposed awards
- reviewing and approving the budget and guidelines for the annual performance and salary review processes

NOMINATIONS COMMITTEE

Damien Waller (Chair)
Shaun Bonett
Martin Dagleish (Chair)
(resigned on 16 March 2012)

Functions include:

- reviewing and making recommendations to the Board regarding the structure, size and composition of the Board and the effectiveness of the Board as a whole
- identifying suitable candidates (executive and non-executive) to fill Board vacancies as and when they arise and nominating candidates for the approval of the Board
- giving consideration to appropriate Board succession planning

4. CONFLICTS OF INTEREST

Directors must keep the Board advised of any interest that could potentially conflict with those of the Group.

Each Director is obliged to notify the other Directors of any material personal interest they may have in a matter that relates to the affairs of the Group.

A Director who has, or may be perceived to have, a material conflict in a matter before the Board does not participate in discussions on the particular matter and must abstain from voting on the matter.

5. RISK MANAGEMENT

The Group places a high priority on risk identification and management throughout all its operations, and has processes in place to review their adequacy.

The Group's risk management framework includes:

- processes to identify the business risks (both financial and non-financial) applicable to each area of the Group's activities and the maintenance of a specific framework that prioritises and monitors the mitigation of those risks; and
- regular reporting to the Audit & Risk Committee and the Board.

The Board approves the Group's risk management framework and internal compliance controls, reviews the Group's wider risk profile and oversees implementation of risk management, policies and systems.

The Audit & Risk Committee reviews the adequacy of financial controls, monitors relevant legal and regulatory requirements and oversees the identification, management and reporting of business risks by management.

Executive management identifies and provides the Board with the key business financial risks that could prevent the Group from achieving its objectives. It ensures that appropriate controls are in place to effectively manage those risks.

Ernst & Young are the Group's independent external auditors in accordance with section 327 of the Corporations Act 2001.

Below are some of the key risks identified and managed by the Group.

A. FINANCIAL RISK

The Group has limited exposure to financial risks.

The Group does not use derivative financial instruments. It does not operate internationally and is not exposed to either securities price risk, foreign exchange risk or commodity price risk.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risk to which it is exposed, including monitoring levels of exposure to interest rate risk and assessments of market forecast for interest rates. Ageing analysis and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts and comprehensive capital management planning.

B. COMPLIANCE RISK

The Group recognises the importance of compliance with relevant legislative and regulatory requirements.

In accordance with regulatory requirements, the annual AFSL audits for the Life Insurance, InfoChoice and General Insurance businesses have been successfully completed. The Group's auditors have provided unqualified opinions in respect of the 2012 financial year.

C. ENVIRONMENTAL OCCUPATIONAL HEALTH AND SAFETY RISK

The Group recognises the importance of environmental occupational health and safety issues and has undertaken a comprehensive audit and training of staff to ensure compliance to applicable standards.