DIVERSA LIMITED

2009 ANNUAL REPORT

Diversa's achievements in the past year

December 2008	announce proposed change of business, acquisition of superannuation business and capital raising
January 2009	change of business, acquisition and capital raising approved by shareholders
March 2009	completion of a $4.4million capital raising
March 2009	acquisition of administration and promotion rights to the Bookmakers Superannuation Fund
May 2009	appointment of a director and senior manager with extensive superannuation expertise
September 2009	acquisition of administration and investment management rights to the Managed Australian Retirement Fund

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Corporate directory

Directors
Mr Gregory Baynton
Mr Timothy Brown
Mr Stuart Korchinski
Mr Matthew Morgan (Chairman)

Company Secretary
Mr Angus Craig

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Solicitors
McCullough Robertson Lawyers

Auditors
KPMG

Stock Exchange
The Company is listed on the Australian Securities Exchange (ASX Code: DVA).
The Home Exchange is Brisbane.

Letter from the Chairman

Dear fellow shareholder

It is with pleasure I present to you Diversa Limited's 2009 Annual Report. As you are aware, this past year has seen many significant changes to the Company and its operations.

In January 2009, shareholders approved a change of business activities, a capital raising and the acquisition of a new business. In March 2009, Diversa successfully raised $4.4 million in one of the most difficult equity markets of our time with the assistance of Bizzell Capital Partners. Following completion of the capital raising, Diversa acquired the administration and promotion rights to the Bookmakers Superannuation Fund.

Since the date the enclosed financial statements were completed, Diversa has acquired the administration and investment management rights to a second retail superannuation fund, the Managed Australian Retirement Fund, in September 2009.

As part of it's continued development it was, and remains, important that the Company build an appropriately skilled team to continue Diversa's growth as a wealth management organisation. Following the change of business activities, Diversa welcomed Stuart Korchinski and Andrew de Vries to the team. Stuart, who joined the board in April and is seeking re-election at the upcoming Annual General Meeting, has a significant amount of financial services experience at both executive and board level, and has recently agreed to accept the role of Managing Director of Diversa. Andrew, who also possesses an extensive history of senior management experience within the superannuation sector, is responsible for managing and growing the Diversa superannuation business. Both Stuart and Andrew have proven to be valuable additions to the Diversa team.

As Chairman I look forward to working closely with the management team which also includes Angus Craig, Company Secretary and CFO. I am taking this opportunity to thank Angus who has worked tirelessly to complete the capital raising, the two acquisitions completed to date, and manage the change of business and corporate structuring. Angus continues to play an integral part in executing on the Diversa business plan.

Looking forward, Diversa is seeking to grow its exposure to superannuation funds under administration through acquisition, product enhancement and investment in distribution. The Company is also seeking to expand its exposure to broader funds management businesses as part of the development of a wealth management business.

Diversa shareholders may wish to consider their own superannuation needs, and whether the superannuation and associated insurance offerings of the BSF and MARF funds meets their needs, or the needs of their employees.

Yours sincerely

Matthew Morgan
Chairman

Directors’ report

For the year ended 30 June 2009

The Directors present their report together with the financial report of Diversa Limited (the ‘Company’) and of the consolidated entity, being the Company and its controlled entities, for the financial year ended 30 June 2009 and the auditor’s report thereon.

1 Directors

The directors of the Company at any time during or since the end of the financial year are:

Name and independence status	Age	Experience, special responsibilities and other directorships
Mr Matthew Morgan Chairman Executive Director Appointed: 2 July 2008	34	Mr Morgan is a private equity manager with Queensland Investment Corporation. Prior to his investment role at QIC and at various periods throughout his tenure, Mr Morgan has held senior management roles in start-up and expansion stage companies both in the UK and Australia. Mr Morgan is experienced in mergers and acquisitions and capital raisings for emerging companies. He was the first Australian selected to the prestigious Kauffman Fellows Program and serves as a director on a number of unlisted venture capital backed companies.
Mr Timothy Brown Independent Non-Executive Director Appointed: 21 August 2007	47	Mr Brown is currently employed by Macquarie Bank Limited as Head of Sales, Macquarie Intermediaries Solutions. Mr Brown has worked in the banking and finance industry for over 25 years and has held senior management positions in financial intermediaries such as Suncorp, LJ Hooker, Aussie Home Loans and AVCO Finance (acquired by GE Capital). Mr Brown’s extensive commercial experience includes his successful establishment and ownership of LJ Hooker Home Loans as a master franchise, which was subsequently acquired by LJ Hooker in 2003.
Mr Gregory Baynton Independent Non-Executive Director Appointed: 2 July 2008	40	Mr Baynton is the managing director of Orbit Capital, a private, independent investment company that also provides corporate advisory services, focusing on capital raisings, preparation for Stock Exchange listing and listed investment opportunities. He has extensive experience in establishing and structuring new companies, and raising seed and venture capital. During the past three years Mr Baynton also served as a director of the following ASX listed companies: PIPE Networks Limited - 2004 to Present Tissue Therapies Limited - 2002 to Present Lodestone Exploration Limited - 2001 to Present
Mr Stuart Korchinski Independent Non-Executive Director Appointed: 26 May 2009	45	Mr Korchinski was most recently the CEO of CitiStreet Australia (a joint venture between Citi and State Street), a provider of superannuation administration services to Industry, Corporate and Retail superannuation funds. Stuart previously held the role of managing director of KAZ Business Services Limited, a leading supplier of outsourced services to the superannuation and funds management, insurance and financial services industries and Chief General Manager of Allianz’s financial institution and direct insurance business. Stuart has significant experience in multiple sectors of the banking & finance industry including pension/superannuation, financial planning/advice, general and life insurance and IT services sectors.

Name and independence status	Age	Experience, special responsibilities and other directorships
Dr Ian Nisbet Independent Non-Executive Director Appointed: 15 December 2006 Resigned: 2 July 2008	55	Dr Nisbet is partner and founder of Afandin Pty Ltd, a biotechnology consulting company that advises a number of public and private companies. His most recent executive position was Chief Executive Officer and Managing Director of Meditech Research Limited, a clinical phase oncology company, which was acquired by Alchemia Limited in 2006. Prior to joining Meditech, Dr Nisbet worked at Millennium Pharmaceuticals, Inc., Cambridge, MA for almost seven years in a variety of senior positions, mostly related to product in-licensing and mergers and acquisitions. Before joining Millennium Ian worked for CSL Limited for over 17 years in a number of scientific and management positions.
Mr J Brett Heading Independent Non-Executive Director Appointed: 10 November 2006 Resigned: 2 July 2008	53	Mr Heading is an experienced corporate lawyer and has been a partner of McCullough Robertson for 23 years. He specialises in capital raising, mergers and acquisitions and board advice. He has a wide-ranging client base in emerging companies particularly in the biotechnology and agribusiness sectors. He is a member of the Takeovers Panel and the Board of Taxation. During the past three years Mr Heading also served as a director of the following ASX listed companies: ChemGenex Pharmaceuticals Limited (Chair) - 2002 to Present Australian Agricultural Company Limited - June 2008 to June 2009

Since 1 April 2009, Mr Morgan has been acting in the role of Executive Director in addition to Chairman. The Board considers that this arrangement is appropriate given the stage of the Company's development, the current level of activities and noting that the other three Directors are all Independent Non-Executive Directors. As the Company grows, it is likely that the composition of the Board, roles of Directors and executive team will change.

2 Company secretary

Mr Angus Craig	38	Angus Craig held the position of Company Secretary and Chief Financial Officer at the end of the financial year. He was appointed to these positions in August 2007. Previously he held the position of Company Secretary of Virotec International plc for seven years, and prior to that was a Senior Companies Advisor with the Australian Securities Exchange for six years.

3 Directors' meetings

The number of Directors' meetings and number of meetings attended by each of the directors of the Company during the financial year are:

Director	Board	
	A	**B**
M Morgan	13	13
G Baynton	13	13
T Brown	13	13
S Korchinski	1	1
B Heading	1	1
I Nisbet	1	1

A – Number of meetings attended

B – Number of meetings held during the time the Director held office during the year

As the Board had no more than four members at any time during the year, it was considered unnecessary to form a separate audit committee and the Board as a whole performs this function.

4 Principal activities

The principal activities of the consolidated entity are the provision of financial services, particularly the administration and promotion of superannuation funds.

During the year there were significant changes in the nature of the activities of the consolidated entity, following the approval of shareholders to change the consolidated entity's activities from technology development to the provision of financial services on 15 January 2009, and the subsequent acquisition of the administration and promotional rights to a retail superannuation fund on 31 March 2009.

5 Operational and financial review

Operational review

On 31 March 2009 the Company acquired 100% of the issued capital in Super Promoters Pty Ltd, all of the units in the Super Promoters Unit Trust and the superannuation administration business of Peter Mueller and Associates Pty Ltd (together referred to as 'Super Promoters'). The maximum amount payable for the acquisitions is $6,950,000 made up of an initial payment of $4,000,000 in cash and $800,000 in ordinary shares, with the balance payable over a two year period, subject to certain performance milestones.

Super Promoters is the current promoter and administrator of the Bookmakers Superannuation Fund (the 'Fund'). The Fund is a retail master trust, and was originally established as an industry fund by the vendors in 1974, giving it a 34 year history of strong performance. The trustee for the Fund is Equity Trustees Limited and the investment manager is Joseph Palmer Financial Services Pty Ltd. As at 30 June 2009, the Fund had approximately 2,000 members and had funds under management (FUM) of approximately $180 million.

The acquisitions provide the Company with an established platform business which is currently profitable and with prospects for growth. The Board believes that this acquisition provides a platform for the growth of the Company into a business with annuity-style revenues in the financial services sector.

As at 30 June 2009, the Company retained interests in a number of technologies which are being developed and commercialised by third parties. This strategy enables the Company to retain an interest in its technologies while eliminating any further exposure to the risks and costs of commercialisation. As at 30 June 2009, The Company held the following interests:

- medical diagnostics technologies (non human medical applications) licensed to Biosensor Enterprises LLC in November 2002;
- medical diagnostics technologies (human medical applications) licensed to Surgical Diagnostics Pty Ltd in February 2008;
- an early stage drug technology licensed to Glykoz Developments Pty Ltd in December 2006; and
- a shareholding interest in Avastra Sleep Centres Limited, a medical diagnostics company.

Due to the performance of these investments during the year and the effect of current market conditions, these investments have being written down to nil value at 30 June 2009. As these interests are no longer part of the Company's core business, it will seek to divest of these interests in due course.

Financial review

The results of the consolidated entity for the year ended 30 June 2009 can be summarised as follows:

	2009	2008	Change
Results from operating activities	(1,370,031)	(1,016,846)	Down 35%
Net finance income	181,010	301,309	Down 40%
Loss before tax	(1,189,021)	(715,537)	
Loss for the year attributable to equity holders of the parent	(1,189,021)	(715,537)	Down 66%

Revenue from ordinary activities increased from $5,472 to $802,075 (an increase of $796,603). This incorporates only three months trading of the superannuation administration and promotion business, returning revenue of $387,900. In addition, revenue includes an amount of $338,186 relating to a research and development refund claim relating to a prior period.

Overall, expense levels increased from $1,280,900 to $2,172,106 (an increase of $891,206). Significant additional expenses incurred during the period include the write down of available for sale investments of $408,828 and share based payments expenses of $689,941 calculated in accordance with the relevant accounting standards. Otherwise operating costs remained relatively consistent.

The opening cash balance was $3,787,862 while the ending balance was $3,189,851. The net change of $589,011 includes $3,819,358 (after transaction costs) raised from the issue of shares, an inflow of $164,695 from operating activities (net of interest earned and other income) and $4,385,402 invested in acquiring the administration and promotion rights to a retail superannuation fund.

6 Significant changes in the state of affairs

On 15 January 2009, shareholders of the Company approved a consolidation of share capital on a 1 for 13 basis, a change of business activities to financial services, the issue of a prospectus to raise up to $5 million and the acquisition of the administration and promotion rights to a retail superannuation fund. A total of $4,400,000 was raised under the share offer and the acquisitions were completed on 31 March 2009.

With the exception of the matters stated above and in the Operational and Financial Review there have been no other significant changes in the state of affairs of the Company or consolidated entity during the financial year ended 30 June 2009.

7 Likely developments

The Directors consider that the Company has opportunities to expand through acquisition, investment and organic growth into a diversified financial services business. The Company is currently examining a number of potential opportunities. This expansion strategy may require additional funds to be raised.

During the year, the consolidated entity acquired revenue generating businesses as described in Note 21. The Directors believe that it is appropriate to prepare the financial report on a going concern basis as the Directors consider that based upon the financial forecasts to the end of July 2012, the consolidated entity has sufficient cash resources to pay all of its estimated liabilities and commitments.

8 Dividends

No dividend was paid or declared during the financial year (2008: nil).

9 Environmental regulation

The consolidated entity's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board believes that the consolidated entity has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the consolidated entity.

10 Events subsequent to reporting date

Since the end of the financial year the consolidated entity has continued discussions with a number of parties regarding potential transactions involving the consolidated entity in line with its stated growth strategy. These discussions may result in acquisitions or investments in the near term however no binding arrangements exist as at the date of these financial statements.

Apart from the matter noted above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

11 Directors' interests

The relevant interest of each Director in the shares, debentures, interests in registered schemes and rights or options over such instruments issued by the companies within the consolidated entity and other related bodies corporate, as notified by the directors to the Australian Stock Exchange in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

	Ordinary shares	Options over ordinary shares
M Morgan	2,271,525	153,846
G Baynton	940,000	153,846
T Brown	1,608,692	153,846
S Korchinski	-	-

12 Share options

Options granted to directors and officers of the Company

During or since the end of the financial year, the Company granted options for no consideration over unissued ordinary shares in the Company to the following Directors and officers as part of their remuneration:

	Number of options granted	Exercise price	Expiry date
Directors			
M Morgan	76,923	$0.26	30 November 2011
M Morgan	76,923	$0.39	30 November 2011
G Baynton	76,923	$0.26	30 November 2011
G Baynton	76,923	$0.39	30 November 2011
Officers			
A Craig	76,923	$0.26	30 November 2011
A Craig	76,923	$0.39	30 November 2011

All options were granted during the financial year. No options have been granted since the end of the financial year. Each option is an option to subscribe for one ordinary share.

Unissued shares under options

At the date of this report unissued ordinary shares of the Company under option are:

Expiry date	Exercise price	Number of unissued shares under option
30 November 2009	$0.52	253,846
30 November 2009	$0.78	76,923
15 December 2009	$0.78	60,000
15 December 2009	$3.12	76,923
15 December 2010	$6.24	384,615
30 November 2011	$0.26	230,769
30 November 2011	$0.39	230,769
31 March 2013	$0.25	6,000,000
		7,313,845

Shares issued on exercise of options

During or since the end of the financial year, no ordinary shares were issued by the Company as a result of the exercise of options.

13 Indemnification and insurance of officers

Indemnification

The Company has agreed to indemnify the current Directors of the Company and all former directors of the Company who held that position on or after 24 August 2001 against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreements stipulate that the Company will meet the full amount of any such liabilities, including costs and expenses.

Insurance premiums

During the year the Company paid insurance premiums in respect of directors' and officers' liability and legal expenses' insurance contracts. These contracts insure current and former directors and officers (as defined in the Corporations Act 2001) against certain liabilities arising in the course of their duties to the Company and its controlled entities. The Directors have not included details of the nature of the liabilities covered, or the premium paid in respect of the contracts, as such disclosure is prohibited under the terms of the contracts.

14 Non-audit services

During the year KPMG, the Company's auditor, has performed certain other services in addition to their statutory duties.

The Board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Board to ensure they do not impact the integrity and objectivity of the auditor; and

- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid or payable to the auditor of the Company, KPMG, and its related practices for audit and non-audit services provided during the year are set out below. In addition, amounts paid to other auditors for the statutory audit have been disclosed:

	Consolidated	
	2009 $	2008 $
Audit services:		
Auditors of the Company		
Audit and review of financial reports (KPMG Australia)	68,500	72,894
Other Auditors:		
Audit and review of financial report (non KPMG firm)	10,000	-
Taxation services:		
Taxation compliance services (KPMG Australia)	14,250	18,125
R&D tax services (KPMG Australia)	-	46,678
	14,250	64,803
Other Assurance Services:		
Due diligence services (KPMG Australia)	15,000	-

15 Remuneration report

15.1 Principles of compensation

Remuneration of Directors and senior executives is referred to as compensation throughout this report.

The Board is responsible for compensation policies and packages applicable to Directors and senior executives (key management personnel), who either make, or participate in making, decisions that affect the whole, or a substantial part of, the business of the consolidated entity, or have the capacity to affect significantly the consolidated entity's financial standing.

The Board is responsible for reviewing and approving the compensation of senior executives. The Board ensures the consolidated entity's compensation policies and procedures reward and motivate enhanced performance against the consolidated entity's objectives. In particular, the Board:

- Ensures that the appropriate procedures exist to assess the compensation levels of senior executives; and
- Ensures the consolidated entity adopts, monitors and applies appropriate compensation policies and procedures.

The overall objective of the consolidated entity's compensation policy is to ensure maximum stakeholder benefit from attracting and retaining high quality Board and key management personnel. A further objective of the policy is to foster a performance oriented culture.

As the Company is a company in a growth phase performance is measured by reference to qualitative factors. Moving forward performance will also be measured against objective financial performance criteria.

The consolidated entity's compensation policy directs that the compensation package appropriately reflects the respective duties and responsibilities of employees and that compensation levels are competitive and motivating to people who possess the requisite level of skill and experience. Compensation packages include a mix of fixed and variable compensation, and short-and long-term performance based-incentives. Compensation packages are reviewed annually by the Board.

Short-term incentive bonus

The compensation package of all employees of the Company has a base pay component plus discretionary bonuses to specified employees for the achievement of duties and responsibilities beyond the normal scope of the position held. There are no performance conditions and any bonus paid is subject to the discretion of the Board. Bonuses may take the form of cash or equity.

Long-term incentive

The Board, at its discretion, may approve the issue of options under the Employee Option Plan to Executive Directors, senior executives and other employees. The vesting of options issued may be conditional upon the achievement of performance hurdles determined by the Board from time to time.

The Board may also approve the issue of shares under the Executive Officer Share Plan (as approved by shareholders on 15 December 2006). This Plan is available to Directors, senior executives and other executives to acquire ordinary shares in the Company for no consideration as a component of their compensation. Shares issued under the Plan rank equally with other fully paid ordinary shares. The number of shares offered and the imposition of restrictions such as the achievement of performance hurdles shall be as determined at the absolute discretion of the Board. However, the Board shall also take into account the actual and potential contribution of each eligible person to the performance of the Company and its controlled entities.

All shares granted will be held in Trust on behalf of each eligible person and will become unrestricted at the earliest of the following:

- the end of the period of ten years commencing at the time of acquisition of the shares by the Trustee on behalf of the eligible person;

- all relevant restrictions imposed by the Board have been satisfied or released by the Board in its absolute discretion; or

- in accordance with the relevant clauses in the event where the eligible person ceases to be employed.

The consolidated entity has a policy that prohibits Directors and executives who are granted share based payments as part of their remuneration from entering into other arrangements that limit their exposure to losses that would result from share price decreases.

Service agreements

Non-Executive Directors

Directors' base fees are presently $38,000 per annum. The Chairperson can receive up to twice the base fee. Total compensation for all Non-Executive directors last voted upon by shareholders at an EGM in 2001, is not to exceed $400,000 per annum. Each director has a letter of appointment in respect of their position.

Non-Executive Directors may receive part of their fees in the form of shares, subject to a pool limit, which is periodically recommended for approval by shareholders. The pool, which was approved by shareholders on 30 November 2007, is 276,923 shares. Non-Executive Directors do not receive performance related compensation (except specifically approved by shareholder in general meeting) or non-cash benefits. Non-Executive Directors are eligible to participate in the Employee Option Plan (subject to shareholder approval). Non-Executive Directors' retirement payments are limited to compulsory employer superannuation.

Executive Director and Executives

Employment agreements are entered into with the Executive Director and all executives. The amount of compensation is determined by the Board in accordance with the principles set out above. The agreements are unlimited in term, but are capable of termination on a maximum of three months notice. Executives are entitled to receive on termination of employment their statutory entitlements of accrued annual leave and long service leave together with any superannuation benefits.

15.2 Directors' and executive officers' remuneration

Details of the nature and amount of each major element of remuneration of each Director of the Company and all key management personnel who receive the highest remuneration are:

		Short-term			Post-employment	Share-based payments				
		Salary & fees $	Shares in lieu of salary/ fees $	Total	Super-annuation benefits $	Value of shares $ (A)	Options and rights $ (B)	Total $	Proportion of remuneration performance related %	Value of options as proportion of remuneration %
Directors										
M Morgan (appointed 2 July 2008)	2009	30,529	19,792	50,321	3,303	237,500	9,772	300,896	82.2%	3.2%
G Baynton (appointed 2 July 2008)	2009	38,000	-	38,000	-	95,000	9,772	142,772	73.4%	6.8%
S Korchinski (appointed 26 May 2009)	2009	3,655	-	3,655	-	-	-	3,655	-	-
T Brown (appointed 21 August 2007)	2009	28,325	7,125	35,450	2,549	178,125	-	216,124	82.4%	-
	2008	22,139	8,075	30,214	1,992		4,335	36,541	11.9%	11.9%
P Mueller (director Super Promoters Pty Ltd) (appointed 31 March 2009)	2009	12,500	-	12,500	-	-	-	12,500	-	-
B Heading (resigned 2 July 2008)	2008	39,996	-	39,996	-	-	1,568	41,564	3.8%	3.8%
I Nisbet (resigned 2 July 2008)	2008	26,147	9,500	35,647	2,353	-	1,568	39,568	4.0%	4.0%
M Rosenberg (resigned 21 August 2007)	2008	2,660	1,353	4,013	-	-	-	4,013	-	-
Executives										
A Craig, Chief Financial Officer / Company Secretary (appointed 30 August 2007)	2009	163,328	3,000	166,328	13,869	150,000	9,772	339,969	47%	2.8%
	2008	62,341	-	62,341	5,153	-	941	68,435	1.4%	1.4%
Peter Hayes-Williams, General Manager – Super Promoters Pty Ltd (appointed 31 March 2009)	2009	34,578	-	34,578	2,967	-	-	37,545	-	-
P Jobbins, Chief Financial Officer / Company Secretary (resigned 30 August 2007)	2008	12,471	-	12,471	3,279	-	-	15,750	-	-

Notes in relation to the table of directors' and executive officers' remuneration

(A) The value of shares included as compensation is an allocation calculated at the date of grant and allocated over each reporting period from the date of issue to vesting date.

(B) The fair value of the options is calculated at the date of grant using a Black-Scholes option-pricing model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the options recognised in this reporting period.

The following factors and assumptions were used in determining the fair value of options on grant date:

Grant date	Expiry date	Fair value per option	Exercise price	Price of shares on grant date	Expected volatility	Risk free interest rate	Dividend yield
30 September 2008	30 November 2011	$0.078	$0.26	$0.18	65%	7.5%	Nil
30 September 2008	30 November 2011	$0.052	$0.39	$0.18	65%	7.5%	Nil

Details of performance related remuneration

Details of the consolidated entity's policy in relation to the proportion of remuneration that is performance related is discussed on pages 7-8.

15.3 Analysis of bonuses included in remuneration

There were no short-term incentive cash bonuses awarded as remuneration to any Director or Executive during the current year or in the prior year.

15.4 Equity instruments

All options refer to options over ordinary shares of Diversa Limited, which are exercisable on a one-for-one basis under the Employee Option Plan.

Options and rights over equity instruments granted as compensation

Details on options over ordinary shares in the Company that were granted as compensation to each key management person during the reporting period and details on options that vested during the reporting period are as follows:

	Number of options granted during 2009	Grant date	Number of options vested during 2009	Fair value per option at grant date ($)	Exercise price per option ($)	Expiry date
Director						
M Morgan	76,923	30 September 2008	76,923	0.078	$0.26	30 November 2011
M Morgan	76,923	30 September 2008	-	0.052	$0.39	30 November 2011
G Baynton	76,923	30 September 2008	76,923	0.078	$0.26	30 November 2011
G Baynton	76,923	30 September 2008	-	0.052	$0.39	30 November 2011
Executive						
A Craig	76,923	30 September 2008	76,923	0.078	$0.26	30 November 2011
A Craig	76,923	30 September 2008	-	0.052	$0.39	30 November 2011

The options were provided at no cost to the recipients. No options have been granted since the end of the financial year. All options expire on the earlier of their expiry date or 90 days after termination of the individual's contract.

Modification of terms of equity-settled share-based payment transactions

No terms of equity-settled share-based payment transactions (including options and rights granted as compensation to key management personnel) have been altered or modified by the issuing entity during the reporting period or prior period.

Exercise of options granted as compensation

No shares were issued on the exercise of options previously granted as compensation during the reporting period or prior period.

Analysis of options and rights over equity instruments granted as compensation

Details of vesting profile of the options granted as remuneration to each key management person are detailed below.

	Options granted		% vested in year	% forfeited in year (A)	Financial years in which grant vests
	Number	Date			
Directors					
M Morgan	76,923	30 September 2008	100%	-	2009
M Morgan	76,923	30 September 2008	-	-	2010
G Baynton	76,923	30 September 2008	100%	-	2009
G Baynton	76,923	30 September 2008	-	-	2010
Executives					
A Craig	76,923	30 September 2008	100%	-	2009
A Craig	76,923	30 September 2008	-	-	2010

(A) The % forfeited in the year represents the reduction of the maximum number of options available to vest due to a performance criteria not being achieved.

Analysis of movements in options

The movement during the reporting period, by value, of options over ordinary shares in the Company held by each key management person is detailed below.

	Value of Options		
	Granted in year $ (A)	Exercised in year $ (B)	Lapsed in year $ (C)
M Morgan	9,772	-	-
G Baynton	9,772	-	-
A Craig	9,772	-	-
	29,316	-	-

(A) The value of options granted in the year is the fair value of the options calculated at grant date using a Black-Scholes option-pricing model. The total value of the options granted is included in the table above. This amount is allocated to remuneration over the vesting period.

(B) The value of options exercised during the year is calculated as the market price of shares of the Company as at close of trading on the date the options were exercised after deducting the price paid to exercise the option.

(C) The value of the options that lapsed during the year represents the benefit forgone and is calculated at the date the option lapsed using a Black-Scholes option-pricing model assuming the performance criteria had been achieved.

16 Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 13 and forms part of the Directors' report for financial year ended 30 June 2009.

This report is made with a resolution of the Directors:

M. Morgan
Chairman

Dated at Brisbane this 20 August 2009.

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Diversa Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2009 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

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

KPMG

KPMG

Simon Crane
Partner

Brisbane

20 August 2009

Income statements

For the year ended 30 June 2009

		Consolidated		The Company	
	Note	2009	2008	2009	2008
Revenue from rendering of services		387,900	-	-	-
Other income	3	414,175	5,472	1,298,721	2,350
Research & development expenses		-	(132,944)	-	(135,553)
Occupancy expenses		(158,361)	(154,523)	(144,891)	(113,562)
Administrative expenses		(365,837)	(251,538)	(255,587)	(245,108)
Personnel expenses	5	(1,100,994)	(293,813)	(1,008,652)	(293,669)
Impairment losses	4	(408,828)	(184,395)	(408,828)	(1,054,189)
Other expenses		(138,086)	(5,105)	(114,402)	(91,259)
Results from operating activities		**(1,370,031)**	**(1,016,846)**	**(633,639)**	**(1,930,990)**
Finance income		181,010	302,017	179,766	300,196
Finance expense		-	(708)	-	(708)
Net finance income	7	181,010	301,309	179,766	299,488
Loss before income tax		(1,189,021)	(715,537)	(453,873)	(1,631,502)
Income tax expense (benefit)	8	-	-	-	-
Loss for the year		**(1,189,021)**	**(715,537)**	**(453,873)**	**(1,631,502)**
Earnings per share					
Basic earnings per share **(**AUD**)**	9	(0.049)	(0.039)		
Diluted earnings per share **(**AUD**)**	9	(0.049)	(0.039)		

The income statements are to be read in conjunction with the notes of the financial statements set out on pages 18 to 43.

Statements of recognised income and expense

For the year ended 30 June 2009

	Note	Consolidated 2009	Consolidated 2008	The Company 2009	The Company 2008
Net change in fair value of available-for-sale financial assets		-	(184,395)	-	(184,395)
Impairment of available-for-sale financial assets transferred to profit or loss	4	-	184,395	-	184,395
Income and expense recognised directly in equity		**-**	**-**	**-**	**-**
Loss for the year		(1,189,021)	(715,537)	(453,873)	(1,631,502)
Total recognised income and expense for the year	18	**(1,189,021)**	**(715,537)**	**(453,873)**	**(1,631,502)**

The statements of recognised income and expense are to be read in conjunction with the notes to the financial statements set out on pages 18 to 43.

Balance sheets

As at 30 June 2009

		Consolidated		The Company	
	Note	2009	2008	2009	2008
Assets					
Cash and cash equivalents	10	3,189,851	3,787,862	2,842,168	3,768,444
Trade and other receivables	11	22,874	88,297	1,168,669	66,755
Investments	12	-	216,600	-	216,600
Total current assets		**3,212,725**	**4,092,759**	**4,010,837**	**4,051,799**
Trade and other receivables	11	68,936	-	33,540	-
Investments	12	-	-	4,450,132	2
Deferred tax assets	13	-	-	-	-
Property, plant and equipment	14	48,292	18,959	15,526	18,959
Intangible assets	15	5,564,959	-	-	-
Total non-current assets		**5,682,187**	**18,959**	**4,499,198**	**18,961**
Total assets		**8,894,912**	**4,111,718**	**8,510,035**	**4,070,760**
Liabilities					
Trade and other payables	16	463,603	102,550	300,631	947,466
Employee benefits	17	30,731	5,089	15,317	5,089
Total current liabilities		**494,334**	**107,639**	**315,948**	**952,555**
Trade and other payables	16	255,198	-	199,433	-
Total non- current liabilities		**255,198**	**-**	**199,433**	**-**
Total liabilities		**749,532**	**107,639**	**515,381**	**952,555**
Net assets		**8,145,380**	**4,004,079**	**7,994,654**	**3,118,205**
Equity					
Issued capital		105,345,197	100,281,199	105,345,197	100,281,199
Reserves		313,103	46,779	313,103	46,779
Accumulated losses		(97,512,920)	(96,323,899)	(97,663,646)	(97,209,773)
Total equity	18	**8,145,380**	**4,004,079**	**7,994,654**	**3,118,205**

The balance sheets are to be read in conjunction with the notes to the financial statements set out on pages 18 to 43.

Statements of cash flows

For the year ended 30 June 2009

	Note	Consolidated 2009	Consolidated 2008	The Company 2009	The Company 2008
Cash flows from operating activities					
Cash receipts from operations		802,075	27,953	407,018	19,701
Cash paid to suppliers and employees		(818,390)	(1,015,787)	(721,853)	(991,110)
Cash generated from operations		(16,315)	(987,834)	(314,385)	(971,409)
Interest paid		-	(708)	-	(708)
Interest received		181,010	264,647	179,766	262,826
Net cash used in operating activities	22	164,695	(723,895)	(135,069)	(709,291)
Cash flows from investing activities					
Acquisition of controlled entities (net of cash acquired)	21	(3,414,608)	-	(3,489,812)	-
Acquisition of a business	21	(970,795)	-	-	-
Proceeds from sale of property, plant and equipment		-	20,472	-	2,350
Acquisition of property, plant and equipment	14	(4,433)	(25,310)	(4,433)	(25,310)
Payments for investments		(192,228)	(400,995)	(192,228)	(400,995)
Loan from controlled entities		-	-	46,703	845,000
Loan to controlled entity to acquire intangible assets		-	-	(970,795)	-
Loan to third party		-	(50,000)	-	(50,000)
Repayment of loan to third party		-	50,000	-	50,000
Net cash from investing activities		(4,582,064)	(405,833)	(4,610,565)	421,045
Cash flows from financing activities					
Proceeds from the issue of share capital	18	4,400,000	-	4,400,000	-
Payment of transaction costs		(580,642)	-	(580,642)	-
Net cash from financing activities		3,819,358	-	3,819,358	-
Net decrease in cash and cash equivalents		(598,011)	(1,129,728)	(926,276)	(288,246)
Cash and cash equivalents at 1 July		3,787,862	4,917,590	3,768,444	4,056,690
Cash and cash equivalents at 30 June	10	3,189,851	3,787,862	2,842,168	3,768,444

The statements of cash flows are to be read in conjunction with the notes to the financial statements set out on pages 18 to 43.

Notes to the consolidated financial statements

1. Significant accounting policies

Diversa Limited (the 'Company') is a company domiciled in Australia. The address of the Company's registered office is Level 2, 169 Mary Street, Brisbane, Queensland, Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2009 comprise the Company and its subsidiaries (together referred to as the 'consolidated entity').

The financial statements were approved by the Board of Directors on 20 August 2009.

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') (including Australian Interpretations) adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. The consolidated financial report of the consolidated entity and the financial report of the Company comply with the International Financial Reporting Standards ('IFRS's') and interpretations adopted by the International Accounting Standards Board.

(b) Basis of preparation

The consolidated financial statements are presented in Australian dollars and have been prepared on a historical cost basis, except available-for-sale financial assets are measured at fair value.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 17 - Measurement of share-based payments
- Note 21 - Business combinations
- Note 15 - Goodwill

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by all entities in the consolidated entity.

Certain comparative amounts have been reclassified to conform with the current year's presentation.

In January 2009, the Company conducted a share capital consolidation following the approval of shareholders in general meeting. Shares were consolidated on a 13 for 1 basis. Disclosures relating to share capital in these financial reports refer to post-consolidation share capital unless otherwise specified. Comparatives have been restated. Refer Note 18.

New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2009, but have not been applied in preparing this financial report.

- Revised *AASB 3 Business Combinations* changes the application of acquisition accounting for business combinations and the accounting for non-controlling (minority) interests. Key changes include: the immediate expensing of all transaction costs; measurement of contingent consideration at acquisition date with subsequent changes through the income statement; measurement of non-controlling (minority) interests at full fair value or the proportionate share of the fair value of the underlying net assets; guidance on issues such as reacquired rights and vendor indemnities; and the inclusion of combinations by contract alone and those involving mutuals. The revised standard, which becomes mandatory for the consolidated entity's 30 June 2010 financial statements, will be applied prospectively and therefore there will be no impact on prior periods in the 2010 consolidated financial statements. This statement will impact any business combinations undertaken from 1 July 2009.

- *AASB 8 Operating Segments* introduces the "management approach" to segment reporting. AASB 8, which becomes mandatory for the consolidated entity's 30 June 2010 financial statements, will require a change in the presentation on and disclosure of segment information based on the internal reports regularly reviewed by the consolidated entity's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them. Under the management approach, the consolidated entity may present segment information in a different format to that currently presented.

- Revised *AASB 101 Presentation of Financial Statements* introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement) or in an income statement and a separate statement of comprehensive income. Revised AASB 101 becomes mandatory for the consolidated entity's 30 June 2010 financial statements. The consolidated entity has not yet determined which presentation it will adopt.

- Revised *AASB 127 Consolidated and Separate Financial Statements* changes the accounting for investments in subsidiaries. Key changes include: the remeasurement to fair value of any previous/retained investment when control is obtained/lost, with any resulting gain or loss being recognised in profit or loss; and the treatment of increases in ownership interest after control is obtained as transactions with equity holders in their capacity as equity holders. The revised standard, which becomes mandatory for the consolidated entity's 30 June 2010 financial statements is not expected to have a significant impact on the consolidated financial statements.

- *AASB 2008-1 Amendments to Australian Accounting Standard - Share-based Payment: Vesting Conditions and Cancellations* changes the measurement of share-based payments that contain non-vesting conditions. AASB 2008-1 becomes mandatory for the consolidated entity's 30 June 2010 financial statements. The adoption of this amendment is not expected to have a material impact on the consolidated entity.

Going concern

During the year, the consolidated entity acquired revenue generating businesses as described in Note 21. The Directors believe that it is appropriate to prepare the financial report on a going concern basis as the Directors consider that based upon the financial forecasts to the end of July 2012, the consolidated entity has sufficient cash resources to pay all of its estimated liabilities and commitments.

(c) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are carried at their cost of acquisition less impairment losses (see accounting policy (i)) in the Company's financial statements.

(ii) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(d) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are measured at cost less accumulated depreciation (see below) and accumulated impairment losses (see accounting policy (i)). Cost includes expenditure that is directly attributable to the acquisition of the asset.

Gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in profit or loss.

(ii) Leased assets

Leases in terms of which the consolidated entity assumes substantially all the risks and rewards of ownership are classified as finance leases. Other leases are classified as operating leases and are not recognised on the consolidated entity's balance sheet.

(iii) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives in the current and comparative periods are as follows:

Computer equipment	3 years
Fixtures and fittings	3 to 10 years
Office equipment	3 to 10 years
Leasehold improvements	Over term of lease

The residual value, the useful life and the depreciation methods are reviewed at the reporting date.

(e) Intangible assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries. Goodwill represents the excess of the cost of the acquisition over the net fair value of identifiable assets, liabilities and contingent liabilities acquired. Goodwill is measured at cost less accumulated impairment losses.

(ii) Other intangible assets

Other intangible assets that are acquired by the consolidated entity, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) Amortisation

Amortisation is recognised in profit and loss on a straight line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives are as follows:

Customer contracts	1.25 – 3.25 years
Customer relationships	8.25 years

(f) Trade and other receivables

Trade and other receivables are measured at their amortised cost less impairment losses (see accounting policy (i)).

(g) Investment in listed entities

The consolidated entity's investments in equity securities are classified as available-for-sale financial assets. They are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see accounting policy (i)), are recognised directly in a separate component of equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, bank accepted commercial bills and call deposits with an original maturity of three months or less.

(i) Impairment

The carrying amounts of the consolidated entity's assets, other than deferred tax assets (see accounting policy (p)), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash inflows that are largely independent from other assets or groups. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses are recognised in the income statement. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to the income statement.

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Significant receivables are individually assessed for impairment. Non-significant receivables are not individually assessed. Instead, impairment testing is performed by placing non-significant receivables in portfolios of similar risk profiles, based on objective evidence from historical experience adjusted for any effects of conditions existing at each reporting date.

The recoverable amount of non-financial assets is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

For available-for-sale financial assets that are equity securities, the impairment reversal is recognised directly in equity.

An impairment loss in respect of goodwill is not reversed.

(j) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

(k) Employee benefits

(i) Superannuation benefits

Contributions in relation to defined contribution plans are recognised as an expense when they are incurred.

(ii) Long-term service benefits

The consolidated entity's net obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the Commonwealth Government bonds at the balance sheet date which have maturity dates approximating to the terms of the consolidated entity's obligations.

(iii) Wages, salaries and annual leave

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the consolidated entity expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

(iv) Share-based payment transactions

The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using a Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options for which the related service and non-market vesting conditions are met.

The fair value of shares granted is measured by reference to the closing ASX market price of shares at grant date, adjusted as necessary for any terms or conditions attached to the shares.

(l) Provisions

A provision is recognised in the balance sheet when the consolidated entity has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(m) Trade and other payables

Trade and other payables are stated at their amortised cost. Trade payables are non-interest bearing and are normally settled on 30-day terms.

(n) Revenue

(i) Services rendered

Fees for services rendered are recognised in the income statement when the services are provided.

(ii) Finance income and expenses

Finance income comprises interest income on funds invested. Interest income is recognised in the income statement as it accrues, using the effective interest method. Finance expense comprises interest expense on borrowings calculated using the effective interest method

(iii) Rental income

Rental income is recognised in the income statement on a straight line basis over the term of the lease.

(o) Expenses

(i) Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense and spread over the lease term.

(p) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. Deferred tax provided is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Tax consolidation

The Company and its wholly owned entities are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity from 1 July 2005. The head entity of the tax-consolidated group is Diversa Limited.

Current tax expense/ income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the ‘separate taxpayer within group’ approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax-consolidated group and are recognised by the Company as amounts payable (receivable) to/(from) other entities in the tax-consolidated group in conjunction with any tax funding arrangements. Any difference between these amounts is recognised by the Company as an equity contribution or distribution.

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax consolidated group will be available against which the asset can be utilised.

(q) Earnings per share

The consolidated entity presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

(r) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

2. Segment reporting

Diversa Limited and its controlled entities operate predominately within the financial services industry in Australia.

	Note	Consolidated 2009	Consolidated 2008	The Company 2009	The Company 2008
3. Other income					
Net gain on disposal of property, plant and equipment		-	5,472	-	2,350
Research and development refund		338,186	-	338,186	-
Rental income		65,278	-	65,278	-
Net gain from forgiveness of intercompany loans		-	-	891,703	-
Other income		10,711	-	3,554	-
		414,175	5,472	1,298,721	2,350
4. Impairment losses					
Impairment loss on intercompany receivable		-	-	-	39,832
Impairment loss on intercompany investments		-	-	-	829,962
Impairment loss on available-for-sale investments	12	408,828	184,395	408,828	184,395
		408,828	184,395	408,828	1,054,189
5. Personnel expenses					
Wages and salaries		341,109	234,021	256,834	234,021
Other associated personnel expenses		2,011	6,483	2,011	6,339
Contributions to defined contribution superannuation funds		26,181	17,742	19,721	17,742
Increase in employee benefits provisions	17	11,835	5,089	10,228	5,089
Equity-settled share-based payment transactions	17	719,858	30,478	719,858	30,478
		1,100,994	293,813	1,008,652	293,669
6. Auditors' remuneration					
Audit services:					
Auditors of the Company (KPMG Australia)					
Audit and review of financial reports		68,500	72,894	68,500	72,894
Other auditors:					
Audit and review of financial report (non KPMG firm)		10,000	-	-	-
Other services:					
Auditors of the Company (KPMG Australia)					
Taxation compliance services		14,250	18,125	14,250	18,125
Due diligence		15,000	-	15,000	-
R&D tax services		-	46,678	-	46,678

	Note	Consolidated 2009	Consolidated 2008	The Company 2009	The Company 2008

7. Net finance income

	Note	Consolidated 2009	Consolidated 2008	The Company 2009	The Company 2008
Interest income		181,010	302,017	179,766	300,196
Finance income		181,010	302,017	179,766	300,196
Interest expense		-	(708)	-	(708)
Finance expense		-	(708)	-	(708)
Net finance income		181,010	301,309	179,766	299,488

8. Income tax expense

	Note	Consolidated 2009	Consolidated 2008	The Company 2009	The Company 2008
Current tax expense					
Current year		(170,259)	(372,769)	(240,164)	(338,741)
Adjustments for prior years		(65,459)	-	(112,554)	-
		(235,718)	(372,769)	(352,718)	(388,741)
Deferred tax expense					
Origination and reversal of temporary differences		187,307	-	186,428	-
Adjustments for prior years		79,088	-	79,355	-
Change in unrecognised temporary differences		(266,395)	-	(265,783)	-
Non-recognition of tax losses		235,718	372,769	352,718	338,741
		235,718	372,769	352,718	338,741
Total income tax expense		-	-	-	-
Numerical reconciliation between tax expense and pre-tax net loss					
Loss before tax		(1,189,021)	(715,537)	(453,873)	(1,631,504)
Income tax using the domestic tax rate of 30% (2007: 30%)		(356,706)	(214,661)	(136,161)	(489,451)
Decrease in income tax expense due to:					
Tax amortisation of intellectual property		-	(128,699)	-	(128,699)
Other deductible items		-	(133,674)	-	(84,734)
Changes in unrecognised temporary differences		(266,395)	-	(265,783)	-
Increase in income tax expense due to:					
Impairment loss on investments		122,648	55,319	122,648	55,319
Impairment loss/(gain) on intercompany receivable		-	-	(267,511)	11,950
Impairment loss on intercompany investment		-	-	-	248,989
Non-deductible expenses		251,105	48,946	227,288	47,885
Under/ (over) provided in prior periods		13,630	-	(33,199)	-
Effect of tax losses not recognised		235,718	372,769	352,718	338,741
Income tax expense		-	-	-	-

9. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 30 June 2009 was based on the loss attributable to ordinary shareholders of $1,189,021 (2008: $715,537) and a weighted average number of ordinary shares outstanding of 24,299,275 (2008: pre-share consolidation 219,958,022), calculated as follows:

Loss attributable to ordinary shareholders

	Note	Consolidated 2009	Consolidated 2008
Loss for the period		(1,189,021)	(715,537)
Loss attributable to ordinary shareholders		(1,189,021)	(715,537)
Weighted average number of ordinary shares			
Issued ordinary shares at 1 July	18	220,533,624	219,548,010
Effect of 13:1 share consolidation		(203,568,159)	-
Effect of shares issued during the year		7,333,810	410,012
Weighted average number of ordinary shares at 30 June		24,299,275	219,958,022

Diluted earnings per share

The calculation of diluted earnings per share at 30 June 2009 was based on loss attributable to ordinary shareholders of $1,189,021 (2008: $715,537) and a weighted average number of ordinary shares outstanding, after adjustment for the effects of all dilutive potential ordinary shares, of 24,299,275 (2008: 219,958,022), calculated as follows:

	2009	2008
Loss attributable to ordinary shareholders (diluted)		
Loss attributable to ordinary shareholders (basic)	(1,189,021)	(715,537)
Loss attributable to ordinary shareholders (diluted)	(1,189,021)	(715,537)
Weighted average number of ordinary shares (diluted)		
Weighted average number of ordinary shares (basic)	24,299,275	219,958,022
Effect of share options on issue*	-	-
Weighted average number of ordinary shares (diluted) at 30 June	24,299,275	219,958,022

* Options on issue had exercise prices significantly higher than the average share price for the year. Accordingly, these options are considered anti-dilutive and have not been weighted as their conversion to ordinary shares would result in a decreased loss per share.

	2009	2008
Earnings per share		
Basic earnings per share	(0.049)	(0.039)
Diluted earnings per share	(0.049)	(0.039)

10. Cash and cash equivalents

	Consolidated		The Company	
	2009	2008	2009	2008
Bank balances	119,558	30,091	12,875	10,673
Short term deposits	3,070,293	3,757,771	2,829,293	3,757,771
Cash and cash equivalents	3,189,851	3,787,862	2,842,168	3,768,444
Cash and cash equivalents in the statement of cash flows	3,189,851	3,787,862	2,842,168	3,768,444

11. Trade and other receivables

		Consolidated		The Company	
		2009	2008	2009	2008
Current					
Other receivables and prepayments		22,874	88,297	22,874	66,755
Receivables from controlled entity		-	-	1,145,795	-
		22,874	88,297	1,168,669	66,755
Non-current					
Security deposits		68,936	-	33,540	-
		68,936	-	33,540	-

12. Investments

Current investments					
Investments		593,223	400,995	593,223	400,995
Less impairment losses		(593,223)	(184,395)	(593,223)	(184,395)
		-	216,600	-	216,600
Non-current investments					
Investments in controlled entities	21	-	-	6,119,630	1,669,500
Less impairment losses		-	-	(1,669,498)	(1,669,498)
		-	-	4,450,132	2

13. Deferred tax assets

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

Undeducted temporary differences	2,887,013	55,412	2,887,013	55,412
Tax losses	24,793,676	25,001,378	24,793,676	25,001,378
	27,680,689	25,056,790	27,680,689	25,056,790

The deductible tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the consolidated entity can utilise the benefits.

14. Property, plant and equipment

	Note	Consolidated Office equipment	Consolidated Fixtures and fittings	Consolidated Total	The Company Office equipment	The Company Fixtures and fittings	The Company Total
Cost							
Balance at 1 July 2007		-	-	-	-	-	-
Additions		10,310	15,000	25,310	10,310	15,000	25,310
Disposals		(2,350)	-	(2,350)	(2,350)	-	(2,350)
Balance at 30 June 2008		7,960	15,000	22,960	7,960	15,000	22,960
Balance at 1 July 2008		7,960	15,000	22,960	7,960	15,000	22,960
Additions through a business combination	21	30,091	-	30,091	-	-	-
Fair value adjustments post acquisition		2,676	-	2,676	-	-	-
Other additions		4,433	-	4,433	4,433	-	4,433
Disposals		(3,420)	-	(3,420)	(3,420)	-	(3,420)
Balance at 30 June 2009		41,739	15,000	56,739	8,973	15,000	23,973
Depreciation and impairment losses							
Balance at 1 July 2007							
Depreciation for the year		1,751	2,250	4,001	1,751	2,250	4,001
Balance at 30 June 2008		1,751	2,250	4,001	1,751	2,250	4,001
Balance at 1 July 2008		1,751	2,250	4,001	1,751	2,250	4,001
Depreciation for the year		2,272	2,550	4,822	2,272	2,550	4,822
Disposals		(376)	-	(376)	(376)	-	(376)
Balance at 30 June 2009		3,647	4,800	8,447	3,647	4,800	8,447
Carrying amounts							
At 1 July 2007		-	-	-	-	-	-
At 30 June 2008		6,209	12,750	18,959	6,209	12,750	18,959
At 1 July 2008		6,209	12,750	18,959	6,209	12,750	18,959
At 30 June 2009		38,092	10,200	48,292	5,326	10,200	15,526

15. Intangibles

	Consolidated			
	Customer contracts	Customer relationships	Goodwill	Total
Cost				
Balance at 1 July 2007	-	-	-	-
Acquisitions	-		-	-
Balance at 30 June 2008	-	-	-	-
Balance at 1 July 2008	-	-	-	-
Acquisitions through a business combination	693,801	610,566	4,345,352	5,649,719
Balance at 30 June 2009	693,801	610,566	4,345,352	5,649,719
Amortisation and impairment				
Balance at 1 July 2007	-	-	-	-
Amortisation for the year	-	-	-	-
Impairment losses	-	-	-	-
Balance at 30 June 2008	-	-	-	-
Balance at 1 July 2008	-	-	-	-
Amortisation for the year	(66,258)	(18,502)	-	(84,760)
Impairment losses	-	-	-	
Balance at 30 June 2009	(66,258)	(18,502)		(84,760)
Carrying amounts				
At 1 July 2007	-	-	-	-
At 30 June 2008	-	-	-	-
At 1 July 2008	-	-	-	-
At 30 June 2009	627,543	592,064	4,345,352,	5,564,959

The amortisation is recognised in Administrative expenses in the income statement.

For the purposes of impairment testing, goodwill is allocated to the consolidated entity's superannuation administration and promotion business, at which level the value of goodwill is monitored for internal management purposes. The recoverable amount of the superannuation business cash-generating unit was based on its value in use. At 30 June 2009, the recoverable amount of the superannuation business exceeds its carrying amount and, as a result, no impairment loss has been recognised in the consolidated income statement.

Value in use was determined by discounting the future cash flows generated from the continuing use of the cash-generating unit and was based on the following key assumptions:

- Cash flows were projected based on actual historical operating results for a three year forecast period. Cash flows for a further five year period were extrapolated using a constant growth rate of three percent, which does not exceed the long term growth rate for the industry.
- Revenue and expenses were forecast to grow at 0% in 2010 then 5% for 2011 and 2012.
- A pre-tax discount rate of 21 percent was applied in determining recoverable amount.

The above estimates are sensitive to movements in the funds under management which directly correlates to revenue earned from these activities. A five percent decrease in forecast funds under management would have resulted in an impairment loss of $42,594.

16. Trade and other payables

	Note	Consolidated 2009	Consolidated 2008	The Company 2009	The Company 2008
Current					
Trade payables and accrued expenses		289,690	102,550	164,761	102,466
Deferred acquisition payments		173,913	-	135,870	-
Payables due to controlled entity		-	-	-	845,000
		463,603	102,550	300,631	947,466
Non-current					
Deferred acquisition payments		255,198	-	199,433	-
		255,198	-	199,433	-

17. Employee benefits

Current				
Liability for annual leave	30,731	5,089	15,317	5,089
	30,731	5,089	15,317	5,089

Share based payments

In August 2001 the consolidated entity established an Employee Option Plan (EOP) that entitled employees to purchase shares in the Company. Options issued under the EOP expire on their expiry date or 90 days after termination of the employee's contract. There are no voting or dividend rights attaching to the options. Voting rights will be attached to the unissued ordinary shares when the options are exercised. In accordance with the EOP the exercise price of the option is determined by reference to the closing market price of the Company's shares on the Australian Stock Exchange at the date of grant. The Board (following authorisation by members in general meeting where required) granted the following options under the EOP during the year.

Grant date	Number of instruments	Vesting conditions	Contractual life of options
30 September 2008	230,769	nil	3 years
30 September 2008	230,769	Remain employed on 30 September 2009	3 years

The number and weighted average exercise prices of share options is as follows:

	Weighted average exercise price 2009	Number of options 2009	Weighted average exercise price 2009	Number of options 2008
Outstanding at 1 July	$0.611	390,769	$0.78	60,000
Forfeited or exercised during the year		-	-	-
Granted during the year	$0.325	461,538	$0.585	330,769
Outstanding at 30 June		852,307	$0.611	390,769
Exercisable at 30 June		622,538		263,846

There were 852,307 options outstanding at 30 June 2009 issued under the EOP with exercise prices of between $0.26 and $0.78 and a weighted average contractual life of 18 months. No options have been exercised during the year ended 30 June 2009 (2008: no options exercised).

The fair value of services received in return for share options granted is based on the fair value of share options granted, measured based on the Black-Scholes option-pricing model, with the following inputs:-

	Key mgmt personnel	**Key mgmt personnel**
Fair value of share options and assumptions	**2009**	**2008**
Fair value at grant date	29,316	11,550
Share price	$0.18	$0.325
Exercise prices	$0.26 $0.39	$0.52 $0.78
Expected volatility (weighted average volatility)	65%	65%
Option life (expected weighted average life)	3 years	2 years
Expected dividends	-	-
Risk-free interest rate (based on government bonds)	7.5%	6.5%

Employee expenses

	Note	Consolidated		The Company	
		2009	**2008**	**2009**	**2008**
Shares granted in 2009 - equity settled		660,625	-	660,625	-
Options granted in 2009 - equity settled		29,316	-	29,316	-
Options granted in 2008 – equity settled		-	11,550	-	11,550
Shares to be issued to Directors in lieu of fees		8,893	-	8,893	-
Shares issued to Directors in lieu of fees		21,024	18,928	21,024	18,928
Total expense recognised as employee costs	5	719,858	30,478	719,858	30,478
Total carrying amount of liabilities		8,893	-	8,893	-

18. Capital and reserves

Reconciliation of movement in capital and reserves

Consolidated	*Note*	Share capital	Share based payments reserve	Fair value reserve	Accumulated losses	Total equity
Balance at 1 July 2007		100,257,520	-	-	(95,573,133)	4,684,387
Total recognised income and expense		-	-	-	(715,537)	(715,537)
Shares issued to Directors in lieu of fees	17	23,679	-	-	-	23,679
Net change in fair value of available-for-sale financial assets		-	-	(184,395)	-	(184,395)
Impairment of available-for-sale assets transferred to profit or loss		-	-	184,395	-	184,395
Reallocation of Share Based Payments		-	35,229	-	(35,229)	-
Equity-settled transactions, net of tax		-	11,550	-	-	11,550
Balance at 30 June 2008		100,281,199	46,779	-	(96,323,899)	4,004,079
Balance at 1 July 2008		100,281,199	46,779	-	(96,323,899)	4,004,079
Total recognised income and expense		-	-	-	(1,189,021)	(1,189,021)
Shares issued to Directors in lieu of fees	17	21,024	-	-	-	21,024
Shares issued to Directors following approval of shareholders		860,000	(349,375)	-	-	510,625
Shares issued to employees		150,000	-	-	-	150,000
Shares issued on acquisitions		800,000	-	-	-	800,000
Shares issued pursuant to a Prospectus		4,400,000	-	-	-	4,400,000
Share issue costs		(1,167,026)	-		-	(1,167,026)
Equity-settled transactions, net of tax		-	615,699	-	-	615,699
Balance at 30 June 2009		105,345,197	313,103	-	(97,512,920)	8,145,380

Consolidated	*Note*	Share capital	Share based payments reserve	Fair value reserve	Accumulated losses	Total equity
Company						
Balance at 1 July 2007		100,257,520	-	-	(95,543,042)	4,714,478
Total recognised income and expense		-	-	-	(1,631,502)	(1,631,502)
Shares issued to Directors in lieu of fees	*17*	23,679	-	-	-	23,679
Net change in fair value of available-for-sale financial assets		-	-	(184,395)	-	(184,395)
Impairment of available-for-sale assets transferred to profit or loss		-	-	184,395	-	184,395
Equity-settled transactions, net of tax		-	11,550	-	-	11,550
Reallocation of Share Based Payments		-	35,229	-	(35,229)	-
Balance at 30 June 2008		100,281,199	46,779	-	(97,209,773)	3,118,205
Balance at 1 July 2008		100,281,199	46,779	-	(97,209,773)	3,118,205
Total recognised income and expense		-	-	-	(453,873)	(453,873)
Shares issued to Directors in lieu of fees	17	21,024	-	-	-	21,024
Shares issued to Directors following approval of shareholders		860,000	(349,375)	-	-	510,625
Shares issued to employees		150,000	-	-	-	150,000
Shares issued on acquisitions		800,000	-	-	-	800,000
Shares issued pursuant to a Prospectus		4,400,000	-	-	-	4,400,000
Share issue costs		(1,167,026)	-		-	(1,167,026)
Equity-settled transactions, net of tax		-	615,699	-	-	615,699
Balance at 30 June 2009		105,345,197	313,103	-	(97,663,646)	7,994,654

Share capital	**The Company Ordinary shares**	
	2009	**2008**
On issue at 1 July	220,533,624	219,548,010
Issued to Directors in lieu of fees	1,401,599	985,614
Consolidation of capital on a 13 for 1 basis	(204,861,943)	-
Shares issued as consideration for acquisition	4,000,000	-
Shares issued to Directors and executives	5,050,000	-
Shares issued under a prospectus	22,000,000	-
On issue at 30 June – fully paid	48,123,280	220,533,624

Effective 1 July 1998, the Company Law Review Act abolished the concept of par value shares and the concept of authorised capital. Accordingly, the Company does not have authorised capital or par value in respect of its issued capital.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets. In respect of the Company's shares that are held by the Group, all rights are suspended until those shares are issued.

In January 2009, the Company conducted a share capital consolidation following the approval of shareholders in general meeting. Shares were consolidated on a 13 for 1 basis. Disclosures relating to share capital in these financial reports refer to post-consolidation share capital unless otherwise specified. Comparatives have been restated.

Share based payments reserve

The share based payments reserve represents the fair value of equity settled share based remuneration under the Employee Option Plan as described in Note 17.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investment is derecognised or impaired.

19. Financial instruments

Exposure to credit and market risks arises on a minimal basis in the normal course of the consolidated entity's business.

Credit risk

Credit risk arises principally from the consolidated entity's receivables and short term deposits. Exposure to credit risk is monitored on an ongoing basis. The consolidated entity does not require collateral in respect of financial assets.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. The consolidated entity limits its exposure to credit risk by investing in short term deposits with counter parties that have a high credit rating. Therefore management does not expect any counter party to fail to meet its obligations. None of the Company or consolidated entity's receivables are past due (2008: nil) or impaired (2008: nil).

Liquidity risk

Liquidity risk is the risk that the consolidated entity will not be able to meet its financial obligations as they fall due. The consolidated entity manages this by monitoring forecasts and cash flow to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses. At the end of the period, 66% of the consolidated entity's liabilities were current (61% of Company's liabilities) and 34% were non-current (39% of Company's liabilities). All liabilities in the prior year were current.

Market risk

Market risk is the risk that changes in market prices will affect the consolidated entity's income or value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return. The consolidated entity manages this risk by entering into term deposits with fixed interest rates to control market exposure.

Sensitivity analysis

In managing interest rate risk the consolidated entity aims to reduce the impact of short-term fluctuations on the consolidated entity's earnings. Over the longer-term, however, permanent changes interest rates would have an impact on profit.

At 30 June 2009, it is estimated that a change of one percentage point in interest rates would result in a maximum increase or decrease in the consolidated entity's loss before tax of approximately $31,899 or 2.7% of the net loss for the year ended 30 June 2009 (2008: $38,000 or 5.3%). For the Company, it is estimated that a change of one percentage point would result in a maximum increase or decrease in loss before tax of approximately $28,421 or 6.3% (2008: $38,000 or 2.31%). This analysis assumes that all other variables remain constant. This analysis is performed on the same basis for the prior period.

Other market price risk

Equity price risk arises from available- for-sale equity securities held. The consolidated entity monitors the mix of available-for-sale investments. Investments are managed on an individual basis and all investment decisions are approved by the Board.

At 30 June 2009, these investments were written down to nil. At 30 June 2008, it was estimated that a change of twenty percentage points of the market price of available-for-sale equity securities would result in a maximum increase or decrease in the consolidated entity's loss before tax of approximately $43,320 or 6.1% of the net loss for the year ended 30 June 2008. For the Company, it was estimated that a change of twenty percentage points would result in a maximum increase or decrease in loss before tax of approximately $43,320 or 2.7%. This analysis assumed that all other variables remained constant.

Fair values

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

Consolidated		**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
	Note	**2009**	**2009**	**2008**	**2008**
Cash and cash equivalents	10	3,189,851	3,189,851	3,787,862	3,787,862
Trade and other receivables	11	91,810	91,810	88,297	88,297
Investments in listed entities	12	-	-	216,600	216,600
Trade and other payables	16	(718,801)	(718,801)	(102,550)	(102,550)
		2,562,860	2,562,860	3,990,209	3,990,209
The Company					
Cash and cash equivalents	10	2,842,168	2,842,168	3,768,444	3,768,444
Trade and other receivables	11	1,202,210	1,202,210	66,755	66,755
Investments in listed entities	12	-	-	216,600	216,600
Trade and other payables	16	(500,064)	(500,064)	(947,466)	(947,466)
		3,544,314	3,544,314	3,104,333	3,104,333

Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table.

Trade and other receivables/payables

All receivables/payables that have a remaining life of less than one year, the notional amount is deemed to reflect the fair value. Non-current payables have been discounted to their present value.

Investments in listed entities

The fair value of investments in listed entities is determined by reference to their quoted bid price at the reporting date.

Capital management

The Board's policy is to safeguard the consolidated entity's ability to continue as a going concern so as to maintain investor, creditor and market confidence and to sustain future development of the business. Following completion of the acquisition of cash-generating businesses as described in Note 21 and, as the consolidated entity's growth strategy is implemented, the policy will be expanded to becoming cash flow positive and achieving profitability. It is not anticipated that dividends will be paid in the short to medium term.

Total capital is calculated as equity shown on the balance sheet.

There were no changes to the consolidated entity's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

20. Commitments and contingencies

Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Consolidated		The Company	
	2009	**2008**	**2009**	**2008**
Within one year	210,338	139,191	146,151	139,191
Between one and five years	167,839	183,128	36,978	183,128
	378,177	322,319	183,129	322,319

The consolidated entity leases office space under operating leases. The leases run for periods of 3 and 5 years with an option to renew for a further 3 and 5 years. Lease payments increase every year to reflect market rentals. During the year ended 30 June 2009 $152,211 was recognised as an expense in the income statement in respect of operating leases (2008: $104,229) for the consolidated entity and $139,279 (2008: $104,279) for the Company.

Contingent liabilities

The consolidated entity has contingent liabilities in the form of contingent consideration arising from the acquisition of the superannuation administration and promotion business as described in Note 21. Payment of the contingent consideration is dependent on the achievement of performance milestones in relation to the average amount of funds under management. The maximum amount payable under these agreements is $2,150,000 and these amounts may be settled in cash or shares at the discretion of the vendors.

The Directors are of the opinion that provision for payment of the maximum amount is not required in respect of this matter as it is not probable that the performance milestones will be satisfied in full, and accordingly have recorded a total of $429,111 in payables as at 30 June 2009.

21. Consolidated entities

	Country of Incorporation	Ownership interest	
		2009	**2008**
Parent entity			
Diversa Limited			
Subsidiaries			
AOPL Pty Limited	Australia	100%	100%
Pellias Pty Limited	Australia	100%	100%
Glykoz Pty Limited	Australia	100%	100%
Super Promoters Pty Ltd	Australia	100%	-
Super Promoters Unit Trust	Australia	100%	-
Diversa Funds Management Pty Ltd	Australia	100%	-

In the financial statements of the Company, investments in controlled entities are measured at cost less impairment losses and included in investments. Refer to note 12.

On 31 March 2009, the Company acquired all of the shares in Super Promoters Pty Ltd and all of the units in the Super Promoters Unit Trust ("Super Promoters"). The Company paid $3,125,000 in cash and issued 3,125,000 fully paid ordinary shares at an issue price of 20 cents per share, based on the issue price of the share offered under the Prospectus. Additional milestone payments after one and two years may be payable on achievements of certain performance hurdles. The total deferred consideration is currently estimated to be $335,302.

Super Promoters is the holder of promotion rights to a retail superannuation fund.

The acquisition had the following effect on the consolidated entity's assets and liabilities on acquisition date:

	Pre-acquisition carrying amounts $	Fair value adjustments $	Recognised values on acquisition $
Cash and cash equivalents	75,205	-	75,205
Trade and other receivables	5,224	-	5,224
Property, plant and equipment	30,091	-	30,091
Intangible assets – contracts	-	589,081	589,081
Intangible assets –relationships	-	406,377	406,377
Trade and other payables	(70,520)	-	(70,520)
Net identifiable assets and liabilities	40,000	995,458	1,035,458
Goodwill on acquisition			3,414,657
Total consideration paid or payable			4,450,115
Consideration paid in shares			(625,000)
Deferred consideration payable			(335,302)
Cash acquired			(75,205)
Net cash outflow			3,414,608

On 31 March 2009, immediately following the acquisition of Super Promoters by the Company, Super Promoters acquired the superannuation administration assets and business of Peter Mueller & Associates Pty Ltd. Super

Promoters paid $875,000 in cash and issued 875,000 fully paid ordinary shares at an issue price of 20 cents per share, based on the issue price of the shares offered under the Prospectus. Additional milestone payments after one and two years may be payable on achievements of certain performance hurdles. The total deferred consideration which may be payable is currently estimated to be $93,809.

	Pre-acquisition carrying amounts $	Fair value adjustments $	Recognised values on acquisition $
Intangible assets – contracts	-	104,720	104,720
Intangible assets – relationships	-	204,189	204,189
Net identifiable assets and liabilities	-	308,909	308,909
Goodwill on acquisition			930,695
Total consideration paid or payable			1,239,604
Consideration paid in shares			(175,000)
Deferred consideration payable			(93,809)
Net cash outflow			970,795

From the date of acquisition to 30 June 2009, the subsidiary contributed profit of $208,393. If the acquisition had occurred on 1 July 2008, management estimates that the consolidated revenue would have been $2,518,494 and consolidated loss for the year would have been $380,163. This represents the historical operating results of Super Promoters and assumes a full year of amortisation of intangibles as if the acquisition occurred on 1 July 2008.

The fair value of customer contracts and customer relationships is determined using the multi-period excess earnings method, whereby the asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows. Revenue and EBIT forecasts are based on management projections for the first three years and then a long term growth rate.

Pre-acquisition carrying amounts were determined based on applicable AASB's immediately before the acquisition. The goodwill recognised on the acquisition is attributable mainly to the acquisition of a new business for the Company (i.e. Superannuation business). Due to the timing of this acquisition, the fair values currently established are provisional and are subject to further review during the year ended 30 June 2010.

22. Reconciliation of cash flows from operating activities

	Note	Consolidated 2009	Consolidated 2008	The Company 2009	The Company 2008
Cash flows from operating activities					
Loss for the period		(1,189,021)	(715,537)	(453,873)	(1,631,502)
Adjustments for:					
Depreciation	14	4,822	4,001	4,822	4,001
Fair value adjustments post acquisition	14	(2,676)	-	-	-
Fixed assets written off	14	3,044	2,350	3,044	2,350
Gain on sale of property, plant and equipment	3	-	(5,472)	-	(2,350)
Gain on forgiveness of intercompany loans	3	-	-	(891,703)	-
Amortisation of intangibles	15	84,760	-	-	-
Impairment loss on available for sale investment	4	408,828	184,395	408,828	184,395
Impairment loss on intercompany investment		-	-	-	829,962
Equity-settled share-based payment expenses	18	710,965	35,229	710,965	35,229
Operating loss before changes in working capital and provisions		20,722	(495,034)	(217,917)	(577,915)
(Increase)/decrease in trade and other receivables		1,711	33,426	(36,379)	(13,665)
Increase/(decrease) in trade and other payables		116,620	(247,376)	109,000	(122,801)
Increase/(decrease) in provisions and employee benefits		25,643	(14,911)	10,228	5,089
Net cash from operating activities		164,696	(723,895)	(135,068)	(709,291)

23. Related parties

The following were key management personnel of the consolidated entity at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period.

Directors

Matthew Morgan (appointed 2 July 2008)
Gregory Baynton (appointed 2 July 2008)
Stuart Korchinski (appointed 20 May 2009)
Brett Heading (resigned 2 July 2008)
Ian Nisbet (resigned 2 July 2008)
Timothy Brown
Peter Mueller (non-executive director – Super Promoters Pty Ltd) (appointed 31 March 2009)

Executives

Angus Craig
(Chief Financial Officer/Company Secretary)
Peter Hayes-Williams
(General Manager – Super Promoters Pty Ltd) (appointed 31 March 2009)

Key management personnel compensation

The key management personnel compensation included in 'personnel expenses' (see note 5) is as follows:

	Consolidated		The Company	
	2009	2008	2009	2008
Short-term employee benefits	310,915	160,665	263,837	160,665
Post-employment benefits	22,688	12,776	19,721	12,776
Share-based payments	719,858	27,341	719,858	27,341
	1,053,461	200,782	1,003,416	200,782

Individual directors' and executives' compensation disclosures

Information regarding individual directors' and executives' compensation and some equity instruments disclosures as permitted by Corporations Regulation 2M.3.03 is provided in the Remuneration Report section of the Directors' report.

Apart from the details disclosed in this note, no Director has entered into a material contract with the Company or the consolidated entity since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year-end.

Key management personnel and Director transactions

The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

The aggregate value of transactions during the year relating to key management personnel and their related parties were as follows:

			Consolidated		The Company	
		Note	2009	2008	2009	2008
Other related parties	**Transaction**					
McCullough Robertson - Brett Heading	Legal Fees	*(i)*	305,439	93,477	290,809	89,596

(i) Legal services were provided to the Company by McCullough Robertson Solicitors, a firm of which Brett Heading is a Partner. Amounts were billed based on normal market rates for such services and were due and payable under normal payment terms.

Amounts payable to key management personnel and other related parties at reporting date arising from the above transactions were as follows:

Other related payables				
Trade creditors	7,319	-	7,319	-
Accrued salary/ Director's fees	26,125	-	13,625	-

Options and rights over equity instruments

The movement during the reporting period in the number of options over ordinary shares in Diversa Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at beginning of year	Effect of share consolida-tion	Granted as compen-sation	Exercised	Held at end of year	Vested during the year	Vested and exercisable at end of year
2009							
Directors							
J B Heading	1,280,000	(1,181,538)	-	-	98,462*	-	-
I Nisbet	500,000	(461,538)	-	-	38,462*	-	-
T Brown	2,000,000	(1,846,154)	-	-	153,846	76,923	153,846
M Morgan	-	-	153,846	-	153,846	76,923	76,923
G Baynton	-	-	153,846	-	153,846	76,923	76,923
S Korchinski	-	-	-	-	-	-	-
Executives							
A Craig	300,000	(276,923)	153,846	-	176,923	88,462	100,000
2008							
Directors							
J B Heading	780,000	-	500,000	-	1,280,000	500,000	1,280,000
I Nisbet	-	-	500,000	-	500,000	500,000	500,000
T Brown	-	-	2,000,000		2,000,000	1,000,000	1,000,000
M Rosenberg	-	-	-	-	-	-	-
Executives							
A Craig	-	-	300,000	-	300,000	150,000	150,000

* Number of options held at the time of resignation of office.

No options held by key management personnel are vested but not exercisable at 30 June 2008 or 2009.

Movements in shares

The movement during the reporting period in the number of ordinary shares in Diversa Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at beginning of year	Effect of share consolidation	In lieu of salary/ fees**	Purchases	Sales	Other issues	Held at end of year
2009							
Directors							
J B Heading	-	-	-	-	-	-	-
I Nisbet	560,108	(517,023)	-	-	-	-	43,085*
T Brown	370,500	(342,000)	24,358	40,000	-	1,500,000***	1,592,858
M Morgan	-	-	68,072	160,000	-	2,000,000***	2,228,072
G Baynton	-	-	-	140,000	-	800,000***	940,000
S Korchinski	-	-	-	-	-	-	-
P Mueller	-	-	-	-	-	1,656,250****	1,656,250
Executives							
A Craig	600,000	(553,846)	15,385	41,924	(76,924)	750,000***	776,539
P Hayes-Williams	-	-	-	-		781,250****	781,250
2008							
Directors							
J B Heading	-	-	-	-	-	-	-
I Nisbet	69,275	-	490,833	-	-	-	560,108
T Brown	-	-	370,500	-	-	-	370,500
M Rosenberg	66,525	-	124,311	-	-	-	190,836*
Executives							
A Craig	-	-	-	600,000	-	-	600,000

* Number of shares held at the time of resignation of office.

** Held in trust by Pellias Pty Ltd under the Executive Officer Share Plan.

*** Held in trust by Pellias Pty Ltd under EOSP and subject to vesting conditions.

**** Issued on acquisition of the Super Promoters business, shares are subject to escrow restrictions.

Other related party transactions

Subsidiaries

At balance sheet date intercompany receivable balances existed between the Company and its wholly owned subsidiaries. The movement in the intercompany receivables balance between balance sheet dates represents the provision of working capital. The intercompany receivables balance at any point in time is non-interest bearing and repayable on demand. At 30 June 2009 the amount owed to the Company by its subsidiary was $1,745,796 (2008: $636,418) and a provision for impairment was made for nil (2008: $636,418). An impairment loss of nil (2008: loss of $39,832) has been included in other expenses.

In the prior year, an intercompany payable balance existed between the Company and its wholly owned subsidiaries. The movement in the intercompany payable balances between balance sheet dates represents the provision of working capital from its subsidiary. The intercompany payable balance at any point in time is non-interest bearing and repayable on demand. At 30 June 2009 the amount owed by the Company to its subsidiary was nil (2008: $845,000). An amount of $891,703 being the net gain from forgiveness of intercompany payables has been included in other income (2008: nil).

24. Subsequent events

Since the end of the financial year the consolidated entity has continued discussions with a number of parties regarding potential transactions involving the consolidated entity in line with its stated growth strategy. These discussions may result in acquisitions or investments in the near term however no binding arrangements exist as at the date of these financial statements.

Apart from the matter noted above, there have been no events subsequent to balance date which would have a material effect on the consolidated entity's financial statements at 30 June 2009.

Directors' declaration

1. In the opinion of the Directors of Diversa Limited ('the Company'):

   (a) the financial statements and notes that are set out on pages 14 to 43, and the Remuneration Report in the Directors' report, set out on pages 1 to 12, are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the Company's and the consolidated entity's financial position as at 30 June 2009 and of their performance for the financial year ended on that date; and

      (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

   (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(a); and

   (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Financial Officer for the financial year ended 30 June 2009.

Signed in accordance with a resolution of the directors:

M. Morgan
Chairman

Dated at Brisbane this 20 August 2009

Independent auditor's report to the members of Diversa Limited

Report on the financial report

We have audited the accompanying financial report of Diversa Limited (the Company), which comprises the balance sheets as at 30 June 2009, and the income statements, statements of recognised income and expense and cash flow statements for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration set out on pages 14 to 44 of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1 (a), the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

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

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

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's and the consolidated entity's financial position and of their performance.

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

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of Diversa Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company's and the consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(a).

Report on the remuneration report

We have audited the Remuneration Report included in paragraph 15 of the directors' report for the year ended 30 June 2009. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Diversa Limited for the year ended 30 June 2009, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Simon Crane
Partner

Brisbane

20 August 2009

Corporate governance

Diversa is committed to and has substantially complied with the "Principles of Good Corporate Governance and Best Practice Recommendations" issued by the ASX Corporate Governance Council in March 2003. This section outlines the main Corporate Governance practices and procedures that the Company has had in place during and at the end of the financial year.

Role of the Board

The Board has established and approved a Board Charter. This Charter is available on the Company's website www.diversa.com.au. Under this Charter the Board is responsible for:

- Consideration and approval of corporate strategies proposed by executive officers and monitoring their implementation;
- Approving, overseeing and monitoring financial and other reporting to shareholders, employees and other stakeholders of the Company;
- Ensuring that the Company has the appropriate human, financial and physical resources to execute its strategies;
- Appointing, monitoring the performance of, and removing the executive officers;
- Ratifying the appointment, and where appropriate, the removal of the Chief Financial Officer and the Company Secretary;
- Reviewing the effectiveness of the Company's policies and procedures regarding risk management, including internal control and accounting systems; and
- Ensuring appropriate governance structures are in place including standards of ethical behaviour and a culture of corporate and social responsibility.

Composition of the Board

The names of the Directors of the Company in office during the financial year are set out in the Directors' Report. The composition of the Board has been determined using the following principles:

- The Constitution of the Company provides for a minimum of three Directors and a maximum of ten;
- The Chair of the Board should be a Non-Executive Director;
- The Board should comprise a majority of Non-Executive Directors;
- The Board should have enough Directors to serve on various Committees of the Board without overburdening the Directors or making it difficult for them to fully discharge their responsibilities; and
- The Board should comprise Directors with a broad range of expertise.

The Board has reviewed the current composition of the Board and the independence criterion that has been outlined in Principle 2 of "Principles of Good Corporate Governance and Best Practice Recommendations" issued by the ASX Corporate Governance Council in March 2003. The Board has made enquiries of each Director and has determined that at the end of the year the Board was comprised of three independent Directors, Gregory Baynton, Timothy Brown and Stuart Korchinski. As such, it is the opinion of the Board that the majority of Directors are independent.

Since 1 April 2009, Mr Morgan has been acting in the role of Executive Director in addition to Chairman. The Board considers that this arrangement is appropriate given the stage of the Company's development, the current level of activities and noting that the other three Directors at the end of the year are all independent non-executive Directors. As the Company continues to grow, it is likely that the composition of the Board, roles of Directors and composition of the executive team will change.

The Board does not have a Nominations Committee. The full Board reviews the necessary Board skill set and oversees the appointment of members to the Board. The Chairman ensures that there is an adequate induction process for new Directors. There are official Letters of Appointment which outline the term of office, duties, rights and responsibilities.

The review of performance of the Board and Individual Directors is outlined in the section *Performance Evaluation* (refer below).

Non-Executive Directors' Remuneration Policy

Total remuneration for all Non-Executive Directors during the financial year is set out in the Directors' Report. These fees are within the aggregate approved by the shareholders. Director's fees cover all main Board activities and membership of Committees. There are no additional fees for Committee membership. These fees exclude any additional 'fee for service' based arrangements with the Company, which may be agreed from time to time. There were no such additional fees paid during the financial year. Agreed out of pocket expenses are payable in addition to Director's fees. It is also noted that there are no retirement or other long service benefits that accrue on appointment to the Board.

Conflict of Interest

In accordance with the Corporations Act and the Company's Constitution, Directors must keep the Board advised of any interest that could potentially conflict with those of the Company. In the event that a conflict of interest may arise, involved Directors must withdraw from all deliberations concerning the matter. They are not permitted to exercise any influence over other Board members.

Independent Professional Advice

Each Director has the right, subject to prior consultation with the Chairman, to seek independent professional advice at the Company's expense if such advice is essential to the proper discharge of the Director's duties. The Chairman may notify other Directors of the approach with any resulting advice being made available to all other Board members.

The Chairman

The Chairman is elected by the full Board and is responsible for:
- Leadership of the Board;
- The efficient organisation and conduct of the Board's functions;
- The promotion of constructive and respectful relations between Board members and between the Board and Management;
- Contributing to the briefing of Directors in relation to issues arising at Board meetings;
- Facilitating the effective contribution of all Directors; and
- Committing the time necessary to effectively discharge the role of Chairman.

Committees

As the Board currently consists of only 4 members it was considered unnecessary to form separate audit or remuneration committees. The Board performs the functions of each committee.

Financial Reporting

The Chief Financial Officer has declared in writing to the Board that the financial records of the Company for the financial year have been properly maintained, the Company's financial reports for the year ended 30 June 2009 comply with accounting standards and present a true and fair view of the Company's financial position and operating results.

Code of Conduct and Ethical Standards Policy

The Company has a Code of Conduct and an Ethical Standards Policy which sets out the standards in accordance with which each Director, manager and employee of the Company is expected to act. The requirement to comply with the Code of Conduct and the Ethical Standards Policy is communicated to all employees. The Policy is available to all personnel and addresses all stakeholders including shareholders, employees, clients/customers and the community as a whole.

All Directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company. A summary of the Code of Conduct and Ethical Standards Policy is available on the Company's website www.diversa.com.au.

Share Trading Policy

The Company has in place a policy that restricts the time periods and circumstances in which Directors and employees can buy and sell shares in the Company. A summary of the Share Trading Policy is available on the Company's website www.diversa.com.au. Further, in accordance with the provisions of the Corporations Act and the ASX Listing Rules, Directors advise ASX, through the Company, of any transactions conducted by them in shares in the Company.

Continuous Disclosure Policy

The Company has in place a policy regarding "Continuous Disclosure" which is consistent with the ASX Listing Rules. The Board ensures that all material matters are appropriately disclosed in a balanced and timely manner and in accordance with the continuous disclosure requirements of the ASX Listing Rules. All documents that are released to the ASX are made available on the Company's website at www.diversa.com.au and on the ASX website www.asx.com.au.

This Policy has been developed to give all investors equal opportunity to access all material information on a timely basis. The policy and associated procedures are designed to ensure that all material information is presented in a balanced, factual and clear manner. A summary of the Continuous Disclosure Policy is available on the Company's website www.diversa.com.au.

Shareholder Rights and Communication

The Company recognises the importance of shareholder meetings and shareholders are encouraged to attend the meetings and exercise their rights. Those who are unable to attend may access the information via the website. These meetings include addresses from the Chairman and time is allowed for shareholder questions. Further, the Company's external auditor attends the meetings and is available to answer shareholder questions. All shareholders will be treated with courtesy and respect in accordance with the Company's Code of Conduct. All shareholder communications, including important presentations by the Company, are made available on the Company's website www.diversa.com.au.

Risk Management Policy and Internal Compliance and Control System

The Board is responsible for establishing the Company's goals and objectives and overseeing the establishment, implementation and review of the Company's risk management system and delegated the responsibility of reviewing the effectiveness of the risk management system to the Audit & Risk Committee.

Management is responsible for establishing and implementing the risk management system to identify, control and manage strategic, technical, operational and other material risks. Management is also responsible for implementing procedures and to monitor and deal with identified material risks. Management has undertaken to inform the Board of any new material risks and outline the actions that have been undertaken to manage such material risks.

The Chief Financial Officer has also declared in writing to the Board that the Company's financial reports are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board. However in providing these declarations it was noted by the Board that the Company's Risk Management System is evolving. The present system of internal controls is currently designed to provide reasonable, but not absolute, assurance against material misstatement or loss. These controls are intended to enable the timely identification of problems that require the attention of the Board. It is also noted that:

- both Management and the Board believe that given the Company's current state of development and the need to effectively allocate limited resources it is reasonable not to have an Internal Audit function at present; and
- even well designed, implemented and monitored controls and procedures can only provide a level of assurance of achieving the desired control objectives. As all control systems have inherent limitations, no evaluation of the company's controls and procedures can provide absolute assurance that all control issues and instances of fraud, if any, with the Company have been detected. However, no instances of fraud have been reported to the Board.

Performance Evaluation

The Company monitors and evaluates the performance of its Board, Board Committees, individual Directors and key Executives in order to fairly review and actively encourage enhanced Board and Management effectiveness.

The Board and Individual Directors

It is proposed that each year the Board will undertake the following evaluation activities:
- the Board as a whole discusses and analyses its own performance during the year including suggestions for change or improvement;
- the Chairman meets with each Non-Executive Director separately to discuss individually performance including areas for development; and
- a nominated Director meets with and reviews of the performance of the Chairman.

Although the evaluation of the Board and individual Directors has been monitored during the financial year it is proposed that the next formal evaluation will be performed and completed prior to the Annual General Meeting.

CEO and Key Executives

Diversa is a growth company, and following recent acquisitions is now generating revenue and is seeking to expand further. As such, performance is measured by reference to both financial and non-financial performance targets and their impact on shareholder value both in the shorter and longer term. Consequently, the achievement of a number of different financial and non-financial targets are among the key performance indicators the Company uses to measure performance.

ASX additional information

The following additional information is required by the ASX Listing Rules and not disclosed elsewhere in this report. The information presented is at 30 September 2009.

Distribution of shareholders

Range	Number of shareholders	Number of shares
1 - 1,000	2,105	503,336
1,001 - 5,000	547	1,263,863
5,001 - 10,000	218	1,883,804
10,001 - 100,000	212	6,222,193
100,001 and over	38	38,854,068
Total	**3,120**	**48,727,264**

The number of shareholders holding less than a marketable parcel of ordinary shares is 2,643.

Voting rights

All fully paid ordinary shares carry one vote per share without restriction.

Other equity securities

There were the following unquoted options over unissued ordinary shares:

Number	Terms	Number of holders
253,846	Options exercisable at $0.52 each on or before 30 November 2009	4
76,923	Options exercisable at $0.78 each on or before 30 November 2009	1
60,000	Options exercisable at $0.78 each on or before 15 December 2009	1
76,924	Options exercisable at $3.12 each on or before 15 December 2009	2
384,615	Options exercisable at $6.24 each on or before 15 December 2009	2
230,769	Options exercisable at $0.26 each on or before 30 November 2011	3
230,769	Options exercisable at $0.39 each on or before 30 November 2011	3
6,000,000	Options exercisable at $0.25 each on or before 31 March 2013	1

There were no quoted options over unissued ordinary shares of the Company. There are no voting rights attached to the unissued ordinary shares.

Share issues conducted under the Diversa Executive Officer Share Plan

Since the last annual report, the following shares were issued to directors under the Executive Officer Share Plan in lieu of cash payments otherwise payable in accordance with the prior approval of shareholders and ASX listing rule 10.14:

Date	Number	Issue price
30 September 2009	46,826	$0.20
12 January 2009	45,605	$0.20
21 July 2009	59,287	$0.15

In addition, a further 4,300,000 shares were issued to directors at a price of $0.20 per share on the terms specifically approved by shareholders at the Extraordinary General Meeting held on 15 January 2009.

Twenty largest shareholders as at 30 September 2009

Rank	Name	Number of shares held	Percentage of issued capital
1	PELLIAS PTY LIMITED	5,194,025	10.66%
2	ANZ NOMINEES LIMITED <CASH INCOME A/C>	5,172,626	10.62%
3	CPS GROUP INVESTMENTS (NO 1) PTY LIMITED <STAFF SUPER FUND A/C>	5,000,000	10.26%
4	SIXTH ERRA PTY LTD	2,500,000	5.13%
5	ANGORA LANE PTY LTD <ANGORA LANE SUPER A/C>	2,500,000	5.13%
6	REDLINK PTY LTD	2,000,000	4.10%
7	BIZZELL NOMINEES PTY LTD <BIZZELL FAMILY A/C>	1,665,000	3.42%
8	QBF NO 2 PTY LTD <QLD BIOCAPITAL FUND NO2 A/C>	1,148,134	2.36%
9	QBF NO 1 PTY LTD <QLD BIOCAPITAL FUND NO1 A/C>	1,148,134	2.36%
10	GREYLINK PTY LTD	1,000,000	2.05%
11	PETER MUELLER AND ASSOCIATES PTY LTD	875,000	1.80%
12	BIZZELL CAPITAL PARTNERS PTY LTD	825,000	1.69%
13	PREPET PTY LTD	750,000	1.54%
14	CASHEL CAPITAL PARTNERS PTY LTD <CASHEL CAP PARTNERS N1 A/C>	750,000	1.54%
15	LONGFIELD CAPITAL VENTURES LTD	726,534	1.49%
16	MR PETER MUELLER & MRS KAREN MUELLER	681,250	1.40%
17	MR PETER HAYES-WILLIAMS & MRS BARBARA HAYES-WILLIAMS <P & B HAYES-WILLIAMS S/F AC>	681,250	1.40%
18	DAVIS LAND CO PTY LIMITED <DAVIS LAND CO SUPER FUND>	681,250	1.40%
19	MR JOHN KENNEDY & MRS REA KENNEDY	641,250	1.32%
20	RED BEETROOT PTY LTD	624,180	1.28%
	Total – 20 largest holders	**34,563,633**	**70.9%**
	Balance of register	**14,163,631**	**29.1%**
	Grand total	**48,727,264**	**100%**

Substantial Shareholders

As at 30 September 2009, the Company had received the following substantial shareholder notices:

Date	Entity	Shareholding	Percentage
24 April 2009	CPS GROUP INVESTMENTS (NO 1) PTY LIMITED <STAFF SUPER FUND A/C>	5,000,000	10.38%
23 April 2009	SIXTH ERRA PTY LTD	2,500,000	5.19%
23 April 2009	ANGORA LANE PTY LTD <ANGORA LANE SUPER A/C>	2,500,000	5.19%

DIVERSA LIMITED

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