iSelect Limited

ABN 48 124 302 932

FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

Directors' Report

The Directors present their report with the condensed consolidated interim financial statements of the Group comprising iSelect Limited and its subsidiaries for the half year ended 31 December 2017 and the auditor's report thereon. Financial comparisons used in this report are for the results for the half year ended 31 December 2016 for the Consolidated Statement of Profit or Loss and Other Comprehensive Income, and 30 June 2017 for the Consolidated Statement of Financial Position.

DIRECTORS

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

Chris Knoblanche AM
Non-Executive Chairman

Scott Wilson
Managing Director & Chief Executive Officer

Brodie Arnhold
Non-Executive Director

Shaun Bonett
Non-Executive Director

Bridget Fair
Non-Executive Director

Melanie Wilson
Non-Executive Director

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 period.

REVIEW OF RESULTS AND OPERATIONS[1]

Summary of financial results

	DEC-17 $'000	DEC-16 $'000	CHANGE
Operating revenue	**83,282**	78,034	7%
Gross profit	**23,325**	25,150	(7%)
EBITDA	**3,884**	5,862	(34%)
EBIT	**308**	2,828	(89%)
NPAT	**478**	2,563	(81%)
EPS (cents)	**0.2**	1.1	(82%)
Underlying EBITDA	**7,049**	5,862	20%
Underlying EBIT	**3,473**	2,828	23%
Underlying NPAT	**2,804**	2,563	9%
Underlying EPS	**1.3**	1.1	18%

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

REVIEW OF RESULTS AND OPERATIONS (CONT'D)

Summary of financial results (cont'd)

Group financial performance and reported results

The Group operates in the online product comparison sector and compares private health insurance, life insurance, car insurance, broadband, energy, home loans and personal financial products. The Group maintains four brands, iSelect (www.iselect.com.au), InfoChoice (www.infochoice.com.au), Energy Watch (www.energywatch.com.au) and more recently, iMoney (imoney.my). The Group's business model is comprised of 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 a successful sale of their products.

Operating revenue for the half year ended 31 December 2017 was $83,282,000, representing an increase of 7% on the prior comparative six month period.

Gross profit for the period decreased by 7%; down on prior period by $1,825,000. The decline in gross profit is a reflection of the following key areas for the half:

- Increased marketing expenditure particularly in the Health and Energy & Telecommunications segments to support revenue growth of 8% and 18% respectively.
- Investment of $1,786,000 to support the launch of our e-commerce store in July 2017 which showcased our partnership with Alphabet Group-owned Nest Labs Inc. Whilst Nest is not performing as well as we had expected, the investment in the platform enables us an alternative way to connect to and better serve our customers. These costs have been adjusted in the underlying EBIT results.
- Continued expansion of our Customer Contact Centre in South Africa across all operating segments.
- Investment in supporting our back-end and customer facing technology platforms including Salesforce CRM and Aspect VIA customer engagement systems.

Reported operating overheads for the half year was $19,655,000. Costs relating to the recent corporate restructure, the iMoney (or "iMoney Group") acquisition and Connected Home were excluded from the underlying result. On an underlying basis, operating overheads reduced from last half year by 3%, a result of cost control and prioritising value-add spend.

Reported EBITDA for the half year was a profit of $3,884,000, 34% below 2017 half year result. On an underlying basis, EBITDA ended the half 20% above prior half year.

Reported EBIT was a profit of $308,000, a decrease of $2,520,000 on reported EBIT for the prior comparative half year. Underlying EBIT of $3,473,000 has been adjusted for iMoney acquisition related costs and performance, Connected Home and corporate restructure costs of $3,165,000.

A loss from associate of $215,000 (31 December 2016: $213,000) was recorded in relation to the Group's investment in iMoney which included a $403,000 share in its operating loss up to date of control and a $188,000 gain on disposal of the previously held investment. From 1 December 2017, the iSelect Group took controlling interest in the iMoney Group therefore becoming a subsidiary of the Group with its operating result included in the consolidated result of the iSelect Group.

Net finance income for the half year was $310,000, which compares with a net finance income for the previous comparative half year of $851,000. This decrease is reflective of the reduction in term deposit holdings due to additional investment in iMoney, continued share buy-backs and further capital investment in system capabilities during the first half of the 2018 financial year.

Reported NPAT was $478,000, representing a decrease from the prior half year reported NPAT of $2,563,000. Underlying NPAT increased from the prior half year by $241,000.

Consolidated key operating metrics

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

	DEC-17	DEC-16
Consolidated[1]		
Leads (000s)	**2,150**	2,039
Conversion ratio[2]	**10.4%**	10.4%
Average RPS[3]	**$403**	$408

	DEC-17	DEC-16
Money		
Leads (000s)	**509**	829
Conversion ratio[2]	**n.m**	n.m
Average revenue per click through	**$3**	$5

	DEC-17
iMoney[4]	
Leads (000s)	**100**
Conversion ratio[2]	**17.6%**
Average revenue per click through	**$11**

[1] Consolidated operating metrics exclude Money, Connected Home and iMoney
[2] Conversion ratio is calculated as the number of gross sales divided by sales leads (ie. average percentage of sales leads that are converted into sales)
[3] Average RPS is calculated as gross referred revenue divided by the number of gross sales
[4] iMoney shown from date of control on 1 December 2017.
n.m = not meaningful

REVIEW OF RESULTS AND OPERATIONS (CONT'D)

Consolidated key operating metrics (cont'd)

Discussion of consolidated key operating metrics for the 2018 half year

The consolidated key operating metrics for the half year ended 31 December 2017 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 2018 half year

Leads (excluding Money, Connected Home and iMoney) increased by 5% to 2,150,000 with the Energy & Telecommunications and Life & General segments in particular showing growth. The Health business overall had a small decline in leads compared with the same half last year reflective of the tough market conditions, in addition to the focus to manage lead optimisation and drive marketing return-on-investment.

Leads for the Money business unit are sourced via the InfoChoice and iSelect websites, which unlike the other businesses, operates a lead generation model that provides a low cost source of leads to third parties. On this basis, a lead for Money is considered a visit to the InfoChoice or iSelect website and is reported separately to leads for the other businesses where a lead is a second-page visit to the website, with consumers having entered a level of personal information. Money leads were down 39% on the prior comparative period, primarily driven by competition in the sector and an ageing website. The Infochoice website relaunch has been prioritised in the first half of 2018, coupled with planned marketing investment, the Money business is expecting to see improvement in lead volume towards the end of the financial year.

In the case of the iMoney group, the iMoney website has various capture points on the online consumer journey. Through this process, a lead is captured only when a consumer has entered a certain level of personal information. The total leads from 1 December 2017, being the date of control, was 100,000.

Conversion ratio for the 2018 half year

Conversion is stable at 10.4% for the half year (excluding Money, Connected Home and iMoney). The Energy & Telecommunications segment in particular experienced strong growth with an increase of 0.4pp. The recent industry price increases in the Energy market as well as the roll-out of NBN in the telecommunications business contributed to this. The decline in the Life & General segment was driven primarily by the Life business with challenges particularly in the Customer Contact Centre. The decline in the Life business was partially offset with strong conversion in the new General Insurance verticals including Travel, Pet and Home & Contents insurance.

Conversion for the iMoney group ended the half year at 17.6%.

Revenue per sale for the 2018 half year

RPS has decreased by 1%, ending the half year at $403 (excluding Money, Connected Home and iMoney), driven by a changing mix in contribution from each business, in particular the Energy and Telecommunications segment. The Energy and Telecommunications segment has a lower RPS than the Group average and showed continued strong growth for the half year ended 31 December 2017, contributing 34% (2017: 31%) of total net operating revenue.

Segment performance

The Group reports segment information on the same basis as the Group's internal management reporting structure at reporting date. Commentary on the performance of the three reportable segments are based on underlying results as follows.

Health

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

FINANCIAL PERFORMANCE	DEC-17 $'000	DEC-16 $'000	CHANGE
Operating revenue	**37,894**	35,032	8%
Segment EBITDA[1]	**5,453**	5,153	6%
Margin %	**14.4%**	14.7%	

KEY OPERATING METRICS	DEC-17	DEC-16	CHANGE
Leads (000s)	**442**	465	(5%)
Conversion ratio	**9.0%**	9.5%	(0.5pp)
Average RPS (000s)	**$1,052**	$939	12%

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

As we had expected, the Health Segment showed continued growth with operating revenue increasing by $2,862,000 (or 8%) to $37,894,000 when compared to last year. The increase in net operating revenue was due to product mix, with focus to provide customers with products that offered better value aligned to their needs, along with annual rate increases in industry premiums. As a result, average RPS increased by 12% taking it to $1,052 for the half year.

The continued scaling of the Customer Contact Centre in South Africa contributed to an initial 0.5pp decline in conversion due to a slower speed-to-competency when compared to the Australian Customer Contact Centre. Operational initiatives continue to be deployed to ensure margins are optimised, especially in the current challenging market in private health insurance.

EBITDA increased by 6% to a surplus $5,453,000. The 8% increase in operating revenue result did not flow through to the EBITDA result due to higher than expected increases in marketing cost-per-lead, with leads managed down to 442,000 (2017: 465,000) in order to optimise return-on-investment.

REVIEW OF RESULTS AND OPERATIONS (CONT'D)

Segment performance (cont'd)

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	DEC-17 $'000	DEC-16 $'000	CHANGE
Operating revenue	**12,771**	14,386	(11%)
Segment EBITDA[1]	**1,924**	2,526	(24%)
Margin %	**15.1%**	17.6%	

KEY OPERATING METRICS	DEC-17	DEC-16	CHANGE
Leads (000s)	**453**	347	31%
Conversion ratio	**7.5%**	8.1%	(0.6pp)
Average RPS (000s)	**$353**	$486	(27%)

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

Operating revenue for the Life and General segment decreased by $1,615,000 (or 11%) from the last comparative half year due to our underperforming Life business. The Life insurance industry is undergoing industry and structural reforms with total premium growth fairly low and close to stable, changes in population demographics and regulatory changes. In light of these changes, we have experienced challenges in our Customer Contact Centre in the first half of 2018 which we are currently addressing.

We have gained positive momentum in our General Insurance business launching Pet Insurance, Travel insurance and more recently, relaunching the Home & Contents insurance business to a fully integrated end-to-end solution enabling us to provide our customers with a seamless experience. This has resulted in increasing lead volumes in the General Insurance business, with an aim to capitalise on this in the second half of the year in the growing general insurance market.

The Life and General segment's RPS for the half year decreased by 27% due to sales mix with the General Insurance business outperforming the Life business in the first half of the year.

The segment posted an EBITDA profit of $1,924,000 compared with the prior comparative period of $2,526,000.

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	DEC-17 $'000	DEC-16 $'000	CHANGE
Operating revenue	**28,583**	24,287	18%
Segment EBITDA[1]	**2,253**	1,396	61%
Margin %	**7.9%**	5.7%	

KEY OPERATING METRICS	DEC-17	DEC-16	CHANGE
Leads (000s)	**1,179**	1,135	4%
Conversion ratio	**12.7%**	12.3%	0.4pp
Average RPS (000s)	**$228**	$206	11%

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

The Energy and Telecommunications segment continues to deliver top-line growth posting an operating revenue result of $28,583,000 which when compared to this time last year, increased by $4,296,000 (or 18%).

The Telecommunications business strong in top-line growth due to sales product mix with the roll-out of NBN in Australia. The Energy business has seen strong increase in lead volumes with the well-publicised price increases in the energy markets resulting in strong operating revenue growth.

The segment posted an EBITDA profit of $2,253,000 compared with the prior comparative half year of $1,396,000. This was a result of industry price increases and 0.4pp increase in segment conversion. The increase in segment margin of 2.2pp when compared to the prior comparative period is attributable to the operational rhythm of the South African Customer Contact Centre with the Energy and Telecommunications segment being the first to transition.

The Energy and Telecommunications segment now represent 34% of the group's operating revenue (2017: 31%).

REVIEW OF RESULTS AND OPERATIONS (CONT'D)

Financial position and cash flow

CASH FLOW SUMMARY	DEC-17 $'000	DEC-16 $'000	CHANGE
Net cash provided / (used in) operating activities	**(2,154)**	9,832	n.m
Net cash used in investing activities	**(14,982)**	(4,231)	254%
Net cash used in financing activities	**(29,073)**	(19,997)	45%
Net change in cash and cash equivalent	**(46,209)**	(14,396)	221%

FINANCIAL POSITION SUMMAY	DEC-17 $'000	JUN-17 $'000	DEC-16 $'000
Current assets	**85,965**	137,659	122,552
Non-current assets	**177,369**	158,378	143,816
Total assets	**263,334**	296,037	266,368
Current liabilities	**30,577**	38,738	20,477
Non-current liabilities	**33,359**	32,094	27,752
Total liabilities	**63,936**	70,832	48,229
Net assets	**199,398**	225,205	218,139
Equity	**199,398**	225,205	218,139

Capital expenditure and cash flow

Net operating cash outflow was $2,154,000, which was $11,986,000 lower than last comparative half year. This can be attributed to the increase in trail to upfront revenue mix and further investment in marketing and operational costs to facilitate growth as we continue the journey to become Australia's Life Admin store. The Group received a tax refund of $935,000 during the half year, compared to the prior comparative half year which saw a net cash out-flow of $2,486,000. This was a result of increased focus in research and development activity as we invest in innovation; finding new ways to connect to our customers using our unique Salesforce CRM and Aspect VIA technology.

Net investing cash outflows for the six months to 31 December 2017 was $14,982,000. The $10,751,000 increase in spend in investing activities reflects the iSelect group's controlling interest acquisition in the iMoney Group.

Net financing cash outflows for the 2018 half year totalled $29,073,000. This included $20,445,000, which was paid in relation to the share buy-back initiative and $9,109,000 of dividends paid to investors.

Statement of financial position

Net assets have decreased to $199,398,000 at 31 December 2017 from $225,205,000 at 30 June 2017.

Current assets have decreased from 30 June 2017 by 38% to $85,965,000. This is mainly a result of reduced cash assets from share buy-back activities and lower receivables based on business seasonality and improvements in cash collection. The current component of the trail commission receivable is $18,719,000, which is consistent with 30 June 2017.

Non-current assets have increased from 30 June 2017 by 12% to $177,369,000 which is mainly due to the iMoney acquisition, with take-on non-current assets of $17,404,000 comprised mainly of Goodwill, Brand names, software and deferred taxes. Non-current component of the trail commission receivable is $99,831,000, which increased by 6% since 30 June 2017. This can be attributable to provider sales mix.

The total trail commission asset has increased by 5% since 30 June 2017.

Current liabilities decreased from 30 June 2017 to 31 December 2017 by 21% to $30,577,000 mainly due to payments of tax and suppliers in addition to trade related payable balances post 30 June 2017.

Non-current liabilities have increased by 4% ending on $33,359,000. This is due to an increase in deferred tax liabilities; a result of the increase in total trail commission asset with tax only payable upon receipt of cash.

Share buy-back

During the previous financial year, the Group announced its intention to buy-back its second 10% tranche of shares which was announced on 6 July 2016. As at 31 December 2017 the Company has bought back 46,291,487 shares (30 June 2017: 34,122,845), net of shares issued as part of the Group's employees share-based payment plans.

Outlook

For the financial year ending 30 June 2018 the Group expects to deliver an underlying EBIT result in the range of $26 million to $29 million.

The following factors are believed to be relevant for the 2018 financial year:

- Energy and Telecommunications Segment is expected to continue its focus on top-line growth in the second half with focus on reinvestment to remain.
- The fundamentals of the health insurance industry remain robust with the Federal Government announcing the 2018 private health insurance premium price increase.
- The Group has invested heavily in its marketing and brand platform in the first half, which included a strategic review of all partnerships and marketing activity. Since completion of this review, a new partnership with The Royals creative agency was announced recently and the Group is looking forward to positive results from this investment over the second half.
- The Group expects to continue its investment into capital expenditure through both its proprietary iConnect platform and Integrated Telephony technology ("Aspect") platforms.

The Group is continually reviewing its capital strategy and dividend policy and has declared a fully franked ordinary dividend. Given attractive growth opportunities available (including iMoney), the share buy-back has been paused.

REVIEW OF RESULTS AND OPERATIONS (CONT'D)

Financial position and cash flow (cont'd)

Outlook (cont'd)

The Group also remains cognisant of potential risks to its business and will continue to closely monitor and work to mitigate these throughout financial year 2018. These risks include potential changes in government policy and legislation with regard to private health insurance, lower than expected cash receipts from future trail commissions, and any adverse decisions taken by product providers currently listed on the Group's websites. However, the Group is also continuing to invest in the business strategically.

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

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 period.

SIGNIFICANT EVENTS AFTER BALANCE DATE

DIVIDEND

On 16 February 2018 the Group declared an estimated fully franked interim dividend of $3,262,000, representing 1.5 cents per share based on the shares on issue at 31 December 2017. The Group has a dividend policy of 50%-80% of reported net profit after tax, subject to the availability of franking credits and cash reserves.

OTHER

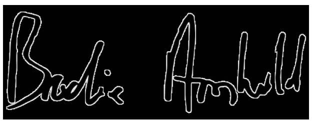
No other matters or circumstances have arisen since the end of the period that have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

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 review for the half year ended 31 December 2017 is on page 7 of this report.

This Directors' 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,
16 February 2018	16 February 2018

Auditor’s Independence Declaration

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

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

Auditor’s Independence Declaration to the Directors of iSelect Limited

As lead auditor for the review of iSelect Limited for the half-year ended 31 December 2017, 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 review; and

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

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

Ernst & Young

T J Coyne

Partner

Financial Statements

ABOUT THIS REPORT

This is the financial report for iSelect Limited and its controlled entities. iSelect Limited (the "Company") is a for-profit entity limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (Code: ISU). The condensed consolidated interim financial statements of the Company as at and for the half year ended 31 December 2017 comprise the financial statements of the Company and its subsidiaries, together referred to in these financial statements as the "Group" and individually as "Group entities".

Our half year financial report does not include all of the information required for the full year financial report. It should be read in conjunction with our 2017 Annual Report and together with any public announcements made by us in accordance with the continuous disclosure obligations arising under the ASX rules and the Corporations Act 2001, up to the date of the Director's declaration.

We have restructured the Report to align it with the streamlined format of the financial report in our 2017 Annual Report and provide users with financial information that is more understandable and better structured to explain our financial performance and financial position. As a result, certain immaterial disclosures have been removed and some items have been rearranged.

The financial report of iSelect Limited for the half year ended 31 December 2017 was authorised for issue in accordance with a resolution of Directors on 16 February 2018.

READING THE FINANCIALS

SECTION INTRODUCTION

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

CONTENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half year ended 31 December 2017

	NOTE	CONSOLIDATED DEC 2017 $'000	CONSOLIDATED DEC 2016 $'000
Upfront revenue		66,763	68,050
Trail commission revenue		16,519	9,984
Total Operating Revenue		**83,282**	**78,034**
Cost of sales		(59,957)	(52,884)
Gross Profit		**23,325**	**25,150**
Other income		446	235
Administrative expenses		(19,655)	(18,975)
Share-based payments expense		(232)	(548)
Share of loss from associate, net of tax		(215)	(213)
Depreciation and amortisation		(3,361)	(2,821)
Profit Before Interest and Tax		**308**	**2,828**
Finance income		337	886
Finance costs		(27)	(35)
Net Finance Income		**310**	**851**
Profit Before Income Tax Expense		**618**	**3,679**
Income tax expense	2.3	(140)	(1,116)
Profit After Tax for the Period		**478**	**2,563**
Other Comprehensive Income			
Items that are or may be reclassified to profit or loss			
Foreign operations – foreign currency translation movements		52	-
Other Comprehensive Income Net of Tax		**52**	**-**
Total Comprehensive Income for the Period		**530**	**2,563**
Profit attributable to			
Owners of the company		548	2,563
Non-controlling interests		(70)	-
		478	**2,563**
Total comprehensive income attributable to			
Owners of the company		595	2,563
Non-controlling interests		(65)	-
		530	**2,563**
Earnings per share (cents per share)			
Basic profit for the year attributable to ordinary equity holders of the parent	2.2	0.2	1.1
Diluted profit for the year attributable to ordinary equity holders of the parent	2.2	0.2	1.1

The accompanying notes form part of these condensed consolidated interim financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	CONSOLIDATED DEC 2017 $'000	CONSOLIDATED JUN 2017 $'000
ASSETS		
Current Assets		
Cash and cash equivalents	34,183	80,395
Trade and other receivables	27,183	32,761
Trail commission receivable	18,719	18,654
Income tax receivable	1,899	1,840
Other assets	3,981	4,009
Total Current Assets	**85,965**	**137,659**
Non-Current Assets		
Trail commission receivable	99,831	94,149
Property, plant and equipment	4,794	5,995
Goodwill and other intangible assets	70,942	53,357
Investment in associated entities	-	4,852
Net deferred tax assets	1,777	-
Other assets	25	25
Total Non-Current Assets	**177,369**	**158,378**
Total Assets	**263,334**	**296,037**
LIABILITIES		
Current Liabilities		
Trade and other payables	25,467	30,789
Provisions	4,707	7,417
Borrowings	152	-
Other	251	532
Total Current Liabilities	**30,577**	**38,738**
Non-Current Liabilities		
Provisions	1,536	1,404
Net deferred tax liabilities	31,823	30,690
Total Non-Current Liabilities	**33,359**	**32,094**
Total Liabilities	**63,936**	**70,832**
Net Assets	**199,398**	**225,205**
EQUITY		
Contributed equity	110,933	130,812
Reserves	8,834	8,687
Retained earnings	77,145	85,706
Equity attributable to owners of the Company	196,912	225,205
Non-controlling interest	2,486	-
Total Equity	**199,398**	**225,205**

The accompanying notes form part of these condensed consolidated interim financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 December 2017

	ATTRIBUTABLE TO OWNERS OF THE COMPANY							
	CONTRIBUTED EQUITY $'000	SHARE BASED PAYMENT RESERVE $'000	BUSINESS COMBINATION RESERVE $'000	FOREIGN CURRENCY TRANSLATION RESERVE $'000	RETAINED EARNINGS $'000	TOTAL $'000	NON-CONTROLLING INTERESTS $'000	TOTAL EQUITY $'000
Balance at 1 July 2016	**150,914**	**1,746**	**5,571**	**-**	**76,376**	**234,607**	**-**	**234,607**
Profit for the period	-	-	-	-	2,563	2,563	-	2,563
Other comprehensive income	-	-	-	-	-	-	-	-
Total Comprehensive Income	**-**	**-**	**-**	**-**	**2,563**	**2,563**	**-**	**2,563**
Transactions with Owners in their Capacity as Owners								
Recognition of share-based payments	-	548	-	-	-	548	-	548
Buy-back of share capital	(15,983)	-	-	-	-	(15,983)	-	(15,983)
Dividends paid	-	-	-	-	(3,596)	(3,596)	-	(3,596)
Balance at 31 December 2016	**134,931**	**2,294**	**5,571**	**-**	**75,343**	**218,139**	**-**	**218,139**
Balance at 1 July 2017	**130,812**	**3,116**	**5,571**	**-**	**85,706**	**225,205**	**-**	**225,205**
Profit for the period	-	-	-	-	548	548	(70)	478
Other comprehensive income	-	-	-	47	-	47	5	52
Total Comprehensive Income	**-**	**-**	**-**	**47**	**548**	**595**	**(65)**	**530**
Transactions with Owners in their Capacity as Owners								
Acquisition of subsidiary with NCI	-	-	-	-	-	-	2,551	2,551
Issue of shares / recognition of share-based payments	649	100	-	-	-	749	-	749
Buy-back of share capital	(20,528)	-	-	-	-	(20,528)	-	(20,528)
Dividends paid	-	-	-	-	(9,109)	(9,109)	-	(9,109)
Balance at 31 December 2017	**110,933**	**3,216**	**5,571**	**47**	**77,145**	**196,912**	**2,486**	**199,398**

The accompanying notes form part of these condensed consolidated interim financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half year ended 31 December 2017

	NOTE	CONSOLIDATED DEC 2017 $'000	CONSOLIDATED DEC 2016 $'000
Cash Flows from Operating Activities			
Receipts from customers		91,096	104,087
Payments to suppliers and employees		(94,560)	(92,687)
Interest received		375	918
Income taxes refunded / (paid)		935	(2,486)
Net cash (used in) / provided from operating activities		**(2,154)**	**9,832**
Cash Flows from Investing Activities			
Payments for property, plant and equipment and intangible assets		(4,761)	(4,231)
Acquisition of subsidiary, net of cash acquired and subsidiary loan		(10,221)	-
Net cash used in investing activities		**(14,982)**	**(4,231)**
Cash Flows from Financing Activities			
Interest paid		(36)	(35)
Proceeds from issue of ordinary shares		517	-
Payments for share buy-backs		(20,445)	(16,366)
Dividends paid to shareholders of the parent	4.1	(9,109)	(3,596)
Net cash used in financing activities		**(29,073)**	**(19,997)**
Net decrease in cash and cash equivalents		(46,209)	(14,396)
Net foreign exchange difference		(3)	-
Cash and cash equivalents at the beginning of the year		80,395	87,620
Cash and cash equivalents at the end of the year		**34,183**	**73,224**

The accompanying notes form part of these condensed consolidated interim financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2017

SECTION 1: BASIS OF PREPARATION

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

1.1 Basis of preparation of the financial report

Our half year financial report (the Report) is a condensed general purpose financial report, which has been prepared by a 'for-profit' entity in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting" issued by the Australian Accounting Standards Board (AASB)

All amounts are presented in Australian dollars unless otherwise noted. The company is a company of a kind referred to in ASIC Class Order 2016/191, dated 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 ($'000) unless otherwise stated.

Except as disclosed in Note 6.1, the same accounting policies including the principles of consolidation have been applied by each entity in the consolidated group and are consistent with those adopted and disclosed in our 2017 Annual Report.

1.2 Seasonality of operations

The Group offers comparison, purchase and referral services across a number of insurance, utility and financial products. Due to the seasonal nature of the Health business in particular, significantly lower revenues and operating profits are usually expected in the first half of the Group's financial year than in the second half. Significantly higher customer sales during the months of March and June each year are mainly attributed to the increased demand for health products as a result of customers looking to optimise their health rebates before the health insurance rate rise and prior to 30 June each year.

1.3 Key judgements and estimates

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

Revenue recognition

Upfront fee revenue

Upfront fees revenue are 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. Upfront fees revenue are recognised on a net basis of the historical percentage of 'referred' sales expected to become 'financial' and are adjusted to actual percentages experienced at each reporting date. As such, the Group determines a reliable measurement of its revenue on the basis of the probability of a 'referred' sale becoming a 'financial' or paid sale on the basis of extensive historical statistical and trend data.

Where this information cannot be reliably measured, the Group recognises revenue at the time the consumer makes its first payment to the product provider.

Trail commission revenue

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 cash payments received from the relevant funds or providers involved. The method of revenue recognition for trail commission revenue requires Directors and management to make certain estimates and assumptions based on industry data and historical experience of the Group. In undertaking this responsibility, the Group engages Deloitte Actuaries and Consultants Limited, a firm of consulting actuaries, to assist in reviewing the accuracy of assumptions for health, mortgages and life trail revenue. These estimates and assumptions include, but are not limited to: termination or lapse rates, mortality rates, inflation, risk free and other discount rates, counter party credit risk, forecast fund premium increases and the estimated impact of known Australian Federal and State Government policies.

The Directors consider this method of trail commission recognition to be a more accurate representation of the Group's financial results. This method is further detailed in Note 3.4 to the most recently issued annual financial statements for the financial year ended 30 June 2017.

Taxes

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

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

1.3 Key judgements and estimates (cont'd)

Property, plant and equipment

Useful lives

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

Other intangible assets

Development costs

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

Useful lives

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

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 3.2 to the most recently issued annual financial statements for the financial year ended 30 June 2017.

Provisions

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.

Clawback provisions

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

1.4 Other accounting policies

The Group has had regard to Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group, as outlined in iSelect's annual report for the year ended 30 June 2017.

The Group has determined that they do not impact the accounting policies applied in the preparation of the Group's condensed consolidated interim financial statements. There are no new accounting standards effective from 1 July 2017 that have a material impact on the financial results of the Group.

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

SECTION 2: PERFORMANCE FOR THE YEAR

This section explains our results and performance and includes our segment results, which are reported on the same basis as our internal management structure. It also provides our earnings per share for the period and information about taxation.

2.1 Segment information

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

We have four reportable segments as follows:

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

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

	AUSTRALIA $'000	ASIA $'000	TOTAL $'000
31 December 2017			
Non-current assets[1]	**60,141**	**15,620**	**75,761**
30 June 2017			
Non-current assets[1]	59,377	-	59,377

[1] non-current assets other than financial instruments and deferred tax assets.

	CONSOLIDATED DEC 2017 $'000	DEC 2016 $'000
Operating revenue		
Health Insurance	37,894	35,032
Life and General Insurance	12,771	14,386
Energy and Telecommunications	28,583	24,287
Other	4,034	4,329
Consolidated group operating revenue	**83,282**	**78,034**
EBITDA		
Health Insurance	5,453	5,153
Life and General Insurance	1,892	2,526
Energy and Telecommunications	2,253	1,396
Other	(2,709)	(301)
Unallocated corporate costs	(3,005)	(2,912)
Consolidated group EBITDA	**3,884**	**5,862**
Depreciation and amortisation	(3,361)	(2,821)
Net finance income	310	851
Loss from associate	(215)	(213)
Consolidated Group profit before income tax	**618**	**3,679**
Income tax expense	(140)	(1,116)
Consolidated Group net profit for the year	**478**	**2,563**

2.2 Earnings per share

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

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

	CONSOLIDATED	
	DEC 2017 $'000	DEC 2016 $'000
Profit attributable to the owners of the Group	548	2,563
	Shares ('000)	Shares ('000)
WANOS[1] for basic earnings per share	222,019	234,893
Effect of dilution	-	1,527
WANOS[1] adjusted for effect of dilution	222,019	236,420
	Cents	Cents
Earnings per share:		
Basic EPS	0.2	1.1
Diluted EPS	0.2	1.1

[1] Weighted average number of ordinary shares.

Recognition and measurement

Basic Earnings Per Share

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

Diluted Earnings Per Share

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

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

2.3 Taxes

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

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

The following tables provides a reconciliation of notional income tax expense to actual income tax expense.

	CONSOLIDATED	
	DEC 2017 $'000	DEC 2016 $'000
Current taxes		
Amounts recognised in profit or loss		
Current income tax		
Current income tax benefit /(expense)	1,648	(1,076)
Previous years' adjustment[1]	994	(75)
Deferred income tax		
Origination and reversal of temporary differences	(2,061)	(41)
Previous years' adjustment[1]	(721)	76
Utilisation of carried forward tax losses	-	-
Income tax reported in income statement	**(140)**	**(1,116)**

	CONSOLIDATED	
	DEC 2017 $'000	DEC 2016 $'000
Tax reconciliation		
Accounting profit before income tax	**618**	**3.679**
Notional income tax at the domestic statutory income tax rate of 30%	(185)	(1,104)
Effect of tax rate in foreign jurisdiction at (0.83%)	5	-
Non temporary differences		
Share of loss of associate reported, net of tax	(64)	(61)
Share-based payments	(70)	(165)
Entertainment	(28)	(29)
Initial recognition of research and development concessional credits	167	242
Previous years' adjustment in respect of current income tax[1]	994	(75)
Previous years' adjustment in respect of deferred income tax[1]	(721)	76
Other	(238)	-
Total income tax expense	**(140)**	**(1,116)**

[1]Adjustment arises from difference between provision for income tax at previous reporting periods and final lodged income tax returns which occur in the current financial year.

SECTION 3: OUR CORE ASSETS AND WORKING CAPITAL

This section provides an update of any changes in cash generating units and the impairment assessment for our core long-term tangible and intangible assets that underpin the Group's performance.

3.1 Goodwill

Our impairment assessment compares the carrying value of our cash generating units (CGUs) with their recoverable amounts. The recoverable amount of an asset is the higher of its fair value less cost of disposal and its value in use. The value in use calculations use key assumptions such as cash flow forecasts, discount rates and terminal growth rates.

Goodwill and intangible assets with indefinite useful lives are not subject to amortisation and are assessed for impairment at least on an annual basis, or whenever an indicator of impairment exists. All other non-current tangible and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. For our impairment testing we identify CGUs, i.e. the smallest groups of assets that generate cash inflows that are largely independent of cash inflows from other assets or groups of assets.

3.1.1 Cash Generating units with allocated goodwill

On 1 December 2017, the Group acquired a controlling interest in the iMoney Group (refer to Note 5.1 for further information). The goodwill acquired through this acquisition of $6,999,000 has been allocated to its own CGU (International) as this is the smallest group of assets management monitors, that independently generates cash flow and whose cash flow is largely independent of the cash flows generated by other assets of the Group. As at 31 December 2017, no formal impairment assessment was undertaken in relation to this intangible asset due to a recent arms-length transaction between the two parties.

During the half year ended 31 December 2017 there have been no changes to our CGUs with the allocated goodwill acquired through the Infochoice Limited and Energy Watch Group acquisitions.

The Group's impairment test for goodwill and intangible assets with indefinite lives is based on value-in-use calculations. The key assumptions used to determine the recoverable amount for the different CGUs were disclosed in the annual consolidated financial statements for the year ended 30 June 2017.

When reviewing for indicators of impairment, the Group considers estimated cash flow projections and growth rates for each CGU to which goodwill is allocated. As at 30 June 2017, and with regard to the assessment of 'value-in-use' of the CGUs and sensitivity information as disclosed in the annual financial statements for the year ended 30 June 2017, management concluded that no reasonable change in any of the key assumptions would cause the carrying value of the units to materially exceed its recoverable amount. As a result, no impairment charge is required.

Reconciliation of carrying amount of goodwill

	CONSOLIDATED DEC 17 $'000
Balance at 1 July 2017	31,216
Acquisition through business combination	6,999
Balance at 31 December 2017	**38,215**

SECTION 4: OUR CAPITAL AND RISK MANAGEMENT

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

4.1 Dividends

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

This note also provides information about the current year interim dividend to be paid. No provision for the current year interim dividend has been raised as it was not determined or publicly recommended by the Board as at 31 December 2017.

Dividends paid during the financial half year are as follows:

	CONSOLIDATED	
	DEC 2017 $'000	DEC 2016 $'000
Previous year final dividend paid	9,109	3,596
Interim dividend paid	-	-
	9,109	**3,596**

On 16 February 2018 the Group declared an estimated fully franked interim dividend of $3,262,000 representing 1.5 cents per share based on the shares on issue at 31 December 2017. The interim dividend will be fully franked at a tax rate of 30 per cent.

There are no income tax consequences for the iSelect Group resulting from the resolution and payment of the interim dividend, except for $1,398,000 of franking debits arising from the payment of this dividend that will be adjusted in our franking account balance.

Franking credit balance

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

	CONSOLIDATED	
	DEC 2017 $'000	DEC 2016 $'000
Franking account balance	3,456	7,138
Franking debits from the refund of income tax as at 31 December (at a tax rate of 30% on a tax paid basis)	(1,899)	(1,100)
	1,557	**6,038**

We believe that our current balance in the franking account, combined with the franking credits that will arise on tax instalments expected to be paid, will be sufficient to fully frank our 2018 interim dividend.

4.2 Fair value

Valuation and disclosure within fair value hierarchy

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

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

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

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

The fair value of the trail commission receivable has been calculated by discounting the expected future cash flows at prevailing interest rates. At 31 December 2017 the fair value of trail commission receivable is $122,501,000 (30 June 2017: $116,529,000) with a carrying value of $118,550,000 (30 June 2017: $112,803,000). The level of the fair value hierarchy within which the fair value measurement of trail commission receivable is categorised as Level 3 (non-market observable inputs).

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

Due to the differences in underlying product characteristics and product provider circumstances, the discount rates applied in the most recent valuation of the trail commission receivable ranged between 3.2% and 6.8% (30 June 2017: 3.7% and 7.0%) across financial institutions and health, life, car insurers and mortgage providers. The Group specifically provides for known or expected risks to future cash flows outside of the discount rate, particularly for the impact of attrition.

Attrition rates in Health are particularly relevant to the overall trail commission receivable considering the relative size of the Health trail commission receivable. Attrition rates vary substantially by provider and also by the duration of time the policy has been in force, with rates generally higher in policies under two years old. The attrition rates used in the valuation of the Health portfolio at 31 December 2017 ranged between 7.5% and 24.5% (30 June 2017: 6.5% and 24.7%). The simple average duration band attrition rate decreased by 0.3% during the period, with lower attrition experienced for policies that have been in force for shorter periods of time.

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 $13,522,000 (30 June 2017: $14,613,000). A combined premium price increase of 1% and termination rate decrease of 1% would have the effect of increasing the carrying value by $14,943,000 (30 June 2017: $12,853,000). Individually, the effects of these inputs would not give rise to any additional amount greater than those stated.

SECTION 5: OUR INVESTMENTS

This section provides details of changes to our investments and their effect on our financial position and performance during the period.

5.1 Changes in group structure

On 1 December 2017, the Group acquired a further 51.0% of the shares and voting interest in Intelligent Money Sdn. Bhd ('iMoney'). As a result, the Group's equity interest in iMoney increased from 23.8% to 74.8%, obtaining control of iMoney. iMoney operates in South-East Asia's high-growth markets underpinned by attractive structural trends. It is the largest regional consumer product comparison site in South-East Asia and is aligned with the Group's core product and service competencies. With a majority holding in iMoney, the Group will have greater influence over iMoney's growth strategy. The iMoney business is classified as part of 'Other' within the segment reporting and represents the geographical location of Asia.

In the one month to 31 December 2017, iMoney contributed revenue of $228,000 and loss of $279,000 to the Group's results. If the acquisition had occurred on 1 July 2017, management estimates that consolidated revenue would have been $1,674,000, and consolidated loss for the period would have been $1,918,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 July 2017.

Acquisition-related costs

The Group incurred acquisition-related costs of $581,000 relating to external legal fees and due diligence costs. These costs have been included in "administration expenses" in the consolidated statement of profit or loss and other comprehensive income.

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	$'000
Total cash consideration transferred	9,928
NCI, based on their proportionate interest in the recognised amounts of the asset and liabilities of iMoney	2,551
Fair value of existing interest in iMoney	4,642
Fair value of identifiable net assets	(10,122)
Goodwill	**6,999**

The re-measurement to fair value the Group's existing 23.8% interest in iMoney resulted in a loss of $188,000. This amount has been included in "loss from associate" in the consolidated statement of profit or loss and other comprehensive income.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	$'000
Cash	700
Accounts receivable	726
Deposits and prepayments	149
Property, plant and equipment	90
Software	1,078
Brand Names	7,447
Trademarks & Domain Name	13
Net deferred Taxes	1,777
Trade and other payables	(700)
Accrued income	(13)
Shareholder loans[1]	(1,145)
Total identifiable net assets acquired	**10,122**

[1]Includes a $993,000 loan advance from iSelect which eliminates on consolidation. The terms and conditions are the same as those described in Note 6.2 Related party transactions.

Fair value of assets

The following fair values have been determined by management:

- Brand names – $7,447,000

  The income approach ("relief from royalty methodology") was adopted to fair value brand names, based on historical and current expected income levels reflective of the sustainable/recurring level of income, a post-tax discount rate of 10%, royalty rate of 6%, growth rates of 3% and FX translation rate at 3.09 MYR/AUD.

- Software – $1,078,000

  To arrive at a fair value, a cost-to-replicate methodology was adopted involving management's best estimate based on past experience and similar software developed. The useful life of the software is 4 years.

SECTION 6: OTHER INFORMATION

This section provides other information and disclosures not included in the other sections, for example, commitments and contingencies and significant events occurring after the reporting date.

6.1 Other accounting policies

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those adopted in the Group's annual financial report for the year ended 30 June 2017, except for the adoption of new standards and interpretations as of 1 July 2017 as disclosed in the 30 June 2017 financial accounts and noted below.

- AASB 2016-1 - Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]
- AASB 2016-2 - Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107

6.2 Related party transactions

Transactions and their terms and conditions with other related parties

Precision Group of Companies Pty Ltd and its related entities ("Precision Group") are considered to be related parties of the Group. This is due to Precision Group being under significant influence of Mr Shaun Bonett, a non-executive director of the Group. The Group has a five year leasing agreement with Precision Group to lease commercial space at four shopping centres. The Group paid Precision Group $25,601 (30 June 2017: nil) for lease of office space at Adelaide Central Plaza, Chevron Renaissance, MacArthur Central and Pran Central on commercial arm's length terms. $385,000 is receivable from Precision Group as at 31 December 2017 (30 June 2017: nil) in relation to fit out contribution under the lease agreement. No provision for doubtful debts has been recognised or bad debts incurred with respect to amounts receivable from Precision Group for the half year ended 31 December 2017 (30 June 2017: nil). Lease commitment as at 31 December 2017 is $1,478,595. Mr Bonett was not present during any discussions relating to potential venues and the terms and conditions of the lease agreements.

Unsecured loans advanced to iMoney by its shareholders were $152,000 during the six months ended 31 December 2017. No interest is payable by iMoney, and the loans are repayable in full on the earlier of:

- six months after the issue date; or
- when iMoney receives new equity funding from a new investor.

6.3 Events after the reporting date

On 16 February 2018 the Group declared an estimated fully franked interim dividend of $3,262,000, representing 1.5 cents per share based on the shares on issue at the 31 December 2017.

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.

6.4 Commitments and contingencies

Operating lease commitments

	CONSOLIDATED	
	DEC 2017 $'000	JUN 2017 $'000
Non-cancellable operating lease commitments		
Not later than 1 year	3,557	3,063
Later than 1 year and not later than 5 years	7,926	8,287
Later than 5 years	-	-
Total	**11,483**	**11,350**

The Group has entered into operating leases on office premises with lease terms between 1 to 10 years. The Group has the option to lease the premises for additional terms of 1 to 10 years.

Bank guarantees

	CONSOLIDATED	
	DEC 2017 $'000	JUN 2017 $'000
Trading guarantees	2,175	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. $2,084,000 of the trading guarantees are issued in the name of iSelect Limited and the remaining $91,000 are issued in the name of iSelect Services Pty Ltd.

6.4 Commitments and contingencies (cont'd)

Other

Life insurance policies

On 24 October 2011, iSelect Life Pty Ltd reported to the Australian Securities and Investment Commission a breach in relation to its Australian financial services license relating to life insurance policies sold between April 2009 and March 2011. As a result of this breach, an internal review of all life insurance policies sold during that period was undertaken. The review and remediation work commenced in October 2011. As at 31 December 2017, 100% (30 June 2017: 100%) of the initial 5,095 policies had been reviewed by iSelect with only 580 (30 June 2017: 599) policies in relation to one provider still subject to final remediation.

The amount, if any, of liability associated with those policies yet to be remediated cannot be reliably determined at this time, and accordingly no amounts have been recorded in the condensed consolidated interim financial statements for the half year ended 31 December 2017 (30 June 2017: nil).

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

Purchase commitment

During the half year ended 31 December 2017, the Group entered into a contract with Nest Labs Inc to purchase their safety and security products. The agreement has a minimum purchase commitment until 31 July 2019 which will be extended for 6 months if the commitment is not fulfilled. In the event that the Group is unable to fulfil its purchase commitment by the end of the extension period, management is confident that an amicable commercial settlement with Nest Labs Inc could be reached.

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 condensed consolidated interim financial statements and notes that are set out on pages 9 to 23 and the Directors' report, are in accordance with the Corporations Act 2001, including:
      i. giving a true and fair view of the Group's financial position as at 31 December 2017 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 will be able to meet any obligations or liabilities;

3. As at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group 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,
16 February 2018

Brodie Arnhold
Director

Melbourne,
16 February 2018

Independent Auditor's Report

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

Independent Auditor's Review Report to the Members of iSelect Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of iSelect Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and of its consolidated financial performance for the half-year ended on that date; and

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

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2017 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young

T J Coyne
Partner
Melbourne

Corporate Information

DIRECTOR

Chris Knoblanche AM
Scott Wilson
Brodie Arnhold
Shaun Bonett
Bridget Fair
Melanie 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 Australia Securities Exchange (ASX: ISU)

SOLICITOR

Clayton Utz
18/333 Collins Street
Melbourne Victoria 3000
Australia

BANKERS

Commonwealth Bank of Australia
385 Bourke Street
Melbourne Victoria 3000
Australia

AUDITOR

Ernst & Young
8 Exhibition Street
Melbourne Victoria 3000
Australia