



Diversa Group

Investor Presentation – Acquisitions and
Underwritten Entitlement Offer

30 July 2014

DIVERSA
GROUP

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Executive Summary

Company	Diversa Ltd (ASX: DVA) is a financial services business focusing on superannuation
Transformational Acquisitions	<p>Diversa to make two transformational acquisitions:</p> <ol style="list-style-type: none"> 1. 100% acquisition of The Trust Company (Superannuation) Limited 2. Staged acquisition of Tranzact Financial Services Pty Limited (initially acquiring 30% interest)
Services	<p>The Group (prior to the acquisitions) provides the following services to superannuation funds.</p> <ol style="list-style-type: none"> 1. Trustee - 16 funds, \$1.1bn FUT 2. Fund Administration - 5 funds, \$334m FUA 3. Insurance Administration - 7,800 lives insured 4. Promotion and Product Management - 4 funds, \$268m FUM 5. Investment Consulting - 2 funds, \$125m FUM
Clients	<p>Diversa acts on behalf of Direct (individuals), Retail (advisor groups) and Wholesale (smaller industry funds and master trusts) clients, currently:</p> <ul style="list-style-type: none"> • Provides services to 16 funds promoted by 3rd parties • Promotes its own 2 superannuation funds directly to over 6,500 members.
Growth drivers	<p>Diversa's growth over the medium term will be driven by the increased scale and synergies provided by the acquisitions noted above, and:</p> <ol style="list-style-type: none"> 1. Providing further services to existing customers 2. Increasing the number of employers selecting our funds as their employees super funds 3. Acquisition and consolidation within our target market 4. Continued legislative growth in level of super contributions 5. Investment growth 6. Supporting our clients in achieving market share growth of their funds

FUT = Funds under Trusteeship
FUA = Funds under Administration
FUM = Funds under Management

Investment Highlights

Track Record	Diversa has built a strong service platform and capabilities via acquisition, subsequent enhancement and integration
Large Attractive Market	Diversa is well placed to capitalise on its established operations and participate in the continued strong growth of the superannuation sector
Scalable Infrastructure	Client capture has been increasing steadily, with the focus now on accelerating this over the next few years
Improved Balance Sheet	Improved balance sheet enables the strong organisational capability that has been built up over the last 24 months to be better leveraged for business growth initiatives
Organic Growth	The Group continues to work on a number of additional revenue streams including attracting new clients and revenue growth through offering additional services to existing clients
Growth by Acquisition	Current acquisitions will add significant scale and benefits of synergies to Diversa's existing operations

Overview of Acquisitions

	Acquisition 1	Acquisition 2
Business	Acquisition of The Trust Company (Superannuation) Limited ⁽¹⁾ (TTCSL)	Staged purchase of 100% of Tranzact Financial Services Pty Limited (TFS) initially acquiring 30% with an option for the remaining 70% ⁽²⁾
Services	Independent superannuation trustee	Smartsave Members Choice Superannuation Plan (MySuper authorisation) <ul style="list-style-type: none"> • Fund and insurance administration • Fund promotion • Investment management
Size	\$3.1bn FUT ⁽³⁾	\$208m FUMA ⁽⁴⁾
Scale	15 Funds	11,000 members (approx.)
Employees	11 ⁽⁵⁾ (based in Melbourne)	18 ⁽⁵⁾ (based in Sydney)
Financials	Revenue of \$2.3m pa ⁽⁶⁾ (based on annualised contracted revenue derived from the existing clients as at 30 April 2014)	Revenue of \$4m pa ⁽⁶⁾ (based on annualised contracted revenue as at 30 April 2014) Minimum revenue of \$0.7m pa based on “guaranteed” earnings from 30% ownership, i.e. vendor has underwritten the value of earnings whilst DVA is a 30% shareholder

(1) The business being acquired was a wholly owned subsidiary of the formerly ASX-listed The Trust Company Limited which was acquired by Perpetual Limited in 2013

(2) The business being acquired formed part of the former ASX-listed Tranzact Financial Services Ltd which was the subject of a successful takeover offer in Q1 2014

(3) Funds under trusteeship

(4) Funds under management and administration

(5) Number of full time employees at the time of acquisition

(6) Revenue based on current contracted revenue annualised, as provided by the vendors

Summary of Trust Co (Superannuation) Acquisition

Transaction	Acquisition of 100% of The Trust Company (Superannuation) Ltd (TTCSL)
Consideration	<p>Purchase consideration is:</p> <ol style="list-style-type: none"> 1. \$2.65m in cash; and 2. A share of revenues derived from existing client FUM growth or clients introduced by the vendor whereby revenue from core trustee fees (only) exceeds a minimum figure of \$2.25m during years 1 and 2
Acquired entity	<ol style="list-style-type: none"> 1. 15 fund clients and operational resources 2. Minimum of \$1.6m of net working capital (cash and debtors) which includes \$1.1m of regulatory capital which meets the operational risk reserve of the largest fund
Completion	On or before 1 September 2014

The existing TTCSL RSE license requires \$5m of regulatory capital, Diversa is progressing the establishment of a facility to fund this requirement. On completion of the transaction the Group will hold two RSE licenses and it is Diversa's intentions to merge the operations of the two entities and operate under a single license, subject to regulatory approval, at which time it is expected the regulatory capital requirements will reduce.

Summary of Tranzact Acquisition

Transaction	Staged acquisition of Tranzact Financial Services Pty Limited (TFS) ⁽¹⁾ , initially acquiring 30%, a group providing superannuation administration, promotion ⁽²⁾ and investment management services to the Smartsave Members Choice Retirement Plan (\$208m FUM)
Consideration	Initial purchase consideration of \$2.85m cash for 30% of TFS
Option	<ol style="list-style-type: none"> 1. Call and Put Options over the remaining 70% interest at the same valuation; <ol style="list-style-type: none"> i. Payment of \$2.85m cash on exercise of option (100% ownership and operational control) ii. At 12 months from exercise payment of \$1.9m (of which \$0.25m in Diversa shares⁽³⁾) plus 8% interest subject to minimum revenue requirements iii. At 24 months from exercise payment of \$1.9m (of which \$0.25m in Diversa shares⁽³⁾) plus 8% interest subject to minimum revenue requirements 2. Diversa's call option is exercisable between January 2015 and June 2015 at the Company's discretion. Vendor's put option is exercisable between July 2015 and December 2015 subject to minimum revenue criteria being met. In the event Diversa's call option is not exercised, vendor is entitled to buy back the 30% stake for a consideration of \$2.85m.
Minimum return	The business will continue to operate under its existing structure, with the vendor/controlling shareholder guaranteeing a minimum return on 30% investment of \$0.7m pa until such time as the option is exercised. On exercise of the option of the remaining 70% interest Diversa assumes operational control.
Completion	Anticipated around 29 August 2014

(1) The business being acquired formed part of the formerly ASX-listed Tranzact Financial Services Limited which was the subject of a successful takeover offer and delisted in February 2014. Since delisting Tranzact has undergone some rationalisation.

(2) Tranzact owns 65% of the promoter entity.

(3) Issued at the lower of a 30 Day VWAP or \$0.04 per share

Impact of Acquisitions

	The Trust Company (Superannuation) Limited (TTCSL)	Tranzact Financial Services Pty Limited (TFS)
Impact	<p>Consistent with the Group's growth plans; expected to be earnings accretive before synergies</p> <ul style="list-style-type: none"> Adds \$3.1bn⁽¹⁾ in funds under trusteeship (FUT) Adds an estimated \$2.3m⁽²⁾ in revenue (15 funds) Approximately doubles number of funds and triples FUT Both TTCSL + CCSL located in Melbourne 	<p>Consistent with the Group's growth plans acquiring equity and an option over the remaining equity of the Promoter, Administrator and Investment Manager of the \$208m Smartsave Members Choice Superannuation Plan.</p> <p>Will be immediately earnings accretive with Diversa receiving a guaranteed return of \$0.7m⁽³⁾ annualised whilst a 30% owner</p>
Synergies/ integration costs	Any integration costs are expected to be covered by synergies in first year of integration.	<p>No integration costs expected and limited synergies while a 30% holder.</p> <p>Any integration costs on 100% ownership are expected to be covered by synergies in first year of integration with both TFS and Diversa Superannuation Services located in Sydney</p>

(1) Funds under Trusteeship as at April 2014

(2) Current normalised revenue of \$2.3m pa (based on annualised contracted revenue derived from the existing clients FUM as at 30 April 2014), FUM and member numbers as advised by the vendor

(3) Revenue of \$0.7m pa based on "guaranteed" minimum earnings from 30% ownership by the vendor whilst DVA is a 30% shareholder. The current revenue of 100% of TFS is \$4m pa (based on annualised contracted revenue as at 30 April) as advised by the vendor at contracted revenue rates

Current Status + TTCSL + TFS⁽¹⁾

	Trustee Services ⁽²⁾		Fund Administration ⁽²⁾		Promotion & Product Management ⁽²⁾		Investment Services ⁽²⁾		Corporate
	Diversa	TTCSL	Diversa	TFS	Diversa	TFS	Diversa	TFS	Diversa
Employees (FTEs)	7	11	10	15	3	3	1	-	3
No. of Customers	16	15	5	1	4	1	2	1	n/a
Client Base	\$1.1bn	\$3.1bn	\$334m 131,600 ⁽³⁾ members	\$208m ⁽¹⁾ 11,000 ⁽¹⁾ members	\$268m	\$208m ⁽¹⁾	\$125m	\$208m ⁽¹⁾	
			~7,800 lives insured	~11,000 ⁽¹⁾ lives insured					
Total	\$4.2bn		\$542m ⁽¹⁾ , 142,600 members ⁽¹⁾⁽³⁾ , 18,800 lives covered ⁽¹⁾		\$476m ⁽¹⁾		\$333m ⁽¹⁾		

(1) For illustrative purposes, assumes 100% ownership of TFS, information provided by the vendor

(2) Some clients are provided more than one service and may be included in more than one business unit

(3) Includes approximately 116,000 members of an eligible rollover fund

Acquisition Rationale

Deepens service offering	Provides further depth and scale to existing Diversa Group offering of trustee, administration, promotion and investment consulting services
Financially attractive	Acquisitions are earnings accretive before synergies Vendor of TFS provides guaranteed return whilst DVA is a minority shareholder and downside protection ⁽¹⁾ on revenue if DVA proceeds to 100% ownership
Complementary	Businesses offering the same services currently offered by Diversa: <ul style="list-style-type: none"> • Trustee services • Superannuation fund administration including insurance • Promotion and product management • Investment management
Potential synergies	Opportunity for synergies from both businesses with TTCSL operations in Melbourne (DVA Trustee operations) and TFS operations predominantly in Sydney (DVA Administration operations)
Consistent with Diversa's growth objectives	Provides growth in current service areas <ul style="list-style-type: none"> • Increases FUTMA by \$3.3bn; and • Adds resources including up to 29 full time employees in trustee services and administration (after exercise of option to acquire balance of TFS)

Notes:

(1) The TFS acquisition agreement include deferred consideration payments which are subject to adjustment in certain circumstances if revenue earned by TFS decreases from an agreed amount during the first two years of 100% ownership.

Sources and Uses of Funds

Sources ⁽¹⁾	\$'m	Uses	\$'m
Entitlement Offer	4.41	Purchase of 30% Tranzact Financial Services Pty Limited (TFS) plus acquire option for remaining 70%	2.85
Placement ⁽³⁾ (completed 9 July 2014)	3.04	Purchase of The Trust Company (Superannuation) Limited (TTCSL)	2.65
		Transaction costs and working capital ⁽²⁾	1.95
Total	7.45	Total	7.45

Notes:

- (1) A loan facility has been established and secured against certain assets to fund the acquisition of TTCSL if required. The \$2.65m facility expires 6 months after the first draw down and attracts an interest rate of 10%pa. In addition the Company also has an undrawn \$1m loan facility arrangement with Bizzell Nominees as previously disclosed.
- (2) Excluding working capital and regulatory reserves of \$1.6m being acquired as part of TTCSL.
- (3) A placement of 112.5m shares at a price of \$0.027 was completed on 9 July to professional and sophisticated investors to provide part funding for the acquisitions.

Offer Summary

Entitlement Offer	A non-renounceable pro-rata entitlement offer of 2 new ordinary shares for each 7 ordinary shares currently held to raise approximately \$4.41m before costs
Offer Price	\$0.027 per new share
Pricing / Discounts	Issue price represents a: <ul style="list-style-type: none"> • 10% discount to the 30 day VWAP of \$0.03 • 10% discount to the last closing price of \$0.03 on 25 July 2014 • 8% discount to the theoretical ex-rights price (TERP)⁽²⁾
Uses of funds	The Entitlement Offer in conjunction with existing cash will provide funds to: <ul style="list-style-type: none"> - complete the 30% acquisition of Tranzact Financial Services Pty Limited plus the option to acquire the remaining 70%, - acquire The Trust Company (Superannuation) Limited and provide working capital and transaction expenses - working capital
Capital Structure Post Offer	Approximately 734.6 million shares post Entitlement Offer
Underwriter	Canaccord Genuity (Australia) Limited

(1) VWAP is the volume weighted average price of Share traded on ASX.

(2) TERP is the theoretical price at which Shares should trade immediately after the ex-date for the Entitlement Offer assuming 100% take up of the Offer. TERP is a theoretical calculation only and the actual price at which shares trade immediately after the ex-date of the Offer will depend on many factors and may not equal the TERP. TERP is calculated by reference to the 30 day VWAP of \$0.03.

Offer Timetable

Event	Date
Announcement of Offer	30 July 2014
Record date for Offer	6 August 2014
Documents despatched to shareholders	8 August 2014
Retail Offer opens	8 August 2014
Retail Offer closes	19 August 2014
New share quoted on a deferred settlement basis	20 August 2014
Issue of shares under Entitlement Offer	26 August 2014
Last day of trading on a deferred settlement basis	26 August 2014
Expected commencement of normal trading of new shares	27 August 2014

Timetable is indicative only and subject to change. The directors in conjunction with the underwriter reserve the right to place any shortfall shares at their discretion within 3 months of commencement of the Offer.

Current Capital Structure

Ordinary Shares	Number of Shares (m)	%
Directors ⁽¹⁾ + executive team	129.0	23%
Empshore Pty Ltd	50.8	9%
Other shareholders	391.6	68%
Pre capital raising total⁽²⁾	571.4	100%
Entitlement Offer	163.2	
Enlarged total⁽³⁾	734.6	

Notes

- (1) Entities associated with director Stephen Bizzell hold 16% of the shares on issue
- (2) The top 100 shareholders hold 518 million shares or 91% of the shares on issue
- (3) The Company also has on issue the following unlisted securities: approximately 7.2m options and 2.7m unvested performance rights. The Company may issue up to approximately 15m performance rights in respect of the 2015 financial year following completion of the acquisitions which will be subject to group, business unit and personal performance targets and vesting criteria.

Appendix

1. Comparables: Transactions and Companies
2. People
3. Diversa Business Overview
4. Summary of financial results for FY13 and FY14
5. Key risks

Recent Financial Services Transactions

Year	Acquirer	Target	Price	Metric
2014	Equity Trustees	ANZ Trustees	\$150m	13.6 x FY14 EBIT
2014	IOOF	SFG	\$670m	11.3 x EBITDA
2014	Complectus	NZ Guardian Trust Company	\$63.3m	2.5% FUTMA
2013	Perpetual	TrustCo	\$270m	14 x FY14 EBITDA
2012	IOOF	Plan B	\$49m	2.2% FUM
2010	Equity Trustees	OAMPS	\$10m	3.85% FUM

Source: Company announcements

Comparables

Company	Mkt Cap \$m	FUTMA \$m ⁽²⁾	PER FY13 (x)	Mkt Cap v FUTMA %
Equity Trustees	398	39,800	19.7	1.0%
Perpetual	2,219	499,600	27.8	0.5%
Fiducian	54	1,330	16.4	4.2%
IOOF	1,922	94,000	20.2	1.8%
Praemium	56	1,200	25	4.7%
Hub 24	39	781	NM	5.0%
Centrepont Alliance	52	1,700	NM	3.0%
DIVERSA ^(1,3)	19	4,382	NM	0.4%

Notes:

(1) FUA may include under supervision

(2) As at 30 Dec 2013 or more recent reported

(3) Using last share price of \$0.03 per share; post TTCSL acquisition and 30% TFS (TFS FUM not included)

NM = not meaningful

Source: IRESS

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People: Directors

Stuart Korchinski – Chairman

Experienced financial services and technology executive and company director. Director of SuperChoice Services, Datacenter Ltd and Community First Credit Union. Former Managing Director of Diversa, CitiStreet, Australian Administration Services (AAS), Telstra's KAZ Business Services and Chief General Manager of Allianz's personal insurance business.

Matthew Morgan – Non-executive Director

Co founder of Diversa. Operates as an advisor to emerging companies in an executive or non executive capacity. Most recently engaged in the turnaround of Integra Healthcare a private equity funded aggregation and formerly a Senior Investment Manager with QIC's Bioventures funds.

Stephen Bizzell – Non-executive Director

Experienced finance executive and public company director. Chairman of boutique corporate advisory firm Bizzell Capital Partners. Director of Queensland Treasury Corporation and a number of ASX listed companies. Former executive director and co-founder of Arrow Energy.

Garry Crole – Non-executive Director

Experienced financial services executive. Managing Director of Interprac Limited, NTAA Corporate and InterPrac Financial Planning. Prior to this role was the founder and Managing Director of the financial services distribution business The Money Planners and the ASX listed company Deakin Financial Services (DKN). Has also held senior positions in superannuation distribution with Colonial Mutual and operated a general insurance brokerage business.

People: Executive Team

Vincent Parrott - Chief Executive Officer

Worked in leadership and investment roles within the institutional funds management sector for AMP, SBC (now UBS Global Asset Management), BT Funds Management and Aberdeen Asset Management. Co-founded boutique asset manager Souls Funds Management in 2001 (served as MD from 2001 to 2008). He has been involved in all aspects of investment management covering research and analysis and portfolio management across numerous asset sectors, as well as acting as a superannuation trustee for numerous funds.

Andrew de Vries - Head of Superannuation Services

Experienced financial services professional with significant experience in financial services covering financial advisory, managed fund research and funds management as well as product management and marketing roles. Also has experience in providing strategic financial planning and investment advice to retail clients. Previously served as the General Manager of DIY Super for Perpetual Ltd and prior to that served as the Head of Investments for Citibank's retail bank.

Robert Chmielewski - Head of Trustee Services

Rob has worked as a financial services lawyer and compliance manager for over 16 years specialising in superannuation, managed investments, funds management and insurance.

Angus Craig - CFO and Company Secretary

Experienced corporate and finance executive, significant exposure to smaller public companies. Twelve years in company secretarial and finance roles with ASX and AIM listed companies, also a former ASX Senior Companies Advisor for 6 years.

The Business: Services & Products and Current Status

Operation	Trustee Services	Fund Administration	Promotion & Product Management	Insurance Product	Investment Services
Diversa entity	CCSL Ltd	Diversa Superannuation Services Ltd			Diversa Funds Management Pty Ltd
Services & Products	Act as a third party commercial trustee for a wide range of super funds	Provide administration services for super funds, including insurance admin	Provide promotion services and product management for administered funds	Promote and administer 2 pooled insurance funds - Group Life & Salary Continuance	Provide investment consulting services to funds for which CCSL acts as trustee
Target Market (Total size)	Smaller retail and industry funds <\$500m (\$20Bn) Advisor led funds and master trusts (\$55Bn)	Smaller retail and industry funds <\$500m (\$20Bn) Advisor led funds and master trusts (\$55Bn)	Smaller retail and industry funds <\$500m (\$20Bn)	Advisor led funds and master trusts (\$55Bn) SMSF's (~1,000,000 members)	Trustee Customers (<\$5Bn)
Employees (FTEs)	7	10	2	1	1
No. of Customers	16	5	4	2 insurance pools	2
Client Base	\$1.1bn	\$334m Incl ~7,600 lives insured	\$268m	~200 lives insured	\$125m
Estimated Revenue for 12 mths to Jun 14 ⁽¹⁾	\$1.5m	\$2.3m	\$0.3m	\$0.1m	\$0.2m

(1) Expected revenues are based on June 2014 management accounts and have not been subject to audit or review, and the actual result may be materially different to the numbers disclosed above

The Business: Indicative Revenue & Growth Metrics

Operation	Trustee Services	Fund Administration	Promotion & Product Management	Insurance products	Investment Services	Possible Total ⁽²⁾
Fee basis	% FUT Member numbers	% FUA Member numbers	% FUM Fixed fee	% GWP	% FUM	
Indicative fees ⁽¹⁾	10-12 bp \$ per member pa	30-40 bp excl insurance 50-70 bp incl insurance \$ per member pa	10-15 bp	10-20%	20-30 bp	90-110 bp
Key metrics	FUT Member numbers	FUA Member numbers Lives insured GWP	FUM	Lives insured GWP	FUM	

(1) Indicative fee levels are noted for illustrative purposes. Actual amounts may be greater or lower than these indicative levels depending on the individual circumstances.

(2) Not earned from all clients

FUT = Funds under Trusteeship
FUA = Funds under Administration
FUM = Funds under Management
GWP = Gross Written Premium
bp = basis points

Financial Results

Year ended 30 June	2013 audited ⁽¹⁾ \$m	2014 unaudited ⁽³⁾ \$m	Comments
Revenue	4.6	4.4	
Occupancy expenses	(0.3)	(0.3)	
Administrative expenses	(1.5)	(1.4)	
Amortisation and depreciation	(0.2)	(0.2)	
Personnel expenses	(4.1)	(3.8)	
Impairment losses	nm ⁽²⁾	tbd ⁽⁴⁾	an impairment loss of up to \$2.5m may be recorded ⁽⁴⁾
Other expenses	(0.1)	(0.1)	
Results from operating activities	(1.6)	(1.4)	up to (3.9) ⁽⁴⁾
Net finance expenses	(1.2)	(0.9)	
Profit/loss of associates	nm ⁽²⁾	nm ⁽²⁾	
Loss before income tax	(2.8)	(2.3)	up to (4.8) ⁽⁴⁾

(1) Audited financial results as reported to ASX

(2) nm means not material, in this case less than \$20k

(3) Unaudited results are based on June 2014 management accounts and have not been subject to audit or review, and the actual result may be materially different to the numbers disclosed above

(4) tbd means to be determined. The carrying value of intangible assets is currently under review and may, or may not, result in a non-cash expense being recorded up to approximately \$2.5m primarily relating to a business acquired in 2009 providing services to a client which are likely to terminate in FY2015

Key Risks

Factors influencing success and risk

This section identifies the areas the Directors believe to be the major risks associated with an investment in Diversa.

The Diversa business is subject to risk factors, both specific to its business activities, and risks of a general nature. Individually, or in combination, these might affect the future operating performance of Diversa and the value of an investment in the Company. There can be no guarantee that Diversa will achieve its stated objectives or that any forward-looking statements or forecasts will eventuate. An investment in the Company should be considered in light of relevant risks, both general and specific.

Each of the risks set out below could, if it eventuates, have a material adverse impact on Diversa's operating performance and profits, and the market price of the Shares and the Convertible Notes.

Before deciding to invest in the Company, potential investors should:

- read all of the Company's disclosures released to ASX
- review these factors in light of their personal circumstances; and
- seek professional advice from their accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest.

Specific investment risks

Completion risk

- The acquisition of and interest in TFS is subject to Diversa raising not less than \$3,000,000 (after costs) and the acquisition agreement contains termination rights in favour of Diversa in the event that certain events take place between signing of the agreement and completion. The Entitlement Offer is not subject to completion of the TFS Acquisition.
- Accordingly, if the TFS Acquisition does not complete because of a failure to satisfy the condition precedent (or any other reason), an investment in New Shares under the Entitlement Offer will not include exposure to TFS, and Diversa will use the proceeds raised under the Entitlement Offer for alternative purposes (i.e. general corporate purposes, to provide flexibility in respect of other potential acquisitions and to strengthen the balance sheet).

Reliance on information provided

- Diversa undertook due diligence processes in respect of both TFS and TTCSL, which relied in part on the review of financial and other information provided by the respective sellers. Diversa has not been able to verify the accuracy, reliability or completeness of all the information which was provided to it against independent data. Similarly, Diversa has prepared (and made assumptions in the preparation of) the financial information relating to both TFS and TTCSL on a stand-alone basis and also to Diversa post-acquisition (Combined Group) included in this presentation in reliance on limited financial information and other information provided by the sellers. Diversa is unable to verify the accuracy or completeness of all of that information. If any of the data or information provided to and relied upon by Diversa in its due diligence process and its preparation of this presentation proves to be incomplete, incorrect, inaccurate or misleading, there is a risk that the actual financial position and performance of either TFS or TTCSL, or both, and the Combined Group may be materially different to the financial position and performance expected by Diversa and reflected in this presentation. Investors should also note that there is no assurance that the due diligence conducted was conclusive and that all material issues and risks in respect of the Acquisitions have been identified. Therefore, there is a risk that unforeseen issues and risks may arise, which may also have a material impact on Diversa.

Analysis of acquisition opportunity

- Diversa has undertaken financial, business and other analyses of both TFS and TTCSL in order to determine their attractiveness to Diversa and whether to pursue the Acquisitions. It is possible that such analysis, and the best estimate assumptions made by Diversa, draws conclusions and forecasts that are inaccurate or which are not realised in due course. To the extent that the actual results achieved by either TFS or TTCSL, or both, are different from those indicated by Diversa's analysis, there is a risk that the profitability and future earnings of the operations of the Combined Group may be materially different from the profitability and earnings expected as reflected in this presentation.

Integration risk

- The Acquisitions involve the integration of the TFS and TTCSL businesses, which had previously operated independently from Diversa. As a result, there is a risk that the integration of the businesses may be more complex than currently anticipated, encounter unexpected challenges or issues and take longer than expected, divert management attention or not deliver the expected benefits and this may affect Diversa's operating and financial performance. Further, the integration of the businesses accounting functions may lead to revisions, which may impact on the Combined Group's reported financial results.

Historical liability

- If the Acquisitions complete, Diversa will become directly or indirectly liable for any liabilities that TFS and TTCSL have incurred in the past, including those which were not identified during its due diligence or which are greater than expected, and for which the protection (in the form of insurance, representations and warranties and indemnities) negotiated by Diversa prior to its respective agreements to acquire TFS and TTCSL turn out to be inadequate in the circumstances. Such liability may adversely affect the financial performance or position of Diversa following the acquisitions.

Acquisition accounting

- Diversa will undertake a formal fair value assessment of all of the assets, liabilities and contingent liabilities of TFS and TTCSL post-acquisition, which may give rise to a materially different fair value allocation to that used for purposes of the pro-forma financial information set out in this presentation. Such a scenario will result in a reallocation of the fair value of assets and liabilities acquired to or from goodwill and also an increase or decrease in depreciation and amortisation charges in the Combined Group's income statement (and a respective increase or decrease in net profit after tax).

Change of control

- The Acquisitions may trigger change of control clauses in some material contracts to which TFS and TTCSL respectively are party. Where triggered, the change of control clauses will in most cases require counterparty consent. If any of the material contracts containing a change of control clause are terminated or renegotiated on less favourable terms, it may have an adverse impact on Diversa's financial performance and prospects.

FUM and FUA risks in current market

- The most significant near term risk is a reduction in FUM and FUA and the associated decrease in revenues impacting on the profitability of the Company. The amount of FUM and FUA is influenced by a variety of general economic and specific business conditions including the level of inflation, interest rates and government fiscal, monetary and regulatory policies, investment performance, product and service costs and service delivery. Prolonged deterioration in general economic and financial market conditions could be expected to have a corresponding adverse impact on FUM and FUA and therefore Diversa.

Reduction in FUM and FUA

- There is also a risk that members of client funds could transfer their interests to competing funds, that they could reduce their investments or cease to contribute altogether. This would have a negative impact on FUM and FUA, and therefore fees received by Diversa.

Regulation and industry reform

- The conduct by Diversa of its business is regulated by a significant number of laws, rules and regulations and in particular, the Corporations Act. Certain licences must be held by the Company or its Related Bodies Corporate. In order to continue its businesses, Diversa (or its Related Bodies Corporate) must maintain various licences and must meet the conditions of those licences, ASIC and other regulatory bodies.
- If Diversa or its Related Bodies Corporate were to breach the requirements of those licences or relevant legislation, then those licences may be withdrawn, modified or cancelled, Diversa (or its Related Bodies Corporate) may be fined, prohibited from engaging in some business activities or subject to limitations or conditions on business activities.
- Further, there is a risk that there will be changes to the Corporations Act or other legislation and how they regulate superannuation managers and superannuation funds which will be adverse to Diversa's businesses.

Professional negligence and insurance

- A significant risk for Diversa, as for all professional service providers, is that claims of professional negligence may be made against Diversa.
- Diversa maintains professional indemnity insurance to cover liabilities in the event of a claim of negligence.
- In the event of a successful claim for professional negligence being made against Diversa, this may impact the Company by:
 - adversely affecting the reputation of Diversa;
 - costs incurred in defending claims;
 - the payment of any amount of liability that exceeds available insurance coverage; and
 - increasing future insurance premiums or making professional indemnity insurance unavailable.

Dependence upon key personnel

- Diversa depends on the talent and experience of its personnel as its primary asset. Should any of its key personnel leave Diversa, this may have a negative impact on Diversa. It may be difficult to replace them, or to do so in a timely manner or at comparable expense. Loss of key personnel may also impact on Diversa's ability to hold and maintain its licences. Additionally, any key personnel of the Company who leave to work for a competitor may adversely impact Diversa.
- In summary, Diversa's ability to attract and retain personnel will have a direct correlation upon its ability to deliver its stated objectives. Additionally, increases in recruitment, wages and contractor costs in order to attract and retain key personnel may adversely impact upon the financial performance of Diversa.

Technology and information systems

- As with other professional service providers in the financial services sector, important information regarding clients, operations and other important data is stored electronically by the Company. These information systems may fail, or not operate effectively. Diversa may fail to sufficiently update its technology and this may result in a loss of business.

International hostilities and disasters

- Diversa's performance may be impacted by political tensions or natural disasters. In addition, the risk of terrorist activity may have an impact on local or global economic conditions. The occurrence of natural disasters can also prevent operations from continuing.

Growth strategy risks

- There are risks associated with any growth strategy, including:
 - » business integration of any new business may not be successful;
 - » management time may be diverted;
 - » the acquired entities may give rise to unanticipated liabilities; and
 - » Diversa may need to raise additional debt or equity funding and may not be able to obtain such funding on favourable terms.

Mergers and acquisitions

- Diversa's growth strategy may be impacted if it is unable to find suitable mergers and acquisitions. Diversa's due diligence processes may not be successful and a merger or acquisition may not perform to the level expected.

Access to funding

- Diversa is pursuing a growth strategy which may require additional funding to be obtained by the Company. In addition, the growth strategy will influence the profitability due to scale of operations and the ability to achieve economies of scale, and synergies from complementary operations. There is no assurance that Diversa will be successful in its efforts to arrange additional financing. If adequate financing is not available, Diversa may be required to delay, or cease its growth strategy, and reduce its operating expenditure.

General investment risks

Share market investments

- It is important to recognise that Diversa's shares are quoted on ASX and the market price might rise or fall. There can also be no assurance that an active trading market will develop for those shares.
- Factors affecting the price at which the shares are traded on ASX could include domestic and international economic conditions. In addition, the prices of many listed entities' securities are affected by factors that might be unrelated to the operating performance of the relevant company.
- Such fluctuations might adversely affect the price of the shares.

General economic conditions

- Diversa's operating and financial performance is influenced by a variety of general economic and business conditions including the level of inflation, interest rates and government fiscal policy, the impact of natural disasters, monetary and regulatory policies. Prolonged deterioration in general economic conditions, including an increase in interest rates, could be expected to have a corresponding adverse impact on Diversa's operating and financial performance.

Macro economic risks

- While Diversa's business is not considered to be cyclical, the general state of the Australian and international economies as well as changes in monetary policy, interest rates, statutory requirements and currency exchange rates may all affect the performance of Diversa.

Accounting Standards

- Australian accounting standards are set by the Australian Accounting Standards Board (AASB) and are outside the Directors' and Diversa's control. Changes to accounting standards issued by AASB could materially adversely affect the financial performance and position reported in Diversa's financial statements.

Taxation risks

- A change to the current taxation regime in Australia or overseas may affect Diversa and its security holders. Personal tax liabilities are the responsibility of each individual investor. Diversa is not responsible either for taxation or penalties incurred by investors.



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